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# SURVEY OF
# INTERNATIONAL AFFAIRS
# 1938

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# SURVEY OF INTERNATIONAL AFFAIRS

# 1938

## VOLUME I

BY

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ASSISTED BY

V. M. BOULTER

The Lord will only keep those who are resolved to stake their strength to the uttermost and to concentrate their will.

DR. VON SCHUSCHNIGG
TO THE AUSTRIAN BUNDESTAG.
24 *February* 1938.

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# PREFACE

THE material for the present volume, which forms Volume I of the *Survey for 1938*, was almost complete at the outbreak of war, and the fact that its appearance has been so long postponed has been due to the difficulty experienced by the writers in finding time, under war conditions, to revise the typescript and read the proofs. The writers, and not the publishers, therefore bear the responsibility for the delay.

This volume deals with most of the principal events of the year 1938—with the exception, however, of the most important subject of all. The story of Germany's relations with Czechoslovakia, of the crisis of August and September 1938, and of the Munich agreement, will form the subject of Volume II of the *Survey for 1938*, the writing of which is now in progress. Mr. R. G. D. Laffan, who has undertaken this arduous task, will carry the narrative down to the German occupation of Prague on the 15th March, 1939.

The contributors to Volume I include several whose names are already familiar to readers of the *Survey*. Professor A. G. B. Fisher deals with world economic affairs; Mr. Hubbard writes on the Far East; Mr. Beeley continues the account of the administration of the British Mandate for Palestine which he has given in previous volumes and contributes also a short chapter on the Sanjāq of Alexandretta; and Miss Duff describes the course of the last fifteen months of the war in Spain. In addition, the Council of Chatham House was fortunate in securing a contribution from Dr. David Mitrany, who gives an impression, based largely on first-hand knowledge, of the trends in American public opinion on international affairs and of the American attitude towards the principal incidents of the year under review. Dr. Mitrany is also responsible for an account of the Pan American Conference held at Lima in December 1938.

ARNOLD J. TOYNBEE

OXFORD,
19*th December*, 1940

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# PART I

## WORLD ECONOMIC AFFAIRS

### By Allan G. B. Fisher

### (i) Economic Welfare and Rearmament

DURING the early years of the twentieth century economists usually took as a matter of course the view that the raising of average income levels was the appropriate objective of the activities which it was the business of their science to explain. To many of them, therefore, it came as quite a surprise to be reminded[1] that, strictly speaking, this objective was irrelevant to economics, and that, as scientists, though not as citizens, they should confine themselves to a study of the means adopted by society for the attainment of whatever ends happened for any reason to determine the general trend of policy. However reluctant economists who had been brought up in the old 'welfare' tradition might have been to divest themselves of the humane prejudices which in many cases had been the driving force behind their studies, it was becoming increasingly apparent during the fourth decade of the twentieth century that a rigid adherence to their old point of view would debar them from attempting any scientific examination of the economy in which they now had to live. Unless they were to spend their time in speculations about a world which in fact did not, but at some future date might or ought to, exist, they were now compelled to direct their attention more and more to the study of economic forces and economic institutions in whose operations the desire to raise average income levels played only a very modest part.

In particular, economic forces had by this time more and more been brought under the influence of considerations of defence, military, naval and in the air. This was, of course, no new thing in economic history. To a greater or lesser extent it had always been almost universally agreed that the devotion of a certain fraction of the state's resources to the provision of defence was a wise measure of insurance against the risks of complete disruption, and the economic losses, in the sense which popular usage attaches to the word 'economic', inflicted by war itself were also obvious enough to be generally recognized. But, just as in the analogous cases of fire or

[1] e.g. by L. Robbins in *An Essay on the Nature and Significance of Economic Science* (London, 1932, Macmillan).

accident insurance, it had hitherto not been contemplated that insurance against the risks of conquest or attack by a foreign state would be pushed so far as completely to dominate the working activities of the community, so that, while the ordinary goods and services upon which people normally expended their incomes were not entirely neglected—in many cases, indeed, they were necessary as conditions for the efficient conduct of the process of production, whatever its ends might be—they would be more and more relegated to a position of secondary importance as compared with the actual instruments of defence. Even those who had been most insistent that in certain circumstances defence was no less important than opulence had usually not believed that, even if defence slowed down a little the rate of material progress, it would bring it to a standstill, much less that the 'normal' trend would be completely reversed. Material progress was perhaps a more abnormal phenomenon than those whose thought was still profoundly coloured by the experience of the nineteenth century had supposed, and human history recorded innumerable times and places where there was no such progress and indeed often retrogression. These had, however, usually also been periods of stagnation in the arts and sciences. It was a new experience to face a combination of rapid and indeed unprecedented progress in the technical arts of production with a cumulative diversion of the resources of production to the arts of war. In times of peace national economies had not hitherto been organized on a basis almost indistinguishable from that which was regarded as appropriate for the activities of war itself. During the course of the year 1938 the trend in this direction came more and more, in nearly every country, to dominate and distort normal business operations. In strict logic it might have been supposed that the dominance of defence considerations did not destroy the applicability of the principle that for attaining any given end the more economic should be preferred to the less economic means. But, in the circumstances which now prevailed, it was seldom possible to have any confident knowledge that the end at which armament expenditure was presumably aimed was in fact being attained. Much depended on the activities of other states, and so long as arms were not put to the final test of war it was impossible to know whether the sacrifice of other values which large-scale rearmament entailed had gone far enough to ensure that security which was the alleged justification of the whole armament programme. Even if no judgment whatever were passed upon the ultimate values involved, a high degree of irrationality appeared to be inherent in any programme of economic

activity which was dominated by rearmament. Arbitrary decisions were inevitable, the consequences of which it would never be possible to test, and often for the outside observer there remained little but the melancholy task of watching and recording the effects of such decisions in facilitating or hindering the realization of other values which were now discredited and out of fashion.

The increasing dominance of armaments had already occasioned some concern before 1938, when, according to one estimate,[1] the national defence expenditures of the world were not less than six times as great as the expenditures in 1928. Even at the time when economic appeasement was being sedulously proclaimed as the proper path to international understanding, the motive behind specific relaxations of tariff barriers was sometimes of quite a different kind, being determined indeed by narrower considerations of defence. During 1937, when rearmament demands were particularly difficult to meet, the Governments of the United Kingdom, Germany and Japan had reduced the import duties upon iron and steel. In Japan this was avowedly a temporary measure, and the negligible part played by the motive of economic appeasement was further indicated when in the United Kingdom these duties were re-imposed in April and May 1938. In 1938, indeed, the economic repercussions of rearmament were more profound and more widespread than ever before, and there were few specific problems which could at this time be intelligibly discussed without reference to it. Trade, currency policy, public finance, international lending, social reform, all were to a greater or lesser extent under the influence of this overriding consideration, and no satisfactory economic history of the year is possible unless rearmament is placed in the foreground of the picture.

In Germany it had for some time been a commonplace that the whole economic system was based on *Wehrwirtschaft*. As Field-Marshal Göring declared at the Nuremberg *Parteitag* of 1938, the first and most important purpose of the Four-Year Plan was to ensure the food of the German people, even if they were completely surrounded by enemies and engaged in a war which lasted thirty years,[2] and Dr. Brinkmann, Herr Funk's colleague in the Reichsbank and the Ministry of Economics, was reported to have said that 'no other country in the world surpasses Germany in the systematic adjustment of economic life to military requirements. German

[1] *Ninth Annual Report of the Bank for International Settlements, 1938–9* (Basle, 1939), p. 16.

[2] The *Frankfurter Zeitung*, 12th September, 1938.

economic life is completely permeated by the soldierly spirit.'[1] The repercussions of German policy will be discussed in another place in this volume,[2] and reference is also made elsewhere to the effects of armament activity in France, Italy and Japan.[3] It was, however, not only among the Great Powers that international relations had their most obvious effects in stimulating an active armament programme, for among many of the smaller states, too, attention was increasingly being given to the same problem. In Jugoslavia, for example, the first governmental internal loan since 1923, of 4,000,000,000 dinars, to be spread over the next six years, was authorized in 1938 for armaments and public works (especially railway construction). In Hungary, of a programme of 1,000,000,000 pengoes announced in March, mainly for defence purposes, and also to be spread over a period of years, 600,000,000 pengoes were to be raised by a capital levy, at an average rate of 8 per cent. for private fortunes of more than 50,000 pengoes and at a higher rate for corporate property. In Switzerland, after the annexation of Austria by Germany, the Government adopted a 'work-creation' plan, providing for a total expenditure of frs. 400,000,000, of which approximately one half was to be for military purposes.[4]

It was in Great Britain, however, that the general implications of armament finance, and especially its relations to trade-cycle policy, were most vigorously discussed. There had been much discussion in that country of the extent to which the upward swing of prices which began in 1936 was due to the prospect of heavy and increasing expenditure on rearmament.[5] It was possible, in relation to many commodities, to point to special influences which were likely to raise prices, and which had no close relation to armament requirements, though in pressing these special explanations it was also easy to overlook the pervading influence of a cheap money policy, the reasons for the maintenance of which probably included the desire to make armament finance as easy as possible. In German eyes, indeed, British armament efforts were still weakened by continued care for private business interests,[6] and there was certainly a tendency in Great Britain to understate the probable consequences

[1] See *The Sunday Times*, 1st January, 1939.

[2] See pp. 32–73 and 76–91 below. [3] See pp. 91–101 and 113–22 below.

[4] For further details of armament expenditure in other countries, see *World Economic Survey, 1937/38* (League of Nations: *Economic and Financial. 1938. II. A. 13*), pp. 198–9.

[5] Cf. H. V. Hodson: *Slump and Recovery 1929–1937* (London, 1938, Oxford University Press), pp. 467–76.

[6] *Wirtschaftskurve*, cited in *The Manchester Guardian*, 3rd September, 1938.

of a large-scale armament programme. Lord Hirst, the President of the Federation of British Industries, anxious to rebut the idea that a slump was inevitable when the current armament programme was completed, pointed out that the rate of expenditure contemplated by the British Government at the time when he was speaking represented only about 8 per cent. of total production.[1] Such calculations were, however, liable to be misleading, apart from the fact that the rate of expenditure had already increased in 1938–9, because the indirect consequences of such sudden shifts of productive capacity to unproductive work were certain to be greater and more far-reaching than was suggested by a comparison between armament expenditure and total production in a relatively normal year. Moreover this, like averages in general, concealed the much more important part which armaments played in certain key industries. According to a German calculation,[2] from 60 to 80 per cent. of British aircraft output was devoted to armaments, and, although this was not a typical industry, the proportions in 1937 for steel output (20 to 30 per cent.) and for shipbuilding (45 per cent.) had also been very high. The total defence expenditure in Great Britain in 1936–7 had been £186,000,000 and in February 1937 the British Government had announced their intention of spending £1,500,000,000 on arms during the course of the next five years. For 1937–8 the defence expenditure rose to £262,000,000, and the estimate for the following year (which was in fact exceeded) was £351,500,000.

The problem, at once financial and economic, which the process of rapid rearmament presented to every country may be described in general terms as follows. If in any country the existing productive equipment was already working at full capacity, rearmament would be impossible unless there were immediately some diversion of the resources of production away from those fields of activity where they were already employed and, therefore, unless there was some corresponding diminution in the production of non-armament goods. The more that was spent on armaments and air-raid precautions, the more seriously impoverished the community would be, and the greater would be the consequent decline in standards of living. For a time, indeed, armament production could be expanded, without contracting the current output derived from the use of existing capital equipment, by the device of temporary economies in upkeep and maintenance, but this was likely to lead at some later date to an

[1] *The Times*, 7th April, 1938.
[2] *Wirtschaftskurve*, cited in *The Manchester Guardian*, 3rd September, 1938.

even sharper decline in non-armament production, and in any event the significance of the exception was slight unless at the same time there happened to be a reservoir of unemployed labour. Actually it was difficult, if not impossible, to find any economy where productive equipment was already fully employed, but the case is nevertheless worthy of consideration because it at once brings to the front another crucial problem, the problem of the distribution of the costs of rearmament. A decline in standards of living is in fact an extremely complex concept, especially in any society where such standards are not homogeneous or uniform, and it would tax the ingenuity of statesmen to the utmost to devise methods for ensuring that such declines as might be inevitable did not clash too violently with current concepts of rough social justice, and at the same time with individual and group prejudices in favour of maintaining traditional places in the income and social scale. It was at first sight attractive to talk in terms of 'equalizing the burden',[1] but it was by no means clear what precise meaning could be attached to such a phrase when there were wide differences between the positions of the persons whose burdens were thus to be equalized.

In fact at the beginning of 1938, in practically every country, productive equipment was not working at full capacity. It is unfortunately less helpful than might have been hoped to discuss this situation in terms of the concept of 'full employment' which played such a large part in the controversies of the period about monetary policy, for, however 'full employment' might be defined, its technical meaning was certainly not what the ordinary man might have expected, that is to say, a state of affairs in which everybody was fully employed. 'Full' employment, it was pointed out, was consistent with the existence of both 'frictional' and 'voluntary' unemployment;[2] and in a world which had been subjected to violent changes in demand and in the technical conditions of production, 'frictional' unemployment, the kind of unemployment associated with the difficulty of moving to a job of a different kind or in a different place, was likely to have considerable statistical importance. In journalistic usage 'full employment' came to be interpreted as a condition in which the expansion of employment, in response to the stimulus of credit expansion, had been pushed as far as was possible without incurring the risk of 'real' inflation, which was usually interpreted as meaning rising prices; and as, until

[1] *The Sunday Times*, 24th April, 1938.

[2] J. M. Keynes, *The General Theory of Employment, Interest and Money* (London, 1936, Macmillan), pp. 15–16.

the experiment had been made, no one could tell what were the limits of such expansion, the practical advantages to be derived from the use of the concept were not very great. There was the most weighty authority for the view that 'full, or even approximately full employment is of rare and short-lived occurrence'.[1] Nevertheless it was maintained that there had been 'more or less full employment' in England in the middle of 1937,[2] at a time when there were still more than a million registered unemployed persons in that country. In Germany 'it was believed as early as the autumn of 1937 that a position of full employment had been reached', the number of registered unemployed falling (in September) to 469,000, but it was added that 'developments during 1938 have shown that "full employment" is not a state of affairs which has hard and fast economic limits; on the contrary, here, as in all other parts of the economic system, some expansion is still possible in case of special need'.[3] Leaving aside, however, such intricacies of definition, the fact was that everywhere substantial fractions of that part of the population which was seeking paid employment had hitherto been unable to find it, and that there were many others who, while not unemployed in any technical sense, might nevertheless in response to a suitable stimulus be drawn into the productive machine, and add their quota to the volume of output.[4] At the end of 1937 the number of persons registered as wholly unemployed in Great Britain and Northern Ireland was 1,340,000, the number of applications for work to the Employment Exchanges in France was 390,000, and other countries had a similar record. In many instances also those who were already employed could, if the necessity arose, increase their production by working more intensively or by working for a greater number of hours and thus making a corresponding sacrifice of the advantages of leisure. Statistical measurement of unemployed capital was in the nature of things more difficult, but capital equipment too was sometimes idle, or not fully employed, and, though there was much dispute among economists as to the precise meaning in which phrases like 'unused' or 'idle' savings could properly be applied, there was undoubtedly an important sense in which part of the stream of individual savings might be said at any moment to fail to

[1] J. M. Keynes, *op. cit.*, p. 250.

[2] T. Balogh in *Lloyds Bank Limited Monthly Review*, March 1938, p. 109.

[3] *Germany's Economic Situation at the Turn of 1938/39.* Report presented by the Reichskreditgesellschaft Aktiengesellschaft, Berlin, 6th January, 1939, pp. 51–2.

[4] For a more detailed discussion of German methods of mobilizing labour reserves, see pp. 84–8.

find a prompt embodiment in some form of tangible capital equipment.

In such a situation there was some hope that appropriate methods might mobilize resources hitherto unemployed, so that armament production could expand without the withdrawal of labour and capital from the production of other things, or even that the process of expansion, if it were not necessary to press it too far, would so stimulate the demand for other things that ordinary industries, hitherto depressed, might be restored to something like normal prosperity.[1] And to the extent to which a revival of general activity was stimulated, it might further be hoped that from these increases in production in general a sufficient supply of savings could be drawn to finance rearmament on a scale even larger than was warranted by contemplation of resources at the moment unemployed, a view which was sometimes expressed in the even more comforting form that 'capital expenditure tends over a period to create the savings which it needs'.[2] There had been, indeed, in the early stages of rearmament people who rejoiced at the opportunity which it seemed thus to afford for solving stubborn problems of unemployment and reviving economic activity in general. As time went on, and it became more difficult to exclude the possibility that armaments might be used for purposes other than the provision of employment, this satisfaction was somewhat qualified, but comfort was still derived from the expectation that it might at least temporarily provide a remedy for what otherwise might be a severe trade slump. 'Rearmament', it was said, 'is no longer likely to set up competition between unproductive and productive enterprise for materials and labour which were already in scarce supply.' On the contrary, in the short run it promised 'sufficient compensation for any reduction in private demand to sustain general activity about the current level'.[3] It was not a matter of course that the stimulus required to utilize unemployed resources of production should be applied by the machinery of credit or currency policy, but it was usually assumed that this was the course which would or should be followed. There was a little embarrassment in facing the question why methods of finance, which, provided war could be avoided, were

[1] 'If at a phase of the [trade] cycle when a level of 2,000,000 unemployed is expected 1,000,000 of these are employed on extra defence works, the other 1,000,000 (or a substantial part of them) will be drawn into employment also to provide the extra goods which these 2,000,000 together are able to buy by reason of being employed.' R. F. Harrod, in a letter to *The Times*, 14th October, 1938.

[2] *The Times*, 22nd February, 1939.

[3] *Ibid.*, 14th March, 1938.

to have such admirable results when applied to rearmament, should be regarded as 'unsound' when applied to the provision of means for peaceful employment, but, as it became more obvious that rearmament was not to be avoided, many, feeling perhaps that it was desirable to put the best face on what at first sight seemed a definitely bad state of affairs, began to abandon the scruples which a few years earlier had rejected such methods as impossible; and, under the pressure of circumstances, what had recently been condemned as heresy was speedily provided with a halo of respectability. The economists of an earlier generation had often been ridiculed on account of their alleged belief in 'an invisible hand' which guided the actions of men inspired by nothing but greed so that their efforts redounded to the public welfare. Such optimism now seemed mild and restrained as compared with the belief that, as a by-product of activities which everybody knew to be intrinsically evil and wasteful, there would now emerge the long sought-for but hitherto unattainable solution of some of the most complex problems of a modern industrial economy.[1]

Unfortunately, even taking the most favourable view of the proposed methods of finance, the process of adapting production to the requirements of rearmament was unlikely to be perfectly smooth. Neither labour nor capital was a homogeneous, undifferentiated mass to be directed hither or thither without any regard to the relationship between its intrinsic capacity to produce and the qualities which specific rearmament processes demanded. The existence of unemployed labour in general was not by itself sufficient to establish the existence of unemployed labour competent to engage in rearmament work. When rearmament demand was superimposed upon ordinary demand, it was possible that shortages would be revealed in certain types of labour and certain kinds of material. Such shortages were likely to create difficult price problems and, if priority were to be given to armament demands, would make it necessary for some members of the community to forgo some of the goods which they had been in the habit of enjoying. Nor were these difficulties merely matters for the future. The pressure of armament demand, which made it impossible to undertake foreign orders, was at least a minor factor among the handicaps which pressed upon export trade during 1938.[2] Moreover, in addition to

[1] Cf. J. M. Keynes, 'Will Rearmament cure Unemployment?' in *The Listener*, 1st June, 1939, pp. 1142–3.

[2] Mr. A. A. Jamieson, the chairman of Vickers Limited, told the shareholders at the Annual General Meeting in 1938 that 'in consequence of the heavy demands on our productive capacity for armament work we have had to refuse

this, armament demand would have to be met in part by the labours of people already employed on other work, whose places might then be filled by some of the unemployed. But in the process, which thus became necessary, of reallocating labour supplies it was probable that, even if average living standards did not deteriorate, relative changes would be imposed upon individuals and groups which would create, though in a milder form, friction of the same kind as has already been mentioned. The task of estimating the distribution of the burden of armament was especially difficult where much reliance was placed on the device of increasing the effective supply of labour by working longer hours, and the consequences of increasing the burden in this way might be particularly acute where opportunities for increased leisure were cherished as a tangible evidence of success after a prolonged social struggle. And even if the further redirection of resources which would be necessary when, or if, the pressure of rearmament relaxed was put aside as a problem without any immediate relevance, risks remained that the economic structure as a whole would be seriously distorted through excessive emphasis on certain kinds of capital equipment. The effects of such distortion, moreover, were not all to be felt only in some remote future. The cost of capital equipment was not to be measured simply in terms of meeting the initial expenses of its construction. To keep the new capital equipment in efficient working order it was also necessary to have a steady flow of capital resources of other kinds, the assured provision of which created another set of financial and economic problems.

On the other hand, while rearmament no doubt attracted to itself a disproportionate share of the skill of scientists and inventors, it did not entirely check the general march of technical progress, which was steadily reducing the size of the fraction of available productive resources required to maintain an established standard of living. Sometimes, indeed, scientific research which was immediately directed towards some armament aim produced as a by-product a

many orders for deep-winding machinery for the South African gold mines .... We are handicapped to some extent by the shortage of suitable skilled labour. The Company is still unable to meet the demands made upon it by foreign countries at the same time as those of the Defence Services' (*The Times*, 2nd April, 1938). Similarly the managing director of Cammell Laird and Company said that, owing to the pressure of Admiralty orders, the British shipyards were losing many orders for merchant vessels to foreign competitors (*The Manchester Guardian*, 7th April, 1938). For a discussion of the general question of shortages of skilled labour associated with the growth of armament activity, see *World Economic Survey, 1937/38* (League of Nations: *Economic and Financial. 1938. II. A. 13*), pp. 48–9.

technical improvement which could also be used for other purposes, and the astonishing success which in many countries could for the time being be recorded in maintaining the volume of ordinary production, despite the rapidly increasing preoccupation with armaments, was to be explained at least as much in terms of the steady growth of knowledge, and the wider application of the knowledge already gained, as in terms of the ingenious financial devices which attracted so much more public attention.

In these circumstances there was a widespread tendency to look through rose-tinted spectacles at the mounting public debt which armament expenditure imposed, and this tendency was all the stronger since it appeared to offer rational grounds for avoiding the unpleasant alternative of higher taxation. The Federation of British Industries, recognizing the impossibility of reducing existing taxes, nevertheless represented to the Chancellor of the Exchequer the desire of industry that 'no addition will be made to direct taxation, but that if more money is required it will be obtained by further borrowing',[1] and the Association of British Chambers of Commerce, presenting the Government with the delicate task of striking 'such a nice balance between the financing of rearmament out of current revenue and by way of loan so that the financial resources of industry should not be depleted to an extent which would lead to a slowing down of industrial activity', also urged 'that any increase in the rates of direct taxation would cause grave disturbance in trade and restrict enterprise', and that 'expenditure on social services must be adjusted to other and imperative needs'.[2] Estimates of the amount of taxation which 'industry' could bear frequently suggested that industry had an independent existence which somehow lived and acted apart from the decisions and wishes of the human beings who worked in industry, whereas it actually meant little more than that, if their customary habits of expenditure were threatened with serious disturbance, these same individuals would refuse to maintain their savings at the same level as in the past. It was attractive to justify such reluctance by arguments based upon the belief that, unless governmental borrowing were increased, the savings of the community would in certain circumstances fail to find adequate outlets and thus create a deficiency of purchasing power and consequent unemployment, and the general business conditions of 1938, it was further suggested, presented a clear illustration of circumstances of this kind.

[1] *The Times*, 10th February, 1938. [2] *Ibid.*, 17th May, 1938.

The optimistic view of the economic effects of large-scale rearmament was to a considerable extent based upon the same theoretical foundation as supported the view that large-scale public works were an effective antidote against the virus of depression. British official opinion had, it might be presumed, moved a little from the position taken up by the Treasury in May 1929 when, in criticizing current public works proposals, it was stated that 'the large loans involved, if they are not to involve inflation, must draw on existing capital resources. . . . The extent to which any additional employment could be given by altering the direction of investment is at the best strictly limited';[1] yet as late as 1936 the Government had expressed the view, of which there had not yet been any formal retraction, that 'the experiment of large-scale public works as a method of dealing with unemployment has been tried and has failed and it is not intended to repeat it'.[2] Whatever their formal intentions may have been, the British Government were now, in effect, in consequence of the policy of rearmament, stimulating business activity by public works on a scale hitherto never seriously contemplated, and other countries were, in varying degrees, following the same course. The depression threatened in 1937 was less severe than had been feared; but, despite the new stimulus, business in general showed an obstinate reluctance to expand to a point where all the reserves of unemployed, which in many countries were still large, would find their appropriate niche in the economic structure. Employment increased, as one might have expected, in armament industries themselves, but in some instances even industries closely associated with rearmament demand failed to make any net progress during the year.[3] In Great Britain, for example, production of coal, iron and steel was at a lower level at the end of the year than it had been twelve months earlier, and in France the increased production of steel for armament purposes was insufficient to compensate for the decline in ordinary industrial demand. Public works, it might be said, were being given a practical test on a larger scale than had ever been thought possible, and the results of the new policy as recorded in employment and in volume of production were

[1] *Memoranda on Certain Proposals relating to Unemployment* (*Cmd.* 3331 of 1929).

[2] *Documentary Material collected regarding National Public Works* (League of Nations Publication *1936. viii. 8*), p. 41.

[3] On the 13th December, 1938, when the percentage of persons wholly unemployed in Great Britain and Northern Ireland was 10·7, the industries in which the percentage was less than 5 included Explosives, Scientific Instruments, Electrical Engineering and Construction of Motor-vehicles, Cycles and Aircraft (*Ministry of Labour Gazette*, January 1939).

on the whole not equal to the expectations which ardent supporters of public works had cherished.

Such a conclusion, they might however have argued, would have been unfair. The consequences reasonably to be expected from large-scale public works might well fail to show themselves if at the same time influences were at work which damped down the eagerness of investors at a rate faster than the stimulus given by armament expenditure. It had frequently been made a complaint against economic theory that it failed to pay sufficient attention to 'the human factor', which appeared to mean that human beings were not automata, whose mechanical response to economic stimuli could be confidently predicted beforehand, but living individuals who for a variety of reasons often refused to act in the way which economic theory declared to be reasonable. So far as this complaint was justified it had, it now appeared, a still wider application than had been supposed. Large-scale public works had received support mainly because it was believed that they would help to create a state of affairs in which private investors would take a more optimistic view of future prospects than they were disposed to take before the public works were put in train. But if the public works themselves took a form which inevitably impressed upon the mind of the ordinary citizen the possibility of widespread destruction and death, it was scarcely a matter for surprise that he should still shrink from taking risks the returns from which could be realized only in a remote future which he was now quite unable to count upon with any degree of confidence.[1] If public works which took the form of armament expenditure were to produce the results which their sponsors claimed for them it might be necessary to extend their scope still further and, as in the totalitarian states, to apply the same kind of stimulus to every form of economic activity which was officially approved as contributing towards the achievement of the ends of state policy. But even where the private investor had little freedom to decide what he would do,[2] there were still limits to the process of treating the individuals by whom ultimately the work of the economy had to be done as if they were mere passive pawns, though the limits there might well be more elastic and more difficult to define than elsewhere.

[1] In the United Kingdom, according to the *Midland Bank Monthly Review* (December 1938; January 1939), p. 7, the flow of new money into the capital market fell from £217,000,000 in 1936 to £171,000,000 in 1937, and to £118,000,000 in 1938.

[2] In Germany, it was said, lack of confidence was impossible because it was *streng verboten*.

## (ii) Economic Appeasement in Eclipse

### (*a*) Introduction

Against this background the qualified optimism with which the discussion of economic appeasement had been pressed forward during 1937 began to wane. A strong point which the champions of freer trade had continually urged was the fact that when business generally was prosperous and prices on the upward grade the pains of adjustment to lowered tariff barriers would be mitigated, so that a period which displayed these characteristics was actually the most suitable for the negotiation of trade agreements which aimed at a relaxation of trade restrictions. Business trends which had revealed themselves at the end of 1937 were already diminishing the immediate relevance of this argument, and throughout 1938 it was not possible to press it very far. Even the effort to fortify the claim for a stimulation of international trade by appealing to a public opinion roused by the scandal of malnutrition, which had been an outstanding feature in the background of discussion during 1937,[1] was somewhat relaxed during 1938. The campaign against malnutrition indeed went on. The Economic Committee of the League of Nations continued its investigations, and was able to report a widespread and intelligent growth of interest in the subject, sufficient, it might be hoped, shortly to lead to positive action of a kind of which there were already some indications. But the immediate effects upon trade restrictions which it was possible to report were almost negligible,[2] and for the most part there was a tacit concentration upon methods which, however admirable in themselves, had little relevance to the original purpose of breaking down trade barriers, the frontal attack upon which the League showed little eagerness to renew.

Unless the benediction which Monsieur van Zeeland had bestowed upon the Anglo-American trade talks begun in 1937 was to be taken as justification for regarding the Anglo-American trade agreement of the 17th November, 1938, as in at least an indirect line of descent from the van Zeeland report of January,[3] the practical consequences which could be attributed to his investigations were literally nil. There was from time to time throughout the year 1938 a wistful longing in

[1] Cf. the *Survey for 1937*, vol. i, pp. 64–5.

[2] According to the *Survey of National Nutrition Policies* (League of Nations Publication *II. Economic and Financial, 1938. II. A. 25*), pp. 92–3, Estonian duties on fruit had been reduced in 1937, and Indian duties on dried skim-milk in 1938.

[3] For the van Zeeland report, see the *Survey for 1937*, vol. i, Part II, section (i) (*f*).

Europe for a situation in which the suspicious and resentful leaders of the world's great states would recognize the simple desires of their people for economic progress and economic stability, and would accordingly get together 'to co-operate in sharing the raw materials, territories and markets of the world';[1] but, although at Westminster on the 3rd June Mr. Butler, the Under-Secretary for Foreign Affairs, told the House of Commons that the van Zeeland report received habitual attention from the British Government, the attention so devoted did not during the course of the year find any outlet in overt action. The practical difficulties which prevented even the most industrious statesman from concentrating his thoughts upon more than a limited number of subjects were no doubt extremely important during a period when political crises were following each other with unprecedented speed, but more fundamental was the fact that there was still grave doubt whether the purposes for which the sharing of raw materials and markets was contemplated were not in fact so divergent as to leave little reasonable ground for hope that genuine unity of action was possible. Towards the end of the year Monsieur van Zeeland himself felt constrained to repeat once more his conviction that there was

> no better, more direct or more effective way of working to increase the chance of peace or to lessen the risk of war than to facilitate the material task of the great states by re-establishing order in the domain of international economics;[2]

but though he endeavoured to rouse public opinion in America in favour of the principles of his report, no Government was willing to take the risks involved in summoning the conference which had been indicated as the appropriate instrument to use.

The hesitations of the year were reflected in a decline in the volume of world trade in which nearly every important trading country had to pay its toll. The quantum of world exports had increased steadily each year since 1932, and their value measured in terms of United States gold dollars of the old standard weight had also increased since 1934. In 1938, however, both showed a downward trend, though still remaining above the level of 1936. The aggregate value declined by 13·7 per cent., and as it was estimated that gold prices had also fallen by about 4 per cent., this was equivalent to a contraction in volume of 8·8 per cent. The value of trade, calculated in

[1] Mr. G. Lansbury in the House of Commons at Westminster, 3rd June, 1938.

[2] In the Marshall Lecture delivered at the University of Cambridge, on the 17th October, 1938, and published under the title *Economics or Politics?* (Cambridge, 1939, University Press, p. 48.)

terms of the national currency unit, increased substantially in France and in other countries which used the depreciated franc; but apart from this special case, the only countries which recorded increases in both exports and imports were 'Manchukuo', Siam, Lithuania and Turkey.

In these circumstances there was a tendency again to seek refuge by a variety of devices from the impact of trade fluctuations in other countries, but at the same time there was, in contrast to the experience of the depression years 1931–3, a more lively sense of the necessity for maintaining the supply of necessary imports by the maintenance of export trade, and in many countries accordingly governmental policy was directed towards the stimulation of exports. The extension of the activities of the British Export Credits Guarantee Department is mentioned below,[1] and in the United States and Switzerland also further credits were made available for exporters under governmental guarantees.

The suspension in May 1938 of the modest efforts of the Oslo Powers to scour out some of the clogged channels of international trade has already been recorded in the preceding volume.[2] The practical significance of this experiment had always been limited, and the enthusiasm even of some of the signatories to the agreement of the 28th May, 1937, had been lukewarm. But while the official explanation of the suspension of the agreement emphasized the unfavourable trend of the world business conditions, which was indeed likely to intensify any internal embarrassments due to the maintenance of relatively free markets for the produce of co-signatory countries, the real responsibility for this set-back rested with the larger states, which, while insisting upon the recognition of preferential arrangements made with Dominions and dependent territories, were not only claiming that other states should concede to them full enjoyment of their most-favoured-nation rights, but had also themselves taken up a purely negative attitude in refusing to do anything on their own account which would widen the markets for the products of the Oslo Powers.[3] Even in these unfavourable circumstances the Governments of Denmark, Finland, Norway and Sweden were prepared to renew the agreement, and the Belgian Government merely asked for certain modifications. In the Netherlands, however, whence had

[1] p. 65.

[2] The *Survey for 1937*, vol. i, pp. 96–9.

[3] According to an American journalist Dr. Colijn, the Prime Minister of the Netherlands, had stated that 'the British Imperial system squeezed his country as hard as the German barter system' (*The New York Times*, 19th November, 1938).

come the initiative for the agreement in 1937, the persistence of unemployment weakened the position of those who had been most active in their efforts to restore a liberal trade policy. At a meeting of experts in January complaints had been made about the difficulties created by the agreement, especially for the paper industry, and in May the Dutch Government refused to renew it. The duty of notifying beforehand to the other signatories any intention to increase tariff barriers or impose any new restrictions upon trade was however again accepted by all the parties to the Oslo Agreement, who thereby restored the relationships created by them in 1930. The Governments concerned also expressed their determination to renew negotiations for freer trade as soon as circumstances appeared to be more favourable, and in treaty negotiations with other states endeavoured to arrange for the inclusion of a saving clause which would permit closer co-operation at a later date between the northern Powers.

### (*b*) The Anglo-American Trade Agreement[1]

In the United States, on the other hand, faith in the virtues of economic appeasement burned no less brightly in 1938 than in previous years. Mr. Cordell Hull had been the main driving force behind the movement which endeavoured to give a practical expression to this faith; seizing many opportunities to insist, as it was put in a broadcast message from President Roosevelt on the 8th May, that 'cooperation in the solution of economic problems offers one of the practical approaches to the task' of 'constructing a new and better world order', he pushed forward throughout the year with his programme of reciprocal trade agreements. It was perhaps a little unfortunate that in the current jargon of the day both Mr. Cordell Hull's trade agreements and the numerous agreements which regulated the interchange of goods between many pairs of European countries were commonly described by the same adjective, bilateral. For while both types of agreement were bilateral in the sense that they rested formally on a basis of negotiation between two sovereign states, their essential characters were so different as to involve indeed a fundamental contradiction between them. It was the essence of Mr. Cordell Hull's policy to maintain intact the most-favoured-nation principle, despite all the confusion and evasion which the widespread adoption of quotas and exchange controls had by now made inevitable in its administration. Most of the other bilateral agreements ran directly counter to this principle, and Mr. Hull's efforts to extend

[1] See also the present volume, pp. 630 2, below.

the range of negotiations were in some cases frustrated because the other party was already tied by obligations to a third state which made it impossible to negotiate upon the basis of reciprocity on which he always insisted.

During 1938 the number of countries with which trade agreements with the United States were in force increased by three. Agreements were signed on the 7th March with Czechoslovakia,[1] on the 6th August with Ecuador, and on the 17th November with Great Britain; while negotiations were also in progress with Turkey and Venezuela. The Czechoslovak agreement was of special interest because it registered an admission on the part of the United States Government that preferences given by Czechoslovakia to Austria, Hungary, Jugoslavia and Rumania were not to be regarded as violations of the most-favoured-nation principle. Similar regional exceptions which were almost universally recognized had already been embodied in earlier treaties, but the Danubian Basin was an area where the admissibility of such an exception was still a matter of dispute. These items in Mr. Cordell Hull's programme were, however, of trifling importance as compared with the Anglo-American negotiations which, after lengthy preliminary conversations,[2] had been formally initiated on the 7th January, 1938, and from which an agreement was ultimately to issue on the 17th November.

In the United States the public hearings of the representations of interested parties, which began on the 14th March, gave ample opportunity for the expression of opinion by sections of the community who were alarmed at the prospect of competition from British imports. Some six hundred and fifty sworn statements had been submitted, and more than four hundred witnesses had also asked to be heard; and though some of these were interested in seeking concessions from the United Kingdom on American exports, the majority were more concerned to protect themselves against the threat of increased British imports. Whether or not it had been designed with this purpose in view, the technique of public hearings had perhaps the effect of diminishing a little the difficulty, which administrations in the course of negotiating trade agreements always have to face, of handling vested interests. It was unlikely that the hearings would reveal anything which was not already well known to the experts of the Tariff Commission, but the ventilation of grievances weeks, or perhaps even months, before there was any likelihood of an agreement being signed would slightly soften the impact of such grievances

[1] See the *Survey for 1937*, vol. i, p. 107 *n.*
[2] See *op. cit.*, pp. 99–107.

upon public opinion in general when later the terms of the agreement were announced.

In Great Britain no such machinery existed, but the same influences which had hampered the preliminary conversations did not cease to exert themselves during 1938. It was no doubt inevitable, but it was equally unfortunate, that attention should be concentrated upon the transient conditions prevailing during the period of negotiation to a degree which, from the point of view of a long-term agreement, must be pronounced excessive. The calculation of balances of payment had always been a favourite activity in circles which distrusted trade agreements.[1] During the first four months of the year 1938 the passive balance of British trade with the United States had increased by £22,000,000; and though this was to a considerable extent to be explained in terms of non-recurrent transactions, such as purchases of raw materials for rearmament and storage purposes and large wheat importations due to the fortuitous combination of a good crop in the United States with bad crops in Canada and Argentina, many people agreed with Mr. Oliver Stanley, the President of the Board of Trade, who told the House of Commons on the 24th May that this trend was disquieting, 'needed watching, and must be taken into account in the negotiations now proceeding with the United States'. The visit to London of three members of the Australian Government, who arrived in April to discuss the revision of the Ottawa Agreements, was also a reminder of the close connexion between Imperial preference and the Washington conversations. There were important interests in the Dominions which were becoming more and more conscious of the importance for them of non-British markets, and though their representatives were hesitant about doing anything which might be interpreted as an attack on the principle of Imperial preference, they were anxious to mitigate the exclusiveness of that policy.[2] At the same time British concessions which were likely to be attractive to the United States almost inevitably involved some modification of the Ottawa preferences. It was understood that at an early stage of the proceedings the Dominions were consulted on this point, and the terms of the agreement showed that they had consented to certain modifications of their Ottawa

[1] Cf. *op. cit.*, p. 105.

[2] Cf. the resolution of the Empire Producers' Conference on the 5th April, requesting Governments 'to examine both their domestic tariff schedules and their Imperial trade commitments with a view to making such adjustments as will be necessary' to ensure a revival of international trade in the interests both of their own industries and of the peace of the world (*The Sydney Morning Herald*, 6th April, 1938).

rights. In Canada such consent was made in effect conditional upon the direct grant of concessions to Canada herself from the United States. The Canadian-American agreement of 1935 fell due for revision or extension at the end of 1938; negotiations for a new agreement were therefore initiated in February, and the two series of discussions were carried on side by side. The other Dominions were content to wait for direct contacts with the American Government until a later date, although as early as January 1938 the Australian Government had announced their willingness to negotiate an agreement. A desire to modify the Ottawa Agreement was indeed widespread, but the objectives aimed at were by no means uniform. In some quarters variations in the existing schedules of preference were thought to be more necessary as a means of safeguarding the position of Dominion manufacturers, and it was partly on account of this clash of interest that the Australian negotiations in Great Britain were abortive. Australian manufacturers were anxious to free themselves from the limitations imposed by the clause in the Ottawa Agreement under which Australia undertook not to afford tariff protection in excess of a level which would give United Kingdom producers 'full opportunity of reasonable competition on the basis of the relative cost of economical and efficient production'. This obligation had in truth not weighed very heavily upon those who had undertaken it; but if it were to be formally abolished difficulties would at once arise, with which the Australian Ministers found it impossible to deal immediately. Negotiations accordingly terminated in July with the publication of a 'Memorandum of Conclusions',[1] in which in effect both parties affirmed that it would be wise to leave the Ottawa Agreement in force until each had thought out its own position more clearly. In discussing the possibility of adopting a system of fixed duties upon British imports instead of duties which might move up or down in a fixed relationship to the duties upon imports from other countries, the Australian representatives gave a guarded promise that an inquiry would be undertaken for

> determining what lines of development of secondary industry will be followed by Australia during the next few years. If inquiries are put in hand for the purpose of determining the lines of a general plan of industrial development in Australia much good would result, and the position of United Kingdom exporters would to that extent be protected.

The importance of this vague statement, like much else that appeared in official documents on intra-Imperial relations, depended entirely

[1] *Cmd.* 5805 of 1938.

on the way in which it was interpreted; but if it meant a willingness to distinguish clearly beforehand between industries which might and industries which might not hope to enjoy tariff protection, it suggested a method of tackling the problem of trade barriers which was at least as hopeful as most of those already discussed.

As time went on without any clear indication of the course which negotiations in Washington were taking, fears began to be expressed that ultimately nothing but a formal face-saving agreement would be possible, and that the essential issues which had to be faced if Mr. Cordell Hull's hopes were to be realized would be evaded. Negotiations affecting a complicated variety of products naturally occupied a long time, and political preoccupations during the summer were a further retarding influence. Moreover the United States was already suffering from a grave trade recession, and the conditions in Great Britain, too, were unfavourable to that spirit of expansiveness which might be prepared to take risks in the confident hope of finding new and expanding outlets for trade. The repeated delays in bringing negotiations to a conclusion were widely attributed to American reluctance to take any risks before the congressional elections of the 8th November, while the downward movement of sterling in terms of dollars which began in August[1] was another complicating factor. In the event, however, these fears proved to be unfounded, and though the agreement, as finally signed, did not reduce the duties upon some important items, e.g. motor cars,[2] which had figured largely in newspaper forecasts of its terms, it made changes in trading relations much more radical than many people had dared to hope.

The agreement, which was to come into operation on the 1st January, 1939, to run for a period of three years, and thereafter be subject to termination on six months' notice on either side, affected more than two hundred and fifty items in the British tariff, and more than six hundred in the tariff of the United States. Taking 1936 as a basis for comparison, duties were reduced upon 27 per cent. of the British exports to the United States. Guarantees were given that existing duties would not be raised on 15 per cent. and that a further 24 per cent., already on the free list, should not be subjected to duties during the currency of the agreement. These 'concessions' covered a wide range of products, the most important being whisky, the duty upon which was stabilized at the rate determined by the

[1] See p. 122, below.

[2] The United Kingdom, however, agreed not to increase the existing duty of 33⅓ per cent. on cars of 25 horse power and over, and the margin of Imperial preference was reduced for the importation of motor-cars into certain colonies.

United States–Canadian agreement of 1935, and linen and high-grade woollens (and to a lesser extent other textiles), the duties upon which were substantially reduced. Taking the same basis of comparison, British duties were reduced on 11 per cent. of American exports and guarantees given that free entry would continue to be accorded, during the currency of the agreement, on another 22 per cent., and that existing duties would not be increased on 15 per cent. A further 17 per cent. was affected by other minor miscellaneous concessions.[1]

In the foreword to the text of the agreement, published by the United Kingdom Government,[2] special emphasis was laid upon the readiness of the Dominion Governments 'to facilitate the conclusion of this Agreement by consenting to such modifications of their rights under existing Trade Agreements as were necessary to enable it to be concluded'; and from the standpoint of international economic relations in general it was the light which the new agreement threw upon the rigidity of the principles of Ottawa and upon the problem of re-establishing the principle of the Open Door which rightly received most attention. The modification of the preferential system which at first sight appeared to have the widest general significance was the abolition of the duty of 2*s.* per quarter on wheat which had been an important feature of the Ottawa Agreements of 1932. It was, however, not easy to see what immediate important economic consequences the wheat concession was likely to have. The British home-grower was in any event protected by a guaranteed price, and Sir Earle Page, the Australian Minister for Commerce, declared that the removal of the duty 'did not affect Australian growers, since the excess of Empire supplies over Empire demand must keep United Kingdom prices at world parity'.[3] Imperial preference could have little real significance for any commodity of which the Empire as a whole had a net export surplus, as it would merely have the effect of diverting supplies from one market to another without influencing the price paid to exporters. Such a concession, which affected neither British nor Australian wheat farmers, could therefore scarcely be 'of great value to the American farmer', as the British official memorandum had claimed. The United Kingdom, moreover, was pledged to maintain until 1942 the existing Imperial preference upon tobacco, which was the most important dutiable agricultural item in American export trade with the United Kingdom, but it was agreed that in the

[1] These figures appear in the British White Paper announcing the signature of the agreement.

[2] *Cmd.* 5882, p. 3.

[3] *The Times*, 19th November, 1938. Even at Ottawa in 1932 the Australian delegates had been sceptical about the value of the wheat preference.

meantime the preference should not be increased, and there was a further undertaking to re-examine the whole position and the possibility of reducing the margin of preference upon the expiration of the existing commitment. Other reductions of British preferences, though moderate in scope, were of more definite economic significance. These affected fresh fruit, timber, rice, honey and some other commodities, while the quota for imports of ham from the United States was increased. The United Kingdom also made certain cautious concessions, affecting the entry of United States goods into Newfoundland and the Colonial Empire, which for the most part took the form of guarantees that the existing margins of preference would not be widened. There was no evidence of precipitate eagerness to throw the door to the Colonial Empire wide open, but foreign traders now had a slightly improved chance of looking inside.

For Mr. Cordell Hull, the agreement might be regarded as merely a milestone, though one of far-reaching importance, on the path which he had mapped out for American trade policy in 1934. For Great Britain, on the other hand, it was much more definitely a partial reversal of a fundamental policy with which there had been tentative experiments since 1919 and which had been whole-heartedly adopted at Ottawa in 1932. Nearly everybody agreed in principle that exclusive bargains constituted the gravest danger to the resumption of rational multilateral trading relations, and, despite official protestations to the contrary, the Ottawa Agreements had been widely interpreted as outstanding examples of such dangerous exclusiveness. The British Government had, indeed, concluded a formidable series of trade agreements with foreign countries, but for the most part these had been bilateral in the bad sense of providing for an interchange of advantages from which other countries were excluded. Some countries which had concluded such agreements with Great Britain had already found themselves precluded by their terms from entering upon wider negotiations with other countries. The principle of Imperial preference had, indeed, been extended on the 25th April, 1938, when an Anglo-Irish agreement[1] terminated the trade war, arising from the dispute over the payment of Irish land annuities to Great Britain, which had begun in 1932. In the circumstances of this particular case, however, it was not inconsistent to combine approval of the removal of barriers which by 1938 were generally condemned as irrational, even if the process of removal meant an extension of the preferential area, and at the same time to emphasize the importance of the fact that for Great Britain the

[1] *Cmd.* 5728 of 1938.

Anglo-American agreement indicated a slight but real movement away from the preferential system and back to the more liberal attitude of the past. While the modifications of Imperial preference were by no means revolutionary, the convincing proof offered by the agreement that Ottawa commitments were no longer to be regarded as an insuperable and sacrosanct barrier, precluding any serious effort to reform British trading policy, had great significance in relation to trade not only with the United States but with other countries as well. In the new Canadian agreement,[1] which was signed at the same time, the United Kingdom also consented to certain modifications of the preferential rights which her exporters had hitherto enjoyed in Canada.

It was provided that the Anglo-American agreement might be terminated in the event of failure to concur concerning the measures to be taken in any new situation which threatened a wide variation in the sterling-dollar rate of exchange, while another provision permitted modification of the agreement if some other country happened to obtain the major benefit from any concession, so that 'serious injury' was threatened to the interests of the importing country. These so-called 'escape' clauses, and especially the former, in view of recent fluctuations in the sterling-dollar exchange rate, attracted much attention in Great Britain, where it was not always understood that such provisions had now become a part of the normal routine of American trade negotiations.[2] The agreement itself gave no hint of the meaning to be given to the phrases 'a wide variation' or 'serious injury', and when it was noticed that the right to 'escape' given by similar clauses in other treaties had hitherto never been used by the United States Government, it seemed probable that they had been at least in part designed to reassure timid people who were afraid of binding obligations, and that there was no serious intention of using them.[3] The dollar–franc rate had moved from 15 francs = $1 at the time of signing the Franco-American trade agreement of May 1936 to 38 francs = $1 in 1938, but there had been no suggestion that the power conferred by the agreement to terminate it in such an event should be exercised.

[1] *Cmd.* 5892 of 1938.

[2] Cf. the *Survey for 1937*, vol. i, p. 102.

[3] In certain instances concessions had been granted although it was known beforehand that the benefit would be greater for a third party; e.g. the American-Belgian agreement of 1935 halved the American duties upon certain photographic films, of which the United Kingdom was the chief supplier. Cf. H. J. Tasca: *The Reciprocal Trade Policy of the United States* (Philadelphia, 1938, University of Pennsylvania Press), pp. 134, 138–9, 146.

The concessions made by Great Britain were automatically extended to other countries; but, as Germany was still on the American 'black list' of countries practising trade discrimination,[1] she was excluded in this case too from the benefits of most-favoured-nation treatment by the United States. The practical effects of the formal maintenance of the most-favoured-nation principle were further much diminished by the extremely detailed specification of the individual articles that were to benefit by the agreed concessions, a practice which was, however, by no means peculiar to the Anglo-American agreement. Without such elaborate tariff classification it was doubtful whether any substantial concessions could have been obtained at all.

In a series of supplementary notes exchanged between the two Governments a number of other questions were dealt with. In the first note, each Government promised to 'give sympathetic consideration to any representations which the other may make with respect to questions concerning access to raw materials', a matter which had aroused the most lively interest in the United States in relation to the control schemes for rubber and tin. Following the precedent set by the Oslo Agreement each country also pledged itself, in the event of any intention to impose an anti-dumping duty, or otherwise to take steps to counteract the effect of any export bounty, to give the other informal notice of the intention to impose additional duties, and an opportunity to make representations with respect to them. The last of the supplementary notes raised the problem of 'the bases and methods of determining dutiable value in the United Kingdom and the United States of America', and pledged the two Governments 'to afford full opportunity . . . for consultation between representatives of the two Governments concerning general problems of valuation as well as specific difficulties of application'. Broadly speaking, American duties were levied on the value of goods in the exporting country, British duties on their value in Great Britain. Apart from the opportunity afforded by this divergence of practice for propagandists to make misleading comparisons between the nominal heights of the two tariffs, it also had an important effect in varying the relative competitive position of exporters in different countries. The British exporter to the United States, in determining the chances of effective competition with producers in other countries, had of course to take into account transport costs as well as costs of production more narrowly defined. But the American tariff did not increase his handicaps merely because for geographical reasons his transport costs happened to be higher than those of his rival. The

[1] See p. 29, below.

American exporter to the United Kingdom, on the other hand, was placed by the British tariff in a relatively unfavourable position as compared with producers who were nearer to the British market. There was no reason why geographical facts should not be allowed to have their proper weight in determining the allocation of export markets, but it was possible for methods of Customs valuation to intensify their influence, as the Americans thought, unduly. There was no guarantee that any action would be taken in this matter, but the problem was at least given official recognition.

Despite some protests, the terms of the agreement were greeted with general approval, though official pronouncements sometimes revealed a certain embarrassment in compromising between the natural desire to underline the far-reaching importance of the agreement and the equally natural desire to forestall criticism at home by explaining that there was no risk of any one being seriously hurt by its concessions. The knotty problem of extending the market for imports without creating any inconveniences for home producers had, if these pronouncements were to be accepted at their face value, been solved. In view, however, of the number of occasions upon which observers congratulated themselves that anxiety about reductions of duties had been removed, or that such reductions as had been permitted had been 'kept within such limits as to avoid serious injury to any . . . industry', American or British, as the case might be,[1] or, on the British side, that, as Mr. Oliver Stanley claimed,[2] the new agreement 'so far from destroying the Ottawa Agreement, had left it unaffected', it was clear that there had been no sweeping broadside attack on the complicated network of impediments to trade. Nothing was done except 'after careful study of the facts and with due caution'. The fact that an agreement had been signed by the two great trading nations which were together responsible for nearly one-third of the world's entire purchases in foreign trade was, no doubt, as many commentators pointed out, a matter of great importance. The belief, however, which such expressions of opinion seemed often to imply, that an agreement between countries responsible for a smaller fraction of world trade would necessarily have been less important, appeared to reflect the common but erroneous tendency to imagine that net additions to the volume of international trade

[1] Cf. an address by Lynn R. Edminster, Special Assistant to the Secretary of State of the United States, on the 9th December, 1938. (*International Conciliation*, No. 347, February 1939, p. 88.)

[2] In a speech at a luncheon held by the American Chamber of Commerce in London on the 28th November to celebrate the signing of the agreement. (*The Times*, 29th November, 1938.)

must necessarily involve correspondingly increased activity in old-established staple markets, rather than the exploitation of relatively new markets with a greater capacity for expansion.

Measured by such absolute standards as might have been thought appropriate in an earlier generation, the concessions embodied in the agreement were indeed modest enough. The terms of the legislation under which the United States Government were empowered to negotiate precluded a reduction in any American duty to an extent of more than 50 per cent., which of course meant that there was no power to transfer any item to the free list. Nevertheless it would have been unfair to minimize unduly the significance of what had been done. Judged in the light of post-war, and especially of post-depression, history, the concessions were substantial, and fully warranted the attention which the agreement attracted in all parts of the world.

The unusual degree of ceremony which attended the signature of the Anglo-American and Canadian-American agreements at the White House indicated the importance which the United States Government attached to them.

> These agreements [said Mr. Cordell Hull] furnish concrete and powerful support for a future trend of world developments along the lines of increasing understanding and co-operation among nations: of peace built upon order under law; of expanding international trade based upon fair dealing, upon equality of commercial treatment, and upon stability of those business conditions which are necessary if private enterprise is to flourish, and thus to enhance the economic prosperity of each nation. Through the conclusion of these agreements our three nations have given a new vitality to the basic principles of a civilized world order, the acceptance and application of which are indispensable to economic well-being and social security within nations, to peaceful relations between nations, and, therefore, to the continued advancement and progress of mankind.[1]

The occasion was also thought to be sufficiently important to warrant the dispatch of a message to Mr. Cordell Hull from Lord Halifax, in which, in more reserved language, the British Foreign Secretary expressed his hope

> that the agreement will be welcome, not only as a first step towards the expansion of trade through the reduction of trade barriers, but also as a signal example of what can be achieved when two Governments are animated by mutual goodwill and a determination to overcome difficulty.

[1] Department of State: *Press Releases*, vol. xix, no. 477 (19th November, 1938), p. 336.

During the early stages of the negotiations care had been taken on both sides to damp down the exuberance of those who were anxious to insist upon the political significance of an Anglo-American trade agreement. Whatever may have been the original objectives in mind, the events of the year as a whole had clearly been such that a breakdown of negotiations would have had devastating political consequences for both the negotiating countries. German and Italian commentators had displayed a certain measure of satisfaction at the tedious prolongation of the discussions. The moral was drawn that

> the German method is the proper one, the method of simplifying the vast problem which has developed in the field of world economics so that a sound national economy is built up on simple principles;[1]

and Signor Gayda rejoiced at the apparent failure of the effort to demonstrate the solidarity of the two great democracies against the authoritarian régimes.[2] The fact was, he said, that the economic interests of the two great Anglo-Saxon democracies, with their pretended régime of commercial freedom, did not harmonize. Both countries were important industrial producers, and would defend their markets tooth and nail against competing foreign importers. With anticipations of failure already aroused in this way it was easy to imagine the reception with which news of a failure to agree would meet in the 'totalitarian' countries, and it was no doubt in part considerations of this kind which at the end of 1938 apparently made it seem a less urgent matter than it had been at the beginning of the year to discourage political interpretations. Both the American and the British Governments, indeed, insisted upon the substantial commercial value of the agreement, but many comments, both official and private, also referred to its political importance. On the occasion of the signature of the agreements, Mr. Mackenzie King, the Canadian Prime Minister, made the well-worn point that 'the stability of the civilization we cherish depends more than ever on the friendly association of the great English-speaking nations of the Old World and the New'; in the United States Mr. F. B. Sayre, the Assistant Secretary of State, described the agreement as 'the effective reply to the defeatism which appeared in some quarters after the Munich Settlement',[3]

[1] *Volkischer Beobachter*, 9th August, 1938.

[2] *Il Giornale d'Italia*, 12th June, 1938.

[3] *The New York Times*, 13th December, 1938. According to *The New York Times* the agreement 'increases the hope of more effective co-operation among all the democracies in defence of peace and order'; and *The New York Herald-Tribune* found it 'more deeply coloured with politics than with economics', 'a sign of solidarity between the English-speaking democracies plainly addressed to Berlin'.

and Mr. Cordell Hull himself expressed gratification that the public had appreciated its significance for 'the broad phases of peace and political stability'. The motives which lay behind the agreement of November 1938 were, no doubt, scarcely to be interpreted in terms of events which occurred four months later. Nevertheless it was unlikely that Mr. Roosevelt's declaration, on the 30th March, 1939,[1] that the trade agreements programme was not only an essential part of his general programme for economic recovery, but also 'a vital part of our foreign policy', marked any substantial change in his point of view.

It was in accordance with British tradition that official comments should be a little more cautious, just as many people in the British Empire always liked to persuade themselves that there was no necessity for any modification of their traditional standpoints, and that in this case it was the United States which was being enlightened by the pressure of events.[2] Mr. Oliver Stanley, the President of the Board of Trade, was still careful to insist that the 'agreement was not, as some people appeared to suppose, a political move in a political bargain', but he thought it worth while to add that 'anything which promoted the greater welfare, friendship, and understanding of the two great democracies must have some political value in a world so distraught as it was to-day'.[3]

Since 1935 Germany had been refused most-favoured-nation privileges by the United States Government on the ground that her policy of rigid bilateralism involved discrimination against American commerce, and political developments since that date had not made the course of trading relations any easier. The United States Government had presented a formal protest in May 1938 against the application to American citizens of the German decree for the registration of Jewish property,[4] and no amicable settlement of this question had been reached. It was, moreover, significant, though unimportant from a purely trading point of view, that Mr. Ickes, the Secretary of the Interior, had in March 1938 refused a licence for the sale of helium to Germany on the ground that there was no guarantee that it

[1] In a letter to the Chairman of the Senate Finance Committee indicating his intention to veto proposed legislation for increasing taxes on imported fats and oils.

[2] For example, Mr. R. G. Menzies, the Attorney-General of the Commonwealth of Australia, described the formal initiation in January of negotiations for the seventeenth agreement in Mr. Cordell Hull's series as 'the most significant moment in American history since her entry into the Great War'. (*The Age* (Melbourne), 1st February, 1938.)

[3] *The Times*, 29th November, 1938.

[4] See p. 79, below.

would not be used for military purposes. German trade in general with the United States had already suffered a sharp decline, nor did it share to any appreciable extent in the measure of revival registered since the nadir of the depression. Herr Brinkmann, the State Secretary at the Ministry of Economics, made a strong plea on the 17th August[1] for improved trade relations between Germany and the United States, stating that American recognition of the foreign exchange systems of Brazil and Italy gave some hope for a more favourable interpretation by the American Government of the German control system. Herr Funk declared[2] in October that Germany had no fear of a trade agreement between Great Britain and the United States, and might indeed be willing to adhere to it. Reports were current in Berlin that he expected that either Herr Brinkmann or himself might shortly visit the United States to discuss commercial relations,[3] though, in commenting upon Herr Brinkmann's speech of the 17th August, Mr. Cordell Hull, in a statement to the Press on the 18th August, had already pointed out the extreme difficulty which the existence of opposing systems created in any search for a satisfactory basis for co-operation. The concessions which in terms of the agreement were now made to the United Kingdom threatened further difficulties for German export trade. Germany had been an important supplier of many of the commodities upon which the United States was now prepared to lower her tariff, and in some cases had in the past exported greater quantities than Great Britain had been able to do to the United States.[4]

An incidental effect of the agreement was therefore likely to be the diversion of part of Germany's export trade to Great Britain or to some other country. Czechoslovakia had also been an important supplier of other commodities affected by the agreement, and the disappearance of the benefits which Sudeten industry had enjoyed from the earlier Czech agreement was part of the price which had to be paid for inclusion within a greater Germany. Though Herr Funk confidently asserted the unimportance of the United States market for Germany, declaring that South-Eastern Europe would provide an adequate substitute,[5] the probable repercussions upon German

[1] In an address to the American Chamber of Commerce in Berlin (see *The Manchester Guardian*, 19th August, 1938).

[2] In an interview with a representative of the *Paris-Midi*, 22nd October, 1938.

[3] See *The Times*, 25th October, 1938.

[4] Cf. *The Economist*, 26th November, 1938, p. 415, and *The British-American Trade Agreement Supplement* to *The Economist* of the same date, pp. 14–16.

[5] *Der Vierjahresplan*, January 1939, p. 6.

trade, apart from any political significance which the agreement was supposed to have, were enough to ensure that it would have a hostile reception in Germany, and German opinion oscillated between a desire to use the Anglo-American negotiations as an argument to prove the innocence of their own intentions in South-Eastern Europe and resentment both at the continued exclusion of Germany from most-favoured-nation treatment by the United States and at the political implications which many people read into the agreement; other countries, it was said, had no more reason to complain about Herr Funk's activities than Germany had to complain about the Anglo-American negotiations.[1]

When the idea of an Anglo-American agreement was first raised, it was still a matter for discussion whether economic appeasement was to include the whole world, or whether the first step should be to consolidate and unify the non-authoritarian states. The reception given to the van Zeeland report had shown the apparent insuperability of the obstacles which prevented the realization of the first and broader interpretation of the concept. The Anglo-American agreement indicated important and solid advances; but, so long as it was impossible to reconcile American and German ideas of the meaning of 'discrimination', it was the second and the narrower meaning of economic appeasement which for the time being alone had much practical importance. From a long-range standpoint, however, it was permissible to give the Anglo-American agreement a more favourable interpretation than would at first sight seem warranted by its somewhat disappointing immediate consequences. In sharp contrast to the exclusive bilateral agreements which were now so common in Europe, the terms of the agreement, and of the supplementary notes attached to it, outlined, though tentatively and cautiously, the direction in which the trade relations of any countries that were prepared to abandon the search for exclusive advantages inevitably involving discrimination against other countries, might move in the future. It was agreed, for example, that

> in awarding contracts for public works and in purchasing supplies, neither High Contracting Party shall discriminate against articles the growth, produce or manufacture of the territories of the other High Contracting Party in favour of those of any other foreign country,

and the Government of the United States agreed to call the attention of United States exporting interests to the desirability of co-operating with the appropriate organization in the British Empire for the orderly marketing of apples and citrus fruit. These provisions, as

[1] *Völkischer Beobachter*, 21st October, 1938.

well as some of those which have already been described, might well mean very little in the immediate future, and it was by no means certain that they would mean much in the long run. Orderly marketing, in particular, had often provided a specious cloak for practices to which some of the affected interests took strong exception. Nevertheless the agreement as a whole gave a clear indication to states which preferred to base their trade policies upon a different set of principles, both of the disabilities which exclusiveness was already imposing upon them and of the benefits which they might enjoy if, or when, they saw fit to modify their policy.

### (iii) Economic Autonomy

#### (*a*) A New Philosophy of International Trade

The sharp controversies of the 'post-war' period brought with them at least one advantage in compelling the champions of divergent economic and social philosophies to set clearly before themselves the fundamental issues which were involved. There were differences both in the ends whose realization was desired and in the means believed to be appropriate for their realization, and while an examination of the ends which in fact found expression in the policies of national economies did not give results which could be fitted neatly into any logical classification of social philosophies, the differences in spirit and general outlook which were popularly ascribed to them were real enough. But if attention was confined to the mechanisms of national policy, it was much more difficult to draw a clear-cut dividing line between liberal and regulated economies, and those who were most hostile to traditional trade methods were not slow in pointing out the inconsistencies of their critics, who were often found to be adopting piecemeal some of the innovations to which they professed to be whole-heartedly opposed. In the field of international trading relations the contradictions which competing interests imposed upon national policies had special importance, and even in the United States the policy of the Department of Agriculture for protecting certain sections of the American farming community did not always harmonize perfectly with Mr. Cordell Hull's efforts to revive international trade. Even while the Anglo-American trade negotiations were still proceeding, Mr. Wallace, the Secretary for Agriculture, had announced (on the 17th August, 1938) a plan for subsidizing the export of about 100,000,000 bushels of surplus wheat. Nevertheless, even after making every allowance for such inconsistencies, the contrast between Mr. Hull's faith, on the one

hand, and, on the other, the 'planned renunciation of the system of unlimited free trade'[1] by the more important 'totalitarian' states was obvious and sharp. The maintenance of the most-favoured-nation principle was at the heart of Mr. Hull's trade philosophy.[2] Even where quotas or administrative protectionism made a strictly logical application of the principle impossible, he doggedly insisted upon preserving as much as he could of its substance. To Germany, on the contrary, it was a particularly vicious offshoot of a discredited *Liberalismus*, and the very idea of a world economy, it was said, had proved itself to be a phantasmagoria.[3] The divergence of view thus illustrated had indeed made it impossible to consider at all seriously any action of wide scope based upon the proposals of the van Zeeland report.[4] More in Germany than in most countries had the tariff been reduced to the status of a mere supplement to policies whose more powerful instruments were exchange control and quotas. As late as the end of November 1938, Dr. Schacht[5] denied

> that the bilateral trade system by which Germany supports her economy to-day has sprung from our own arbitrary judgment. It is a natural and inevitable consequence of the war tribute and the clearings that were forced upon us. As soon as our creditors are ready to join us in doing away with the results of the war tribute, a door will be opened through which we can pass to multilateral trade and a free international system of payments.

The speaker went on to express the hope that it would soon be possible to do away with the control of foreign trade. By this time, indeed, Dr. Schacht's opinions were no doubt less significant as a guide to official German economic policy than they had been some years before. His was, however, not the only voice to speak in this way. Elsewhere, too, it was said that

> it has often enough been emphasized in responsible quarters that Germany herself can never regard the methods of foreign exchange control and the New Plan as ideal, but on the contrary is striving with all her power to return once more to an international exchange of goods based upon increased private initiative and a reasonable international division of labour.[6]

[1] *Weekly Report of the German Institute for Business Research* (Institut für Konjunkturforschung), 11th January, 1939, p. 1.

[2] See p. 17, above.

[3] Dr. Walter Grävell, Director of the Statistisches Reichsamt, in *Revue Économique Internationale*, October 1938, p. 9.

[4] See pp. 14–15, above.

[5] In a speech to the Economic Council of the German Academy, 29th November, 1938.

[6] *Germany's Economic Situation at the Turn of 1938/9* (Report presented by the Reichskreditgesellschaft Aktiengesellschaft, Berlin, 6th January, 1939), p. 118.

More and more, however, the view that German trading policy was a regrettable necessity imposed upon her by an abnormal emergency —a view which might have been expected to be attractive to traders and financiers abroad—was being abandoned in favour of the belief that it expressed an entirely new and much improved philosophy of foreign trade, of which the lines of direction were determined by the necessities for life of the great nations, and which was destined to guide international trade according to principles more rational than any that the world had hitherto followed. It was therefore 'not a transitory and mischievous interruption in world free trade, but the expression of a new era in trade policy, a new era not for Germany alone'.[1] For such progressive relaxation of exchange restrictions as was an essential part of the van Zeeland plan,[2] for example, a large foreign loan for Germany would have been necessary, but in rejecting the idea of any such loan Herr Funk, the Minister for Economics, made it clear at the Leipzig Spring Fair in March 1938 that this was inconsistent with German ideas of the nature of political and economic independence. 'So-called currency automatism on the basis of the old gold standard', he said, would continue to be rejected by the authoritarian countries, because it made for 'international dependence'.[3]

Many outside observers believed, with some show of reason, that the faith in so-called autarky so proudly proclaimed in Germany and Italy inevitably involved a drastic contraction in the volume of international trade. The German official view rejected this reasoning; and Signor Guarneri, the Italian Minister for Trade and Foreign Exchanges, also declared on the 30th October, 1938, that

> a self-sufficiency policy and international exchanges are not antithetic terms. A self-sufficiency policy is not synonymous with isolation; on the contrary, it is the basis for a great cooperation which Italy intends to develop with all countries willing to exchange their products with those of Italy on the largest possible plan of reciprocity and equilibrium.[4]

Many German writers were accordingly now disposed to condemn the word 'autarky' as giving a misleading impression of what they were aiming at. On any interpretation, however, it could not be, and indeed was not, denied that, if the German view of international trade were to prevail, the character and direction of this trade would

[1] *Wirtschaftskurve*, cited in *The Manchester Guardian*, 1st December, 1938.
[2] See the *Survey for 1937*, vol. i, pp. 91–4.
[3] Quoted in *The Economist*, 12th March, 1938, p. 557.
[4] Quoted in *The Times Annual Financial and Commercial Review*, 7th February, 1939, p. xxiii.

undergo radical changes. The course of events during the year 1938 showed again how difficult it was to secure general agreement among both German and foreign writers about the terms which would accurately describe the probable consequences, in both the short and the long run, of German trade policy.

The objective of making Germany 'always completely independent of other countries and capable of standing on her own feet' was again announced by Herr Hitler in his proclamation at the *Parteitag* of 1938. 'In this,' he added, 'we have been successful. The idea of a blockade of Germany can now be buried as a completely ineffectual weapon.'[1] Germany shared in the decline of world exports, the aggregate (for the old Reich) falling by 11 per cent. from RM. 5,911,000,000 to RM. 5,257,000,000, a decline to some small extent to be explained by the statistical disappearance of Austria, whose imports from Germany had in 1937 amounted to RM. 122,684,000. German import needs did not, however, diminish to a corresponding extent, and the total for the old Reich, excluding trade with Austria, actually increased (by 1·4 per cent.). The year closed with a passive trade balance of RM. 192,000,000, or, for the Greater Reich, of RM. 432,000,000. Faced with this situation, Herr Hitler declared to the Reichstag on the 30th January, 1939, that 'the German nation must export or die'. Imports of finished products were again less than 8 per cent. of the total; but, though an increase in the proportion of food requirements covered by home production was recorded with satisfaction,[2] imports of foodstuffs were again slightly increased, while imports of raw materials fell by only 7 per cent. In view of the obvious continued importance of certain kinds of foreign trade for Germany, it was therefore insisted that 'Germany is in no sense striving for economic isolation or self-sufficiency', and that in her need for raw materials and foodstuffs there was to be found 'a highly concrete and long-term stimulus to active participation in international trade'.[3]

There were, no doubt, good grounds for the belief that in the extension of trade there might be found, if not a complete solution of all outstanding international problems, at least a valuable instrument for relaxing international tensions. But ambiguity was possible in

[1] *Der Vierjahresplan*, January 1939, p. 1.

[2] According to the *Weekly Report of the German Institute for Business Research* (2nd November, 1938), Germany was already, at the end of 1937, self-sufficient in foodstuffs to the extent of 82 per cent.

[3] *Germany's Economic Situation at the Turn of 1938/9* (Report presented by the Reichskreditgesellschaft Aktiengesellschaft, Berlin, 6th January, 1939), p. 118.

the interpretation of even such an apparently simple term as 'trade'. Reasons were not lacking for the fear that the harmony which (as it might be supposed) could be reached with regard to the desirability of 'trade' in general would turn out on more careful examination to be formal and illusory, because the ends which different economies had in mind in encouraging trade were so diverse that there could be little real agreement about either the items which should enter into trade or the terms upon which they should be exchanged. There would be, it was argued in Germany, in a rationally ordered national economy two distinct classes of foreign trade, entirely different in their content, their limits, their direction, and their method of control.[1] The one type was concerned with the provision of products indispensable to life but not available in sufficient quantities from internal production, even when the utmost efforts had been made to stimulate the production of substitutes, and involving therefore the exchange of foodstuffs and raw materials for manufactured goods. The other, the so-called *Leistungsaustausch*, was concerned with the exchange of products which were not necessary for existence, but which nevertheless aimed at improving the well-being of the population, an end sharply distinguished from the end of security for the national economy, which was the guiding principle of the first type. The exchange of necessaries was a kind of extended home-trade. If trade of this kind had to be permitted, the factor of security was of overriding importance, and it was essential that it should not be allowed to depend upon chance or upon any will other than that of the nation itself. Especially must there not be the

[1] An investigator in any country who, seeking for the theoretical framework within which the details of commercial policy were worked out, confined himself to a study of the official utterances of men directly responsible for policy, would usually find it necessary to supplement his work by reading a good deal between the lines. If, on the other hand, he placed too much reliance upon academic analyses of policy, he would run the risk of attributing to statesmen ideas of which they might have been quite unconscious. This dilemma was especially acute for the student of German trade policy. The analysis above follows for the most part the work of Dr. Walter Grävell, a Director of the Statistisches Reichsamt, who was in charge of the foreign trade section of that organization. In numerous books and journals he had expounded a consistent theory of international economic relations, and though it could not be claimed that his exposition was strictly official, it harmonized so well both with the *obiter dicta* of German statesmen and with the facts of German commercial policy that it seemed reasonable to accept it as a fair interpretation of the doctrinal basis of that policy. The most important references are to 'La Réorganisation du Commerce International' in the *Revue Économique Internationale*, October 1938; 'Nationalisierter Aussenhandel', in *Deutsche Wirtschaftszeitung*, 11th November, 1937, and 'Gebundener Aussenhandel — eine Verpflichtung zwischen grossen und kleinen Staaten', in *Braune Wirtschaftspost*, 15th October, 1938.

slightest risk that such trade could at any time or in any circumstances be hindered by any foreign will. 'It is only when these vital imports are guaranteed under all circumstances, that a nation can be considered to be independent.'[1] Commerce of such importance clearly could not be left to develop freely or without control. In this domain the principle of reciprocity must be supreme, making possible that measure of solidarity which is a guarantee of the stability of commercial relations. On the other hand, in trade of the second type, which (so it was claimed) constituted international trade in the true sense, the factor of security lost most of its importance. This branch of trade covered luxury foodstuffs, the more highly developed industrial capital equipment and consumption goods, handicrafts, artistic products, in a word all the more refined products of both agriculture and industry. In case of necessity such things could be dispensed with, so that there was here less objection to allowing a considerable degree of freedom. It was in this direction (so it was prophesied) that world trade in the future would develop, though it was admitted that, in the unusual circumstances of the post-war and post-depression world, Germany had reduced to a minimum her imports of finished goods, compelled as she was to bend all her energies to the provision of those things which were indispensable for her life. It was, however, maintained that the willing recognition of the future importance of this kind of trade justified the view that there was nothing whatever in common between the German aspiration for economic liberty and the policy of autarky or self-isolation. The very nature of this type of trade gave it a peaceful character, while the exchange of necessities had more the character of war.

In face of such a 'philosophy' of trade, it was natural to inquire how many of the sovereign states actually in existence could, in any conceivable circumstances, look forward, even in a remote future, to economic independence interpreted in the way that had been suggested. When it was argued that 'neither England, nor Germany, nor Soviet Russia, nor any other Great Power would tolerate that the bases for its existence should lie beyond its zone of influence, and be capable of being cut off by the will of others',[2] it seemed that independence, the right to be 'really free', was a privilege reserved for the Great Powers alone. If economic independence was in fact an integral part of the concept of political sovereignty, the number of sovereign states must then be much smaller than had commonly

[1] *Revue Économique Internationale*, October 1938, p. 22.
[2] *Ibid.*, p. 8.

been supposed by international lawyers. Indeed, to do them justice, German expositors of this new philosophy of international trade did not pretend to offer to the citizens of the smaller states any ground upon which lively hopes of maintaining their independence could be based. There are some states, it was said, which cannot guarantee their existence by a fleet, or by guns and aeroplanes. 'The security of all these states is to be found exclusively in a recognition by them of the necessity for reciprocal relations, so that in free cooperation the gaps which result from their position may be closed.'[1] 'It would be a fatal error for states of minor importance to suppose that the economic principles which were appropriate for a great nation were equally suitable for them. All these national groups of small size will on the contrary have to adopt, within the spheres of the different great centres of power, a line of conduct which is not in contradiction with the vital necessities of the national economies which surround them. Agricultural states will thus no longer feel themselves obliged to attempt complete industrialization. Only within a community of large and small states of this kind can a new world commerce develop of a kind which does not again conceal within itself from the beginning the germs of death.'[2] 'The economic requirements of the great nations were largely determined by considerations of defence. Such considerations naturally had no sense unless they were supported by power. What sense would there be for countries like Luxembourg, Denmark, or Switzerland to orientate their economies by reference to *Wehrwirtschaft*? Such an orientation would afford them no increase in security, since it lacked the support of *Machtpolitik*.'[3] The claim that industrialization was justified on non-economic grounds, including the assurance of economic independence in the event of war, had little relevance for such small states. Groups of states must be formed and consolidated whose members would be economically interdependent. Only in such an association could they ensure their independence. In the common life of nations there were certain obligations from which a single state could not withdraw itself without endangering its own existence. It was a fact that there were great and small states, and their conditions of life must be adapted to each other. For such adaptation a certain political intimacy was an essential presupposition. But the states which bound themselves in this way by no means gave up their political independence. Voluntary co-operation, based on a clear recognition

[1] *Braune Wirtschaftspost*, 15th October, 1938, p. 1084.
[2] *Revue Économique Internationale*, October 1938, p. 32.
[3] *Braune Wirtschaftspost*, 15th October, 1938, p. 1084.

of existing relationships, did not imply loss of freedom, though a failure to recognize the reciprocal obligations which existed would in the end show itself to be a catastrophe. The essential conditions of life for great nations (and of course for small nations too) could not be arbitrarily suppressed.

Citizens of the smaller states who had made themselves familiar with such doctrines might be excused a certain scepticism about the assurances offered to them that trading connexions of this kind 'must be free from every thought of exploitation',[1] when at the same time they learnt that the exchange relations between their foodstuffs and raw materials, on the one hand, and the industrial products which they were to receive on the other would no longer depend upon the law of supply and demand, but would flow naturally from the order imposed by the national exigencies of the great nation upon which the smaller state was dependent.

Moreover, an examination of the sources from which even the Great Powers drew the food and raw materials which were essential for their existence suggested that the effort to ensure complete independence of the goodwill of others would encounter objective barriers from which conflict would often emerge. There was indeed no authoritative list of the commodities which were to be scheduled as necessaries, but there were few, if any, of the Great Powers which did not draw, and, so far as could be seen, would not for a long time continue to draw, some substantial part of their essential supplies either from another Great Power, or from some area closely linked with another Power, and which were not therefore to that extent inevitably dependent on the goodwill of others. No great nation, it was maintained, 'is either free, or independent, or sovereign, so long as it is dependent upon the foreigner from the economic standpoint, that is, so long as it must have recourse to him to procure any of the goods which are indispensable to life'.[2] Judged by this criterion, it was doubtful whether there were in 1938 any states, either great or small, which were free, independent, or sovereign, or whether, outside a World State, freedom, independence, and sovereignty of this kind could ever exist. All roads, in fact, seemed to lead inexorably to some radical modification of traditional concepts of national sovereignty. The alternatives with which statesmen were now confronted were not, on the one hand, a world of autonomous national states, each jealously preserving its sovereign rights, and on the other a world which, realizing that such concepts were no longer in conformity

[1] *Revue Économique Internationale*, October 1938, p. 27.
[2] *Ibid.*, p. 9.

with the objective facts of the situation, was prepared to adapt them with a view to establishing a more closely integrated system of interdependent governing units. It was the second of these alternatives which alone deserved serious consideration, and the urgent problem was to decide whether such integration was to be imposed by a dominant military state, prepared to sacrifice all the subordinate units in the interests of maintaining its own power, or whether it would be freely accepted by states whose citizens were more concerned with values of a different kind, and who fully understood how far the maintenance of such values was dependent upon the establishment of an integrated world society.

It is true that, in the meantime, it was conceded on the German side that what was demanded on behalf of a Germany struggling to be free and independent was not to be denied to other nations; but even for the immediate future the definition implicitly given in this context to the term 'nation' was so exclusive that small states were inevitably denied the title. Commerce of the first type presupposed the existence of an adequate space, a *Versorgungsraum*,[1] within which it might freely operate. Great Britain had such a space at its disposal in the British Empire, including not only the Dominions and Colonies, but also the spheres of influence which were available as sources of supply in times of need, and control over which was assured by the power of the British fleet. Where such a solution of the problem of independence was impossible, a *Versorgungsraum* must be built up in neighbouring territories in such a way that an interruption of supplies in any circumstances whatever would be impossible. Such a *Versorgungsraum* must constitute a unity; and, though it was claimed that political unity was not essential[2]—it was indeed a peculiarity of the German *Versorgungsraum* that it did not embrace politically dependent territories—it was affirmed with equal emphasis that economic solidarity must be based upon links so firm that they could not be broken in a moment of danger. 'In the foreground of German trade policy stands the requirement that the supply of foodstuffs and raw materials which is inadequate at home must be assured from foreign sources in sufficient quantities and in

[1] The meaning lying behind this word has much in common with the meaning of the better-known word, *Lebensraum*, but as the latter word is vaguer, and (no doubt on that account) is better suited for the service of political propaganda, the more colourless *Versorgungsraum* will be used in this section. *Versorgungsraum* may be roughly translated as 'tied sources of supply', 'tied' being used here in a sense similar to that implied when we speak of an agricultural labourer's 'tied' cottage, or of a 'tied' public house.

[2] See p. 38, above.

every circumstance, in time either of war or of crisis',[1] and it was the function of a *Versorgungsraum* to ensure that this requirement should be fulfilled.

In general the relationship characteristic of a *Versorgungsraum* would be one between a country which was primarily a producer of food and raw materials, and which would to a certain degree, though not absolutely, renounce the prospect of industrialization, on the one hand, and on the other an industrial country which would pay prices enabling its partner to participate in the benefits of industrial progress, the two parties to the contract being committed to exchanges on the basis of an equivalence between the volume of goods delivered on either side. The supplementary areas which, together with the home territory proper of the Great Power, would form its great *Versorgungsraum* would then be bound to the principal economy in a special relationship, which could not be broken unilaterally. The foreign trade which actually existed could then be classified under three headings: the exchange of necessaries within a *Versorgungsraum*, the exchange of necessaries with other territories outside, and the exchange of non-necessaries. The objective of every national trade policy must be to guarantee trade of the first type, eventually to cause a complete disappearance of the second—for Great Britain, it was claimed, trade of this kind was already of negligible importance—and to extend the third. In this way the trade in goods which were indispensable to life would lose its international character, and ultimately all such exchanges would be confined within the limits of a *Versorgungsraum*. 'Only when the improvement of welfare has become the exclusive purpose of international trade, and therefore foreign trade in essential foods and raw materials has been thrust back within *Versorgungsräume*, will a new world trade arise, which guarantees both welfare and peace'.[2]

It was not possible, it was declared, to demarcate the limits of the *Versorgungsräume* of the great national economies, for the process of building up a new world economy was still only in its beginnings. Attempts to measure statistically the degree of German dependence upon foreign imports suggested, indeed, that, on the assumption that the German *Versorgungsraum* would be restricted to South-Eastern Europe, Poland, Scandinavia and the Baltic States, the prospects of attaining complete economic autonomy were extremely remote,[3] and

[1] W. Grävell, 'Grossräume im Aussenhandel', in *Deutsche Wirtschaftszeitung*, 23rd February, 1939, p. 248.
[2] *Deutsche Wirtschaftszeitung*, 11th November, 1937, p. 1352.
[3] *Ibid.*, pp. 1349-50.

there were speculations elsewhere upon the possibility that the trend of European commercial policy might be in the direction of a closed pan-European *bloc*, excluding the U.S.S.R., based upon some kind of preferential system, in which, it was added, the smaller states must not have the feeling of being dependent upon the Great Powers. Such a European customs union, it was declared, would be at the same time the best protection against one-sided political attacks.[1] What might happen in the event of two or more Great Powers claiming the same area as a part of their *Versorgungsraum* was a subject which for the time being was not further discussed. At the end of 1937 the actual German *Versorgungsraum*, it was said, was limited to the area within the existing political boundaries of the Reich, so that the whole of Germany's trade in essential supplies fell entirely into the second category which it was the object of wise policy to eliminate. It was shown that the proportion of German trade that went to the countries, mentioned above, which had been most closely associated with Germany, had increased since 1932, and the proportion attributable to zones which might be regarded as dangerous had correspondingly diminished. But, it was added, 'much remains to be done', and the steps taken in 1938 might reasonably be interpreted as an attempt to move farther in the same direction.

At first sight it appeared unlikely that there was any pre-established harmony which would ensure such a neat division of the world's resources into large-scale units as the *Versorgungsraum* theory contemplated, units in each of which the resources of essential products would be adequate without calling upon any other such unit for assistance, and between which there would therefore be no overlapping or clash of interest. The number of commodities essential for the smooth working of a modern industrial economy was so large that for every country some measure of interdependence appeared inevitable. The United States and the U.S.S.R. were commonly regarded as the countries most favourably situated for the achievement of economic autonomy, but even in the United States a detailed examination of its requirements revealed a few gaps which it would be difficult to fill in times of crisis without some co-operation with other Great Powers.[2] How far a complete control of sources of

[1] E. Reichard, President of the German Economic Publicity Council, in *Wirtschaftsdienst*, 9th December, 1938, p. 1656.

[2] Cf. Brooks Emeny: *The Strategy of Raw Materials* (New York, 1934, Macmillan), especially pp. 166–74, where it was argued that it was desirable for the United States to accumulate stocks of manganese, with lesser amounts of chromite and tin, and, in certain circumstances, of rubber. See also *Raw*

essential materials was possible for any Great Power was, however, largely a matter for speculation, and doubts about the feasibility of a watertight autarkic plan in no way diminished the risks of friction while experiments were being made.

### (*b*) German Trade Policy in South-Eastern Europe

It was partly from the point of view of the philosophy of international trade which has just been discussed that the significance of German trading relations with South-Eastern Europe had already before 1938 attracted much attention.[1] In the early stages of the German trade drive, however, there was little appreciation, perhaps even inside Germany and certainly little elsewhere, of the wider aims by reference to which German apologists were later to justify their actions.[2] The *Anschluss* of Austria to the Reich made it difficult any longer to ignore this problem. Both in the countries directly concerned and elsewhere there was inevitably much speculation about the effects of this shift in the balance of power upon the direction of their economic development, and about the opportunities now afforded for further movement on the part of Germany in the directions which she considered essential for the protection of her vital interests. In any event, the accelerated tempo of the armament race created a livelier interest in the means of access to countries conveniently situated for the supply of reserves of certain essential raw materials. Popular discussion sometimes exaggerated the ease with which potential mineral resources in the Balkans could

*Materials and Colonies* (Royal Institute of International Affairs: Information Department Papers, No. 18), 1936, pp. 28 32.

[1] Cf. the *Survey for 1936*, pp. 526 33; the *Survey for 1937*, vol. i, pp. 459–65.

[2] The theory of foreign trade which has been set out above had, however, been a topic for discussion in Germany long before 1937. Shortly after the Revolution of 1933, Herr Daitz, one of the leaders of the Foreign Department of the National Socialist Party, had declared that 'every country has the right to form its economy in such a way that it may become a castle in which its people cannot be starved in the event of commercial, financial or military complications', adding that imports which were not necessary, but which permitted life to be conducted in a normal and pleasant manner, should be obtained from countries which were united to Germany by reliable treaties, and by friendship, and with which communication would remain open even in the event of complications elsewhere. (The *Berliner Tageblatt*, 4th June, 1933, cited in *Economic Conditions in Germany to June 1933*, Department of Overseas Trade Report No. 553, p. 30.) And in its application to Central and Eastern Europe, the theory could be traced back to some of the ideas elaborated by Friedrich Naumann in 1915 in *Mitteleuropa* (English translation by C. M. Meredith, London, 1916, P. S. King & Son. See especially chapter VI). Dr. Schacht had for a time, during the War of 1914–18, been associated with Naumann in the study of this policy.

be made available, but their mere existence in an undeveloped or only partly developed state helped to keep this part of Europe in the foreground of international political and economic rivalry.

In Great Britain and in France there was perhaps more speculation about the Balkans than action, but the interpretation which in these countries it seemed reasonable to give to German theories of international trade provoked in Germany, where there was much sensitiveness on the subject of alleged political designs, a strong tendency to exaggerate the intensity of rival efforts. Many writers tried to turn the tables upon the critics of Germany, who dilated upon the dangers which, as they alleged, were revealed by the rapid growth of the German share in Balkan trade, by pointing out that the share of Great Britain, measured in this way, in Baltic trade was quite as high as that which had been made the basis of criticism of Germany elsewhere.[1] It was argued further that the efforts made by other states during the summer of 1938 to strengthen their trade relationships with the South-East European states were without any genuine economic basis, but had been undertaken primarily in order to damage the German connexions,[2] and by artificial means to cut Germany off from her natural partnership in South-East European trade; and every event, whether real or imagined, which could be quoted as evidence in support of this thesis was given the utmost publicity in the German Press. France in particular, it was said, tried to counter the German advance by all possible means, including armament orders and purchases of wheat and other commodities required for war stores.[3] In general, the 'political credits' of the Western Powers were attacked as having no relation to normal economic development in South-Eastern Europe. They could be interpreted, it was argued, only as an attempt to sabotage the German efforts to increase the volume of world trade.[4] The most important positive step was the grant in May 1938, under the terms of the Export Credits Guarantee Scheme of 1926, of a British credit

[1] e.g. according to the report presented by the Reichskreditgesellschaft Aktiengesellschaft on the 6th January, 1939, p. 107, 'in 1937 Britain purchased 51 per cent. of Danish, 29 per cent. of Norwegian, 23 per cent. of Swedish and 45 per cent. of Finnish total exports'. These figures, it might be noted, suggested that geographical proximity was a less important factor in trade than some of the apologists for German policy in South-Eastern Europe appeared to believe.

[2] See *Völkischer Beobachter*, 12th October, 1938; the *Frankfurter Zeitung*, 9th December, 1938.

[3] The *Frankfurter Zeitung*, 6th July, 1938.

[4] See, for instance, the *Kölnische Zeitung*, cited in *The Daily Telegraph*, 24th August, 1938.

of £10,000,000 to Turkey for mining, railway and port equipment, and of a further £6,000,000 for the purchase of war material. In Germany this was regarded as a counter-move against German policy and was criticized[1] as being without any justification in Anglo-Turkish trade relations, while Great Britain was further credited with the intention of negotiating similar agreements with Poland, Rumania, Greece and Jugoslavia.[2] The appointment of an inter-departmental committee under the chairmanship of Sir Frederick Leith-Ross, Chief Economic Adviser to the British Government, in the autumn of 1938 to inquire into the possibilities of increasing United Kingdom trade with the Danubian and South-Eastern European countries was also interpreted as evidence of intention to adopt a vigorous policy. British interest, it was stated, was being directed towards the development of Bulgarian and Greek mining, and British capital invested in the Jugoslav lead mines of Trepca was in fact increased during the year from £1,250,000 to £1,650,000. Negotiations by a British broker for the sale of Rumanian wheat, the conclusion of which was announced on the 16th September, were already being discussed in the German Press two months before, and credence was even given to a report that the Anglo-American trade negotiations were being suspended on account of a British desire to increase British purchases of Rumanian wheat and oil.

A survey of actual events at this time suggested, however, that the eagerness of the Balkan states to receive evidence of British and French interest in their trade relationships was much greater than the eagerness of Great Britain or France to allow such interest to express itself in any form which demanded a revision of other parts of their national commercial policies. The prospects were especially unfavourable for vigorous action affecting the trade of those countries where the non-payment of interest on public debt was still a subject of continuous controversy with foreign bondholders. The divergence of opinion concerning the proportion of the nominal interest charge which it was proper to expect hard-pressed Governments to pay was particularly sharp as between the Council of Foreign Bondholders and the Government of Greece. An outside observer might have supposed that the possibility of increased payments was closely connected with the possibility of more favourable outlets for Greek exports, but the Council refused to agree 'that a better offer for the External Debt service must depend upon such

[1] e.g. in the *National-Zeitung*, the organ of Field-Marshal Göring—cited in *The Times*, 12th October, 1938.

[2] See also *The Manchester Guardian*, 1st July and 7th July, 1938.

increased exports'.[1] At Westminster, Mr. Oliver Stanley, the President of the Board of Trade, took the trouble to tell the House of Commons on the 15th June, 1938, that any rumours that Great Britain was no longer interested in trade in South-Eastern Europe were completely unfounded; but for the most part such interest as existed continued to show itself only in the conventional forms. It was understood that during the Anglo-French conversations in London at the end of April[2] the French Ministers had again raised the question of extending the outlets for the grain surpluses of the Danubian States.[3] The British Government, it was said, while not oblivious of the economic difficulties of these countries, preferred for the time being to concentrate upon a determined effort to solve the minorities question,[4] and little more was heard of the idea.

There was little reason to suppose that the Balkan countries themselves were disposed to accept German economic hegemony without question, and the Economic Council of the Balkan Entente, which held its sixth session at Istanbul in April 1938, carried farther the discussion of measures for closer economic relationships between its members, emphasizing in particular the necessity for negotiating with other countries for the insertion in trade agreements of the 'Balkan clause', which permitted preferences outside the scope of the most-favoured-nation principle, and for concerted action for the sale of exports common to several Balkan countries.[5] Even if the influence of protectionism had been less strong, it was unlikely, however, that the interchange of goods between the members of the Balkan Entente would ever be of first-rate importance for the economic development of any one of them. Their staple products were, for the most part, of the same kind; Rumania alone had a substantial export trade, mainly in oil, to other Balkan countries, and to Greece, which was normally a food-importing country, in cereals as well; and, even if the efforts of the Economic Council had had more substantial results than were in fact registered, the economic fate of each of the Balkan countries would still have been intimately bound up with markets in other countries.

Following upon these discussions and events, the Munich Agreement naturally stimulated in all the countries concerned a lively

[1] *Sixty-Fifth Annual Report of the Council of the Corporation of Foreign Bondholders for the Year ending 31st December, 1938*, p. 50.

[2] See the present volume, pp. 143–4, below.

[3] For earlier discussions of this problem, see H. V. Hodson: *Slump and Recovery, 1929–1937*, pp. 148–57.

[4] *The Times*, 30th April, 1938.

[5] *Les Balkans*, Deuxième trimestre, 1938, pp. 230–1.

interest in its probable effects upon the economic relations between Germany and countries which lay to the south and east of Czechoslovakia. The question of the relative merits and demerits of the old system of international trade, as contrasted with the new methods developed by Germany, was in any event a subject of great interest to the student of international trade. But in the circumstances of 1938 a contemplation of the long-period and purely economic consequences of new trading methods appeared to many to be an unprofitable academic exercise in which there was little inducement to engage so long as the short-period and predominantly political implications of the policy were matters of much more urgent importance. General Göring was reported to have said that economico-political expansion towards South-Eastern Europe was indispensable for the success of the Four-Year Plan.[1] The inclusion of new areas within Germany's frontiers had indeed slightly increased her dependence upon imports for certain foodstuffs and correspondingly diminished the chances of achieving anything like a literal self-sufficiency; but at the same time no very vivid imagination was necessary in order to surmise that these annexations had greatly strengthened Germany's position, at the same time as they increased the German eagerness for a continued and an assured access to Balkan supplies. The events of the year inevitably made it easier, both on grounds of prestige and for more narrowly economic reasons, for German policy to achieve its objectives in South-Eastern Europe. The smaller countries could clearly see the political risks which they would run if they refrained from adapting themselves to German requirements, and the control now exercised by Germany over means of communication, by road, rail and river, had economic as well as strategic significance. New problems were created for the transit trade which normally passed through German territory, and communication links with South-Eastern Europe were further strengthened by the acceleration of plans for a Rhine–Main–Danube canal and an Oder–Danube canal; the former, which was to provide a deep waterway for vessels of 1,200 tons from the North to the Black Sea, was (Field-Marshal Göring announced in May) to be completed by 1945.[2] The increase in Germany's territory, moreover, inevitably increased the proportion attributable to Germany, both of imports and exports, for all the countries which had previously traded with the Sudetenland, and

[1] See *Le Temps*, 20th September, 1938.

[2] According to one Hungarian observer, there was, however, reason to doubt whether, taking into account the capital and maintenance costs involved, these projects would make a useful addition to the transport facilities already available. (*Südost-Economist*, 26th May, 1939, pp. 135–6.)

the nature of German trade policy was such that the significance of these increases in imports to and exports from Germany was by no means merely statistical.

The political events of 1938 also greatly increased the significance of German capital investments in some of the Balkan countries. In Jugoslavia, for example, the value of German capital had been estimated to be 55,000,000 dinars at the end of 1934. As a result of further investment in mining in 1937 the total had reached 120,000,000 dinars at the beginning of 1938, but by the end of that year Austrian capital (about 350,000,000 dinars), as an item for the statistician, had entirely disappeared, and the volume of Czech capital had been reduced from 775,000,000 to 450,000,000 dinars. The German total rose correspondingly to 820,000,000 dinars, a figure exceeded only by the value of British and French investments.

The annexation of Austria by Germany also brought with it at least a temporary relaxation of the clearing difficulties which had constantly arisen as between Germany and her Balkan partners, for, in contrast to Germany, Austria had had quite considerable credit balances in commodity trade with the South-Eastern European countries.[1] Some of the technical difficulties in connexion with the blocked mark balances were indeed by this time less acute than in previous years; but, though the total German debt to all countries on clearing accounts had been much reduced,[2] the shares of the Balkan countries were still large enough in relation to the volume of their trade to demand continuous attention. There was some truth in the German claim that the balances were merely what might have been expected in trade with agricultural countries whose exports were normally concentrated in a few months of the year, but whose imports were more evenly distributed,[3] but this explanation did not cover the whole problem. The Jugoslav balance, for example, was uniformly passive; and, though it fell to RM. 10,000,000 in June 1938, it had risen again to nearly RM. 24,000,000 by the end of November.[4]

[1] See the Supplement to the *Weekly Report of the German Institute for Business Research*, 4th May, 1938. The sums owing to Austria in all the clearing accounts (excluding the German account) were estimated at the equivalent (in terms of the pre-*Anschluss* rate of exchange) of RM. 65,000,000. (*The Economist*, 26th March, 1938, p. 672.)

[2] According to German accounts, from RM. 567,000,000 in March 1935, to RM. 250,000,000 in March 1938. (*The Economist*, 3rd December, 1938, p. 485.)

[3] The *Frankfurter Zeitung*, Supplement on 'Deutschlands Handel mit Südosteuropa', 9th December, 1938.

[4] For an account of the influences affecting the Jugoslav clearing, see Dr. G. Grdjic: 'Le Développement des Relations commerciales entre la Yougoslavie et l'Allemagne', in *Affaires Danubiennes*, March 1939, pp. 13–15.

The balances were kept within more manageable limits in part by more or less arbitrary restrictions of Balkan exports, such as Jugoslavia imposed towards the end of the year, and in part by governmental purchases on armament account, especially in Greece and Hungary. In Hungary, if the German balance was thought to have gone beyond safe limits, further exports were discouraged by the refusal of the National Bank of Hungary to make advances to exporters, who accordingly had to take the risk of waiting for their money. But these were clearly short-run devices and failed to go to the heart of the problem. There were constant difficulties over the determination of the appropriate rate of exchange to be applied to the transactions which went through the clearing accounts, and the 'honest business transactions' whereby, according to Herr Hitler,[1] Germany had replaced 'the tricks of international currency and bourse speculation' sometimes presented themselves in a different light to puzzled Balkan statesmen and bankers, who found themselves faced with the recurring problem of making effective use of the blocked marks which alone were available in payment for their exports to Germany. Efforts were also made to diminish the inconveniences of bilateral exchange by tying together the balances of several countries through triangular or multilateral agreements. Progress in this direction was, however, extremely slow. It was sometimes claimed that because German bilateral trading agreements were in effect a reversion to barter they therefore deserved to have the credit of being 'natural'. They certainly illustrated clearly many of those inconveniences of barter with which students of elementary books on money had long been familiar, and in particular the dangers which arose when one party to a barter transaction was in a favourable bargaining position in relation to his partner.

In Germany it was argued that the time was now past for 'unnatural' attempts at Danubian economic reconstruction which had hindered the individual development of the South-East European states for the sake of maintaining them in a condition of political dependence upon the victorious Great Powers of Versailles. Though trade between Czechoslovakia on the one hand, and Rumania and Jugoslavia on the other, had made rapid advances between 1933 and 1937, the plans of Monsieur Tardieu[2] and Dr. Hodža[3] were now,

[1] In his speech to the Reichstag on the 30th January, 1939.

[2] Cf. H. V. Hodson: *Slump and Recovery*, p. 149.

[3] The 'Hodža Plan' of 1936 had aimed at an economico-political organization embracing the six states bordering on the Danube, Austria, Hungary, Czechoslovakia, Rumania, Jugoslavia and Bulgaria, and commercial treaties had already been concluded between Czechoslovakia and Austria, and

it was claimed in Germany, no more than museum curiosities, and a new period was beginning in which the natural economic links, based upon geography and natural resources, which bound or should bind Germany to South-Eastern Europe, would be freely developed and strengthened.[1]

In these circumstances it was inevitable that the attention of Europe should be fastened upon the journey which Herr Funk, Dr. Schacht's successor at the Ministry of Economics, made in October 1938 to the capitals of Jugoslavia, Turkey and Bulgaria. This tour was represented by the German press as an effort to counter the 'political credits' of the Western Powers, but it was nevertheless claimed[2] that the date on which Herr Funk had set out on his journey disproved the allegation that his activities were in any way dependent upon the annexation of the Sudetenland, or that he had it in mind to use the economic weakness of Czechoslovakia as an instrument of persuasion in other countries. There had been unofficial references to his plans in August, and he actually left Berlin on the 18th September, before the Godesberg meeting had taken place, travelling via the Dalmatian coast and arriving in Belgrade on the 30th September. Herr Hitler's declaration in his Reichstag speech of the 30th January, 1939, that as early as the 28th May he had given the orders to prepare for German military action against Czechoslovakia, and to have these preparations completed by the 2nd October, made it difficult, however, for those who were disposed to be sceptical to believe that the Munich Agreement and Herr Funk's Balkan negotiations were entirely unrelated. Herr Funk had already given some indication in a speech at Königsberg on the 21st August[3] of the lines along which he hoped that Germany's relations with South-Eastern Europe would move. Germany, he said, intended to explore further the possibilities of extending the scope of the interchange of goods within her system of agreements by offering to third countries part of the raw materials and foodstuffs which she had purchased, and in exchange supplementing her own requirements of finished products and goods required for production purposes.[4] As it was argued elsewhere, the absolute

Czechoslovakia and Hungary. Dr. Hodža envisaged the extension of this system to all the signatories of the Pact of Rome, as well as to the members of the Balkan and Baltic Ententes. See Jiri F. Vranek: 'Le Régionalisme Économique en Europe Centrale', in *Affaires Danubiennes*, No. 1, July 1938; and also the *Survey for 1936*, pp. 439–40, footnote.

[1] See *Völkischer Beobachter*, 18th October, 1938.

[2] e.g. in *Völkischer Beobachter*, 12th October, 1938.

[3] The *Frankfurter Zeitung*, 22nd August, 1938.

[4] The idea of bulk purchases had found expression much earlier in the commercial agreements which accompanied the Treaties of Brest-Litovsk

guarantee of stability, which was represented as the most important service rendered to South-Eastern Europe by the German trade connexion, was possible only if all their products were marketed in Germany, who would then act as an intermediary disposing elsewhere of South-East European surplus goods, and arranging for the supply to South-Eastern Europe of the consumption goods which Germany herself could not offer. If it was true that 'Germany's geographical position in the heart of Central Europe shows that Germany is, as it were, predestined to take over transit trade of this type',[1] the changes in trading relationships which were yet to occur in the future would be much more radical than anything that had hitherto fallen to be recorded.

In Belgrade Herr Funk did not miss the opportunity of enlarging upon the moral of Munich for the benefit of his Balkan hearers. He expressed his conviction that the world-historic events of the last few days would introduce a new economic development which would provide the best foundation for a still more successful and still closer economic co-operation between Germany and Jugoslavia.[2] The South-East European countries, in his view, formed with Germany a natural *Grosswirtschaftsraum*, and he further emphasized the advantages of insulation from the fluctuations of the trade cycle which an association with the *krisenfest* economy of Germany would ensure to countries willing to make long-term contracts for the sale of exports at guaranteed prices. He spoke of building a network of modernized roads, of exploiting the undeveloped natural riches of the country, and providing technical assistance for the development of industry. 'My visit to Jugoslavia', he said, 'has no political ends. But', he added significantly, 'one thing is clear. Economic policy cannot be separated from general policy. On the contrary, economic policy must adapt itself to general policy.'

Opportunity was taken of Herr Funk's visit to summon the German members of the mixed Jugoslav-German Standing Committee to Bel-

(with Ukraine) and of Bucarest (with Rumania) in 1918. Article 2, for example, of the commercial agreement of the 16th May, 1918, provided that 'for the seven years immediately following the year 1919 Rumania undertakes to furnish to Germany, Austria and Hungary her surplus supplies of cereals of all kinds, as also of oil-seeds, fodder-pulse, poultry, cattle and meat, textile plants and wool, should Germany, Austria and Hungary demand this', the prices to be settled on the basis either of free market prices or of trade prices in Dutch, English or German seaports.

[1] Dr. von Mickwitz: 'The Economic Structure of Capital Exports to South-Eastern Europe' (International Studies Conference, 1939, German Memorandum No. 1a, issued by the Deutsche Institut für aussenpolitische Forschung, Berlin), pp. 20–1.

[2] *Völkischer Beobachter*, 4th October, 1938.

grade for a meeting on the 5th October, the day on which Herr Funk himself arrived in Istanbul. A new trade agreement, it was indicated, was to be worked out on entirely new principles; but when it was actually signed on the 23rd October, it was found that, except in one respect, it differed little from the agreements which had preceded it. The Jugoslav Government had apparently not been impressed with the advantages of long-term contracts, and this idea was for the time being put on one side. The volume of Jugoslav exports to Germany covered by the agreement did not expand by more than the quantity previously sold in Austria and the Sudetenland, Germany agreeing to purchase specified quantities of wheat, maize and other products on terms which gave the Jugoslav producer a return considerably in excess of what he would have obtained from sales in the world market. The Jugoslav Government themselves undertook no formal obligation to sell, so that they preserved the right, in the event of an embarrassing accumulation of blocked marks in the clearing account, to reduce exports to Germany, as was indeed done during the latter months of the year. On the other hand, the Jugoslav Government fell into line with the other Balkan countries in abandoning the freedom of manœuvre which a fluctuating Reichsmark exchange rate had conferred. In future the value of the Reichsmark was to be stabilized at 14·30–14·70 dinars, and the National Bank of Jugoslavia accepted the responsibility of buying marks to a maximum of RM. 8,000,000 in order that the exchange rate might be kept within these limits. By January 1939, however, this maximum had been reached, and the National Bank allowed the value of the Reichsmark to fall to 13·80 dinars.

In Ankara, where Herr Funk arrived on the 6th October, he developed the same theme as he had expounded in Belgrade. Germany, he said, entertained no political designs under cover of economic expansion, but on the contrary desired to contribute to the peaceful prosperity of other countries. A Turco-German trade agreement had been signed in Berlin in August, and German industrialists were already at work in Turkey studying the technique of long-term credits for purposes included in the Turkish Government's own plans for an extensive development of electrification and of certain types of manufacturing, e.g. of chemicals and synthetic petrol. A trade agreement of the usual type was concluded for the exchange of Turkish tobacco, timber, raisins, cotton and other products in return for German machinery and other manufactured goods, and on the 8th October it was announced that it had been agreed to make available for Turkey a credit of RM. 150,000,000, on lines similar to those

adopted in 1937 for a credit to Greece of RM. 50,000,000, the proceeds to be applied in this case to the purchase of armaments and equipment for industrial and public works. According to the terms of the credit agreement, which was signed in Berlin on the 16th January, 1939, the Turkish Government were to pay interest at the rate of 5 per cent. and to reimburse the credits granted within ten years from the date of incurring the liability. Except in matters of detail, the agreement appeared to follow very closely the lines of the earlier credit agreement with the British Government, which had provoked so much hostile criticism in Germany.[1] Nevertheless it was claimed by German commentators that the German credit was based on quite new principles, fundamentally different from those of the old type of financial loan. The pre-war system of capital exports was, it was argued, economically wrong, because, while a close link existed between capital supply and the development of exports, there was no similar connexion between interest charges and the reception of imports by the creditor country. South-Eastern Europe had had since 1931 a bitter experience of the embarrassments which arose when loans were made without the assurance of such a connexion. Transfer difficulties could be avoided only if both interest and capital repayments as well as the original advance were made in the form of goods, so that 'a satisfactory system of foreign investments is only conceivable under a system of bilateral trade agreements'.[2] The difference between foreign loans, the interest upon which was to be paid from the proceeds of sales in the world markets, and foreign loans where payment of interest was assured by a definite guarantee to purchase the products of the debtor country, no doubt had, in certain circumstances, some practical importance, but it was doubtful whether its importance was sufficient to warrant the claim that the German credit methods were based upon entirely new principles. The pre-war system of capital exports had had its abuses and incidental disadvantages, but the remarkable expansion of productive capacity which such exports had made possible had been observed on so many occasions and in so many places that it was difficult to believe that such success as the system had had was due solely to the happy chance of 'a fortuitous favourable economic situation'; and the further limitation that 'capital export can only function permanently in an economic unit which is practically unaffected by trade cycles'[3] was even more difficult to reconcile with pre-war history. The new German technique certainly made it diffi-

[1] See above, p. 45.
[2] Dr. von Mickwitz, *op. cit.*, p. 6.
[3] Dr. von Mickwitz, *op. cit.*

cult to attach any precise meaning to rates of interest in connexion with such credits. Repayment was perhaps guaranteed through the purchase of Turkish exports, but the real rate of interest was entirely dependent on the price paid for such exports (as well as on the nominal price of the capital equipment supplied by Germany), and these were still undetermined. The great attraction of the German technique, it was argued, was that Germany's immunity to trade fluctuations enabled her to guarantee long-period requirements of raw-material imports in a way which was impossible for economies based upon other principles. Germany had no gold and no *devisen* to lend, but she had available her own powerful production, and the almost unlimited capacity of the German market to guarantee the conditions necessary for the payment of interest gave Germany an advantage as compared with the efforts of competitors, apparently stronger in capital, who had sought to counter German policy by means of 'silver bullets'.[1] The judgment which it was proper to place upon this new theory of capital export was naturally in large measure dependent upon the acceptance or rejection of the German claim that the Nazi economic system had solved the problem of trade-cycle fluctuations. Outside Germany this claim was by no means universally admitted, and probably in Turkey itself there was less interest in such speculative questions than in the more immediate necessity of insisting that the acceptance of the new-style German credits had for Turkey no political significance. People who took an opposite view, it was stated, were 'as much mistaken as those who made similar comments at the time when the British credits were granted to Turkey'.[2]

From Ankara Herr Funk proceeded to Sofia. If the proportion of total trade with which Germany was already concerned was to be regarded as a conclusive test, Bulgaria was the Balkan country where German economic influence was already strongest. During the course of the year, however, trading relations had not been entirely happy. There had been complaints of German resales of Bulgarian produce with effects upon world markets which made any independent Bulgarian sales there impossible, and which therefore further intensified Bulgarian dependence upon German buyers, and a French commercial credit of frs. 375,000,000 to facilitate the importation of railway and armament material had been granted in August. The reports in the foreign Press of Herr Funk's Bulgarian negotiations gave special

[1] See the *Frankfurter Zeitung*, 9th December, 1938, supplement on 'Deutschlands Handel mit Sudosteuropa', p. 8.

[2] *Jumhuriet*, cited in *The Times*, 10th October, 1938.

prominence to the idea of long-term contracts with guaranteed prices. He had suggested, it was said, that the Reich should purchase the whole of Bulgaria's exports for a twelve-year period at prices fixed beforehand, providing in return not only machinery and manufactured goods, but also expert advisers, engineers and skilled mechanics whose salaries and wages would be determined in the same way. On neither side was any official announcement made of such a plan, which, it appeared, was mentioned only informally and without stimulating any favourable reaction. There was no doubt of Herr Funk's interest in the idea, the advantages of which for the Balkan countries he elaborated in general terms in several public utterances. But though freedom from the fluctuations of world markets has been a cherished dream of many peasant farmers, the idea, in the form in which Herr Funk presented it, was less attractive to the Balkan Governments, and the response to his overtures was insufficient to make it worth while at this time to attempt formal negotiations upon the basis which he had in mind. He expounded the same general themes as he had ventilated in Belgrade and Ankara, but for the time being his activities in Sofia went little farther than discussion. The detailed work of continuing the existing trade agreement was left to experts who arrived in Bulgaria later.

It had been suggested earlier that Herr Funk's journey should include Budapest, Bucarest and Athens as well as Belgrade, Sofia and Ankara. He himself announced that he had been invited to visit Rumania and Greece but had been unable to accept the invitations on account of urgent business arising from the Sudeten annexation. Whether there were in fact other reasons for his failure to travel farther afield must, in the nature of the case, be a matter for speculation only.

The exclusion of Bucarest from Herr Funk's itinerary did not, however, preclude the initiation of further negotiations for another Germano-Rumanian trade agreement, and a German trade delegation, under Dr. Clodius, arrived in Bucarest for this purpose on the 1st November, 1938. Apparently negotiations did not proceed smoothly, for a fortnight later the discussions were temporarily suspended. It was understood that the main difficulties which had arisen related to the liquidation of the accumulated balance of blocked marks (said to amount to 1,500,000,000 lei)[1] and the adjustment of the rate of exchange between the German and the Rumanian currencies. Negotiations were resumed later and four commercial agreements for one year only were signed on the 10th December, 1938. The new agree-

[1] According to *The New York Times*, 13th September, 1938.

ments for the most part followed the lines of those which had just expired, though it was provided that Rumanian exports to Germany were not to be allowed to fall below the highest level hitherto attained for the old Reich, Austria and the Sudeten areas together. Efforts, it was also laid down, were to be made to ensure that the goods exchanged between the two countries should be of equal value, thus avoiding the recurrence of clearing difficulties, and the value of the Reichsmark was raised from 38 lei to 40·5–41·5 lei. The German delegation had pressed for stabilization at the level of 1 RM. = 55 lei, which corresponds to the theoretical gold values of the two currency units, but the Rumanians were reluctant to agree to a figure which, while tending to increase the return received by Rumanian producers, would have intensified the difficulties of liquidating clearing balances. Assuming that the price paid for Rumanian exports, expressed in Reichsmark, was kept stable, a high valuation of the Reichsmark increased the money return for the Rumanian producer, but it would to a corresponding degree increase the Rumanian price of German goods, so that, unless the policy of subsidizing German exports was pushed still farther, the prompt utilization of blocked marks would become even more difficult than it had been before.

By the 16th October Herr Funk was back in Berlin, where he expressed his satisfaction with the success of his efforts in laying, as he put it, the foundations of an 'economic axis' extending from the North Sea to the Black Sea. It was, he said, an irrevocable fact that no other economic area could to the same extent as Germany be a purchaser of the products of South-Eastern Europe, and he contemplated further extensive development of German trading relations there. At the time when these hopes found expression the new Jugoslav agreement had not been signed, there was reason to doubt whether the Turkish credit arrangement did much more than regularize and systematize the existing practice,[1] and detailed Bulgarian negotiations had still to be opened. Herr Funk's satisfaction appeared, therefore, to be a little premature, despite the precipitate eagerness of some foreign observers to accept his claims at their face value, and the meagreness of his harvest was all the more surprising because it was naturally expected that the Munich Settlement would greatly strengthen his bargaining position. Looked at as an indication of what the Germans hoped to achieve in the future, rather than

[1] It was said that about two-fifths of the total credit of RM. 150,000,000 had already been drawn on before the new agreement was signed, and as late as May 1939 it was reported that no new contracts had at that time been concluded under the new credit arrangements.

as a sober statement of the results already attained, Herr Funk's remarks were, however, worthy of all the attention that was paid to them. In the political sphere the German Government had been elaborating a technique whereby, instead of having to risk the chagrin caused by a formal refusal of their demands, they created a state of affairs in which other parties felt themselves obliged to offer concessions for which Germany officially had never asked. This technique was no doubt capable of adaptation in the economic sphere as well. Without any formal proposals from the German side it was still easy to indicate the trend which the German Government desired to encourage. At the end of 1938 some of Herr Funk's ideas were merely matters for speculation, because Balkan statesmen were unwilling to take them seriously. At a more convenient season, however, they might be induced to look upon them as part of the normal and inevitable order of things, and some of the events of 1939, which fall outside the limits of this volume, suggested that Herr Funk had been more successful in preparing for the organization of a *Versorgungsraum* to be available as an instrument of German policy than might have been supposed if attention were confined to the achievements actually on record at the end of 1938.

The German attitude towards the industrialization of the Balkan countries was likely to be a particularly important factor in determining the reception afforded to suggestions for more intimate collaboration. Herr Funk's programme was frequently made to include substantial assistance in this direction, and in every Balkan country, more or less oppressed by the problem of absorbing a rapidly growing population cut off from most of the old migration outlets, industrialization was an important item in the Government's programme. But from a long-run point of view a rapid industrialization of South-Eastern Europe might appear contrary to Germany's interests, preoccupied as she was in the immediate future with the problem of securing adequate supplies of food and raw materials. According to the Jugoslav statistics imports of German 'metals and manufactures of iron and steel' declined in 1938 by 36 per cent. as compared with the corresponding period of 1937, and there was also a considerable decline in the importation of textile manufactures. The Germans were accordingly disposed to warn the South-East European countries against too rapid an industrialization. They should, said the *Volkswirtschaft*, the official Nazi economic organ, early in October 1938, preserve their character as agricultural and raw-material producing areas.[1] Elsewhere it was pointed out that Germany had a

[1] Cited in *The Manchester Guardian*, 13th October, 1938.

lively interest in seeing that the Balkan States should be in a position, both economically and socially, to withstand the propaganda of the Comintern. It was desirable that industries should not grow up round capital cities with the dangerous social problems which such a trend would create. Rather should industrialization be encouraged in the direction of village industry with better prospects for the preservation of family institutions.[1] Each country, it was admitted, might properly produce its own boots and shoes, hosiery, ordinary clothing and so forth, or engage in industrial development which was justified by special circumstances, but the economic development of each single part of the larger area which it was contemplated that South-Eastern Europe would make in association with Germany could not be considered without relation to the necessities of the other parts.[2] Some of the arguments which were used in this connexion bore, indeed, an odd resemblance to those of an old-fashioned liberalism which in other contexts was contemptuously rejected, but with which it was not always easy to reconcile in every detail the actual course of Balkan industrialization. That the necessity of adaptation to the conditions of a changing world would demand some drastic changes in the economic structure of the Balkan countries could scarcely be questioned, and it was equally unlikely that changes confined to agricultural production would by themselves be adequate for the purpose. Nevertheless, though the economic difficulties in which the South-East European countries now found themselves were intimately connected with the agrarian protectionism of Western Europe, they were also in some measure the result of the protective policies followed in South-Eastern Europe itself since the War of 1914–18. Under their influence industrialization in certain directions had been carried a good deal farther than was warranted, and countries which were already relatively advanced in this field had felt themselves obliged by the trade barriers of their neighbours to expand their own agriculture, with the consequent appearance of large, unmanageable surpluses of food and raw materials as a net result of the whole trend. In formulating its attitude to the Balkan economic problem Western Europe could not ignore this aspect of it. But whatever might be the appropriate tempo for industrialization in Central and South-Eastern Europe, there was no doubt that reluctance to accept at face value all the German claims that a close economic association with the Reich would benefit the smaller agricultural countries was in part due to fears that their independence

[1] *Wirtschaftsdienst*, 21st October, 1938.
[2] *Braune Wirtschaftspost*, 15th October, 1938, p. 1085.

in formulating a policy of industrialization would thereby be endangered. This fear was especially acute in Hungary, where some manufacturing industries already had a long history and had even had some success in finding export markets, and it was significant that Admiral Horthy, in a speech at the opening session of the Hungarian Diet on the 13th June, 1939, was careful to insist that

> without Hungarian industry, we could not give to our steadily increasing agricultural population either work or bread, we could create no independent or strong Hungarian Army, and without these things an autonomous Hungarian life and Hungarian policy would be inconceivable.[1]

A statistical examination of the progress of German trading relations with South-Eastern Europe, conducted on the lines which by this time had become conventional, suggested indeed that the process of penetration was already being carried on under conditions of diminishing returns, and that, unless the action already taken were supplemented by efforts of a different kind, the limits of German economic influence might shortly be reached. Subsidies to exports, for example, were financed at least in part from the manipulation of German external indebtedness, and as the volume of resources available from this quarter declined, the burden of such subsidies upon the German economy would inevitably increase. During 1938 the absolute volume of German exports to Turkey greatly increased (by 36 per cent.) and there was also a considerable increase in exports to Rumania; but for Bulgaria, Jugoslavia, Greece and Hungary both the volume and the relative importance of German exports declined, and for Rumania too the increase in imports from Germany was relatively less important than the increase in the aggregate of imports. The proportion of German exports which went to the six countries named increased, as compared with 1937, from 11·5 per cent. to 13·2 per cent. On the other hand the proportion of German imports which came from the same sources actually fell a little, from 12·5 per cent. to 12 per cent., and in this relationship it was normally the rate of imports which, so to speak, set the pace for trade movements later. The absolute volume of German imports from Hungary, Jugoslavia and Rumania declined during the year (in the case of Rumania by as much as 22 per cent.), though in interpreting the significance of these changes it was necessary to bear in mind that it was from Jugoslavia and Rumania that German imports had increased most rapidly in 1937. The encouragement of crops specially suited to German purposes—an activity, indeed, to which on general economic

[1] The *Pester Lloyd*, 14th June, 1939.

grounds it was difficult to make any rational objections—figured largely in Herr Funk's speeches, but apparently had had relatively little practical effect. The cultivation of soya bean, to which much publicity had been given in earlier years, and which had a special interest on account of its value as a base for food which could be stored for long periods, had been extended to cover 63,000 hectares in Rumania and 17,000 hectares in Bulgaria. Output in Rumania, however, fell in 1938 by 27 per cent. as compared with the previous year. The return was not very attractive to the peasant, and though it was reported[1] that in 1939 the Rumanian acreage was to be increased to over 100,000 hectares, this experiment now appeared to have less importance than had at one time seemed probable.

The annexation of Austria might, however, well be regarded as among the 'efforts of a different kind' which, whether designed for that purpose or not, had the effect of greatly increasing the relative importance of Germany in the trade of these countries. The addition of the fraction of Hungarian exports sold to Austria in 1937 to the fraction of exports sold to Germany meant an increase from 24·8 per cent. to 41·7 per cent., and the Jugoslav figure would similarly have been increased from 21·7 per cent. to 35·2 per cent.[2] Taking the six countries mentioned above together, Austria accounted in 1937 for 8·1 per cent. of their exports and 7·7 per cent. of their imports. The transfer of these fractions of their trade to German control inevitably meant a more than proportionate increase in German bargaining power, and reference has already been made to the temporary relief afforded to Germany by the transfer of the passive balances in the Austrian clearing accounts with some Balkan countries.[3] The effects of the annexation of the Sudetenland were less easy to estimate with precision, but they too pointed in the same direction. The calculation of percentages based on aggregate trade, moreover, inevitably concealed important export commodities

[1] In the *Weekly Report of the German Institute for Business Research*, 6th April, 1939.

[2] It is not, strictly speaking, legitimate to assume that such calculations accurately indicate the change in the relative importance of German trade for the countries affected consequent upon the annexation of Austria, because annexation also made it possible for the old Reich to draw from Austria goods formerly exported elsewhere and thus to diminish the German demand for such goods from South-Eastern Europe. Exports of timber, for example, from Austria to countries other than the Reich were prohibited on the first day after the *Anschluss*. This diversion of Austrian trade was especially important for Hungary, but the addition of German and Austrian trade before the *Anschluss* may in most cases safely be taken as a rough measure of the probable effects of that event upon the relative importance of Germany for the trade of other countries.

[3] See p. 48, above.

for which the German share was much in excess of the average,[1] and a trade organization which in effect welded German importers into a single buying unit under state control obviously gave Germany an immense bargaining strength in relation to small countries which would have been ruined if for any reason German demand for one or other of their staple exports were suddenly to be cut off.

Although even after several years of the cumulative effects of German trade policy Balkan standards of living had not yet everywhere again attained the pre-depression level,[2] the attractiveness of the high prices offered by Germany for agricultural products was still a powerful lever for influencing the trade policy of countries so much dependent on agricultural markets. The divergence between world prices and German prices was usually much less for other commodities than for wheat, but as wheat was in several countries always a highly important export item, a comparison of the prices offered for that commodity is of special interest. During 1938 Jugoslavia sold to Germany 125,000 tons of wheat at an average price of about 191 dinars per quintal. The Jugoslav farmer was thus able to receive an average price for his whole crop of 155 dinars at a time when the world price, measured by reference to Liverpool parity, was falling from 85 to 53 dinars. Similarly in December Germany was paying 20 pengoes per cental for Hungarian wheat, and Italy 18 pengoes, at a time when the price at Rotterdam was the equivalent of from 8 to 10 pengoes, and the difficulty of comparing the purchasing power of a unit of currency which was available to purchase anything anywhere with that of one which could be used to buy only German or Italian exports was of no great importance for a farmer whose income in any event was so low that the effective range of his purchases was too narrow to be affected by the limitations of the clearing system. Nevertheless, some of the Balkan countries were not entirely devoid of bargaining strength in relation to the world outside. So long as it was simply a question of purely commercial

[1] e.g. already Germany and Austria had in 1936 purchased two-thirds of the Bulgarian tobacco output, and in 1937 69 per cent. of Rumanian exports of maize. In 1938 Germany took 51·8 per cent. of Greek tobacco exports, and the whole of the Jugoslav exports of bauxite (equivalent to 92·6 per cent. of total output). On the other hand, Germany did not always account for as much as 15 per cent. of Rumanian exports of oil, and in 1938 for less than 4 per cent. of Greek exports of olive-oil and olives.

[2] e.g. it was estimated that in Rumania the level of real wages in 1937 was still a little below the 1929 level, and 16 per cent. below the level of 1931, while the purchasing power of farmers was 27 per cent. less than in 1929/30. (See V. Madgearu: *La Politique Économique Extérieure de la Roumanie (1927–1938)*, International Studies Conference, 1939, Rumanian Memorandum No. 1; Paris, 1939, Institute of Intellectual Co-operation), p. 37.

negotiations Jugoslavia, for example, was even able to insist that for imports of copper, hides and some other commodities payment should be made by Germany in free *devisen*, and as a supplier of oil Rumania also occupied a relatively strong position.[1] But these very elements of strength in the commercial field might in some circumstances prove to be elements of weakness in the struggle to maintain political independence, for ambitious Powers, unable to obtain all that they wanted by ordinary commercial means, might well be tempted to resort to more direct methods.

### (c) European Reactions to German Trade Policy

Herr Funk, in Istanbul, had expressed his belief that British and American economists were beginning to realize that the German system was the only practicable one in present circumstances, while, according to the German press, the old liberal system of world trade had been broken once and for all, and 'playing a game with golden bullets' in the Danubian region should be recognized as a hopeless business.[2] Whether it was a hopeless business or not, there were many people in the Balkan countries who, doubting the permanence of the economic benefits which the German trading connexion brought to them and suspicious of the plea that it had no political significance, were anxious to preserve and extend their trading connexions with other markets where goods could be sold for free currency. They accordingly looked with some anxiety for indications of what other countries were prepared to do. Though official *communiqués* were reticent upon the subject it was understood that the conversations of King Boris of Bulgaria in London in September, and those which King Carol of Rumania and Prince Paul, the Prince Regent of Jugoslavia, had in London and Paris in November and December 1938, were concerned in part with questions of trade, and Mr. Hudson, the Secretary for Overseas Trade, stated in the House of Commons at Westminster on the 30th November that the countries of South-Eastern Europe were constantly complaining about German trading methods. 'They are all afraid', he added, 'of being

[1] Rumania was, however, unable to obtain genuinely free exchange for any of her sales in blocked currency markets, but only exchange which might be used for the purchase of products whose manufacture within the blocked currency country necessitated payments in free exchange elsewhere. (See V. Madgearu: *Le Contrôle des Changes en Roumanie*, International Studies Conference, 1939, Rumanian Memorandum No. 2; Paris, 1939, Institute of Intellectual Co-operation), p. 40.

[2] The *Deutsche Allgemeine Zeitung* and the *National-Zeitung*, cited in *The Times*, 26th August, 1938.

economically strangled by Germany, and are continually turning to us to ask us to help them out.'

British reactions were in fact far from uniform, and this divergence of outlook was no doubt in part responsible for a certain lack of decisiveness in official announcements of policy. Those who viewed with apprehension the evidence which they interpreted as indicating the existence of German political ambitions in the Balkans were inclined to paint in the blackest colours the consequences of German trading policy, and on occasion seemed to deny that it conferred even short-run benefits upon the Balkan peoples. They were accordingly prepared on political grounds to press for measures which were not in every case justified by purely economic considerations. Exporting interests, too, which had had Balkan connexions sometimes exaggerated the losses which German competition had inflicted upon British trade, and in the manner of traders at most times and in most places did not pause to ask whether what they liked to describe as 'unfair' competition might not be merely 'inconvenient' competition. Such gains as Germany had recently been able to make in these markets had indeed been mainly at the expense of Italian, Austrian and Czechoslovakian traders, though in particular instances, no doubt, British exporters had legitimate grievances against the competition of German goods whose sale was made easy by the provision of generous subsidies. Some exporting interests therefore looked eagerly for organized support against such competition, though they did not always pay sufficient attention to the question how far their failure to sell goods in Balkan markets was in the last resort due to the insufficiency of the supply of sterling available for Balkan importers, which itself was to be traced back to the narrowness of the outlet which Balkan exports had found in markets outside Germany.

On the other hand, there was a strong disposition in some influential quarters to accept the German claim that South-Eastern Europe constituted with Germany a natural *Grosswirtschaftsraum*, within which Germany's influence should naturally be predominant, and where therefore it would be improper to attempt to impede her economic expansion. In these quarters, accordingly, Herr Funk's efforts 'were regarded with not unsympathetic interest'.[1] People who were in the habit of thinking of trade negotiations exclusively in terms of commercial interest seldom took the trouble to make themselves familiar with the political and social foundations upon which the new German trade policy was based; and from a recogni-

[1] *The Times*, 5th April, 1939.

tion of the factors which made close commercial relations between Germany and South-Eastern Europe 'natural' and in some degree inevitable, a point of view which Dr. Krofta, the Czechoslovak Foreign Minister, had himself emphasized in 1937,[1] it was easy for those who were moved by a more or less unconscious desire to refrain from doing anything at which the German Government might take offence, and thus 'to avoid any step which might give the impression in Berlin of an effort to limit German commercial activity',[2] to slide over to an acceptance of German claims which went much farther than such justifications warranted. Or, from a slightly different point of view, the effort to provide some concrete content, on the economic side, for the vague concept of 'appeasement' might easily lead to the notion of a division of spheres of economic influence which would leave South-Eastern Europe free for German activity. This view was naturally most attractive to those who had long urged the desirability of developing the British Empire as an economic unit, although, judged by the facts of geography and the availability of productive resources, it appeared even less obviously suitable to function as a natural *Grosswirtschaftsraum* than the area vaguely marked out for that purpose by Herr Funk. Some German writers had already defended their trading policy by comparing it with the Ottawa system,[3] and in many British ears the comparison had a persuasive sound.[4]

In a debate in the House of Commons at Westminster on the 1st November, 1938, Mr. Chamberlain deprecated the suggestion that Herr Funk's activities were concealing some political motive. Geographically, he said, Germany must occupy a dominating position in Central and South-Eastern Europe. There was, however, room for both British and German trade in those countries, and he saw no reason to expect that any fundamental change was likely to take place there. The Government, said Mr. Oliver Stanley, the President of the Board of Trade, on the same occasion, would certainly not

[1] 'Central European economic *rapprochement*', he had written in the *Journal des Nations* of the 27th September, 1937, 'can be realised only in full agreement with the two Great Powers, Germany and Italy, whose participation in the economic life of Central Europe is the most important.'

[2] *The Times*, 22nd November, 1938.

[3] e.g. in the *Börsen-Zeitung* of 23rd August, 1938, cited in *The Daily Telegraph*, 24th August; and the *Deutsche Allgemeine Zeitung* of 1st December, cited in *The Daily Telegraph*, 2nd December, 1938.

[4] Cf. *The Evening Standard*, 28th October, 1938: 'Our Board of Trade should regard the German drive with equanimity. . . . Would not our Government be wise to take a leaf from Dr. Funk's book? In our own Empire we possess a trade hinterland far more extensive, far richer in resources than Germany possesses in the Balkans.'

attempt an economic war in order to prevent the natural development of Germany in these areas, but at the same time they were prepared to give British industries every assistance in maintaining a normal and proper trade. 'I believe it is quite possible', he added, 'that even while Germany increases her trade in those areas, we should maintain and increase our trade as well.' The Government were 'prepared to give whatever assistance we can to the industries of this country to put themselves in a position to fight, if fight they must', though the ideal solution was an arrangement between industries in the various countries which would fairly allocate markets. In a later debate, however, on the 30th November, Mr. R. S. Hudson, the Under-Secretary for Overseas Trade, appeared to go a little farther, declaring that 'our complaint was that Germany was by her methods destroying trade throughout the world'. The only way of solution in the view of the Government, he said,

> was by organizing our industries in such a way that they would be able to speak as units with their opposite numbers in Germany and say: 'Unless you are prepared to put an end to this form of competition and come to an agreement on market prices which represent a reasonable return, then we will fight you and beat you at your own game.'

There were inquiries from the German Embassy as to the meaning of this statement, and on the following day Mr. Hudson explained to the Press that his remarks were not to be interpreted as running counter to anything said earlier by the Prime Minister. Britain, he said, would continue to conduct her trade and commercial relations along orthodox and traditional financial lines. A trade war with Germany was not the aim in view, but, 'as long as Germany maintains certain of her present trading methods, we shall be forced to step down into the arena and meet her at her own game'.

On the 8th December a further step was taken by the introduction into the House of Commons of a new Export Guarantees Bill, giving authority for the maintenance of the scheme inaugurated in 1926, but raising the limit of the Board of Trade's liability from £50,000,000 to £75,000,000. At the same time the Board was authorized to give export guarantees up to a total of £10,000,000 in cases where the national interest was deemed to justify risks which could not be taken on the basis of strictly commercial principles. The volume of business transacted by the Export Credits Guarantee Department had expanded rapidly, from £7,500,000 in 1933–4 to nearly £43,000,000 in 1937–8, and though this did not necessarily represent a net increase of equivalent amount in the volume of British export trade, the extension of activities now authorized was widely

interpreted as an attempt to place British exporters in the Balkans in a less unfavourable position in relation to German competition. No undue haste was shown in pushing forward with this legislation, for it did not reach the committee stage in the House of Commons until the 2nd February, 1939, and some of those who still doubted whether the firmness which had now apparently been introduced into British policy was genuine were prepared to believe that the delay was connected with the visit to London from the 14th to the 17th December of Dr. Schacht, who, it was alleged, had indicated his interest in discussing the background of the new guarantees. Direct negotiations were also begun in some industries with a view to allocation of markets between German and British exporters. On the 21st December, 1938, the Federation of British Industries announced that informal discussions had taken place between its own officials and representatives of the *Reichsgruppe Industrie* with a view to seeking a common basis upon which official discussions could proceed with an eye to bringing about 'a mutual increase of trade between the two countries and agreements with regard to Anglo-German competition in home and third markets'.[1] It was hoped that further practical steps might be taken early in the New Year; and independently of such general negotiations it was announced on the 28th January, 1939, that 'all points of difference' between the British and German coal-exporting industries, which together were responsible for 80 per cent. of European exports of coal, had been settled and that it was accordingly intended to resume negotiations for a 'general agreement' with the other prospective members of a proposed European coal cartel.[2]

France had sometimes cultivated her political interests in Central and Eastern Europe with greater assiduity than had Great Britain, but it had often been made a ground of complaint—as it was certainly a partial explanation of the breakdown of French political associations with Central Europe—that the French had failed to show an adequate appreciation of the necessity for buttressing political interests by commercial and trading activity. Though there were important French investments in Rumanian oil and Jugoslav mining, French trade with South-Eastern Europe had normally been of modest proportions,[3] French rural interests were always opposed

[1] *The Times*, 22nd December, 1938.

[2] *Ibid.*, 30th January, 1939.

[3] Of the total exports of Bulgaria, Greece, Hungary, Jugoslavia, Rumania and Turkey, only 4 per cent. had gone to France in 1937, as compared with 5·8 per cent. to the United States, 8·5 per cent. to the United Kingdom, 8·8 per cent. to Austria, and 26·4 per cent. to Germany. (*Affaires Étrangères*,

to any weakening of the protection that they enjoyed, and France was a purchaser of agricultural products only when her own harvests were inadequate. Even when financial assistance had been given it had usually served military rather than economic ends. Reference has already been made to French activities in the earlier months of 1938, and it was believed in Germany that plans for credits to Turkey and Rumania similar to that granted to Bulgaria had miscarried only on account of the internal French financial crisis.[1] A new Franco-Rumanian commercial agreement had indeed been signed on the 4th March, 1938, but it had been ineffective in checking the deterioration of trading conditions which continued throughout the year. After the shock of the events of September there were even hints that France might seek consolation for the damage which her prestige in Europe had suffered by a more intensive development of her own Empire. 'European problems', it was said, 'seem to command us to seek the solution of our national difficulties in an Imperial direction', and it was also pointed out that 'the Empire could furnish the abundant reserves of raw materials necessary to national defence'.[2] Soon, however, the French interest in French economic relations with the Balkan countries revived. On the 14th November Monsieur Bonnet, the Minister for Foreign Affairs, announced that an economic mission, under Monsieur Hervé Alphand, the Director of the Commercial Agreements Section of the Ministry of Commerce, would shortly visit Bucarest, Sofia and Belgrade, and negotiations were opened in the three capitals in December. Although it had not yet been found possible to make any use of the commercial credit granted earlier in the year, an agreement with Bulgaria was concluded on the 10th December, providing for more rapid settlement of commercial obligations, the concession to certain Bulgarian products of the minimum French tariff rates, and the revival, through a banking consortium, of French investment in Bulgarian industry. A new Franco-Hungarian trade agreement was initialled at the end of January 1939, and negotiations were continued in Paris with the Governments of Jugoslavia and Rumania. The credit and exchange policy practised in the Balkan countries, which was in some measure imposed on them by their trade and clearing agreements with Ger-

November 1938, p. 525.) French exports to these countries increased in value from frs. 23,932,000,000 in 1937 to frs. 30,567,000,000 in 1938, and French imports from frs. 42,314,000,000 to frs. 45,979,000,000.

[1] See the *Frankfurter Zeitung*, 9th December, 1938.

[2] These remarks were made early in November, in speeches by Monsieur La Chambre, the Minister for Air, and Monsieur Mandel, Minister for the Colonies, respectively. (See *The Times*, 7th November, 1938.)

many, tended to raise the price of their exports to a level at which it was difficult to find any supplementary outlet in freer markets, and the creation of new machinery was now contemplated which would make such Jugoslav and Rumanian exports available for French purchasers. A Franco-Jugoslav agreement granting a measure of preferential treatment to certain Jugoslav raw materials was ultimately signed on the 10th February, 1939. At the same time a Jugoslav-French Chamber of Agriculture was set up in Belgrade and an agreement for special French armament credits to Jugoslavia had been reported in January.[1]

The view expressed by Count Csáky, the Hungarian Foreign Minister, on the 26th January, 1939, that 'since Munich the Western states had shown complete lack of interest in Central Europe, and had more or less left this area to the Axis Powers'[2] was perhaps going a little farther than a strict interpretation of the evidence warranted. Nevertheless the degree of progress recorded at the end of the year 1938 was not sufficient to remove from the minds of Balkan statesmen and business men the doubts which had troubled them concerning the extent to which the political significance of German commercial policy was appreciated in Great Britain and France, and the degree of confidence with which they themselves might therefore anticipate such a remoulding of British and French trade policy as would assist them to establish a greater measure of economic freedom. A division of markets by British and German exporters was not necessarily in the interests of Balkan purchasers, and in the discussions of export credits and of the manners and methods of merchants there was some danger that the crucial problem of satisfactory outlets for Balkan exports might be overlooked. In September a British firm undertook to sell for the Rumanian National Institute of Co-operatives 400,000 tons of Rumanian wheat in the United Kingdom or in other countries with free or strong currencies, and this was followed at the end of October by a purchase of 200,000 tons on behalf of the British Government for storage purposes, the two transactions together accounting for about one-half of the Rumanian exportable wheat surplus. But it was not without reason that German critics had urged that the Balkan countries were in need of genuine and permanent markets rather than of sporadic purchases for special purposes.[3] Such orders, no doubt, played an important part in short-run policy, but they had little relevance to

[1] *The Times*, 11th January, 1939.
[2] See *The Daily Telegraph*, 27th January, 1939.
[3] See the *Frankfurter Zeitung*, 6th July, 1938.

a permanent settlement of Balkan economic problems. The terms of the Anglo-American trade agreement[1] had indicated some measure of willingness to relax the exclusiveness of Ottawa, but the influences which, by stressing the necessity for protecting home and Imperial markets, left the Balkan producer little real choice but to dispose of his export surpluses by barter agreements in terms of blocked currencies were still very powerful. To the question asked in October 1938 by a Bucarest newspaper, whose editor, Monsieur Gafencu, became Foreign Minister in January 1939, 'Germany has her plans: have other countries their plans?' it was still difficult to give any confident answer. 'If the other Powers have no plans', it had been then concluded, 'we must perforce go with Germany.'[2]

### (*d*) The Limits of Self-Sufficiency

The Balkan countries and Turkey, in the view of Herr Funk,[3] 'produce almost everything that Germany needs', and in view of the intense activity of German trade negotiations in that part of the world it was natural that his policy should frequently have been discussed as if it were intended to apply it in these countries alone. As, however, some German writers themselves pointed out, Herr Funk's view of the potential development of German trade was much exaggerated. The total foreign trade of South-Eastern Europe (i.e. imports plus exports) in the relatively good year 1937 had amounted to only RM. 3,500,000,000, while the total German foreign trade was more than three times as great. There were, moreover, many imports with which Germany could not dispense, which in no circumstances could be obtained from South-Eastern Europe.[4] To cover shortages in home supply there had already been much activity, which had now gone well beyond the 'experimental' stage, in the production of substitute materials,[5] but the day seemed still

[1] See pp. 21–6, above.

[2] *Timpul*, cited in *The Financial News*, 10th October, 1938. The response to German plans which at the time provoked most comment came from Lithuania, whose exports to Germany of butter, meat and grain were nearly twice as large in 1938 as in 1937. Sensational reports of complete German control of Lithuanian trade were denied in Kaunas, but by a new trade agreement, which was signed at the end of October, Lithuanian trade with Germany would, it was estimated, be increased by 10 per cent. (see *The Times*, 31st October, 1938).

[3] *Der Vierjahresplan*, January 1939, p. 6.

[4] Dr. P. Fröhlich in *Wirtschaftsdienst*, 7th October, 1938, p. 1346. For a more detailed discussion, see Royal Institute of International Affairs: *South-Eastern Europe: a Political and Economic Survey* (Oxford University Press, 1939), pp. 185–90.

[5] Cf. the *Survey for 1937*, vol. i, pp. 81–3.

to be far distant when these would be adequate to cover all requirements. In 1938 the production of Buna was said to have reached 40,000 tons, but imports of rubber into Greater Germany still amounted in the same year to 180,500 tons. The production of home textile raw materials in 1938 amounted to 362,500 tons (including 102,000 tons of reworked wool and cotton), as compared with 291,400 tons in 1937,[1] but this made little difference to the volume of imports, which fell from 775,100 tons to 744,000 tons. Imports of cotton, wool and jute were especially large, and on even the most generous estimate it seemed unlikely that within any short period of time these could be drawn in adequate quantities from South-Eastern Europe. The mineral resources of South-Eastern Europe did not include tin at all, and the downward trend observed in the production of Rumanian oil suggested that it would be difficult, even if the whole were to be ear-marked for German use, to draw anything more than the normal peace-time demand from this source.

A much more serious problem, from the German standpoint, was presented by iron ore. Home production, which in 1927 had amounted to 6,625,000 tons, had fallen to 2,592,000 metric tons in 1933, and from this low level there had been a remarkable recovery to 9,792,000 tons in 1937 and 11,100,000 tons in 1938. But the volume of imports had also increased rapidly (to 21,922,000 tons in 1938), and, while the annexation of Austria brought within the boundaries of the Reich important iron mines (responsible in 1937 for 1,885,000 metric tons), that event, and even more the annexation of the Sudetenland, also correspondingly increased the German demand for iron, and left German dependence upon the supplies of Sweden and Lorraine as close as ever.

The problem of the supply of fats had long been one of great difficulty for those who were eager to make Germany self-sufficient, and though the proportion of total consumption imported from other countries had been reduced from 60 per cent. in 1932 to about 45 per cent. in 1937, imports in the latter year were still 854,000 metric tons (and in 1938 936,000 tons), and the degree of dependence which remained continued to be a matter for concern. It appeared unlikely, moreover, that adequate supplies could be drawn from South-Eastern Europe. 86 per cent. of German butter consumption was, indeed, covered by home production, but during 1938 output fell, on account of foot-and-mouth disease and of the shortage of dairy-

[1] Report presented by the Reichskreditgesellschaft Aktiengesellschaft, 6th January, 1939, p. 22.

workers, and the butter quotas which were already in force were reduced by 15 per cent. in October.[1]

Doubts about the ultimate possibility of Germany's ever achieving 'economic autonomy' through an autarkic policy as it was now coming to be interpreted were not confined to her foreign critics. Major-General Thomas, one of the economic experts of the General Staff and a close co-operator with Field-Marshal Göring in the Four-Year Plan, pointed out on the 21st June, 1938, that, apart from Russia and the United States, all countries had deficiencies in some sections of their national economy, and in his view the solution of the problem thus created must include, for Germany, not only increased domestic production and other autarkic measures, including the possession of colonies with good communications with the homeland, but also the accumulation of adequate stocks.[2] Action along these lines was indeed undertaken with varying degrees of thoroughness in many states,[3] but it was especially in Germany that it played an important part in determining the volume of trade for the year. Just how much of the increase in imports was reserved for storage was of course not known, but a comparison between total supplies (imports plus internal production) and consumption, as indicated by the volume of employment, suggested that already at the end of 1937 Germany had accumulated reserves which in the case of base metals and rubber would cover current requirements for a year or more, and in iron ore and steel alloys for a somewhat longer period.[4] Herr Hitler on the 6th September, 1938, stated that it was planned 'to accumulate a reserve of corn which in all circumstances will save us from shortage', and added that a rich harvest, 'combined with the reserves accumulated through the policy of Field-Marshal Göring, relieves Germany of all anxiety about foodstuffs for years', although during October there was an additional importation of 250,000 tons of wheat. It was also officially reported that a national

[1] *Op. cit.*, pp. 41-2.

[2] In an address to the officials of the Reichsbank, entitled 'World Trade or Self-Sufficiency considered in relation to National Defence'. (See *The Manchester Guardian*, 23rd June, 1938.)

[3] In Great Britain, where the desire to get the best of both worlds was particularly strong, there was much discussion of the possibility that 'measures useful for defence may eventually evolve into measures of permanent usefulness in peace', and the question was asked whether storage for defence purposes might not be harmonized with policies aiming at price stability, and accordingly provide 'a new and useful instrument in our armoury for the control of the trade cycle'. Cf. J. M. Keynes: 'The Policy of Government Storage of Foodstuffs and Raw Materials', in *The Economic Journal*, September 1938.

[4] *The Manchester Guardian*, 5th September, 1938.

reserve of fats was being built up, amounting at the end of July to 44,000 metric tons of animal fats and 418,000 tons of vegetable fats and whale oil. The increase in importation of pig iron (from 160,000 tons in 1937 to 447,000 tons in 1938) and of scrap iron (from 588,000 tons to 1,164,000 tons) was especially notable, and there was no slackening during the early months of 1939 in the rate at which these two commodities entered Germany.

Whatever the prospects might be for the long-run success of the German drive for economic autonomy, there was no doubt that for the immediate future the German need for imports would become increasingly urgent, and with an increased need for imports there was a call to further efforts in export trade. On the 25th November, 1938, the Minister for Economic Affairs issued a special order which emphasized in two different ways the paramount urgency of export business. In the first place firms with outstanding performances to their credit in this field were promised preferential treatment in the distribution of public contracts, while firms which were culpably behindhand in effecting foreign sales were to be penalized with regard to both public contracts and the allocation of raw materials. And secondly, as it was observed that export orders had often been lost through inability to effect delivery, priority was promised to export orders over all home orders, whether public or private, and emphasis was placed upon the necessity of absolute reliability in adhering to delivery terms and in guaranteeing good materials.

A demonstration that objective facts must inevitably prevent the complete realization in South-Eastern Europe of German plans for a kind of extended self-sufficiency might suggest to some minds the conclusion that any concern abroad about the German trade drive was unnecessary, and that it might well be allowed to run its course without interference. The interest taken in the accumulation of reserve stocks was enough by itself to show that this view might be short-sighted, and, even if reserve stocks were ignored, it seemed at least as reasonable to conclude that, if South-Eastern Europe could not completely satisfy German needs, the application of similar methods in other parts of the world might properly be interpreted as based upon similar motives and likely to create similar political complications. The case of South-Eastern Europe has been examined in some detail because it was politically the most important. German trading activities in other parts of the world do not demand the same degree of attention, though certain phases, especially in Switzerland and in South and Central America, have sufficient interest to warrant a further brief note.

With both Great Britain and France apparently reluctant to make the radical changes in trade policy which were necessary if alternative outlets were to be found for the staple products of the Balkans, the smaller Powers which were unable to draw their supplies of food and raw materials from the same sources as were available to these two Great Powers had for the Balkan countries an importance as sources of free exchange which was greater than might have been imagined from an examination of the volume of trade involved. Swiss imports, for example, from South-Eastern Europe had steadily increased since 1935, and Swiss trading connexions with Austria and Czechoslovakia had expanded even more rapidly. As Switzerland also had important financial interests in Bulgaria (at the end of 1937 she ranked first on the list of foreign countries with capital invested in Bulgaria, Belgium occupying the second place), in Jugoslavia (where in 1938 her interests were inferior only to those of Great Britain, of France and of Germany, and where Swiss capital had recently been specially active in the exploitation of bauxite) and in other countries, the veiled threats which appeared in the German Press in October 1938 of the consequences which might follow if Switzerland failed to adapt herself to German policy received a good deal of attention.[1]

### (*e*) Trade Rivalries in Latin America

In Latin America especially, German trade expansion had since 1933 been scarcely less spectacular than the similar expansion in South-Eastern Europe. While the contribution of South-Eastern Europe to German imports had increased from 8·1 per cent. of the aggregate in 1932 to 12·2 per cent. in 1938, the contribution of South America had risen from 7·7 per cent. to 12·8 per cent.[2] From a long-range point of view the interest which Latin America had for the rest of the world as an area of undeveloped natural resources was similar to that of South-Eastern Europe, though Mexican oil was

[1] A writer in *Der Deutsche Volkswirt* (21st October, 1938), after reminding the Swiss of the decline in their tourist traffic, and of the fact that in the Austrian Alps and the spas of the Sudetenland there were cheaper tourist resorts, less heavily burdened by taxation, went on to say that Switzerland could more easily meet the awakening interest of the Western Powers in investment in South-Eastern Europe if she did not lose sight of the common commercial interests which she shared with Greater Germany. 'The time is not far distant when the question will arise whether, and in what way, Switzerland should place her investment policy in Central and South-Eastern Europe upon a new basis.'

[2] The corresponding changes in the shares in German exports were from 8·1 per cent. to 13 per cent., and from 3·4 per cent. to 10·2 per cent.

already an important cause of international rivalry, and Brazil was said to possess one of the richest iron-ore deposits in the world. The exploitation of these resources was, however, for the most part a matter for a somewhat remote future. For the time being, at least, there was less obvious reason in Latin America for suspecting that economic policy was prompted by political ambitions, though there was the same difficulty as in the Balkans in determining how far German trade expansion was 'natural', and how far it depended upon the pressure which could be applied by a powerful customer to countries where producers were for the time being in a weak position. Despite local variations, the German trade technique took much the same form there, and indeed in other parts of the world too, as was applied in the Balkans, and the complaints which were heard in Latin America were familiar to students of German trade policy in general. There was, for example, the same story of resale of goods imported into Germany,[1] and of friction arising from the administration of clearing agreements. Nicaragua had curtailed the amount of coffee which might be shipped to Germany against Aski marks, and in the middle of 1938 Brazil imposed an embargo, which was maintained until November, upon the delivery against clearing marks of cotton, coffee or cocoa, on the ground that previous purchases had been resold at higher prices. Germany had also exported obsolete aeroplanes, tanks, machine guns and other military equipment, especially to Chile and Peru, and it was not unreasonable to suppose that the necessity for assuring the availability of replacements of this material would impose at the same time an obligation to maintain close political relationships with the country of supply. The United States had already taken steps in August 1937 to counteract German trade influence in Brazil, when in an agreement for the purchase of gold[2] Brazil promised to cooperate in protecting the Brazilian-American trade agreement 'against outside competition that is directly subsidized by Governments', and the embargo of 1938 was also attributed in Germany to pressure from the United States, whose interests were in any event more closely concerned than those of any other country with the consequences of German penetration.[3]

Even in the Balkans, indeed, the United States was not an entirely insignificant factor. It is true that goods from the Balkan countries and Hungary aggregated in all less than 2 per cent. of the total

[1] e.g. from Colombia, Argentina and Brazil. See 'Foreign Exchange Control in Latin America' (*Foreign Policy Reports*, 15th February, 1939), p. 283.

[2] See the *Survey for 1937*, vol. i, p. 140.

[3] See the present volume, Part VI, section (ii) (*a*).

imports of the United States, but Balkan industrialization offered an attractive outlet for American exports, and with this object in mind an American business delegation, representing in particular the iron industry, had visited this part of Europe during 1938. Negotiations were still proceeding for a trade agreement with Turkey which was signed on the 1st April, 1939, and the United States was also interested in the purchase of certain raw materials from other Balkan countries.

It was, however, naturally in connexion with Latin America that American interest in German trade policy was most likely to be aroused. American trading interests in this part of the world were already very extensive, from 15 to 20 per cent. of the exports of the United States normally being sold to Latin American countries, and sensational reports of German penetration naturally aroused some apprehension. The proportion of imports into Brazil purchased in Germany increased from 12 per cent. in 1935 to 23·9 per cent. in 1937, and there was a similar movement in Chile from 11·4 per cent. to 26 per cent. and in Peru from 10·3 per cent. to 19·7 per cent. Similarly exports to Germany from Brazil had increased from 8·2 per cent. of total exports to 17·1 per cent., and from Peru from 7·7 per cent. to 13·7 per cent. Nevertheless it was easy to exaggerate the significance of these changes. In other Latin-American countries German trade had expanded at a slower rate, or had even declined in relative importance, and even where the expansion was rapid it did little more than restore the relative position of pre-war years. The aggregate volume of United States trade with Latin America expanded steadily from 1933 to 1937, and though there was a decline in 1938, that trend was in part explicable in terms of the general contraction in world trade which, to a greater or lesser degree, had affected nearly every country. The share of the United States in the imports of the three countries mentioned above had also increased while the German share was so rapidly expanding, and the decline of United States trade with Mexico in 1938 was in large measure due not to German competition, but to Mexican tariffs, the devaluation of the Mexican peso, and a disturbance of normal conditions arising from the expropriation of American oil companies.[1] So far as German expansion was 'at the expense of' other countries, it was some country other than the United States which suffered most, for example, the United Kingdom, especially in relation to Brazil and Peru.

For those who observed events in other parts of the world there

[1] See pp. 666–7.

were, however, some doubts whether the trend which had restored the volume of German trade in Latin America to something like the pre-war figure could properly be interpreted as a 'normal' development, and it was natural to look in the declarations of the Lima Conference of December 1938[1] for some pronouncement upon economic policy. The second resolution of the Conference was indeed in the nature of a tribute to the trade-agreements policy of Mr. Cordell Hull, for it called upon 'the American Governments to reduce to the greatest extent found possible all existing types of restrictions upon international trade', and endorsed 'the negotiation of trade agreements embodying the principle of equality of treatment as the most beneficial and effective method of extending and facilitating international trade'. There was a further recommendation to the Governments of the American Republics to 'substitute as rapidly as possible reasonable tariffs in lieu of other forms of trade restrictions', and to 'proceed, as vigorously as possible, with the negotiation of trade agreements, embodying the principle of non-discrimination'. The experience of the ineffectiveness of similar general declarations in recent years made it difficult to regard this resolution as in itself an event of the first importance. No doubt there were other and more realistic discussions of trade problems at Lima. Latin America had been described as the Africa of the twentieth century. During the nineteenth century Africa had been one of the centres of international economico-political tension, and it seemed likely that many aspects of this tension would now present themselves, *mutatis mutandis*, in the Latin-American setting.

### (*f*) Economic Trends in Germany

A detailed analysis of economic policy within national economies does not fall within the limits of this volume. Nevertheless, for both economic and political reasons, internal policy in 1938 had important international repercussions. References are made elsewhere[2] to certain aspects of the economic history of France, the United States and Great Britain, and having already examined the course and effects of Germany's external trade policy it now remains to outline the more significant internal developments in that country as well. It was in Germany that the dominating part played by military considerations stood out most clearly, and in view of the rôle adopted by the German Government in Europe throughout 1938, it was a matter of great importance to consider the steps taken in time of

[1] See section (ii) of Part VI of the present volume for a general account of the Lima Conference.

[2] See pp. 112–28.

peace to place the German economy upon a war footing, and to inquire what effect this policy had upon the state of mind both of the German people and of the citizens of neighbouring countries. The international-trade side of German economic policy has already been examined in some detail. Other aspects of that policy deserve a briefer notice.

In Germany the essential economic problem was the mobilization of capital resources on the scale demanded by government requirements for armament and other purposes without placing a strain upon the standard of living of the German people so severe as to provoke discontent. The provision of funds for the purchase of essential raw materials was a significant, but subordinate, aspect of this general problem. In the German view, technical considerations of finance were of little importance, the essential thing being the efficient organization of productive effort, and it was stoutly maintained that the efforts of the German people themselves were adequate to sustain any burden which government policy might make it necessary to impose. Nevertheless assistance from other sources was not unwelcome, and during the year there were two important abnormal and non-recurring sources of capital supply, access to which at least temporarily relaxed the internal pressure. Among the incidental consequences of the *Anschluss* of Austria to the Reich in March was the transfer to German control of the resources of the Austrian National Bank, including, according to the latest return made before the *Anschluss*, 422,000,000 schillings in gold and foreign exchange, equivalent at the pre-*Anschluss* rate of exchange to RM. 197,000,000, or nearly three times the declared Reichsbank holdings of gold and foreign exchange of RM. 76,200,000. The long-run effects of the *Anschluss* upon the German economy were more complicated and uncertain. The old Austria had imported a substantial proportion of its food supplies, so that for the Greater Reich the problem of self-sufficiency in foodstuffs now became a little more difficult, except in regard to milk and dairy exports (though the Austrian export surplus of these was equal to only approximately one-sixth of the import requirements of the Old Reich). Austria was also an important supplier of timber, but the total Austrian exports in 1937, 1,700,000 tons, were much less than the total German imports in that year of more than 5,000,000 tons. Most of the Austrian output of iron, which had long been in the hands of a German-controlled company, had already for some time been exported to Germany, but the *Anschluss* at once made possible important modifications in the German plans for self-sufficiency in iron ore. Four of the chief

Austrian iron and steel concerns were absorbed by the Hermann Göring Werke, which increased its nominal capital to 400,000,000 marks and planned substantial increases in output, as well as the foundation of a subsidiary company for smelting at Linz. It was hoped that by 1939 the extraction of Styrian ores would be raised to 3,000,000 tons. But, while these things were mostly not matters for the immediate future, the gold and foreign-exchange reserves had a much more direct bearing upon the trading developments of 1938. The amount available was indeed large only in comparison with the almost negligible resources of the Reichsbank, and it was unlikely that the trading position of Austria in the new circumstances would make possible the accumulation of similar reserves in the future. These facts did not, however, in any way diminish the immediate significance of such a windfall, at a time when month-to-month changes in trade relationships were often of considerable importance. It was, in fact, to a large extent the resources of the Austrian National Bank which made possible the financing of the German import surplus of 1938, the net exports of gold from Germany during August, September and October amounting to RM. 148,000,000.[1]

The disintegration of Czechoslovakia also provided the Reich Government with further resources of gold and foreign exchange, the final disposition of which was not completed until 1939. The reserves of the National Bank of Czechoslovakia amounted to 3,414,000,000 Czech crowns, of which, however, a substantial proportion was held abroad. It was estimated that the amount actually found by the Germans in Prague was equivalent to about RM. 200,000,000, in addition to which there were also the foreign-exchange reserves of private banks and individuals. Early in March 1939 an agreement between the Czechoslovak and German monetary authorities provided for the withdrawal of Czech notes which had been in circulation in the Sudeten areas and the transfer to Germany of a proportion of the National Bank's gold reserve. In consequence of this arrangement the return of the National Bank for the 15th March showed a diminution in the gold reserve of 466,000,000 crowns, the equivalent of about £3,000,000. The importance of these events was, however, small as compared with the more far-reaching consequences of the proclamation of a German protectorate

[1] As a further incidental consequence of the *Anschluss*, the Reichsbank became the largest shareholder in the Bank for International Settlements, with 23,772 votes (out of a total of 200,000), as compared with 19,770 or 19,772 allotted to the central bank, or other 'financial institution of widely recognized standing' of Great Britain, Belgium, France, Italy, Japan and the United States.

over Bohemia and Moravia, a subject which does not fall within the scope of the present volume.

There was inside Germany a natural reluctance to admit any serious deterioration of the standards of living of the ordinary citizen. 'Consumption', it was said, 'is at present being kept within limits by the diversion of portions of the national income to serve the requirements of capital goods production',[1] but the principle of stability in wages and prices was, it was maintained, being applied with sufficient success to prevent any real hardship. For non-Aryan Germans, however, no such euphemisms were thought to be necessary. The diversion of non-Aryan resources to State purposes had before 1938 attained to considerable proportions, through penal taxation on emigration as well as in other ways. Receipts from the tax on capital exports, which had first been imposed before the National-Socialist Revolution, had greatly increased, largely because of the flight of Jewish capital, and by August 1938 had brought in more than RM. 300,000,000. The total receipts for 1937 were RM. 81,000,000, and it was estimated that the total for 1938 would be three times as great.[2] These amounts were not large in comparison with the aggregate tax revenue of RM. 13,964,000,000 (in 1937–8), but the further steps taken during the year to 'settle' the Jewish question placed the disposal of Jewish resources in a more prominent place in the official programme. On the 27th April a decree was published whereby all German Jews possessing property valued at more than 5,000 marks were required by the 30th June to declare their holdings, whether in Germany or abroad, to the Government, and Field-Marshal Göring, as the Commissioner for the Four-Year Plan, was further authorized to 'take the necessary measures to ensure that the capital so declared is used in accordance with the requirements of German business and industry'. That the purpose of the decree had not been incorrectly declared by the *Angriff* when it stated that 'all Jewish fortunes of 5,000 marks or more will now be seized'[3] became clear when, in retaliation for the murder of Herr vom Rath in Paris on the 7th November, a fine of RM. 1,000,000,000 was imposed upon the Jewish community. The value of Jewish property, estimated on the basis of the register imposed in April, was stated by Dr. Goebbels to be between RM. 7,000,000,000 and RM. 8,000,000,000. This total had been diminished by the damage done during the anti-Semitic outbursts of November, and much of the remainder repre-

[1] Report presented by the Reichskreditgesellschaft Aktiengesellschaft, 6th January, 1939, p. 86.

[2] *The Times*, 31st August, 1938.

[3] *Ibid.*, 28th April, 1938.

sented the value of businesses which were to be compulsorily liquidated or Aryanized before the end of the year. On other grounds also it was supposed that the official estimate was much exaggerated, and Herr Funk stated a few days later that RM. 2,000,000,000 of the estimated total had already passed into Aryan hands. The fine was to be collected in the form of a 20 per cent. levy on all Jews owning more than 5,000 marks, payable in four instalments, the first of which fell due on the 15th December. The technical financial problems created by the payment of such a levy were in many respects identical with the problems of a capital levy. In order to pay cash the Jews were obliged to sell some of their securities, and this abnormal 'liquidity-preference' was among the factors which threatened a serious dislocation in the capital market in August. Though the transfer of RM. 1,000,000,000 to the Government could not in any conceivable circumstances mean an increase to an equivalent extent of the liquid resources at the disposal of the Government, and there was no doubt a considerable enrichment of private persons as a consequence of despoiling the Jews, the net effect certainly diminished the financial strain under which the Government were labouring.

However important these 'windfalls' might be for short-run policy they did not change the character of the more fundamental problem of financing the capital requirements of the German Government for armament and other purposes. By the spring of 1938 the German economy had, in the view of Dr. Schacht, reached a stage of full employment. When that stage was reached, and the national economy had put into use the last available labour and all available materials, any further credit expansion was not only senseless but actually harmful, for newly created money could then no longer effect a further increase in goods production, but could only create competition for existing labour and raw materials. According to Dr. Schacht there was no more room for a credit expansion in the former style, and at the annual meeting in March of the shareholders of the Reichsbank, of which he was still at that time the president, he accordingly announced that in future all Reich expenditure which could not be met out of revenue would be covered by borrowing in the market, by methods which would not entail a further expansion of central-bank credit. The period of transition would be covered by the issue of so-called treasury 'delivery' certificates or bonds, which could not be discounted until the order for which payment was being made had been completed, and which were not eligible for rediscount at the Reichsbank. Their volume, moreover, was to be limited so as not to

exceed a sum which could be redeemed without difficulty at maturity. This new and more cautious method of financing was to become effective on the 1st April, but as the year went on it became increasingly clear that its success depended upon a willingness to curtail the volume of public expenditure in a way which ran directly contrary to the general policy of the German Government. Manufacturers, moreover, who accepted such delivery bills found that their working capital was inadequate, and when the Government, for the second time within two years, increased the corporation tax on the profits of public companies, there was a slump on the Berlin Stock Exchange, the index for stock prices (1924–6 = 100) falling from 115·2 in April to 100·7 in the third week of August.[1] This fall was no doubt due in part to the marking down of stock prices which was a natural consequence of the anticipation of higher tax payments. The fear of war also stimulated some panic sales, the new methods of government finance created a pressure to sell securities to obtain money for current needs, and the slump was further intensified by the efforts of Jewish shareholders—anxious to have ready money to pay the levy imposed upon them and to meet the costs of emigration—to dispose of their securities. The heavy burden of expenditure imposed by the armament and mobilization activities of the latter part of the year made it increasingly difficult to maintain the more 'orthodox' methods of public finance which Dr. Schacht apparently had in mind.

Although his appointment as President of the Reichsbank had been renewed for a period of four years on the 10th March, Dr. Schacht was removed from this post less than a year later, on the 20th January, 1939, his successor being Herr Funk, who in November 1937 had also succeeded him as Minister for Economic Affairs.[2] 'The complete fulfilment of the additional calls to be made on the national economy for the reconstruction of a Greater Germany', it was stated in the official statement which announced the new appointment, 'demands a unified leadership of the economic, financial and capital-market policy. For this reason the Führer has decreed that the management of the Reich Ministry of Economics and of the Reichsbank shall be united'; and, in a letter to Herr Funk, Herr Hitler stated that his tasks would be: '(i) To guarantee as hitherto the unconditional stability of wages and prices in your position, which now unites the two important posts, and thus to secure also in future the value of

[1] *Weekly Report of the German Institute for Business Research*, 8th September, 1939.

[2] See the *Survey for 1937*, vol. i, p. 84.

the mark; (ii) Increasingly to open up the capital market and to put it at the disposal of private capital demands; (iii) To bring to a conclusion the conversion of the Reichsbank into a German central bank unconditionally subject to the sovereignty of the State, a conversion which is in accordance with National Socialist principles'—changing it, as he explained to the Reichstag on the 30th January, 1939, 'from a bank under international influence to a purely German bank of issue'. Dr. Schacht's services, it was stated, were to be retained as a Minister without Portfolio. The vice-president of the Reichsbank and four members of the board of directors were however relieved of their offices at the same time, and it was difficult to believe that these changes in personnel were not also a reflection of important changes in official policy, or, more accurately, of an official refusal to accept Dr. Schacht's opinion that such changes were necessary. Dr. Schacht's view of credit policy, as disclosed in his public utterances, was not unlike that of some of the authorities who favoured an optimistic interpretation of the consequences of British armament expenditure. 'Rearmament', he had said, 'cannot ultimately be financed by creating money, but only by a policy of saving',[1] but in the desperate situation in which Germany found herself during the depression it was necessary, he believed, to adopt in the first instance a policy of credit expansion combining with it control of the note issue, and, still more important, direct control of prices and wages. This policy was, in the new situation in which the German economy was now placed, no longer justified. Dr. Schacht's interpretation of the situation, it was widely believed, meant that only two alternative courses were open to the German Government: either a reduction of consumption by means of higher taxation, or a reduction of public expenditure and in particular of expenditure upon armaments. Apparently by the end of the year the German Government, reluctant to admit that no other alternative was possible, had decided to reject Dr. Schacht's advice, and he accordingly made way for Herr Funk.

The consequences of this decision presented one of the most important problems for examination during 1939, and its political implications, it might well be thought, would turn out to be no less significant than the economic. It was true, as Dr. Schacht had himself said,[2] 'that National Socialism had never acted according to a preconceived theoretical economic programme'. But, although its opportunism, up to 1938, had conflicted sharply with many of the

[1] In a speech before the Economic Council of the German Academy, 29th November, 1938. [2] In the speech quoted above.

practices regarded as normal by business men in other countries, it had so far shown itself unwilling to accept wholeheartedly any of the more radical programmes outlined by its more ardent devotees in its early years. Some 'orthodox' leaders in other countries clung with what often appeared to be a pathetic faith to the belief that so long as Dr. Schacht retained the confidence of the German Government there was some hope of an eventual return to more normal courses. Such confidence had now disappeared, and in anticipating both economic and political trends during the coming year, the question whether the change-over meant a definitive and irrevocable break-away from the world which many of Dr. Schacht's foreign friends still persisted in regarding as 'normal' aroused much anxious interest.

One thing at least was certain. Whatever else might fail to generate a genuine 'crisis' in Germany, any widespread suspicion of inflationary practices undoubtedly would have that effect. The bitter experience of post-war inflation had burnt itself so deeply into the memory of the German people—and in varying degrees this was true of many other European countries—that no Government, however strong or however completely in control of all the organs of public opinion, could maintain its position if the belief were allowed to spread that its policy was leading to a repetition of the post-war nightmare. It was largely for this reason that any formal devaluation of the mark had always been rejected. It was, indeed, by no means easy to define inflation precisely, and the point had always been a matter for debate in academic circles. Such ambiguity was highly convenient for a Government experimenting with doubtful practices, and the view was encouraged in Germany that so long as prices were kept steady there was no inflation. Such a view was open to criticism on the ground that it confused mere symptoms with fundamental causes, but, even more important, it overlooked the still recent experience of the last great boom when, especially in the United States, it had been clearly demonstrated that formal price stability was no sure guarantee against the depressing reactions which showed themselves when inflation, however disguised, had in fact been practised. The American experience had done much to confirm the theory that inflation meant not simply rising prices but a movement of prices which was out of harmony with changes in the efficiency of production, so that, if it was desired to avoid inflation when such efficiency was increasing, it was necessary to allow prices to fall at the same rate as, and in proportion to, the improvements in efficiency.

There was of course an obvious difference between the United

States of 1929 and the Germany of 1938 in the fact that since 1933 German economic policy had been governed by 'the fundamental principle of stability in wages and prices',[1] but the essential weakness of an inflationary policy, the distortion of the capital structure which it imposed upon any economy practising it, did not change its character because of the adoption of such measures of control. The steady diversion of national savings into State activities, either through credit expansion or otherwise, created indeed two fundamental problems which had some time or other to be faced irrespective of the devices adopted for price control. The first was the rediversion of resources of production, and especially of labour, to other employment when the rate of expansion in the industries which were being fed by credit creation slowed down. This meant, in simpler terms, the problem of re-employing the abnormal numbers which at this time were engaged in armament industries. It was a problem which, to a greater or lesser extent, faced all countries embarking upon a large-scale armament programme, and it was understood that the German Government already had plans for meeting such an eventuality. The second was the problem of raising a sufficient volume of working capital to enable the industries whose capital equipment had been rapidly expanded to carry on, and it was in this connexion that the risks of an inflation which could no longer be concealed from the public were most acute.

Whatever might be the difficulties of defining 'full employment', and despite the apparently contradictory claim that 'the root of all our economic difficulties is the over-population of our territories',[2] the only real economic difficulty in Germany in 1938, according to Herr Hitler, was 'the shortage of labour, particularly skilled labour for industry, and that of agricultural labour'. In particular the difficulty of maintaining adequate supplies of labour to complete the task of establishing self-sufficiency in food attracted much attention. It was estimated that during the last five years 700,000 workers had migrated from the rural districts, and the 'fight against migration from the land'[3] was placed in the forefront of the Government's programme. When unemployment had been reduced to negligible proportions,[4] there were still several sources in reserve from which

[1] Report presented by the Reichskreditgesellschaft Aktiengesellschaft, 6th January, 1939, p. 58.

[2] Herr Hitler's speech to the Reichstag, 30th January, 1939.

[3] *Weekly Report of the German Institute for Business Research*, 29th June, 1939.

[4] The 'solution' of the unemployment problem was an achievement which many observers outside Germany were quite prepared to place to the credit

additional labour-power could be drawn, and these were all utilized in varying degrees during 1938. The average length of the working week in industry was increased, in some instances to 60 hours,[1] persons who had retired on pensions or annuities were called back to work, and small independent craftsmen, hawkers and other itinerant workers were diverted into regular industrial employment. The seasonal employment of foreign agricultural workers had always been an important feature of German economic life, but when exchange restrictions made the transfer of savings difficult the number thus employed declined. Efforts were now made to revive this practice by organizing the temporary immigration of workers from Italy, Hungary, Poland, Jugoslavia and Holland. 58,000 foreign farm labourers had been employed during 1937, and it was estimated[2] that 200,000 would be needed in 1938. Foreign labour was also used in building and road construction, the total number of foreign workers employed during the period April 1937 to March 1938 being 380,000. Nearly half of these, it was estimated, were Austrians or Czech citizens resident in the Sudetenland, and the annexations of March and September made it possible to draw further for the economic purposes of the Reich upon the labour supplies of these two areas. The existence of an acute labour shortage might properly be taken as a symptom of disproportion between the allocation of capital and the allocation of labour to the different types of production, or, what came to very much the same thing, of an attempt to combine production of various kinds upon a scale which conflicted with the limits imposed by existing labour supplies. The State, it seemed, was anxious to expand the production of armaments and other public works at a rate more rapid than was possible if people were to be allowed to choose their own occupations in accordance with their estimates of the relative attractiveness of the different

of the Nazi régime. Apart from the qualifications indicated above, the degree of satisfaction which it was proper to register over this achievement required some qualification when it was remembered that some two million persons in Germany were either conscripts in the army or 'employed' either in labour camps or as a result of the expansion of the government and party bureaucracies.

[1] According to the Report of the Reichskreditgesellschaft, the average working day for wage-earners was 7·84 hours in October 1938, while the average in the engineering trades was 8·33 hours (pp. 52–3). Already doubts were being expressed in Germany as to whether a 60-hour week would not cause dissatisfaction among the workers, and in the long run lead to a diminution of output. Cf. speech by Major-General Thomas to the Commission for Economic Policy, cited in the *Frankfurter Zeitung*, 30th January, 1939.

[2] By Dr. Syrup, the president of the National Institute of Employment Exchanges and Unemployment Insurance, *Frankfurter Zeitung*, 17th January.

kinds of work open to them. Already, as early as May 1934, the engagement without special permission of workers trained in agriculture, mining, the metal industries and building for employment in occupations other than those for which they had been trained had been prohibited, and, provided that employment was available in agriculture, the dismissal of agricultural workers employed elsewhere could be demanded. These orders had produced unfortunate reactions, and in their more drastic form they had been repealed in November 1936, though the principle of control was not abandoned, and was applied in various forms in 1937 and 1938. On the 22nd June Field-Marshal Göring, the Commissioner for the Four-Year Plan, issued a decree which made every German citizen, irrespective of age, sex or profession, liable for labour service or training of such a kind as the State might think proper to impose. German labour reserves, said Field-Marshal Göring, were exhausted. At the end of May only 37,000 of the total registered as unemployed were, according to an official commentary, fully qualified for work, and many of these were intermittently employed, while the number of unfilled vacancies on the books of the labour exchanges exceeded 300,000. The new decree was to be used only to obtain labour for politically important undertakings which could not be postponed, and it was therefore anticipated that only a limited number of persons would be conscripted. The industries for which labour was to be conscripted were, in the first instance, building, steel and metals, and the new powers were extensively used to recruit workers for the construction of the fortifications on the western frontier, upon which there were employed at one time, according to Herr Hitler,[1] 400,000 men. The power of the State to control the allocation of the available supplies of labour was further assured by a supplementary decree issued at the end of June, which gave the Reich Labour Trustee, the official responsible for wages policy, general supervision over conditions of work throughout the Reich, with power to regulate them by executive order and with full responsibility for wages in any branch of industry which the Commissioner for the Four-Year Plan might indicate. In this way it was intended to check the wage increases, described as 'unhealthy and excessive', which in the ordinary course of events a shortage of labour might have been expected to produce, and at the same time steps were taken to prevent concealed wage increases in the form of 'voluntary' services provided by firms for their employees. It was understood that the Government sometimes

[1] In a speech at the opening of the 3,000th kilometre of *Autobahnen* on the 15th December.

had difficulty in recruiting labour for State projects on account of the more attractive offers made by private firms, and the power now conferred was a useful alternative to the extensive use of the more straightforward method of conscription.

According to Dr. Ley, the leader of the Labour Front, over a million and a half workers could be made available to fill the gaps in the labour supply if the trades and professions were combed out for superfluous and unsuitable persons.[1] He announced that arrangements were being made in all parts of the world whereby Germans who had emigrated would be brought back to the Reich to increase the labour forces of the nation. Craftsmen and small traders, clerks and petty officials would be removed from their present employment and put to work of national importance, such, for example, as coal-mining. Workers must be trained in the shortest possible time, and in future vocational training would start at school, so that the period of apprenticeship could be reduced from four years to two. There was also some difficulty in obtaining adequate numbers for technical, organizational and administrative posts, the number of students at the technical and commercial high schools having fallen from 126,000 in 1931 to barely 70,000 in 1938. It was accordingly announced at the end of December that the period of study in technical colleges, colleges of mining and all other institutions for the education of engineers and technicians, architects and chemists was to be reduced from three years to two. The period of school education had already been cut down by one year, and for 1939 a shortage of 18,000 young engineers and technicians for industry was anticipated. Vocational guidance was organized with a view to ensuring adequate supplies of labour for work which the Government regarded as of pressing importance, and young people were warned by a Press organ of the Ministry of Economics that they 'must increasingly take into account that they will be compelled to subordinate their private wishes in choosing careers to the economic and political exigencies represented by the Labour Offices'.[2] The potato and root harvests were brought in with the help of members of the Hitler Youth Movement, the Labour Service and the Army. Efforts were made to increase the use of labour-saving machinery, and at the end of the year there was a temporary relaxation of the regulations against the employment of juvenile labour on night shifts in metal building works and other concerns dealing with iron and steel.

The withdrawal of married women from industry had been an

[1] *The Times*, 1st November, 1938.
[2] Cited in *The Economist*, 12th March, 1938, p. 558.

important part of the Nazi economic programme in its early years. Their re-entry into industrial work was now encouraged. On the 1st October, 1937, restrictions on the employment of women who had received marriage loans from the State were removed and the number of female wage-earners and salaried employees increased from 4,700,000 in August 1933 to 6,300,000 in August 1938. In February a decree was issued requiring girls employed in the clothing, textile and tobacco industries, or as salaried employees in commercial or office work, to 'serve the people' for one year, either as domestic or as agricultural workers, and on the 2nd January, 1939, a more comprehensive order extended this duty to all unmarried girls below the age of 25 who had not been productively employed in industry or elsewhere before the 1st March, 1938, Those to whom these decrees applied were, moreover, forbidden to accept private employment in the ordinary way until their 'year of duty' had been served. One more step in the direction of centralized control was taken on the 20th December when Field-Marshal Göring authorized Herr Funk, the Minister of Economics, to take any measures which he might consider necessary to co-ordinate all the organizations which shared the responsibility for carrying out the Four-Year Plan.

It was still a matter of some difficulty to estimate accurately the effects of governmental policy upon the standard of living of the average German citizen. Increasing emphasis was placed upon 'the principle that the standard of living of a people is by no means confined to the level of its nominal wages but also includes the social position of each individual in the whole community, the conditions under which he works, the security of his livelihood, and his cultural development'.[1] The consolations to be derived from the so-called 'collective' consumption, from the 'development of a community feeling within each firm', and from the activities of the 'Beauty in Work' organization perhaps appeared to be all the more important in view of reports of deterioration in quality and of local shortages of certain consumption goods, and references to 'security of livelihood' had an odd sound in the ears of students of compulsory labour decrees. Herr Hitler had himself enunciated the principle[2] that 'a more extensive participation of the individual in increased consumption' was not to be permitted until 'the last labour resources in Germany are utilized', and, in view of the efforts to expand still further the available labour supplies, it seemed reasonable to suppose

[1] Report presented by the Reichskreditgesellschaft Aktiengesellschaft, 6th January, 1939, pp. 58–9.

[2] Before the Reichstag on the 30th January, 1939.

that only in the future was it intended that increased production should issue in increased real incomes.

The index number of industrial production (1928 = 100) in Germany rose from 116·8 in 1937 to 124·5 in 1938, but the more rapid movement in the index number for investment goods (from 128·4 to 140·3) indicated the growing difficulty in the way of giving a precise meaning to such aggregates when they included so much that was unlikely at any time to raise the standard of living of the German people. The most spectacular increases of output were in the industries directly associated with the rearmament drive, and even these increases were to some extent at the expense of the deterioration of capital equipment elsewhere. The number of passenger coaches belonging to the German railways, which in December 1932 was 64,413, had by the end of 1938 fallen to 61,309, and the number of freight wagons during the same period had fallen from 626,948 to 577,660.[1] There had indeed been a slight increase during 1938, but the permanent way was not maintained at its customary high standard of efficiency, and there was a corresponding deterioration in the efficiency of the transport service. To this, indeed, were attributed the temporary local shortages of consumers' goods which were reported from time to time.[2] The pressure upon the resources of the railways had inevitably been greatest when activities upon the western fortifications were at their height, and, according to the report of the *Reichsbahn*, published at the beginning of 1939, 8,000 trucks had been in use daily during that period for the transport of material to be used upon the western front.[3] Particularly in the Ruhr coal area during October and November the shortage of trucks available for loading gave rise to an accumulation of stocks and to delays in executing delivery.[4] To maintain the equipment of the railways and to complete the reconstruction of the transport systems of Austria and Sudetenland it was estimated that in 1939 RM. 1,000,000,000 would have to be raised, for, even with the most

[1] *Weekly Report of the German Institute for Business Research*, 14th June, 1939.

[2] The deterioration of the German railways also inflicted losses upon the exporters of other countries who had to tranship perishable produce across Germany. Hungarian exporters of poultry and fruit to Sweden suffered considerably on this account. For the same reason, doubts were expressed as to the ability of Germany to deliver the railway equipment, the promise of which had been an important factor in a trade agreement with Argentina. Cf. *The New York Times*, 20th April, 1939.

[3] *Frankfurter Zeitung*, 4th January, 1939.

[4] Report presented by the Reichskreditgesellschaft Aktiengesellschaft, 6th January, 1939, p. 28.

rigorous financial discipline, it was impossible for the *Reichsbahn*, according to its report, to finance the new requirements to any extent worth mentioning from its own resources.[1]

Another important aspect of the pressure of government demands upon the available capital supply was the acute shortage of houses. The deficiency of dwellings (as measured by the number of families without a dwelling of their own) was estimated in 1938 at 1,500,000. The number of marriages in the five-year period 1933–7 had been 3,259,000, but the net increase in the number of dwellings during the same period had been only 1,333,000.[2] Capital consumption of another kind was indicated by an investigation of the output of timber. The long-run 'normal' cut of commercial timber in Germany was estimated at 37,000,000 solid metres. Actual output had for several years greatly exceeded this limit, the figures for the three years 1934–5, 1935–6 and 1937–8 being 52,000,000, 56,000,000 and 59,000,000 solid metres. It was believed that so long as uncut reserves were still standing from the crisis period before 1933 this over-cutting did not constitute a danger to the long-run supplies. These reserves had, however, now been brought into full use, and a reduction in consumption therefore became necessary.[3] In general it was denied that 'on the average' 'German industry is consuming its fixed capital equipment', but it was admitted that, where factories were compelled regularly to work two or even three shifts, 'current repairs are bound to be somewhat neglected and depreciation sets in at an accelerated pace'.[4]

These facts formed part of the background within which the significance of Dr. Schacht's departure from the Reichsbank had to be assessed, and the meaning which it was proper to give to them must determine to a considerable extent any interpretation of the internal German situation and any forecast of the course of action which German statesmen (who, it might be presumed, were well informed about the internal situation) would be likely to follow. There seemed little doubt, indeed, that some further movement might be expected in the direction of 'radical' economic policy, and this expectation was further strengthened by a consideration of another kind. Despite the immense amount of literature devoted to German economic policy, it was still a matter of some difficulty to ascertain the precise nature of the criteria applied when the

[1] *Der Deutsche Volkswirt*, 2nd December, 1938, pp. 376-7; *Frankfurter Zeitung*, 4th January, 1939.

[2] Report of the Reichskreditgesellschaft, 6th January, 1939, p. 15.

[3] *Op. cit.* p. 49.

[4] *Op. cit.* pp. 10, 25.

administrators of the Four-Year Plan were faced with the essential economic problem, the problem, that is to say, of deciding to which of a number of competing uses a given sector of the resources of production should be applied. With many important qualifications it was customary elsewhere to apply to such problems the mechanism of relative prices and relative costs, and the limits within which the results of such application could be accepted as satisfactory were already well known to students of economics. The German economy was, however, it was claimed, superior to these considerations, but it was by no means clear whether the rejection of the price mechanism left behind it as a guide to action anything more than arbitrary administrative decisions, the efficiency or inefficiency of which it was impossible to check. And, still more important, the withdrawal from the ordinary business man of either the right or the responsibility to take the most important decisions affecting the conduct and volume of his business tended to destroy such justifications as might be found for the inequality of income distribution which was characteristic of all modern industrial economies. Such inequality, it might be argued, was a reasonable price to pay if thereby one was assured that business men would apply their minds to the solution of business problems and would shoulder the risks involved in enterprise. This justification itself was no doubt open to severe criticism from a variety of standpoints, but the case for inequality in income became extremely weak as more and more of the essential functions of the entrepreneur and the capitalist were transferred to organs of the State. Uneasiness about the status of 'functionless incomes' was already during 1938 beginning to manifest itself in Germany,[1] and if such uneasiness should become widespread it would be likely to strengthen the sentiment in favour of more 'radical' courses in the economic sphere.

### (*g*) Autarky in Italy

In Italy official interest in self-sufficiency was no less lively than in Germany, and there was less inclination to complain that the word *autarchia* gave a misleading impression of the true ends of governmental policy. A *Commissione Suprema dell' Autarchia* had been constituted on the 20th October, 1937, with membership including the Central Corporative Committee as well as experts on military requirements and the production of war material, and the directors of all the principal newspapers and vehicles of propaganda. It was maintained that

> the autarkic principle is the logical consequence of the *national* and

[1] Cf. Thomas Balogh in *The Economic Journal*, September 1938, p. 487*n*.

> political conception of economy. Autarky is a guarantee of unity, of independence, and of the power and expansion of the national and therefore also of the imperial economy, protecting it against attempts at control or infiltration which might always arise from the action of hostile or foreign forces, economic and political.[1]

Fascist autarky, it was pointed out, had nothing in common with the false autarky of the democratic countries, dominated as that was by the interests of industrial and financial groups, and for the same reason uncertain, contradictory and unjust, and a powerful obstacle in the way of a revival of international economic relations on a basis of fair political collaboration. The national autarkic principle was in clear opposition to the so-called 'economic' principle which inspired the whole of liberal thought, and which, on the basis of the law of international division of labour, delighted in a purely utilitarian and calculating picture of the exchange relations of nations. With this was sharply contrasted the 'mysticism of autarky', so called because it meant, if necessary, sacrifice and the voluntary subordination of trifling and transient interests to the supreme exigencies of the nation. The highest value of autarky, it was said, lay in its spiritual content, for it tended to assure to the nation a moral atmosphere in which the dignity of the people and their work increased in comparison with other nations. Its moral value was especially great because the whole Mediterranean, the Levant, the Balkans and Africa now recognized the inevitable moral dominion of Italy.[2]

Foreign observers were naturally inclined to link Italian devotion to autarky with her experience of sanctions in 1935–6. Signor Mussolini himself had said (to the Second Assembly of Corporations on the 23rd March, 1936) that the sanctions episode had taught the Italian people a lesson which they would never forget: the lesson that political autonomy and an independent foreign policy cannot be achieved without a corresponding degree of economic independence.

> The 18th November, 1935 [he declared] is a date which will mark the beginning of a new phase in Italian history, a phase dominated by the fundamental postulate of seeking to achieve in the least possible time the maximum possible amount of economic autonomy.[3]

As time went on, however, there was a tendency to reject this view, which itself, it seemed, was inconsistent with national self-respect

[1] Gino Arias in *Il Popolo d'Italia*, 31st May, 1938.
[2] Giovanni Demaria in *Economia*, March 1939.
[3] Quoted in W. C. Welk: *Fascist Economic Policies* (Cambridge, Massachusetts, 1938, Harvard University Press; London, Humphrey Milford), p. 177.

in the suggestion that Italian policy was dependent upon the policies of other countries. Autarky, it was said, was an inexorable necessity, the foundation upon which the whole economy should be based, and no transitory episode determined by the attitudes of other nations.[1]

The doctrinal bases of German and Italian autarky had much in common, and both the concrete measures undertaken to diminish dependence upon foreign sources of supply and the consequences in giving the Government a control of economic development were also similar in the two countries. As part of the 'Battle of Wheat', which, as Signor Mussolini said, was 'to free the Italian people from the slavery of foreign bread', a large-scale programme of land-reclamation had been inaugurated in 1928, when 7,000,000,000 lire, to be expended over a period of fourteen years, was allocated for that purpose. By the beginning of 1938 700,000 hectares of land hitherto too swampy for cultivation had already been subjected to extensive drainage operations, although on about half of this area the building of roads and aqueducts was still necessary before useful cultivation could be started. Similar work was proceeding on another 1,200,000 hectares, but since 1935 the pressure of military expenditure had retarded these activities. In 1938, however, steps were taken to press forward again with land reclamation, and in November legislation was approved for the expropriation of certain areas, and for the financing of their drainage. By this time the 'Battle of Wheat' was already at least technically successful. The yield of wheat per hectare was well above the level which had been normal in the years immediately following the War of 1914–18, domestic production showed on the whole a steady upward trend, and except in years of unusually poor harvests, importation had already since 1933-4 been reduced to negligible proportions. Technical success, however, was achieved to some extent at the expense of considerations of cost. It was also necessary to curtail the freedom of consumers, and during the early months of 1938 bakers were compelled to mix 20 per cent. of maize or rice flour with the wheat-flour employed in bread-making, a proportion which was reduced to 10 per cent. in July when it appeared that the harvest estimates for the year had been too pessimistic. In Italy, too, there had been an intensive development of low-grade deposits of coal and iron ore, and internal iron-ore production increased from 502,000 tons in 1934 to 925,000 tons in 1937,[2] though this was still not much more than one-quarter of the country's requirements. Textile manufacturers were required to use a certain

[1] *Economia*, August 1938, p. 143.
[2] *The Manchester Guardian*, 4th April, 1938.

percentage of substitute raw materials, in some of which Italy had long since been a pioneer; experiments were conducted in the substitution of aluminium for copper in electrical work; and the use of iron and steel in house building was forbidden. A new textile fibre, Lanital, a casein product from skimmed milk, was developed as a substitute for wool, and progress was reported in the production of synthetic rubber. In the financing of these developments the state played, directly or indirectly, an important part.

The general effects of Italian policy upon world trade were also similar to those of German policy, but the objective facts of the situation rendered it inevitable that the divergence between literal self-sufficiency and what was in fact achieved should be much greater in the former than in the latter country. The structure of Italian production was such that large supplies of imported essential materials were inevitable, and in the important field of fuel, despite the development of hydro-electrical power resources, self-sufficiency was perhaps not seriously contemplated. At the same time as internal coal production (in the Arsa basin and in Sardinia) was being encouraged, imports were also rising (from 11,750,000 tons in 1934 to 12,500,000 tons in 1937). Imports of mineral oil, of copper and of paper were much greater in 1938 than in 1937, although the construction of refineries at Trieste and Bari made it possible to reduce substantially the importation of petrol and benzine. Imports of iron and cement also increased considerably. In the field of food, as Signor Mussolini told the Supreme Self-Sufficiency Commission when for the first time he presided at its meeting in October 1938, there were still two important gaps, meat and fats, though he also expressed his belief that both problems would be resolved by the construction of great irrigation canals and further development of olive culture in both Italy and its imperial territories.[1]

As in other countries, indeed, some trouble was taken to explain that autarky should be construed as having something other than its obvious literal meaning. According to Signor Guarneri,[2] the Minister for Trade and Foreign Exchange, it aimed at the maximum utilization of the soil, the subsoil and the technical resources of the Empire, and it was interpreted by the managing director of the Ansaldo firm (one of the largest Italian metallurgical enterprises) as being directed at independence of the foreigner primarily in relation to finished goods, and only secondarily in raw materials.[3] Moreover,

[1] *L'Autarchia Alimentare*, October 1938, p. 3.
[2] In a speech to the Chamber of Deputies on the 22nd March, 1938.
[3] *The Economist*, 9th July, 1938.

the Italian authorities, so far from discouraging the influx of foreign capital, made positive efforts to attract it by means of concessions affecting internal taxation and exchange restrictions,[1] efforts which were no doubt stimulated in part by the shortage of foreign exchange.

The excess of Italian imports over exports during 1937 had been 5,500,000,000 lire, a figure which, according to Signor Guarneri, demanded further immense efforts from the country.[2] Italian imports during 1938 were reduced by 20 per cent. as compared with the previous year, and, as exports were maintained at practically the same level, the trade deficit fell to less than 3,000,000,000 lire. Industrial re-equipment to achieve greater economic independence, and to provide the raw materials for war-industries (which alone had used up 1,813,000,000 lire), imposed heavy burdens, however, and Signor Guarneri again declared on the 12th May, 1939, that the present was no time for easy optimism.[3] The hard objective facts of her geographical position indeed severely limited the extent to which Italy could hope to organize for herself a *Versorgungsraum* on the German model, and attention was accordingly directed rather to the development of her colonial areas. The conquest of Abyssinia had been represented as especially attractive on account of the opportunities which it offered for the exploitation of hitherto undeveloped natural resources, and the colonization of Libya also formed an important part of the Italian programme of autarky. Whatever might be the hopes of future development in Abyssinia, progress there did not at first proceed at the rate anticipated by romantic Italian imperialists. Between May 1936 and December 1937, the value of Italian exports to Abyssinia was eight times the value of the imports which Italy was able to draw from her new conquest,[4] and, even with an influx of capital indicated by a balance of trade of this kind, capital resources were inadequate for the immediate realization of the projects which the Italian Government had had in mind. Italy played her part in the despatch of trade missions and the conclusion of trade agreements with the Balkan countries, but even had she desired to become a formidable rival to Germany there, her resources and power were insufficient for that purpose. If the conditions laid down in Germany as essential for national independence were to be rigorously interpreted, it seemed unlikely that

[1] Cf. *The Economist*, 19th February, 1938.
[2] *The Times*, 23rd March, 1938.
[3] *Ibid.*, 13th May, 1939.
[4] *The Manchester Guardian*, 5th May, 1938.

Italy would be able to claim admission to the select group of sovereign states which were 'really' free.

### (*h*) War Economy in Japan

In Japan, preoccupied as she was with the pressing problems of large-scale hostilities, there was less inducement than in Germany or in Italy to theorize about the foundations upon which the economy of a virile and self-respecting people should be built. Whether or not economic autonomy, as it was interpreted by the other signatories of the Anti-Comintern Pact, was in the long run a proper end for Japanese policy, the immediate problem was to provide the material necessary for the prosecution of the war in China from whatever source it might be available. Similarly, though the trading interests directly concerned naturally took a lively interest in the direct repercussions of Japanese war measures upon their own sources of income, the outside world was less interested in the general question of Japanese autarky than in the more immediate and direct question of Japan's ability to endure the increasing strain of military operations which were much more prolonged than had at first been contemplated. Japanese economic policy is examined from this point of view in some detail in another section of this volume,[1] and it will be sufficient here to draw attention to some elements in that policy which ran parallel to similar developments in Germany and Italy, and to show how differences in the material background inevitably provoked differences in the reactions of different countries to what was essentially in each case a military problem.

In Manchukuo, where the influence of the Japanese Army was very great, the effort to direct economic development in terms of 'war preparation' had begun quite early. In Japan itself, though efforts were made from 1931 onwards to place industry more and more under state control, this trend was resisted by the big capitalist groups which controlled a large part of Japanese finance, commerce and industry—a resistance which, however, inevitably weakened as the scope of military operations was extended. In the medley of interests, military, naval and commercial, which moulded Japanese policy in the struggle with China it was seldom easy to detect any consistent or uniform plan in the light of which a logical pattern could be traced in the decisions taken in regard to particular issues. Nevertheless considerable attention was paid to measures designed to make the East Asia *bloc*, Japan, China and Manchukuo, self-sufficient in many of the more important raw materials, and while

[1] See Part V, section (iv).

the concrete measures enforced in Japan were much more closely related to the pressure of day-to-day events than the corresponding measures taken in Germany and Italy, and the risks involved in failure were accordingly more severe, there was a marked degree of similarity between many of the details of economic policy in each of the three great totalitarian states.

For Japan it was urgently necessary that foreign trade should be maintained, from the standpoint both of the long-run interests of the Japanese economy and of the immediate necessities arising from the war. The nature of the staple Japanese foods, rice, fish, soya beans and vegetables, was indeed such that the Japanese empire was already self-sufficient in these things. The development of Japanese industry even in normal times, however, was dependent upon the ability to import adequate supplies of raw materials,[1] and when the pressure of armament requirements made increasing inroads upon the supplies of foreign currency available from the sale of exports, strenuous efforts were made to expand exports and to restrict the normal inflow of imports to what could be regarded as absolutely essential.

The importation of many consumption goods was entirely prohibited. These, however, had always been a relatively unimportant part of Japanese import trade, and the problem of maintaining adequate supplies of raw materials for the export industries and at the same time meeting the requirements of the armament industries was not to be solved by such simple, direct methods. If imports were restricted too drastically with a view to conserving supplies of foreign exchange for governmental purposes, there was a risk of a corresponding contraction in the volume of exports which would itself diminish the available supplies of foreign exchange. In 1937 the volume of imports exceeded the volume of exports (Manchukuo, China and Kwangtung being treated for this purpose as foreign countries) by 636,000,000 yen, and during the year nearly £50,000,000 in gold was shipped to the United States. The exchange situation was indeed even more difficult than would be suggested by these figures, for exports to Manchukuo and the other Chinese territories under Japanese control exceeded imports from these countries by 353,000,000 yen, a situation which was equally critical whether it was interpreted from the point of view either of capital export from Japan or of the pressure upon the supplies of foreign exchange. In 1938 the value of imports was sharply reduced by nearly 30 per cent., and though exports also fell (by 13 per cent.) the year closed with an active trade balance of 60,000,000 yen. The decline in exports to

[1] See p. 534, below.

countries other than Manchukuo, China and Kwangtung was, however, greater (31·5 per cent.) than the decline in total exports, so that the passive trade balance with countries outside the yen *bloc* exceeded 620,000,000 yen, and there was again a considerable capital export to Manchuria and North China.

In order to maintain priority for the types of production which were held to be most important steps were taken to regulate the capital market, and in 1937 the Finance Ministry had been given extensive authority over new investments. Official permits were required for the establishment of new companies capitalized at more than 500,000 yen, for increases of capital or amalgamations of companies capitalized at this or at a larger figure, and for all loans in excess of 100,000 yen. Companies engaged in the heavy industries were freed from certain legal restrictions on the issue of fresh capital provided official sanction were given, and banks were authorized to increase their loans to such companies beyond the limits laid down in earlier legislation. The exchange value of the yen in terms of sterling had been pegged at about 1*s.* 2*d.* since 1934, and although exchange control was not so strict as in some European countries, it was sufficiently rigorous to give the Government a large measure of control over both import and export trade. The efforts made to check the upward movement of prices which was the normal consequence of inflationary war finance were only partially successful, and the view taken elsewhere of the real value of the yen was indicated by the fact that Japanese currency which passed through the occupied areas into China could be purchased in Shanghai, Peking or Tientsin for about ninepence.[1]

The opportunities of economic freedom offered by the invention and utilization of substitute raw materials were also not neglected in Japan. Aluminium was used as a substitute for copper and tin and there was increasing use of synthetic petrol and alcohol, synthetic and reclaimed rubber, leather made of fish skins, and artificial resin, manufacturers being required to use certain proportions of these substitutes. The most important activity in this field was in the manufacture of staple fibre to replace wool and cotton. The output of staple fibre grew from 25,000 metric tons in 1936 to 60,000 tons in 1937 and 148,000 metric tons in 1938. It was hoped that the forest reserves of Manchuria would provide useful supplementary supplies for this purpose, and of the 1,650,000 metric tons of pulp which it was planned to produce by 1942, Manchuria was to be responsible for 300,000 tons.

[1] *The Manchester Guardian*, 8th December, 1938.

Under the National Mobilization Law of 1938[1] plans were approved for the mobilization of Japanese material resources to assure a more effective prosecution of the war, and powers were conferred upon the Government to issue decrees controlling prices, wages, labour disputes, capital investments, foreign trade, production and distribution of vital war materials, to expropriate lands, houses, factories and other working facilities connected with production of goods needed in war, to confiscate newspapers or other publications violating censorship decrees, and to conscript workers and specialists of all kinds. The decrees necessary to render the operation of this plan effective as a whole were issued piecemeal, and at the end of the year much of it was little more than a paper plan. Emphasis was laid in the first instance upon the necessity for the utmost economy in domestic consumption, and for 'comprehensive measures' to encourage export trade, and an effort was made to solve the raw material problem by a 'link-system' which made the importation of certain raw materials conditional upon arrangements for the exportation of a corresponding amount of the finished commodities in whose manufacture these raw materials were used. In July the consumption of raw cotton for the manufacture of textiles for domestic use was, with a few exceptions, prohibited, the whole of the production of the cotton mills, apart from military requirements, being earmarked for export, and a 'foreign exchange revolving fund' of 300,000,000 yen, taken from the Bank of Japan's gold reserve, at that time valued at 800,000,000 yen, was created to stimulate export trade.

Under the provisions of the National Mobilization Law a plan was drawn up in September for far-reaching industrial registration and mobilization, affecting more than four million workers. All men between the ages of sixteen and sixty who had been employed for three months or longer in certain listed occupations were required to submit to registration, covering details of working experience and technical skill, the purpose of the measure being to ensure a smooth flow of labour and technical skill into essential war industries, and after registration engineers and other workers affected by the scheme were to be forbidden to change their employment without permission. In December, under the provisions of the same Act, power was also taken to restrict company dividends, and to control the appropriation of profits, which might be compulsorily diverted to the purchase of Government stock.

Whatever may have been the original motives for the invasion of

[1] See also p. 536, below.

China, it was natural that the occupied areas should come more and more to be considered in relation to the necessities of Japanese economic development. North China's main natural resources were coal, iron, cotton, wool and salt. Increased quantities of cotton from Hopei, Shantung and Shansi were regarded as especially important inasmuch as they would diminish Japanese dependence on the United States and British India for the largest single item in the imports of Japan. Quite apart from military complications, the readjustment of part of the Chinese economy for the satisfaction of Japanese needs was likely to be a lengthy and costly business, and it was by no means clear how the capital requirements which would be involved could be financed.[1] In its details the machinery devised for the development of North and Central China differed in certain important respects from the machinery applied by Germany in the areas which the German Government regarded as lying within their sphere of economic influence, but in essentials the two problems were the same. In both Manchuria and China the rate at which, on even the most favourable hypothesis, economic development could proceed seemed likely to be slower than the rate demanded by the exigencies of military conquest. In Germany strenuous efforts were being made to ensure beforehand that all the radical economic adjustments demanded by a state of war should as far as possible be made before the actual outbreak of war. For Japan no approximation to such a condition of 'economic autonomy' was possible without the control of areas whose conquest demanded that military operations should be undertaken on a large scale at the same time as the adjustments in the economic mechanism were being made. In either case the national economy was placed in a situation of increasing strain, any intensification of which appeared to carry with it serious risks.

The attention paid throughout the world during 1938 to the trading policies of Germany, Italy and Japan was one obvious illustration of the predominance of armament considerations in economic development at this period. It was proper, moreover, to pay attention to the philosophical bases upon which such policies were professedly based; but when one considered the points of difference between the policies of the three great totalitarian states, and reflected upon the extent to which these differences were ultimately to be traced back to differences in the material structures of their national economies, it became doubtful how far these economic philosophies were to be regarded as independent factors moulding policy

[1] See pp. 532–4, below.

and how far they were merely afterthoughts, put forward as a justification for what was essentially nothing but the pursuit of military power. There was naturally some speculation upon the extent to which the policies which were evolved were capable of adaptation for the attainment of different ends. For the time being such speculation had little more than an academic interest. There was no attempt to conceal the purposes for which the new economic controls were being applied. 'Such inconvenience as this control will inflict upon the consumer is', it was said, 'after all of comparatively small importance.'[1]

### (iv) Reactions to Falling Prices

#### (*a*) Introduction

During 1937 there had been in most countries a period of economic expansion, and in Great Britain this had reached its climax some time between August and October. At that time evidence of recession began to display itself, though there was in official circles in Great Britain considerable reluctance to admit that the outlook had changed. On the 12th November, 1937, Mr. Neville Chamberlain declared,[2]

> I can see no sign of a setback in the immediate future or, indeed, for some considerable time to come. There is no ground for pessimism about the future to-day. And if there is no ground for it, it is criminal to talk pessimism, because that is the one thing which would undermine confidence.

As time passed, however, though Sir John Simon, the Chancellor of the Exchequer, declared on the 28th January, 1938, that he saw no reason to believe that a bad time was coming, it became more and more impossible to deny the reality of recession, which appeared to reach its nadir about the end of that spring. Depression, although becoming widespread, was most obvious in the United States, where in February 1938 President Roosevelt estimated that the number of unemployed persons had been increased by 3,000,000 during the preceding three months; and there was some inclination in other countries to explain their own difficulties almost exclusively in terms of a reaction to the American decline. In the second half of the year 1938 there was a sharp recovery in the United States, the index of industrial production rising steadily from 77 in June to 104 in December (100 = average of 1923–5), while the number of unemployed fell by a million during the same period; the volume of production was, however, still 10 per cent. below the high level of

[1] 'Japan in 1938' (Supplement to *The Oriental Economist*), p. 32.
[2] In a speech at Edinburgh.

August 1937. Whether on account of political tension or for other reasons the expansion of industrial activity in other countries was slow and hesitant. The year 1938 closed in an atmosphere of uncertainty. The adjustments revealed as necessary by the preceding periods of depression were not yet complete, and when there was superimposed upon them the necessity for increased activity of the kind dictated by armament needs, it was difficult for business men to forecast the future with any high degree of confidence.

The importance attached elsewhere to trends in the United States was undoubtedly justified from many points of view. Fluctuations in demand in any sector of the world economy so important as the United States, on account both of its size and of its wealth, were certain to have significant consequences for other national economies. Nevertheless the state of mind in which such analyses were developed were often such as to distract attention from the fundamental factors upon which the recovery of international economic relations was dependent. Where so much stress was placed on a single national unit, however large and important, it was not unnatural to suppose that some economic advantage might follow from a weakening of the links which at present bound the rest of the world to it, and in this way the trend towards policies which aimed at national self-sufficiency was encouraged. On the other hand, in the United States itself the fluctuations which disturbed the even tempo of business development were, it might be presumed, to be traced back either to objective elements in the background against which economic relations developed, or to errors in public policy. Even if the links which bound the rest of the world to the United States were completely destroyed, the same objective elements or the same errors in public policy would produce in other national economies fluctuations no less damaging than those which were believed to have been generated in the United States. If too much attention were paid to repercussions which were transmitted from that quarter, it was easy to overlook the measure of direct responsibility which each economy had to bear for its own welfare. If 'stability', however defined, was to be achieved, it was to the control of these elements and the avoidance of these errors in general, rather than to their manifestations in the United States, that it was necessary to direct the attention of statesmen and business men.

### (*b*) Exchange Policy in Primary Producing Countries

As during the Great Depression, the risks of disequilibrium again threatened most directly the economies of the primary producing

countries, which were confronted with a sharp fall in the value of their exports and consequent budgetary and exchange difficulties. In this situation two important types of international economic problem again appeared. In the first place there was a strong incentive to take refuge in further exchange depreciation, or by other means to aim at insulation from world fluctuations. In Argentina, where the value of exports in 1938 was 39·4 per cent. less than in 1937, exchange difficulties were accentuated by the outward flow of foreign capital which had been attracted into the country by the prosperous state of business in 1936 and 1937. During the year the free peso depreciated by nearly 17 per cent. against sterling, and on the 7th November the official selling rate (at which 81 per cent. of the payments for goods and services was made during 1938, and which had been altered from £1 = 17 pesos to £1 = 16 pesos in December 1936) was restored to the old level. With this measure of exchange depreciation was associated the reintroduction of minimum prices for wheat and linseed, which had been abandoned in December 1936, when world prices were rising, and on the 1st December, 1938, the system of 'prior permits', which hitherto had been imposed upon importers who paid their foreign creditors with exchange purchased at the official rate, was extended to importers who bought their foreign exchange in the free market. The currencies of Uruguay, Bolivia, Peru and Mexico also depreciated during the course of 1938 or early in 1939. In Rumania exporters of cereals were permitted in August to sell in a free market to certain categories of importers and debtors 30 per cent. of their exchange proceeds in free currencies. The demand for such currency far outstripped the supply, and the free rate rose on several occasions above £1 = 1,800 lei (as compared with the official rate of £1 = 672 lei). Here, too, as in other countries where fears of anti-Semitism had been aroused, the desire to export capital even at heavy loss created a situation in which it was difficult to contemplate any drastic revision of exchange control.

Exchange control was also extended or administered more strictly in Brazil, Poland and Lithuania, and while the exchange regulations which had been abolished in Ecuador in July 1937 were not formally reintroduced, a severe system of import licensing was imposed. In Jugoslavia the proportion of foreign-exchange proceeds which traders were required to place at the disposal of the Central Bank had been brought down by successive stages from 80 per cent. in 1931 to 25 per cent. in January 1938, but in the December of the latter year it was thought necessary to raise it again to 50 per cent., and at the same time the premium paid for free currencies was increased by

an additional 10 per cent. The complicated variations in exchange-control policy in some of these countries, as well as the increase in importance of so-called 'compensation' transactions, for example in Bulgaria, Hungary, Rumania and Jugoslavia, often represented, indeed, a movement towards closer approximation between official rates and normal equilibrium rates, if in the circumstances any meaning could be attached to such a phrase. They were therefore an indication not so much of greater exchange instability as of a tentative and hesitant movement towards the formal recognition of changes which had already occurred some time before.

New Zealand had in 1935 embarked upon an internal policy, the success of which depended in some measure upon the possibility of ignoring, or at least counteracting, the repercussions of economic trends in the world outside, and dependent as she in fact was upon the export of primary products, the pressure of falling prices stimulated a more radical reaction. The currency had been maintained at a steady discount of 20 per cent. on sterling since January 1933, but from the 5th December, 1938, the Government instituted an exchange control and a system of import licences, and suspended the Reserve Bank's obligation to exchange its notes for sterling. The New Zealand experiment was of special interest, for while official statements of policy were not perfectly consistent, there were suggestions that the control was not reluctantly imposed but was gladly accepted as an instrument of economic reconstruction. Resentful of the apparent irrationality which subjected New Zealand to the impact of violent business fluctuations generated in the world outside, the New Zealand Government had taken as the conscious objective of their policy the provision of 'a reasonable standard of comfort' for their citizens, including provision for a forty-hour week, irrespective of market variations. The process of insulation involved machinery for the payment of guaranteed prices to certain export producers, a liberal administration of the credit resources of the Reserve Bank, and large-scale public works. The favourable conditions of 1936 and 1937 gave a stimulus to imports which was not exhausted as soon as the trend of export prices was reversed, while, as in France, some of the political opponents of the Labour Government were not displeased to see the outward flow of capital initiated by fears of the inflationary effects of liberal governmental financing. Though the value of exports for the year ending June 1938 was less than the total for the previous year by only £ NZ 2,700,000, the downward trend persisted. By the 28th November the sterling assets of the Reserve Bank in London were only £ NZ 4,828,000, as com-

pared with £ NZ 16,586,000 twelve months before, and the net overseas assets of the trading banks had fallen during the same period from £ NZ 8,180,000 to £ NZ 3,073,000. The export surplus for 1938 was about £ NZ 3,000,000 and it was estimated that the sum required for the service of overseas debt and other invisible imports was four times as great, while additional embarrassment threatened in connexion with the conversion of sterling loans which fell due at the beginning of 1940.

Instead, however, of explaining policy in terms of depleted London balances, the Prime Minister, Mr. Savage, insisted that the measures which he had taken were not designed merely to meet a passing emergency. They were, he said, 'a practical expression of our insulation plan'[1] which was to protect New Zealand from the effects of overseas recessions, maintain her standard of living, and expand secondary industries by controlling the importation of goods which could be economically manufactured in New Zealand, and he expressed the hope that the plan would last 'for ever'. If it had merely been a question of restoring an appropriate relationship between imports and exports, exchange depreciation in relation to sterling might have been enough. Some countries with a similar heavy nominal burden of overseas indebtedness had preferred exchange control to exchange depreciation with a view to checking any apparent intensification of this burden. This consideration might have been expected to have weight in New Zealand too, but the more important reasons for the preference in this case appeared to be the fact that the machinery of export and import licences was an instrument of 'planning' which the Government were not reluctant to grasp, and the desire to avoid any charge, which further exchange depreciation might have brought upon New Zealand, of a breach of the undertakings embodied in the Ottawa Agreement. Mr. Savage, like the spokesmen of National Socialist Germany, 'emphasized the value of proper trade relationships as a means towards peace',[2] but while his objectives were no doubt very different from those of Germany, and the economy to which the new policy was to be applied also had an entirely different background, it appeared that the history of 1939 was to afford further evidence of the efficacy of techniques of control which wholeheartedly rejected the criteria of a liberal economy. It was still too early at the end of 1938 to estimate the full consequences of the New Zealand experiment, though there was already in Great Britain evidence of resentment at the curtailment of

[1] *The Times*, 8th December, 1938.
[2] *The Manchester Guardian*, 18th April, 1939.

certain categories of imports. More important was the possibility of discrimination against non-British imports. Mr. Nash, the Minister of Finance, in announcing the Government's decision, had expressed the conviction that trade with the United Kingdom would actually be extended under the proposed arrangements. He had in 1937 offered to the United Kingdom a full market in New Zealand for its manufactures and raw material equal in value to the balance of credits from the sale of New Zealand products there remaining after provision had been made for debt service, and a trade agreement with Germany had been signed on the 30th September, 1937, upon an avowedly bilateral basis. From the German point of view, indeed, this agreement was an inversion of the normal practice, for the embarrassments which other countries had suffered from the accumulation of blocked marks were avoided in New Zealand by making the standard of reference for bilateral trade New Zealand imports of German goods to which the German purchases of New Zealand goods had to be equated. With the imposition of exchange control, imports from Germany were restricted on the same principles as were applied to other countries, so that the most-favoured-nation principle was not formally infringed, and New Zealand exports to Germany would then have to be restricted correspondingly. The drastic reductions now imposed upon foreign imports as an essential corollary to exchange control showed that a devotion to formal bilateralism of this kind was still an important influence moulding New Zealand policy.

### (c) International Raw Material Control

Downward price movements had in the past not only provoked reactions from Governments prepared to face the risks of exchange depreciation or exchange control, but had also stimulated the creation by producers, sometimes with governmental aid, of international machinery for the regulation of the production and export of raw materials.[1] The second important international economic question which the price movements of 1938 again pushed into the foreground was that of the fundamental presuppositions upon which the effective functioning of such machinery depended. It is necessary, therefore, briefly to survey the history during 1938 of these restrictions and, at the same time, and partly by way of contrast, to indicate the course of the prices of some of the commodities in regard to which international efforts to regulate supply had hitherto been unsuccessful.

[1] Cf. H. V. Hodson: *Slump and Recovery, 1929–1937*, pp. 230–66.

The sharp downward movement in the price of wheat (from 9·79*s.* per cwt., the average price of all wheat, c.i.f. British ports, in December 1937, to 5·1*s.* a year later) was largely the result of abundant harvests in both exporting and importing countries which brought world aggregate production to the record high level of 120,000,000 tons (excluding the U.S.S.R., China, Īrān and 'Irāq). There were considerable bulk purchases by, or on behalf of, Governments, as a precautionary defence measure,[1] but nevertheless the view became more widespread as the year wore on that international collaboration was necessary to avoid an acute wheat crisis. Early in December a meeting of the International Wheat Advisory Committee was summoned for the 10th January, 1939, in London, in response to representations made by the Governments of Australia, France, the United Kingdom and the United States, and the fact that the twenty-one Governments represented on this committee thought it necessary to consider what recommendations should be made for dealing with 'the present wheat crisis' was a significant commentary upon the consequences of success in the drive towards self-sufficiency. The index of cereal prices (including wheat, barley, maize, rice, wheat flour and oatmeal) in the United Kingdom (1930 = 100) fell from 127, the average for 1937, to 109·9, the average for 1938, and 92·6 in December, and there was also a significant similar movement in the price of crude oil.

The first evidence of a downward movement of prices was likely to be seen in an accumulation of stocks. Even when prices themselves appeared to be steady, such accumulation was soon reported even of those commodities which one might expect to be most directly affected by armament demands,[2] and there was a general tendency for the effects of depression upon commodities subject to export and production control to show themselves in the reduction of export quotas. The International Sugar Board on the 30th April reduced its authorized export quotas by 5 per cent. On the 18th July there was a second reduction of the same size for the year 1938–9, and during the last six months of this period the price of sugar actually rose by 29 per cent. The monthly consumption of copper

[1] Sir John Simon told the House of Commons on the 26th April, 1938, that there had been Government purchases of wheat, sugar and whale oil sufficient 'to ensure that the stocks in this country shall be maintained at a level sufficient for the needs of the civil population during the early months of an emergency'.

[2] According to the index-numbers of Monsieur Dessirier, stocks of the six most important industrial raw materials rose from 164 in December to 207 in March, and of the six most important agricultural products from 184 to 198. (*L'Activité Économique*, April 1938, p. 78.)

had fallen between February 1937 and February 1938 by 43,000 tons (or 24 per cent.), and, as monthly output had fallen only by 6·6 per cent., world stocks of refined copper had risen from 328,000 tons on the 1st March, 1937, to 530,000 tons twelve months later. The direct influence of armament demand was indeed often popularly exaggerated, and it had been shown that the construction of ten new cruisers of 10,000 tons each would represent no more than 0·1 per cent. of the annual world consumption of copper. But hesitation about taking the risks of long-term investment might well be traced to the same state of mind as that from which the desire for increased armament expenditure flowed, and there was therefore no paradox in regarding the international tension as itself an important cause of the unstable equilibrium in business conditions which checked the demand for copper for non-armament purposes. During the greater part of 1937 copper production had been unrestricted. A sharp downward price movement, however, induced the International Copper Cartel to restrict production as from the 1st December, 1937, to 105 per cent. of the basic quotas, and, in view of the accumulation of stocks, this was still further reduced, on the 17th June, 1938, to 95 per cent. In face, however, of growing demands both for ordinary trade and for armament purposes this decision was reversed after a three months' period of restriction. The price of copper, which had been £39. 10*s*. at the end of 1937, rose to £49 in October, and there was a short period of unrestricted production, followed by several rapid changes in quota policy, which left the price by the end of the year at just under £45, the figure aimed at by restricting producers, whose costs in some cases were no more than £25. Copper stocks by the end of the year were down to 457,000 tons.

The quota for rubber, which had already been reduced by the International Rubber Regulation Committee from 90 per cent. of assessed capacity for the second half of 1937 to 70 per cent. for the first quarter of 1938, was further reduced on the 25th January to 60 per cent. for the second quarter, and on the 30th May to 45 per cent. for the third quarter of the year, a low level which was maintained for the fourth quarter as well, and was increased only to 50 per cent. for the first quarter of 1939. Despite these reductions, stocks of rubber continued to increase, at least in the United Kingdom, until August, though at the end of the year world stocks showed a net reduction of 46,000 tons. Consumption for the whole year declined by 185,000 tons to 910,000 tons, the fall being most marked in the United States and Japan. The price of rubber, which had fallen from $6\frac{13}{16}d.$ per pound at the beginning of the year to

$5\frac{5}{16}d.$ at the end of March, had by the 14th October risen to $8\frac{1}{2}d.$ The drastic contraction of quotas inflicted great hardship upon many producers, and brought complaints from native growers in the Netherlands East Indies and Ceylon. In Malaya it was estimated that the gross income of rubber producers in the second half of 1938 was only about one-half of what it had been in the previous year. The renewal of the international agreement for the regulation of the production and export of rubber was, however, announced on the 9th August, for a five-year period ending the 31st December, 1943, the states adhering to the agreement being responsible for 98 per cent. of world production. Any Government which considered that the obligations imposed by the agreement had become 'inconsistent with the requirements of its national security', it was conceded, could give notice of suspension until the emergency had passed.

The International Tin Committee on the 18th February made similar drastic cuts from 110 per cent. for April–December 1937 to 70 per cent. for the first quarter and 55 per cent. for the second quarter of 1938. This was the lowest quota since the June quarter of 1935, but there was another reduction on the 2nd June (for the third quarter of the year) to 45 per cent. of the basic figure, of which, it was decided a little later, 10 per cent. was to be set aside in order to form a buffer pool which would amount to 10,000 tons by the end of the year. These decisions were effective in bringing the price of tin—which had at one time fallen from £182 (at the end of 1937) to £153. 5*s.*—to £216. 10*s.* at the end of 1938. World consumption of tin fell from 198,700 tons in 1937 to 151,600 tons in 1938, and visible stocks rose during the year by 2,500 tons to a total of about 30,000 tons. As in the case of rubber, such sharp reductions of output imposed severe hardship upon countries like Malaya, for which both rubber and tin were essential exports. The Netherlands East Indies production was cut by 47 per cent. as compared with 1937, and Malayan production by 44 per cent. The value of Malayan exports fell by 36·5 per cent. as compared with 1937, and the Malayan Government, with a view to keeping unemployment difficulties within bounds, introduced a special internal scheme for tin, which permitted the production of a substantial additional tonnage, in excess of the international quota, to be accumulated and financed by the Government. Many producers would have preferred a larger output even at the risk of greater price instability, and the foundation of a 'buffer pool' was not welcomed everywhere. The 45 per cent. quota was maintained during the next two quarters, and it was understood that the buffer stock was to be increased to 15,000 tons, or about half the

visible supplies, the pool buying when the price fell below £200 per ton and selling when it rose above £230.[1] Restriction had for a time been borne more easily by producers in general because Bolivia, the world's second largest source of supply, had for four years been unable to produce the full quotas allotted, and the unused balances had been transferred to other countries. In the first quarter of 1938, however, the downward trend of quotas began to change this position and Bolivian exports were in excess of the allotted quota. Producers in other countries no longer enjoyed the outlet afforded by the transfer of Bolivian balances at the same time as their own quotas were being reduced, though the strain upon Malaya and the Dutch East Indies was a little relieved in July, when these countries were given an additional $7\frac{1}{2}$ per cent. of the standard tonnages, thus permitting an increase of output of about 10,000 tons as compared with the previous year. The signatories of the International Tin Control Agreement had in 1937 been responsible for 86 per cent. of the total world output, and it might have been supposed that this was a proportion large enough to ensure the technical efficiency of the scheme. But experience had often shown that, from the point of view of restricting producers, unrestricted sources of output always sooner or later became an element of weakness, and the output of unrestricted countries which enjoyed the full benefit of remunerative prices without any of the incidental inconveniences of control was maintained throughout 1938. China was the most important single country concerned, and even there, despite the hostilities throughout the year, output was kept up.

Before 1938, lead had not been subject to control of the same kind as had been applied to copper and tin and other raw materials of international importance, but the downward movement in its price (from £17. 16*s.* 3*d.* per ton on the 12th January, 1938, to £13. 5*s.* on the 9th June for September shipment) during the first half of the year induced the larger producers outside the United States to form in September a Lead Producers' Association, with the object of adjusting supply to demand. The first objective of the Association, which included the leading producers in Australia, Canada, Mexico, Burma, and Jugoslavia, was to reduce production, and it was felt that the price of about £15 which prevailed at the end of the year was not quite high enough to satisfy the reasonable expectations of producers. There had been a heavy increase in European buying before and during the September crisis, and though consumption in the United States had fallen sharply (from 500,000 long tons in 1937

[1] *The Economist*, 26th March, 1938, p. 708.

to 380,000), it was anticipated that an expansion of the defence programme would stimulate demand in that country too.

Control of nickel took a different and simpler form, because the International Nickel Company of Canada (96·3 per cent. of whose shares, it was stated at the Annual General Meeting on the 29th March, 1938, were held in Canada, the United States or Great Britain) had in 1937 supplied 86·3 per cent. of world consumption. The selling price had been reduced from £200 to £180 per ton on the 1st January, 1937, and had been maintained steadily at that level. World consumption in 1937 had reached the record figure of 120,000 tons as compared with 100,000 tons in 1936. There was a fall in consumption in 1938, especially in the United States, and the International Nickel Company's sales declined by 21 per cent., though there were indications of revival in the latter half of the year. The overwhelming predominance of Canada as a supplier of nickel naturally aroused the interest of those who were concerned with the problem of controlling war materials, and the president of the company took care to explain the relatively minor part which armament demand played in the operations of his concern. Less than 10 per cent. of the world output, he said, was devoted to armament purposes; the whole of this could, if necessary, be supplied by other countries, by New Caledonia, Norway, Germany, Greece, Burma, Brazil, and Tasmania. There were also potential supplies or known deposits in Finland (where the International Nickel Company was itself already operating), Russia, South Africa, the Netherlands East Indies, Alaska, and Korea; any restriction of sales would stimulate the exploitation of these alternative sources of supply; and there was, therefore, in his judgement, no case for taking the risks involved in any attempt to control the disposal of nickel.[1]

The production of aluminium was much more widely distributed, but the formation of the Alliance Aluminium Company, registered at Basle, in 1932, which dominated from 70 to 75 per cent. of world production, had made possible the maintenance of a steady price of £100 per ton for six years. In July 1938 this was reduced to £94 for domestic sales and £90 for export, despite the fact that the consumption of this metal had recently increased far more than that of copper, tin, lead or spelter. In the production of aluminium Germany played an increasingly important part (though her supplies of bauxite, the raw material from which aluminium was extracted, had to be imported from abroad). Her output for 1937, 127,000 tons, was second only to that of the United States, constituting 26 per cent.

[1] *The Times*, 30th March, 1938.

of the world total, and the increase to 175,000 tons which was anticipated for 1938 would make Germany the foremost producer in the world and perhaps lead to substantial exports.

In the early stages of the history of restriction schemes they had often been criticized as unduly monopolistic, and some episodes in the story did nothing to allay suspicion that this criticism was justified. As experience had accumulated, however, the controllers of such schemes began to see the advantage of taking longer views, and, so long as they exercised their powers with moderation, public opinion tended to become more friendly. It was still, however, open to doubt whether in the long run the interpretation likely to be placed upon the concept of 'stability', which was usually offered as the justification for restriction schemes, would conform to the conditions which had to be fulfilled if stability in the economy as a whole was to be maintained. It was natural that, after the disturbing experience of violent fluctuations of every kind which the world had had during the Great Depression, anything to which the label 'stability' could be applied should be received with a large measure of favour. But it was seldom properly appreciated that attempts to impose stability, defined within narrow limits, upon selected portions of the world economy might inevitably generate more violent instability somewhere else. If consumers of tin in Great Britain were agreed that the payment of a price well above the cost level of the most favourably situated producers was justified on account of the indirect advantages which restriction conferred upon certain producing interests, that was a decision which they were quite entitled to make. It was, however, scarcely to be expected that consuming countries like Germany and Italy would take the same view. The relationship between grievances about access to raw materials and production control schemes had for some years constituted a latent problem. The events of 1938 suggested that it might shortly become much more urgent.

## (v) Money and Foreign Exchange in 1938

### (*a*) The French Franc

The foreign exchanges suffered many serious disturbances during 1938. As compared with some earlier years, however, their movements were a less important direct cause of public concern, largely no doubt on account of preoccupation with problems which were at once more fundamental and more immediately pressing, and in which the causes of exchange fluctuations themselves were often to be

found. The range of fluctuation, measured in terms of sterling or dollars, was indeed wider than in any year since 1934. The provisional character of the links by which the various national currencies were related to each other was clearly demonstrated, and the basis of monetary stability upon which, as many people still believed, stability in commercial and trading relations in general directly depended appeared to be more remote than ever. Reference has already been made to the effects of falling prices upon the exchange policies of agricultural countries;[1] the exchange relationships of the currencies of the industrially more important national economies also demand attention.

The stabilization of the French franc in May 1938 at the rate of £1 = not more than 179 francs, which, it was hoped, signalized the termination of the downward movement in its value since the Tripartite Agreement of the 26th September, 1936, has already been mentioned in the preceding volume of this series.[2] At first sight the basic causes of the weakness of the French franc might appear to be of no more than domestic significance. The international repercussions which followed fluctuations in the external value of the franc were obvious enough, but the internal tension, of which its weakness was one aspect, was based in part on fundamental divergences of social interest. In some countries these divergences were closely associated with divergent views on the appropriate method of approach to problems of foreign policy, and on that account their influence was not confined to the domestic sphere, but constituted also an element of great importance in the international situation. The influence of these divergences showed itself more clearly in France than elsewhere, and for that reason too the story of French financial and currency policy deserves a place in a survey of international economic relations.

'In France', it had been well said, the task was 'to achieve reforms which industry could in most cases well afford, without frightening capital away'.[3] The basic cause of French financial and economic difficulties was the fact that the French national income, which for 1937 was estimated at between 230 and 240 milliard francs, was not large enough to maintain customary income standards at a time when the rapidly increasing burden of rearmament was superimposed upon a situation already rendered difficult by the attempt to achieve radical social reforms. The national income for

[1] See pp. 103–6, above.
[2] The *Survey for 1937*, vol. i, p. 121.
[3] *The Economist*, 5th February, 1938, p. 296

1937 was indeed not much below the level of money income for 1930, but, in view of the sharp upward movement of prices (of 75 per cent. for wholesale prices and of 40 per cent. for retail prices, since 1936), the volume of real income was still almost at the low level reached during the period of world deflation, and scarcely larger than that of 1913. Inadequate production, which meant inadequate tax receipts, was at the root of the chronic budgetary difficulties, carrying with them the constant threat of further inflation; and inadequate production was itself to be explained in terms of a complex of more fundamental causes in which the fear of monetary instability, the reluctance of French savers to invest their savings in the normal development of industrial activity, and the inefficiency of the taxation system played essential and mutually interdependent parts.[1] The difficulties which every French Finance Minister had to face arose from the fact that, while exchange stability was difficult to assure unless there was a return of French capital from abroad, it was equally difficult to reverse the flight of capital until investors felt that exchange stability was already assured.

During 1937 the influence of domestic factors was still more important for the French economy than the influences which were threatening world depression. Whatever the precise nature of the cause may have been, however, economic activity in France moved in much the same direction as in other countries. The index of industrial production fell from 80 in December 1937 to 75·6 in February 1938 (as compared with 73 in February 1935, in the depths of the crisis), and at the same time there was a slight increase in unemployment.[2] The outward flow of French capital had been less torrential in 1937 than in previous years,[3] but its persistence was a clear indication that monetary stability had not yet been attained, and early in January 1938 a political crisis resulting in the fall of the Government was provoked by exchange weakness.

Monsieur Marchandeau, who succeeded Monsieur Bonnet as Minister of Finance in the new Government—in which the Socialists did not participate—announced at once the Government's adherence to the Tripartite Agreement and their opposition to the imposition

[1] Cf. the *Survey for 1937*, vol. i, pp. 111–12, 122–3. It was estimated that at least one-half of the French capital held abroad was owned by French joint-stock companies which maintained balances abroad for no other purpose than to avoid the supposed risks of depreciation or interference at home, and which were able to finance current activities by rediscounting bills at the Bank of France. (*The Manchester Guardian*, 6th April, 1938.)

[2] *L'Activité Économique*, 30th April, 1938, p. 6.

[3] According to one estimate (*ibid.* p. 20) it amounted to 6 milliards of 'Poincaré' francs in 1937, as compared with 18 milliards in the previous year.

of exchange restrictions. It was, however, officially estimated that during the year the total capital requirements of the French Government would amount to frs. 28,000,000,000, and even if this were not, as some critics urged, an underestimate, borrowing upon a sufficient scale to meet these needs would be likely to create further inflationary risks. The first loan (of frs. 1,000,000,000 at 6 per cent.) was indeed quickly subscribed in February, and depression conditions in the United States for a time stimulated the repatriation of French capital from that country.

Despite repeated official pronouncements upon the subject, the question of exchange control in France could never be regarded as closed,[1] and interest in it revived in March 1938, when Monsieur Chautemps, the Prime Minister, felt obliged to ask for special powers which would enable him, by giving an assurance that the 'pause' in social legislation would continue and that fiscal economies would be imposed, to create the state of confidence among the investing public in the absence of which the large-scale borrowing, estimated at frs. 15,000,000,000, which defence necessities imposed, could scarcely be attempted. He said that neither the Treasury nor the Government was in a desperate situation; the tension on the money-market was of a passing nature, and the Exchange Equalization Fund possessed the means necessary to defend the currency. But, despite his assurance that the powers for which he was asking would not be used to suppress the forty-hour week, Monsieur Chautemps failed to obtain the support of the Socialists in the Chamber of Deputies for his proposal and accordingly resigned. Monsieur Blum, who succeeded him on the 13th March, himself undertook the responsibility of the Ministry of Finance, and it was widely assumed that an exchange control would shortly be imposed. Such a policy had already received considerable support upon its merits among the parties of the Left, and the effects of the incentive to further flights of capital on the part both of people who were genuinely alarmed about the risks of inflation and of those who were not sorry to embarrass their political enemies by such means tended to place a pressure upon the exchange rate which it might be difficult to counter without some measure of control.

The exchange value of the franc had in fact been moving steadily downward since the end of 1937, and on the 4th April, 1938, Monsieur Blum himself submitted a Special Powers Bill which, if accepted, would have introduced a diluted system of foreign-exchange control. The Finance Committee of the Senate had refused to accept a proposal for placing at the disposal of the National Defence Fund the

[1] Cf. the *Survey for 1937*, vol. i, pp. 113–14.

profits arising from revaluation of the assets of the French Exchange Equalization Fund, and Monsieur Blum, rejecting the idea of a forced conversion of the public debt, indicated his intention of using plenary powers, should they be granted to him, in order to impose a tax on capital of frs. 150,000 and over, to enforce the registration of securities in order to defeat tax evasion, and to concentrate exchange transactions in the Bank of France, which would sell exchange only against documents showing that it was wanted for a legitimate purpose. Control of this limited kind did not in itself mean very much, but experience in many countries had shown that if it was to be made effective it must inevitably be followed by stricter regulation, without which the prevention of evasion would be impossible.

The Senate rejected Monsieur Blum's proposals, and his Government resigned on the 8th April. In the new Government Monsieur Marchandeau returned to the Ministry of Finance, and the Prime Minister, Monsieur Daladier, insisted upon the grant to his Cabinet of powers similar to those which had just been refused to his predecessor. His new plan to stimulate production, he announced on the 25th April, would 'be carried out within the framework of monetary freedom, the Tripartite Agreement, and the defence of the franc, all of which are essential if capital is to be repatriated and money dehoarded'.[1] The franc had two days before fallen to the level of 167 to the £, and it was understood that the British Treasury had drawn attention to the danger of a policy developing for which the Tripartite Agreement had made no provision, with a suggestion that the rate was moving to a level which might give France that 'unreasonable competitive exchange advantage', which the signatories of the agreement had promised to avoid. When, however, the resources of the Exchange Equalization Fund were found inadequate to maintain the franc at between 160 and 165 to the £, the efforts made to check further depreciation were abandoned. On the 4th May Monsieur Daladier announced a further and, as he believed, final devaluation, and the exchange authorities fixed the selling rate on the following day at £ = 178·90 francs. The Government had, it was stated, decided that the franc would not be allowed to fall below 179 to the £, and, as care was taken to insist that this stabilization was merely provisional, with a possibility of further appreciation later, it was hoped that the establishment of such a 'one-way' franc would provide an incentive for fugitive capital to return to France. So far indeed from any obstacle being put in the way of a speculator who wished to make a profit, the new rate in fact ensured that if he repatriated

[1] *The Times*, 26th April, 1938.

his capital without delay he would make a handsome gain. Earlier devaluations had been unsuccessful in part because the choice of a provisional level of stability had always encouraged the expectation of further depreciation. By allowing the franc at once to move to what seemed likely to be its absolute lower limit, and then from time to time reducing the price of sterling by a few centimes, it was now hoped to establish the belief that no further exchange profit could be gained from further delay in repatriating capital, and that on the contrary delay might diminish such speculative gains. At the new level the franc was worth 8 per cent. of its pre-war gold value, and the holder of a fixed income in francs could now command little more than two-fifths of the commodities in the world markets which had been available to him two years earlier.

It was not at first sight obvious that the French action was in accordance with the spirit of the Tripartite Agreement, for at current price levels the new franc was, as was recognized by the Bank of France, somewhat undervalued in terms of sterling and dollars. In Belgium there was concern over the prospects of intensified competition from a depreciated French franc, especially in the textile trade, and it was noted later in the year that French external trade had been relatively successful in resisting depression trends. Eventually, however, the other parties to the agreement accepted the inevitable. Rates of taxation in France were increased on the average by about 8 per cent., an internal long-term loan of frs. 5,000,000,000 was issued, and Monsieur Daladier succeeded in persuading French capitalists to take seriously his assurances that the extreme limit of depreciation had been reached, at least to the extent of repatriating about frs. 20,000,000,000—a movement which did not, however, touch the great mass of long-term capital invested abroad by Frenchmen.[1] During the international crisis in September 1938 the franc depreciated in much the same way as sterling, the dollar rate falling from $1 = 35·75 francs at the beginning of July to $1 = 39 francs at the lowest point, but except momentarily in London on the 28th September, the value of the franc in terms of sterling did not fall below the limit prescribed by Monsieur Daladier. The return of capital, however, was not maintained; even in July there was again an outward flow with further pressure upon the franc-exchange rate. The level of production, moreover, was still unsatisfactory, and the Government, therefore,

[1] According to one estimate, the total amount of French capital employed abroad had been not much less than frs. 120,000,000,000. (*The Manchester Guardian Commercial : International Banking Half-yearly Review*, 28th July, 1939, p. 9.)

again directed their attention to the modification of the forty-hour law, which the parties of the Left regarded as the most substantial gain to the credit of the Popular Front, and which many of their opponents were equally eager to repeal. On the 21st August, Monsieur Daladier announced his intention of modifying the law—a decision which provoked the resignation of two members of the Cabinet. Monsieur Daladier was probably at least as much concerned over the cost of overtime as over the length of the working week, overtime rates which, in his opinion, should not be more than 10 per cent. above the standard rates, having been fixed in some instances at from 25 to 50 per cent. above that level. The resources of the Treasury were severely strained by the events of September, the advances made to the State by the Bank of France increasing during that month by frs. 10,000,000,000. Monsieur Marchandeau was supposed by some of his critics to have been converted to a belief in the necessity for some form of exchange control and other measures of restraint, but Monsieur Daladier, who on the 18th August had declared, no doubt with the Tripartite Agreement in mind, that exchange control 'would have the inevitable consequence of breaking those international friendships that are the best guarantee of the maintenance of European peace',[1] refused to accept this view. Monsieur Reynaud was appointed Minister of Finance on the 1st November, and on the 12th November he announced, in terms of the plenary powers originally granted to Monsieur Daladier in April and renewed and extended on the 5th October, a series of drastic decrees, constituting the preliminary stages in what was visualized as a 'three-year plan' designed to ensure financial and economic recovery. The gold stock of the Bank of France was to be revalued on the basis of a 27·5 milligramme franc (or at the rate of £1 = 170 francs) instead of 43 milligrammes (or £1 = 110 francs), as at the last revaluation in August 1937, and the resulting 'profit' of frs. 31,456,000,000 reduced the advances of the Bank to the State by more than half. The Budget was to be balanced by a reduction of State expenditure, involving the scrapping of the whole of the public works programme which had been introduced in May—'machine guns', said Monsieur Reynaud, 'are of more use than village fountains'[2]—the dismissal of 40,000 railwaymen (for whom, however, it was hoped to find employment in armament work), and an increase of taxation estimated to yield frs. 8,750,000,000; and it was promised, with a view to encouraging the revival of private investment activity, that there

[1] *The Times*, 19th August, 1938.
[2] *The Sunday Times*, 13th November, 1938.

should be no new long-term Government borrowing for six months. Monsieur Reynaud pointed out that, while the metal production of France had in 1933 equalled that of Germany, it was at this time only a quarter of Germany's, and he announced that his programme aimed at increasing the volume of production by 30 per cent. He carried a step farther the reform of the forty-hour week, for, though it was still to be maintained 'in principle', 'the two-Sunday week', it was said, 'ceased to exist in France'. Employers were given the right to employ men for up to fifty hours a week without the special authorization of the Ministry of Labour, overtime in excess of forty hours being paid for at progressively increasing rates, while a special tax of 10 per cent. was to be imposed on increases in profits made by employers as a result of lengthening the working week. In the spring of 1939, the sliding scale was replaced by a flat supplementary rate of 5 per cent. for each hour of overtime in excess of forty-five per week, and as the first five so-called 'supplementary hours' were to be paid for at ordinary rates, this meant that the forty-five-hour week became 'normal', while in industries producing defence equipment the effective working week rose to sixty hours, fifteen of which were paid for at the overtime rate.

Monsieur Reynaud's prestige and reputation revived the confidence of the French investing class, and at the same time, in view of the threatening international situation, there was less disposition to maintain the differences of opinion which had helped to make the results of previous efforts to stabilize the franc so disappointing. Capital was persuaded to return to France upon a considerable scale, and the failure of the attempted general strike of the 30th November, 1938, further strengthened for the time being the confidence of investors. At the end of the year it was announced that arrangements had been made with a group of Swiss and Dutch banks for the conversion on a 4 per cent. basis of the whole of the French railway external debt of about frs. 3,500,000,000, on which hitherto interest had been payable at from 5 to $6\frac{1}{2}$ per cent. It had been hoped that Monsieur Reynaud's programme would facilitate an easing of credit conditions. This operation was accordingly interpreted as a step towards a general lowering of long-term interest rates, while the official rediscount rate of the Bank of France, which had been raised to 3 per cent. in September, was reduced to $2\frac{1}{2}$ per cent. in November, and to 2 per cent. in January 1939.

Nevertheless general economic and social stability was not yet assured. Monsieur Reynaud's programme, it was said,[1] was 'some-

[1] *The Manchester Guardian*, 15th November, 1938.

thing like an economist's experiment to see whether, after all, twentieth-century Europeans can be got to behave like the "economic man" of the text-books'. The efficient working of a liberal economy was dependent upon the willingness of those who had capital at their disposal to apply it productively in ways which seemed likely to yield them a profit. Monsieur Reynaud himself had complained[1] that 'the number of Frenchmen possessed of the spirit of enterprise and willing to take a risk is falling constantly. . . . Borrowers', he added, 'who want money for any enterprise carrying an element of risk have to pay 10 to 12 per cent.' Instead of placing additional heavy taxation upon capital, or attempting directly to control its export, Monsieur Reynaud endeavoured to revive the waning spirit of enterprise by freeing the capitalist from some of the irksome limitations imposed by the forty-hour week, by relaxing or abolishing the control of prices, and by adding to the list of 'bearer' Government securities the ownership of which facilitated the evasion of taxes.

> So long as we live under a capitalist system [wrote Monsieur Reynaud][2] we must allow profits to those who show enterprise and undertake risks, for profits are as necessary to the working of the capitalist system, as is petrol to an internal combustion engine. We must either change our economic system or admit the concept of profit.

The abortive general strike of the 30th November, unsuccessful as it was, nevertheless revealed the profound and complex cleavages in French opinion which had to be taken into account in estimating the chances of success for Monsieur Reynaud's programme. Monsieur Daladier's claim that in suppressing the strike he was resisting an attempt to sabotage his policy of appeasement was difficult to justify, for important sections of the French working class, influenced by the pre-war syndicalist pacifist tradition, had applauded the Munich Settlement; but when at the same time Monsieur Daladier took steps to break the Popular Front, and asked the working class to shoulder heavy burdens designed to re-establish an economic order of which they were profoundly suspicious, it was natural that those who did not share Monsieur Reynaud's respect for 'the concept of profit' should meet his efforts with sharp disapproval. It was difficult to extinguish the suspicion that financial measures ostensibly designed to ensure the defence of France were in certain quarters

[1] In the *Journal Officiel* of the 14th November, 1938, cited in *The Times*, 15th November, 1938.

[2] In *The Daily Telegraph and Morning Post Financial and Industrial Review*, 13th February, 1939.

approved for the quite different reason that they would restore to the French bourgeoisie some of the ground which they had lost since 1936. As the President of the Bank for International Settlements put it,[1] 'the one condition necessary for increased investment by private enterprise' was 'a just equilibrium between costs and prices'. The search for the correct interpretation of justice was in France no less difficult in 1938 than it had been in earlier years, and many of Monsieur Reynaud's critics feared that in practice it would turn out to be little different from the age-old interpretation of 'the interest of the stronger'.

In every society it was natural enough that, as the circumstances within which economic relationships developed changed from time to time, there should be clashes of interest between individuals or groups which could be resolved only gradually and then without complete satisfaction for any of those concerned. Such clashes might sometimes safely be left to look after themselves, but it was a defect of most liberal economies in action that they had been ineffective in checking the growth of privileged groups, who valued their privileges so highly that the process of gradual adjustment of rival claims was often delayed until, when it could no longer be prevented, the whole economy was subjected to a violent shock, and there was some danger of adjustments being pushed farther than was altogether warranted. This had, in large measure, been at the bottom of the chronic economic tension which had checked French economic development during the period of Popular Front government. The strain of accelerated rearmament had now to be faced in a situation in which for quite other reasons there was already severe tension, and the task of distributing its burdens became thereby doubly difficult. By the end of the year 1938 it was too early to expect any marked change in the record of production, though the index of industrial production (1929 = 100) in fact rose from 75 in September to 80·6 in December (and to 86·2 in March 1939). The repatriation of capital from abroad was also resumed after the crisis of September.[2] But, while confidence among investors was no doubt an essential condition for the smooth working of a liberal economy in any circumstances, and especially when armament claims made inevitable increasing calls by the Government upon the savings of investors, a similar degree of confidence was also needed among other sections of the community. The assurance of such a degree of confidence was

[1] In the *Ninth Annual Report*, 8th May, 1939, p. 9.

[2] It was estimated that between October 1938 and June 1939 there was a capital inflow into France of the value of frs. 20,000,000,000.

certain to be intimately associated with problems of political policy, in both the domestic and the international spheres.

### (*b*) Sterling and Gold

Already earlier in the year 1938 it had been found impossible to prevent some depreciation in the dollar value of sterling, a movement to some extent attributable to rearmament imports, which placed a strain upon the balances of the sterling-group countries. The political crisis of September was a further severe test of the tentative machinery of stable relationships which was slowly being built up between the most important currency systems, and again sterling had to bear the first impact. During the first six months of the year the dollar–sterling exchange rate had fluctuated between the levels of £1 = \$5·03⅞ and £1 = \$4·93¾. The third quarter was, however, a period of rapid sterling depreciation, and on the 30th August the exchange rate fell below the old mint par of \$4·86. The recovery on the New York Stock Exchange encouraged the movement of capital to the United States, and though during the crisis there was practically no transfer abroad of British funds, there was a precipitous outflow of 'hot money' from London on account of foreign holders, and hoarders of gold, afraid that its export would be forbidden in the event of war, also added to the abnormal demand for dollars. The gold held by the British Exchange Equalization Fund, valued at £7 per ounce, fell from £297,500,000 on the 31st March to £151,800,000 on the 30th September. A sharp downward movement in the value of sterling reached its lowest point on the 28th September at the level of £1 = \$4·60. During this period the Scandinavian currencies and those of the Dominions except Canada remained full members of the sterling *bloc*, but from the end of September the Dutch guilder was maintained instead at a steady rate of exchange with the dollar. The Swiss franc also was not allowed to follow the pound the whole distance along the path of depreciation.

The Munich Agreement temporarily checked the outflow of capital from Great Britain, but reviving confidence in the franc was itself a factor which maintained pressure upon the sterling exchange. There was a further substantial loss of gold during the last quarter of the year, on the 26th November the price of gold per fine ounce touched 150*s*., and by the end of the year the exchange rate was again down to £1 = \$4·64, which meant a depreciation for the year in terms of gold of 7 per cent., or in all of 44 per cent. since the abandonment of the gold standard in September 1931.

There was, indeed, some question whether the movements in the

sterling exchange which appeared to be imposed by political reactions had not in fact merely corrected the previous over-valuation of sterling which many observers believed that they had been able to detect. A depreciation which the United States authorities could otherwise have been persuaded only with some difficulty to permit they accepted with better grace when it was made to appear as the consequence of political strains. Precise statistical tests of over- or under-valuation were always a matter of the utmost difficulty, even when it was agreed that a discussion of exchange-rates in such terms was appropriate, and there was still some dispute as to whether the new rate was an 'equilibrium' rate or not. The British authorities appeared anxious, however, to check any further downward movement of the value of sterling, and apart from the normal operations of the Exchange Equalization Fund, designed to iron out short-period exchange fluctuations, other steps of a more far-reaching character were also taken. The embargo upon capital issues for transfer abroad, of which there had been a partial relaxation in February, shortly after the publication of the van Zeeland report,[1] was reimposed on the 20th December, and early in January 1939 the banks were also asked to withhold facilities for speculative transactions in gold or foreign exchange. Further, on the 6th January, 1939, the Chancellor of the Exchequer announced the transfer of £350,000,000 (or 46,520,000 fine ounces) in gold from the Bank of England to the Exchange Equalization Fund, whose gold resources, it was understood, had already fallen well below the low level of the previous September. This step was interpreted as 'a striking indication of the determination of the authorities to defend the value of the pound at its new level'.[2] Of even greater interest, from the point of view of long-period policy, was the consequential increase in the fiduciary note issue (to £400,000,000), and the subsequent revaluation of gold embodied in the Currency and Bank Notes Act of the 28th February, 1939. The 'normal' level of the fiduciary issue was then fixed at £300,000,000 (as compared with £260,000,000 as laid down in the Act of 1928), and provision was made for a weekly valuation at current prices of the assets, both gold and securities, of the

[1] Prospective issuers of foreign loans were still asked to submit their plans to the Foreign Transactions Advisory Committee, but it was indicated that the committee would allow greater latitude than before to all applications except those made on behalf of foreign Governments or public authorities. It was also reported in January that the Dutch authorities were less stringent in enforcing the embargo upon foreign issues in the Amsterdam market.

[2] League of Nations Economic Intelligence Service: *Monetary Review, 1939* (Geneva, 1939), p. 17.

Issue Department of the Bank of England in a manner to be agreed on between the Treasury and the Bank. Any difference revealed by such valuation between the value of the Issue Department's assets, and the total amount of notes outstanding was to be transferred in gold or notes or cash from the Issue Department to the Exchange Equalization Account, or vice versa. This procedure, which combined the power to shift gold between the two accounts with the power to alter the fiduciary issue, made it possible 'to make the behaviour of the Bank's gold reserve conform to that of its note issue instead of the other way round'.[1] The results of the first weekly valuation appeared in the Bank's return for the 1st March, and showed that the gold reserve had been written up on the basis of 148*s.* 5*d.* per fine ounce, the current price in the bullion market, with a resulting book-profit of £94,400,000.[2] The new method of valuing gold reserves resembled that already adopted in 1934 in Canada, where a weekly revaluation was made on the basis of the current price for gold in London and New York, and in the summer of 1938 by the National Bank of Hungary, whose gold and foreign exchange holdings were henceforth to be valued each quarter at the average rates ruling on the Budapest exchange market during the last fortnight of the previous quarter. The Chancellor of the Exchequer told the House of Commons that the weekly revaluation was merely a change in machinery and had no bearing whatever on the ultimate stabilization of gold or on any other matter of high policy. It was, however, inevitable that the new legislation should stimulate speculation upon these subjects. If it could be assumed that the price of gold was not to fluctuate much in the future, which was the same thing as assuming that the dollar–sterling exchange rate would be kept stable, the new method of control might be interpreted as a very distant forerunner of some novel type of gold standard, with the gold content of the pound reduced by about three-sevenths. In the meantime, however, the link between sterling and gold now became weaker than ever. A relationship was still, indeed, prescribed between the note issue of the Bank of England and its gold holdings, but, as the price at which gold was valued was itself dependent upon Central Bank and Treasury policy, this relationship had now very

[1] D. H. Robertson: 'British Monetary Policy', in *Lloyds Bank Limited Monthly Review*, May 1939, p. 148.

[2] The change in the basis of valuation to 148*s.* 2*d.* per fine ounce in the following week showed that there was no intention at this time of maintaining even a formal stability in the official valuation. The new Act left untouched the power of the Bank of England to acquire gold held by 'any person in the United Kingdom' at the old price of 85*s.* per fine ounce.

little practical significance. For such an important step along the path of the 'managed' monetary system it was no doubt possible to make out an excellent case, but it had yet to be seen how gold itself would stand up to such treatment. The unstated but nevertheless important premiss upon which the new Act was based was the willingness of another country to continue the valuation and purchase of gold at a price fixed in terms of its own national currency. The process of 'debunking' gold had already by the end of 1938 been carried a long way, but hitherto not so far as to be inconsistent with a buying price for gold which everywhere was much higher than it had been in the days when its prestige was secure. 'Debunking' was carried a little farther in February 1939, but if the world as a whole took seriously the notion that gold was nothing but a decorative façade, the repercussions might be more alarming than those who sometimes, for quite valid reasons, liked to minimize its importance appeared to realize.[1] Discussions of the economics of war, for example, usually took it for granted that someone would always be found willing to accept gold at the price to which producers in recent years had become accustomed, an assumption which, it might be thought, overrated the extent to which a world at war would be bound by the conventions of peace-time economy. The irrationality of the gold situation was indeed in no way diminished by the events of 1938, though there was less lively discussion than in earlier years of the extent to which the world would continue to show itself willing to pay such attractive prices for a commodity whose rôle in economic life was now so modest. The price of gold was largely dependent upon the policy of the United States. If the view became widespread that 'to the United States, gold has now become a nuisance of the first magnitude',[2] it would be dangerous to take the indefinite continuance of that policy for granted. The sterling price of gold was about 74 per cent. above the level of 1929, while the price level of other commodities was still below that level. As costs of production in gold mining had not generally risen more than in other industries, the production of gold was therefore extremely profitable, and gold-mining was stimulated to further expansion. Private hoards, it was estimated, increased by something between $100,000,000 and $200,000,000,[3] and all producing countries (except perhaps the U.S.S.R., in regard to whose production no accurate information was

[1] See the *Survey for 1937*, vol. i, pp. 125–6.

[2] F. D. Graham and C. R. Whittlesay: 'Has Gold a Future?' in *Foreign Affairs: an American Quarterly Review*, April 1939, p. 579.

[3] *Ninth Annual Report of the Bank for International Settlements*, p. 61.

available) contributed to the record world output of 36,854,000 fine ounces.

During 1937 a net inflow into the United States of gold valued at $1,586,000,000 (at the rate of $35 per ounce) had aroused lively fears in many quarters that the United States Government would refuse to maintain the current price of gold.[1] During the first seven months of 1938 the net inflow slackened, amounting in all to $304,000,000, of which $85,000,000 came from Japan, but in the latter part of the year, and especially during the crisis months of September and October (when the total net imports amounted to $1,083,000,000), the stream expanded rapidly again. The aggregate inflow for 1938 was $1,974,000,000, which was greater by 24 per cent. than that of the previous year, and much more than the estimated 1938 world production, which was worth about $1,110,000,000. The end of the year accordingly closed with United States gold stocks at the level of $14,512,000,000. The process of continuous accumulation showed little sign of cessation during the early months of 1939, and the total gold imports for the nine-month period July 1938 to March 1939, which was nearly $2,500,000,000, exceeded the total value of the gold imported into the United States during the whole of the war and post-war period up to the end of 1929, though such comparisons had of course to be interpreted in the light of the changes which had occurred in the price of gold. Great Britain continued to serve as a channel through which gold was directed from other countries to the United States, and the greater part of the gold inflow for 1938 came from London, where the turnover of gold at the daily official 'fixings' was £208,000,000 for the year, as compared with £123,000,000 in 1937. The United States also received $163,000,000 (practically all in the last four months of the year) from the Netherlands, and $169,000,000 (mostly before September) from Japan. The flight of capital from Europe was the most spectacular cause of this inflow, but the persistent American export surplus was also an important factor. In addition to private capital movements there was moreover a tendency for foreign Central Banks, Governments and Exchange Equalization Funds to build up deposit balances and earmarked gold stocks in the United States, and gold earmarked with the Federal Reserve System increased by $333,000,000. The practice of holding a proportion of gold reserves abroad became, indeed, increasingly important during the year. The Reserve Bank of South Africa provided facilities for earmarking gold on account of owners abroad, and gold exports from South Africa practically ceased during

[1] See the *Survey for 1937*, vol. i, pp. 126–43.

the later months of the year. Similar facilities were also granted in Canada. The return of the Nederlandsche Bank showed that 24 per cent. of its gold reserve was held abroad at the end of November, at one period one-third of the gold holding of the Swiss National Bank and nearly 30 per cent. of the reserve of the Sveriges Riksbank were similarly placed, while the National Bank of Belgium also shipped a large part of its reserves to foreign centres. The events of 1939 showed that a large part of the reserves of the National Bank of Czechoslovakia was also held in other countries.

It was estimated[1] that the most important influences bearing upon the gold inflow into the United States since 1934 were the surplus of merchandise exports over imports, amounting to about $2,100,000,000, and capital movements aggregating about twice that figure. Of the latter, about one-third ($1,500,000,000) represented repatriation of American capital previously held or invested abroad, rather less than one-third ($1,200,000,000) foreign buying of American securities, while the remainder took the form of increased foreign bank balances and short-term investments. There were, especially in the early part of the year and again in June, renewed rumours of changes in the United States Treasury price of gold, and foreign holders of banking funds in the United States actually withdrew about $400,000,000, but for the most part the continuous gold inflow was accepted with much more calm than in 1937, and failed to produce any highly significant immediate results for American credit policy. The reversal of the policy of 'sterilizing' gold imports was noted in the preceding volume,[2] and despite the abnormal gold movements in the latter part of the year there was no indication of its revival. Mr. Morgenthau, the Secretary to the Treasury, declared that there was little to fear from the influx of bullion during the crisis because the existence of safeguards in the financial structure of the United States prevented any untoward effect upon its economic life, and he noted with satisfaction the confidence of the rest of the world in the United States as a land of safety or opportunity for foreign capital. The relaxation of minimum reserve requirements in April had brought excess reserves to the highest level recorded since August 1936. By the beginning of 1939, in consequence of the influx of gold, they had risen further to $3,300,000,000, and at that time an increase of reserve requirements to the legal maximum would have reduced the total by only $800,000,000. The existence of these large banking reserves was, however, by itself insufficient to

[1] In the *Federal Reserve Bulletin*, February 1939, pp. 95–6.
[2] The *Survey for 1937*, pp. 141–2.

stimulate recovery. The total issues of new capital for American corporations, which had risen to $1,200,000,000 in each of the years 1936 and 1937, declined during 1938 (the total for the year being $850,000,000), and already in April 1938 President Roosevelt recalled his message to Congress of the preceding November in which he had declared that, 'if private enterprise did not provide jobs, the Government would take up the slack'. It might be doubted whether the old metaphor of 'pump-priming' was any longer appropriate in the United States to describe a programme of large-scale public spending. Such a programme, involving large expenditure upon relief, housing and other forms of public works, as well as direct loans to business through the Reconstruction Finance Corporation, was, however, announced in April, and in July the net deficit for the fiscal year ending 30th June, 1939, was estimated at $3,984,000,000.

Economic trends in the United States were complicated during 1938, as they had been earlier in France, though within a somewhat different setting, by conflict between the Government and a large section of the business community, which was in general opposed to the President's interventionist policy, and in particular resentful of his criticisms of 'banker control of industry', of his campaign against monopolies and price-fixing groups, and of the taxation of undistributed corporate earnings and capital gains. By the end of the year there had been a definite revival in business activity, but the last chapter had clearly not yet been written in the story of the effort to harmonize the efforts of Governments set upon the achievement of social ideals with the views taken by business men of the conditions which were essential if they were to perform their functions efficiently.

# PART II

## EUROPE

### (i) Italy, Great Britain and France

#### (*a*) The Fall of Mr. Eden

In the preceding pair of volumes of this *Survey* the history of Anglo-Italian relations has been carried down to the morrow of the conclusion of the Nyon Agreement of the 14th September, 1937, for combating an officially incognito piratical submarine warfare in the Mediterranean which had been one of the 'accessories' of the war in Spain.[1] The diplomatic success achieved on this occasion by the British Secretary of State for Foreign Affairs, Mr. Anthony Eden, was comparable, in a minor key, to his previous success at Geneva in the autumn of 1935;[2] and the diplomatic and naval reverse thereby inflicted upon Italy might have been expected to give the *coup de grâce* to the Anglo-Italian 'Gentleman's Agreement' of the 2nd January, 1937,[3] which had never been more than dead-alive since the day of its birth. So far from this, however, a distinctly friendlier tone in Italian references to Great Britain was apparent, as has been recorded,[4] during the last quarter of 1937, and this diminution of Italian manifestations of hostility was accompanied in the Italian Press by hints of a political rift between Mr. Eden and Mr. Chamberlain. In Great Britain at the time, and indeed down to the very eve of Mr. Eden's resignation, these Italian insinuations were received with scepticism, and the accompanying change of Italian tone with a corresponding surprise, almost everywhere outside the small circle of those who were cognizant of the Cabinet's inner counsels.

For example, no great stir was caused by the urbanely expressed announcement of the transfer, on the 1st January, 1938, of Sir Robert Vansittart, the Permanent Under-Secretary of State for Foreign Affairs in Whitehall, from the chief administrative position in the Foreign Office to the specially created post of being the Government's chief diplomatic adviser—a change in the ranks of the Civil Service which could afterwards be read in retrospect as

[1] The *Survey for 1937*, vol. ii, pp. 346 *seqq.*
[2] For this comparison see the *Survey for 1937*, vol. i, p. 345.
[3] The *Survey for 1936*, pp. 652–61.
[4] The *Survey for 1937*, vol. i, pp. 345–6.

a portent of a coming change in the composition of the Cabinet. Nor was much attention paid in Great Britain to an article in the *Berliner Tageblatt* of the 4th January from the pen of Signor Virginio Gayda *à propos* of the first anniversary of the Anglo-Italian agreement of the preceding year, though, in the light of the sequel, Signor Gayda's words were likewise significant. The Italian spokesman complained that the essential conditions of the agreement had not been fulfilled on the British side; coupled this complaint with a sharp personal attack on Mr. Eden; laid down four preliminary Italian conditions for an improvement in Italo-British relations which must be satisfied by corresponding changes in the British attitude; and declared that Italy was waiting, strong in discipline and in arms, until the position of other parties became clearer. Signor Gayda's four hitherto unfulfilled Italian conditions were, first, a serious will, on the British side, to achieve agreement; second, a British recognition of the Italian Empire (i.e. of the Italian conquest of Abyssinia); third, a manifestation of British confidence in, and loyalty towards, Italy in the Spanish Affair; and, fourth, a candid British recognition of 'the new historical realities': Fascism and National Socialism, the Rome–Berlin Axis, and the definitive departure of Italy and Germany from the League of Nations. In this public formulation of these four points an Italian wedge was deftly driven into a cleft between the respective attitudes and policies of the Foreign Secretary and the Prime Minister in the Cabinet at Westminster at a date when, in Great Britain, the reality of this cleft was still being denied.

On the day on which Signor Gayda's article was published in Berlin there was a conversation in Rome between the Foreign Minister, Count Ciano, and the British Ambassador, Lord Perth. On the 5th February it was announced that Italy had accepted Franco-British proposals for the strengthening—to meet a recent recrudescence of piracy—of the naval patrol in the Mediterranean that had been provided for in the Nyon Agreement.[1] It was perhaps this conciliatory Italian gesture that gave the opening for a series of conversations in London between the Italian Ambassador, Count Grandi, and the Secretary and Under-Secretary of State for Foreign Affairs.[2] Thereafter, on the 10th February, Count Grandi 'called at the Foreign Office and stated that these conversations had been

[1] See pp. 366–7, below.

[2] Count Grandi saw the Under-Secretary of State, Lord Plymouth, on the 8th February, and some, at any rate, of his three conversations with Mr. Eden that preceded their critical conversation on the 10th had taken place before the 8th.

sincerely welcomed in Rome and that he had been instructed to report that the Italian Government was ready at any time to open conversations with' the British Government. 'He added that he desired the conversations to be as wide as possible, embracing, of course, the question of the formal recognition of the Abyssinian conquest but also not excluding Spain.'[1] In discussing this Italian proposal with Count Grandi on this occasion, Mr. Eden raised no objection to the proposed scope of the suggested Anglo-Italian conversations. He intimated that the British Government would be willing to fall in with the Italian Government's suggestion that they should consider all questions outstanding between the two countries, including that of a British recognition *de jure* of Italian sovereignty over Abyssinia. On the other hand he appears to have intimated to Count Grandi that, at any rate in Mr. Eden's own opinion, the opening of any Anglo-Italian conversations of this unlimited scope must be preceded by some positive act on Italy's part—e.g. a withdrawal of some agreed number of Italian troops from Spain as part of the execution of some scheme for a proportionate withdrawal of foreign auxiliaries from both sides in the Spanish War.[2] On this latter point either Count Grandi himself or his principals in Rome must have divined that Mr. Eden was speaking for himself alone and not for his colleagues as well; for, from this moment onwards, Italian diplomacy made a number of vigorous and adroit moves for widening the gap in the British Cabinet's front.

In the *Regime Fascista* on the 11th February the Secretary of the Fascist Party, Signor Farinacci, wrote that there was no hope of any improvement in Italo-British relations so long as the conduct of British foreign policy remained in Mr. Eden's hands; that the present British advances were not sincere; and that the hostile action of Great Britain against Italy in Spain could not be 'dismissed with a Judas kiss'. With this parting shot at one British statesman, the Italian propaganda against Great Britain suddenly ceased fire and continued thereafter to remain silent until Mr. Eden's fall was an accomplished fact. Then, a week after the meeting between Mr. Eden and Count Grandi in London on the 10th February, the British Ambassador in Rome 'reported a conversation with the Italian Foreign Minister in which the latter had told him that he had instructed Count Grandi to urge earnestly that an early start should be made with the conversations'.[3] It may be inferred from

[1] Mr. Chamberlain in the House of Commons at Westminster on the 21st February, 1938. [2] See pp. 311 *seqq.*, below. [3] Mr. Chamberlain, *loc. cit.*

what followed that, while thus pressing for immediate action, the Italian Government at the same time rejected Mr. Eden's condition that any comprehensive Anglo-Italian conversations must be preceded by Italian withdrawals of troops from Spain. On another point relating to the tenor of this Italian *démarche* there was a conflict of testimony between Mr. Chamberlain on the one side and Mr. Eden and Lord Cranborne on the other. According to Mr. Eden,[1] the Italians intimated, this time, that it was a question of 'now or never', so that the British Government were in fact being called upon to negotiate under pressure of an Italian threat. According to Lord Cranborne in the same debate, 'for His Majesty's Government to enter on official conversations' with the Italian Government in default of evidence of Italian good faith, in such concrete forms as a cessation of Italian propaganda against Great Britain in the Near East and a withdrawal of Italian troops from Libya and, above all, from Spain, 'would be regarded, not as a contribution to peace, but as a surrender to blackmail'. On the other hand, according to Mr. Chamberlain on the same occasion, it was the opinion of the whole Cabinet, with the sole exception of the Foreign Secretary, that 'nothing that' had 'been said on behalf of the Italian Government would justify anybody in saying that they' had 'used threats'. This apparently intractable contradiction may perhaps be resolved if we may conjecture that something was, in fact, said or suggested at this point on the Italian side which Mr. Chamberlain took so deeply to heart that he reproduced this Italian admonition in the guise of a foreboding of his own in the following passage of his speech in the House of Commons on the 21st February:

> I was convinced that a rebuff to the Italian expression of their desire that conversations should start at once would be taken by them as a confirmation of [their] suspicions . . . that we had never really been in earnest about the conversations at all. I thought that if that were the effect the result would be disastrous. It would be followed by an intensification of anti-British feeling in Italy, rising to a point at which ultimately war between us might become inevitable.

Whatever may be the truth about this question of fact, it is certain that the question of policy as to what might be the proper British reply to this official Italian invitation was the issue that brought to the surface a long-latent difference of outlook between Mr. Eden and Mr. Chamberlain.

The extent to which these two members of one Cabinet had already in fact lost touch with one another is indicated by the difference in

[1] In the House of Commons on the 21st February, 1938.

their views of what their relations had been before they thus definitely parted company. Speaking in the House of Commons at Westminster on the 21st February, Mr. Chamberlain declared that, as lately as a little more than a week before, he himself had been under the impression that he and his Foreign Secretary were in complete agreement, and that, even after the 10th February, both he and his other colleagues in the Cabinet had been slow to envisage the possibility that the difference of view that had finally revealed itself, on and after that date, between themselves and Mr. Eden might lead to the latter's resignation. Mr. Eden, for his part, in a speech at Birmingham on the 12th February, contradicted rumours of a rift between himself and the Prime Minister. In the same speech, however, he hinted at the nature of the difference of view which was in truth by then already declaring itself when he affirmed that

> The Government to-day must strive in its foreign policy not only for peace in our time but for peace in yours. And if we are to have peace in your time it means that in any agreements we make to-day there must be no sacrifice of principles and no shirking of responsibilities merely to obtain quick results that may not be permanent. . . . We offer friendship to all, but on equal terms. For it is not by seeking to buy temporary goodwill that peace is made, but on a basis of frank reciprocity with mutual respect.

In the House of Commons on the 21st February Mr. Eden declared that the particular question which had arisen on the 10th was not 'an isolated issue' as between the Prime Minister and himself.

> Within the last few weeks upon one most important decision of foreign policy, which did not concern Italy at all, the difference was fundamental.[1] My right hon. friend is, I know, conscious of this. Moreover, it has recently become clear to me, and I think to him, that there is between us a real difference of outlook and method.

This cleft was implicitly admitted by Mr. Chamberlain too, in an act which was as eloquent as any words could be, when, upon receipt of the report, mentioned above, from the British Ambassador in Rome, he suggested to Mr. Eden on the same day that it would be useful for the two Ministers to have a talk with Count Grandi *à trois*.[2] The Foreign Secretary concurred in the Prime Minister's suggestion, but later in the same day sent him a note asking him not to commit the British Government, during the conversation, to anything specific. When, in response to an invitation from the Prime Minister to the Ambassador, the meeting duly took place, on the 18th February,

[1] The nature of the difference was not divulged, but it was believed to be connected with a decision that had been taken while Mr. Eden was on leave.

[2] Mr. Chamberlain in the House of Commons on the 21st February, 1938.

Mr. Chamberlain followed Mr. Eden's wishes on this point; but he appears to have taken the conversation out of his Foreign Secretary's hands, to have suffered Count Grandi to disappoint his desire to include in the discussion the urgent question of Austria, and to have opened up, on his own part, the whole question of Anglo-Italian relations; and when, after this conversation *à trois* was over,[1] the two British participants in it fell to discussing, between themselves, what action should or should not be taken in the light of it, an acute difference of policy flared up.[2] While Mr. Chamberlain, for the reasons given above in the Prime Minister's own words, was eager to enter into the proposed Anglo-Italian conversations at once, without waiting to exact any previous Italian fulfilment of any British preliminary conditions, Mr. Eden held that, in the light of the current international situation, this was a moment for Great Britain to stand firm and not to plunge into negotiations unprepared, with the full knowledge that the chief obstacle to their success had not been resolved.[2] In Mr. Chamberlain's words,

> The Foreign Secretary was unable to agree to any immediate decision. He wished to say in reply that in the opinion of His Majesty's Government the moment for the official opening of conversations was not appropriate, and that we wished to wait until a substantial withdrawal of volunteers had taken place. In particular, he insisted that we ought to have some indication from the Italian Government, such as their acceptance of the British formula for the withdrawal of volunteers from Spain—which, he pointed out, had been waiting for Italian acceptance for some considerable time—before we committed ourselves even to conversations. But when I asked him whether, if such acceptance could be obtained from the Italians, he would then be able to agree to the commencement of the conversations, he made it clear that his objections would still remain.

In these circumstances, with the full concurrence, and at the desire, of the Foreign Secretary, the Prime Minister decided to call a Cabinet meeting for the afternoon of the following day, the 19th February, while at the same time informing Count Grandi that he could not give him the British Government's final decision until the 21st, but that in the meantime it would be helpful if he could obtain from his Government an assurance such as Mr. Eden had specified[3]—i.e. an assurance that they would accept the British plan for the withdrawal of foreign troops from Spain, but not an assurance that they were willing actually to carry out this withdrawal for their part before

[1] There was a second meeting between the same three statesmen on the same day.

[2] Mr. Eden in the House of Commons on the 21st February, 1938.

[3] Mr. Chamberlain in the House of Commons on the 21st February, 1938.

expecting the Anglo-Italian conversations to begin. Mr. Chamberlain, on the 18th February, not only confined his request to Count Grandi to an inquiry in regard to the lesser of these two possible alternative assurances: he informed him, in making the inquiry, that the British Government's decision would not turn upon the nature of the Italian Government's reply.[1]

At the Cabinet meeting on the 19th February it was common ground that it was desirable to enter into Anglo-Italian conversations covering the whole field of Anglo-Italian relations, including the question of a British recognition of Italian sovereignty over Abyssinia. The question at issue was whether, on the crucial point of the withdrawal of Italian troops from Spain, Great Britain should insist, as a preliminary condition for the opening of conversations, upon the performance by Italy of some positive act, or whether she should content herself with a fresh Italian promise of action in the future. On this point the sense of the Cabinet was on Mr. Chamberlain's side and not on Mr. Eden's; and the painful discovery that a decision in favour of the Prime Minister's policy on this point would entail the Foreign Secretary's resignation did not move Mr. Chamberlain and his colleagues to change their minds.

In order to understand how Mr. Eden's colleagues came to overrule him in February 1938, the considerations on which they acted must be looked at in the light of the international situation at that time. On the 19th February, 1938, the Cabinet at Downing Street was meeting under the shadow of an encounter on the 12th February of the same month between Herr Hitler and Dr. von Schuschnigg at which the Austrian Bundeskanzler was 'put on the spot' by his compatriot the Chancellor of the Reich.[2] A seizure of Austria by Germany was imminent; and Mr. Chamberlain and his colleagues, having in mind Italy's interest in keeping Germany at arm's length from the Italian frontier on the Brenner, and remembering the military moves which Signor Mussolini had made for this purpose with such striking effect in 1934,[3] were now once again wistfully hoping for a reconstitution of 'the Stresa Front'.[4] Could not Italy be coaxed into resuming the gendarme's part that she had played in 1934, in place of the bandit's part that she had been playing since the autumn of 1935? And, if Germany were to see the Rome–Berlin Axis thus put out of gear without being overtly broken, might she not come to the con-

[1] Statement by Mr. Chamberlain in reply to a parliamentary question in the House of Commons at Westminster on the 28th February, 1938.

[2] See pp. 189-91, below.

[3] The *Survey for 1934*, p. 475.

[4] The *Survey for 1935*, vol. i, Part I, section (vi) (*e*).

clusion that the ponderous ambitions which she had loaded on the Axis could not be wheeled, by Germany single-handed, to their intended goal? In that event, could not Germany be induced to make a dignified retreat from an untenable position by making use of Italy's good offices? The sequel was to show that such calculations rated Herr Hitler's strength and determination too low and Signor Mussolini's too high; and in fact by this date Signor Mussolini seems already to have made up his mind that he could no longer venture to resist Herr Hitler's advance. This policy of the dictator in Rome was transparent in the action of his Ambassador in London on the 18th February, when, in reply to Mr. Chamberlain's attempts to discuss the Austrian crisis with him, Count Grandi first declared that he had no instructions from Rome and later[1] announced that he had failed to obtain any over the telephone. Herr Hitler, for his part, showed no signs of being afraid that Mr. Chamberlain's diplomacy might be successful in persuading Italy to leave Germany in the lurch. On the 20th February, when Mr. Chamberlain's policy was in the act of prevailing in Downing Street, Herr Hitler, addressing the Reichstag in Berlin, made a speech of unusual violence and intransigence, even for him, in which he gave Mr. Eden a parting kick. On the 19th February the Cabinet failed to find any formula, consonant with their policy, which would satisfy the Foreign Secretary; further efforts on the 20th were equally unsuccessful; and, before the latter day was over, Mr. Eden's resignation had been tendered, accepted, and announced.

The news caused a sensation without giving the British public a shock which was sufficient to shake the Government out of the saddle. In the Cabinet not one of Mr. Eden's colleagues went the length of resigning with him. In the country 'the League of Nations Union vote', though numerically strong, was politically unimportant owing to a post-war constellation of parties in the United Kingdom by which the Liberal section of the electorate had been virtually disfranchised. In the House of Commons Mr. Eden's convinced and determined supporters on the Government benches were a mere handful, while the waverers were easily brought to heel by the Whips. On the 17th February, before the Cabinet crisis had come to a head, about a hundred members of the Foreign Affairs Committee of the Government's supporters in the House of Commons had passed a strongly drafted resolution in favour of 'a more positive attitude by Britain in Europe'; but the only practical result was a transfer of the management of the committee from 'Edenite' to 'Chamberlainite' hands. In

[1] At the second of the two meetings on that day between MM. Grandi, Eden and Chamberlain.

the House of Commons a debate on the 21st February in which Mr. Eden, Lord Cranborne (the ex-Foreign Secretary's ex-Parliamentary Secretary, who had followed him into the wilderness) and Mr. Chamberlain successively said their say was followed next day by the defeat of a motion of censure by 330 votes to 168, with no more than 25 abstentions on the Government side. In the House of Commons on the 23rd February Mr. Chamberlain refused point-blank a request that 'all the recent relevant communications between the British and Italian Governments concerning the proposed negotiations' should be published in a white paper.

### (*b*) The Anglo-Italian Negotiations leading to the Agreement of the 16th April, 1938

Before receiving Mr. Eden's resignation on the evening of the 20th February and meeting the House of Commons on the afternoon of the 21st, the Prime Minister had already put the Anglo-Italian conversations in train. The assurance—limited to a promise of future action in the matter of withdrawing troops from Spain—which on the 18th February Mr. Chamberlain had asked Count Grandi to obtain from Rome was duly received by the Italian Ambassador on the morning of the 20th, according to the Ambassador's own statement, made on the next morning, to Mr. Chamberlain. It was not until the latter morning (i.e. that of the 21st, when Mr. Eden's resignation was already an accomplished and a published fact) that the text of this assurance from Rome was seen by Mr. Chamberlain, to whom it was then delivered by Count Grandi in person,[1] and no communication on the subject from the Italian Government had reached the Foreign Office in Downing Street by the time of Mr. Eden's resignation on the evening of the 20th.[2] But on the morning of the 20th, before the British Cabinet met, Mr. Chamberlain 'received from a friend who knew Count Grandi the information that Count Grandi had received a favourable reply',[3] and he communicated this information that

[1] Mr. Chamberlain in the House of Commons on the 22nd February, 1938.

[2] Mr. Eden in the House of Commons on the 22nd February, 1938. In making this fact clear, Mr. Eden at the same time declared that, even if the British Government had been officially cognizant of the Italian Government's reply as early as the morning of 20th, this would have made no difference to Mr. Eden's own position, since he had told the Prime Minister already, on the 18th (see p. 134, above), that an Italian assurance, unaccompanied by positive acts, would not, in the Foreign Secretary's opinion, be a sufficient guarantee of Italian good faith to warrant the opening of Anglo-Italian conversations.

[3] Mr. Chamberlain, *ibid.*

morning to the Cabinet as a whole,[1] without divulging, either to the Cabinet then[2] or to the House of Commons later, the identity of the person by whom the information had been conveyed. Thereafter, on the morning of the 21st, the text of this assurance from Rome was handed by the Italian Ambassador to the British Prime Minister personally, to the following effect:

> The Italian Ambassador informs the Prime Minister that he has submitted to the Italian Government the proposals suggested at their meeting of last Friday and is glad to convey to him the Italian Government's acceptance of the British formula concerning the withdrawal of foreign volunteers and the granting of belligerent rights.

Thereupon Mr. Chamberlain informed Count Grandi, as he was now in a position to inform him as a result of the Cabinet's decision on the 20th, that the British Government were ready to begin conversations and that the Italian Government would be so informed at once; and at the same meeting he laid down certain lines of procedure to which the British Government attached importance:

> It would be necessary as a preliminary that, as the conversations would take place in Rome, our Ambassador, who would conduct them on our behalf, would have to return to London to receive his instructions and to make sure that he understood the mind of the Government on the matter. At the same time I told the Ambassador that I wished to impress upon him certain points. First of all, I told him that the British Government regarded a settlement of the Spanish question as an essential feature of any agreement at which we might arrive. No agreement could be considered complete unless it contained a settlement of the Spanish question. Secondly, I repeated that, as he had been already told by my right hon. friend, we were loyal members of the League, and that, if we came to an agreement, we should desire to obtain the approval of the League for it. I said it was essential that it should not be possible, if we went to the League to recommend the approval of the agreement, to say that the situation in Spain during the conversations had been materially altered by Italy, either by sending fresh reinforcements to Franco or by failing to implement the arrangements contemplated by the British formula. I added that I did not believe that these intimations would occasion his Government a moment's anxiety, since I was confident that his Government would approach the negotiations in the same spirit as we should do—namely, in perfect good faith and with a sincere desire to reach agreement.

The procedure thus sketched out by the British Prime Minister was duly followed in the event. On the 22nd February, at Rome, the British Ambassador, Lord Perth (formerly Sir Eric Drummond), was

[1] Mr. Chamberlain in the House of Commons on the 22nd and the 28th February, 1938.

[2] Mr. Eden in the House of Commons on the 22nd February, 1938.

received by Count Ciano—for the first time, so it was said, since the 7th January. On the 23rd February Lord Perth left Rome for London, where he arrived on the 24th—crossing, *en route*, Count Grandi, who was travelling simultaneously from London to Rome for a corresponding purpose. In London on the 25th February it was announced that Lord Halifax had been appointed in Mr. Eden's place as Secretary of State for Foreign Affairs, and Mr. R. A. Butler in Lord Cranborne's place as Parliamentary Under-Secretary. After consultations with the new Foreign Secretary and with the Prime Minister, as well as with other members of the Cabinet in Downing Street, Lord Perth arrived back in Rome on the 6th March, and his conversations with Count Ciano began on the 8th of the same month. After a second meeting on the 12th, Count Grandi, during the ensuing night, reported progress to the Fascist Grand Council. There was a third meeting on the 15th, at which Lord Perth was accompanied by Mr. G. W. Rendel, the recently appointed British Minister to Bulgaria who had previously been head of the Eastern Department of the Foreign Office in Downing Street. On the 20th March Mr. Rendel travelled to London to report progress there. On the 21st Count Grandi likewise returned from Rome to London, where he had a conversation on the 22nd with Lord Halifax. In the House of Commons at Westminster on the 24th Mr. Chamberlain declared that the Anglo-Italian conversations had been carried to a considerable distance, that the results were 'full of encouragement', and that he was satisfied that the Italian Government had been fulfilling the British stipulation that, while the conversations were in progress, 'the situation in Spain should not be materially altered by Italy's sending fresh reinforcements'. After another conversation between Count Ciano and Lord Perth at Rome on the 2nd April, it was reported in the Press that an agreement was within sight, subject to a definition of the meaning of the phrase 'a settlement of the Spanish question', and on the 4th it was reported that the texts of a treaty and protocols were already in draft. On the same day, in the House of Commons at Westminster, Mr. Chamberlain maintained that his policy had 'won the general approval of the whole country and . . . practically the whole world, with the possible exception of Russia'; and at Birmingham on the 8th he expressed his optimism in still more daring language,[1] which

[1] 'During these recent weeks we have been engaging in conversations for this purpose with the Italian Government, with the result that a whole cloud of suspicions and misunderstandings has been blown away. There is to-day a good prospect of restoring those old friendly relations which, until they were recently broken, had lasted so long that they had become almost traditional between our two countries. . . . I only ask you to have a little patience, to

was noticeably different from the tone of a speech delivered by Lord Halifax at Bristol on the same subject on the same day. On the 9th the British Government indicated their own belief that an Anglo-Italian agreement was now as good as achieved by requesting the Secretary-General of the League of Nations to place on the agenda of the forthcoming meeting of the League Council the question of 'the consequences arising out of the existing situation in Ethiopia'.[1] At Cairo on the 14th the British Ambassador, Sir Miles Lampson, handed to the Egyptian Prime Minister, Muhammad Pasha Mahmūd, a copy of that portion of the draft agreement that concerned Egypt. At Rome on the 16th April the completed agreement was signed by Count Ciano and Lord Perth.

The contents of the several documents, constituting the Anglo-Italian agreement of the 16th April, 1938, need not be recapitulated here, since the texts themselves are readily accessible.[2] It need only be observed in this place that the agreement covered the whole field of contact between particular Italian and particular British 'interests' (in the old-fashioned narrow range of that term, in which its reference was confined to matters of sovereignty and influence over territory, of trade and water-rights, of the raising and stationing of armed forces, and of bilateral relations of *bon voisinage*—in such matters as, for instance, frontier control and propaganda—to the exclusion of the contracting parties' respective interests—which might in truth be the most vital of all their interests—in securing that the general state of the world should be stable or unstable, as the case might be).[3] The larger part of the Anglo-Italian agreement of the 16th April, 1938, consisted of an agreed schedule of particular British and Italian 'interests' wherever these touched one another; and this gazetteer was embodied in eight annexes to a covering protocol. This protocol provided that its annexes should 'take effect on such date as the two Governments' should 'together determine; 'and this question of date was further elucidated in the second and most important of these Anglo-Italian exchanges of notes which, together with an Anglo-Italian *bon voisinage* agreement and a tripartite correspondence between representatives of Italy, Great Britain and Egypt, completed the collection of documents of which the agreement con-

wait a little longer—and I do not think it will be very much longer—before our agreement with Italy is concluded and published, and then, if you are not of my opinion, if you do not believe that it is not the Prime Minister who has been fooled, but the Socialists and Liberals who have been fooled themselves, I will be prepared to eat my hat.' [1] See further pp. 144–5 and 147–8, below.

[2] They were published as the parliamentary paper *Cmd.* 5726.

[3] See the *Survey for 1935*, vol. ii, pp. 42–7.

sisted. This particular pair of notes dealt with two countries—Spain and Abyssinia—which were neither of them legally part of either the British or the Italian Empire, though on the 16th April, 1938, when these British and Italian notes regarding them were exchanged, they were both of them under a partial Italian military occupation. The Italian note, which came first and referred solely to Spain, ran as follows:

> Your Excellency will remember that, in the course of our recent conversations, I gave Your Excellency certain assurances regarding the policy of the Italian Government in connexion with Spain. I now wish to reaffirm those assurances and to place them on record.
>
> First, the Italian Government have the honour to confirm their full adherence to the United Kingdom formula for the proportional evacuation of the foreign volunteers from Spain, and pledge themselves to give practical and real application to such an evacuation at the moment and on the conditions which shall be determined by the Non-Intervention Committee on the basis of the above-mentioned formula.
>
> I desire, secondly, to reaffirm that if this evacuation has not been completed at the moment of the termination of the Spanish civil war, all remaining Italian volunteers will forthwith leave Spanish territory and all Italian war material will simultaneously be withdrawn.
>
> I wish, thirdly, to repeat my previous assurance that the Italian Government have no territorial or political aims, and seek no privileged economic position, in or with regard to either Metropolitan Spain, the Balearic Islands, any of the Spanish possessions overseas, or the Spanish zone of Morocco, and that they have no intention whatever of keeping any armed forces in any of the said territories.

This Italian undertaking was followed by a British response in the following terms:

> In reply to Your Excellency's Note of to-day's date, I have the honour to take note of the reaffirmation contained therein of the assurances which Your Excellency has already given me, during the course of our recent conversations, regarding the policy of the Italian Government in connexion with Spain. His Majesty's Government in the United Kingdom, to whom I shall not fail to transmit this communication, will, I feel sure, be gratified at its contents. In this connexion I hardly need to remind Your Excellency that His Majesty's Government regard a settlement of the Spanish question as a prerequisite of the entry into force of the agreement between our two Governments.
>
> I have further the honour to inform Your Excellency that His Majesty's Government, being desirous that such obstacles as may at present be held to impede the freedom of member states as regards recognition of Italian sovereignty over Ethiopia should be removed, intend to take steps at the forthcoming meeting of the Council of the League of Nations for the purpose of clarifying the situation of member states in this regard.

It will be seen that, while Mr. Chamberlain and the other members

of the British Cabinet had rejected Mr. Eden's view that some positive Italian act in the shape of a withdrawal of Italian troops from Spain ought to precede the opening of Anglo-Italian negotiations, they were nevertheless sufficiently good 'Edenites' themselves to insist that the agreement in which the negotiations had now resulted must remain in suspense until 'a settlement of the Spanish question' had been reached.

Pending this future implementation of the agreement, the ceremony of signature at Rome on the 16th April was immediately followed by an exchange of mutually congratulatory telegrams between MM. Chamberlain and Mussolini. The popular reception of the agreement naturally differed widely in the five countries directly concerned. For the Abyssinians the now imminent prospect of a British recognition of the extinction of their independence was a further blow; the Spanish Republicans found no comfort in an Italian undertaking eventually to evacuate Spain, considering the absence of any guarantee that the undertaking would come into effect before the Spanish Republic had been overthrown by Italian arms;[1] the Spanish Nationalists kept their own counsel; the Egyptian Prime Minister had to defend himself against suggestions, on the part of a Wafdist Opposition, that he had weakly allowed Egyptian interests to be traded between Great Britain and Italy over Egypt's head; in Great Britain, even in those circles in which Mr. Chamberlain's policy was approved, the news of the agreement was received without elation, though in a debate on the subject on the 2nd May a Labour amendment to a Government motion of approval was defeated, as a matter of course, by 322 votes to 110; in Italy alone the agreement unmistakably aroused a genuine enthusiasm which was both hearty and widespread.

This Italian enthusiasm was generated by a blend of the two mutually antithetic feelings of triumph and relief. The British Government's intimation of an intention to recognize, albeit on

[1] Rather more than six months later, on the 3rd November, 1938, in the House of Commons at Westminster, Lord Halifax publicly confessed that 'it had never been true, and it was not true to-day, that the Anglo-Italian agreement in fact had the lever value that some thought to make Italy desist from supporting General Franco. Signor Mussolini had always made it plain, from the time of the first conversations between His Majesty's Government and the Italian Government, that for reasons known to us all, whether we approved them or not, he was not prepared to see General Franco defeated. He had always made it plain, on the other hand, that he would assist, as he had been assisting, the work of the Non-Intervention Committee, and it was not Signor Mussolini's fault that greater progress had not been made by that committee in bringing its plan into operation.' For this speech see further pp. 161–2, below.

conditions, the sovereignty of Italy over Abyssinia seemed to set the seal on Italy's diplomatic victory over Great Britain in the struggle of the years 1935–6; and this final surrender on the part of a Power which the Italians had been accustomed to regard as being very greatly superior to their own country in strength naturally ministered to Italian self-confidence and self-esteem. By the same token, the agreement with Great Britain relieved Italian minds of a load of anxiety, if Mr. Chamberlain was divining the truth when he mentioned[1] that Italian observers of British rearmament had previously been inclined to interpret this as a preparation for a British war of *revanche* against Italy for the purpose of wiping out the humiliation of having sustained a first-class diplomatic reverse at the hands of a Power of inferior status. There was a further reason why Italians should welcome an Anglo-Italian *détente* still more warmly in the month in which the agreement was signed than in the month in which the preliminary negotiations had been initiated. During the interval, Italy, without having been consulted and without having been in a position to say nay, had acquired a common frontier with Germany on the Brenner;[2] and, although her new continental neighbour was her partner in the Rome–Berlin Axis, she could not view with equanimity the shift, to Italian disadvantage, of the Italo-German balance of power as a result of the transformation of Austria from an Italian protectorate into a German province. She therefore could not but be pleased to see her own hands strengthened by an improvement in her relations with one of her two principal maritime neighbours in the Mediterranean.

### (*c*) The Anglo-French Conversations of the 28th–29th April, 1938, in London

Considering the closeness of the bonds between Great Britain and France since the German military reoccupation of the Rhineland on the 7th March, 1936,[3] and *a fortiori* since the establishment of the Berlin–Rome Axis in the October of that year,[4] and also considering that it was one of the habitual devices of Signor Mussolini's diplomacy to mete out a differential treatment to the two West European Powers, the signature of an Anglo-Italian agreement on the 16th April, 1938, gave occasion for an Anglo-French exchange of views, and this duly took place in London, on the 28th–29th April, between

[1] In his speech in the House of Commons at Westminster on the 21st February, 1938.
[2] See section (ii) (*b*), below.
[3] See the *Survey for 1936*, pp. 252 *seqq.*
[4] See *op. cit.*, pp. 581-3.

Mr. Chamberlain and Lord Halifax of the one part and MM. Daladier and Bonnet of the other.[1] According to the official *communiqué* published after the conclusion of the talks on the evening of the latter day, the French and British Ministers reviewed the terms of the agreement in which the Anglo-Italian conversations at Rome had resulted—the French Ministers welcoming the Anglo-Italian agreement as a 'contribution to European appeasement', while the British Ministers expressed a hope that the Franco-Italian conversations that had opened on the 22nd April[2] would lead to an equally happy result. Both pairs of Ministers joined in expressing the further hope that the expected 'appeasement' in the Mediterranean would contribute to the entry into force of the resolution of the 4th November, 1937, for the withdrawal of foreign participants in the war in Spain,[3] and would facilitate the conclusion of agreements for the withdrawal of war material. They also discussed the situations in Central Europe and in the Far East, as well as the question of the recognition of Italian sovereignty over Abyssinia, which had been placed, at the instance of the British Government,[4] on the agenda of the forthcoming meeting of the Council of the League of Nations. The two Governments further decided to continue, as might be necessary, those contacts between their General Staffs that had been established under the arrangement reached in London on the 19th March, 1936[5]—though, on this point, the British Government lost no time in informing the German and Italian Governments that these additional Anglo-French staff talks would be purely defensive and would not signify any change of policy.

### (*d*) The Question of the *de jure* Recognition of Italian Sovereignty over Abyssinia, and the Action taken on this Point at the Meeting of the Council of the League of Nations on the 9th–14th May, 1938

The question of according or withholding *de jure* recognition of Italian sovereignty over Abyssinia was already a subject of contention, as was pointed out in the British Government's note of the 9th April, 1938, to the Secretary-General of the League of Nations,[6] by the time when, in this note, Great Britain requested that the subject

[1] In the interval, on the 23rd April, the British Secretary of State for War, Mr. Hore-Belisha, had had a meeting with Monsieur Daladier in Paris on his way home from Rome to London.

[2] See p. 154, below.

[3] The *Survey for 1937*, vol. ii, pp. 370–6.

[4] See p. 140, above, and pp. 147–8, below.

[5] See the *Survey for 1936*, pp. 291 and 293.

[6] See pp. 147–8, below.

should be placed on the agenda of the forthcoming meeting of the Council. The Italian Government made no secret of the fact that they set store by such recognition, as confirming their title to a territory which they had seized by force, and that in this matter they were grateful for prompt action, and resentful of a negative attitude, on the part of other states. In this situation the desired recognition had been readily accorded by Italy's actual or virtual allies, and by her or their protégés and satellites, that is by Germany, 24th October, 1936,[1] Albania, 5th November, 1936, Austria and Hungary, 12th November, 1936,[2] Japan, 28th July, 1937, Yaman, 4th September, 1937, 'Manchukuo', 27th April, 1938, and, as a matter of course, by the Spanish Nationalists. The lesser states not included in this list were torn between conflicting considerations. On the one hand, they shrank from condoning an international crime by according it a juridical recognition which might later be taken as a precedent in the event of Abyssinia's fate being inflicted upon other weak states. On the other hand, they suffered discomfort—in a world in which the unprovoked and criminal destruction of a weak state's independence by force of arms had been proved, by the example of Abyssinia's fate, to be a possibility that must be reckoned with *de facto*—in continuing to give offence to a Great Power which had shown itself to be so violent-handed and so vindictive-minded as Italy. This latter consideration carried particular weight in those West European states which, before and during the General War of 1914–18, had successfully pursued a policy of neutrality, and which, after having subsequently made the, for them almost revolutionary, change of participating in an experiment in collective security in the shape of the League of Nations, had been moved, by the deeply discouraging experience of the years 1935–6, to revert to their traditional policy,[3] on the chance that they might still be able to evade, for their own part, the incidence of a general international catastrophe which they now almost despaired of averting by the maintenance of any rational and humane system of international order based on common consent and co-operation.

In this state of mind the Government of the Netherlands had taken, before the close of the calendar year 1937, the initiative[4] in consulting the other parties to the Oslo Convention (that is, Belgium,

[1] See the *Survey for 1936*, p. 581. [2] See *op. cit.*, p. 442.

[3] For this tendency among the West European ex-neutrals see the *Survey for 1935*, vol. ii, pp. 472–3; *1936*, Part III, section (i) (*j*) and section (v); *1937*, vol. i, Part IV, section (ii).

[4] According to a statement by Mr. Eden in the House of Commons at Westminster on the 9th February, 1938, the Dutch Government took this

Denmark, Finland, Luxembourg, Norway and Sweden) on the question of the regularization of their respective diplomatic relations with Italy. In reply to an inquiry from the Emperor Haile Selassié, the Queen of Holland stated[1] that her country had to take account of the Italian occupation of the territory of Ethiopia, in despite of the measures taken by the League of Nations, in which the Netherlands had participated, and that the Dutch Government had entered into the consultations in question on account of the importance, for the Netherlands, of the maintenance of diplomatic relations with Italy. At Rome on the 5th January, 1938, the *Informazione Diplomatica* published a note making a friendly reference to the Dutch move; declaring that the Italian Government had had no hand in it; and announcing that *de jure* recognition had already been accorded by Switzerland and Jugoslavia (as well as by the eight friends or dependants of Italy mentioned above); that Poland had declared that she considered the question closed; that Chile, Panamá, Guatemala, Ecuador, Eire and Nicaragua had already accredited diplomatic representatives to King Victor Emmanuel as 'King of Italy and Emperor of Ethiopia'; and that *de facto* recognition had already been accorded by Great Britain, France, Belgium, Greece, Bulgaria, Rumania, Czechoslovakia, Turkey, Īrān, Peru and Haiti. At the same place on the same day it was announced that the Italian Minister in Bucarest had been informed by the new Rumanian Prime Minister, Monsieur Goga, that a new Rumanian Minister was shortly to be accredited at Rome to 'the King of Italy and Emperor of Ethiopia'. On the other hand, at Washington on the 11th, it was announced that the negotiations for an American-Italian commercial treaty had been brought to a standstill by an Italian insistence, which had met with an American refusal, that King Victor Emmanuel should figure in this instrument under the contentious double title.

In the Parliament at The Hague on the 11th January, the Dutch Foreign Minister, under fire of questions from the Opposition, said that his Government were willing to recognize the undeniable fact of the conquest of Abyssinia by Italy, but that the recognition of a fact did not mean moral approval of the action that had led to the existence of that fact. In the Parliament at Stockholm on the 18th, the Swedish Foreign Minister said that

> The League of Nations is evidently incapable of effective intervention when the interests of the Great Powers are really at stake. Sweden took

step without previously consulting, or being consulted by, either the British or the French Government.

[1] Text of telegram in *Le Temps*, 3rd January, 1938.

part in sanctions, and since then Swedish-Italian relations have remained irregular. This Government believes that such a position should be settled as a common concern by those countries which find themselves similarly placed.

It was necessary, Monsieur Sandler added, to resist the tendency to transform the League into an alliance of states in opposition to non-member states. At Rome, on the 19th, the Latvian Foreign Minister, Monsieur Munters, drank King Victor Emmanuel's health under the double title. On the other hand, the Finnish Government informed the Dutch Government, before the end of that month, that they had decided to continue to withhold recognition, on account of the lack of any general agreement on the subject.

In the House of Commons at Westminster on the 14th February, Mr. Eden, in answer to a question, reaffirmed a non-committal statement which he had made in the same place on the 5th May, 1937. At Brussels, on the 28th, the resumption of normal diplomatic relations between Belgium and Italy was foreshadowed in a public speech by the Belgian Prime Minister, for fear 'that, if Europe were to be threatened with a conflict, Belgium would be represented in Rome without sufficient authority to make her voice heard'. On the 11th March the Belgian Government decided to fill the vacancy in their Embassy at Rome, and on the 30th they accredited a new Ambassador to King Victor Emmanuel under the double title. Meanwhile, at Rome on the 8th, the Polish Foreign Minister, Colonel Beck, had drunk King Victor Emmanuel's health in the same formula, while at Bucarest on the same day a new Rumanian Minister had been accredited to Rome on the same terms. At Rome on the 4th April Count Ciano was informed by the Turkish and Greek Ambassadors that the recognition of the double title was accorded by their respective Governments in conformity with a decision taken by the Permanent Council of the Balkan Entente during its meeting at Angora on the 25th–27th February. This was the situation at the moment of the despatch of a British communication on the subject to the Secretary-General of the League of Nations on the 9th April, in view of the by then imminent conclusion of an Anglo-Italian agreement.[1]

The British Government's own position at this time was that, since December 1936, they had recognized the Italian Government as the Government *de facto* of those parts of Abyssinia which they controlled.[2] In the note of the 9th April, 1938, they referred to 'the

[1] See pp. 139–42, above.

[2] Statement by Mr. Butler in the House of Commons at Westminster on the 17th March, 1938, in answer to a parliamentary question.

anomalous situation arising from the fact that many states members of the League, including no less than five of the states represented on the Council'—i.e. Belgium, Ecuador, Latvia, Poland and Rumania—had recognized that the Italian Government exercised sovereignty over Ethiopia, or had taken action implying such recognition, whereas other states members of the League had not done so. On the ground that 'this situation should be clarified', the British Government now asked for the inclusion, in the agenda for the forthcoming session of the Council, of the question of the 'consequences arising out of the existing situation in Ethiopia'.

On the 11th April, which was the date on which the text of this British note was made public in Geneva, the Abyssinian Legation in London issued the following statement:

> If, as it appears from the interpretations which certain quarters seem to give to the letter addressed by the British Government to the Secretary-General of the League of Nations, it is the intention of the British Government to request the League Council to release States from their undertaking not to recognize the Italian annexation of Ethiopia, His Majesty the Emperor will adopt every means in his power to oppose such a decision—a decision which appears so unlikely when one considers the fundamental principles of the Covenant and other international treaties, and of the resolution of the Assembly of the 4th July, 1936, by which members pledged themselves not to recognise any change of territory acquired by force.

On the 12th April it was reported from Paris that the British Government had asked the French Government whether they would support the British initiative at Geneva, and that one of Monsieur Bonnet's first acts as Foreign Minister would be to reply to this inquiry in the affirmative. In the House of Commons at Westminster on the 13th, in answer to a question from Mr. Attlee as to whether the Prime Minister

> would give an undertaking that the Government would act in conformity with resolutions passed by the Assembly on the 11th March, 1932, and the 24th February, 1933, relating to the non-recognition of conquests effected in violation of the League Covenant,

Mr. Chamberlain said:

> His Majesty's Government have in no way changed their view of the importance of the principles enunciated in the Assembly resolutions to which the right hon. gentleman refers, but in their application to any case His Majesty's Government must be entitled to take into account the attitude of other members of the League and the facts of the international situation.

On the 19th April, recognition of the King of Italy as Emperor of Ethiopia was accorded by Czechoslovakia.

On the 21st April the Emperor Haile Selassié informed the Secretary-General of the League that (in virtue of the Covenant, Art. 4, par. 5) he proposed to be represented at the forthcoming meeting of the Council. Monsieur Avenol acknowledged receipt of this telegram from 'His Majesty the Emperor Haile Selassié' in a letter addressed to 'the Minister of Foreign Affairs of Ethiopia', and he communicated the text of the telegram to states members. Thereupon he paid a flying visit to London to discuss the Council's procedure with British officials. Between that date and the opening of the Council's session at Geneva on the 9th May, recognition was accorded by Lithuania and Brazil, and at Rome on the 27th April new Ministers representing Rumania and 'Manchukuo' presented their credentials to King Victor Emmanuel under the double title. On the other hand a report, published in Rome on the 29th April, that recognition had been accorded by Finland was denied in Helsingfors on the same day. The general position on the eve of the decisive sitting of the League Council at Geneva on the 12th May was surveyed as follows on the 11th in a written answer to a question asked in the House of Commons at Westminster:

> It is not possible to give complete lists . . . but according to the information at present in possession of His Majesty's Government the following members of the League Council have accredited Ambassadors or Ministers to His Majesty the King of Italy, Emperor of Ethiopia, namely: Rumania, Belgium, Ecuador. The following members of the League Council have taken action which involved the recognition of Italian sovereignty over Ethiopia: Poland and Latvia. The following members of the League Council have recognized the Italian conquest of Ethiopia *de facto*: the United Kingdom, France.
>
> As regards the second part of the question, the following other members of the League have accredited Ambassadors or Ministers to His Majesty the King of Italy, Emperor of Ethiopia: Albania, Czechoslovakia, Eire, Finland, Greece, Guatemala, Lithuania, Nicaragua, Panama, Turkey, Yugoslavia, Chile, Peru, Netherlands. The following members of the League have expressly recognized Italian sovereignty over Ethiopia: Hungary, Switzerland.

On the 29th April, at Geneva, the Abyssinian Government presented to the League Secretariat a cheque for 10,000 Swiss francs as a token payment for Abyssinia's annual contribution for the year 1935.

At Geneva on the 9th May the Council opened its proceedings with a private meeting, at which the Abyssinian delegation was represented, to settle the agenda, followed by a secret meeting, at which the Abyssinian delegation was not represented, to settle procedure. At the secret meeting there appears to have been a stormy debate

between the champions of Abyssinia, led by the Russian delegate and including the representatives of New Zealand, China and Bolivia, at the one extreme, and the friends of Italy represented by Poland, at the other. The Polish delegate apparently desired that Abyssinia should be refused a hearing; the Russian delegate desired that the Council should abide by the League's established principle of refusing to recognize the results of acts of violence committed in contravention of the Covenant; the British delegate desired that Abyssinia should be heard, but that states members should be granted a free hand to decide the question of recognition for themselves individually. Finally it was agreed, in consonance with the British desire, that the Abyssinian delegation should be heard but that the Council should adopt a procedure which would avoid the taking of any vote. Next morning it was reported from London that the Emperor Haile Selassié, together with Dr. Martin, the Abyssinian Minister at the Court of St. James's, had started for Geneva, and from Rome that Italy's sovereignty over Ethiopia had been recognized by Estonia. The Emperor arrived on the 11th, and on the 12th he was invited to take his seat at the Council table when Lord Halifax rose to speak.

The aim of the British Secretary of State on this occasion was to obtain from the Council, by their assent, an admission that the past steps taken by the League and by its states members in regard to the Italo-Abyssinian conflict did not 'constitute any binding obligation upon member states to withhold recognition until a unanimous decision' had 'been taken', and that 'the question of the recognition of Italy's position in Ethiopia' should be considered by the members of the Council as being 'one for each member of the League to decide for itself in the light of its own situation and its own obligations'. There was no suggestion of constraining any state member either to withhold recognition or to accord it. The action of the British Government themselves would 'be dependent on the progress made in the solution of another large and difficult question' (i.e. the withdrawal of Italian armed forces from Spain). The British delegate did not 'propose that any organ of the League should modify the resolutions and decisions which it' had taken 'in the earlier stages of the dispute'; nor did he ask that the Council or any state member of the League should condone Italy's action. As far as his own Government were concerned, he expressly declared that they in no way condoned or approved the method by which the Italian position in Ethiopia had been obtained, and that they did not abandon in any respect the principles of the League or the Covenant. At the same time he laid down the postulate that the greatest of the ends which the

League existed to serve was peace, and, on the assumption that the course which he was advocating would serve the cause of peace least ill, he pleaded that this course involved no decisions on questions of principle. Before, however, he had put forward this last plea in his peroration, Lord Halifax had frankly admitted, that, in the issue now before the Council, he and his colleagues were on the horns of a moral dilemma.

> Those who seek to establish a better world upon the basis of universal acknowledgement of League principles are clearly right to feel reluctance to countenance action, however desirable on other grounds, by which they may appear to be infringed. But when, as here, two ideals are in conflict—on the one hand the ideal of devotion, unflinching but unpractical, to some high purpose; on the other, the ideal of a practical victory for peace—I cannot doubt that the stronger claim is that of peace. . . . Great as is the League of Nations, the ends that it exists to serve are greater than itself, and the greatest of those ends is peace. We look out to-day over a world troubled and disturbed; and we realize as never before how vital it is to bend all the energy we possess to protect the world from a return of the dread scourge of war.[1]

To this British move the Emperor Haile Selassié replied in a speech, read on his behalf by the principal Abyssinian delegate, Monsieur Taezaz:

> The Abyssinian people, to whom all assistance was refused, are climbing alone their path to Calvary. . . . Many Powers threatened with aggression and feeling their weakness have abandoned Abyssinia. They have dreaded the cry of panic and rout. Everyone for himself, in the vain hope of currying favour with the aggressor. . . . Millions of men and women throughout the world are to-day anxiously following the deliberations of the League of Nations. They know that this is the tragic hour in which the destiny of the League is being decided. . . . Nothing less is at stake than action taken with a view to favouring general appeasement through the sacrifice of a nation, and this sacrifice is made dependent on the satisfactory settlement—satisfactory so far as England and France are concerned—of the Spanish question. I would ask that this suggestion be set on one side. Is it not absolutely incompatible with the spirit of the Covenant to sacrifice a State Member of the League in order to ensure the tranquillity of other Powers? Abyssinia protests against any subtleties or procedure the object of which would be to evade the rules of competence, which are clearly written in the Covenant. Nothing can be more repugnant and more hypocritical than the strangling of a nation by procedure. Will the League of Nations agree to such a thing? . . . I ask the League of Nations to refuse to make any effort that may be asked of it with a view to encouraging the Italian aggressor by sacrificing his victim to him.

[1] Compare the similar passages in Lord Halifax's speech in the House of Lords at Westminster on the 18th May, 1938.

Though the Emperor's statement of his country's case could not be impugned and could hardly be reinforced, the debate was continued by the representatives of France, Russia, Rumania, Poland, Sweden, Belgium, Peru, China, New Zealand, Ecuador, Bolivia and Īrān—Russia, China, New Zealand and Bolivia supporting Abyssinia while the remainder supported Great Britain. The outstanding speech was made by Monsieur Litvinov, who took issue with Lord Halifax on his fundamental contention that peace would be best served by the course which Great Britain was proposing. The debate was closed by the Latvian delegate, Monsieur Munters, who, after announcing, on his own country's behalf, that she took the British view, went on, in his capacity as chairman of the Council, to observe that 'no formal decision had been asked for', and to express his opinion that, on the showing of the debate, 'a great majority of the members of the Council considered that it lay with the divers members of the League to decide on their attitude individually in the light of their own situation and obligations'. 'The Emperor rose in silence and turned to walk from the chamber without a backward glance.'[1]

The avoidance of a formal decision at Geneva on the 12th May, 1938, did not diminish the effect of the hundred and first session of the Council. Its general implications were pointed by the action of Switzerland, who did not let the Council disperse without extracting from it an admission of her right to revert to her pre-League status of neutrality. In regard to the particular question of Abyssinia the effect was seen in the recognition of Italian sovereignty by Finland (who had so far withheld recognition)[2] on the 13th May, by Peru on the 16th, by Uruguay on the 19th, by Norway on the 21st, by Denmark and Iceland on the 24th, and by Bulgaria on the 31st. On the 6th June a new Polish Ambassador in Rome presented his credentials to King Victor Emmanuel under the double title. Thereafter, recognition was accorded by Portugal on the 20th July, and by Afghanistan on the 16th September. On the other hand, in Washington, before the meeting of the League Council at Geneva, Mr. Cordell Hull had announced on the 12th May that the United States would continue to withhold her recognition of any change of status, as a result of conquest, in either Abyssinia or Manchuria.

### (*e*) The Franco-Italian Negotiations in April and May

In the fourth decade of the twentieth century there was a long and inconclusive debate in the domain of international affairs over the

[1] *The Times*, 13th May, 1938. [2] See p. 149, above.

question whether Signor Mussolini was or was not sincere in his intermittent displays of friendliness towards the two West European Powers. Some light was perhaps thrown on this problem by the observation that the Italian Government at this time rarely made themselves agreeable to both France and Great Britain simultaneously. Indeed, whenever they succeeded in lulling either one of those two Powers into a temporary state of belief in Italian goodwill and consequent complaisance in regard to Italian behaviour towards third parties, the Italian Government seldom missed the opportunity of riding rough-shod over the sister Western Power so long as she thus found herself partially deprived of the support which she might expect to receive from her partner in the Anglo-French entente. Thus Signor Mussolini ably took advantage of the wave of Italophil feeling in France that had followed the conclusion of the Mussolini–Laval agreement of the 7th January, 1935,[1] in order to attack and conquer Abyssinia in bold defiance of a Britain whose inclination to uphold the Covenant of the League was discouraged by the unwillingness of France more than it was fortified by the readiness of most other states members of the League to follow the British lead in this crisis.[2] Thereafter, as soon as Addis Ababa had been occupied by the Italian invaders and the economic sanctions against Italy suspended by all the states that had imposed them,[3] Signor Mussolini quickly dropped the show of friendliness towards France which he had found it prudent to maintain so long as he had been in need of a French spoke in the Genevan wheel; and, in the next chapter of the story after that, he had no sooner secured the Anglo-Italian agreement of the 16th April, 1938,[4] than he once again applied his former tactics of differential treatment, while this time inverting the rôles for which the two West European victims of his policy were respectively cast. Counting now upon the unwillingness of Mr. Chamberlain to jeopardize the Anglo-Italian settlement, Signor Mussolini swiftly turned the forbidding face of his Janus-head towards France, and met French attempts to place Franco-Italian relations upon a 'Chamberlainian' footing with a series of Italian rebuffs which culminated, after the international crisis of 1938, in a repudiation of the agreement which the Italian dictator in person had made with Monsieur Laval, only four years back, as a definitive and comprehensive settlement of all questions outstanding between the two parties.

This fresh bout of bad relations between Italy and France had its

[1] The *Survey for 1935*, vol. i, pp. 117–18.
[2] See the *Survey for 1935*, vol. ii, *passim*.
[3] *Op. cit.*, pp. 326, 487, 507–9, 512.
[4] See pp. 140–3, above.

origins as far back as May 1936, when a revulsion of feeling in France against Italy had been evoked by the Italian Government's decree of the 9th of that month, proclaiming the annexation of Abyssinia to the Italian Empire.[1] Upon the superannuation of the French Ambassador to the Quirinal, Monsieur de Chambrun, on the 31st October, 1936, the Italian Government demanded that the letters of credence of the retiring Ambassador's successor should be made out to King Victor Emmanuel under the title of 'Emperor of Ethiopia' as well as 'King of Italy'; the French Government refused to comply; and in consequence the vacated post remained unfilled. Throughout the year 1937 Franco-Italian relations, like Anglo-Italian relations, hovered on the border-line between a bare correctness and a perceptible acerbity. On the 30th October, 1937, the Italian Ambassador in Paris was recalled on leave, and thereafter either Power was represented only by a *chargé d'affaires* in the other Power's capital. January 1938 found the French Government retaliating in kind against the exclusion of French newspapers from Italy, and the Italian Press launching a campaign for the transfer of Corsica from the French to the Italian flag on the ground that the island was an unredeemed portion of Italy's national patrimony. The crash, in Sardinia, of a French military aeroplane *en voyage* from France to Tunisia on the 25th March, 1938, was the subject of unpleasant insinuations in the Italian Press. In this rather unpropitious atmosphere the French Government set themselves, nevertheless, under the stimulus of the signature of an Anglo-Italian agreement on the 16th April, to raise the latterly repressed level of Franco-Italian relations to a 'Chamberlainian' altitude of apparent amity.

On the 16th April itself the French *chargé d'affaires* at Rome, Monsieur Blondel, conveyed to Count Ciano a suggestion from the French Government for the opening of Franco-Italian conversations on the Anglo-Italian pattern; and when, on the 19th, the Italian Foreign Minister signified his Government's assent, it was confidently assumed in France that an agreement would quickly follow. Upon the arrival of precise instructions for Monsieur Blondel from Paris, the conversations duly began in Rome on the 22nd. The next meeting between the two negotiators had to be deferred till Count Ciano should have returned from a visit to Albania, and on the 25th April, when he left Rome for Tirana, Monsieur Blondel left for Paris to report. In a public statement made upon his arrival there on the 26th, the French negotiator declared himself to be an optimist in regard to the prospects of the diplomatic transaction on which he was

[1] The *Survey for 1935*, vol. ii, pp. 469–71.

now engaged. On the other hand, by the 28th the Italian Press was writing in a pessimistic tone on the ground that French policy over the war in Spain was hardly compatible with the achievement of an Italo-French understanding. On that day Monsieur Blondel had arrived back in Rome with fresh instructions, and on the 30th he was again received by Count Ciano, who had returned in the meantime from the other side of the Adriatic. At that point, however, the Franco-Italian negotiations hung fire; and, as the days and weeks wore on without any sign of further progress, it became increasingly apparent that the obstacles were not on the French but on the Italian side.

The first public avowal that the negotiations were not going well was made, in startlingly pugnacious language, by Signor Mussolini himself in a speech at Genoa on the 15th May:

> You will allow me to be circumspect concerning conversations with France, because they are still proceeding. I do not know whether we shall reach an agreement because, in a matter of extreme actuality, that is the war in Spain, we are on opposite sides of the barricades. They desire the victory of Barcelona. On the other hand, we desire and have the will for Franco's victory.

In the same speech the Head of the Italian State gave some faint praise to Great Britain for having at last got the better of her former 'incomprehension' and 'ignorance' of Italy, while he once again extolled the Rome–Berlin Axis, castigated the sanctions of the years 1935–6,[1] scouted the suggestion that the pre-sanctions Stresa Front might be restored,[2] and warned the democracies that, if they were to launch an 'ideological' war of aggression, the 'totalitarian' Powers would stand together. The unofficial interpretation, in Italy, of the Duce's speech was that it signified his intention to demand more from France now than he had been content with when he made his agreement with Monsieur Laval in the early days of 1935.

In France this verbal broadside was received with surprise, resentment and discomfort. In particular it was feared in Paris that Signor Mussolini might be seeking—perhaps, first and foremost, in point of policy over Spain—to drive a wedge between France and Great Britain. An agitation against 'the continuance of French intervention' in Spain was now started in the Italian Press; and in an English newspaper it was suggested that the British Government were to be asked by the Italian Government to press the French Government to desist from any French action that might be hindering

[1] See the *Survey for 1935*, vol. ii, sections (vi), (ix), (x), pp. 212–29, 271–359.
[2] See the *Survey for 1935*, vol. i, Part I, section (vi) (*e*).

General Franco from securing a definitive victory. The French Government's decision, taken on the 17th May, to increase the strength of the non-European troops in the French Army by 60,000 men gave another occasion for the Italians to take offence. Nothing came of a further meeting between Count Ciano and Monsieur Blondel on the latter date; and the situation showed no perceptible improvement after a meeting on the 18th between Count Ciano and Lord Perth at which the deterioration in Italo-French relations was rumoured to have been one of the subjects of discussion. On the 18th at Westminster Mr. Butler gave evasive answers to requests, addressed to him in the House of Commons, for assurances that the British Government would not throw their weight into the anti-French scale in a Franco-Italian conflict of wills over the Spanish question.

In Paris on the 19th May the French Prime Minister, in a public statement, reproved scaremongers who had been talking of hostile mobilizations and ultimatums. It now transpired that, in the preliminary Franco-Italian exchanges of views before the opening of the negotiations, the French Government had proposed to include the Spanish question on the agenda and the Italian Government had rejected this proposal on the ground that the war in Spain was already virtually at an end. Thereafter, it seems, the French authorities had relaxed their control of the frontier between France and Republican Spain, and the consequent increase in the inflow of war material through French channels had made a perceptible difference, in the Republicans' favour, in the fortunes of the Spanish War.[1]

In a hearing, on the 2nd June, by the Foreign Affairs Commission of the French Chamber in Paris the Foreign Minister, Monsieur Bonnet, reaffirmed the French Government's desire to see the Non-Intervention Committee's resolution of the 4th November, 1937,[2] loyally applied by all parties; at the same time he expressed their hope to see the Franco-Italian negotiations succeed. In a public speech at Milan, however, on the same day, Count Ciano made no reference to the negotiations except to say that Italy was unwilling to conclude 'agreements which conceal ambiguities and mental reservations under ephemeral compromises'. As Signor Gayda remarked in his editorial comment on this passage, 'every one' understood 'to whom this frank intimation' applied 'in the present circumstances'. In the House of Commons at Westminster on the 28th June Mr. Butler stated that 'His Majesty's Government would welcome an improvement in the relations between France and Italy such as might be expected to follow a resumption of the negotiations between the

[1] See pp. 267 *seqq.* and 315, below. [2] The *Survey for 1937*, vol. ii, pp. 370-2.

two countries'. The Italian Government were 'fully aware of' British 'views on this question. At the same time it' would 'be appreciated that this' was 'a matter which' could 'only be settled between the parties concerned'. In an article, published in the Italian Press on the 10th July, which purported to be a despatch sent by the Stefani Agency from Paris, but which bore the marks of official inspiration from Rome, the French Government were accused of having asked the British Government to refrain from implementing the Anglo-Italian agreement of the 16th April until a corresponding Franco-Italian agreement should have been concluded. On the 2nd August Monsieur Blondel again arrived in Paris to report. He was back in Rome on the 5th, and on the 9th he had half an hour's conversation with Count Ciano, in which he was said to have informed him that France had not reopened, and did not intend to reopen, the Pyrenean frontier. No date, however, was fixed for a resumption of the negotiations for a Franco-Italian agreement, and a fresh series of violently anti-French articles in the *Giornale d'Italia* from the pen of Signor Gayda, for example on the 16th and on the 22nd August, was a bad augury on the Italian side.

In the meantime, Franco-Italian relations were further exacerbated by a series of frontier incidents of a type familiar in the Balkan Peninsula before the war of 1914–18, and in Europe at large thereafter, as a symptom of animosity between neighbours. On the 5th July, for example, a young French medical student who had inadvertently set foot on Italian territory was attacked with rifle-fire by Italian frontier-guards and was seriously wounded, after he had recrossed the frontier to the French side, by a shot which was believed to have been fired by an Italian assailant who, at the moment of firing, was likewise on the French side of the line. On the 5th August the Italian authorities imposed restrictive formalities upon Italians seeking to visit France; on the 13th of the same month the French authorities retorted in kind; and, as a consequence, the circulation of tourist traffic between Italy and France was reduced, for the time, almost to vanishing-point. At the end of August some fifty families of French nationality, belonging to the commune of Isola in the Department of the Alpes Maritimes, were abruptly expelled by the Italian military authorities from their properties in the Valley of Chastillon—a strip of country which was on the Var side of the Var–Po watershed, but on the Italian side of the Franco-Italian frontier—in violation of a Franco-Italian convention, signed at Turin on the 7th March, 1861, which had guaranteed (Art. 3) to the communes and individuals which had come under

French sovereignty as a result of the cession of the County of Nice to France by the House of Savoy the perpetual possession of their property and other rights in this parcel of territory which, in defiance of both physical and administrative geography, had been expressly left, by the courtesy of the Emperor of the French, under the sovereignty of the King of Sardinia in order not to interfere with King Victor Emmanuel's pastime of hunting the chamois.

### (*f*) The Completion of the Anglo-Italian Agreement of the 16th April, 1938

While Italian diplomacy in the summer of 1938 was obstructing the negotiation of an Italo-French settlement on the Italo-British pattern, it was at the same time pressing for a completion, without previous Italian fulfilment of the Spanish condition laid down on the British side,[1] of the Italo-British agreement that had been signed on the 16th April, 1938.

In the House of Commons at Westminster on the 26th May, in a written answer to the question 'whether it was intended that the Anglo-Italian agreement should come into force in the event of Italian troops and material having remained in Spain until the date when a settlement in Spain was arrived at', Mr. Chamberlain stated that 'His Majesty's Government consider a settlement of the Spanish question to be a prerequisite for the coming into force of the agreement, but as' had 'been made clear, His Majesty's Government' had 'never expected or demanded of the Italian Government that they should effect a unilateral withdrawal'. The ceremony on the 16th April still availed on the 2nd June to draw from Count Ciano, in his speech of that date at Milan,[2] commendations of the statesmanship of Mr. Chamberlain and Lord Halifax. After this overture, however, Count Ciano, on the 4th June, personally addressed to Lord Perth, for forwarding to Downing Street, a request for the completion of the Italo-British agreement at an early date; and while this official request was, for the time, kept secret, it was publicly urged in the *Stampa* of the 10th June that the agreement should be brought into force immediately, on the ground that it had been 'observed in the spirit and the letter'. The subsequent official discussions of the Italian request were conducted to the accompaniment of an Italian press campaign on a rising note of insistence.

The Italian request was first considered by the Cabinet in Downing Street, was next discussed in London between Lord Halifax and

[1] See pp. 141–2, above. [2] See p. 156, above.

Count Grandi, and was then taken up again in Rome, on the 19th June, between Count Ciano and Lord Perth. In the House of Commons at Westminster on the 20th, questions on the subject were parried by Mr. Butler. On the 22nd, however, Mr. Chamberlain stated in the same House that 'in the course of the exchange of views which' had 'from time to time taken place between the two Governments, the Italian Government' had 'made plain their desire, in which the British Government fully participated, that the agreement should be brought into force at the earliest possible moment consistent with the fulfilment of the prerequisite conditions'. On the 2nd July at Rome—after an intervening meeting on the 28th June at which the subject of discussion was the bombing of British ships in Spanish ports by aircraft in General Franco's service[1]—the question of completing the agreement was again discussed between Lord Perth and Count Ciano. On the 4th July, Signor Mussolini, mounted on a threshing-machine in the reclaimed lands of the Ager Pomptinus, made his contribution to the discussions by declaring that the Italian people, had the harvest failed, would never have stooped to beg their bread from 'the demo-plutocracies'. On the 6th, in the House of Commons at Westminster, Mr. Chamberlain reaffirmed his statement of the 22nd June, but this time with more emphasis on the point that the British Government could not give full effect to the agreement until they could regard the Spanish question as settled. In London on the 9th July, in a leading article in *The Times*, the Italian case for an early completion was pronounced to be 'a strong one' because 'at the time of the signature in Rome both parties were under the impression that "a settlement in Spain" was imminent, and would be brought about by a victory of General Franco, aided by his Italian and German auxiliaries'. In the House of Commons on the 11th Mr. Chamberlain eluded an attempt to force him into either an endorsement or a denial of this assertion, as well as an attempt to extract from him a definition of 'a settlement in Spain'. On the same day in Rome there was another discussion on the subject between Count Ciano and Lord Perth. On the 13th (and again on the 27th) Mr. Chamberlain declined to give an assurance that the agreement would not be completed while Parliament was in recess. On the 17th July Signor Gayda castigated Great Britain, together with France and the United States, for rearming. In the House of Commons on the 20th Mr. Chamberlain answered in the negative the question whether, either formally or informally, the Italian Government had given the British Government to understand that the only

[1] See p. 377, below.

settlement to which they would agree would be one contingent on a Nationalist victory. In the House of Lords on the 27th July Lord Halifax, within a framework of intimations of friendliness towards Italy, expressed regret that 'the prerequisite governing the entry of' the 'agreement into force still' remained 'unfulfilled', and that 'the signature of the Anglo-Italian agreement' had 'not resulted in an improvement in Franco-Italian relations'. Both the Foreign Secretary's and the Prime Minister's pronouncements were commended—with an admixture of admonitions—by Signor Gayda on the 28th. Nevertheless, the Ciano–Perth conversations at Rome failed to bring about the completion of the Italo-British agreement—presumably because at this time the British Government were still interpreting 'a settlement in Spain' as involving some withdrawal of Italian troops (either a non-unilateral withdrawal on a ratio with withdrawals on the other side, or alternatively a unilateral Italian withdrawal of a mere token figure), while the Italian Government were unwilling, in view of their unconcealed determination to make General Franco win, to purchase a completion of the Anglo-Italian agreement at the price of any withdrawal at all in this phase of the Spanish War.

In these circumstances the agreement remained in suspense during the onset, acme and subsidence of the international crisis of September 1938. It was not till the 4th October that the question was taken up again at Rome by Lord Perth and Count Ciano, and this time, in contrast to the course of their conversation of the 4th June, it was the British and not the Italian statesman who took the initiative—though this British move was ventured on the strength of a statement, made to Mr. Chamberlain by Signor Mussolini at Munich,[1] of the Italian dictator's intention to withdraw from Spain about 10,000 Italian infantrymen. On the 8th October Signor Mussolini's private communication to Mr. Chamberlain was confirmed by a public announcement at Salamanca that General Franco was preparing for the immediate repatriation of Italian soldiers who had been in Spain for more than eighteen consecutive months.[2] This gesture may have been evoked by the Spanish Republican Government's decision, announced on the 21st September,[3] to repatriate all foreign troops serving in their forces. On the 13th the first detachments of Italian troops were reported to have reached Cádiz for embarkation, and at Rome on the same day there was another meeting between

[1] Mr. Chamberlain in the House of Commons at Westminster on the 2nd November, 1938.
[2] See p. 333, below.
[3] See p. 330, below.

Count Ciano and Lord Perth. At a Cabinet meeting in Downing Street on the 26th October the British Government seem to have come to a decision to interpret the Italian withdrawal, such as it was, as 'a settlement in Spain' and to inform the Italian Government that they now looked forward to seeing the agreement duly completed by about the middle of November. This decision was conveyed by Lord Perth to Count Ciano on the 27th, and in a speech delivered at Rome on the 28th, which was the anniversary of the Fascist 'March on Rome' in 1922, Signor Mussolini said that 'the break in the clouds on the political horizon' showed 'signs of extending; it' was 'becoming bigger and more promising'.

On the 2nd November Mr. Chamberlain introduced, in the House of Commons at Westminster, a motion in favour of the Government's intention to bring the agreement of the 16th April into force. In his speech on this occasion the Prime Minister recited three assurances that he had now received from Signor Mussolini: first that the remaining Italian forces of all categories would be withdrawn as soon as the British plan came into operation; second that no further Italian troops would be sent to Spain; and third that there was no intention of sending additional aircraft to compensate for the withdrawal of infantry. He scouted the idea 'that Germany and Italy' had 'a design of somehow permanently establishing themselves in Spain, and that Spain itself would presently be setting up a Fascist state'; recalled that, in September, General Franco had made a declaration of neutrality; and concluded that in his own mind he felt clear that the Spanish question was no longer a menace to the peace of Europe, and that therefore there was no longer any valid reason why the Anglo-Italian agreement should not be completed by a British recognition of Italian sovereignty over Abyssinia. He recalled that the French Government had already decided to take the corresponding step,[1] and that, of all the states of Europe, Great Britain and the U.S.S.R. were now alone, in one another's company, in according Italy in Abyssinia nothing more than a recognition *de facto*. In spite of a telling recapitulation by Mr. Eden of what Italy had been doing in Spain since the date of the one-time Foreign Secretary's resignation, the Prime Minister's motion was carried by 345 votes to 138. On the 3rd November in the House of Lords Lord Halifax made a speech complementary to Mr. Chamberlain's—with an incidental admission that Signor Mussolini had made it plain to the British Government, from the time of the first conversations with a view to the conclusion of an Anglo-Italian agreement, that 'he was not

[1] See p. 163, below.

prepared to see General Franco defeated'.[1] At Rome on the 4th November, on the anniversary of the Battle of Vittorio Veneto, Signor Mussolini declared that in the political sky of Europe the strip of blue was showing a tendency to widen, but that it would be unwise to give way to any exaggerated and premature optimism.

Thereafter, at Rome on the 16th November, 1938, at 11.0 a.m. Lord Perth handed to Count Ciano new letters of credence made out to 'the King of Italy and Emperor of Ethiopia'; and at 5.0 p.m. the necessary documents for bringing into force the Anglo-Italian agreement of the foregoing 16th April were signed by Count Ciano, Lord Perth and the Egyptian *chargé d'affaires*. In celebration of this event, Signor Mussolini and Mr. Chamberlain exchanged telegrams of mutual congratulation, and in London on the 28th it was announced that Mr. Chamberlain and Lord Halifax were to visit Rome in January 1939. The immediate sequel, however, to these fresh British acts of appeasement in favour of Italy was a fresh and unprecedentedly violent Italian outburst against France; and the association between the two ideas in Italian minds was revealed in a suggestion, which was aired on the 22nd November in the Italian Press, that British pressure might be brought to bear in Paris for a reduction of the Suez Canal tolls. The startling demonstrations in the Italian Chamber on the 30th November[2] drew from Mr. Henderson, in the House of Commons at Westminster on the 5th December, the question whether 'in view of the reluctance of the Italian Government to restore friendly relations with the French Government and the propaganda at present being carried on in Italy for the cession of Tunisia, Nice, and other French territory to Italy, the Prime Minister would assure the House that the Anglo-Italian agreement in no way affected' British 'obligations to France; and that he would not carry out his proposed visit to Rome unless such propaganda ceased'. Mr. Chamberlain replied that 'nothing in the Anglo-Italian agreement of the 16th April' affected 'in any way Great Britain's obligations to France, and that while Tunis, Corsica, and Nice' had not been 'specifically mentioned in the negotiations prior to the agreement, they' were 'covered by Annex i of the agreement, which dealt with the maintenance of the *status quo* in the Mediterranean'. He added that 'in view of the demonstrations in the Italian Chamber, His Majesty's Ambassador in Rome' had been 'instructed to represent to the Italian Minister for Foreign Affairs on the 3rd December that incidents of this kind, unless steps were taken to correct the

[1] This passage from Lord Halifax's speech of the 3rd November, 1938, has been quoted above.

[2] See pp. 16-45, below.

impression created, must have a most detrimental effect on the prospect of collaboration between the four Munich Powers. From Count Ciano's reply it was clear', he continued, 'that the Italian Government did not associate themselves with the demonstration and had no intention of departing from the undertakings that they had already given to the British Government.' On this showing, the Prime Minister declared that he saw no reason to alter his arrangements for his forthcoming visit to Rome.

### (*g*) The French Recognition of Italian Sovereignty over Abyssinia and the new Instalment of Italian Claims against France (October 1938–January 1939)

After the subsidence of the international crisis of September 1938 the French as well as the British Government seem to have felt that the next step to be taken on the path of 'appeasement'—which the two West European Powers were at this time treading side by side—was to seek some improvement in their relations with Italy at the price of offering certain further concessions to the junior partner in the Rome–Berlin Axis. On the 4th October, 1938, which was the day on which, at Rome, Lord Perth approached Count Ciano[1] with a view to an early completion of the Anglo-Italian agreement of the foregoing 16th April, Monsieur Bonnet, at Paris, informed the Italian *chargé d'affaires*, for communication to Rome, that the French Government had now decided, as a token of their appreciation of the part played during the crisis by Signor Mussolini, to accredit a new Ambassador to the Quirinal, and, by implication, to make out his letters of credence to King Victor Emmanuel under the double title of 'King of Italy and Emperor of Ethiopia' under which alone Signor Mussolini was now willing to allow his sovereign to be formally addressed by the President of the French Republic. These simultaneous overtures from London and Paris met in Rome with a characteristically differential reception. The British overture, which had been virtually solicited from Mr. Chamberlain by Signor Mussolini at Munich, was cordially welcomed on the Italian side and was duly followed by the completion of the Anglo-Italian agreement of the 16th April on the 16th November.[2] On the other hand the French overture was greeted in the Italian Press in tones that were studiously ungracious. The heading of Signor Gayda's article on the subject in the *Giornale d'Italia* of the 5th October was 'No Hurry', while an

[1] See p. 160, above.

[2] See p. 162, above.

anonymous article in the likewise semi-official *Relazioni Internazionali* declared that France must not now expect to be able to revive the agreement of the 7th January, 1935, and enumerated Tunisia, the Suez Canal tolls, Jibuti, a French recognition of General Franco's belligerent rights, and a complete cessation of French assistance to Republican Spain among the points that, in any new Italo-French agreement, would have to be settled to Italy's satisfaction.

Thus a bed of thorns had been expeditiously prepared in Rome for the new French Ambassador before his appointment; and to occupy this unenviable but important position the French Government chose, on the 12th October, Monsieur François-Poncet, who had presumably been well broken in by his service as French Ambassador in Berlin from the 22nd September, 1931, to the 18th October, 1938. The Italian Government's acceptance of this choice was notified on the 17th October. On the 4th November the French Government, for their part, notified their acceptance of Signor Guariglia as the new Italian Ambassador in Paris. Monsieur François-Poncet duly arrived in Rome on the 7th November, and Signor Guariglia in Paris on the 21st; and at Rome the French Ambassador was received on the 9th November by Count Ciano and on the 29th by Signor Mussolini himself. Monsieur François-Poncet's Ambassadorship was inaugurated auspiciously by the signature at Rome on the 7th, which was the day of his arrival, of a Franco-Italian commercial agreement which had been hanging fire since the beginning of the year, and by the announcement in the same city on the same date that the current Italian restrictions on Italian tourist traffic[1] to France were to be relaxed. French hopes of an improvement in Franco-Italian relations were, however, dispelled by a startling scene—of which the French Ambassador was an eye-witness—in the Italian Chamber on the 30th November.

The occasion was provided by a speech from Count Ciano which began with a review of the history of the September crisis and went on to welcome, in the completion of the Italo-British agreement, the restoration of 'the traditional friendship' between the two parties. These passages of the Foreign Minister's speech, like those that had preceded them, were vigorously applauded by the deputies; but, when the orator came to speak of 'the circumspection which' was 'indispensable in view of the intention to safeguard with inflexible firmness the interests and the natural aspirations of the Italian people', his voice was drowned by a shout of 'Tunisia! Tunisia!' from the mouth of a former Secretary-General of the Fascist Party,

[1] See *Le Temps*, 14th August, 1938.

Signor Farinacci; the cry was taken up by the Secretary-General of the day, Signor Starace, with the addition of 'Corsica!'; and in a moment the whole Chamber was ringing with the words 'Tunisia! Corsica! Nice! Savoy! Jibuti!' Count Ciano broke off his speech, and the deputies streamed out into the streets and marched, shouting and singing, to the Palazzo Venezia, where Signor Mussolini acknowledged their serenade by appearing on a balcony. This salvo from the deputies was the signal for a drum-fire of anti-French irredentist propaganda in the Italian press. 'The Italian nation', wrote Signor Gayda in the *Giornale d'Italia* of the 3rd December, 'is indissolubly united with its Government and is ready, to-day, for anything. It is ready to march—if necessary also against France.'

It may be taken for granted that the ostensibly spontaneous outcries in the Fascist Chamber on the 30th November, 1938, had been as unambiguously ordered by authority, and as carefully stage-managed, as those more euphonious chants with which the Senate of Ancient Rome had been wont to acclaim the Emperor in the days of the Lower Empire. But it may still be asked why Signor Mussolini chose this moment for thus publicly presenting—under a veil of spontaneity that was provocatively transparent—a set of demands upon France which manifestly had no prospect of being realized except through a victory of the Triangle Powers in a general war. Did Signor Mussolini imagine for a time, on the morrow of the meeting at Munich, that France was now impotent to resist him; that her failure to save her ally Czechoslovakia from dismemberment implied the breakdown of the whole of the French system of alliances on the Continent; that the general strike which had been announced for, and duly took place on, the 30th November was the beginning of the dissolution of France's domestic social fabric; and that Mr. Chamberlain would be ready to carry on, at the expense of France, a British policy of 'appeasement' to which Abyssinia, China, the Spanish Republic and Czechoslovakia had already been sacrificed? Or did he look forward to sapping the morale of the French people by a skilfully planned series of propaganda operations rather than to taking France by storm in an immediate military onslaught? And, whatever his strategy, was he acting this time in collusion with Germany, or was he springing a surprise on Berlin, as well as on Paris and London? If Tunisia, Corsica, Nice, Savoy, Suez and Jibuti were, in Signor Mussolini's mind, the counterparts of his German confederate's Austria, Sudetenland, Danzig, Memel and Tanganyika, did he expect that Herr Hitler would help Italy to secure these pickings as a recompense for Italian help to Germany in

the achievement of Nazi ambitions already accomplished or still to be realized? Or was Signor Mussolini seeking to force an unwilling German hand by broadcasting his own claims? It is less easy to divine the considerations and calculations in the Italian dictator's mind than to record the actual sequel.

In France, where the national morale was now on the rise, the Italian challenge was taken up promptly and firmly. Monsieur Bonnet sent for the Italian Ambassador, to convey to him the French Government's displeasure, on the 1st December, and on the 2nd a strong French protest was delivered by Monsieur François-Poncet to Count Ciano. The Italian Foreign Minister's reply was that he would not assume responsibility for the demonstrations in the Chamber and that these must not be taken as expressing the policy of the Italian Government. By the 3rd December the Italian Press was asserting, once again, that the Italo-French agreement of the 7th January, 1935, was no longer to be regarded as being in existence. On that day in Rome Lord Perth called twice on Count Ciano: the first time to fix the dates for Mr. Chamberlain's and Lord Halifax's visit;[1] the second time to remind him of the mutual undertaking, in the Anglo-Italian agreement of the 16th April, to leave undisturbed the *status quo* in the Mediterranean. On the 5th December the French Prime Minister issued a statement acknowledging, and conveying his thanks for, the receipt of thousands of telegrams from Corsica and Tunisia,[2] declaring attachment to France.

> The Prime Minister, who will incidentally be visiting Corsica and Tunisia during the January holidays, finds in these spontaneous declarations the best answer that could possibly be given to demonstrations which have already called forth the necessary protest from the French Government, and with which the Italian Government declare they had nothing to do. It is hardly necessary to add that such demonstrations would come up against the resolute determination of Frenchmen to ensure by every means absolute respect of all the territory over which the national flag is flown.

After the 5th December the Italian Press campaign ceased, for the time being, as suddenly as it had begun, but the agitation was kept up in the form of demonstrations by Italian students, and these were answered by their French confreres in a semi-jocose vein. On the 5th, and again on the 9th, the demonstration of the 30th November and its sequel were subjects of discussion at meetings in Rome between Count Ciano and the German Ambassador, Herr von Mac-

[1] See p. 176, below.

[2] The telegrams from Tunisia had been sent not only by French residents there but also by native Tunisians (see pp. 170-1, below).

kensen. Meanwhile, the thesis that the Franco-Italian agreement of the 7th January, 1935, was now null and void was expounded by Dr. Gayda in an article in the *Giornale d'Italia* of the 9th December under the heading 'All to be done over again'; and an article in the next issue of *Relazioni Internazionali* openly laid claim to Tunisia and Jibuti, besides demanding a reduction in the Suez Canal tolls.

At this delicate moment a flutter was produced by some words of Mr. Chamberlain's. In the House of Commons at Westminster on the 12th December, in answer to the question

> whether any treaty, pact, or agreed understanding existed which, in the event of Italy embarking on warlike operations against France or her possessions, would specifically require Great Britain to render military aid to France,

the Prime Minister stated that

> no such specific requirement exists in any treaty or pact with France.

While the answer was literally correct as far as it went, it was widely interpreted as implying something more than it said, considering that it was uttered at a time when an officially controlled Italian Chamber and Italian Press were vociferously advertising Italian claims against France, were threatening France with war if these claims were not met to Italy's satisfaction, and were insinuating that in this matter the British Government were likely to dissociate themselves from France and to give their countenance to Italy. Whether Mr. Chamberlain had failed to realize that his answer, as it stood, would inevitably be interpreted in the light of this context, or whether, while not unaware of this, he felt that it must be his first concern to make sure of saying nothing that might compromise the prospects of his forthcoming visit to Rome, was less easy for the historian to determine than it was for him to observe and record that Mr. Chamberlain's words were received with dismay in France and with jubilation in Italy. Thereupon, in a speech at a dinner of the Foreign Press Association in London on the 13th December, the Prime Minister made a further reference to Anglo-French relations which was generally taken as being intended to supplement the statement of the 12th.

> Our relations with France [said Mr. Chamberlain on this occasion] are so close as to pass beyond mere legal obligations, since they are founded on identity of interest.

On the 13th, at Paris, in the interval between Mr. Chamberlain's two statements in London, the British Ambassador, Sir Eric Phipps, had an interview on the subject with the French Foreign Minister.

On the 14th Monsieur Bonnet, addressing the Foreign Affairs Committee of the French Chamber, declared that the diplomatic and military solidarity between France and Great Britain was closer now than it had ever been before; that his predecessor Monsieur Delbos's promise to Great Britain of immediate and unlimited French armed support in the event of an unprovoked aggression against Great Britain still stood;[1] that France would never agree to ceding an inch of territory to Italy; and that any attempts to realize such a claim could only lead to an armed conflict. On the same day, in the House of Commons at Westminster, in answer to a parliamentary question, Mr. Chamberlain stated that, in the view of the British Government, the undertaking to respect the *status quo* in the Mediterranean, as embodied in the Anglo-Italian agreement, certainly applied to Tunis. Nevertheless at Rome on the 15th the *Tribuna* published a message from its London correspondent suggesting that, after all, the British Prime Minister might be expected to press France to make concessions to Italy in Tunisia; that the forthcoming visit of British Ministers to Rome was to be a test of the vitality of the Munich spirit; and that Great Britain was ready to say 'yes' to Italy's further aspirations at the expense of France if by that means she could acquire the certainty that Italy's friendship for Great Britain would be of long duration. On the 17th December *Relazioni Internazionali* published an anonymous article declaring that 'the aspirations of the Italian people' would 'inevitably be realized: in peace, if the Italian intentions won acceptance from the other side; by war, if France should so decide'.

On the 17th December, likewise, the Italian Government informed the French Government, through the French Ambassador in Rome, that, in the Italian Government's opinion, the Italo-French agreement of the 7th January, 1935, was now null and void, and that it was consequently incumbent on the French Government, in virtue of Article 13 of the London Treaty of the 26th April, 1915,[2] between Italy and the three Principal Allied Powers of the day, to submit fresh proposals for an agreement in satisfaction of Italian claims under that article. This move on the part of the Italian Government was not mentioned by Monsieur Bonnet in a speech, delivered in the French Chamber on the 19th, in which he repeated that any attempt to achieve Italian ambitions at the expense of French territory could only lead to an armed conflict, and that the words 'French territory'

[1] For this declaration, made by Monsieur Delbos in the Chamber at Paris on the 4th December, 1936, see the *Survey for 1936*, pp. 369–70.

[2] *Cmd.* 671.

must be taken in this context as including Tunisia, the French possessions on the Somali Coast in their entirety, Corsica, Nice and Savoy. It was not till the 22nd December that the Italian Government's communication of the 17th was divulged in Paris (a delay for which Monsieur Bonnet was sharply criticized, on the 29th December, from all quarters of the French Chamber). At Rome on the 24th December it was announced that copies of the Italian communication of the 17th to the French Government had been sent to the German and British Governments.

The Italian arguments for treating the agreement of the 7th January, 1935, as being null and void were that ratifications had never been exchanged, that consequently neither the transfers of territory nor the change in the status of Italian residents in Tunisia, provided for in the agreement, had been put into effect; that the only transaction, deriving from the agreement, which had yet been carried out was the relatively trivial business of the transfer of 2,500 shares in the French-owned Jibuti–Addis Ababa Railway from French to Italian hands; and that after the conclusion of the agreement France had promptly broken an alleged understanding between Signor Mussolini and Monsieur Laval (an unwritten but none the less integral part of the agreement according to the Italian contention) by which France was to give Italy a free hand against Abyssinia,[1] inasmuch as France (even though with reluctance) had associated herself with her fellow states members of the League in convicting Italy of the crime of aggression and in imposing sanctions. On the French side it was argued that the delay in the ratification of the agreement of 1935 did not render the agreement void; it was maintained that France had entered into the agreement *bona fide* and had never wavered in her intention of loyally carrying out its terms for her part; and it was recalled that, on the 18th December, 1936, that is, at a date when the conflict between Italy and her fellow states members of the League of Nations was already a past chapter of history, Signor Mussolini had declared in a public speech that, as far as Africa was concerned, Italy's account had now been settled down to the last centesimo.[2] The French Government's official reply to the Italian note of the 17th December was delivered by Monsieur François-Poncet in Rome on the 26th. It was said to contest the Italian thesis that the agreement of the 7th January, 1935, was null and void, while accepting, as a matter of fact, the reversion of Franco-Italian relations to the *status quo ante* that date. In London on the

[1] The *Survey for 1935*, vol. ii, pp. 29, 138, 192.
[2] The *Survey for 1936*, p. 11.

29th December the French *chargé d'affaires* conveyed to the British Government—in anticipation of the forthcoming visit of British Ministers to Rome—the French Government's desire to settle with Italy direct, and without any British mediation, any questions that might arise out of Italian claims on France.

While the demonstration in the Italian Chamber on the 30th November, 1938, had produced these diplomatic repercussions in Paris, London and Rome, its effects had been still more convulsive in those French departments, colonies and protectorates which had now been named on Italian lips as objects of Italian irredentist aspirations. The Italian claim on Corsica stung the islanders—whose last political encounter with Italy had been the fighting of their war of independence against the Italian city-state of Genoa in the eighteenth century—into making it unmistakably clear that in A.D. 1938 a local Italian mother-tongue did not make its Corsican speakers any less French in national feeling than the German-speaking Alsatians or the Welsh-speaking Bretons. As for the Italian claim on Tunisia, this had the effect of lining up the native Maghribis with the French settlers in North-West Africa (who were patriotic Frenchmen to a man, though a majority of them were of non-French European origin)[1] on a common anti-Italian front.

At Bastia, in Corsica, on the 1st December, the receipt of the news of the demonstration in Rome on the preceding day was immediately followed by a counter-demonstration against the local Italian consulate; and the crowd, shouting 'Vive la France!' and singing the *Marseillaise*, was with difficulty kept in hand by the police. The Corsicans settled in Tunisia seem also to have been the first inhabitants of that country to take the field in the anti-Italian counter-offensive there. In the cities of Tunis and Bizerta they played a prominent part in anti-Italian riots on the 4th December in which other French colonists, as well as native Tunisians, were also implicated. On the same day pro-French demonstrations were made by Muslims and Jews at Susa; the Muslim and Jewish members of the Grand Council of Tunisia assured the French Resident-General of their devotion to France; and in Corsica there was a demonstration against the Italian consulate at Ajaccio and a patriotic meeting in nearly every town in the island. The 5th December saw the publication of the statement, quoted above,[2] in which Monsieur Daladier thanked the Corsicans, the French settlers in Tunisia and the Tunisians themselves for the messages which they had sent him; announced that he was proposing to visit Corsica and Tunisia in

[1] The *Survey for 1937*, vol. i, pp. 492-3.

[2] See p. 166, above.

January; and concluded by praying the peoples of Corsica and Tunisia 'to refrain from demonstrations of any kind, which' could 'only damage the dignity and nobility of their patriotism'. Local feelings, however, were less easily calmed by French official appeals than they had been excited by Italian propaganda. At Tunis, on the 7th December, the Italian Consulate-General was serenaded by a hostile crowd of French and Tunisian railway-workers which was as uniform in feeling as it was diverse in nationality; and on the same day the Tunisian Arabic journal *Al-Nahdah* pointed out that if Tunisia were to pass under Italian domination it stood to suffer the fate that had already overtaken the adjoining countries of Tripolitania and Benghazi. On the 8th there was a counter-parade, in Tunis, of Italian residents. On the 9th, reinforcements of *gardes mobiles* arrived in Tunisia from Algeria to help in maintaining order. In Corsica on the same day a crowd stoned the Italian Consulate at Bastia. In Tunisia on the 10th there was a demonstration against the Italian consulate at Susa. On the 11th, at Paris and at Marseilles, there were anti-Italian demonstrations by the Corsican residents in those two cities, and in Tunisia on the same day the Muslim ex-servicemen sent addresses, declaring their attachment to France, to the French Resident-General and to Monsieur Daladier. On the 18th December, at Jibuti, a demonstration of loyalty to France was made by Somali and Arab inhabitants of French Somaliland with banners bearing such inscriptions as 'We do not want to suffer the fate of Abyssinia'. Debatable territory on the ill-defined border-line between the French colony and Abyssinia was at this time under occupation by Italian troops. On the 27th it was announced that the French armed forces in Somaliland were to be reinforced by the despatch of a destroyer, a sloop and a battalion of Senegalese infantry. The troops duly embarked at Marseilles for Jibuti on the last day of the calendar year.

These undoubtedly spontaneous demonstrations in the several French departments, colonies and protectorates to which Italy was laying claim were of good augury for the success of the French Prime Minister's projected tour in Corsica and Tunisia; but Monsieur Daladier's highest expectations were probably exceeded in the warmth of the welcome which he actually received. Travelling in the cruiser *Foch*, he arrived at Corsica on the 2nd January and landed first at Ajaccio and then at Bastia. Peasants from the countryside crowded into the towns for the occasion. The Corsicans' welcome was summed up by M. Campinchi, the Minister of Marine, who accompanied M. Daladier as far as Bastia and who was himself a

Corsican. There were no words, he said, to describe the joy of his compatriots, who were so wildly enthusiastic that he feared for the Prime Minister's safety and had to protect him from the crowds. Corsica's loyalty to France was everywhere spontaneously expressed: a great Tricolour flag hung across the Place Foch at Ajaccio inscribed 'Vive la Corse française'; at the war memorial at Bastia there was a demonstration in which the crowd vowed 'to live and die French', a sentiment which found a place in the local speeches of welcome, although Corsica's ardent desire for peace was also expressed. M. de Rocca-Serra, a Corsican deputy, president of the Conseil Général, said at Ajaccio that 'the strong wind of patriotism had dispersed the mists of political differences and local dissensions which hung over the island', uniting all parties in their faith in the future of France. The Mayor of Bastia stressed the voluntary nature of the union with France: 'France answers to all our aspirations, we are made for her as she is made for us.' This theme was taken up by M. Daladier, who also urged the Corsicans to retain their local traditions and customs, for regional characteristics 'reinforce the unity of France'; the sea was less a barrier between Corsica and France than the mountains which separated some departments on the mainland. Both at Ajaccio and at Bastia M. Daladier reviewed troops. He was accompanied on the whole of his journey by General George, Chief of the General Staff, Vice-Admiral Darlan, Chief of the Naval Staff, and General Vuillemin, Chief of the Air Staff; and it was authoritatively suggested that he was making a journey of inspection in his capacity of Minister of Defence.[1] He frequently referred, as in Ajaccio, to France's peaceable intentions as well as to her strength and capacity to protect her subjects and Empire. 'France', he said, 'has no need to be aggressive, to threaten. She lives first and foremost in hearts and minds. She has no need to raise her voice. France has need to be strong.' In Italy, *La Tribuna* of the 2nd January called M. Daladier's tour a 'provocation'; *Il Telegrafo* of the 4th January spoke of Corsica as a danger to Italy so long as it was equipped as an air base to attack her. For the rest the Press remarked on the poverty of Corsica, on the Italian names of M. Daladier's hosts, and on a report in part of the English press of an allegedly menacing gesture made by M. Daladier with a dagger which had been presented to him.

M. Daladier landed in Tunisia, at Bizerta, on the morning of the 3rd January. He spent three days in Tunisia, during which time he inspected the coastal defences at Bizerta; was formally received by the Bey; attended a military review and a banquet in his honour at

[1] *The Manchester Guardian*, 2nd January, 1939.

Tunis; travelled overnight to Gabès where he arrived on the 4th January, proceeding to inspect the Mareth line and to review 15,000 troops assembled at Ain-Tounine, and returning to Gabès in the evening to a further reception from enthusiastic crowds; on the 5th he travelled north again, stopping *en route* at Sfax, El Djem and Susa, to Bizerta, where he embarked the same evening. He was formally received in each town by the civil and military authorities, both Maghribī and French, and speeches were exchanged.[1] Everywhere the people, Maghribī, French and European, including it was said many Italians, gave him a great welcome. Police cordons were broken and there were cries of 'Vive la France', 'Daladier, Daladier' (his speech at Sfax was inaudible through them) and the singing of the *Marseillaise* and of verses from the Beylical hymn. French settlers and native cultivators lined the railway route south and waved to him as the train passed. M. Daladier was surprised and moved to find in Mareth and in Ben-Gardane, thirty kilometres from the Libyan frontier, as warm a welcome as in Tunis, and to hear the children of the Southern tribes sing the *Marseillaise* as he passed. At Tunis it was noticed that the house of Dr. Materi, former President of the Neo-Dustūr, boasted a Tricolour. Outside the Bey's Palace, as M. Daladier left, a party of native Maghribīs appeared carrying a banner inscribed 'Vive la Destour', and some arrests were made; another party of young Nationalists met him in Tunis crying 'A bas les abus' but disclaiming hostility to France, and a further demonstration took place in Tunis the same evening, when there were demands for a Tunisian Parliament and for the release of Bourguiba, the leader of the Neo-Dustūr who had been in prison since the disturbances of 1937.[2] On the other hand, members of the Neo-Dustūr were said to have been prominent in the welcome to M. Daladier in Susa, one of the towns where martial law had been declared in the previous year. The greeting of the crowd was repeated in the Arab press, and in speeches made by Maghribī officials during the tour. The Bey spoke of their gratitude for the material and moral benefits which France had brought to Tunis, and of the 'spirit of collaboration which had always inspired French and Tunisians'. One of the Caids at Ain-Tounine spoke of the 'communion d'idées' which they shared with the French Government, while a member of the Tunisian section of the Grand Conseil said at El Djem that Tunis was naturally French. M. Chenik, Vice-President of the Tunisian section of the Grand Conseil, in a telegram to M. Daladier after his departure

[1] The most important are reported in the Supplement to *L'Afrique Française*, January 1939.

[2] See the *Survey for 1937*, vol. i, p. 539.

said that they had freely linked their destiny with that of France, 'strong, generous and peaceful'. The willingness of Tunis to fight for France if need arose was several times expressed. M. Daladier was most impressed by the pledges given him by the Chiefs of the Southern tribes who came voluntarily to meet him.[1] A Shaykh at El Djem was reported to have said, 'Daladier, not Mussolini, is our protector.'

As in Corsica, M. Daladier spoke again in Tunis of the geographical, political and human diversity of the territories of North Africa. Against this he set their material and moral unity and their common loyalty to the French ideal of fraternity and liberty. 'France', he concluded, 'will never allow your effort to be turned from its goal of creating, on this African soil, a human community like the French community inspired by that universal ideal which alone can free men from slavery because it rests "sur la collaboration de toutes les valeurs spirituelles".' Collaboration was M. Daladier's persistent *motif* and it was, as has been noted, reciprocated by Tunisian speakers. He was proud, he told the people of Sfax, that they had understood this ideal; it was also to point the way for the future. M. Daladier was careful to make no specific reference to controversial topics. At Sfax he repeated what he had said at Bastia; if they wished for peace outside their frontiers they must first have peace within them, so that they might win the respect of all countries. At Tunis he spoke of the African Army, 'an incomparable school of friendship among French and Muslims'. He expressed his satisfaction with the defences (which the tour had given the population of Tunisia as well as M. Daladier an opportunity of seeing) and pointed to the security, necessary for peaceful development, which France could offer. The events in Tunisia took place, as M. Daladier said in a telegram to M. Labonne, before 'a watchful world audience', and his welcome was *ipso facto* significant. M. Daladier had chosen to visit Tunis above all because it was 'the great frontier region' of the French Empire in North Africa. Both the Bey and M. Labonne spoke of his sacrifice in visiting them when European problems were so pressing, but his visit was the measure of the growing importance of North Africa for France in Europe. In a broadcast from Gabès, M. Daladier said it was in North Africa that one saw the true greatness of France, and all Frenchmen shared in her work there. And indeed the tour

[1] *The Manchester Guardian* of the 5th January reported a conversation between one such chief and a French visitor, in which the chief was said to have stated that it was unlikely that Tunisians could be got to fight in France in the event of another war against Germany; but against Italy it would be 'quite a different matter'.

was being followed with approval in all sections of the French Press. In the Italian Press, the military nature of M. Daladier's tour was emphasized and protested against as being no answer to the legitimate claims of the Italians in Tunis;[1] and anti-Italian demonstrations, which continued on a small scale while M. Daladier was in Tunisia, were given great prominence. The Italian Associations in Tunis sent a memorandum to the Italian Consul-General protesting against these attacks, which made collaboration impossible, and asking him to convey their loyalty and devotion to the King and the Duce.[2]

M. Daladier closed his visit by spending the 6th January in Alger. Here he conferred with General Noguès, Resident General of French Morocco, and local military, naval and air commanders, and although the topics of discussion were not revealed they were understood to have included the defence of French North Africa in the light of M. Daladier's inspection. At Alger also there was a military review, and M. Daladier received what was by now his usual welcome. At a luncheon given in his honour the Governor-General and local speakers referred to Algeria's unity with France, to the security that France offered, and to their readiness to make sacrifices on her behalf. The President of the Délégations Financières spoke of the necessity of patriotism if they were to overcome internal quarrels. In his reply M. Daladier thanked them for their welcome, mentioning specially the loyalty of the Kabyles. When French blood was spilt, he said, it was in the cause not of France alone but of her allies, including those who seemed to have forgotten it, and of humanity. He repeated his and M. Bonnet's earlier statements[3] that France would not cede an acre of her Empire nor would he allow himself 'to be restricted by the juridical precepts which some would like to invoke'. France had only one desire, to live at peace with all countries, 'but', he concluded, 'every attack, direct or indirect, whether it has recourse to force or ruse, we shall oppose with determination and an inflexible will'. M. Daladier also said in Alger: 'The union of France and of her Empire is the great event that we celebrate to-day.' The indiscretions of men outside their frontiers had 'revealed France to the French'. M. Daladier had received, as an Italian in Tunis said, 'le plus beau plébiscite que l'on puisse imaginer', and it was generally agreed that his reception in Tunisia was more cordial even than had been expected. Whether Arab feeling, which, according to a despatch

[1] Cf. *Popolo d'Italia*, 5th January; *Giornale d'Italia*, 8th January, 1939.

[2] *Giornale d'Italia*, 6th January, 1939.

[3] See pp. 166–8, above. They were re-echoed by M. François-Poncet in a speech in Rome on the 1st January, and elaborated in a resolution passed by the Comité de l'Afrique Française reported in *Le Temps*, 7th January, 1939.

from Bizerta to *The Times* of the 6th January, had undergone a profound change in favour of France in the past few weeks, would permanently acquiesce in M. Daladier's plan for the future of North Africa remained to be seen. For the moment he had achieved on behalf of France a great success which, as his reception on his return home testified, certainly contributed to the rising morale of the French nation.

### (*h*) The Visit of British Ministers to Rome on the 11th–14th January, 1939

Monsieur Daladier's tour of Corsica and Tunisia from the 1st to the 7th January was followed, on the 11th–14th January, by Mr. Chamberlain's and Lord Halifax's visit to Rome. On the eve of this visit there was a noticeable anxiety in France lest Signor Mussolini might succeed in bending the British Ministers' wills to his purpose of pressing the Italian claims against France (notwithstanding the French Government's foregoing intimation in London that they did not desire any British mediation),[1] as well as to his other purpose of procuring a victory for General Franco in the war in Spain. This French anxiety was partially allayed when, on the evening of the 10th, the British Ministers *en route* for Italy broke their journey in Paris and went into conference there with MM. Bonnet and Daladier. A *communiqué* stating that 'the identity of views of the two Governments' had been 'fully confirmed' was read by the French public in its newspapers before the British travellers reached Rome on the afternoon of the 11th. In anticipation of their arrival at their Italian destination, telegrams protesting against the action of the Italian Air Force in Spain were addressed to Mr. Chamberlain at Rome by captains of British merchant ships at Barcelona and by the National Union of Seamen in London.[2]

The two British statesmen had their first talk with Signor Mussolini and Count Ciano shortly after their arrival in Rome on the 11th, and at a banquet on the same evening complimentary speeches were exchanged between the Head of the Italian State and the British Prime Minister. On the morning of the 12th Lord Halifax again saw Count Ciano, and in the afternoon there was a second meeting *à quatre*. In the Vatican City on the 13th January the two British Ministers were received by the Pope. In Rome during the night of

[1] See p. 170, above.

[2] Texts in *The Manchester Guardian*, 12th January, 1939. See also Part III, section (iv), below.

the 13th–14th a perhaps more than usually colourless *communiqué* on the Anglo-Italian talks of the 11th and 12th was published in terms agreed between the two parties. Before leaving Rome on the 14th Mr. Chamberlain said, in a statement to the Italian Press, that

> The purpose of the visit was not to draw up specific agreements, but to achieve, through personal contact, a more intimate understanding of the respective points of view of the two countries. This purpose was fully achieved.

There does, in fact, appear to have been a frank exchange of views in which Signor Mussolini did not conceal either his determination to make General Franco win the war in Spain or his intention to maintain the Italian claims against France. On both these points the Italian dictator seems to have found the British Prime Minister unexpectedly unaccommodating; but, if he was disappointed, he did not betray his feelings at the time. In the ceremonies and entertainments between which the political conversations were interpolated, the British visitors, as Mr. Chamberlain testified in his parting statement, were given a uniformly cordial reception by the King of Italy, by the official representatives of the Fascist régime, and by the Italian people. It may be guessed that the friendship displayed by King and people came from the heart, but that the corresponding show of cordiality on the part of the dictator and his henchmen was prompted less by genuine feeling than by the hope of reaping a substantial harvest of political profit from an inexpensive outlay of courteous gestures. The meagreness of the crop which was in fact gathered in by Italian diplomacy on this occasion was hinted at in the *Informazione Diplomatica* of the 26th January, 1939.

A private account of the Anglo-Italian talks at Rome on the 11th–12th January was given by Lord Halifax to Monsieur Bonnet at Geneva on the 15th, and a public account by the same British statesman to his own fellow countrymen in a speech at Hull on the 3rd February:

> In spite of our recent sharp differences with Italy, the impressions uppermost in his (Lord Halifax's) mind after the visit were the cordiality with which they were received by Signor Mussolini and the Italian Government; the absolutely spontaneous character of the enthusiasm with which the Prime Minister was greeted by the people wherever he went; and the very definite assurance which they received from Signor Mussolini that the policy of Italy was one of peace. Speaking of the Mediterranean in particular, Signor Mussolini assured them that he was well satisfied with the Anglo-Italian agreement, by which both parties undertook to respect the existing *status quo* in the Mediterranean. He

also emphatically declared that, once the Spanish conflict was over, all Italian military support would be withdrawn, and he would have nothing to ask from Spain by way of territorial concessions. The conflict in Spain had excited anxieties both here and in France as to possible threats to vital interests of both countries, and for that reason they attached the greatest importance to Signor Mussolini's assurances.

While we welcomed the improvement in our own relations with Italy, those between Italy and France had become more difficult. So long as those relations were what they were it was bound to cause concern to ourselves, for whom close contact and co-operation with France, based upon identity of interest, were fundamental to our foreign policy, and who wished also to have relations of cordial confidence with Italy. Therefore, while that state of things continued, it was not possible for international tension to be reduced, as they would wish, in an area where British interests were directly and vitally concerned.

A statement on the subject was also made by Mr. Chamberlain in the House of Commons at Westminster on the 31st January:

Both the Foreign Secretary and myself were equally gratified by the welcome accorded us by Italian officials and touched by the spontaneity with which the Roman populace evinced their enthusiasm, thus demonstrating both their pleasure at the renewal of Anglo-Italian friendship and their approval of our efforts for the maintenance of peace. . . . These conversations were conducted in an atmosphere of complete frankness. It was not expected that either side would accept all the arguments and points of view put forward by the other, but, though we are not able to report that we were in agreement on all points, we did achieve our purpose, since, when the conversations were over, each side had a clearer insight than before regarding the other's standpoint. In no sense whatsoever was there anything in the nature of a formal conference or negotiation. . . . Signor Mussolini first and foremost made it clear that the policy of Italy was one of peace. . . . As regards the Mediterranean, Signor Mussolini expressed satisfaction with the terms of the Anglo-Italian agreement. . . . We made no concealment of our regret that Italy's relations with France should recently have deteriorated. It was clear to us from subsequent discussion that the great barrier between France and Italy was the Spanish question and that until the civil war was over no negotiations between the two countries were likely to be productive. At the same time Signor Mussolini emphasized that when the Spanish conflict was over Italy would have nothing to ask from Spain.

Thus the post-Munich chapter of international history ended, in respect of the relations between the two West European Powers and Italy, in an unmistakable, though unsensational, failure to reconcile Mr. Chamberlain's policy of 'appeasement' with Signor Mussolini's sweeping claims at the expense of Great Britain's now ever closer ally France.

## (ii) The Seizure of Austria by Germany

### (*a*) The Plight of Austria at the Opening of the Year

As a result of the seizure of Austria by Germany in the year 1938 the historic name of Austria was at least temporarily expunged from the political map of Europe, after having stood there for a province since the emergence of Western Christendom out of the Dark Ages, for a state since the fourteenth century, and for a Great Power since the sixteenth century. By a law of the Third German Reich, dated the 19th April, 1939, the territory of the former Federal Republic of Austria, which had been formally annexed to the Reich on the 13th March, 1938, after having lived for twenty years as one of the successor-states of an Austro-Hungarian Dual Monarchy that had burst asunder in 1918, was officially re-named 'Ostmark' instead of 'Austria'; and even those two constituent portions of the now defunct Austrian state which had been known since the Middle Ages as 'Upper Austria' and 'Lower Austria' were at the same time re-named 'Oberdonau' and 'Unterdonau' respectively, in order to remove the last trace of the ostracized name from the official vocabulary of Germany.

The forcible incorporation of a previously sovereign and independent German state into a Prussian-made German Empire was not without precedent; Saxony, Hanover, Kur-Hessen, Nassau and Frankfurt had all suffered this fate in 1866; yet the name of the first four of the five had been left on the map, Saxony entering the North German Confederation and subsequently the Second Reich as a constituent state under her historic name, while the other three names survived as designations of new Prussian provinces that thenceforth took the place of the states previously known by the titles; and if the former city-state of Frankfurt then ceased, in the new map of Prussia, to figure as anything more than a municipality, this was simply for the practical reason that the area seemed too exiguous to constitute a province in itself. The erasure of the name of Austria was thus something without precedent in modern German history. While Hanover, Kur-Hessen and Nassau had still retained their names even after their annexation to Prussia, Austria now forfeited her name although she was not annexed either to Prussia or to any other constituent state of the Reich, but was incorporated into the Reich as one of its constituent Länder, by the same process as Saxony and on the same footing as Bavaria. With the sole and sinister exception of the Reichsland, formed out of ceded French territory, which had been forcibly

attached to the Reich from 1871 to 1918, Austria was thus the only territory incorporated into the Reich or into its predecessor the North German Confederation since 1866 which had so far been deprived of its historic appellation; and this exceptionally repressive treatment of Austria in 1938 might be interpreted as a left-handed compliment. The name of Austria was charged with a higher spiritual potency than that of any other state that had been incorporated into the Prussian-made Reich hitherto—not excluding the state of Prussia itself. The implication was that Austria, if her historic name were allowed, through being left on the map, to keep alive the memory of her past greatness, might prove intractable to the process of being merged in a German Reich that was welded on to a Prussian core. Considering the recalcitrance to Prussianization which had been shown by other German states—for example, Bavaria and Hamburg—which were not fortified by memories of so great a past as Austria's, the fear which now expressed itself in the excision of the *Nomen Austriacum* from the nomenclature of the Reich was probably well founded. It was one of the ironies of history that the deed should have been perpetrated by a dictator of Prussian Germany who was himself a renegade son of the country whose name he was suppressing. It may be inferred that Herr Hitler was aware, from his own emotional experience, of the strength of the hold of the Austrian name upon any child of Austria, even if he happened to be personally in revolt against everything for which Austria had hitherto stood.

The historic mission of Austria as a distinct political entity had been first negative and later positive. After having served as a march to shield Bavaria, Germany and Western Christendom at large against a series of assailants from the south-east—the Avars, the Magyars, the 'Osmanlis—Austria had latterly come to serve as a channel for imparting the highest form of Western Civilization, in a Catholic and German version, to the imperfectly westernized or quite non-western peoples of the Middle and Lower Danube and the Upper Vistula basins. This change of rôle had been typified in the metamorphosis of Vienna from a German frontier fortress into a cosmopolitan imperial capital which anticipated New York in playing the part of a 'melting-pot'. As a Land or Gau of the Third German Reich, Austria could not look forward to playing either of these two familiar and honourable rôles. Notwithstanding the name which Herr Hitler now imposed upon her, she could not revert to her medieval rôle of Germany's bulwark in an age in which the peoples south-east of her were impotent to assail Germany and were living in fear of themselves falling under German domination; nor could Austria resume her

modern task of educating South-Eastern Europe in the Catholic form of Western Civilization now that she herself had been forcibly incorporated into a Third German Reich which had deliberately and vehemently repudiated the heritage of Western Christendom in order to transfer its spiritual allegiance to the archaistic pagan 'ideology' of Herr Rosenberg.[1]

There were, it is true, at least two constituent territories of the post-war Austrian Federal Republic—Styria on the south-east and Upper Austria (Herr Hitler's homeland) on the north-west—in which the National Socialist movement was clearly active, and perhaps even locally in the ascendant, by the time that Austria lost her independence in March 1938. In Austria as a whole, however, the Nazis were at this time still very far from being in a majority; and, besides being thus numerically weak, these Austrian Nazis, as became apparent after the annexation, were not altogether of the same way of thinking and feeling as their Reichsdeutsch comrades. They were largely recruited from elements (e.g. the aristocracy) which in an already National-Socialist Reich were decidedly in opposition to the régime; they were moved less by a positive enthusiasm for Hitler's Germany than by a negative dissatisfaction with Schuschnigg's Austria, and they were themselves not devoid of Austrian national feeling. They looked forward to seeing Austria mated with the Reich as a companion National-Socialist state without forfeiting her historic Austrian statehood. They were, in fact, seeking to secure the benefit of being members of the gigantic German nation without losing the benefit of being heirs of the historic Austrian tradition; and this perhaps characteristically Austrian simultaneous adherence to both of two incompatible ideals made the Austrian Nazis not altogether pliant instruments of Herr Hitler's single-track Pan-German nationalism. While the *Zeitgeist* was fostering the identification of nationality with language and the revision of political frontiers to coincide with linguistic boundaries, the example of the German-speaking Swiss showed that a common mother tongue was not, in itself, decisive evidence for the existence of a common national consciousness.

The weakness of Dr. von Schuschnigg in face of Herr Hitler in 1938 lay not so much in the strength of Herr Hitler's spiritual appeal to his and Dr. von Schuschnigg's Austrian fellow countrymen as in the weakness of the spiritual appeal of Dr. von Schuschnigg's Vaterländische Front and in the extreme disparity in physical force between a, by this time at least partially, re-armed Germany and

[1] See Nathaniel Micklem: *National Socialism and the Roman Catholic Church* (London, 1939, Oxford University Press).

an Austria who could no longer count on any effective help from her former patroness Italy.

The Vaterländische Front was spiritually weak because it stood for the negative aim of perpetuating a post-war political map of Europe for which no Austrian of any party could feel any positive enthusiasm. The post-war German-Austrian state was simply a German rump of a pre-war multi-national Austrian Empire from which all the non-German nationalities had seceded in 1918. The remnant-state had been left as a liability on the hands of its citizens rather than established by them as an embodiment of their own political ideals. Thus the post-war Austria had not started life with the spiritual vitality of a post-war Jugoslavia, Czechoslovakia or Poland; and the frontiers imposed upon this post-war Austria in the peace settlement had not even done her justice according to the principle of nationality, considering that some 200,000 German Austrians were then placed, against their will, under the sovereignty of Italy and more than three million under that of Czechoslovakia. It was hardly possible for any Austrian to look upon these post-war frontiers as being either inherently desirable or permanently tolerable. The best that the Vaterländische Front could say to an Austrian public to which it was appealing for support was that the post-war dispensation was at any rate preferable to the alternative of incorporation into a German Reich which, in the meantime, had fallen under the sway of National Socialism; and such an appeal was almost painfully uninspiring. Moreover, the two principal sections of the Austrian people with whom this negative consideration might nevertheless carry some weight were at this time deeply alienated from one another. While the prospect of annexation to a Nazi Reich might in itself be equally obnoxious to Austrian Catholics and to Austrian Social Democrats, Dr. von Schuschnigg's régime represented the Catholics alone, and the Social Democrats had never forgiven a Catholic Government for having repressed them by military force in 1934 and having held them down ever since.[1] The Austrian forces of opposition against an *Anschluss* to a Nazi Reich were thus grievously divided among themselves; and the state of psychological and political frustration in which a majority of the Austrian people thus found themselves at the opening of the year 1938 lent an influence, out of proportion to their numbers, to Austrian minorities which still had positive aims to work for.

Of such minorities there were now two, namely the Austrian Nazis,

[1] See the *Survey for 1934*, Part III, Section (i) (*h*), and the *Survey for 1936*, pp. 414 *seqq.*

who have been mentioned already above, and the Legitimists, who advocated a restoration of the Hapsburg Monarchy. The Legitimist cause struck chords in almost all non-Nazi Austrian hearts because it was attached to a past to which most Austrians still looked back with a wistful regret. Like National Socialism, Legitimism implied a far-reaching revolution in the post-war political map; for a mere restoration of the Hapsburg Dynasty in an Austria still confined to her narrow post-war limits was not the prospect of salvation which the Legitimist idea opened up in Austrian minds. So far from offering any hope of salvation, a restoration confined to those limits would have been a mockery and an incubus. The re-enthronement of the Imperial Dynasty was an attractive programme only in so far as it involved a re-establishment, in some form, of the Hapsburg Empire, with the Imperial City of Vienna once again raised to be the capital of a monarchy of its own calibre. This was an ideal that could arouse enthusiasm in Austrian hearts, and Dr. von Schuschnigg and his colleagues, most of whom were Legitimists in their private sympathies and convictions, must have lamented their inability to inscribe publicly on their party banner a creed which would have won from their countrymen so much heartier a response than the rather anaemic programme of the Vaterländische Front. But the very implications of Legitimism that made this cause attractive to the Austrian people debarred the Austrian Government from officially adopting it. For these implications made the idea of a Hapsburg restoration anathema to a number of actual or prospective heirs of the defunct Hapsburg Monarchy whose titles were derived from the anti-dynastic principle of Nationality. Though the Hungarians had at last been reconciled to the Hapsburg Dynasty by the pledge, extracted from them after the War of 1914–18 by the victorious Allied Powers, never again to place a Hapsburg on the Hungarian throne,[1] and though the Italians had perhaps recently been inclining to the conclusion that a restoration of the Hapsburgs would be a lesser evil for Italy than an incorporation of the Hapsburgs' former dominions into the Third German Reich, the Czech rulers of Czechoslovakia and the Serb rulers of Jugoslavia were still as obstinately opposed as ever to a re-enthronement of the Hapsburg Dynasty at Vienna or Budapest,[2] and this obstacle, in combination with the equally im-

[1] See the *Survey for 1920–3*, pp. 296–7.

[2] For the Serbs it was a not unreasonable view that the possible magnetic effect of a restored Hapsburg Monarchy upon the Slovenes and Croats might be a more immediately dangerous alternative for Jugoslavia than an incorporation of a post-war Austria into Germany. On the other hand, it is surprising that Dr. Beneš did not take Signor Mussolini's view that, for his country, a

placable hostility of the National-Socialist Party in both Austria and the Reich, kept the Legitimist programme well below the horizon of practical politics. It will be seen that, of the two possible positive alternatives to Austria's uninspiringly negative *status quo post bellum*, it was the *Anschluss*, and not the restoration of the Hapsburg Monarchy, that in 1938 was the line of least resistance—spiritually because the national state was at that time at a premium and the dynastic state at a discount, and materially because the resistance that would be evoked by the *Anschluss*, however formidable it might prove, would still not be so overwhelming as the resistance that would be evoked by a restoration.

Indeed, while the forces arrayed against a restoration were almost as strong as they had ever been, the forces arrayed against the *Anschluss* were notably weaker than they had been in 1934, when Herr Hitler had beaten a retreat in face of an Italian show of military force.[1] By the beginning of 1938 the re-armament of Germany had already advanced sufficiently far to make it hazardous for any other Great Power to threaten her with a military demonstration; and for diverse reasons none of the other three European Great Powers was prepared to play this dangerous game this year. Italy, who had been the mainstay of an anti-Nazi Austria from 1933 to 1935, had first been alienated, as a result of her war of aggression against Abyssinia, from her former partners in the Stresa Front,[2] and had afterwards reversed the general direction of her policy when, towards the end of 1936, she had joined with Germany to form the Rome–Berlin Axis. In 1938, with the dead weight of Abyssinia hanging like a millstone around her neck, and the war in Spain lying heavily on her hands, Italy, so far from being able to think of standing up to the re-born military power of Germany over the issue of the independence of Austria, appeared to be in a mood to make continental sacrifices to Germany for the sake of securing German support in the arduous overseas enterprises to which she was now irrevocably committed; and, so far from contemplating a reconciliation with the West European Powers, Italy was now planning to make advances to Great Britain with a view to driving in a wedge between Great Britain and France and then presenting Italian claims against France in the Mediterranean with (as she hoped) British connivance and German

restoration of the Hapsburgs at Vienna would be a lesser evil than the *Anschluss*, considering that the installation of German troops at Linz and Aspern must be an even greater strategic menace to Czechoslovakia than the presence of German troops on the summit of the Brenner would be to Italy.

[1] See the *Survey for 1934*, Part III C, Section i (*j*).

[2] See the *Survey for 1935*, vol. ii, *passim*.

aid. This new turn in Italian policy was highly unfavourable to the maintenance of Austria's independence *vis-à-vis* the Third German Reich; and Dr. von Schuschnigg could not hope to find in Paris or London the support that he was losing in Rome. Since Herr Hitler's military re-occupation of the Rhineland on the 7th March, 1936,[1] it would be strategically difficult for the West European Powers to intervene effectively against Germany on Austria's behalf if Italy was not merely dissociating herself from them but was taking Germany's part; and in 1938 neither Power was in a mood or a condition for embarking on a major war. The French people were still preoccupied, divided against themselves, and debilitated by the social and economic upheaval which had accompanied and followed the General Election of the 26th April–3rd May, 1936.[2]

Great Britain was still only in the first stage of a process of rearmament which had not been put in hand before March 1936,[3] and, whether for the purpose of gaining time to extricate the country from a perilous state of defencelessness or because he genuinely believed that a conciliatory diplomacy might actually dispel the nightmare of impending war, the Prime Minister of the United Kingdom, Mr. Neville Chamberlain, was, at the beginning of 1938, on the point of embarking on a sensational attempt at 'appeasement'.

The momentary constellation of European politics was Austria's misfortune and the Third Reich's opportunity; and the situation was equally clear to the sharp Austrian eyes of Herr Hitler and of Dr. von Schuschnigg.

### (*b*) The Extinction of the Independence of Austria

In the German Reich under the régime of the Weimar Constitution it had become a practice for leading personalities in the Government to make general pronouncements of policy on New Year's Day, and this practice was of such evident utility for propaganda that the National Socialists took it over from their despised and rejected predecessors. On the 31st December, 1937, at Munich, Herr Hitler published an exhortation to members of his party in which he began by drawing his familiar contrast between the political and economic state of Germany as he had found it in January 1933, and as it had come to be now under his own auspices. He went on to make the point that these German achievements were exclusively due to the

[1] See the *Survey for 1936*, Part III, Section (i) (*c*).

[2] See the *Survey for 1936*, pp. 162, 335 *seqq.*, and the *Survey for 1937*, vol. i, Part II, Section (ii) (*a*).

[3] See the *Survey for 1936*, Part I, Section (iii) (*c*).

German people's own efforts. He closed on the theme that the rearmament of Germany would enable her, in a time of disturbance, to preserve, 'what is in our eyes the most precious of all goods, namely Peace'. The last of these theses was echoed and elaborated by Dr. Goebbels on the same day. In an article, of a more aggressive tone, which was published in the *Völkischer Beobachter* on the 2nd January, 1938, Herr Rosenberg argued that it was inadmissible to acquiesce in the externals of the Nazi régime without at the same time inwardly adopting the ideology that was its life-blood. On the subject of international affairs, the writers of leading articles in the German press at the opening of the New Year expressed the hope that 'Chamberlain's England' would appreciate, and reconcile herself to, the course which the Third Reich had taken, and would continue to take whether England showed herself accommodating or obstructive. On the 11th January Herr Hitler, as Head of the German State, held the customary New Year's reception for the Diplomatic Corps in Berlin. The Papal Nuncio, who spoke for his colleagues as their *doyen*, offered his greetings to Herr Hitler in the form of a prayer to God that, in the coming year, He would incline the hearts of the rulers to translate into reality the yearning of the peoples for the establishment of a firm and perfect peace. Herr Hitler replied that the Nuncio's aim was identical with his; that Germany wanted to co-operate honourably and loyally with all nations who genuinely shared this ideal, and that her objective was a practical peace of justice and loyalty based on a sincere understanding between the nations. On the 1st February the then Foreign Minister in the Wilhelmstrasse, Herr von Neurath, declared in a public statement 'that in his opinion the most significant feature of the past five years was the fact that the fundamental alteration of the political structure of Europe which had accompanied the restoration of Germany to strength had been achieved by peaceful means'. He added that

> the objectives of German foreign policy are such that in my firm conviction, not only can they be achieved in the future also without war, but that, with goodwill on all sides, an intelligent European policy must be in practice achievable to the common benefit of the nations. . . . What Germany now needs more than anything else after her release from the fetters of Versailles is satisfaction in international economic activity on the basis of equality of rights.

These comfortable words, however, were not borne out by the subsequent course of events. On the 4th February it was announced that Herr von Neurath was to be replaced at the Foreign Ministry by

Herr von Ribbentrop, and on the 18th March, 1939, he was appointed to exercise, at Prague, the office of *Reichsprotektor* over a 'Protectorate of Bohemia and Moravia' which had been carved out of the corpse of Czechoslovakia by the German sword in an operation which was as truly an act of war as the Franco-Belgian military occupation of the Ruhrgebiet had been in 1923.[1] At the very time when Herr Hitler was verbally reciprocating the Papal Nuncio's sentiments on the 11th January, 1938, he must already have made up his mind to incorporate both Austria and the Sudetenland into the Third Reich before the end of the calendar year which had now begun, and the replacement of Herr von Neurath by Herr von Ribbentrop as Herr Hitler's Minister for Foreign Affairs was thus the prelude to the execution of then still unrevealed designs that were assuredly neither co-operative nor honourable nor loyal nor just.

Before Herr Hitler and Monsignor Orsenigo exchanged their greetings at Berlin on the 11th January, the smouldering fire of the conflict between Herr Hitler's Germany and Dr. von Schuschnigg's Austria was once again aglow. In London, on the 5th January, *The Daily Telegraph and Morning Post* had published an interview with the Austrian Bundeskanzler in which Dr. von Schuschnigg—after declaring that he was 'a monarchist by tradition and conviction' but that a restoration was 'for the time being impossible'—had gone on to use the following pronouncement on Austro-German relations:

> We feel common ties with Germany, just as an Italian-speaking Swiss feels towards Italy, or the Flemish towards Holland and the Walloons towards France. But we remain ourselves alone. In preserving Austria's historic mission to Central Europe we can continue to render great service to the German people as a whole. But not with an *Anschluss*, in which Austria would become a second Bavaria, sinking to the level of the province. Instead we are the bridge between two great cultures of which, for instance, Salzburg, with its Italian arches and its German-tiled roofs, seems to me the typical incarnation.

This pronouncement was promptly castigated in the Press of the Reich, and appears also to have been made the subject of an official protest by the German Ambassador at Vienna, Herr von Papen. Thereupon Dr. von Schuschnigg gave another interview, of the same tenor, to the Polish newspaper, the *Kurjer Warszawski*.[2]

At Salzburg on the 5th January twenty-seven Austrian National Socialists were tried, convicted and sentenced to terms of imprisonment ranging from three to nine months. This stroke was followed—on the other of the two fronts on which Dr. von Schuschnigg's régime

[1] See the *Survey for 1924*, pp. 267 and 271.
[2] Summarized in the *Prager Presse*, 11th January, 1938.

was engaged all the time in political hostilities—by the arrest of a number of prominent Social Democrats. A more sensational event was the arrest in Vienna, on the 26th January, of Dr. Leopold Tavs, the secretary of a committee of seven so-called 'Volkspolitische Referate' which had been set up, in virtue of the Austro-German agreement of the 11th July, 1936, to provide a bridge between the Austrian Vaterländische Front and any Austrian Nazis who might be willing, in view of the political armistice between the two German states, to co-operate with the Vaterländische Front in good faith. This arrest was made after the committee's office in the Teinfaltstrasse had been searched by the police. The office was closed, and the police interrogated a number of people, including Captain Joseph Leopold, a member of the committee who was reputed to be Herr Hitler's 'right-hand man' (*Vertrauensmann*) in Austria. The committee appear to have abused the toleration accorded to them under the agreement of 1936 by hatching in their office a plot for making, in January 1938, a *Putsch* in Vienna which was to be supported by a German military demonstration on the frontier and was to bring about Dr. von Schuschnigg's resignation and replacement by a Chancellor of a Nazi complexion, such for instance, as Dr. Seyss-Inquart,[1] who was one of the committee's seven members. This plot was quashed when it was on the verge of execution, owing to its detection by the Austrian police. On the 28th January Dr. Tavs was prosecuted for high treason.

On this latter day the German Ambassador, Herr von Papen, travelled by air from Vienna to Berlin, and, after returning to his post and then being officially recalled on the 4th February,[2] he left Vienna again on the 5th February for Berchtesgaden to see Herr Hitler there. Returning thence to Vienna once more, Herr von Papen entered at once into active negotiations with Dr. von Schuschnigg and his assistant Foreign Minister Dr. Guido Schmidt.[3] On the 9th February he transmitted to Dr. von Schuschnigg an invitation to visit Herr Hitler at Berchtesgaden, on the understanding that the sovereign independence of Austria, which had been recognized by Germany in the agreement of the 11th July, 1936, should not be brought into question. Dr. von Schuschnigg, having now no hope of

[1] See an article in *The Manchester Guardian* of the 1st April, 1938, by its former Vienna correspondent.

[2] In Berlin on that date the recall of the German Ambassadors to Austria, Italy, and Japan, and the appointment of Herr von Ribbentrop to be Foreign Minister in succession to Herr von Neurath were announced simultaneously.

[3] At this time Dr. von Schuschnigg combined the office of Federal Chancellor and Foreign Minister in his own person.

receiving effective support from any of the three former constituents of the Stresa Front, accepted the invitation on the 10th. On the same day Signor Mussolini heard the news but took no action except towards strengthening his own hand by pressing more vigorously than ever for conversations, on his own terms, with the British Government.[1] On the 11th, the Italian, British and French Governments were officially but secretly informed by Dr. von Schuschnigg of his forthcoming visit to Herr Hitler.[2] On the 11th both Herr von Papen and Dr. von Schuschnigg left Vienna in a special train for Salzburg where they passed the night and then travelled by car, next morning, the short distance across the frontier to Berchtesgaden. The portentous meeting in Herr Hitler's fastness was not known to the public until after it had already taken place,[3] and even then nothing was divulged beyond the bare fact of the meeting itself. What had passed at Berchtesgaden on that day leaked out only gradually, and while, by the time of writing, the general tenor of the encounter between the two Austrian statesmen had become a matter of public knowledge, there was still no authoritative account of the proceedings and no precise information in regard to details.[4]

The social tradition of the pre-war Hapsburg Monarchy, in which both Herr von Schuschnigg and Herr Hitler had been brought up, fixed a great gulf between the ex-officer and the ex-corporal. At Berchtesgaden on the 12th February, 1938, this gulf was as wide as ever, but the positions were reversed in a post-war situation in which tradition counted for nothing and physical force for everything. At this encounter, which began with a tête-à-tête meeting between the two principals, with no one else in the room, the ruler of 68,000,000

[1] See pp. 130–1, above.

[2] The statements in the four foregoing sentences are made on the authority of *The Manchester Guardian*, 1st April, 1938.

[3] Text of identic *communiqué*, made public in both Austria and Germany on the 12th February, in the *Reichspost* of the 13th February.

[4] The following account is based on (*a*) a series of articles, published in *The Evening Standard* in seven successive issues from the 31st October to the 7th November, 1938, inclusive, by 'an Austrian diplomat' whose name was not divulged, but who would appear, from internal evidence, to be Herr Martin Fuchs (see footnote on p. 192 below), who was the acknowledged author of an article, covering part of the same ground, which was published in the *Revue de Paris* of the 1st November, 1938, and reproduced in *Le Temps* of the 2nd November, 1938; (*b*) an article in *The Manchester Guardian* of the 2nd April, 1938, by its former Vienna correspondent; (*c*) a statement by Mr. Chamberlain in the House of Commons at Westminster on the 14th March, 1938; (*d*) a speech by Signor Mussolini in the Fascist Chamber on the 16th March, 1938. The last two of these four sources are evidently the most authoritative, but unfortunately they are also the most meagre.

subjects was reported not to have asked the ruler of 6,000,000 subjects to be seated, and it is beyond doubt that the host deluged his guest with a torrent of personal abuse, as he stood, dumbfounded, in his presence. He also told him that he was going to found an empire of 80,000,000 souls. At the same time he announced that, in spite of the iniquities for which he had just upbraided his visitor, he was offering him a last chance to put Austria's relations with Germany on to an acceptable footing without forfeiture of Austria's independence, but that, if this last chance were rejected, he would take military action. At this stage, Reichswehr Generals were called into the room to report, in the Austrian Bundeskanzler's presence, on the German Army's preparedness for invading Dr. von Schuschnigg's country. A set of demands was then presented to Dr. von Schuschnigg in writing; he was sent out of the room to consider them; was summoned back to give his answer before he had time to finish drafting counter-proposals; and was warned by Herr Hitler that he would find nothing but so many broken reeds in Italy, France and Great Britain. Finally, in a further interview at which Herr von Ribbentrop and Dr. Guido Schmidt accompanied their respective chiefs, an agreement was drafted in terms in which the original German demands reappeared only slightly modified by Austrian amendments. There was to be a general amnesty for the Austrian Nazis, and those who had been deprived of salaries or pensions were to recover these. Dr. Seyss-Inquart, one of the members of the now notorious committee of seven 'Volkspolitische Referate' in the Teinfaltstrasse, was to be given the key post of Minister for Public Order and Security in Dr. von Schuschnigg's Government. Austrian National Socialists were to be allowed to engage in 'legal activity' within the framework of the Vaterländische Front, subject to their remaining loyal to Austria and to the Austrian Constitution of 1934.[1] In exchange for the piercing of these holes in the political dikes that had been so carefully built up by Vaterländische hands to protect Austria against the flood-waters of Nazidom, Herr Hitler consented to reaffirm his recognition of the principles laid down in the agreement of 1936, and to acquiesce in the expulsion of Captain Leopold and Dr. Tavs from Austria to an asylum in the Reich. Herr Hitler gave his guest till 6.0 p.m. on the 15th February to signify the Austrian Government's definitive acceptance of these terms; and, with this ultimatum in his pocket,

[1] The above statement of the terms provisionally agreed at Berchtesgaden on the 12th February, 1938, is mainly based on Sir John Simon's account, in the House of Commons at Westminster on the 21st February, of the measures eventually taken at Vienna by Dr. von Schuschnigg on the 15th–16th February.

Dr. von Schuschnigg recrossed the frontier on the evening of the same day on which he had trodden his *via dolorosa* from Salzburg to Berchtesgaden.

When the Austrian Bundeskanzler laid Herr Hitler's terms before President Miklas in Vienna, the President is reported to have been, on first thoughts, in favour of resignation rather than acceptance. Second thoughts, however, brought home the inexorability of the truth—so brutally exposed by Herr Hitler at Berchtesgaden on the 12th—of Austria's impotence. She had indeed no prospect of receiving any effective backing either from Italy or from the Western Powers, and, left to her own resources, she was utterly at Germany's mercy. As Herr Hitler's time-limit drew nearer, reports reached Vienna of concentrations of German troops on the frontier. On the morning of the 15th Dr. von Schuschnigg held consultations with leading personalities in the Vaterländische Front; in the afternoon the Austrian Cabinet met, and the meeting lasted through the night of the 15th–16th. The Berchtesgaden terms would appear to have been duly accepted within the specified time limit which expired at 6.0 p.m. on the 15th; and at 10.0 p.m. an official statement was published simultaneously in Vienna and in Berlin in the form of an identically worded *communiqué*. This colourless document merely declared that both parties had agreed to abide by the principles of the agreement of 1936 and had decided on the immediate execution of measures which would ensure that a close and friendly relationship between the two countries should be established; and for listeners who were not already initiated into a knowledge of what had been transacted at Berchtesgaden, there was little more to be gleaned from a sedative comment that was added by the Chief of the Austrian Press Service, Colonel Adam, after he had read the *communiqué* aloud at the microphone. At 2.30 a.m. on the 16th February the personnel of a new Austrian Government was announced, with Dr. von Schuschnigg still holding the Chancellorship and the portfolio for Security, but with the portfolio for Foreign Affairs now transferred to Dr. Guido Schmidt, who had hitherto been no more than Dr. von Schuschnigg's assistant in this department, and with the key ministries of the Interior and of Security duly entrusted to Herr Hitler's nominee Dr. Seyss-Inquart. The former Director of Security, Dr. Skubl, was now placed under Dr. Seyss-Inquart's orders in the subordinate position of Under-Secretary. Later in the morning of the same day, the 16th February, an amnesty was proclaimed[1] for all

[1] Text of the order in the *Reichspost*, 17th February, 1938. The amnesty was to lapse automatically in the case of any beneficiary who was convicted

Austrian subjects, convicted of political offences down to the 15th, who had not left the country. The order was immediately put into operation. At 7.30 p.m. on the evening of the 16th Dr. Seyss-Inquart left Vienna for Berlin to report to Herr Hitler.

These events in Austria caused a profound sensation throughout the world;[1] and this spontaneous reaction, which was assuredly as lively in Italy as in any other country, was a foil against which the studiously nonchalant comment, published at Rome in the *Informazione Diplomatica* on the 17th February, revealed its full political significance.

> In responsible quarters in Italy the meeting at Berchtesgaden and the decisions taken by Chancellor Schuschnigg are looked upon as the natural development of the relations between Germany and Austria as these were established by the agreement of the 11th July, 1936.

In the House of Commons at Westminster on the preceding day,

of anything more serious than a trivial offence between the 15th February, 1938, and the 31st December, 1941.

[1] The sensational effect of the news would have been even greater than it actually was if it had not been for the fact that one of the most remarkable developments in the situation did not become a matter of public knowledge until many months had passed. On the 17th February the Archduke Otto of Hapsburg wrote to Dr. von Schuschnigg declaring that he was ready, as the 'legitimate Emperor of Austria', to assume responsibility for a 'plan to save the Fatherland'. The Archduke outlined a policy which included, on the domestic side, a far-reaching reconciliation with the Socialists; while in regard to foreign relations he advocated opposition to *Gleichschaltung* by Germany, defence of Austria's special Catholic mission in the Danube Basin, and reliance upon the support of the Western Powers. If Dr. von Schuschnigg did not feel himself capable of resisting German pressure, the Archduke offered to return to Austria and himself take office as Chancellor, without raising the question of a Hapsburg restoration or of a change in the democratic constitution of Austria.

Dr. von Schuschnigg in his reply, dated the 2nd March, declined the Archduke's offer 'as likely to seal the fate of Austria' and involve the Hapsburg Dynasty in its downfall. He assured the Archduke (whom he addressed as 'Your Majesty') that, while he would have been 'happy if things were otherwise', it was his considered opinion that 'any attempt at a restoration, either in the next few years or as far ahead as one can now see, must assuredly, with one hundred per cent. certainty, mean the death of Austria'. Dr. von Schuschnigg denied that he was 'in the least pessimistic', but he made it clear that he did not think Austria capable of resisting an attack from Germany unaided or likely to receive effective help from abroad in the event of such an attack. 'The geographical and geopolitical position of the country', he said, made 'peace with Germany essential'.

The text of this exchange of letters was published as an appendix to a book entitled *A Pact with Hitler* (English translation by Charles Hope Lumley, London, 1939, Gollancz), the author of which, Herr Martin Fuchs, was the Austrian Press Attaché in Paris, and acted as the channel through which the Archduke Otto kept in touch with Dr. von Schuschnigg during the latter's period of office as Chancellor.

the 16th February, Mr. Eden, who was then still Foreign Secretary,[1] mentioned, in answer to a question as to whether the British Government still stood by the Three-Power Declaration of the 17th February, 1934,[2] that Italy had not yet consulted the British Government on the new situation in Austria. In the same place on the 17th he added that the British Government were prepared for consultation on the lines provided for in the Stresa Agreement; that they were willing to act with others; but that they did not think that it lay with them to take the initiative. On the same day the Foreign Affairs Committee of the Government's supporters in the House of Commons met to discuss the Austrian question, and put on public record their feeling that 'a more positive attitude' towards Europe on Great Britain's part might now be called for at any time. On the 21st February Sir John Simon (*vice* Mr. Eden, who had resigned office on the previous day) stated in the House of Commons that no negotiations were taking place at the time for the conclusion of a Central European agreement of the kind envisaged in the Stresa joint resolution of the 14th April, 1935. On the 28th February Mr. Chamberlain stated in the House of Commons that

> the measures so far taken by the Austrian Government in consequence of the discussions at Berchtesgaden on the 12th February do not appear, in the opinion of His Majesty's Government, to constitute a breach of the obligations which Austria undertook in the Treaty of St. Germain and the Geneva Protocol of 1922, and it does not appear therefore that any action on the part of His Majesty's Government is called for on that account in the existing circumstances.

The Prime Minister reaffirmed this opinion in the same place on the 2nd March, with the observation that

> it hardly seems possible to maintain from the juridical point of view that because these two statesmen agreed that certain changes were desirable in the interests of the relations between their two countries, the one country had alienated its independence to the other country.

After re-stating this view of the juridical aspect of the case, Mr. Chamberlain prudently added, in his statement of the 2nd March, that it still remained to be seen what the practical effect of the agreement might turn out to be, and for this the British observer did not have long to wait. The immediate sequel was to show that, at Berchtesgaden on the 12th February, 1938, Herr Hitler had once again exercised his genius for playing power politics. He had forced upon Dr. von Schuschnigg the minimum set of concessions that would suffice to make life impossible for the Vaterländische Front régime in

[1] See section (i) *a* of this part, above. [2] See the *Survey for 1934*, pp. 454–5.

Austria; and he had thereby ensured that the revolution which was to have been precipitated in January 1938 by the conspiracy in the Teinfaltstrasse should take place after all, and that the detection and forestalling of the minor conspirators' plans by the Austrian police should cost the arch-conspirator no more than six weeks' delay in the execution of his grand design.

The key to the situation—which had been manifest to Herr Hitler, and, no doubt, also to Dr. von Schuschnigg, on the 12th February—was that, by that time, the pressure of hostile political forces against the frail dam of the Vaterländische Front had risen to a pitch at which the piercing of even the smallest holes through the dam would ensure that the whole structure should be swiftly swept away by the wild rush of the long-pent-up waters through these tardily opened vents. The most masterly touch in Herr Hitler's uncanny manipulation of the Austrian body politic from his wizard's cave at Berchtesgaden was his insistence upon a general amnesty which would benefit the Austrian Social Democrats as well as the Austrian Nazis. He correctly divined that the Social Democrats were so bitterly alienated from the Vaterländische Front by their memories of the conflict between these two Austrian factions in February 1934[1] that, even if common sense now counselled them to join forces with their ex-opponents the Clericals against a common Nazi foe who was threatening to undo them both, their reason would have no time to prevail over their passion before the Nazis should have decisively won the day. At the same time he no doubt perceived the propaganda value, in the world at large, of his being able to present himself as the fatherly benefactor of all his oppressed fellow Austrians, without any petty-minded thought of party distinctions.[2] In the third place Herr Hitler probably looked forward to making his epiphany in Austria, after the now imminent overthrow of the Vaterländische Front régime, as the saviour of Social Democrats and National Socialists alike, and thereby to convert at any rate the less hardbitten Social Democrats to his own political creed.[2]

The Austrian Government likewise were aware that, in the present distribution of Austrian political forces, the Social Democrats might prove to hold the balance. As early as the 16th February itself, Minister Rott and Under-Secretary Watzech made public overtures for winning the support of the workers for the Vaterländische Front

[1] See the *Survey for 1934*, Part III C, Section (i) (*b*).

[2] In the House of Commons at Westminster on the 2nd March, 1938, Mr. Chamberlain duly made the point, in replying to his British critics on the Labour bench, that the Berchtesgaden terms 'included a general amnesty for all political offenders, including Socialists and Communists'.

régime,[1] and by the 17th the workers' organizations—in the Nazi stronghold at Gratz, as well as in Vienna—were beginning to pass resolutions in this sense. At Poysdorf on the 19th there was a perhaps more spontaneous and whole-hearted rally of the Lower Austrian peasants to the support of the régime, under the chairmanship of the Austrian Reichsbauernführer Dr. Reither. The Nazi flood was the least quick to spurt out through the hole that had been pierced to give it passage. It was not till the 18th February that the proviso, laid down by Herr Hitler on the 12th and accepted by the Austrian Government on the 15th, that the Austrian Nazis should now be authorized to engage in 'legal activity' was made public in Vienna. The *communiqué* did not fail to mention the conditions to which this concession was subject. This 'legal activity' was to be carried on 'on an equal footing with all other groups within the framework of the Vaterländische Front and all other Austrian institutions, but only on the basis of the Constitution' of 1934; and it was pointed out that the Constitution 'now, as heretofore', precluded 'political activity'. The insertion of these verbal safeguards had (it may be suspected) cost Dr. von Schuschnigg almost superhuman efforts of will, against fearful odds, at Berchtesgaden. The events of the next week-end in Austria were to demonstrate that such words were not worth the paper on which they were written.

The Nazi demonstrations in the principal cities of Austria on Sunday the 20th February were introduced by a flute-like warble from Herr von Papen and by a brazen blast from Herr Hitler. In a public statement made in Vienna on the 18th February the outgoing German Ambassador declared that the Berchtesgaden Agreement of the 12th February had been the first step towards the establishment of 'a Central European Commonwealth of Nations under Germany's leadership'. The effect of the agreement in Austria would 'be an example of how uncertainty in Central Europe' could 'be swept away'. The Ambassador could not understand 'why anybody should become excited when two states' had 'settled their differences in the most friendly and natural way'.[2] Thereafter, at 1.0 p.m. on Sunday the 20th February, Austrian listeners had relayed to them a long-heralded speech from Herr Hitler to the German Reichstag in the Kroll Opera House in Berlin, in celebration of the fifth anniversary of the Nazis' advent to power in the Reich. The actor did not deal with Austrian affairs at the beginning. He began, as was his custom, with a long and this time largely statistical review of his achieve-

[1] *Reichspost*, 17th February, 1938.
[2] *The New York Times*, 19th February, 1938.

ments up to date. He went on to raise 'the colonial question' in the context of a comparison between Germany's and Great Britain's respective quotas of land and natural resources per head of population. He once more gave tongue to his distrust of international conferences and his detestation of the League of Nations. He denounced, as 'a grievous impediment to international relations', a freedom of the Press in democratic countries which permitted British newspapers to draw an unprepossessing picture of the Third Reich and of its maker and leader. The speaker's own expansionist programme for the current year was then foreshadowed by him in the following passage:

> We see the smarting consequences of the economic and population problems on the European map, which was brought to confusion by the mad act of Versailles. Two of the states alone on our frontier include a mass of over ten million Germans. Until 1866 they were constitutionally united with the whole German people. They fought in the Great War until 1918 shoulder to shoulder with German soldiers of the Reich. Under the terms of the Peace Treaty they were kept against their own will from forming a union with the Reich. This in itself is painful enough. But in our eyes there can be no doubt about one thing. The constitutionally legal separation from the Reich cannot deprive the people of their rights as members of a national community, that is to say that the universal rights of a people to self-determination, which after all were solemnly assured to us in Wilson's fourteen points as a condition of the Armistice, cannot be ignored simply because the people in question here happen to be Germans. It is in the long run intolerable for a self-respecting World Power to know that fellow countrymen across the frontier are continually undergoing the greatest hardship because of their sympathy, their feeling for union, their common experience, their point of view which they share with the whole people. We know well enough that a frontier settlement pleasing to all is scarcely possible in Europe. It should therefore be all the more important to avoid unnecessary hardship to national minorities so as not to add, to the pain of a political separation, that of persecution for belonging to a particular national community. It has been proved that it is possible with goodwill to find ways of reaching a settlement, that is of relieving the tension. Whoever tries to prevent by force such a relieving of the tension through a settlement in Europe will one day inexorably provoke force among the nations. For we cannot dispute the fact that so long as Germany was herself weak and powerless she simply had to endure the many continuous persecutions of Germans across her frontiers. Just as England looks after her interests all over the world, so also will the Germany of to-day know how to stand up for and watch over her interests, which are so much more limited. And to these interests of the German Reich belongs also the protection of those German fellow countrymen on our frontiers, who are not of themselves able to secure the right to a general freedom, personal, political and ideological.

This ominous picture of a monstrous state of affairs in Austria

and Czechoslovakia was followed by a rosy picture of German-Polish relations. The German-Polish agreement of the 26th January, 1934, had stood the test of time.

> Since the moment when the League of Nations finally gave up its continual attempts to make disturbances in Danzig, and appointed a new Commissioner, a man of high personal qualities, this place which had been so dangerous to European peace has entirely lost its menacing significance. The Polish State respects the national connexions (*Verhältnisse*) of this state, and Danzig and Germany respect Polish rights. So it was possible to find the way to an understanding, and, beginning with Danzig, and in spite of the efforts of many mischief-makers, finally to remove friction in the relations between Danzig and Poland, enabling them to work together in true friendship.

The specific reference, which came next and last, to the new Austro-German agreement of the 12th February, 1938, was not only courteous in its phrases but was also unsensational in its tone.

> The difficulties which had resulted from the agreement of the 11th July made it imperative to try and remove the misunderstandings and hindrances on both sides to a final reconciliation. For it was clear that a situation, which was in itself unbearable, might one day have developed —whether intentionally or not—until it brought about a very great catastrophe. It is then usually no longer in the power of men to stay the course of a destiny which through carelessness or stupidity has once come into play. I am happy to assure you that this interpretation coincides with the feelings of the Austrian Chancellor, whom I invited to visit me. The thought and intention behind this invitation were to bring about a relaxation of the tension in our relations by giving, within the limits of the law, the same rights to those German-Austrian citizens of National-Socialist sympathies as are enjoyed by other citizens of the state. In connexion with this there was to be a great contribution to peace by the granting of a general amnesty and by creating a better understanding between the two states by still closer friendly co-operation in as many different fields as possible, political, personal and purely economic. All this is a development within the framework of the agreement of the 11th July.

The now unleashed Austrian Nazis lost no time in taking full advantage of the new liberties that had been secured for them by the Austrian master of the German Reich. In Vienna the broadcast of Herr Hitler's speech was immediately followed by Nazi demonstrations in the streets which were kept up till far into the night and were continued on a larger scale on the following day. In Gratz on the same evening the local Nazis virtually took possession of the city. On the evening of the 21st the Government prohibited for four weeks, as from midnight of the 21st-22nd, all demonstrations and processions that were not organized and held by the Vaterländische Front.

On the other side there had been another demonstration in favour of the Government by the peasants on the 20th, again under Dr. Reither's chairmanship, this time at Tulln; and by the 23rd the local organizations of Austrian workers were debating and endorsing a resolution,[1] passed on the 17th by a *Vertrauensmännerkonferenz* of the *Gewerkschaftsbund*, to line up behind the Bundeskanzler in defence of 'an independent, free, social, Christian and German Austria'—an issue on which, as the resolution expressed it, 'the workers and employees' were 'not conscious of any difference of aim' between themselves and Dr. von Schuschnigg's Government.

On the 22nd February Dr. Seyss-Inquart, who had returned to Vienna from Berlin after consultations (so it was said) with Herren Hitler, Göring, Ribbentrop and Himmler, broadcast a half-apologetic, half-disciplinary appeal to his fellow Austrian National-Socialists[2] in justification of the veto promulgated on the 21st.

> The Austrian National Socialist must realize that the sovereign emblems of the Reich and its National Anthem must not be used for demonstrations or misused. Similarly, the Nazi greeting 'Heil Hitler' must not be used when it was not the expression of a personal view, but provocation for people of other views. The path of legal activity was open, and would stay open. There must be no illegal activity going beyond the existing laws. On the 24th Herr von Schuschnigg would state his views on the events of the 12th, 'the Berchtesgaden meeting'. Then would be the time to rally all forces for the entire German people and for the Austrian Fatherland.

This allocution, which was delivered over the microphone at 1.0 p.m. on the 22nd, was repeated at 7.0 p.m. and 10.0 p.m. on the same day. On the 23rd a fighting speech was made by the militantly anti-Nazi Mayor of Vienna, Dr. Schmidt. He rejected, as a Utopia, the dream of uniting 90,000,000 Germans in a single state; declared that a régime hostile to the Catholic Church could not last, and prophesied that the dictatorships of Herren Hitler, Mussolini and Stalin would, all alike, prove ephemeral. On the same day the Frontführer's Office published an appeal to all Austrians to listen in to the speech which Dr. von Schuschnigg was to make the following evening at an extraordinary meeting of the Austrian Bundestag.

In this speech, which was duly delivered on the evening of the 24th, Dr. von Schuschnigg took care not to repudiate any of the concessions that he had made to Herr Hitler on the 11th July, 1936, and the 12th February, 1938. 'Austria stands and falls by her German mission (only she must not be deprived of the opportunity of fulfilling

[1] Text in the *Reichspost*, 23rd February, 1938.
[2] Text *ibid.*

it)!' He rejected the idea of copying the foreign political formation of 'the Popular Front' (though he was all in favour of one solid 'front of the people'). The whole emphasis of the speech, however, was laid not on Austria's reaffirmed intention of being as good as her word, but on her intention of resisting to the uttermost if the Third Reich were to try to push her back still farther, beyond the line to which she had already retreated. His Government, he declared, would strive with all their strength to preserve the freedom and independence of Austria; the Constitution of the 1st May, 1934; and the characteristically Austrian triple blend of Classical, German and Christian civilization.

> We profess solemnly before all the world our faith in our Fatherland and in the fundamental laws which are for us the immutable basis of justice. We are a Christian state, a German state, a free state, and everyone in this country is equal before the law.

And this confession of faith was followed by a declaration of confidence in the ultimate victory of the cause which the speaker himself embodied:

> When I am now asked, as I have been by one or another manifestation or by letter in the last few days, 'Do you believe that you can carry through your programme, and what guarantees have you?' then I reply 'I not only believe it, I know it'. For now the will to freedom of the Austrian people and the intrinsic worth of our country stand like a wall. Then, too, the efficient and the brave have again and again drawn together in the hour of need, and the doubters and the faint-hearted have disappeared from the scene. Furthermore, the historical necessity and its recognition give me positive assurance. Deep in my heart I carry the conviction that the memory of Engelbert Dollfuss and of all the martyrs of this country guards the feeble strength of those who to-day bear responsibility. And, if you want to hear me say it, I trust in God, who will not forsake our country. This trust, however, presupposes the knowledge that the Lord will only keep those who are resolved to stake their strength to the uttermost and to concentrate all their will. And because we are resolved to do this, victory is beyond a doubt.

In the Parliament House at Vienna this speech was received with an applause that was echoed and multiplied in the streets as soon as the Bundeskanzler came out. In Vienna that night, the Vaterländische Front was in the ascendant; and the broadcast of the speech was received with the same enthusiasm at Innsbruck and at Salzburg. On the other hand, at Gratz the same evening the broadcast was interrupted by hostile shouts, and the Mayor promptly and cheerfully acceded to a demand from a Nazi crowd that the Swastika flag should be hoisted over the town hall. There were also Nazi demonstrations at Linz, though in the capital of Upper Austria they

did not go so far as in the capital of Styria. In Vienna on Friday the Bundeskanzler went into conference with Vaterländische Front leaders from all over the country, and on the same day the Mayor of Gratz was suspended and a law was published[1] adding to the Government's powers of curbing the Press. On the 26th Herr von Papen published a conciliatory farewell message to the Austrian people. On the same day there was a pro-governmental peasant rally, under Dr. Reither's chairmanship as usual, at Hollabrunn, while in Vienna the Archbishop, Cardinal Innitzer, issued a pastoral letter ordering special prayers and periodical masses to be said in all churches for the freedom of Austria and for the peace of the world.

On Sunday the 27th the Nazis had been intending to execute a 'march on Gratz' from other Styrian Nazi strongholds. This now illegal demonstration was cancelled at the last moment by the Nazis themselves, partly as a result of long telephone conversations between Dr. Seyss-Inquart in Vienna and the local Nazi leader in Gratz, Professor Dadieu, and partly because the Government had taken the physical precaution of insulating the city from the countryside by surrounding it with a cordon of troops. The city itself, however, was now virtually under Nazi control; and, when Dr. Seyss-Inquart arrived there in person on the evening of the 10th March in order, if possible, to hold the Nazis in check, his visit was made the occasion for an immense demonstration, in which Dr. von Schuschnigg's Minister for the Interior was hailed, not inaccurately, as the deputy of Herr Hitler. On the evening of the 2nd March Dr. Seyss-Inquart returned from Gratz to Vienna, and after his departure Professor Dadieu stated that it had now been arranged, in agreement with the Minister, that at Gratz the wearing of the Swastika and the use of the greeting 'Heil Hitler' should be 'free to everyone in private life'.[2] In Vienna the same evening an unequivocally Nazi speech was delivered by Dr. Hugo Jury, Dr. Seyss-Inquart's deputy in the leadership of the new 'National-Political' (i.e. 'National-Socialist') sections of the Austrian Vaterländische Front.

On the 3rd March the Seyss–Dadieu agreement at Gratz appears to have been repudiated by Dr. von Schuschnigg at Vienna, and the Governor of Styria, Dr. Stefan, was removed from his post for having been either too complacent (according to one version) or too severe (according to another) in dealing with the Nazi disorders in his pro-

[1] Text in the *Reichspost*, 26th February, 1938.

[2] Just before his departure from Gratz, Dr. Seyss-Inquart had hinted at these terms, of which he studiously minimized the significance, in an interview with the correspondent of *The New York Times*, Mr. G. E. R. Gedye (see *The New York Times*, 3rd March, 1938).

vince. Meanwhile, on the 1st March, the chief of the Austrian General Staff, Field-Marshal Jansa, had been retired on pension (in fulfilment, it was said, of one of the terms of the Berchtesgaden Agreement), and on the 3rd it became known that he was to be succeeded by Major-General Boehme. On the 4th March Dr. Seyss-Inquart gave a general ruling to the police and other public authorities that it was forbidden to wear the Nazi party badge, to sing the Horst Wessel song, to give the Hitler salute on official occasions, or to use the greeting 'Heil Hitler' in public, while it was permitted to wear the Swastika as a token of personal feeling, to give a silent Hitler salute, to sing the German National Anthem if a verse of the Austrian National Anthem had been sung first, to sell pictures of Herr Hitler, and to say 'Heil Hitler' in public and at home. Offenders against the regulations were to be warned, but not to be punished.

On the 5th March at Linz, which ranked only second to Gratz as an Austrian stronghold of Nazidom, Dr. Seyss-Inquart made a speech in which he repeated a number of the points made by Dr. von Schuschnigg on the 24th February, but with the emphasis laid not on the distinctiveness of Austria but on her *Deutschtum*. While he told his fellow Nazis that the equality of rights now granted to them involved not rights alone, but duties as well, and while he exhorted them to refrain from all illegal activities, he declared, for the edification of his non-Nazi fellow countrymen, that Austria was, and signified, 'the Eastern March (*Ostmark*) of the German People in the Alpine and Danubian area'; that 'Austrian independence' was founded 'on the German People's guarantee'; and that 'the Pan-German (*gesamtdeutschen*) People's community of destiny and life' had 'now already become a fact'.

> The spiritual German People's Reich (*das geistige volksdeutsche Reich*) is to-day already a fact, and this is not only a cultural and spiritual fact, but also a fact of political significance.

On the 7th March at Gratz the Styrian peasant leaders sought to counter the moves of the Styrian Nazis by addressing a declaration of loyalty to Dr. von Schuschnigg and a message of exhortation to their own constituents. In the same place on the same day the local Nazis rejected, as inadequate, an offer of a share in the Styrian provincial Government which was brought to them by the new Governor of the province, who bore the inauspicious name of Trümmer. At Vienna on the 7th March, for the first time since the repression of the Social Democrats by the Clericals in February 1934, a conference of workers' delegates met freely to receive a report from a delegation

which had waited on Dr. von Schuschnigg on the 3rd March. The conference, which consisted of 200 delegates representing the workers in 4,000 factories and workshops, proceeded to lay down four conditions for the co-operation of the workers with Dr. von Schuschnigg's régime. They must be given equality of rights with the Nazis and with all other groups within the Vaterländische Front; the nominated officials of the single federation of trade unions that had been set up by the Government after the suppression of the Social-Democratic trade unions must be supplemented by genuinely elected workers' representatives; the workers must be given the means of propagating their views through newspapers of their own and over the microphone; and the Government must embark upon a positive policy of promoting social welfare.

An alliance between the Austrian Social Democrats and the Clerical adherents of the Vaterländische Front might have turned the scales against the Austrian Nazis in a free play of native Austrian political forces; but at this stage in Austro-German relations there was no prospect of Austria's being allowed to work out her own destiny without the Reich's throwing its overwhelming weight into the Austrian Nazi scale; and in any case it was unlikely that the Bundeskanzler would be able to come to terms with the workers' organizations before the impending week-end, whereas it was evident that this week-end—which would be the third since the Austrian Government's definitive and public acceptance of Herr Hitler's terms—might see the end of the Vaterländische Front régime if the shocks which had been administered to it during the two preceding week-ends were to be repeated. It was such considerations, maybe, that led Dr. von Schuschnigg to conclude, and promptly act on the conclusion, that his only chance of holding his own now lay in staking the whole of his political fortunes in a supreme bid to wrest back the initiative in Austrian politics out of Herr Hitler's hands. And to this end, in a speech delivered on the 9th March at Innsbruck—the capital of a Tyrol which was as pronouncedly Clerical and Legitimist as Styria and Upper Austria were pronouncedly Nazi—Dr. von Schuschnigg took all his fellow countrymen, not excluding Herr Hitler, by surprise with the announcement that he had decided to hold a plebiscite on the coming Sunday, the 13th March.[1]

[1] Before definitively taking or announcing this decision, Dr. von Schuschnigg appears to have consulted Signor Mussolini. 'At twelve noon on the 7th March', said Signor Mussolini in a speech in the Fascist Chamber on the 16th March, 'a confidential emissary of Schuschnigg asked me my opinion on the plebiscite and on the procedure for it. It was the first time for many months [that I had been consulted by him]. I answered in the most peremptory terms

> Now I want to know and must know whether the Austrian people wants this free, German, independent, social, Christian and united country, suffering no party divisions. Now I must know whether in truth the motto 'Bread and peace in the land' can bring together our countrymen and their *Front* which is invincible, and whether the ideal of equality for all men in the country, so far as they stand by people and fatherland, is for all men without exception one that they can pursue. This must I now know, and therefore I call on you in this hour, countrymen and Austrians, men and women, to take part next Sunday, the 13th March, in the referendum.

The speech closed on a personal note:

> Fellow countrymen, believe me, I know what it means to bear responsibility. I have taken on myself alone responsibility for this decision, and I stand or fall, with all that I aspire to and believe in, with this confession of faith which the Austrian people is about to make; but I believe the responsibility can and must be borne, because I cannot imagine that a single man or woman, who knows the issues, can be against our watchword.

The delivery of this speech by the Bundeskanzler was followed by the immediate broadcasting, and subsequent publication in the press, of the following proclamation:

> People of Austria! For the first time in the history of our Fatherland the leadership of the state demands an open confession of faith in the Fatherland. Sunday, the 13th March, 1938, is the day of the referendum. All of you, whatever your occupation, whatever class you belong to, men and women in free Austria, you are called on to confess your faith before the whole world; you shall say whether the path we are following, whose goal is social unity and equality, the final overcoming of all party divisions, the German peace at home and abroad, and the policy of work, is the path along which you wish to accompany us.
>
> The formula is: 'For a free and German, independent and social, for a Christian and united Austria! For peace and work and the equality of all who acknowledge their faith in our people and Fatherland.'
>
> That is the goal of my policy. To reach this goal is the task before us, and the historic need of the hour. No word of the formula which is put before you as a question can be allowed to fail. Who answers 'Yes' serves the interests of all and above all of peace. Therefore, fellow citizens, show that you take seriously your desire that, in the interests of the Fatherland, a new period of unity should begin; the world shall see our will to live; therefore, people of Austria, arise as one man and answer 'Yes'.
>
> *Front-Heil! Oesterreich!* Schuschnigg.

The taking of plebiscites on the Government's initiative was provided for in Article 65 of the Austrian Constitution of the 1st May, 1934, and in this article the right to vote was confined to Austrian

that the whole thing was a mistake. "This piece of ordnance", I said, "will explode in your hands."'

citizens who had completed their twenty-fourth year of age. This restriction had not, of course, been introduced into the Constitution in 1934 with a foreknowledge of, or an eye to, the situation with which the régime would be faced in 1938, but the statutory age-limit did, in point of fact, in that latter year redound to the advantage of the Austrian party by whom the Constitution had been drafted and enacted, inasmuch as the man-power of the Austrian National-Socialist Party was recruited from adolescents to a markedly greater degree than was that of either the Vaterländische Front or that of the submerged but now just re-emerging Austrian Social Democracy. If the substantial advantage which the Vaterländische Front was thus likely to derive from an age-limit which had been written into the Constitution of the country nearly four years back might be regarded as a windfall by which Dr. von Schuschnigg was morally entitled to profit, the Bundeskanzler at bay laid himself open to some damaging criticisms—with which Herr Hitler, at his own good time, was to make effective play[1]— in the regulations which he drew up, *ad hoc*, for the particular plebiscite upon which he had decided. A register of Austrian citizens entitled to vote in a plebiscite was not in existence and was manifestly impossible to compile between Wednesday and Sunday. Intending voters were therefore required, under the *ad hoc* regulations, to produce identity papers at the polling booths, and such papers, if they passed muster, were to be stamped by the authorities to show that their holders had voted. For an affirmative vote the procedure was fool-proof. The 'yes-men' would be handed an official voting-paper with 'yes' printed on it, and every one of these papers that was dropped into one of the urns was to count on the affirmative side, even if it was torn and, indeed, even if it had been 'spoilt' to the extreme extent of having had the printed 'yes' crossed out and a written 'no' substituted for it. On the other hand, any voter proposing to vote 'no' must provide for himself, or obtain from the authorities with whom he would, the moment before, have registered his identity, a blank slip, of the same size as the official 'yes'-slip, on which he must write the single word 'no'. Any additional word or words would invalidate the negative vote, and an unofficial slip handed in blank would be counted as if it had had the official 'yes' printed on it. The voter might enclose his slip in an envelope before dropping it into the urn, but he must provide his envelope for himself.

[1] See the able exposure of the inequitable features in Dr. von Schuschnigg's *ad hoc* plebiscite arrangements in Herr Hitler's speech in the Reichstag at Berlin on the 19th March, 1938.

These almost indefensible regulations were a political blunder as well as a moral error. If the regulations had, instead, been so framed as to be meticulously fair to the opponents of the existing régime, Dr. von Schuschnigg would still have been virtually certain of securing a substantial majority; and Herr Hitler would then have been faced with a choice of either incurring what would then have been the almost prohibitively extreme odium of intervening by main force to prevent a fair poll of Austrian opinion as between himself and Dr. von Schuschnigg, or else acquiescing in a vote in Dr. von Schuschnigg's favour which, in so far as it had been fairly taken, would have had all the moral and political effect that Dr. von Schuschnigg hoped for from it and that Herr Hitler had reason to fear. As it was, Herr Hitler was able to drape his military intervention in Austria in the cloak of an assumed zeal to vindicate the Austrian electorate's right of self-determination; he was able to suggest that Dr. von Schuschnigg had not dared to frame fair regulations because he knew that he would thereby be dooming the Vaterländische cause to defeat; and he was able to draw an oratorically telling contrast between Dr. von Schuschnigg's rightly frustrated 'ramp' and the plebiscite subsequently held under Herr Hitler's own auspices with triumphant results for Herr Hitler himself—and this though it was common knowledge that Dr. von Schuschnigg's abortive plebiscite could not have been more remote than Herr Hitler's substitute for it actually was from being anything like a genuinely free expression of opinion.

The indefensibility of Dr. von Schuschnigg's plebiscite regulations was all the more of a godsend to Herr Hitler because the Bundeskanzler's speech of the 9th March, in which the decision to take the plebiscite was announced, presented further features which, for the Reichskanzler, could not fail to be either annoying or alarming. It was annoying for Herr Hitler that, at this advanced stage in the carefully planned disintegration of the Vaterländische Front, his intended victim should still have the audacity to demand that the Austro-German agreements of July 1936 and February 1938—which, in Herr Hitler's strategic plan, were nothing but instruments for achieving ends that would supersede the instruments themselves—should be carried out with an equally exact good faith on both sides, as though they had been seriously meant to serve as the bases for a lasting peace.[1] At the same time it was alarming for Herr Hitler that

[1] On this point, Dr. von Schuschnigg's words at Innsbruck on the 9th March had been precise and emphatic:

'I must say frankly, and I will be very outspoken, that the threats and

Dr. von Schuschnigg should make the active bid, which he did make publicly in this speech, for the support of Austrian Labour. For if Dr. von Schuschnigg's statesmanship did prove equal to bringing about a genuine reconciliation between the Social Democrats and the Vaterländische Front, then it might require the naked use of military force to give the Austrian ruler of Germany the mastery over his own native country.

After the announcement of the forthcoming plebiscite, Dr. von Schuschnigg's whole-hearted partisans did their utmost to rally their countrymen in support of him. Dr. Reither launched a pair of appeals[1] —one addressed to the peasants, employers and workers of the whole country, and the other to the whole population of the province of Lower Austria—to vote 'yes'. Instructions for the voters in Vienna[2] were issued by the Mayor of the city, Dr. Schmitz. On the evening of the 10th, however, the negotiations between the head of the governmental federation of trade unions, Dr. Stand, and the representatives of the workers reached a deadlock,[3] and by then already the general situation in Austria was getting out of hand. About midday on the 10th the Austrian Nazis seem to have received instructions from Germany to abstain from voting on the 13th and in the meantime to create the maximum amount of disorder. Before the end of that day they had duly succeeded in making a pandemonium in Vienna, Linz, Gratz and Klagenfurt (in Salzburg and Innsbruck, on the other hand, the authorities were able to retain control). While these scenes were taking place in the streets, Dr. Seyss-Inquart was closeted, on the 10th, with a special emissary from Herr Hitler, Dr. Keppler, who had started for Vienna from Berlin within a few hours of the receipt there of the news of Dr. von Schuschnigg's speech of the 9th. On the afternoon of the 10th Dr. Keppler left Vienna again for Berlin, and it seems to have been at this point that Dr. Seyss-Inquart for the

systematic attempts at intimidation which have appeared here and there under the cloak of an expression of national feeling, and have been made to seem to arise out of the agreement, are not to be tolerated. All sides must show goodwill.

'You must accept the German settlement honestly and in good faith, and not one among you will bear the slightest blame if the hard path which we must tread in the interest of our whole people, of our Fatherland and of peace, does not lead to success. Unity and peace will die if the other side does not hold to the letter and spirit of the agreement which was made. I am determined to do this, and pledge myself to see it done. This had to be, and it must be carried out. But beyond it, not another inch!'

[1] Texts in the *Reichspost*, 10th March, 1938.

[2] Text *ibid.*

[3] See the despatch from Mr. Gedye in *The New York Times*, 11th March, 1938.

first time personally called upon Dr. von Schuschnigg to resign.[1] Against repetitions of this demand from his own Minister of the Interior, co-religionist and schoolfellow, the Austrian Bundeskanzler appears to have held out till about midday on the 11th. At 10.0 a.m. on the 11th, and at intervals of half an hour thereafter, the unmarried reservists of the 1915 class were called up by wireless; and by about midday the workers had informed the Chancellor that they now put themselves at his disposal unreservedly, without further parley. Nevertheless, before that day was over, Dr. von Schuschnigg yielded to the *force majeure* of three successive summonses from Berlin, of which the last, at any rate, was presented in the form of an ultimatum.

The first summons seems to have been delivered about 10.0 a.m. by the hand of another of the Bundeskanzler's own Ministers, Dr. Glaise-Horstenau, who had returned to Vienna from Landau, in Germany, as soon as the news of the proposed plebiscite had reached him.[2] The second was delivered by the hand of Dr. Keppler,[3] who now descended on Vienna again by aeroplane. The third was delivered—apparently towards 6.30 p.m.—on Marshal Göring's behalf by Lieutenant-General Muff, the military *attaché* to the German Embassy in Vienna, coupled with a notification that 200,000 German troops would cross the frontier into Austria at 7.30 p.m. if the demands contained in this final ultimatum had not been conceded by that hour. In these successive summonses there is no doubt that the German demands rose higher at each stage, but at the time of writing there was still some conflict of evidence as to the point at which certain of these demands were introduced. The first demand, which was presumably that brought by Dr. Glaise-Horstenau,[4] was that the voting on the 13th

[1] See Dr. Seyss-Inquart's own subsequent account of the events of the 10th–11th March, 1938, in a statement given to the Press in Berlin on the 7th April, 1938, and published in *The Times* on the 8th.

[2] See Dr. Glaise-Horstenau's own account of his doings in Vienna on the 11th March, 1938, in the *Völkischer Beobachter*, 20th April, 1938.

[3] *Reichspost*, 12th March, 1938.

[4] In Dr. Glaise-Horstenau's own account, in the *Volkischer Beobachter* of the 20th April, 1938, there is no hint that he was acting under any instructions from Berlin. He represents himself as having returned to Vienna on his own initiative and as having then acted in concert with Dr. Seyss-Inquart in his capacity as a member of Dr. von Schuschnigg's Cabinet. According to Dr. Glaise-Horstenau, he and Dr. Seyss-Inquart called on Dr. von Schuschnigg together about 10.0 a.m. on the 11th and demanded that the plebiscite should be postponed for six weeks and should then be taken by secret ballot and with different terms of reference. The only concession that Dr. von Schuschnigg would make was to suggest that there should be two alternative official slips, one inscribed 'For Austria with Schuschnigg' and the other 'For Austria without Schuschnigg'. The two Ministers then repeated their demands in a letter—which reached the Chancellor's hands by 1.0 p.m.—with notice that

should be secret, and this demand was conceded.[1] The next demand, which was presumably the whole or part of the summons brought by Dr. Keppler at 4.0 p.m., was that the proposed plebiscite should be postponed till the Greek Kalends, and this demand likewise is said to have been conceded by Dr. von Schuschnigg, on the condition that the Nazis should in future refrain from disturbing public order in Austria. According to one account,[2] this demand, brought by Dr. Keppler, for a postponement of the plebiscite was accompanied by the demand that President Miklas should dismiss Dr. von Schuschnigg and appoint Dr. Seyss-Inquart Chancellor in his stead; this demand was rejected by President Miklas; and it was then presented again, in the form of an ultimatum, by General Muff. According to another account,[3] the demand for the replacement of Dr. von Schuschnigg by Dr. Seyss-Inquart was not sprung upon the Austrian Government until the Bundeskanzler had signified his conditional agreement to a postponement of the plebiscite. What is certain is that this postponement was officially announced on the Austrian wireless at 6.0 p.m. and that at the third time of asking, if not at the

they would resign if he had not given in by 2.0 p.m. At 2.0 p.m. two other members of the Cabinet waited on Herren Seyss-Inquart and Glaise-Horstenau with suggestions, from Dr. von Schuschnigg, for a compromise. These proposals were rejected by Dr. Seyss-Inquart and Dr. Glaise-Horstenau. Down to this point Dr. Glaise-Horstenau's story is not incompatible with other accounts of what happened in Vienna on the 11th March, 1938. From this point onward, however, it diverges. According to Dr. Glaise-Horstenau the rejection, by him and Dr. Seyss-Inquart, of the proposals brought by Dr. von Schuschnigg's two emissaries was followed, after a few minutes, by the arrival of Dr. von Schuschnigg himself to announce to them that, under *force majeure*, he now renounced the whole idea of holding any plebiscite at all (a renunciation which, according to other accounts, Dr. von Schuschnigg made, not soon after 2.0 p.m. to Dr. Seyss-Inquart and Dr. Glaise-Horstenau, but after 4.0 p.m. on the summons of Herr Hitler's emissary Dr. Keppler). Dr. Glaise-Horstenau goes on to say that, half an hour after the meeting, soon after 2.0 p.m., between himself, Dr. Seyss-Inquart, and Dr. von Schuschnigg *à trois*, there was a meeting between Dr. Seyss-Inquart and Dr. von Schuschnigg *à deux*, after which Dr. von Schuschnigg resigned and Dr. Seyss-Inquart took in hand the task of forming a new Cabinet. This is not incompatible with Dr. Seyss-Inquart's own account (in a public statement of the 7th April, 1938, quoted in *The Times* of the 8th April) of an interview between himself and Dr. von Schuschnigg in which the latter agreed to tender his resignation, since in this account there is no indication of the times at which the successive events occurred. It is, however, incompatible with the fact (implied in the *Reichspost* of the 12th March) that Dr. von Schuschnigg's offer of resignation was not made to President Miklas until after the delivery of General Muff's ultimatum about 6.30 p.m. (see below). On the showing of the chronological indications given by Dr. Glaise-Horstenau, Dr. von Schuschnigg's offer of resignation to President Miklas would already have been made before Dr. Keppler's arrival in Vienna from Berlin at 4.0 p.m.

[1] *The Times*, 12th March, 1938.

[2] *Reichspost*, 12th March, 1938.

[3] *The Times*, *loc. cit.*

second, the German Government did demand the resignation of Dr. von Schuschnigg; his replacement in the Chancellorship by Dr. Seyss-Inquart; the appointment of Nazis to at least two-thirds of the seats in the new Austrian Cabinet; the grant of full and unrestricted liberty to the Nazi Party in Austria; and the re-admission into Austria of the Austrian Legion of Austrian Nazi exiles which had been encamped in Germany for the past four and a half years.[1] The ultimatum seems not to have moved President Miklas to make the change of ministry that was being demanded of him at the pistol's point. 'I will give way to force', he is reported[2] to have replied to General Muff; 'I will fall by force, but I will not do what you demand of me. I will not break my oath by violating the duties of my office.' On the other hand, Dr. Seyss-Inquart, according to his own account,[3] did prevail upon the Bundeskanzler to tender his resignation to the President, and thereupon, without waiting for the sequel, Dr. Seyss-Inquart, in his own words, 'requested that German troops be sent to Austria, since the arming of the Communists [*sic*] had reached an alarming degree, and' he 'wished to save' his 'country from the fate of Spain'.[4] Dr. von Schuschnigg's offer of resignation was not accepted by President Miklas. Shortly after 7.30 p.m., however, Dr. von Schuschnigg spoke, unannounced, on the wireless, as follows:

> The German Government sent President Miklas an ultimatum that unless my Government agreed to the proposals of the German Government German troops would march into Austria.
>
> I declare before all the world that all reports of workers' unrest in Austria and blood flowing in the street are fabrications from A to Z.
>
> The Federal President asked me to inform the Austrian people that we yield to superior force. Because we did not wish to spill German blood we ordered the Austrian Army to offer no serious resistance—no resistance—and to retire. General Schilhavsky has been entrusted with the command of the Army and will give all necessary further orders.
>
> So I take farewell in this hour of the Austrian people with a German word and a greeting—'God protect Austria'.

These were the last words that Dr. von Schuschnigg's countrymen were to hear from him. Like Cato at Utica, this austere Austrian patriot refused to compromise his cause and his personal dignity by

[1] See the *Survey for 1934*, pp. 448–9.

[2] *Reichspost*, 12th March, 1938. [3] *Ibid.*

[4] The interview between Dr. Seyss-Inquart and Dr. von Schuschnigg in which the latter agreed to tender his resignation to President Miklas must have been subsequent to the delivery of General Muff's ultimatum about 6.30 p.m., if the *Reichspost* is right in placing President Miklas' refusal of Dr. von Schuschnigg's offer after the President's parley with the German military *attaché*. On the other hand, according to Dr. Glaise-Horstenau (see p. 207, footnote 4 above), Dr. von Schuschnigg's offer of resignation must have been made before Dr. Keppler's arrival in Vienna from Berlin at 4.0 p.m.

fleeing before the face of his victorious adversary while the road to safety still lay open and was already being taken by so many of his own partisans. A Stoic by temperament but a Catholic by faith, he was debarred by his religion from solving his problem in Cato's way by committing suicide. He accepted the harder ordeal of allowing himself to fall into the power of a victor who was as cruel and as revengeful as Caesar was clement and magnanimous. Within a few hours of laying down the chief executive position in the government of an independent state, Dr. von Schuschnigg was a prisoner in the hands of Herr Hitler's Secret State Police. The silence of the grave descended upon him in his captivity; and at the time of writing, in August 1939, he was still leading this life-in-death.

Between 8.15 and 8.30 p.m. on the 11th March, 1938, the following message was broadcast on the Austrian wireless by Dr. Seyss-Inquart:

> Men and women of Austria and German comrades! In face of the events of to-day, and with particular regard to those ahead of us, I want to make it clear that I am still in office as Minister of the Interior and of Public Safety and I hold myself responsible for the maintenance of peace and order in this country. I ask you all to preserve this peace and order. The next hours and days must be borne with exceptional discipline. If there be any manifestations to-day these must not take the form of excessive demonstrations. Therefore I ask of all National-Socialist organizations concerned with the maintenance of order and security that they will above all things see peace and order preserved and will impress the need for this upon their comrades. I count upon you to support the executive unreservedly in its work, and to hold yourselves at its disposal. I remind you particularly that any opposition to the German Army should it enter Austria is completely out of the question—out of the question too for the executive, whose most important duty is the maintenance of peace and order in this country. Be patient, close your ranks, and work together, that we may go forward to a happy future.

This message was repeated over the microphone that evening at about 9.30 p.m. and again soon after 10.0 p.m. At 20 minutes past midnight on that night of the 11th–12th March it was announced on the wireless that Major Lahr had replaced Dr. Schmitz as Mayor of Vienna. At 1.18 on the morning of the 12th Dr. Jury proclaimed, from the balcony of the Bundeskanzler's office, that President Miklas had appointed Dr. Seyss-Inquart to be Chancellor, and had further appointed, on the new Chancellor's nomination, a new Ministry—which proved, when the speaker recited the names, to be composed entirely of Nazis—with Dr. Glaise-Horstenau as Vice-Chancellor and with the Chancellor himself holding the portfolio for defence.

Meanwhile, about 10.0 p.m. on the 11th, the first detachments of German troops had entered Austria. Herr Hitler had not, of course, waited to set these troops in motion till he received the call for military aid which Dr. Seyss-Inquart, according to his own account,[1] must have sent to Berlin no earlier than about 7.0 p.m. that same evening. The first detachment had left Munich for the Austrian frontier at 1.30 a.m. on the 11th, on orders from Herr Hitler which had been issued as early as midnight on the night of the 10th-11th.[2] The first German troops reached the doors of the Chancery in the Ballhausplatz in Vienna at 11.0 a.m. on the 12th. About 1.0 p.m. on the 12th the first German troops reached the Italian frontier at the summit of the Brenner Pass, where their commander exchanged formal greetings with an Italian officer on the other side of the line.[3] Herr Hitler himself set wheel on Austrian soil, about 3.50 p.m. on the 12th, at Braunau, which was his birthplace. He visited the house in which he had been born, and then drove on to Linz, where he was received by Dr. Seyss-Inquart. In his reply to the Austrian Chancellor's welcome, Herr Hitler hinted, without saying it in so many words, that there was to be an *Anschluss* ratified by a plebiscite.[4] From Linz he telegraphed to Signor Mussolini in the following terms: 'Mussolini, ich werde Ihnen dieses nie vergessen! Adolf Hitler.' On the afternoon of the 12th the Viennese awaited the Führer in vain, and had to content themselves with seeing his three grand inquisitors —Herr Himmler, his associate Herr Heydrich and General Daluege— arrive by air to prepare the way of the Führer and to make his paths straight. Herr Hitler spent the night of the 12th in his true-brown city of Linz, and tarried on the morning of the 13th at the neighbouring village of Leonding—where this Austrian Fortunatus's parents had providently had themselves buried, years in advance, almost in the fairway of their son's predestined triumphal march—before setting out on the long drive from Linz to Vienna, where he arrived shortly before 6.0 p.m. and drove, along a route lined exclusively by Reichsdeutsch S.S.-men and police, to the Hotel Imperial, while, by orders of the Cardinal Archbishop of Vienna, all the church bells in the city pealed.

[1] See p. 209 above.

[2] The mobilization, in Germany, for this German invasion of Austria, is vividly described in an account by an officer who took part in it, quoted in *The Manchester Guardian* of the 20th April, 1938, from the *Hakenkreuzbanner* of Mannheim.

[3] See the dramatic despatch, in the *Berliner Tageblatt* of the 13th March, from a correspondent who had accompanied the vanguard of this German column.

[4] Text of speech in the *Frankfurter Zeitung*, 14th March, 1938.

Meanwhile, Herr Hitler had found time—within the compass of a single day—to legislate as well as to make a pilgrimage and to march in triumph. On the 13th March the following Austrian law was published by Dr. Seyss-Inquart's Government:

Federal Constitutional law concerning the reunion of Austria with the German Reich

In accordance with Article III, paragraph 2, of the federal constitutional law concerning the taking of extraordinary measures within the limits of the constitution, B.G.B. I Nr. 255, 1934, the Federal Government has resolved:

Article I. Austria is a territory of the German Reich.

Article II. On Sunday, 10th April, 1938, all German men and women in Austria above the age of 20 will take part in a free and secret plebiscite on the reunion with the German Reich.

Article III. The result of the plebiscite shall be determined by a majority of the votes cast.

Article IV. The necessary regulations for the execution and supplementing of this law shall be effected by decree.

Article V. 1. This law comes into force on the day of its publication.
2. The Federal Government is entrusted with the execution of this law. . . .

The passing of this law in accordance with the federal constitution has been recorded. Seyss-Inquart, Glaise-Horstenau, Wolff, Hueber, Menghin, Jury, Neumayer, Reinthaler, Fischböck.

On the same date at Linz the following law was published by the Government of the German Reich:

Law of the 13th March, 1938, concerning the reunion of Austria with the German Reich

Article I. The federal constitutional law of the 13th March, 1938, passed by the Austrian Federal Government concerning the reunion of Austria with the German Reich herewith becomes a law of the German Reich. The text is as follows: [text of Austrian law here follows, as printed above].

Article II. The law at present valid in Austria remains in force. The introduction of Reich law into Austria will be provided for by the Führer and Reich Chancellor, or by a Reich Minister authorized by him.

Article III. The Reich Minister for the Interior shall be authorized to issue, in consultation with the Reich Minister so appointed, the legal and administrative decrees necessary to execute and supplement this law.

Article IV. This law comes into force on the day of its publication.

Linz. 13th March, 1938.

The Führer and Reich Chancellor. The Reich Minister for the Interior. The Reich Minister for Foreign Affairs. The Führer's Deputy.

In virtue of the same Austrian law, Herr Hitler also decreed—like-

wise at Linz on the 13th—the incorporation of the Austrian Army into the German Army, and he placed all these henceforth German forces within the Austrian provincial boundaries (*innerhalb der österreichischen Landesgrenzen*) under the command of his own General von Bock. Austrian units were immediately transferred, as a military precaution, from Austria to other parts of the Reich, the first detachments of them reaching Munich on the 14th March. At Vienna, on the evening of the 13th, Herr Miklas resigned his office of President of the Austrian state at Dr. Seyss-Inquart's request. The office of Austrian Bundeskanzler had presumably expired simultaneously with the Presidency of the State, upon the promulgation of the law of the 13th March; and Dr. Seyss-Inquart was referred to in public as 'the new Lord Lieutenant' (*Reichsstatthalter*) in a speech delivered by Herr Hitler in the Heldenplatz at Vienna, in front of the Austrian war memorial, on the 15th. The kernel of this speech was the following passage:

> I now proclaim for this land its new mission. Its mission answers to the vocation which once called hither German settlers from all parts of the old Reich. The oldest East March of the German people is from now on to be the newest bastion of the German nation and so of the German Reich. For centuries in the unquiet times of the past the storms of the east broke on the frontiers of the old march. For centuries more, for all the future, she is to be again an iron guarantor of the security and freedom of the German Reich and thus a surety for the happiness and peace of our great people.

On the evening of the 15th March Herr Hitler left Vienna by air for Munich. On the 18th he made a triumphal re-entry into Berlin. In Vienna, on the same day, Herr Himmler laid a wreath on the grave of Dr. Dollfuss's murderer, Otto Planetta. This was the second time within twenty years that the murderer of an exalted representative of the Austrian state had been posthumously honoured by the political beneficiaries from his crime. At Serajevo on the 2nd February, 1930, a plaque had been unveiled by Serbian hands in honour of the Archduke Franz Ferdinand's murderer, Gavrilo Prinsep. 'The Balkanization of Europe', which Adolf Hitler fancied himself to be undoing through the political unification of the successor states of the Hapsburg Monarchy with the German Reich under the post-war Austrian dictator's own rule, was a decisively accomplished fact on the spiritual plane by the time that a German Chief of Secret State Police was taking this leaf out of a Serbian note-book.

In Berlin on the 19th March the Reichskanzler gave the Reichstag an account of his stewardship in recent weeks in a speech in which the note of bitterness seemed to be keyed up rather than toned down

by the experience of a triumphant success. The speaker's biting text was: 'Rights are rights, even when they are the rights of Germans.' Even before the War of 1914–18, the Germans had been the only nation in Europe to be cheated out of the modern right of national self-determination. In those days they had been cheated by Destiny; in the peace treaties Germany's enemies had sought to set the seal of eternity upon Destiny's work. The post-war Austria—whose people had been cynically prevented, by main force, from joining the Reich on the morrow of the Armistice of 1918—had been, from first to last, a state that was incapable of living (*lebensunfähig*). The speaker then made one of his usual castigating references to the League of Nations; recited his own version of his dealings with Dr. von Schuschnigg since his invitation to the Austrian Chancellor to visit him at Berchtesgaden; and protested that the so-called 'ultimatum' had been nothing but 'a stern assurance that Germany was at the end of her patience and a warning against taking a course that would of necessity lead to bloodshed' (a formula which might have been taken from the definition of the word 'ultimatum' in a dictionary). The democratic Powers' 'ineffable lack of understanding' in face of an event that had relaxed a deadly dangerous tension in Central Europe gave Herr Hitler a foil against which to display an impressive show of gratitude to Signor Mussolini. The German-Italian entente had now become, for Germans, an indissoluble friendship. The speaker had written to Mussolini on the 11th March[1] to assure him that, as towards France, so also towards Italy, Germany regarded the now established frontiers as sacrosanct (*als gegebene*). The Italian people could take it that the German nation stood behind the speaker's words. Yet, on this occasion at least, the Austrian maker and master of 'the new German Volksreich' can hardly have been accurately expressing the sentiments of some 200,000 of his Austrian-German fellow countrymen whom the peace treaties had made subject to Italy, and who, under Signor Mussolini's régime, had been suffering and were still suffering, in very truth and deed, an oppression which Herr Hitler had already denounced in attributing it to Dr. von Schuschnigg, as being 'beyond bearing for a Great Power with a sense of national honour'. After treading his way across this very thin ice, Herr Hitler reached the goal of his speech in the announcement that the forthcoming plebiscite on the 10th April was to be taken not only in Austria but throughout the Reich, and that on the same day elections were to be held throughout the Reich, including Austria, for a new Reichstag.

[1] For this letter see further p. 217, below.

Notwithstanding the invidious distinction between the Italian and the Anglo-French attitude towards the *Anschluss* which was drawn on the 19th March by the German Chancellor for his own manifest reasons of state, a stricter sense of justice would have commanded him to feel and express an impartial ingratitude towards all the three European Great Powers. The truth was that Dr. von Schuschnigg had been compelled to yield, without physical resistance, to a German show of force because neither Italy nor France nor Great Britain had been willing to take the risk of coming into conflict with Germany by giving Dr. von Schuschnigg effective support. It was also the truth that Herr Hitler was quit of any moral obligation to feel gratitude for this convenient passivity towards any of the three Powers, since all were just as hostile to the *Anschluss* in 1938 as they had been at any time within the preceding twenty years, and refrained from intervening now solely because the game did not seem, this time, to be worth the candle. The considerations that determined their respective policies have been touched upon already:[1] the inaction in which that policy expressed itself in the hour of crisis has still to be recorded.

In the House of Commons at Westminster on the 10th March, Mr. Chamberlain replied in the negative to a question whether in view of the intention of the Austrian Government to conduct a plebiscite on Sunday next on the question of the independence of Austria he had any statement to make on the matter, having 'regard to the provisions of the Treaty of St. Germain and of the Geneva Protocol of 1922'. At the Foreign Office, however, on the same day, Lord Halifax saw and admonished Herr von Ribbentrop, who was at that moment in London, winding up his affairs there after having been promoted from his Ambassadorship to the post of Minister for Foreign Affairs. On the morning of the 11th, about the time when, in Vienna, the first turn of Herr Hitler's screw was being administered to Dr. von Schuschnigg, Herr von Ribbentrop was being received in audience, in London, by the King of England to present his letters of recall as Ambassador to the Court of St. James's. At lunch-time, when in the Ballhausplatz the screw was being given another twist, Herr von Ribbentrop was taking lunch with Mr. Chamberlain in Downing Street. After the departure of the other guests about 2.30 p.m., strong representations were made to Herr von Ribbentrop, for the space of about twenty minutes, by Mr. Chamberlain and Lord Halifax. This heart-to-heart talk in London must have begun about the moment when Dr. Keppler alighted

[1] See pp. 184–5 above.

in Vienna from an aeroplane to deliver to the Austrian Government the first of that day's two German ultimatums.[1] It was not till the news of the delivery of the second German ultimatum had reached Downing Street that the British Ambassador in Berlin was instructed to register 'a protest in strong terms with the German Government against such use of coercion, backed by force, against an independent state in order to create a situation incompatible with its independence'.[2] A protest on similar lines was made about the same time by the French Ambassador (the French and British Governments had been keeping in close touch with one another). These protests were rejected, in letters addressed to the Ambassadors by Herr von Neurath, on the ground that 'the relations between the Reich and Austria' could 'only be regarded as an internal affair of the German people which' was 'no concern of third Powers'.[3]

Mr. Chamberlain's statement in the House of Commons on the 14th March contained the following passage on British obligations and their fulfilment:

> We were under no commitment to take action *vis-à-vis* Austria, but we were pledged to consultation with the French and Italian Governments in the event of action being taken which affected Austrian independence and integrity, for which provision was made by the relevant articles of the Peace Treaties. This pledge arises from agreements reached between the French, Italian, and United Kingdom Governments, first, in February, 1934,[4] then in September of the same year,[5] and finally at the Stresa Conference in April, 1935,[6] in which the position was reaffirmed, to consult together in any measures to be taken in the case of threats to the integrity and independence of Austria. We have fully discharged the pledge of consultation with both the French Government and the Italian Government, to whom we made an immediate approach when Austrian independence seemed to be threatened by recent events. As a result of that consultation with the French Government, His Majesty's Government and the French Government addressed similar protests to the German Government on the action that had been taken. From the Italian Government we received no full exposition of their views, but their attitude has been defined with great precision in the statement issued on behalf of the Italian Government which appears in the Press to-day.

In this last sentence Mr. Chamberlain was referring to the *communiqué*, reporting the proceedings of the Fascist Grand Council at

[1] 3.30 Greenwich Time = 4.30 Central European Time.

[2] Statement by Mr. Chamberlain in the House of Commons at Westminster on the 14th March, 1938.

[3] The text of Herr von Neurath's letter to Sir Nevile Henderson was read to the House of Commons by Mr. Chamberlain on the 14th March, 1938.

[4] See the *Survey for 1934*, pp. 454–5.

[5] *Op. cit.*, p. 485.

[6] See the *Survey for 1935*, vol. i, pp. 159–60.

Rome during the night of the 12th–13th March, in which the Italian attitude regarding the *Anschluss* was expounded as follows:

> The Austrian Government have informed the Italian Government only *post factum* of the results of the Berchtesgaden Agreement and of the measures which they have taken in consequence. The Italian Government, however, have decided, for obvious reasons, not to interfere in any way in Austria's internal politics and in the development of a national movement, the logical outcome of which can easily be foreseen. The Grand Council notes particularly that the plebiscite, decided upon suddenly by Chancellor Schuschnigg, not only was not suggested by the Italian Government, but was actually contrary to the advice offered by them as soon as they were made aware of the decision, both as regards the manner and the substance and form of the proposed plebiscite. The Grand Council regards the events in Austria as the outcome of a pre-existent state of affairs and as the free expression of the feelings and will of the Austrian people, unequivocally confirmed by the imposing public demonstrations with which the events were greeted. The Grand Council takes account with profound interest of a letter from the Führer to the Duce, dated the 11th March, concerning events in Austria as they affect German-Italian relations, a letter which will be made public. The Grand Council also notes that the Fascist Government have declined a French invitation to take part in concerted action, which they consider would be groundless and purposeless, and would only result in making the international situation more difficult.

This opportunity was taken, in Rome, for publishing Herr Hitler's letter of the 11th March to Signor Mussolini, the gist of which was afterwards recapitulated by Herr Hitler himself in his speech to the Reichstag in Berlin on the 19th.[1] After setting out Herr Hitler's case against Dr. von Schuschnigg, the letter came to the point in the following crucial passage:

> For the last two days the country [Austria] has been rapidly declining into anarchy. As Führer and Chancellor of the German Reich, and also as a son of this land, I can no longer remain inactive in face of this development of events. I have decided to re-establish order in my fatherland, order and tranquillity, and to give to the popular will the possibility of settling its own fate in unmistakable fashion, openly and by its own decision. May the Austrian people, then, create by itself its own destiny. However this wish may be fulfilled I would assure your Excellency, you who are the Duce of Fascist Italy, most solemnly of one thing. Do not see in this anything but an act of legitimate national defence, an action which any man of character in my place would perform in the same way. You, too, Excellency, could not act differently if the fate of Italians were at stake. I, as Führer and as a National Socialist, cannot do otherwise. In a critical hour for Italy I showed you the constancy of my feelings. Do not fear that there will be any change in this respect in the future. Whatever may be the result of coming

[1] See p. 214, above.

events I have fixed a definite frontier for Germany towards France, and now I fix another, equally definite, towards Italy, the Brenner. This decision will never be subject to doubt or alteration. It was not taken by me in the year 1938, but immediately after the end of the Great War, and I have never made a mystery of it. I beg your Excellency to excuse me first for the haste of this letter and the form of this communication. Events have overtaken us all unexpectedly. Nobody had got wind of Herr von Schuschnigg's last step, not even his colleagues in the Government, and I had always hoped up till to-day that perhaps at the last moment another solution might be possible. I deeply regret that I cannot speak with you personally at this time to tell you all I feel. With unchanged friendship, yours (signed) Adolf Hitler.

Whether the Duce's policy was affected, at this critical moment, by the Führer's letter remained the Duce's own secret; but, whatever may have been the considerations in the Duce's mind, it was a fact that, in March 1938, he refrained from repeating the action which he had taken, in almost identical circumstances, in July 1934. This time, instead of setting powerful Italian military forces in motion towards the Italo-Austrian frontier, he remained inactive during those critical hours of the night of the 11th and the morning of the 12th, when, in accordance with Herr Hitler's notification to his Italian compeer, a German column was making its forced march from the German-Austrian frontier to the summit of the Brenner.[1] It was in reference to this *de facto* reversal of Signor Mussolini's previous policy that, after the Italian frontier had been reached by the German troops, Herr Hitler telegraphed to Signor Mussolini from Linz, on the afternoon of the 12th, 'Mussolini, I shall never forget this of you'—a message to which Signor Mussolini had replied: 'My attitude is determined by the friendship between our two countries, which is consecrated in the Axis.'

In a speech on the *Anschluss* which he made in the Fascist Chamber at Rome on the 16th March, Signor Mussolini had a harder task than Herr Hitler had in speaking on the same subject in the Reichstag in Berlin on the 19th.[2] Whereas Herr Hitler could now proclaim the fulfilment of one of his dearest dreams and most audacious promises, Signor Mussolini had somehow to gloss over his abandonment of a position which he had frequently and emphatically declared to be one of the fundamental points of his foreign policy. His long-sustained and vociferously expressed insistence on its being a matter of life and death for Italy that Austria should remain an independent state under Italy's aegis[3] had now to be explained away. The orator solved

[1] See p. 211, above.

[2] See p. 214, above.

[3] In a speech before the Senate on the 20th May, 1925, Signor Mussolini said: 'Italy could not tolerate such a patent violation of treaties as the annexa-

his problem as best he could by echoing, though this in less enthusiastic tones, some theses that had been provided for him by Herr Hitler: in particular the inability of post-War Austria to keep alive as a separate state; the essentially German character of the inhabitants of this broken-backed successor state of the Hapsburg Monarchy; the inevitability of German national unification on the showing of Italian history in the nineteenth century; and the ineptitude of Dr. von Schuschnigg—a convenient scapegoat, if only Signor Mussolini could manage to put the blame on his deserted and fallen protégé without thereby bringing odium upon himself. In this carefully assembled *mise-en-scène* Signor Mussolini gingerly grasped his nettle:

> To the more or less official circles beyond the Alps who ask why we have not intervened to 'save' the independence of Austria, we reply that we have never assumed any undertaking of the kind, direct or indirect, written or verbal. The Austrians—and we must proclaim this—have always had the understandable modesty not to ask for displays of force to defend the independence of Austria, because we would have replied that an independence which needs foreign military help, even against the greater part of its own people, is no longer such.

While he defended himself in these terms *vis-à-vis* the two West-European powers that, not so long ago, had been Italy's partners in the Stresa Front, Signor Mussolini anticipated, in the following offensive defensive, an unspoken criticism which he perhaps read in the hearts of his own Italian fellow countrymen and his own Fascist partisans:

> There are people in the world so superficial, so blankly ignorant of the conditions of Fascist Italy that they think they can impress us with the total figure of the millions of Germans and the fact that they are now present on our frontiers. But Italy, this Italy, does not allow herself easily to be impressed, and during the war in Africa fifty-two states did not succeed in doing so; she has a tough will and a tough soul, and goes straight ahead. We are so little impressed that we quietly admit that in a few years—through the mere fact of a natural movement of population—we shall be 50,000,000, but the Germans will be 80,000,000; and they will be not only on one frontier but on ten frontiers, of which the

tion of Austria by Germany would be. Such an annexation, in my opinion, would frustrate the Italian victory.' In Rome on the 18th March, 1934, he said: 'Austria knows that she can count on us to defend her independence as a sovereign state', and in Milan on the 6th October, 1934: 'We have defended and will defend the independence of the Austrian Republic, an independence which has been consecrated by the blood of the Chancellor, small in stature but great in spirit and heart.' A similar statement appeared in Signor Mussolini's telegram to Prince Starhemberg on the 26th July, 1934 (see the *Survey for 1934*, p. 475). In a speech to the Chamber of Deputies on the 25th May, 1935, he said that only one problem compromised German-Italian relations, that of Austria; but it was a problem 'of basic importance'.

> Italian frontier is the frontier of two friendly peoples; an intangible frontier. On this point the Führer has always been categorical even before he came to power and when this attitude brought down stupid accusations from his opponents. For us Fascists the frontiers, all the frontiers, are sacred: they are not to be discussed, but to be defended.

These brave words were no doubt intended to keep up the Italian people's courage; but it can hardly be supposed that they carried conviction in the mind of the speaker. Signor Mussolini's own last word to himself was perhaps revealed in the following characteristically worded sentence:

> To the remaining devotees of an inferior Machiavellianism which we reject, it may be observed that when an event is inevitable it is better that it should be done with your assent rather than in spite of you, or, worse, against you.

The surprisingly rapid fulfilment of the widespread Italian forebodings of the probable consequences, for Italy, of having Greater Germany as her immediate neighbour will fall to be recorded in later volumes.

The contrast, which was so conspicuous in Italy, between the emphatically expressed yet hollow-sounding approval of the *Anschluss* on the official lips of a dictator and the genuine and profound dismay with which the same event inspired the public, was also discernible in Hungary and in Jugoslavia. For Hungary the loss of the Austrian buffer state that had hitherto insulated her from Germany was still more serious than it was for Italy, considering that Hungary would have only 10,000,000 and not 50,000,000 inhabitants to oppose to Greater Germany's 80,000,000, and that her new common frontier with this Greater Germany ran across an open plain and not along the crest of the Alps. Again, in the Slovene portion of the Triune Kingdom of Jugoslavia, which had been an integral part of Austria down to the late autumn of the year 1918, the *Anschluss* evoked a fear that one of Herr Hitler's next strokes might be to re-annex this *Austria Irredenta* that intervened between the present south-eastern frontier of the new Greater Germany and an Adriatic seaboard that had been the Küstenland of the pre-War Austrian state. On the other hand, the remoter Serbs were less affected by this Slovene fear than by their own relief at seeing the possibility of a Hapsburg restoration now ruled out once for all; and on the 14th March the *Vreme* of Belgrade, which was the organ of the dictatorial and dictatorophil Serb Prime Minister of Jugoslavia, Dr. Stojadinović, commented on the *Anschluss* in terms that would have passed muster for insertion in the *Völkischer Beobachter*. In the Senate in Belgrade

on the 16th March Dr. Stojadinović himself stated, in answer to a question, that, during his visit to Berlin in January, he had had it from the lips of Herr Hitler himself that Germany wanted a strong Jugoslavia. He added that, since the *Anschluss*, assurances that the German-Jugoslav frontier was regarded by the German Government as sacrosanct had been forthcoming from official representatives of the Reich.

Of all the neighbours of the now extinguished independent state of Austria, Czechoslovakia was placed in the greatest jeopardy by the *Anschluss*. The lesser Germany of the *Versailler Diktat* of the 28th June, 1919, had already been Czechoslovakia's neighbour on a Bavarian, a Saxon and a Silesian front; the Greater Germany of the *Wiener Diktat* of the 11th March, 1938, now marched with Czechoslovakia on an Austrian front as well, and on this front Czechoslovakia was peculiarly exposed to attack, since the frontier between Lower Austria and Moravia, like that between the Burgenland and Hungary, ran across open country, whereas on the Bavarian, Saxon and Silesian fronts Czechoslovakia was fortified, as Italy was on her Tirolese front, by a natural rampart of mountains. The danger in which Czechoslovakia stood from the 12th March, 1938, onwards was so extreme, so imminent and so obvious that the German assurances which the Czechoslovakian Government received at this juncture as a matter of course brought no grain of comfort to Czechoslovak hearts.

Meanwhile, whatever might be the feelings or the forebodings of other states in regard to the *Anschluss* of Austria to Germany, the *fait accompli* was as quickly given recognition by the rest of the world as this recognition was imperiously demanded by the Reich.

The extinction of Austria's independence was not accepted altogether without protest by the extinguished state's official representatives abroad. On the 14th March the Austrian Consuls-General in Paris and at São Paulo were reported to have resigned rather than hoist the Swastika flag. On the same day it was announced in Vienna that the head of the Austrian delegation to the Secretariat of the League of Nations had announced his resignation, and that the Austrian Ministers in London, Paris and Prague had been dismissed. On the 16th March the Hungarian Government anticipated all others in giving *de facto* recognition to the *Anschluss* by informing the Government at Berlin of their decision to transform their Embassy in Vienna into a Consulate. At Washington on the 16th the German Embassy took possession of the Austrian Legation. In the House of Lords at Westminster on the same day the Foreign Secretary, Lord Halifax, stated that the British Government were bound to recognize

that the Austrian state had been abolished as a national entity and was in process of being completely absorbed into the German Reich, and that they did so without waiting for the plebiscite of the 10th April, the result of which, in view of the circumstances in which it was going to be held, was a foregone conclusion. On the 17th March the Italian Ambassador in Berlin informed the German Government that the Italian Legation in Vienna, Consulates-General in Vienna and Innsbruck, and Consulates in Gratz and Klagenfurt had been closed, and their functions taken over by the Berlin Embassy. On the 18th it was announced at Berne that the Swiss Legation in Vienna had been transformed into a Consulate-General. The same day saw the closing of the Austrian Consulate-General in New York, and brought the announcement that the Japanese Legation in Vienna was to be transformed into a Consulate-General as soon as the *Anschluss* had been confirmed by the plebiscite of the 10th April. On the 18th, likewise, the Chilean *chargé d'affaires* in Austria and Hungary was instructed to migrate from Vienna to Budapest. The Spanish and Turkish Governments' respective decisions to replace their Legations in Vienna by Consulates-General were notified to the German Government by the Spanish and Turkish Embassies in Berlin on the 24th March. The corresponding change in the Swedish representation in Vienna came into operation on the 29th March, and on the 2nd April the British Ambassador in Berlin informed the German Government of the British Government's decision to make the corresponding change on their part. In making this communication to Herr von Ribbentrop, Sir Nevile Henderson handed him two notes: one asking that the present British Consul-General at Munich, Mr. Gainer, should be given an *exequatur* as British Consul-General at Vienna, and the other note stating that His Majesty's Government in the United Kingdom must, as a matter of course, reserve their standpoint on those questions relating to treaties and other matters which arose from the fact that Austria had ceased to exist as a sovereign independent state. On the 2nd April, likewise, it was announced in Prague that a decision to make the corresponding change in their representation at Vienna had been taken by the Czechoslovakian Government. On the 6th April the United States Ambassador in Berlin presented two notes[1] to the German Government: one announcing the replacement of the United States Legation in Vienna by a Consulate-General, and the other note informing the German Government that the United States Government would 'look to it for the discharge of the relief indebtedness of the Government of Austria to the Government

[1] Texts in *The New York Times*, 7th April, 1938.

of the United States', and would also expect to see the obligations, in respect of debts incurred by the Austrian Government or by Austrian subjects to private American citizens, 'continue to be fully recognized', and the service of these debts continue to be discharged, 'by the German authorities which' had 'succeeded in control of the means and machinery of payment in Austria'. On the 6th April, likewise, the Greek and French Governments informed Berlin of their decision to replace their Legations at Vienna by Consulates-General. The Jugoslavian and Rumanian Governments followed suit on the 8th. The Hungarian Government's decision was confirmed by the Regent of Hungary on the 13th. Notifications of corresponding decisions were received in Berlin from the Chinese Ambassador and from the Latvian Minister on the 13th April, and from the Lithuanian Minister on the 27th. And thus, within six or seven weeks of the seizure of Austria by Germany on the 11th–12th March, the Austrian thread had been drawn from a web of international relations in which it had been one of the conspicuous strands for four or five centuries past.

### (*c*) The Aftermath in the Ostmark

#### (1) *The Terror*

The arrival in Vienna of Herr Hitler's Chief of Secret State Police, Herr Himmler, and of this chief's lieutenant, Herr Heydrich, on the 12th March, 1938, one day in advance of Herr Hitler himself, signified that the terror which had been part and parcel of the Nazi régime since Herr Hitler's advent to power in the Reich in January 1933 was to be extended immediately to the new territory which the Reich had just acquired through the annexation of Austria. In the event, this Nazi terror was exercised in the new 'Ostmark' with a wilder fury and a fiercer malevolence than it had displayed, even at its worst, in the old Reich, and for this differential treatment of the new 'Ostmark' there were several contributory causes. In the first place, the process of *Gleichschaltung* with the Third Reich might be expected to meet with a more tenacious resistance in Austria than in any other province of Greater Germany, because Austria had had a more glorious distinctive past of her own than any other German state, and because in Austria, alone of all German states, the ground had not been prepared in advance for Nazification by a previous semi-Prussianization, such as Bavaria had undergone since 1871 and Hamburg since 1866, or full Prussianization, such as Hanover had undergone since 1866 and the Rhineland since 1814. Herr Himmler and

his henchmen were well aware that, for these reasons, the Nazification of Austria would be an unprecedentedly arduous task, and their answer to this challenge was to set to work with an unprecedentedly ruthless energy. In the second place, Herr Hitler, being himself a renegade Austrian, was undoubtedly more intolerant of loyalty to an old Austrian tradition which he had personally repudiated than of loyalty to a Hanseatic or a Rhenish spirit to which Tinnies and Schehl could remain true without thereby casting any reflection on Herr Hitler's own political metamorphosis. In the third place, the Jews, against whom the Nazis had openly declared a truceless war, and the Catholic Church, towards which, in their hearts, they nurtured almost the same implacable hostility as towards the Jews,[1] both had a relatively stronger hold in Austria than in any part of the old Reich, and, therefore, both had to be repressed, in Austria, with a heavier Nazi hand if they were to be brought down, here too, to the standard low level of misery and impotence to which, in the old Reich, they had already been reduced. In the fourth place, the Austrian contingent of the National Socialist Party had been out in the wilderness five years longer than their comrades on the other side of the now abolished Austro-German frontier, and during at least four of these five years they had provoked and incurred a more severe repression at the hands of Dr. Dollfuss's and Dr. von Schuschnigg's Government than the Reichsdeutsch Nazis had ever met with from the more easy-going Government of Herr Stresemann and Dr. Brüning in the Reich during the decade that had elapsed between the frustration of Herr Hitler's abortive *Putsch* at Munich in November 1923 and his advent to power in Berlin in January 1933. By the 11th March, 1938, there were hundreds and thousands of Austrian Nazis who were thirsting to take their revenge—and this, in many cases, upon individuals whom they had marked down as objects of vengeance long since—for having been dismissed from official positions or thrown into prison or driven to flee the country. In combination, these four factors, which were all of them peculiar to the situation in Austria, may explain why it was that the terror in Austria in 1938 was still more atrocious than that in the Old Reich in and after1933.[2] An account of the abominable facts unfortunately cannot be omitted from a history of an *Anschluss* that was followed by this aftermath.

A necessary preliminary to the inauguration of the Nazi terror in

[1] 'Die Schwarzen und Juden' were coupled together in one of the stock phrases of Nazi popular oratory.

[2] See the *Survey for 1933*, pp. 122, 146, 156–8.

Austria was a reorganization of the Austrian police. As a temporary measure, about 16,000 Reichsdeutsch police, of the non-political police force under General Daluege's command, took over the whole of the ordinary policing of Austria while this reorganization was being carried through, and this interim police régime was perhaps a mercy, since Austria's new Reichsdeutsch masters, having no personal scores to pay off in Austria, were apt—as was afterwards conspicuously and honourably demonstrated by Herr Bürckel—to impose some restraint upon Austrian Nazi vendettas. On the 13th March the command of the Vienna police was conferred on Herr Otto Steinhäusl, a former deputy chief of the police of the Austrian capital who had been serving a sentence of ten years' hard labour for his part in the abortive Nazi *Putsch* of July 1934. The reverse side of the process of reinstatement was a purge which, by the end of March, was reported to have resulted in the dismissal of 686 Austrian police officers in Vienna alone. On the 22nd April the ordinary Reichsdeutsch police were sent back home from Austria, but the Secret State Police—who had spread their net over Austria by the 23rd March—remained permanently ensconced in the land.

It was no concern of the Secret State Police to vindicate the civil rights of private citizens, and, as early as the 15th March, proclamations against looting, signed by leaders of local S.A. formations in Vienna and castigating the misdemeanours of men wearing the S.A. uniform, were appearing in the Viennese press. On the 16th March Herr Bürckel, the former plebiscite commissioner for the Saargebiet, who had been appointed to the same office for Austria by Herr Hitler on the 13th March, in combination with the office of Party Gauleiter, issued a proclamation forbidding the extortion, by 'evil elements' in the Party, of what in Tudor England had been known euphemistically as 'benevolences'. A still sterner threat of punishment for 'provocateurs' who had been making domiciliary visits and confiscating property in the name of the Party was published by Herr Bürckel on the 20th March. The Prussian Commissioner's undoubtedly genuine efforts to preserve certain elementary decencies of civilized life in what had once been Austria can hardly have been assisted by the return of a detachment of exiled Austrian S.S. men from the Reich to Vienna on the 31st March, and of 14,000 members of the Austrian Legion from the Reich to Salzburg also on the 31st.

In the terror that descended upon Austria immediately after Dr. von Schuschnigg's fall, the principal victims were the Jews. On the 13th March the Zionist organization in Vienna—the city in which the Zionist movement had been brought to birth by Herzl—was attacked,

robbed of its funds, and dissolved, and on the same day a number of prominent Viennese Jewish men of business, bankers, doctors and men of science were arrested. On the 14th it was announced by the Ministry of Justice that all Jewish judges and state attorneys were to be removed from office; and dismissals followed in advance of the publication, on the 31st March, of a decree applying to Jewish lawyers, notaries and patent attorneys in Austria the restrictions to which they were already subject in Germany. On the 20th April the chief public prosecutor in Vienna, Dr. Geroe, was dismissed on account of his Jewish origin. The suicide of a Jewish lawyer in Vienna was reported on the 17th March. This drive against Jews in the legal and other professions, e.g. among university teachers, musicians and doctors, did not, however, spread misery so far and wide as the labelling—which was often followed by the looting—of Jewish shops. By the end of the first week of Nazi rule in Austria there was a daily death-roll of suicides who had not waited for the arrival of the 10th April to record their feelings about the *Anschluss*. The police return of the number of suicides in Vienna alone between the 12th and the 17th March amounted to nearly a hundred, with 17 suicides on the 17th as the highest figure for a single day. It would be a nice question for political scientists to determine how many hundred thousand votes in favour of Herr Hitler a single act of suicide should be deemed to offset. While the majority of those Austrians who opted for suicide, in preference to life under Herr Himmler's dispensation, were Jewish professional and business men, the 'Aryan' suicides in the first week included such conspicuous figures in Austrian political life as Major Fey[1] and Herr Neustädter-Stürmer.[2]

On the 21st March an Aryan woman was paraded through the streets of Vienna for the offence of having made purchases in a Jewish shop. And by that date the Nazis had thought of the 'joke' of commandeering Jewish men and women to scrub off the cross that had been painted on the pavements of Viennese streets as propaganda for Herr von Schuschnigg's abortive plebiscite. The house of the *Israelitische Kulturgemeinschaft* in the Seitenstettengasse in Vienna had been converted into a Jew-baiting arena by the time that Austrian Jewry entered upon its first Sabbath under Nazi auspices on the evening of Friday the 25th March. On the 13th April a Vienna Court broke with Austrian tradition by granting an 'Aryan', on racial grounds, a divorce from his Jewish wife. A few days later, the Jewish

[1] See the *Survey for 1934*, Part III C, Section (i), and the *Survey for 1936*, Part III, Section (iv) (*a*).

[2] See the *Survey for 1934*, p. 473, and the *Survey for 1937*, vol. i, pp. 438–9.

community in Vienna was ordered to 'subscribe' 800,000 schillings to Nazi party funds. Yet, severe though the persecution was in Vienna, it was worse in the Burgenland, where the Jews were evicted, *en masse*, from some of the towns, while in the rest of the province they were deprived of their means of livelihood. On the educational front a *numerus clausus*, fixed at 2 per cent., was set for Jewish students in the Austrian universities, and, pending the application of this quota to the primary schools, the 'non-Aryan' school-children were segregated from the rest. These outrages against Jews rose to their acme during Herr Bürckel's absence from Austria for a few days; and, immediately upon his return on the 26th April, he issued stringent orders that the Jews were not to be violently handled. After this, the sheer physical ill-usage of Jews became less frequent, though it did not cease. But the whole Jewish community in Austria remained subject to an organized persecution in such shapes as wholesale arrests and imprisonments in concentration camps, confiscations of property, and applications of German anti-Jewish laws.

On the 28th April, for instance, the Austrian Statthalter of Austria, the ex-Chancellor Dr. Seyss-Inquart, whom the Prussian Gauleiter Herr Bürckel had reduced, by his presence, to the shadow of a shadow, asserted himself by publishing a decree, pending permanent measures, which forbade all authorities entitled to solemnize marriages (*Eheschliessungsorgane*) to marry any pure 'Aryan' to any pure Jew. An order issued in Berlin by the Minister for the Interior on the 24th May extended to Austria the application of the two Nuremberg laws of the 15th September, 1935: the Reich Citizenship Law and the Law for the Protection of German Blood and German Honour. Thereby the Austrian Jews were arbitrarily deprived of a German citizenship that had been as arbitrarily forced upon them on the 12th March. On the 24th May there was published a decree forbidding the contraction of marriages in Austria without the previous production, by the parties, of satisfactory certificates of racial purity and of health. With the coming into force of the Nuremberg laws in Austria on the 1st August, all non-Jewish female domestic servants under the age of 35 who were employed in Austrian Jewish households were compelled to give up their posts, and on the same day thousands of Viennese Jewish families received notice to quit their flats in virtue of a provision in the Nuremberg laws forbidding 'Aryans' and Jews to live under the same roof.

The fresh wave of anti-Semitic excess that was set in motion in Germany after the murder of a German diplomatist, Herr vom Rath, by a Polish Jew who was a refugee from Germany, Herschel Grynsban,

in Paris on the 7th November, swept across Austria as well as the other Länder of the Reich. In Vienna, on the 10th November, 18 out of the 21 synagogues in the city were partly or wholly destroyed by fire or by explosives, and within the next few days there was a fresh wave of arrests and deportations to concentration camps. On the 17th November Herr Bürckel announced on the wireless that he had Herr Hitler's authority for declaring that in future any one who destroyed, wrecked, or plundered property that was not his own would be shot. On the 1st December Herr Bürckel published a decree annulling extortionate purchases of Jewish property, at derisorily low prices, by non-Jews who had taken advantage of the straits in which the Jews had found themselves after the pogrom of the 9th–10th November. Offenders who were Nazis were to be punished by expulsion from the Party, and, until further notice, Jewish property was not to be bought or sold except by the authority of the Ministry of Economics and Labour. On the 22nd–23rd December some 900 Viennese Jewish prisoners were released from the concentration camp at Dachau in Bavaria.

The Nazi assault upon the Jewish community in Austria was not confined to the fields of civil rights and of personal statute: it was also carried into the economic sphere. During June 1938 the National-Socialist Party in Austria ordered non-Jewish and Jewish firms in succession to get rid of their Jewish employees within a fortnight; and, though the second of these two orders was disavowed and disallowed by Herr Bürckel, it was nevertheless reissued. Meanwhile, Jewish property was being transferred to 'Aryan' hands, and before the end of July it was estimated in Berlin that not less than one-third of the Jewish property in Austria had already thus changed hands; but by this time the sequel to these expropriations had become a flagrant scandal. A decree placing the confiscated Jewish concerns in the hands of 'Aryan trustee managers' had been issued by Statthalter Seyss-Inquart, with the approval of Reich Commissioner Keppler, on the 30th March. The opportunities thereby offered for dishonesty were so freely used that on the 3rd July twelve of these 'trustees' were sent to Dachau, while on the 4th July the Chief State Commissioner for Private Industry in Austria, Herr Rafelsberger, announced that all other trustees whom he had not confirmed in their posts before the 1st August were to consider themselves dismissed. Eighty-six new appointments were made in the last days of July. One of the most eminent members of the Austrian Jewish community, Baron Louis de Rothschild, whose bank was eventually taken over by the Bavarian firm of Merck, Finck & Co., had already been

arrested and imprisoned within a few days of the *Anschluss*. He was given the honour of being confined, under the same roof as Dr. von Schuschnigg himself, in the Hotel Metropole, which was now the headquarters of the German Secret State Police in Vienna.

The fallen Bundeskanzler's fate was shrouded in mystery from the moment when he uttered his last words over the microphone on the evening of the 11th March. Thereafter, for much of the time, there was a conflict of testimony even as to his place of detention, not to speak of the rumours regarding his remarriage, his prospective trial,[1] and an alleged secret visit of Herr Hitler to Vienna on the 26th–27th November for the express purpose of dealing with the problem of how to dispose of his embarrassing prisoner.

While Dr. von Schuschnigg and Baron Louis de Rothschild were held in custody, numbers of other eminent Austrians, both 'Aryan' and 'non-Aryan', were likewise arrested, and of these many were reported to have been sent to Dachau and other concentration camps outside the Ostmark. Immediately after the *Anschluss*, the arrests were reported of the Prince Archbishop of Salzburg; of Dr. Reither, the former Governor of Lower Austria and national leader of the Austrian peasantry; of the distinguished aurist Professor Heinrich Neumann; of Prince Starhemberg; of Dr. Schmitz and of Colonel Adam. Baron Wiesner, the leader of the Legitimists and personal representative of the Archduke Otto, suffered nothing worse than a cross-examination, and ex-President Miklas was merely placed under police supervision. On the other hand, the two sons of the Archduke Franz Ferdinand were arrested notwithstanding the fact that, as the issue of a morganatic marriage, they were incapacitated from taking their father's place in the Hapsburg succession.[2] Estimates of the number of Austrians arrested ranged between 1,742 and 3,000 on the 22nd March, rose to 6,500 on the 25th, and fell to 4,400 on the 2nd May. Many of the Nazis' most keenly hunted quarry had eluded their grip by a timely flight either from Greater Germany into Europe or from this world into the other. The probable total death-roll by

[1] On the 22nd August, 1938, a law, dated the 17th August, setting up a state tribunal for trying members of the former Austrian Government, both federal and provincial, with loss of German citizenship and confiscation of property prescribed as penalties for prisoners whom the Court should find guilty, was published in Berlin (text in the *Frankfurter Zeitung*, 23rd August, 1938). In thus relieving Nazi feelings, Herr Hitler was taking a leaf out of the Treaty of Versailles. Down to the time of writing, however, the German law of the 17th August, 1938, like Article 227 of the Versailles Treaty (see the *Survey for 1920–3*, pp. 96–7), had remained a dead letter.

[2] One of the two, Prince Ernst of Hohenberg, was released in October 1938 from a concentration camp.

suicide has been mentioned above;[1] the number of 'political' suicides alone was estimated at 94 by the 22nd March. On the 23rd March the head of the Tuscan branch of the House of Hapsburg, the Archduke Joseph Ferdinand, was arrested at Linz and was sent to the concentration camp at Dachau—from which, however, he was said to have been released by the middle of April. Dr. Schmitz, General Vaugoin, and other distinguished public servants of the Vaterländische Front régime appear to have been sent to a concentration camp on the 5th April, and by the 15th April the number of Austrian political prisoners at Dachau was believed to have risen to 180. At the end of May there was another wave of arrests; on the 31st of that month a special train with some 750 prisoners on board left Vienna for Dachau, while other trains spirited away mixed companies of beggars, lawyers, street musicians, doctors, unemployed persons, and manufacturers to do forced labour—some no farther afield than the valley of the Mur, others to Bremen at the opposite extremity of Greater Germany. From Dachau came, in due time, the usual unverifiable rumours of deaths. Forty-two Social-Democrats were reported to have been arrested during the first half of August; and there was yet another wave of arrests in the Ostmark at the end of October.

The lawful heir and claimant to the Hapsburg throne, the Archduke Otto, was for the moment beyond Herr Himmler's reach, in Belgium. But the Third Reich struck at him such blows as they could. On the 4th April Herr Bürckel recommended the cancellation of all honorary citizenships that had been given to 'Otto the Last' by Austrian municipalities. At Berlin on the 19th April it was reported that a warrant had been issued at Vienna for the Archduke Otto's arrest. A reward for his arrest was offered on the 20th April in the Vienna *Police Gazette*. In the Berlin *Börsen-Zeitung* of the 21st April it was disclosed that the Archduke's property in Austria had already been confiscated by decree.

This general hue and cry after non-Nazi Austrians, both 'non-Aryan' and 'Aryan', who had property or positions to lose, inevitably bred a social evil with which Herr Bürckel tried to grapple when on the 4th July he publicly defined, denounced and penalized the offence of acting as an 'informer'. On the 4th October it was officially announced that an amnesty for Austrian political prisoners—always excepting Dr. von Schuschnigg—was under consideration; and instructions regarding procedure were published on the 2nd December by the Ostmark Division of the Führer's Chancery in Vienna. On

[1] See p. 226 above.

the other hand, the closing months of the year saw a number of trials on political charges. At Salzburg on the 16th November thirty Austrian military reservists who had refused to take the German military oath, when called up for service during the international crisis in September, were sentenced, as mutineers, to terms, ranging from eight months to two years, of hard labour on the Western fortifications of the Reich. In the same place on the 21st November a former Austrian Major-General and former Captain were sentenced to terms of eight years' and six years' hard labour respectively after having been convicted of conspiracy to murder Nazi participants in the abortive *Putsch* of July 1934.[1] These sentences did not save these two convicts from being indicted for a second time on the more formidable charge of murder outright. On the same occasion a Lieutenant-Colonel was acquitted but was remanded in custody for further trial nevertheless. At Klagenfurt on the 26th November two gendarmes were condemned to eight months' and six months' hard labour respectively for sadistic treatment of Nazi prisoners during the suppression of the same *Putsch* of July 1934. A number of other trials on similar charges were still in process at the end of the calendar year.

The fact that it was possible in August 1939 for a foreign historian to give some account of the terror that had descended upon Austria since the 12th March, 1938, is proof that the Nazis were only imperfectly successful in suppressing or distorting the news of what was being perpetrated and suffered in their Ostmark. But this ill success was not due to any lack of effort. One of the first acts of the Reichsdeutsch invaders of Austria on the 12th March was to seize the offices of the principal newspapers in Vienna. Some of the newspapers were suppressed outright; the majority were kept in being under Nazi management after a thorough purge of their editorial staffs; and before the end of the year some new papers, with no non-Nazi past to live down, were set on foot. On the 14th April the Austrian Official Information Bureau (*Amtliche Nachrichtenstelle*) in Vienna was replaced by a Vienna office of the corresponding Reichsdeutsch institution. The regulations governing the *Reichspressekammer*—the corporation through which the profession of journalism was controlled by the National-Socialist State—were applied to Austria by an order promulgated in Berlin on the 25th June. It was, of course, easier for Dr. Goebbels to bring the native Austrian press to heel than to censor the despatches sent by foreign correspondents in Austria to newspapers published in places beyond the reach of Herr Himmler's

[1] See the *Survey for 1934*, Part III C, Section (i) (*j*).

long arm. On the 25th March[1] Mr. G. E. R. Gedye, a British subject who was the Vienna correspondent of the London *Daily Telegraph* and of *The New York Times*, was expelled from Greater Germany as a warning to his confreres.

The spirit of the Nazi terror in the Ostmark was proclaimed in some of those dramatic ceremonies for which the Nazis had a talent. At Salzburg on the night of the 30th April the street lights were put out and the city was illuminated instead by a bonfire compiled of volumes of Jewish and Catholic authorship. At Klagenfurt on the 24th July and at Vienna on the 25th, the fourth anniversary of the murder of Dr. Dollfuss was celebrated by ovations for his murderers. The celebrations at Gratz were graced by an oration from Herr Hitler's deputy, Herr Hess; in the celebrations at Vienna the Reichsdeutsch Nazi leaders of Greater Germany were conspicuous by their absence. At Vienna, on the 25th, plaques commemorating the murderers as patriots were unveiled, *more Serbico*, in the square outside the former Austrian Bundeskanzlei in the Ballhausplatz. These celebrations in the Ostmark of the Third Reich drew a powerful rebuke on the 28th July from the organ of the Vatican, the *Osservatore Romano*.

(2) *The Plebiscite and General Election for the Reichstag on the 10th April, 1938*

Herr Hitler lost no time, after his seizure of Austria, in arranging to take, under his own auspices and for his own political profit, the plebiscite which he had just prevented Dr. von Schuschnigg from carrying through. As early as the 12th March it was announced in Marshal Göring's organ, the *National-Zeitung* of Essen, that a plebiscite was to be taken in Austria after all. At Linz on the 13th March Herr Hitler published a decree[2] appointing Herr Bürckel, the Gauleiter of the Saargebiet and the Rhenish Palatinate, who had ably looked after the Nazi interest at the taking of the plebiscite in the Saargebiet in 1935,[3] to undertake now, with full powers, the double task in Austria of reorganizing the National-Socialist Party and preparing for the taking of a plebiscite in this new Land of the Reich. At Vienna, at 8.0 p.m. on the same day, a spokesman of the new Bundeskanzler, Dr. Seyss-Inquart, read aloud to representatives of the foreign Press the text of a new Austrian law in five articles, the first declaring that Austria was a Land of the German Reich, and the

[1] An order for his expulsion had already been made on the 18th March but it was rescinded the next day.

[2] Text in the *Frankfurter Zeitung*, 15th March, 1938.

[3] See the *Survey for 1934*, pp. 610 *seqq.*

second announcing that, on Sunday the 10th April, there was to be a free and secret plebiscite of German men and women in Austria over 20 years of age (in contrast with the previous Austrian constitutional minimum of 24 years), to ratify the 'reunion' of Austria with the German Reich.[1] In answer to a question, the spokesman revealed that the word 'German' ruled out Jews. This last point was confirmed in some provisional instructions for local authorities in Austria that were issued on the 15th March, and on the same day it was announced that the voting-slip was to bear the following imprint:

> Do you declare yourself for our Führer Adolf Hitler, and for the reunion of Austria with the German Reich, accomplished on the 13th March, 1938?[2]

The full text of the definitive regulations was published in the evening editions of the Viennese press on the 16th, to the accompaniment of an exhortation from Herr Bürckel to the voters to give an overwhelming vote in the affirmative. Regulations for carrying out in Austria the Reichstag elections on the 10th April which Herr Hitler had announced in his speech in Berlin on the 19th March were published in Berlin that day. The decision, announced in the speech, that the plebiscite, as well as the election, was to be held throughout Greater Germany, was embodied in a decree signed by the Reichskanzler and Führer himself and published on the 20th March.

The plebiscite campaign was formally opened on the 22nd March by a speech from Dr. Goebbels in the Sportpalast in Berlin, and the intensive propaganda that followed was worked up to a higher and higher pitch until the demagogy reached its culmination on the eve of polling-day. In Austria itself the campaign was opened by a speech from Herr Bürckel on the 23rd March. Herr Hitler made his first speech in the campaign at Königsberg on the 26th, and he followed this up with speeches at the Leipzig Fair on the 27th, at the Sportpalast in Berlin on the 28th, at Hamburg (twice in the day) on the 29th, at Cologne on the 30th, at Frankfurt on the 31st March, at Stuttgart on the 1st April, at Munich on the 2nd, at Gratz on the 3rd, at Klagenfurt on the 4th, at Innsbruck on the 5th, at Salzburg on the 6th, at Linz on the 7th, and—as his grand finale—at Vienna on the 9th.

> I stand here [the orator declared in this culminating oration] because I flatter myself that I am an abler man than Herr Schuschnigg. I also believe that it was God's will to send a boy from here into the Reich, to let him grow great, and to raise him to be the leader of the nation.

[1] For text see p. 212 above.

[2] Facsimile in the *Daily Telegraph*, 26th March, 1938.

While Herr Hitler was thus touring the principal cities of Greater Germany, and while his henchmen were seconding his demonic efforts by heralding his arrival, following up his passage, and taking his place in towns and villages which it was physically impossible for the Führer to visit in person within the short span of a fortnight, the German *diaspora* abroad was being encouraged and enabled to record its vote and thereby to demonstrate spectacularly the ubiquity of *Deutschtum*. In South Africa, for example, it was arranged that German citizens resident in the Union should record their votes on board German liners visiting South African ports between the 31st March and the 15th April. In the mandated territory of South-West Africa the Union Government's Administrator sanctioned voting on board a German ship at Lüderitz Bay, with the proviso that no Germans who had become naturalized as British subjects should take part. On the 1st April the first votes in the whole plebiscite were cast in favour of the *Anschluss* at Bilbao by some 400 Germans and Austrians, without a single unrecorded or single dissentient vote. At Victoria, in Brazil, on the 24th, 102 voters out of 103 on the register voted for the *Anschluss*, while one voting paper was spoilt. At Copenhagen there were 610 affirmative votes, 6 negative, and 3 spoilt papers. At Burgas, in Bulgaria, one Austrian voted against the *Anschluss* and 178 Austrians and 379 Germans for it. On the other hand, it was announced on the 6th April from New York that the German authorities in the United States had come to the conclusion that it would be impossible to collect plebiscite votes from German citizens resident there. About 4,000 German citizens voted on board a steamer off Rio de Janeiro on the 7th April, but the Governors of the two Brazilian states of Parana and Rio Grande do Sul refused to allow local German residents to go on board German ships for the same purpose, and it also proved impossible to collect the votes of the numerous and influential German community in Argentina. The Panamanian Government allowed the local German residents to vote on board a German steamer off Cristobal on the 10th, but charged a fee of $10.00 per head for the voters' subsequent re-entry into Panamanian territory. At Tilbury on the same day a German ship took on board German residents in Great Britain and subsequently put them ashore again after they had recorded their votes outside British territorial waters. The citizens of the Reich resident in Czechoslovakia travelled by train into the Reich to vote on the 10th, returning on the same day. The Czechoslovakian railway authorities obligingly provided ten special trains and reduced the fares, for the day return, by 50 per cent.

Within the frontiers of Greater Germany affirmative voting was stimulated by special inducements. For example, on the 6th April Herr Bürckel announced that every Austrian town and village that recorded a hundred per cent. vote in favour of the *Anschluss* would be presented with a special charter signed by Herr Hitler himself. Such stimulants were hardly necessary; for, on the showing of Herr Hitler's previous vote-takings, it was a foregone conclusion that, both in the plebiscite and in the Reichstag election, Herr Hitler would receive a vote that would be sufficiently overwhelming to be self-stultifying. This expectation was duly fulfilled. On the 11th April it was announced[1] that, in the plebiscite taken on the preceding day, 49,326,791 voters (that is, 99·55 per cent.) of the 49,646,950 on the register had cast their votes, and that, of these, 49,251,449 votes had been valid, 48,799,269 (that is, 99·08 per cent.) had been affirmative, and 452,180 (that is, 0·92 per cent.) negative. The corresponding figures for Austria alone were 4,460,778 votes (that is, 99·70 per cent.) cast, out of 4,474,138 on the register, and 4,455,015 valid votes, 4,443,208 votes (that is, 99·73 per cent.) in the affirmative, and 11,807 in the negative.

(3) *The 'Gleichschaltung' of Austria with the Reich*

The plebiscite of the 10th April, 1938, merely confirmed an annexation of Austria to Germany which, according to the Nazi contention, had been validly executed on the 13th March by the promulgation, on that date, of an Austrian law at Vienna and a German law at Linz.[2] The Austrian *ancien régime* of the late Emperor-King Francis Joseph, and even the Prussian *ancien régime* of Prince Bismarck, would have taken pains, when once the essential act of union had been accomplished, to spare the susceptibilities of the weaker, less willing, and therefore more easily mortified partner in the new political combine by ostentatiously showing the utmost consideration for her glorious past, for her distinctive individuality, and even for her more trivial idiosyncrasies and caprices, so long as these could be humoured without serious detriment to the overriding unity which it was the statesman's main purpose to clinch. This beneficent artfulness, which Bismarck had employed with substantial success in his handling of Bavaria, and which he would probably have regarded as the fine flower of his statesmanship, was, however, anathema to Herr Hitler, who was the disciple, not of Bismarck and Frederick the Great, but of Napoleon and St. Just and these French

[1] Compare the *Reichspost* of the 11th April, 1938, with *The Times* of the 12th April, 1938.

[2] See p. 212 above.

levellers' Austrian forerunner, the Emperor Joseph II. The 'totalitarian' ideology which Herr Hitler had made his own did not suffer him to rest content with having grafted an Austrian cutting onto the stem of his German Reich and having thereby ensured that the two living organisms should gradually grow together by a natural process which would be the sooner completed the slighter the shock that the act of grafting must inevitably cause. For Herr Hitler there would be no virtue, satisfaction, or guarantee of permanence in an *Anschluss* of Austria to the Reich that was not followed by a *Gleichschaltung* or 'totalitarian' assimilation of Austria's institutions to those of the Third Reich. And this assimilation must be accomplished as rapidly as possible down to the last jot and tittle. In the ruthlessness with which he drove his crushing Reichsdeutsch Nazi steam-roller over Austria's hitherto charmingly diverse social landscape, Herr Hitler gave a striking exposition of his doctrine and exhibition of his temper.

At Vienna on the 15th March Herr Hitler promulgated two decrees on the strength of the German law of the 13th. The first decree applied automatically to Austria all German laws promulgated after the coming into force of the law of the 13th March. It further applied to Austria six existing German laws: the Reich Flag Law of the 6th September, 1935; the law of the 14th July, 1933, against the new creation of parties; the law originally promulgated on the 1st December, 1933, and revised on the 3rd July, 1934, for ensuring the unity of Party and State; the Reichsstatthalter Law of the 30th January, 1935, which defined the duties and powers of the Lord Lieutenants of the Länder of the Reich; the decree of the 18th October, 1936, for the execution of the Four Year Plan; and the law of the 3rd February, 1938, requiring German nationals abroad to register themselves. Any contrary provisions in the existing laws of the Land of Austria were now to lose their validity. The second decree of the 15th March, 1938, transformed the Austrian Federal Government (*Bundesregierung*) into an Austrian Provincial Government (*Landesregierung*), and empowered the new Reichsstatthalter at Vienna to organize his local administration subject to the approval of the Reich Minister of the Interior at Berlin. The law of the 30th January, 1934, and the first decree of the 2nd February, 1934, concerning the reconstruction (*Neuaufbau*) of the Reich, and certain other pieces of existing German legislation, including two sections of the Civil Service Law (*Beamtengesetz*) of the 26th January, 1937, were applied to Austria by a decree of the 17th March, 1938. On the 20th March, in pursuance of a decree of the 16th, Dr. Wilhelm

Keppler, who had played an important part in the transactions leading up to the *Anschluss*,[1] was given the rank of Permanent Under-Secretary of State (*Staatssekretär*) and was appointed Reich Agent (*Reichsbeauftragter*) for Austria with his seat in Vienna. In pursuance of the same decree of the 16th March, Permanent Under-Secretary of State Dr. Stuckart was appointed head of a Bureau for the carrying out of the reunion of Austria with the German Reich which had been set up, by the decree of the 16th March, within the Reich Ministry of the Interior. Thereafter, on the 23rd April, a new decree incorporated the office of Reich Agent (*Reichsbeauftragter*) in Austria with the new office, created by this new decree, of Reich Commissioner (*Reichskommissar*), in the person of Herr Bürckel—who in the meantime had added to the laurels that he had won in the Saar plebiscite of 1935 by producing more remarkable figures (albeit under easier conditions) in Austria. Herr Bürckel was 'to be responsible for the political construction (*Aufbau*) of Austria and for the carrying through of her constitutional, economic and cultural reincorporation into the German Reich'. He was to be under the direct orders of the Führer and Reichskanzler; was to have authority over the central and local administrative service and over the Party administrative service in Austria; and was to remain in office till the 1st May, 1939. In a letter of the same date, Herr Hitler informed Reichsstatthalter Seyss-Inquart of this new arrangement which was to curtail the ex-Bundeskanzler's stature by yet another cubit. In Vienna on the 27th April Herr Bürckel summoned to his presence Herren Seyss-Inquart and Keppler, together with the whole staff of the Austrian provincial administration, and gave them an allocution on the coming year's work. The rearticulation (*Neugliederung*) of 'the Land of the Reich hitherto known as Austria' was to bring with it the simultaneous supersession of a pernicious tradition that was alien to the Reich (*Ueberwindung einer unheilvollen reichsfremden Tradition*)—a tradition which had been solemnly abjured by the Germans of Austria on the 10th April. There was to be an immediate drastic simplification of the existing Austrian administrative apparatus, and a new political organization was to be brought into shape within the coming year. In short, the new Reich Commissioner's first official utterance on Austrian soil was 'Finis Austriae'; and Herr Bürckel was as good as his word.

On the 24th May Herr Hitler published a decree by which the internal administrative map of Austria was recast almost beyond recognition. The nine constituent members of the Austrian Federation

[1] See pp. 206—8 above.

of 1918–38 had all—except for a State of Vienna carved out of Lower Austria and a State of Burgenland acquired from Hungary—been identical in name and area[1] with historic crown lands of the Hapsburg Dynasty which could trace their existence as distinct political entities back almost to the beginning of the Middle Ages. On the 24th May, 1938, these historic sub-divisions of Austria were replaced by seven new *Gaue*. The outstanding features of this new map were the territorial aggrandizement of the Nazi *Gau* of Styria at the expense of the Burgenland, Lower Austria, and Salzburg, and the obliteration of the two provinces of Upper and Lower Austria, which were superseded by the two *Gaue* of 'Upper Danube' and 'Lower Danube'. These revolutionary changes were so offensive to the deep-rooted local patriotism of the Austrian people that on the 31st May Herr Bürckel published a new decree by which the old internal boundaries of Austria were substantially restored save for three important modifications which—apart from any political calculations—were commended by considerations of administrative policy. The Burgenland was now partitioned between Styria and Lower Austria, while two of the innovations in the decree of the 24th May were maintained as they stood: the Vorarlberg was to be permanently united with the Tirol; and the East Tirol (which had been sundered geographically from the North Tirol since the annexation of the South Tirol by Italy) was to remain united with the adjoining *Gau* of Carinthia. Thus Styria was deprived of her momentary territorial gains. On the other hand, 'Upper Danube' and 'Lower Danube' recovered their old boundaries without recovering their old names; and the elimination of the word 'Austria' from the political map of Europe was ultimately completed[2] by the substitution of 'Ostmark' for 'Austria' as the official name for the whole of the new Land which the Third Reich had acquired on the 13th March, 1938.

By a decree published on the 19th March the Austrian Postal and Telegraphic Administration and Austrian Postal Savings Bank were annexed to the German Reichspost.

In the Austrian civil service, all public servants who, under the Vaterländische Front régime, had been dismissed or suspended on

[1] Except in so far as certain of these historic crownlands had been mutilated by the post-war international frontiers. Parts of Styria and Carinthia had been transferred, on grounds of nationality, from Austria to Jugoslavia, and part of the Tirol, on grounds of strategy, to Italy. Within the post-war international frontiers of Austria, however, the internal boundaries of the historic crownlands had been left unchanged.

[2] See p. 179 above.

account of Nazi activities or sympathies were reinstated, with the full pension rights to which they would normally have been entitled, by a decree issued by Dr. Seyss-Inquart's ephemeral Austrian Government on the 14th March. A decree promulgated by Herr Hitler on the 15th March prescribed a form of oath which was to be administered to all Austrian public servants who were not Jews within the meaning of that term as defined in this decree. The process of administering the oath was begun upon officials of the former Federal Chancery on the 17th March. The reinstatement of dismissed and suspended Nazi officials and the dismissal and suspension of anti-Nazi officials threatened to start a game of 'general post' in the Austrian civil service; and, to check this, Herr Bürckel, in his capacity of Plebiscite Commissioner, published, on the 22nd March, a severe order against place-hunting.[1] Thereafter, by a decree of the 31st May, transitional measures, to be completed by the 31st December, 1939, at latest, were brought into operation in order to remould the *ci-devant* Austrian civil service on lines conformable to those on which the civil service of the Old Reich had already been remoulded in virtue of a law of 1933. In particular, Jewish and 'politically untrustworthy' public servants were to be got rid of. The civil servants in Austria were enrolled in the Reichsbund der deutschen Beamten on the 30th June–1st July. By a decree of the 15th April the former Federal civil servants and postal and telegraphic staff in Austria were given the rates of pay prevailing in the Reich.

In the domain of law, the Austrian Courts were formally converted into Courts of the Reich by a decree of the 22nd March. By a decree of the 23rd April the Austrian judiciary was incorporated into the Reich judiciary, and the judicial organization of Austria into that of the Reich, as from the 1st May. A few days later, nine out of the twenty-nine members of the former Austrian Supreme Court on Constitutional Affairs were dismissed as unsuitable for judicial service in a Nazi state. In the middle of August it was reported from Gratz that five judges who had been dismissed without pension on the charge of having shown anti-Nazi partiality in the period before the 11th March, 1938, were now to be prosecuted on the charge of having abused their official authority.

In the domain of public finance, one of the first steps taken by the Reichsdeutsch invaders of Austria was to seize the Austrian National Bank, throw its President, Herr Kienböck, into prison, and impound its stocks of gold and foreign exchange—243,260,000 schillings' worth of gold and 179,650,000 schillings' worth of foreign exchange, which

[1] Text in the *Reichspost* of the 23rd March, 1938.

were a windfall for the Reich at a moment when its own holdings of gold and foreign exchange were worth no more than 71,000,000 marks and 190,000,000 marks respectively. At the end of April, when the whole of the former Austrian schilling currency had been withdrawn from circulation and been replaced by Reichsmark at the rate of RM. 100 to Sch. 150, the Reichsbank returns showed—thanks to the spoils of the Austrian National Bank—a figure of 1,461,000,000 Reichsmark under the heading of 'other assets', as compared with only 725,000,000 under that heading a month earlier. The Reich system of control over imports, exports, exchange, clearing, and credit was, of course, now applied to the new Ostmark.

Meanwhile, in both public and private life, the process of Nazification was being carried out in a negative way by dismantling existing institutions and in a positive way by setting up new ones. One of Dr. Seyss-Inquart's few acts as Bundeskanzler of Austria was the confiscation, on the 12th March, of the property of the, by then barely dead, Vaterländische Front for the benefit of the German Austrian people and of the National-Socialist Movement. Wide powers for reorganizing, dissolving or amalgamating private associations in Austria were conferred, by a law promulgated on the 17th May by Reichsstatthalter Seyss-Inquart, upon a Stillhaltekommissar appointed for the purpose. This functionary was to have a free hand to dispose of the property of such associations, whatever the existing law of the land or the by-laws of the associations themselves might say. New associations were not to be formed without the Stillhaltekommissar's assent. There were to be no claims to compensation on account of any of the Stillhaltekommissar's acts. In a simultaneously issued explanatory decree, Reichsstatthalter Seyss-Inquart laid it down that it was the Stillhaltekommissar's duty to see to it that all associations should be given a National-Socialist complexion and be placed under National-Socialist leadership. In virtue of the law of the 17th May, the Stillhaltekommissar, Herr A. Hoffmann, published, on the 6th July, a notice dissolving twelve Austrian motorists' associations. On the 28th July it was announced in the Press that the responsible heads of private cultural associations must apply for copies of an order, concerning them, that had been issued by the Stillhaltekommissar—under pain of liability to dissolution, with confiscation of property, for failure to comply with the Stillhaltekommissar's orders by the end of the current calendar month.

The principal positive instrument of Nazification that lay obviously ready to Herr Hitler's hand in Austria was the Nazi Party itself, but here there were two awkward obstacles to contend with.

The first was the rush of Austrians who had hitherto been non-Nazi, or even anti-Nazi, to take the Nazi Kingdom of Heaven by storm now that Nazidom had won in Austria a decisive and 'totalitarian' victory. The other difficulty was the disillusionment of the veteran Austrian Nazis with their experience of an *Anschluss* which, in anticipation, they had so ardently desired to bring about. This second symptom, which declared itself later than the first, is touched upon at the close of the present chapter. As for the rush of non-Nazis to hasten to the aid of the Nazi victors, this was stemmed by Herr Bürckel in a notification, published on the 30th March, that no fresh applications for enrolment in the National-Socialist German Austrian Party were being given consideration, and that the first six weeks after the 10th April would be devoted exclusively to the recognition (*Erfassung*) of existing members. On the 30th April he ruled that the persons who were to be recognized and accepted as members of the N.S.D.A.P. were to include, besides existing members, those who, down to the 11th March, 1938, had acted as National-Socialists and, through their National-Socialist activity, had deliberately contributed to the denouement of the 11th March. If Herr Bürckel had not stretched his definition of party membership to that extent, Reichsstatthalter Seyss-Inquart would have found himself in the wilderness. Thereafter, the right to apply for membership was once more thrown open to all German citizens in the Ostmark, within a period ending on the 30th June.

Like other authoritarian institutions, the National-Socialist Party was acutely aware that its hold upon the future was dependent on its ability to stamp its impress, at a tender age, upon the souls of the rising generation. Reichsjugendführer Baldur von Schirach arrived in Vienna as early as the 13th March. On the 22nd March it was announced that, by order of the headquarters of the Hitler Youth, the Austrian Boy Scouts' Association had been disbanded and prohibited. An appeal by Herr Bürckel to the German boys and girls of Austria to join the various Nazi organizations for minors was published on the 17th June. The Nazi student organization in Austria (the *Deutsche Studentenschaft*) was revived on the 13th March. In Vienna on the 19th March it was announced that the Reich Minister for Science, Education and Popular Culture (*Volksbildung*) had made a grant of one million marks for the extension of an existing organization in the Reich, known as the *Reichsstudentenwerk*, to the German secondary schools (*Hochschulen*) of Austria. Schools in Austria reopened on the 17th March, with instructions from the Ministry of Education in Vienna that the occasion should be celebrated by the

teachers in ways that would impress upon the children, according to their age, the significance of the *Anschluss*. A purge of teachers was started after Easter. The application, in the Ostmark, of a new Reich School Law which was published in Berlin on the 8th July, to come into force on the 1st November, was postponed to allow time for 'the completion, without friction, of the change in the existing legal position in the educational field, and of other measures for assimilating and incorporating the Austrian educational administration with that of the Reich'.[1] This process was put in hand in September 1938, at the beginning of the new school year in the Ostmark. In a decree dated the 17th October, 1938, and published on the 1st November, Reichsstatthalter Seyss-Inquart, in his capacity as Minister for Internal and Cultural Affairs, ordered the immediate closing, in the Ostmark, of all private confessional schools of every kind—normal, commercial and technical schools included. The Nazi offensive against religion in the Ostmark, in which this last-mentioned decree was an important move, is dealt with in the next section.

(4) *The Impact of the Third Reich on the Catholic Church in the Ostmark*

The impact of the National-Socialist State and the National-Socialist ideology on the Catholic Church was likely *a priori*, and this for several reasons, to be more violent in the Ostmark than it had been in the Old Reich. In the first place, Austria was the only German state in which the population had remained almost uniformly Catholic down to 1938. Of the other German states, which had been gathered into the Second German Reich by the statesmanship of Bismarck in 1871, there was not one in which the population had not ceased to be exclusively Catholic before that date. The Catholic prince-bishopries of the Holy Roman Empire had been erased from the political map during the Congress of Rastadt (A.D. 1797–99); and in the peace settlement of A.D. 1814–15 most of their former subjects had been placed under the sovereignty of a hitherto almost purely Protestant Prussia, while a hitherto almost purely Catholic Bavaria simultaneously acquired a considerable number of Protestant subjects in Franconia. In the meantime, Austria had preserved and accentuated her Catholic complexion by incorporating the territories of the former Prince-Bishopries of Salzburg, Brixen and Trent; and, while the latter two territories had been lost to Italy in the peace settlement after the General War of 1914–18, Salzburg was one of the strongholds of the Vaterländische Front régime in Austria during

[1] *Reichspost* of the 9th July, 1938.

the years 1933–8. Thus Austria had remained a thoroughly Catholic German state down to the end of her existence, and during the four centuries running from A.D. 1526 to A.D. 1918 she had been unique among German Catholic states in being, not a petty principality like the prince-bishoprics, nor even a state of medium calibre like Bavaria, but one of the Great Powers of the Western World. Since the decline and fall of the Spanish Hapsburg Monarchy in the seventeenth century, the Danubian Hapsburg Monarchy had been the premier Catholic Power; and in this rôle, which she retained until her break-up in the autumn of 1918, the Austrian Empire had had no successor; for the mantle of the Catholic *Caesarea Majestas* was too large to be donned either by Pilsudski's Poland or by Franco's Spain. Indeed, from 1933 to 1936 the little German Austrian successor-state of a defunct Austrian Empire stood forth, once again, as the political champion of Catholicism on the Continent, with a symbolically diminutive Bundeskanzler Dollfuss defying the colossal Nazi Reich as gallantly as his forebears had defied a colossal Ottoman Empire in 1529 and 1682–3.[1] Among the Catholic intelligentsia in the West, the Austria of Dr. Dollfuss and Dr. von Schuschnigg was extolled as the pattern of how a Catholic people ought to organize its political life in conformity with the general precepts given in Papal Encyclicals. And the local Catholic hierarchy in Austria, from the Cardinal Archbishop of Vienna, Cardinal Innitzer, downwards, had freely and even pointedly displayed their liking for the Vaterländische Front régime, and their hope that it would survive the ordeal of its struggle for life against the neo-pagan Power on the farther side of the Austro-German frontier.

This was the background to the situation in which the Catholic hierarchy in Austria found itself when the Vaterländische Front régime suddenly collapsed on the 11th March, 1938. Since the foundation of the Austrian and Styrian marches of the Holy Roman Empire in the early middle ages, the local Catholic hierarchy had been living—with a few brief and insignificant interludes in the early days of the Reformation, during the reign of the Emperor Joseph II, in 1848, and on the morrow of the Armistice of 1918—under the shadow of a benevolently Catholic secular Government. This comfortable political environment was so familiar that it had come to be taken for granted. The hierarchy in Austria had not hitherto been

[1] The historical parallel was present to the minds of Dr. Dollfuss and his colleagues. Their celebration, on the 12th September, 1933, of the raising of the second and last of the Turkish sieges of Vienna was intended for the edification of a living dictator who was not Mustafā Kemāl Atatürk.

exercised in that arduous warfare with the secular arm which the hierarchy in the Rhineland had had to wage in its successive struggles with French Jacobins and with Prussian Protestants. In March 1938 the Catholic Church in Austria was singularly out of practice in the hard labour of a church militant. And now suddenly it had to cope with a new and newfangled secular Government which was itself militant to the core, which had just made itself absolute master of Austria by an overwhelming *coup de force*, which blended the sadistic ferocity of a Nero with the ruthless efficiency of a Napoleon, and which might be expected to look with an acutely hostile disfavour on the Church, as being an ecclesiastical relict of a political régime which had been anathema to the Nazis. Now that the Vaterländische Front Government in Austria had been struck dead by Herr Hitler's cunningly aimed blow, might not the victor be tempted to slake a perhaps still unquenched thirst for vengeance by tormenting a Church which, in his eyes, might look like the defunct state's weeping widow?

Whether or not these were the considerations that moved Cardinal Innitzer to act as he did, the course of action into which he plunged the instant after Dr. von Schuschnigg's fall and Herr Hitler's triumph left open no possibility of doubt about the policy on which he had embarked. He had promptly made up his mind to do his utmost to placate the victor or, failing that, to give him no pretext for accusing the Catholic Church in Austria of throwing its influence into the scales against the new National-Socialist order. In thus receiving Herr Hitler with open arms, Cardinal Innitzer was in theory acting correctly from the Catholic as well as from the Nazi point of view. It was one of the established maxims of the Church in dealing with secular powers that all forms of secular government were equally acceptable to the Church so long as they did not interfere with her performance of her own task as she conceived of it;[1] and Cardinal

[1] 'Whoever possess the right of governing have it from no other source but from God, the supreme Ruler of all. . . . The right of ruling, however, is not necessarily joined with any special form of government: it may assume either one form or another, provided that it be such as to ensure the general welfare. . . . God has divided the charge of the human race between two powers, the ecclesiastical and the civil, the one being set over divine and the other over human things. Each is supreme in its kind: each has fixed limits within which it is contained and those limits are defined by the nature and special object of each; so that there is, as it were, a circle marked out, within which each acts by its own right. . . . Whatever in human things is in any way sacred; whatever pertains to the salvation of souls, or to the worship of God, either in its own nature, or by reason of the end to which it is referred: all this is subject to the power and judgement of the Church; but all other things, contained in the civil and political order, are rightly subject to the civil authority.'
Encyclical *Immortale Dei* (1885).

Innitzer might argue that, however conspicuous might be the cloven hoof and javelin-pointed tail of the alarming figure that now confronted him, he was still in Christian duty bound to hold Herr Hitler innocent, and to treat him accordingly, unless and until he were to prove himself in action to be the diabolic enemy of the Church in Austria as well as in the Old Reich. On the other hand, the counsels of prudence might have warned the Cardinal that, in dealing with the Führer in the light of the Führer's past record, the show of goodwill which it might be politic to display had better be kept within the narrowest limits compatible with courtesy until Herr Hitler should have begun to show his hand. Instead of adopting this more discreet attitude, Cardinal Innitzer ran forward to strew roses in Herr Hitler's path with almost reckless prodigality.

On the 12th March the Cardinal published the following appeal to his flock:

> Catholics in the Vienna Archdiocese are asked, on Sunday, the 13th March, to offer prayers giving thanks to the Lord God for the bloodless course of the great political revolution and making intercession for the happy future of Austria. Cardinal Innitzer.

On the 13th, as Herr Hitler, in his triumphal progress from Linz to Vienna, arrived at the outskirts of the capital, the Cardinal gave the order for all the church bells in the city to be pealed.[1] For these courtesies, Cardinal Innitzer was rewarded by being granted a quarter of an hour's interview with Herr Hitler on the 15th, before the close of the conqueror's first visit to the capital of his native land as its temporal lord and master. In the new Ostmark of the Third Reich the Catholic Church was now juridically as well as physically at the mercy of the Nazi state, since the Austrian concordat with the Vatican had automatically expired through the decease of the Austrian contracting party. On the 20th–21st the Catholic hierarchy held counsel together in Vienna under the Cardinal Archbishop's presidency to discuss what their attitude should be towards the new régime, and particularly towards the plebiscite that was to be taken on the 10th April.[2] Meanwhile, the Church was buffeted by the first gusts of the coming storm. On his way to the conference of prelates at Vienna, the Archbishop of Salzburg (the titular primate of All Germany) was searched and temporarily placed under arrest, while the Archbishop of Gratz saw his palace attacked and ransacked by a mob and was compensated for this outrage by being taken to prison and temporarily confined in a cell.

Notwithstanding these signs and portents, the joint deliberations

[1] See p. 211, above.

[2] See pp. 232–5, above.

of the Austrian prelates resulted in the recital, in all Catholic churches in Austria, on Sunday the 27th March, of the following texts which the prelates in council had drafted:

Preface to the solemn declaration of the Austrian bishops in the matter of the plebiscite.

After thorough consideration, we the bishops of Austria have decided, in view of the great historic hours through which the Austrian people are living, and in the consciousness that the thousand-year-old longing of our people for union in a Great Reich of Germans has found its fulfilment in our days, to issue the following appeal to all our faithful people.

We, can do this all the more confidently since the Führer's Commissioner for the Plebiscite in Austria, Gauleiter Bürckel, has made known the sincere direction of his policy, which is based on the motto 'Render unto God the things which are God's and unto Caesar the things which are Caesar's.'

For the Church Province of Vienna:
Theodor Cardinal Innitzer,
Archbishop M.P.
For the Church Province of Salzburg:
Sigismund Waitz,
Prince Archbishop.

Solemn Declaration

We, the undersigned bishops of the Austrian Church, make this declaration with the deepest conviction and of our own free will, on the occasion of this great historical event in German Austria:

We recognize with joy that the National-Socialist movement has achieved and is achieving outstanding work in the sphere of national and economic reconstruction as well as in social policy for the German Reich and people and particularly for the poorest sections of the people. We are also convinced that the danger of an all-destroying and godless Bolshevism was averted by the labours of the National-Socialist movement. These labours will in the future be accompanied by the heart-felt blessings of the bishops who will exhort the faithful in this direction.

On the day of the plebiscite it will be for us bishops a national duty to declare ourselves, as Germans, for the German Reich, and we expect also from faithful Christians a sense of their debt to their race.

The Archbishops and Bishops of Austria.

On the 29th March, facsimiles of the original typescript texts and manuscript signatures of these two documents were published in the *Frankfurter Zeitung*, preceded by a facsimile of the original covering letter to Herr Bürckel. This covering letter was conceived as follows:

Vienna, 18th March, 1938.

Most esteemed Herr Gauleiter!

I enclose herewith the bishops' declaration. You will see from it that

we bishops have done our national duty freely and without compulsion. I know that this declaration will be followed by friendly co-operation.

With the assurance of my deepest regard, and Heil Hitler!

Th. Card. Innitzer.

The Nazis were elated, and the Catholics perturbed, to see that, on a paper bearing at the top the imprint of a cardinal's hat, and at the bottom, after the typewritten text, the manuscript signature of Cardinal Innitzer, the Cardinal had written in the words 'and Heil Hitler!' with his own hand before signing his name.

The *Osservatore Romano* sought to counteract the effect of these documents by publishing, on the 29th, the following covering note under which the Cardinal had sent the solemn declaration, with its preface, to the parish clergy and the deans of his own archdiocese:

In order to avoid any misunderstanding about the contents of the declaration which is to be read on Sunday, it should be noted that it is, of course, made under the full guarantee of the rights of God and the Church.

Meanwhile, on the 28th March, the Havas Agency in Berlin published a suggestion that the Austrian hierarchy's declaration of the 18th had been made in concert with the Vatican; and it may be surmised that some private remonstrance and representation from the Holy See was the efficient cause of the following letter of the 31st March from the Cardinal to Herr Bürckel:

Vienna, 31st March, 1938.

Most esteemed Herr Gauleiter!

I feel myself obliged to give you an exact explanation to clarify a report which has come to my knowledge, which was sent out by the Berlin representative of Havas, on the declaration made by the Austrian bishops on the 28th March.

The Havas representative wrote: This declaration can be connected with the visit which the Papal Nuncio in Berlin made to the Reich Foreign Minister, Herr Ribbentrop, two days ago. I wish to make it clear that the solemn declaration of the bishops had no connexion whatever with the visit of the Papal Nuncio in Berlin; but rather it followed spontaneously the significant and historic hour of the reunion of Austria with the German Reich. The truth of this is sufficiently apparent also from the foreword which the bishops prefaced to their declaration. I must also reject the assertion made by the Havas representative in the same dispatch that the declaration is to be taken as a gesture on the part of the bishops to relieve the tension, for I hold it beneath my dignity to make gestures in such an important historic situation. I would emphasize once more that the declaration of the bishops, like our attitude in general on the plebiscite, is to be regarded as fundamentally a confession of our common German blood.

Moreover, I should like to tell you quite frankly my deepest wish in

these historic days, namely that with the declaration of the bishops a turning-point may have been reached in the religious and cultural life of our whole people, which may introduce a time of the greatest inner peace and reconciliation between Church, State and Party.

I dare to hope that this letter of mine may also serve at the outset to take the sharp edge off any incorrect and false assertions appearing in the future, from whatever quarter they may come.

With the assurance of my deepest regard, and Heil Hitler!

Th. Card. Innitzer, Archbishop.

This letter absolved the Vatican from responsibility for Cardinal Innitzer's policy at the cost of compromising the Catholic hierarchy in Austria more deeply than ever, and its publication evoked an energetic reaction in the Vatican City. On the 1st April the *Osservatore Romano* declared that it was authorized to state that the declaration of the Austrian Bishops, enjoining Catholics in Austria to vote in favour of union with the Reich, was decided 'without any previous agreement with or subsequent approval by the Holy See, and on the sole responsibility of the Episcopate itself'. On the same evening the course of action that was being taken by the hierarchy in Austria was severely censured in an address on 'political Catholicism' which was broadcast in German from the Vatican wireless station. According to the report of this address, from the paper's correspondent in Rome, which was published in *The Times* on the 2nd April, the speaker particularly emphasized that there exists a false conception of political Catholicism, and that the greatest danger lies in the fact that the official protectors of Divine morals have themselves become victims of this erroneous conception to the point of falling under the influence of the mighty and successful figures of the day. It therefore happens that 'these pastors no longer recognize the wolf in sheep's clothing as is their duty' and believe in the promises of those 'against whom they should have been on their guard after the sad experience of others and above all after the words of the Holy Father'. Certain protectors of the interests of the Church, the speaker continued, abused their doctrinal authority in order to convince the faithful of the truth of certain statements which concern only practical questions of political and social life. Thus it was no business of the ecclesiastical doctrinal authorities to make statements which measure or appraise the social or popular successes of a Government, and 'none of the faithful should believe that he is compelled in his conscience to support this judgement because it comes from the doctrinal authorities and to be guided in this sense in the use of his political rights'. All upright men, concluded the speaker, would regard this 'attachment of the pastors to the powerful men of the

day as a lack of dignity and a breach of trust. That personal goodwill or conscience may have been deceived by the spectacular impression of the moment does not come into the question.' The enemies of the Church might triumph when they saw a lack of the necessary cohesion in her ranks—that is, a lack of unconditional trust between pastor and flock. This false political Catholicism is in every way to be condemned and stigmatized.

On the 3rd April, it was stated in 'authoritative quarters' in the Vatican that the castigatory broadcast had been 'quite unofficial' and had been delivered without the knowledge of the Cardinal Secretary of State. Meanwhile, on the evening of the 2nd April, an Austrian prelate, Mgr. Weinbacher, had arrived in the Vatican City from Vienna, and on the evening of the 5th this forerunner was followed by Cardinal Innitzer himself. On the morning of the 6th he was received in audience by both the Pope and the Secretary of State, Cardinal Pacelli. On the same afternoon he left Rome for Vienna again by air, but this not without leaving behind him a further public recantation in the form of a statement that was published in the *Osservatore Romano* that evening. In this statement the unfortunate Cardinal Archbishop of Vienna declared that the declaration made by the Austrian Bishops must not be regarded as expressing approval of what was not compatible with the law of God or the liberty and rights of the Catholic Church. Moreover, it was not to be regarded as binding the conscience of Catholics, nor should State or Party exploit it for propaganda.

The primate of Austria was no sooner home, however, than he authorized parish priests to fly the swastika flag 'on suitable occasions' and commanded them to peal their church bells upon the conclusion of Herr Hitler's eve-of-the-poll speech in Vienna on the 9th. On the afternoon of the 9th Cardinal Innitzer was given another audience by Herr Hitler. On polling-day, the 10th April, he took his place in a queue at a polling-station near his palace shortly after eight. He was recognized, and asked to enter the polling-station at once, and did so, giving the Hitler salute.[1]

Meanwhile, on the 8th April, the Papal Nuncio in Vienna, Mgr. Cicognani, had arrived in the Vatican City to report, and on the 13th April the Pope spoke the following words in the course of an address to a party of Austrian Catholic students from Innsbruck:

> The presence of Catholic students from Austria is always a great consolation to us. This year it is an even greater consolation than usual,

[1] Despatch, published in *The Times* on the 11th April, 1938, from their correspondent in Vienna.

though that consolation is mixed with affliction because the whole world knows that from that part of the sky, from that part of the Alps, come not only the gentle breezes of Spring but also the blasts of painful storms.

The attitude of the Catholic hierarchy was not only displeasing to the Holy See: it was also disconcerting for the Catholic hierarchy in the Old Reich, who now found themselves handicapped, instead of being helped, in the courageous defence which they had been maintaining, on their own ground, against Nazi assaults for five years past, by the very different bearing of their Austrian brethren in their first bout of the same ordeal. The repercussions of the situation in Austria upon that in the Old Reich were doubtless discussed at an audience which the Pope gave on the 20th April to Cardinal Faulhaber, the Cardinal Archbishop of Munich. On the 21st April the gentle but intrepid Catholic Bishop of Berlin, Count Preysing, left his See for the Vatican City—presumably on a similar errand.

The consensus of disapproval with which Cardinal Innitzer's policy was received by the Catholic hierarchy in the Old Reich and by the Holy See was rapidly justified by the event. Cardinal Innitzer's adulation of Herr Hitler not only weakened the hands of the Austrian Catholic prelate's own brethren abroad who were already engaged in a just spiritual war of defence against flagrant Nazi aggression: it did not even purchase peace for the Catholic Church in Austria. Herr Hitler soon showed that he had no intention of being cajoled, by an anticipatory surrender at discretion, into calling off his intended attack. Now that his Austrian fatherland had at last been converted into the Ostmark of his Third Reich, Herr Hitler was determined to make of this latest-acquired Land a model of what the whole Reich should be. According to the National-Socialist ideology, one of the features of an ideally perfect state of Nazi society was that the whole field of Man's relations with his human fellows should be subtracted from the realm of God and brought under the exclusive dominion of the deified Tribe. This aim, which the Catholic Church was bound always and everywhere to condemn and oppose, was to be pursued in the Ostmark without any of those hesitations and qualifications that had so far characterized the execution of the Nazis' anti-religious policy in the Old Reich. As soon as he had reaped the benefit of Cardinal Innitzer's countenance and support in the plebiscite of the 10th April, 1938, Herr Hitler lost little time in unmasking his batteries on his Austrian anti-clerical front.

In the first week in May 1938 it became known that in the Ostmark the dictator of the Third German Reich, like the King of England in

1535, was sending commissioners to all monasteries and abbeys to make inventories of valuables in their possession, in order to make sure that none of these should be placed beyond the Nazi Government's reach without the Government's permission. On the 24th May it became known that the Benedictine Abbey of St. Lambrecht in Styria had been confiscated with all its possessions, including the shrine of Maria-Zell. On the 10th June the Vienna headquarters of the Secret State Police announced the dissolution of all Austrian Catholic student organizations, including those of alumni (Alte Herren),[1] and simultaneously Stillhaltekommissar Hoffmann announced the confiscation of the dissolved associations' property. These shocks did not suffice to shake the Austrian Catholic hierarchy out of its belief in the efficacy of their policy of 'appeasement'. An attack on French critics of the declaration of the 18th March, from the pen of the Prince[2] Archbishop of Salzburg, appeared on the 17th June in a journal called *Schönere Zukunft*. On the 21st of the same month it was announced that sixty Austrian Catholic priests had been arrested and committed for trial on charges of immoral conduct. Two of these prisoners were reported on the 28th June to have been sent to Dachau. On the same day, at Klagenfurt, a priest was condemned to two years' imprisonment on a charge of having misappropriated church funds. On the 28th July it was reported in the *Osservatore Romano* that at Salzburg itself (notwithstanding the Prince Archbishop's propitiatory article) a Franciscan priory, a Capuchin convent for monks, and a Capuchin convent for nuns had been closed. On the eve of the opening, at Fulda on the 17th August, of the annual conference of the Catholic hierarchy in the Old Reich, it was reported that Cardinal Innitzer had written to the senior Prussian prelate, Cardinal Archbishop Bertram of Breslau, to inform him that the Austrian hierarchy would not take part, but would hold a conference of their own at Salzburg during the week beginning on the 28th August. But Cardinal Innitzer's gesture of drawing back his skirts from contact with the hem of the staunchly militant Cardinal Faulhaber did not avail to stay the flow of the Nazi lava stream over those Austrian pastures in which Cardinal Innitzer was the shepherd.

[1] At Munich on the 19th July it was announced by the National-Socialist Altherrenbund office of the Reichsstudentenführung that ex-members of the dissolved Austrian Catholic Altherren associations might be received into the National-Socialist Altherrenbund of German Students if they were members of the National-Socialist German Workers' Party (N.S.D.A.P.) or of one of its branches.

[2] 'Prince' had, of course, become no more than a courtesy title since the final annexation of the Prince-Bishopric of Salzburg to Austria in 1815.

On the 23rd August the dissolution of the Volksbund der Katholiken Österreichs—the largest Catholic organization in the country—was revealed to be an already accomplished fact when a notice reading 'Because of liquidation this space to let' was posted up in a window of the association's office in Vienna. On the same date all religious schools were suppressed in Styria, and on the 1st September it was announced that this measure had been extended to the whole of the Ostmark.

Their inability to prevail upon the Nazi authorities to refrain either from placing this ban on Catholic education or from applying to Austria the marriage laws of the Third Reich brought the Catholic hierarchy in Austria to bay, and on Sundays the 4th and the 18th September pastoral letters, in the joint names of the Archbishops and Bishops, dealing with these two questions, were read from the pulpit in the churches.[1] On the 20th September it became known that negotiations between the Cardinal and the Nazi authorities had broken down. The Catholic Church in Austria, declared a spokesman of the Cardinal on that day, had done its best to reach an agreement with the authorities, but its efforts had failed. The new matrimonial law, the confiscation of ecclesiastical property, and the suppression of the Catholic schools proved that further negotiations would have no prospect of success for the present. At the same time it was made known that the Cardinal had signed a decree imposing severe ecclesiastical penalties on any priests who joined a Nazi organization for clerics known as the 'Union for Religious Peace'.

In reply to these belated acts of resistance on the Cardinal's part, the Nazis promptly showed their teeth. On the night of the 7th October a demonstration, in the Stefansplatz, by a congregation of some 10,000 men, women and children who had just come out of the Stefanskirche after attending a service there and hearing the Cardinal preach,[2] gave a force of uniformed Nazis the opportunity to make a physical attack on their Christian adversaries. Shouts of 'Our faith! Our God! Christus, heil!' and 'Heil Innitzer, our Bishop!' were answered by counter-shouts of 'Sieg-heil! Sieg Hitler!' and 'Our faith is Germany!' The Nazis drove the Christians out of the square;

[1] A full English translation of the pastoral letter of the 18th September was published in *The New York Times* of the 14th October, 1938.

[2] His sermon contained the following passage:

> You have lost nearly everything in the past month. You have lost your Catholic clubs and your Christian unions, but in spite of the fact that you have been deprived of all that you will gather in new Catholic unions with your priests. I know very well that many of you in the past six months did not agree with the attitude of the bishops, but perhaps you did not realize the enormous responsibility of the Catholic bishops at this time.

and a number of the latter, including some priests and some women, were roughly handled. On the next evening, that of the 8th October, the Nazis carried their offensive a step farther. A Nazi crowd, including many men wearing party emblems and even official party uniforms, collected in the Stefansplatz and began about 8.30 p.m. to attack the Cardinal's palace, first stoning the windows, then battering at a door, and finally climbing in, up a ladder, through one of the upper windows. Once inside, they began hurling pictures, books, chandeliers, furniture and sacred objects—for example, a crucifix and a picture of Our Lady—through the windows to the crowd below, who made a bonfire of the debris, while policemen, S.S. men and S.A. men stood by without attempting to restore order. The invaders of the palace did not find the Cardinal, though he was in the building at the time; and he sustained no physical injury except a slight cut from a flying splinter of broken window-glass. But on the other side of the Stefanskirche from the palace the mob broke open the door of a house with an axe, forced their way in, and threw one of the Canons of the Cathedral, whom they caught there, out of an upper window into a courtyard below, where he was afterwards found with both his legs broken. As compensation for these unchecked outrages, the Secret State Police placed the Cardinal temporarily under 'house arrest'.

These disgraceful scenes in Vienna took place at a moment when the Reichsdeutsch Commissioner, Herr Bürckel, was absent. He returned immediately to his post, and an article from Berlin, purveyed by a semi-official agency called *Dienst aus Deutschland*, announced that he was taking vigorous measures to punish the offenders. Herr Bürckel's disciplinary action against members of his own party on previous occasions makes it likely that on this occasion, too, he was personally indignant at their bad behaviour and was anxious to check it; and the fact that the news of the outrages in Vienna was at first passed over in silence in the Reichsdeutsch press, and was 'doctored' almost beyond recognition when it was divulged at last, indicates that it was the general view, in high Nazi quarters, that the assault had been carried beyond the limits of what was politic. The effect of this crude attempt at intimidation was, in fact, as might have been expected, to stimulate the Catholic Church in Austria to further action in defence of its principles. On the 9th October a pastoral letter from Cardinal Innitzer, on the duty of Catholic parents to bring up their children in the faith, was read from the pulpit in the churches, and on the 11th it was published as a pamphlet. On the latter date the Nazi Mayor of Vienna, Herr Neubacher, attacked

the Cardinal in public. On the 13th October Herr Bürckel delivered a speech in the Heldenplatz in Vienna in which—whether out of anger at the new pastoral letter or because his original intention to punish the Nazi authors of the disorders of the 7th and 8th had been overruled by his superiors—he made a violent attack upon Cardinal Innitzer in person and upon the Catholic Church in general. He attributed the responsibility for the riots to 'political Catholic' provocateurs, and he announced that, as a retort to decisions taken at conferences held by the Catholic hierarchy in Austria during the previous few days, the following orders had been issued:

(1) All agreements with the Church authorities of Ostmark so far reached are hereby annulled.
(2) Plans for an amnesty for political and religious prisoners have been dropped.
(3) Catholic seminaries are hereby abolished.
(4) All Czech Jews and 'politically compromised' Czechs must leave Vienna in the near future, because investigations have revealed that Friday night's demonstration before the Cathedral, which produced Saturday night's counter-demonstration, was chiefly made by Czechs and Czech Jews.

On the 17th October it became known that six clerics had been arrested in Vienna on the charge of complicity in alleged Catholic demonstrations against the Government, and likewise a lay official of the Cardinal's household on the charge of having been concerned in the distribution of photostatic copies of a narrative of the events of the 7th and 8th October. On the 17th, likewise, a mob broke the palace windows of the Archbishop of Salzburg. On the 18th, in Berlin, the *Diplomatisch-politische Korrespondenz* published its own version of the events of the 7th and 8th in the form of an attack on 'political Catholicism' in the Ostmark. On the 20th, at Salzburg, sixteen Franciscans were sentenced to terms of imprisonment after having been convicted on the charges of having disobeyed, on the 12th, an order from the local Gauleiter to hand over part of their priory to the Secret State Police, and of having thrown out of the window, on the 13th, some books and furniture which the Secret State Police had brought into the rooms of which they proposed to take possession. The building had been occupied by the friars for 150 years continuously without their ever having been disturbed by the Austrian State, whose property the building had become after the annexation of the prince-bishopric. The evidence for the prosecution was given by two children, and its truth was denied *in toto* by the accused.

The Pope's first public reference to the Nazi offensive against the

Catholic Church in Austria was made on the 20th October in an address given by His Holiness on that date at Castel Gandolfo to the members of the Fourth International Congress of Christian Archaeology. After speaking on this subject with the sympathy of a scholar, the Holy Father said that another mistaken form of archaeology was to-day being practised in the world, that which consisted in reviving sinister figures and cults which had better be left in oblivion. Julian the Apostate's persecution was being re-enacted. That persecution, he said, was not the bloodiest and most violent which Christianity had known, but it was relentless, subtle, and astute. That which was in force to-day was being conducted with an audacity which was incredible, and was accompanied by new manifestations and threats ever worse and worse. Really human dignity was being ill served if they had got back to Julian the Apostate, although he had not been the first to throw the responsibility for the persecution on to the Christians themselves. Nero had done that before him.[1]

On Sunday the 23rd October a statement from Cardinal Innitzer, explaining his own position and rebutting Nazi calumnies against him in respect of five points, was read from the pulpit in Catholic churches in Vienna. On the 26th October the Nazi Gauleiter of the Salzburg Gau issued a warning that he condemned, and intended to punish, all disturbances of religious peace and of the freedom of religious faith, whencesoever the offence might come, and that, as he had taken measures recently against such disturbance from the side of the Church, he expected all the more recognition of the strict principle of toleration within the ranks of the National-Socialist Party. But, in spite of such individual attempts to keep the persecution within bounds, the Nazi offensive against the Catholic Church in Austria was still continuing at the close of the calendar year. On the 3rd November, for instance, the monastery of the Servites at Innsbruck was closed, without reason stated, by the Secret State Police acting on orders from Herr Bürckel. And members of the same force stood on guard round Cardinal Innitzer's confessional in the Stefanskirche in Vienna when he was hearing confessions there during the week ending the 5th November. On Sunday the 13th November a letter from the Cardinal was read from the pulpit in Catholic churches in Vienna asking the congregations to ignore malicious rumours of impending ecclesiastical taxation which were being spread abroad with the object of bringing about secessions from the

[1] Despatch from the correspondent of *The Times* in Rome, published in *The Times* on the 22nd October, 1938.

Church. On the 12th December it became known that there had been further arrests of Catholic priests: of a Jesuit priest in Vienna; of the village priest of Fügen in the Tirol, who had publicly declared in writing and by word of mouth that charges brought against the Servites of Innsbruck were false; and of 24 priests in the diocese of Linz. Of these last, 19 had been thrown into local prisons, while the other five, including the local leaders of Catholic Action, had been sent to Dachau. On the 27th December a priest was sentenced at Klagenfurt to six months' imprisonment on a charge of having spoken against Herr Hitler in public on the 11th September.

On the 29th December Gauleiter Globocnik of Vienna asserted, in an interview given to the Press, that 52,000 Catholics had seceded from the Church since the 8th October. At the turn of the calendar year the aim of the Nazis in their campaign against the Catholic Church was thus no longer hidden under any veil of discretion.

(5) *The Reaction of the Austrian Nazis*

While the Reichsdeutsch Nazi conquerors of Austria could drive their Juggernaut car with impunity over prostrate ranks of Austrian Catholics, Social Democrats and Jews, there was more immediate risk of the car being overturned, or at least being uncomfortably shaken, by its collision with the Austrian Nazis. So long as Herr Hitler could carry out his will in the Ostmark through Austrian Nazi agents, and could elicit acclamations from Austrian Nazi lips, he could pose before the world as the liberator of his oppressed brethren. If once, however, it became a matter of public notoriety that the Austrian Nazis had their grievances against the new, as well as against the old, régime in their country, then the conqueror's countenance would show forbiddingly through the genial liberator's mask, and 'the reunion of the Ostmark with the Third Reich' would come to look, for all the world, like a conquest of Austria by Prussia-Germany. Thus Herr Hitler had a strong motive for retaining the Austrian Nazis' goodwill by making the new régime in Austria respond, as far as possible, to their high expectations of it; and the wishes of the majority of the Austrian Nazis were by no means obscure. Thinking and feeling, as most Austrians of all political complexions did, in Austrian national terms, the Austrian Nazis had looked forward, first and foremost, to supplanting both their Vaterländisch and their Social-Democratic political rivals once for all in the mastery of the post-War German Austrian successor-state of the defunct Austrian Empire. Once in the saddle, they had promised themselves the sweets of revenge on their 'Aryan' personal enemies and of indul-

gence for their impersonal Anti-Semitic appetites. And they had thought of the Third Reich as a conveniently potent ally who was to help them to the attainment of their own local Austrian objectives, instead of thinking of themselves as the instruments—which Herr Hitler had intended all along to make of them—for converting Austria into an Ostmark of Greater Germany. It will be seen that the seeds of serious misunderstanding between the Austrian Nazis and Herr Hitler had been sown long before the *Anschluss* came to pass. An Austrian Nazi friend of the writer's once gave him a vivid description of the dismay by which she and her family had been overcome when, listening in to the wireless, in obedience to orders, at 8.15 p.m. on the 11th March, they learned to their amazement that the 'important announcement', which they had been told to expect, was that of the conversion of Austria into a Land of the Reich, whereas they had confidently been expecting to hear that Austria was being thoroughly Nazified, for the Austrian Nazis' benefit, without losing her independence. Further shocks followed when the constitutional fact of the annexation of Austria to the Reich proved to carry with it the extremely practical and intimately personal consequence that the new Ostmark of the Reich was to be governed, at the top, by a non-Austrian German *personnel*. The Austrian Nazis had hardly begun to reconcile themselves to seeing the Austrian Federal Chancellorship transferred from the anti-Nazi Austrian hands of Dr. von Schuschnigg to the non-Nazi Austrian hands of Dr. Seyss-Inquart than they saw Zimri, in his turn, given a taste of his predecessor victim's fate when Dr. Seyss-Inquart was transformed, by a stroke of Herr Hitler's rod, from a nominally independent Bundeskanzler into a Lord Lieutenant overshadowed by a Reichsdeutsch Commissioner in the person of Herr Bürckel.[1] Herr Hitler can hardly have been unaware that in thus putting a Reichsdeutsch henchman of his in the chief position of effective power in the Ostmark, and a non-Nazi Austrian in the chief position of titular dignity there, he was courting unpopularity in Austrian Nazi circles. His motives for paying this price were probably mixed and perhaps not all of them discreditable. It was to his credit if (as many of Herr Bürckel's subsequent acts in the Ostmark suggest) Herr Hitler was anxious to keep the Austrian Nazis' vindictiveness in check. We may conjecture, however, that the consideration that weighed most with Herr Hitler in keeping the Austrian Nazis out of the highest offices in their (and his own) native land was a conviction that an inveterate Austrian laziness would work together with an ingrained Austrian patriotism

[1] See p. 225, above.

to unfit even a Nazi Austrian for serving as an effective agent in the 'raging, tearing campaign' of *Gleichschaltung* which Herr Hitler meant to carry out, and did carry out, in his new Ostmark.[1]

The discontent which Herr Hitler's policy in this matter instilled into Austrian Nazi hearts seems—judging by the outward symptoms—to have steadily gathered volume in the course of the year. Illegal leaflets, printed and distributed by Austrian Nazis and chiefly devoted to sharp attacks on Herr Bürckel, were finding their way into Switzerland in April and May, and before the end of the latter month there were rumours of arrests, running into three figures, among these recalcitrant elements in the N.S.D.A.P., and of a sudden descent of Herr Himmler upon Vienna. These tactics of repression were supplemented by those of appeasement when, on the 31st May, Herr Bürckel published an appeal[2] to all employers of labour in Austria to give preference to S.S. and S.A. men—and this in appointments not only to ordinary jobs but also to confidential positions. 'He that is not with the S.A. and the S.S.', he warned the employers, 'is against us.' Thereafter, on the 8th June, it was reported that several S.A. men, who had served a term of exile in the Old Reich in the Austrian Legion and had returned home with rosy expectations, had committed suicide in chagrin at the wretchedness of the jobs that had been found for them. There was a further report of a secret visit of Herr Hitler's to Vienna on the 17th–18th June for the purpose of dealing with this problem. From Berlin on the 24th June it was reported that a deputation of eight men of the former Austrian Legion had arrived in the capital of Greater Germany to lay the Austrian Nazis' complaints against Herr Bürckel before his and their master. The next report was that on the 25th June Herren Seyss-Inquart and Neubacher had audaciously called on Herr Hitler at Berchtesgaden, uninvited, in order to lay before him the Austrian Nazi case, and had been given a taste of the treatment that had been meted out, not so long before, to Dr. von Schuschnigg when the unfortunate Bundeskanzler had gone to Berchtesgaden, not officiously asking for trouble, but reluctantly, under pressure of an urgent summons. An elaborate *démenti* of all such reports was published in Berlin on the 27th June, and in Vienna on the 28th June Herr Bürckel publicly contradicted a rumour that 1,000 Austrian Nazis had been sent to Dachau on account of activities arising out of political discontent. Since the *Anschluss*, he said, about 100 S.A. men had been arrested; their offences had been not political but criminal; and they had not

[1] See pp. 235 *seqq.*, above.
[2] Text in the *Reichspost* of the 2nd June, 1938.

been sent to Dachau. Further *démentis* were published in Berlin on the same day. A second appeal to employers of labour was issued by Herr Bürckel on the 5th July, and this time he reinforced entreaty with command. Within the next fortnight, every employer must find one extra place for a S.A. or S.S. man for every forty persons already in his employment. This attempt to find an economic cure for a political *malaise* was evidently a failure. During the pogrom of the 9th–10th November,[1] there was a fresh outburst of plundering by uniformed Nazis for their private profit, and this seems to have been followed by a local party purge. On the 29th November it was officially announced in Vienna that, as a result of investigations by the Secret State Police, twelve party members had been expelled from the Party and sent to a concentration camp for offences committed on the 9th–10th. Rumour had it that 135 party members had been shot. Further blows descended on the heads of Austrian Nazis in December. On the 5th it was officially announced that the Nazi manager of a group of bakeries had been dismissed, arrested, committed for trial and expelled from the Party for corrupt practices. On the 7th the same fate, in connexion with the same affair, overtook an eleventh-hour convert to National Socialism, Dr. Winckler. On the 16th December Herr Bürckel proclaimed a close time for all public party activities in the Ostmark from the 20th December, 1938, to the 2nd January, 1939. Before the close of the calendar year it was reported that Captain Leopold, the leader of the former illegal Nazi movement in Austria, who had sprung into a momentary fame on the eve of the *Anschluss*,[2] had been put to death, with fourteen companions, for having rashly tried to play, against Herren Bürckel and Himmler, the game that he had so long succeeded in playing with impunity against Dr. von Schuschnigg and Dr. Skubl.

This was the situation in the Ostmark of the Third Reich at the end of the calendar year 1938.

[1] See p. 228, above.

[2] See p. 188, above.

# PART III

## THE WAR IN SPAIN AND ITS REPERCUSSIONS

### (i) The Course of the War in Spain

**By Katharine Duff**

#### (*a*) Military and Naval Operations, 1938–9

In the preceding volume of this *Survey*[1] an account of the war in Spain has been given as far as the two months' pause following the Nationalist conquest of Asturias in October 1937, since, though the next important offensive began about a fortnight before the end of the year, it was more closely connected with the campaigns of 1938–9 than with those of 1937. Between December 1937 and January 1939 military operations passed through five main phases; the Republican attack on Teruel in December 1937 and January 1938, and the re-occupation of the town by the Nationalists towards the end of February; the Nationalist advance through Aragon to Lérida and the Mediterranean coast during March and April; the Nationalist advance along the coast towards Valencia between the end of April and the end of July; the Republican crossing of the Ebro on the 24th–25th July and the four months of trench warfare which followed; and, finally, the conquest of Catalonia by the Nationalists between December 1938 and the beginning of February 1939.

The chief aim of the Republicans in attacking Teruel was to forestall an imminent Nationalist offensive on the Guadalajara front. The capture of Teruel would also give them a new and shorter line of communications by road between New Castile and Aragon, by way of Cuenca and Montalbán; and if they were able to advance beyond Teruel over into the valley of the Jiloca towards Calatayud they would be able to threaten the main Madrid–Saragossa road and railway far more effectively than was possible from their existing positions in the mountains south of Saragossa. Another advantage, from the point of view of the Republicans, lay in the fact that the Teruel front was not at that time very strongly held by the Nationalists, though earlier in the year they were believed to have been making preparations for an advance towards the coast, combined with an invasion from Majorca.

The Republican commanders, General Rojo and Colonel Hernández

[1] See the *Survey for 1937*, vol. ii, Part II, section (2).

Sarabia, transferred six Army Corps, about a quarter of the Republican Army, to the Teruel front. All these troops were Spanish, and they were not reinforced by the British battalion and other units of the International Brigades till January. On the 15th December simultaneous Republican attacks from the north-east and south-west of Teruel cut the Nationalists' communications with Calatayud, leaving only a small gap open to the west. Accounts of the battle differ as to whether the Republicans had brought off their first successful surprise of the war—thanks to improved staff work and to the hindering of Nationalist air reconnaissance by bad weather—or whether Colonel Rey, the Nationalist commander at Teruel, had suspected that an attack was being prepared but had not been able to persuade General Franco to send reinforcements from the Madrid front.[1]

After their rapid advance on the first day of the offensive the Republicans were said to have considered the possibility of pushing on still farther in the direction of Calatayud but to have decided against it on the ground that they would have had to deal with too many Nationalist strongholds in the mountains west of the Jiloca. It was, indeed, clear that the Republican Army would need all its strength for the double task of besieging Teruel and at the same time forming a barrier against counter-attacks by strong relief columns sent from Calatayud and Albarracín. The Republicans' advantage in numbers was soon greatly reduced, though they were able to retain command of the air by concentrating a large part of their Air Force on the Teruel front and also, it was reported, thanks to the skill shown by their airmen while the weather continued to be stormy.[2]

After three days of fighting the Republicans, undeterred by continued blizzards and stiffening National resistance, had completed the encirclement of Teruel and had occupied the Muela or 'tooth' of Teruel and several other points of high ground dominating it from the west; and on the 21st December they began to work their way into the town itself, though detachments of Nationalists continued to hold out in the Seminary, the Santa Clara Convent and other buildings. The Nationalist relief columns, which were now supported by Italian artillery and large numbers of aeroplanes, began a counter-offensive on the 29th December and regained the ground that they had lost north and west of Teruel, including the heights of the Muela. They were, however, unable to relieve the isolated Nationalist

[1] See *The Times*, 22nd January, 1938.
[2] See *The Daily Herald*, 22nd December, 1937.

garrisons in Teruel, the last two of which surrendered on the 7th and 8th January, 1938. Both sides now held high ground dominating what was left of Teruel, the Nationalists on the west and north-west and the Republicans on the north-east, east and south.

The next rounds of the battle were fought some distance to the north of Teruel itself. The occupation by the Nationalists of El Muletón, a hill on the right bank of the River Alfambra, was followed by Republican attacks on the Teruel–Saragossa road from the Sierra Palomera and from the neighbourhood of Belchite. Having withstood these attacks, the Nationalists themselves took the offensive on the 5th February. Three columns, commanded by Generals Aranda, Sanchez and Yagüe, surrounded and dispersed the Republican troops in the Sierra Palomera, after which, on the 17th February, the Nationalists advanced from the Alfambra valley into the mountains east of Teruel. On the 21st the Republicans were forced to evacuate the town, though they still held the village of Villastar about five miles to the south-west, and the Escandon Pass, where the road and railway to Sagunto crossed the mountains a few miles to the east.

In the early stages of the fighting round Teruel the Republicans had shown that they could handle their new Army well and that they could carry out an effective plan of attack against a limited objective. Their temporary success had, however, been due, in great part, to their having concentrated a large proportion of their forces against a part of the front which was only lightly held by their opponents. The Nationalist counter-attacks of the 29th–31st December had shown that a weak spot could generally be found in the best-defended Republican positions, and in more remote parts of the front the Nationalists had met with even less resistance. The Nationalist Army, as well as the Republican, had evidently learnt much in two and a half years of war; its rank and file had shown great bravery and endurance; its officers were more experienced than those on the other side, especially as regards staff work, and it still had a considerable superiority in guns, aircraft and technical assistance.[1] A German correspondent, commenting on Republican military documents found in Teruel after its recapture, criticized the Republican insistence on digging and fortifying as showing a tendency to concentrate on defence to the exclusion of attack.[2]

[1] The Germans afterwards asserted that 56,000 Nationalists had attended their training courses for officers, non-commissioned officers and technicians (see the *Frankfurter Zeitung*, 15th June, 1939). See also pp. 357–8, below, footnote.

[2] For an account of the war by a French observer who visited the National

By the end of February the Republicans had almost everywhere been driven back over the line which they had been holding before the 15th December, and north of Teruel they had lost many square miles of territory which had been in their hands since the beginning of the war. Both sides claimed to have inflicted heavier losses of men and material on their opponents than they themselves had suffered. But though the Republicans may have delayed the Nationalist offensive for two months, the outcome of this offensive, which was begun almost immediately on the Ebro front, would seem to suggest that the struggle for Teruel had temporarily exhausted the Republicans' power of resistance without perceptibly affecting the Nationalists' power of attack.

The Nationalists' Ebro campaign opened on the 9th March with a simultaneous attack by several columns on a fifty-mile front between Saragossa and Montalbán. To the north General Yagüe's Moroccan Army Corps, which was composed of Spaniards belonging to the regular Army and to the Foreign Legion as well as of Moors, overran the salient occupied by the Republicans in August and September 1937, entered Belchite on the 10th March and reached the Ebro three days later at Escatron. In the centre two Spanish divisions, commanded by General García-Valiño, one of infantry and one of cavalry, linked up the Moroccan Corps with General Berti's Italian and Italo-Spanish legionaries, who were also making rapid progress. General Aranda met with more resistance at the southern end of the front, but he occupied Montalbán on the 13th March and continued to advance along the northern edge of the Sierra de San Just. Alcañiz was taken by the united forces of Generals Yagüe and García-Valiño on the 17th. After hardly more than a week of fighting the Nationalists were now about forty miles from the coast and about ten from the border of Catalonia, but it seemed probable that their advance would soon be slowed down, as the country ahead of them was more mountainous, and olive-groves provided better cover for the Republicans, who were now resisting more strongly.

At this point General Franco followed up his offensive south-west of the Ebro with a series of blows delivered on the other side of the river. On the 22nd March the Army Corps of Navarre and of Aragon broke through the Republican lines at Lierta and Almudévar, north-west and south-west respectively of Huesca, and a division of General Yagüe's Corps, by a well-planned surprise attack, crossed the Ebro near Quinto on the night of the 22nd–23rd. At first the

Army in July 1938, see General Duval: *Les Leçons de la Guerre d'Espagne* (Paris, 1938, Plon) and *Les Espagnols et la Guerre d'Espagne* (Paris, 1939, Plon).

Nationalists advanced even more rapidly on this side of the river than on the other; on the 27th March General Yagüe's men crossed the River Cinca at a point where it formed the boundary of Catalonia, while the other Nationalist armies made their way along the plain and in the foothills farther to the north, cutting off the retreat of the Republican forces which had been besieging Huesca. The Republicans were not able to defend the strongly fortified lines which they had prepared months before along the Cinca, but they were able to delay the Nationalists by opening sluice-gates farther up the river, and, under the leadership of one of their best-known commanders, El Campesino, they made a stand in front of Lérida until the 3rd April.

The occupation of Tremp and Balaguer by General Solchaga's Navarrese on the 7th April marked the end, for the time being, of the Republican retreat on the Pyrenean side of the Ebro. Their line of defence now more or less followed the River Segre from the Ebro to its junction with the River Noguera Pallaresa and then ran along the east side of the valley of the Noguera. The Nationalists held the power stations on the Noguera, the most important of which was at Tremp, and they had also secured bridgeheads east of the Segre at Seros, Lérida and Balaguer. They were completely successful in defending these positions against repeated counter-attacks during April and May and at the same time inflicted heavy losses on the Republicans. Meanwhile General Solchaga's Corps was occupying the main valleys of the high Pyrenees and starving out the isolated detachments of Republican troops which had taken to the hills. Some thousands of these men, together with many civilian refugees, were able to make their way into France through the Val d'Aran or over steep and snowy passes.[1] The Republican Forty-Third Division under Colonel Beltran, nicknamed El Esquinazo or the Dupe, held out until the 16th–17th June, when about 11,000 men crossed over from the upper valley of the Cinca into France.

As a result of the Nationalist victories on the Ebro front the Republicans had suffered heavy losses in men, war material and territory. Catalonia had at last been invaded by the Nationalists and would now have to cope with a new influx of refugees at a time when the food shortage was steadily growing worse. On the other hand the Nationalists had not yet reached the road and railway connecting Catalonia with France through Puigcerdá or the road over the Col de Perthus; and the railway passing through Port Bou was also still in use, in spite of much bombardment by air and by

[1] See also p. 394, below.

sea. These roads and railways were of the greatest importance to the Republicans at this time, as the French frontier authorities had relaxed their control over the transit of supplies of war material.[1] At the same time supplies continued to arrive by sea, and, as early as the 10th April, a demonstration flight by a large number of aeroplanes—according to one account as many as 200—took place over Barcelona.

Meanwhile the Nationalists continued to advance south of the Ebro, in spite of Republican attempts to create a diversion by various counter-attacks, to the west of Teruel, in the Alcárria district north-east of Guadalajara, in the Tagus valley and in the province of Jaen. In the mountains nearest to Tortosa and the Ebro delta a Republican force, commanded by Colonel Lister and including what was left of the International Brigades who had been serving on this front, was able for nearly a fortnight to withstand General García-Valiño's Navarrese and the three Italian and Italo-Spanish divisions which were now based on Gandesa. After the Navarrese Corps had been transferred to Morella, somewhat farther to the south-west, General Aranda's Galician Corps, also based on Morella, eventually succeeded in turning the Republican defences. On the 15th April the Nationalists reached the coast at Viñaroz and, during the next few days, the Republicans withdrew from all their positions on the right bank of the Ebro.

Now that General Franco had succeeded in dividing Republican Spain once again into two parts, it would become more difficult to send food to Catalonia from less overcrowded regions or to bring war material to central and southern Spain from Catalonia or from abroad. The Nationalists had at the same time improved their communications by acquiring an outlet on the Mediterranean just opposite the Balearic Islands. They were not yet in control of any large port on this stretch of coast, but they might be able to establish bases for their seaplanes and submarines at San Carlos de la Rápita and other parts of the delta which were said to have been used by German submarines during the General War of 1914–18.

The Nationalists claimed triumphantly that General Franco had, in five weeks and with 200,000 men, carried out with complete success a campaign which expert opinion had estimated as needing half a million men and six months. The causes of his rapid advance are not, however, far to seek. The Republicans had been holding far too long a line for their strength in men and above all in material; and

[1] See pp. 314–15, below. For the action subsequently taken by the French Government with regard to the closing of the frontier see p. 321, below.

their lack of trained officers and of an experienced General Staff had once more told against them, whether or not there was truth in the allegations that their failure to prepare a competent defence on the Aragon front was due to treachery in addition to inefficiency and over-confidence. Once again it was the Nationalists' command of the air which contributed most to their victory. The plains and plateaux of Aragon, while providing very little cover for the Republicans, allowed the Nationalists a great choice of landing-fields. For instance, two hundred and fifty aeroplanes were said to have been concentrated on one improvised aerodrome at Tudela, in preparation for the attack on the Republican positions round Huesca. German signal corps units also played an important part in helping the Nationalist forces to keep in touch with one another during a rapid advance.[1]

Besides supplementing the Nationalist artillery which, though stronger than that of the Republicans, was comparatively weak when judged by the standards of 1914–18, the Nationalist Air Force also performed functions which had formerly been carried out by cavalry. It reconnoitred the Republicans' positions, it broke the resistance of infantry by swooping down upon them with bombs and machine guns, it raided opponents' communications and harassed them in retreat.[2] One of the most vivid accounts of the Nationalists' methods of attack was given by a German correspondent who watched the Nationalist guns and aircraft drive the American and Canadian units of the International Brigades from their positions in front of Belchite, and who describes how the attack was followed up by infantry and tanks, which encircled and occupied the town.[3] Once a gap had been made in this way, motorized troops could press on to cut off the Republican retreat, and to co-operate with Nationalist columns which had broken through at other points along the front.

The spring campaign on the Ebro front had been carried out on a far larger scale than any previously undertaken by General Franco, and its spectacular success created a widespread impression that the war was practically finished and would most likely be over by the end of the summer. It was said that General Franco's foreign advisers were in favour of making a final thrust at Catalonia there and then,

[1] See *The Manchester Guardian*, 18th April, 1938. For an eyewitness account of an attack from the air on the Fraga–Lérida road, crowded with retreating troops and refugees, see *The News Chronicle*, 29th March, 1938.

[2] See the *Frankfurter Zeitung*, 15th June, 1939.

[3] See the *Frankfurter Zeitung*, 12th March, 1938. The British battalion of the International Brigades was also in action at Belchite.

but that he himself preferred that the Nationalist Army should first attempt to conquer Valencia and the Mediterranean coast provinces, thereby completing the isolation of Madrid and central Spain. He had still, however, to dispose of the Republican armies commanded by General Miaja, who had just been appointed to supreme civil and military control over the whole of Republican Spain except Catalonia. This proved more difficult than had perhaps been expected. General Aranda's force, which had reached Alcalá de Chisbert, about eighteen miles south of Viñaroz, on the 26th April, hardly advanced at all during the next six weeks, while General Varela's Castilian Army Corps and a liaison detachment under General García-Valiño were gradually working their way southwards from Morella and Montalbán to dislodge the Republicans from the intricate ranges of mountains lying between Teruel and Albocácer. By the end of May the Nationalists had reached La Puebla de Valverde, about twelve miles south-east of Teruel on the Sagunto road, and on the 6th June General García-Valiño's Navarrese Division began an offensive to the west of Albocácer which eventually forced the Republican troops to withdraw from the strong positions which they had held near Albocácer itself, and which enabled the Nationalists to occupy Castellón de la Plana on the 15th June. They thus acquired their thirty-seventh provincial capital and their first harbour of any size along the south-eastern coast. Their advance had, however, cost them two months' campaigning and heavy casualties, and, though the Republicans were said to have lost 20,000 killed, wounded and prisoners to the Nationalists' 15,000, the latter were no longer rounding up and demoralizing their opponents so irresistibly as in the first weeks of the Aragon campaign.

The next town of any importance in the Nationalists' path was Sagunto, which, besides being a centre of the iron and steel industry, was connected with Teruel and Calatayud by a road and railway, the capture of which would greatly improve the Nationalists' means of communication with northern Spain. They, therefore, pushed on with all the resources of men, guns and aircraft that they could throw into the battle. The Republicans were, however, better armed than before and were resisting with an even more desperate courage, in the orange-groves along the coast as well as in the mountains and rolling uplands inland. A repetition by the Nationalists of the thrust in the centre of the Republican front which had settled the fate of Castellón turned out less to their advantage than before, and it was not until the 8th July that they reached Nules, less than ten miles from Castellón. A more serious threat to Sagunto and Valencia

came from the Teruel end of the front, where, by the end of July, the Nationalists had held about half the Teruel–Sagunto road and in one place had actually advanced some distance beyond it. The Italian Divisions came into action on this part of the front, and their casualty list afterwards published in the Italian Press suggests that the fighting was as bitter as any in which they had up till then been engaged. Nevertheless, so long as the Republicans were still being forced back, however slowly, the utmost courage and endurance on their part could only postpone defeat, and the capture of Valencia seemed only to be a matter of time.

At this moment, however, the Nationalist offensive was checked by a well-planned move by the Republican forces in Catalonia. These forces were not exclusively composed of Catalans, and the troops chosen to take part in the counter-offensive included Communist regiments under Colonel Lister and El Campesino. This was also the last campaign in which the International Brigades took part before the Republican Government withdrew them from active service.[1] On the night of the 24th–25th July the Republicans crossed the Ebro in several places with the help of sympathizers in villages on the farther bank. Their attempts near Tortosa were unsuccessful, but, along the curve of the river below where it joined the Segre, they were able to establish themselves on the right bank and push on towards Gandesa. They had taken the Nationalists completely by surprise; and if they could have pressed on quickly enough and in sufficient force they might have reached Alcáñiz and cut the most important road connecting the Nationalists in Castellón Province with Saragossa. Unfortunately for them, their guns and lorries could not be brought quickly enough across the temporary bridges which had been built across the Ebro during the night; and they had not enough support from the air to drive back the Nationalist aircraft which checked their advance from the Nationalists' rear. In consequence they were unable even to take Gandesa, though they surrounded it on three sides, and were hard put to it to defend the irregular crescent of hilly ground which they had been able to occupy.

During the rest of the summer the Nationalists tried to dislodge them by all the means in their power, including intensive bombing from the air. Between the 25th July and the 5th August, for instance, according to a Saragossa *communiqué*, no less than 1,672 flights were made over the Republican lines; 158 of these were bombing actions, and 450 tons of bombs were dropped during these 12 days.[2]

[1] See pp. 330 *seqq.*, below.

[2] See *The Manchester Guardian*, 9th August, 1938.

A later estimate gave a daily average of 10,000 bombs, and a total of 3,000 tons of explosives, in the first five weeks of the Nationalist counter-offensive.[1] As many as 200 Nationalist aeroplanes were reported often to have been seen in the air at once.[2] The Republican Air Force had also received reinforcements and for a time its chasers were very active. Seventy-two Nationalist aeroplanes were brought down as a result of air battles during August. The Republicans' own losses seem also, however, to have been very heavy and eventually to have forced them to take a less active part in the battle. The powers of endurance of the Republican troops under air bombing had also greatly increased, possibly because they were now much better protected by a new system of fortification relying on skilful camouflage and a labyrinth of deep narrow trenches. For a time at least, they seem to have been well enough armed to maintain a good defence against Nationalist infantry and tanks, and even to recapture positions which they had lost. The accurate fire of their artillery, in particular, was remarked on by the Nationalists, who attributed it to the presence of French gunners. The Republicans were also able to maintain their bridges across the Ebro in spite of the Nationalists' attempts to destroy them by intensive bombing or by varying the level of the river in the hope of flooding them out. Republican anti-aircraft batteries did much to keep raiders high in the air, and, though one of the bridges was seriously damaged no less than seventeen times and others half a dozen or more times each, the repair gangs succeeded again and again in the dangerous work of making them once more fit for use.

Republican attacks on the Segre front, near Albarracín, and on the Teruel–Sagunto road against the Italian and Italo-Spanish legionaries did not repeat the initial success of the Ebro offensive or serve for any length of time to relieve Nationalist pressure on the other side of the river. Nevertheless the Republicans seemed determined to hold on at all costs. By the middle of October, six Nationalist counter-attacks had been delivered with success against limited objectives but less than half the ground lost in July had been recaptured. Later in the month, however, a general counter-attack was launched, and, whether thanks to the dropping of 1,004 tons of bombs in a week, or to the fighting qualities of General García-Valiño's Moors and Navarrese, or to the washing away of all the Ebro bridges at a time of high water, or to the sudden lessening of Republican firing-power which the Nationalists claimed to have noticed in the last week of September, the Republicans' front was

[1] See *The Times*, 8th October, 1938. [2] *Ibid.*, 19th November, 1938.

rolled up from the south, and on the 16th November they were forced to withdraw from their last bridgehead on the right bank. Their Ebro campaign had been successful in so far as it had postponed the fate of Valencia and the coast provinces, and had compelled the Nationalists to fight for four months on a battlefield of their opponents' choice. As in the case of Teruel, however, a temporary success had been achieved only at great cost. The Republicans had probably suffered as many casualties as the Nationalists, a reliable unofficial estimate placing the losses of each side at about 40,000 men,[1] and recent developments in the international situation made it far more difficult for them to replenish their stocks of munitions than had been the case earlier in the year.

On other fronts there had been practically no change during the late summer and autumn, except in Estremadura, where columns under the command of Generals Queipo de Llano and Saliquet had occupied Don Benito and had forced the Republicans out of a salient which had extended down the Guadiana Valley almost as far as Mérida and within thirty kilometres of the Seville–Salamanca railway. During August attempts had been made by these columns and by the Nationalists in the Tagus valley to reach the mercury mines at Almaden, but, after advancing some way, the attackers had been held up by Republican reinforcements and by the fortifications constructed round the mining zone itself, and had even been forced to retreat from part of the ground that they had occupied. The Madrid front, on the other hand, remained quiet throughout the year. The Nationalists were still occupying the University City and the western suburbs of Madrid, and, though they had not bombed it from the air since February 1937, they repeatedly shelled it, causing more damage to civilians than to objectives of direct military value. At the beginning of the third winter of the siege more than half a million people still remained in the city, existing as best they could on a daily ration of two ounces of lentils, beans or rice, with occasionally a little sugar or salt cod.

The Nationalists advertised the contrast between hungry Republican Spain and their own well-provisioned territories by a new type of air raid in which loaves of bread instead of bombs were dropped in Madrid and on the Catalan towns, where the famine was, if any-

[1] See *The Times*, 19th November, 1938. General Vollemann, who had at that time been in command of the German Condor Legion, afterwards stated that the losses on both sides amounted to tens of thousands (see the *Pester Lloyd*, 3rd June, 1939). On the other hand a Salamanca *communiqué* of the 17th November put the total Republican losses at 75,000 (see *The Manchester Guardian*, 18th November, 1939).

thing, greater,[1] to which the Republicans replied by dropping shirts and socks in the neighbourhood of Burgos, to call attention to the Nationalists' shortage of manufactured goods.

In addition to these propaganda raids bombing raids were still being made by the Nationalists on towns and villages outside the zone of front line warfare. The question of how far these raids could be justified by the presence of genuinely military objectives is discussed in another chapter of the present volume.[2] It might also, however, be suggested here that the contribution made by air raids of this kind to the progress of the war was hardly worth the indiscriminate harm which they did to life, property and works of art in a country which was, after all, the belligerents' own. For one thing, it was not easy to drop bombs so as to hit a desired target. Bombs had fallen near the petrol storage depot outside Barcelona thirty-seven times before it was destroyed in June 1938, and the Barcelona power stations, though often raided and more than once slightly damaged, were never put out of action. Dock buildings at such places as Barcelona, Valencia and Alicante were reduced to ruins and ships were sunk in the harbours,[3] but it was generally possible to load and unload goods there; and, though Barcelona harbour was practically closed by air bombardment for some days before the entry of the Nationalists in January 1939, such continuous raiding could not have been carried out earlier against several harbours at once unless the Nationalists had had a much larger Air Force. The effect of bombing on the minds and nerves of civilians was also far less crushing than might have been expected. It was more through being hungry all the time than through being bombed almost every day that people came to think that it would not matter how the war ended, so long as it did end. The courage and endurance shown by Spaniards under the fear of bombardment were deservedly praised; and the precautions which were taken in the most frequently raided towns were said to have saved many lives and prevented much panic.[4] The result might, however, have been different if raids on the scale of the Barcelona raids of the 16th–18th March, 1938, could have been kept up for any length of time. Raids on Barcelona in

[1] For the assistance given by Governments and private individuals outside Spain towards the feeding of the civil population see section (v) of this part, pp. 388–91.

[2] See section (v), pp. 430 *seqq.*, below.

[3] For the bombing of non-Spanish ships see section (iv), pp. 368 *seqq.*, below.

[4] For a description of the deep air-raid shelters in Barcelona and other places see *The Daily Telegraph and Morning Post*, 20th and 21st January, 1939. See also a letter by Mr. J. Langdon-Davies, published in *The Times*, 11th January, 1939.

January 1939 were also said to have had great effect on the inhabitants' minds, partly, however, because the anti-aircraft defences had already ceased to function and the Republican armies in Catalonia were already facing defeat. Nor was it easy to draw conclusions from air warfare in Spain as to conditions in a general European war, since the attack, as well as the defence, would in that case be so much more powerful.

In contrast to the war on land the war at sea during 1938 was much less eventful and was, on the whole, favourable to the Republicans.[1] At first both sides had found it difficult to man their ships; and, while the Nationalists had been making up for their shortage of trained petty officers and seamen by recruiting Falangist and traditionalist volunteers and foreign technicians, the Republicans had replaced the Seamen's Councils of the early days of the war by regularly appointed officers who had been sent abroad for short courses of training. These and other improvements in the efficiency of the Republican fleet reflected great credit on Señor Prieto, at that time Minister for Defence, but the Nationalists had still an advantage as regards the experience of their officers, and the gun-power, if not the numbers, of their ships, as they still possessed the two largest and most modern cruisers in the Spanish fleet, the *Canarias* and *Baleares*. They had started the war with one destroyer, but in the autumn of 1937 they acquired four more which were reported to be of Italian origin.[2] The same ally was said to have provided them with two submarines which operated from Majorca, but during 1938 submarine warfare played a very small part in comparison with the 'piratical' campaign of the year before.[3]

The Republican fleet, it appears, now consisted of three cruisers, twelve flotilla leaders, two small destroyers, five torpedo boats, and six or seven submarines. Since its attempts to prevent Nationalist troops crossing the Straits of Gibraltar in August and September 1936 its chief occupation had been the convoying of munition ships, while the Nationalists had been carrying out a blockade against Republican

[1] For naval warfare between July 1936 and December 1937 see the *Survey for 1937*, vol. ii, pp. 43, 50–1, 54, 55, 62 *seqq.*, 72, 77. For attacks by Spanish Nationalists on non-Spanish ships see pp. 364–86, below.

[2] See a statement made in the House of Commons at Westminster in answer to a parliamentary question on the 23rd March, 1938. See also a note from the Republican Government to the Government of Great Britain published in *The Times* of the 2nd February, 1938. At the end of August 1938 three Nationalist destroyers were to be seen anchored off Algeciras (*The Times*, 29th August, 1938).

[3] See the *Survey for 1937*, vol. ii, Part III, section (ii) (*j*), pp. 339 *seqq.*, and the present volume, pp. 365–7, below.

shipping and occasionally bombarding towns along the coast. On the night of the 5th–6th March, however, a naval action took place off Cape Palos as a result of which the *Baleares* was torpedoed by Republican destroyers and set on fire. About half the men on board were rescued by the British destroyers *Boreas* and *Kempenfelt*. Some hours later, while the survivors were being transferred to Nationalist cruisers, Republican aircraft dropped bombs near the destroyers, killing one English sailor and wounding three others, and the Republican Government afterwards sent a protest to the British Foreign Office against the return of the survivors of the *Baleares* to Spanish Nationalist ships and territory.

The sinking of the *Baleares* was a conspicuous success for the new Republican Navy, and though it did not follow up this achievement with other attacks on Nationalist warships during the summer it was able to carry out its new task of helping to maintain communication between the two halves of Republican Spain. The next skirmish occurred on the night of the 26th–27th August, when the Republican destroyer *José Luis Díaz*, which had been undergoing repairs at Havre, was intercepted near the Straits of Gibraltar and took refuge in Gibraltar harbour. Attempting to put out to sea on the 30th December, she was attacked and forced to run ashore, and was afterwards brought back to Gibraltar and interned there.[1]

The most sensational development of the year in naval warfare, however, was the sudden appearance of Nationalist raiders in the North Sea. On the 2nd November the *Cantabria*, a Spanish steamer which had been requisitioned by the Republican Government for trade between northern ports, was sunk seven miles off Cromer by the *Nadir*, a sloop or small auxiliary cruiser quite unlike any warship previously known to be in the possession of the Nationalist or Republican Governments. It was alleged by the Republican Government that the *Nadir* had just been illegally armed in Hamburg and that several other Nationalist merchantmen had also been armed in German ports.[2] Two days later another Nationalist auxiliary cruiser, the *Ciudad de Alicante*, brought the Republican steamer *Río Miera* into Emden for refuelling.[3] The formation of a Nationalist patrol in the North Sea seemed likely to raise a number of contentious points of international law[4] and to give opportunity for new methods

[1] See also p. 384, below.
[2] See *The Times*, 5th November, 1938.
[3] See the *Frankfurter Zeitung*, 6th and 8th November, 1938.
[4] The question was discussed in the House of Lords on the 15th November, 1938. See also *The Manchester Guardian*, 9th November, 1938.

of foreign intervention. As it turned out, however, no more ships were sunk or captured after the first week in November.

By the beginning of December it was evident that the next Nationalist offensive would be made on the Segre. General Franco had at last abandoned his plan of gradual reconquest for one of staking everything on a single decisive blow at Catalonia, as his foreign advisers were reported to have urged him to do eight months earlier. This may have been because he was convinced—quite justifiably as it turned out—that the Republican armies were nearing the end of their strength, but he may also have wished for a quick decision because of dissensions behind his own lines. Moreover, the international position of the Anti-Comintern Powers might not always be so favourable as it was at the moment. In attacking Catalonia he stood to win the largest city in Spain, which also happened to be the temporary capital of his opponents, together with the industrial areas where much of their war material was made, and the railways, roads and harbours through which a great part of the rest was imported. As to the considerations which may have influenced him in April 1937, there was now less reason to fear that the French Government would do anything to prevent the occupation of Catalonia, even by unofficially opening the frontier to the transit of arms. On the other hand the natural difficulties of the ground which his armies would have to traverse had been turned to account during the summer and autumn by the Republicans, who had been constructing in Western Catalonia fortifications similar to those which they had built on the other side of the Ebro.

With the intention of dealing his opponents so rapid a succession of blows that they would have no opportunity to rally their forces, General Franco concentrated seven Army Corps, about 350,000 men, on the Catalan front, and equipped them with far larger stores of food and munitions than had been prepared before any of his earlier offensives. Italian infantry were once again to play a conspicuous part, though there were, in fact, fewer of them than on the Aragon front the year before. The Legionary Corps commanded by General Gambara was stated to have included 16,315 Italians out of a total strength of 42,317, and only one of its four divisions, the Littorio, was wholly Italian. The other three, the Blue, Black and Green Arrows, had Italian officers and non-commissioned officers and a Spanish rank and file.[1] According to the same official source of information,

[1] See a Saragossa *communiqué* quoted in *Le Temps*, 11th January, 1939. According to General Duval (*Les Espagnols et la Guerre d'Espagne*, pp. 202–3, 208), the airmen on the Nationalist side were nearly all German and Italian at

the Italians at this time usually had between 90 and 110 bomber and fighter pilots, while there were no less than 700 Spanish airmen, though this figure included observers and technicians as well as pilots. As a number of German pilots and technicians were also still at the disposal of the Nationalists, General Franco was well supplied with that expert help in the Air Force and in other special services which had proved more valuable to him than foreign infantry.

The Nationalists were estimated to have had four times as much artillery as the Republicans and three times as many aeroplanes. An English correspondent who visited the front early in the offensive found, not only that Republican artillery groups which should have had twelve guns each had only one or two in action, but that the Republicans had very few machine guns, which had before been one of their best means of defence.[1] Again, though both Nationalists and Republicans had had to call up reserves to replace their losses on the Ebro, the strain on these inexperienced troops would be greater among the Republicans than among the Nationalists, particularly if the Nationalists once began to gain ground.

Rumours that unrest in Nationalist Spain might cause the postponement of the offensive turned out to be unfounded. On the 23rd December the Nationalists attacked in several places along the line of the Segre and Noguera Pallaresa. In the centre, between Lérida and Balaguer, they did not immediately succeed in breaking through the defences of the plain of Urgel, but in the north-east a Nationalist force based on Tremp began to make its way through the Sierra de Montsech towards Artesa, a town which was situated near where the upper valley of the Segre opened out into the plain of Urgel, and which thus commanded the best main-road communications between Republican forces based on Seo de Urgel and those in southern Cata-

the beginning of the war but, by the autumn of 1938, more than two-thirds of them were Spanish. The Germans had 400 airmen, including technicians, and 30 aeroplanes at the front. The Italians were reported to have many more, but no definite number is given.

In the victory parade of the Nationalist Air Force at Barajas near Madrid on the 12th May, 1939, more than 12,000 men took part and about six hundred aeroplanes were lined up on the field.

[1] See *The Daily Telegraph and Morning Post*, 18th January, 1939. According to another report, however, even after the Republicans had been driven out of Catalonia, they had brought with them into France 250 aeroplanes and 150 field guns, and the French Army had thought these so well worth keeping that it had immediately shipped them overseas, before a decision had been reached about the handing over of surrendered Republican arms to the Nationalists (see *The Daily Telegraph and Morning Post*, 8th March, 1939). The Nationalists themselves claimed to have destroyed about 700 Republican aeroplanes during the whole war and to have captured 100 others still fit for use (see *Spain*, 1st June, 1939, p. 173).

lonia. An even more important advance was made from the south-western end of the front, where Italians and Navarrese attacking from the bridgehead at Seros, half-way between Lérida and the Ebro, drove the Republicans out of the desolate country in the angle between the rivers, which provided fewer obstacles for tanks and motorized columns than the more fertile northern part of the plain of Urgel with its streams and irrigation canals. General Solchaga's Navarrese entered Granadella, nearly fifteen miles south-east of the Segre, on the 29th December, and during the next week they overcame the Republican defences in the Sierra de Llena and Sierra de Montsant, partly by direct bombardment and attack, and partly by outflanking manœuvres from the left bank of the Ebro. Here they were maintaining contact with General Yagüe's Moroccan corps, which eventually crossed the river to support them at Mora de Ebro on the 8th January.

Meanwhile the Italian Legionary Corps had set out to turn the strong Republican defences east of Lérida by cutting the main Lérida–Tarragona road at Borjas Blancas. They were less fortunate than the Navarrese, however, in that they were faced by some of the best troops in the Republican Army under the command of Colonel Lister. The Republican defence and counter-attacks inflicted heavy losses on them, and Borjas Blancas was not taken until the 5th January, after a week of fighting and with the help, during the last twenty-four hours, of Navarrese from General Solchaga's corps. The Republicans were now forced to retreat from the neighbourhood of Lérida to their second main line of defence, which ran in front of the Artesa–Tarragona road, but the right flank of this had already been threatened by the capture of Artesa on the 4th January, after a Nationalist column from Balaguer had broken through to co-operate with the one which was crossing the mountains from Tremp. The second Republican defence line was finally made untenable when on the 11th January the Nationalists reached Montblanch, the meeting-point of the Artesa–Tarragona and Lérida–Tarragona roads. Tarragona itself was now in danger, as the Nationalists were converging upon it from the Ebro and along the coast as well as from Montblanch, and on the 15th January the Republicans withdrew from it without resistance.

The general direction of the Nationalist advance was now to the east. On the 18th January they occupied Pons in the Segre valley and on the 22nd they occupied Igualada, a town on the Barcelona–Lérida road and a key-point of the Republican third line of defence, while, between Igualada and the coast, the columns of Generals

Solchaga and Yagüe had covered nearly half the distance from Tarragona to Barcelona. The Republican Government had proclaimed that Barcelona would follow the example of Madrid, but no eleventh-hour miracle came to their aid like that of the Russian arms and the International Brigades, and the Catalan authorities seem to have been less willing to go on fighting than those of Madrid. On the 24th January the Nationalists broke through the last line of defences, taking Manresa and crossing the River Llobregat at Martorell. The Italian Legionary Corps took part in both these attacks. On the coast the Moroccan Corps came within reach of the suburbs of Barcelona but waited until their comrades farther north had carried out an encircling movement of the kind that had forced the Basques to evacuate Bilbao. That day and the next the Republican Government and Generalitat and a number of refugees were still able to escape to the north, but by the morning of the 26th the Nationalists' manœuvre was completed and at midday the Moroccans and Navarrese entered the city, followed by the Italo-Spanish 'Arrow' Divisions and the Tercio. They met with no resistance except for a few isolated machine-gun posts in the suburbs and, according to a generally reliable German eyewitness, they were received with more enthusiasm than any other Nationalist Army which had entered a town previously held by the Republicans.[1] The tens of thousands of refugees who were making their way towards the French frontier[2] mostly belonged to the working and lower middle classes. Most of the officials of the Generalitat and Government Departments on the other hand remained in Barcelona, many of them with the intention of going over to the Nationalists.[3]

In the north-eastern corner of Catalonia into which the Republican Army and Government had now retreated, the shape of the land and the position of roads and railways were not so well adapted for defence as had been the case in the country between the Segre and Barcelona. No fortifications had been prepared, and it would not have been easy to land supplies or reinforcements at the few small fishing ports to be found along this part of the coast, especially as these could be blockaded from the air by the same method of continuous attacks as had made Barcelona harbour useless for some days before the city fell. Moreover, now that the Republican armies in Catalonia had been driven a hundred miles or more from the Ebro and had also lost Barcelona, Tarragona and most of the Catalan

[1] See the *Frankfurter Zeitung*, 28th January, 1939.
[2] See pp. 395 *seqq.*, below.
[3] See *The Manchester Guardian*, 10th February, 1939.

industrial districts, they would probably no longer be able to give much help to the Republican cause in general unless their striking-power were greatly increased and their morale restored. Under the circumstances, this could only be brought about by an open or clandestine supply of arms over the French frontier, and during the preceding fortnight it had become increasingly clear that the French Government would do nothing to facilitate this.[1]

The Republicans had thus no chance of making a stand in north-eastern Catalonia, and, though they were still fighting rear-guard actions, the chief obstacles to the advance of the Nationalists were the bad weather, transport difficulties and their own weariness. The Nationalists entered Gerona on the 4th February, Seo de Urgel on the 5th, and Figueras on the 8th. Next day the Navarrese reached the Franco-Catalan frontier at Le Perthus, and on the 10th other Nationalist columns occupied Port Bou and Puigcerdá. The last Republican troops to leave Catalonia seem to have been two divisions which on the 13th February were still crossing over into France through the mountains east of Puigcerdá.[2]

### (*b*) Political Developments in Republican Spain

At the beginning of 1938 Republican Spain was still being governed by the coalition of Socialists, Communists and the more moderate Republican parties, including Basque and Catalan regionalists, which had come into office in May 1937 with Dr. Negrin as Premier and Señor Prieto as Minister of Defence. The right-wing Socialists and moderate Republicans were, perhaps, the strongest element in the coalition, but a bid for ascendancy was also being made by the Communists. These claimed to be the firmest defenders of national independence, of the Republican constitution, and of the liberties of the peasants, workers and small bourgeoisie, but, however emphatically they might protest to the contrary,[3] there was also reason to believe that they meant to rule the country after the war without any compromise with other parties. Their tendency towards party dictatorship and police terrorism, and their frequently unscrupulous methods of penetrating into or absorbing other organizations made them enemies even among those Republicans who would otherwise have agreed with their moderate, not to say anti-revolutionary,

[1] See pp. 338–40, below.

[2] The French attitude towards these refugees and the relief work carried out by the French Government and by private organizations is described in section (v) of this part.

[3] See a statement by Señor Díaz, secretary of the Spanish Communist Party, quoted in *The New York Times*, 1st April, 1938.

economic policy and their insistence on discipline and efficiency. On the other hand, their supporters and sympathizers in the army included Lister, Modesto, El Campesino and others of the best-known Republican commanders. They were particularly anxious to extend their influence here, as they believed that the army would be the real ruler of Spain in the event of a Republican victory. With this end in view they had worked for the replacement of Señor Largo Caballero by Señor Prieto only to find that the new Minister of Defence was no less determined than his predecessor to prevent them from growing too powerful. Steps had recently been taken to restrict the activities of the political Commissars, many of whom had acted as missionaries of Communism, and a number of non-Communist officers, who had held commissions before the outbreak of the war, had been appointed to high positions in the army. The Communists replied with threats that if there were not enough political Commissars there would be no more Russian aeroplanes.

Moscow Communism had even less influence over the Popular Front groups which still remained outside the Government. Loyalty to Marxism did not prevent left-wing Socialists from saying that they would fight Comintern interference as fiercely as they were fighting Fascism; and the Anarcho-Syndicalists of the Federación Anarquista Ibérica and the Confederación Nacional del Trabajo had Communist doctrines of their own which had no direct connexion either with Marx or with Stalin's Moscow.[1] The difference between the 'libertarian' Anarchists and the 'authoritarian' Stalinite Communists was one of the most striking contrasts of the civil war, and, even in the early days of Anarcho-Syndicalism, the foreign revolutionaries who had introduced it into Spain had been followers not of Marx but of Bakunin. In any case the ideological pedigree of Anarcho-Syndicalism is less important than the immediate response which it had aroused from the Spanish proletariat, long before Marxist Communism had triumphed in Russia. It was only natural that it should have had a special attraction for Spaniards, who have been described by a brilliant critic of their own race as 'a profoundly individualistic people, usually passive' but at the same time capable of 'volcanic eruptions of energy', a people full of contradictory qualities in whom great generosity could be found side by side with fierce envy, messianic hopes for the future and an utter indifference to pain.[2] It was these national characteristics that were the driving

[1] See the *Survey for 1937*, vol. ii, pp. 6–7.

[2] See S. de Madariaga: *Englishmen, Frenchmen, Spaniards* (London, 1928, Oxford University Press), pp. 42–53, especially p. 49.

force behind Anarcho-Syndicalism and the other extremist movements in Spain, and that were the real cause of the murders and church-burnings and wild economic experiments. To illustrate this point one might compare Spain with one of the geysers in the Yellowstone Park which can be artificially stimulated into spouting up their hot water and steam for the benefit of tourists. Moscow as well as the Axis Powers may have helped to put soap down the geyser's mouth, but the explosive forces below were purely Spanish, and the banishment of Marxism from Spain would not prevent violent eruptions happening in future without the help of any outside interference.

Extreme though the views of the Anarcho-Syndicalist leaders were, they had somewhat modified them during the war. In spite of their objections to political action they had, for instance, been represented in Señor Largo Caballero's Government until its fall in May 1937, and in the spring of 1938 they wished to return to office. Some of the Republican leaders were willing to agree to this, but others feared that the change would be too alarming to public opinion in the western countries. The reconstruction of Dr. Negrin's Government which took place on the 5th April was a consequence of the Nationalist successes in Aragon and was more to the advantage of the Communists than to that of the Anarcho-Syndicalists. Dr. Negrin himself now took the post of Minister of Defence in place of Señor Prieto, who had been held responsible for the recent defeats. Señor Gonzalez Peña of the Socialist trade unions became Minister for Justice, Señor Gomez Sainz of the Socialist Party, who had lately been in control of public order in Catalonia, became Minister for the Interior, and Señor Álvarez del Vayo returned to his former post of Minister for Foreign Affairs. The Basques, Catalans and Republican Union and Republican Left parties took part in this Government as they had done in the last. A representative of the Confederación Nacional del Trabajo was appointed to the Ministry of Health and Education, but, whereas the Communists had now apparently only one representative (at the Ministry of Agriculture) instead of two, they had in reality gained a valuable ally in Señor Álvarez del Vayo. The new Government soon decided to allow greater scope to the political commissars, and shortly afterwards Señor Hernández, the outgoing Communist Minister for Education, was made chief War Commissar for the separated territories of Central and Southern Spain. Communist influence in the General Staff was also increased by the appointment of Colonel Modesto in place of General Rojo.

The policy of the new Government was expounded by Dr. Negrin

on the 1st May in a thirteen-point declaration,[1] the chief items of which may be summed up as follows:

> The maintenance of the independence and integrity of Spain and its deliverance from invasion and economic penetration; the determination of the legal and social form of the new Republic by the national will expressed in a free plebiscite with full guarantees against reprisals, which would be held as soon as hostilities were at an end; respect for regional liberties, in accordance with law and historical tradition, in so far as these liberties did not impair the unity and integrity of Spain; a guarantee by the state to all citizens of 'full civil and social rights, including freedom of conscience', and an assurance of 'the free exercise of religious beliefs'; guarantee by the state of the right to hold lawfully acquired property, within limits determined by the supreme interests of the nation; exploitation would be prevented, but individual enterprise would be allowed and small property-owners would be encouraged, the property of foreigners who had not assisted the Nationalists would be respected, and compensation would be paid for damage done to it as a result of the war; agrarian reform and the creation of a rural democracy owning the land that it worked; adoption of a foreign policy renouncing war, supporting the League of Nations and collective security, and claiming a place for Spain in the Concert of Nations as a Mediterranean Power fully capable of defending herself; an amnesty for all Spaniards willing to take part in the reconstruction and liberation of their country.

Promises similar to these thirteen points had often before been made by Republican leaders. To take examples from the first three months of 1938, Dr. Negrin's speech to the Cortes at their session of the 1st February promised that the Government would restore constitutional administration as soon as war conditions permitted, and declared that they had no desire to exterminate their opponents; and his broadcast speech of the 28th March appealed to intellectuals, small industrialists and the Catalan middle class to unite in defending Spain against invaders who were foreigners as well as Fascists. This appeal for union against the foreign enemy had, of course, its counterpart in Nationalist Spain, where Russians, French and Czechs replaced Italians and Germans as the villains of the piece. In Republican Spain, however, this appeal continued to be accompanied by the promises of reconciliation and the restoration of civil and regional liberties. President Azaña, speaking at Barcelona on the 18th July,[2] made the plea that 'we are all fellow countrymen, even the conquered'. A month earlier Dr. Negrin, speaking at Madrid on the 18th June,[3] had declared that 'not one second more of war' could be endured if 'the existence of Spain as a free country' was not at stake. He also expressed the hope that, 'before many years had

[1] Text in *Le Journal des Nations*, 3rd May, 1938.
[2] Text *ibid.*, 21st July, 1938. [3] Text *ibid.*, 22nd June, 1938.

gone by, the names of all the victims of the struggle would appear side by side on the war memorial of each village'. And he asserted that, though the Church must no longer interfere in politics, the guaranteeing of free religious worship was a duty which the Republican Government owed to their own liberal principles, as well as to the thousands of loyal Catholic citizens. He added that without deep religious feeling it would be difficult to endure the ordeal to which Spain was being subjected.

The thirteen points very probably echoed a genuine desire on the part of some at least of the Republicans for reconstruction without reprisals, anti-religious intolerance or a return to violent social revolution. On the other hand, Republicans who were not Communists suspected that this was to some extent another case of Communists trying to outdo the moderates in moderation. It was also true that declarations of this kind had an obvious value as appeals to the sympathy of the 'democratic' nations at a time when the Republicans were hard pressed by the advance of the Nationalists in the field of battle and by their own economic difficulties behind the lines.

The prospects of a successful reconstruction of Spain on the basis of these points, if the Republicans had won the war, can only be judged by studying those political and other developments during the year which show how far the Republican Government were masters in their own house; and how they dealt with such problems as economic organization, the maintenance of order and the toleration or persecution of the Roman Catholic Church.

As regards the stability of Dr. Negrin's Government, it may be noted that they remained in office until after the military collapse of Catalonia in January 1939. Nevertheless the change of Cabinet had not put an end to party dissensions, particularly between Communists and non-Communists. These dissensions did much to weaken Republican efficiency and will to resist and were among the main causes of their defeat. The strongest opposition which the Negrin Government had to face did not now come from extremists but from moderates who could not accept the policy of a fight to a finish. President Azaña was already believed to be in favour of obtaining a truce as soon as possible, on condition that it should be followed by a plebiscite.[1] Another Republican leader who seems all along to have been unwilling to continue the war to the bitter end was Señor Besteiro, a right-wing Socialist; and it had been hinted that he or Señor Martínez Barrio might some day help to form a Government

[1] For the attitude of the Republican Government with regard to mediation or to the opening of peace negotiations see pp. 303–4, below.

of Reconciliation. Many of the Catalan bourgeoisie were in favour of an early truce, and Catalan opinion also tended to dislike the way in which the Republican Government were encroaching on Catalonia's constitutionally established autonomy. The maintenance of order in Catalonia had been in the hands of the Republican Government since May 1937,[1] and since the beginning of the year they had taken control of the supply of food and had been attempting to replace the collectivization of industry by state supervision.[2] The Generalitat also complained that they had to finance the public services which remained under their control without receiving any share of the benefits derived by the Republican Government from currency inflation or foreign trade. High officials of the Generalitat seem, however, still to have been hoping that, after a Republican victory, the Catalans might be granted even wider concessions than those originally provided by the Statute of 1932. On the other hand, any doubts with regard to the Nationalist attitude towards Catalan self-government had been cleared up by the Burgos decree of the 5th April annulling the Statute altogether.

The first crisis which the Government surmounted during the summer came to a head in June and seems to have been connected with allegations that certain Republican leaders had gone abroad to open negotiations with regard to the foreign policy of the Republic and the outcome of the war. No change was, however, made in the Government until the middle of August, after the questions of regional liberties and revolutionary justice, as well as the underlying division of opinion on the issue of resistance or surrender, had been raised by the introduction of decrees placing the Catalan ports and war industries under military discipline and under the control of the Central Republican Government, and establishing a special tribunal in Catalonia to judge cases arising out of the flight of capital. Señor Irujo, a Basque Nationalist who was at that time Minister without Portfolio, joined with the Minister for Labour, a member of the Catalan party called the Esquerra,[3] to oppose these decrees, and the whole Government resigned on the 16th August. Special precautions were taken and many arrests were made, but the crisis passed off without any of the disturbances that had been feared. Next day the two recalcitrant Ministers were replaced by Basque and Catalan Socialists.

The position with regard to the maintenance of law and order may

[1] For the police work of the Servicio de Investigación Militar, see pp. 284–5, below.
[2] See pp. 287–8, below.
[3] See the *Survey for 1937*, vol. ii, pp. 34, 35, 37.

be summed up as follows. There were no signs during 1938 of a return to the violent state of revolution, which had worked itself out and had been brought under control in the course of 1937.[1] For instance, an English journalist who spent a fortnight or more in and near Teruel while the Republicans were occupying it, only came across five cases of shooting prisoners out of hand.[2] The terrorism which had been carried on by gangsters and 'uncontrolled revolutionaries' was now practically at an end, and an account of the situation at Madrid in the early months of the year could state that it was 'many months since corpses' had 'littered the outskirts' of that city.[3] In Barcelona, also, this kind of terrorism had greatly decreased. With the strengthening of the authority of the Republican Government, and the growth of Communist influence, however, police terrorism and the persecution of Republicans considered as heretics by a stronger faction had increased.[4] The Government had taken action against the detachments of the Russian G.P.U. who had been in control of the Communists' private courts and police force, but the Socialist Minister of the Interior had set up a 'Cheka' of his own in December 1937 in the shape of a council for the defence of the régime which was free from any judiciary control. Señor Irujo, the Basque Minister of Justice, had shown his disapproval of this proposal by resigning. The actual work of hunting out spies and traitors was done by an organization called the Servicio de Investigación Militar which soon became very powerful. This, too, was under Communist influence and was managed by the official Spanish political police, who had the knack of surviving any revolution. In March 1938, at the time of the Nationalist break-through in Aragon, special summary tribunals were established to deal with cases of spying, treason and defeatism, with which came to be included profiteering, food-hoarding and armed robbery. During the following month, when it seemed possible that Catalonia might shortly be invaded by the Nationalist armies with the help of risings by Nationalist sympathizers behind the lines, it was perhaps not unnatural that a specially large number of suspects should be rounded up in Barcelona. It was at this time, too, that members of the S.I.M., apparently without the knowledge of their superior officers, began a murder campaign of their own. Twenty or thirty people

[1] See the *Survey for 1937*, Part II, sections (iii) and (iv).

[2] See H. Buckley, 'Inside Spain', in *The Fortnightly Review*, March 1938, pp. 299–307. One of these five victims was a priest.

[3] See *The Times*, 6th February, 1938.

[4] See F. Borkenau: *The Spanish Cockpit* (London, 1937, Faber), pp. 251 *seqq.*; also the *Survey for 1937*, vol. ii, pp. 99, 108–9.

had been 'taken for a ride' before the judges of Barcelona succeeded in putting pressure on the Government to bring the S.I.M. to heel.

The more regular activities of the S.I.M., however, continued to bear fruit during the rest of the year in the shape of trials for various crimes affecting the safety of the régime. A number of high military and civil officials were among the accused, and many people were sentenced to death. In August 1938, however, the Republican Government had tried to prepare the way for a general amnesty by proposing that each side should suspend the execution of death sentences on military prisoners for a month; and though no agreement was reached on this point, both Nationalists and Republicans seem to have considerably reduced the number of executions of civil as well as military prisoners during the rest of the year.

One of the most important trials which took place in Republican Spain during the autumn was that of seven leaders of the anti-Stalinite Communist party called the Partido Obrero de Unificación Marxista. Though the Stalinite Communists had for long been insisting that the P.O.U.M. leaders had been acting as spies for the Nationalists, all charges of this kind against them were dropped on the ground of insufficient evidence, and though five of the prisoners were found guilty of taking part in rebellion during the Barcelona disturbances of May 1937, they did at least escape the death sentence. The Russian Government were said to have been much displeased that the Republicans had deprived them of a chance to justify their own 'purges' by proving, by hook or by crook, a connexion between Trotskyism and Fascism in Spain.

The treatment of prisoners seems to have varied a good deal. In Barcelona the worst conditions were to be found in the special prisons of the S.I.M., about which unpleasant revelations were made after the fall of Barcelona, and in the three ships which were kept full of prisoners until October 1938, and which were also in continual danger of being bombed, though, as it happened, they were never actually hit. On the other hand an English press correspondent was told by the relatives of people who had been sent to the new Model Prison that conditions there were good and that political prisoners were treated with consideration. The same correspondent reported that 'noisy political discussions' could 'often be heard' in cafés or on railway trains in which the Government were 'openly criticized and condemned'. 'Considerable hardship' was, however, 'suffered by persons who, owing to associations or actions before the war', were 'now under suspicion'.[1]

[1] See *The Daily Telegraph and Morning Post*, 15th October, 1938.

'The free exercise of religious beliefs' mentioned in Dr. Negrin's sixth point was far from being completely restored during the year.[1] There was no general reopening of churches, and Catholic worship was allowed to be performed only in private houses by priests licensed by the Government.[2] Permission was never even given to open the French chapel in Barcelona. The Basques, who were allowed to hold services in their own regional government offices, were constantly urging that greater freedom should be given, but the Republican Government were not yet willing to carry out their promises of toleration, alleging that public opinion was still too hostile. In Barcelona, where the attack on religion had been fiercest, about a quarter of the priests had been killed early in the revolution, but some of those who had escaped abroad had since returned, and nearly 2,000, or at the most 2,500, were believed to be living there in the spring of 1938.[3] These priests had to go about dressed as laymen and were liable to be accused of belonging to the 'fifth column'. More than one was sentenced to death during the year on the charge of taking a leading part in Nationalist conspiracies.

The concessions and conciliatory gestures which were made in the course of the year were very small and influenced, to a great extent, by the needs of political manœuvring at home and of propaganda abroad. From March 1938 onwards, priests who were called up for military service were drafted into the medical corps, and it was understood that they would be allowed to minister to the souls as well as the bodies of their patients; a decree issued on the 26th June ordered all commanding officers of the armed forces to allow any of their men to have access to a minister of their religion;[4] and, both

[1] On this question see Jean de Saint-Charmant: *Le Problème religieux en Catalogne* (in the *Revue des deux Mondes*, 15th February, 1939, pp. 867–84). The article also describes the work of a group of young Catalans who made heroic efforts to maintain religious worship during the worst days of persecution at the beginning of the war and who eventually built up a non-political Federation of Christian Youth which was known to, and tolerated by, the Republican authorities. This movement was also said to have been strongly supported by Cardinal Vidal y Barraquer, Archbishop of Tarragona, and by Mgr. Salvador Rial, the recently appointed Apostolic Administrator of the Diocese of Lérida.

[2] Protestants had never been attacked with the same violence. Their churches and chapels in Madrid, Valencia and other places, including some Catalan towns, had never been closed, and in Barcelona they had been reopened in August 1937. They were, of course, a very small community. In 1933 the number of Protestant communicants had been estimated at 6,259, and the number of sects and societies at twenty-five.

[3] A priest's own estimate, quoted in *The New York Times*, 23rd March, 1938.

[4] Text in the *Journal des Nations*, 29th June, 1938. Another version of this

on the Madrid and Ebro fronts, soldiers were reported to have been attending Mass. The strong Communist influence in the army might not be unfavourable to these changes being carried out, since the Communists now maintained that their quarrel was not against religion, but only against the economic and political power of the Church.[1] It was perfectly in keeping with the opportunism of the Stalin period for Communists to make a bid for the friendship of the Roman Catholic Church just as they were bidding for the support of the middle class. It did not necessarily follow that the Church would respond to those advances or that Catholics would receive better treatment in a Communist-ruled Spain than in other Communist or National-Socialist states. The most dramatic of the Government's friendly gestures was the public funeral procession in honour of a Basque officer killed on the Ebro front which passed through the streets of Barcelona on the 17th October, with full religious ceremonial and with Señor Álvarez del Vayo and many army officers among the mourners. A move by the Government which there was less reason to suspect of being staged for foreign beholders was the decree of the 9th December providing for the setting up of a Commissariat General of Religion, but the Republican régime did not survive long enough to show what the effect of this would have been.

In economic affairs, one of the Republican Government's chief difficulties was still that they had at one and the same time to cope with a civil war and with a social revolution. When they wished to make up for the loss of food-producing provinces, or for the blockade and the non-intervention agreement, by growing more food and producing more war material in their own territory, they found that the economic system had become a battlefield where trade unions and other Republican groups were firmly entrenched in positions which they had captured on their own initiative. For instance, all the transport services in Catalonia were still being managed 'collectively', that is to say by committees of workers, and the lack of co-operation between these committees and the municipalities greatly hindered the distribution of supplies. By the beginning of 1938, however, the Republican Government were trying to replace collectivization by state control. They were now appointing 'interveners' to act as managers of factories and businesses and to choose boards of directors including the former owners, if still available, as

decree quoted from a Catalan official *communiqué* and appearing in the *Œuvre* of the 13th August, 1938, seems to restrict this concession to the sick and wounded only.

[1] See the *Survey for 1937*, vol. ii, p. 114.

well as workers' representatives. The Department of Economy would then provide these businesses with raw materials and market the goods which they produced. Many of the workers were now said to have wanted to give up collectivization, and attempts were made, but with little success, to persuade business men to return to Republican Spain. The retreat from the revolution was, in any case, a slow process, and it was easier to apply it to small firms than to give the Catalan war industries the reorganization of which they were so badly in need.

### (c) The Internal Situation in Nationalist Spain

The last year and a quarter of the civil war did not bring with it any decisive political and social changes in the Nationalist régime.[1] General Franco continued to be head of the State, the Government, and the Army; all political groups remained officially united in the Falange Española Tradicionalista, and no serious conflict arose between Falangists and Traditionalists in spite of the great differences between their points of view. Signs of unrest among Nationalists outside the Government during 1938 appear to have come mostly from extreme Falangists and from army officers who were hostile to the Germans and Italians. The most fully reported case was that of General Yagüe. Speaking at a Falangist banquet on the 9th April, 1938, General Yagüe, who was at that time commander of a Moroccan corps on the Aragon Front, was alleged to have said that, while the Germans and Italians 'behaved like beasts of prey', the Republicans were fighting with the courage natural to Spaniards and that it was possible for Nationalist and Republican soldiers to understand one another and to imagine themselves uniting against their next enemy. He declared that if a poor man who had fought for Spain could not get social justice from his fellow men, Heaven would certainly allow him to take it himself. He was also said to have objected to the bombing of open towns.[2] These remarks did not, as was at first rumoured, cost General Yagüe his life or even his liberty, and, though he does not seem to have commanded any of the Nationalist columns during the advance towards Valencia, he and his Moroccans took part in the Ebro campaign and in the conquest of Catalonia.

[1] For an account of Nationalist Spain from July 1936 to the end of January 1938, see the *Survey for 1937*, vol. ii, pp. 114–26. For a discussion of possible developments in Nationalist foreign policy see pp. 360–4, below.

[2] See *The Manchester Guardian*, 11th May, 1938; *The Times*, 12th May, 1938; and *The New York Times*, 14th and 18th May, 1938; also the *Revue des deux Mondes*, 15th February, 1939, pp. 880–3.

The reports of dissensions among Nationalists which were circulated during the rest of the year were somewhat vague. In the middle of May rumour was busy with southern Spain, and, in particular, with General Queipo de Llano, and in the first week in June anti-Nationalist demonstrations at La Linea coincided with reports that the General's headquarters staff at Seville was in revolt against foreign, and above all Italian, domination. Accounts varied as to how far the General himself was involved in this unrest, and he seems to have been away from Seville at the time when the Nationalist authorities were putting the unrest down.

The most important change which was made inside the Nationalist governmental machine increased the power of Señor Serrano Suñer, who had formerly been a member of the Catholic Acción Popular Party but who now appeared to be more of a Falangist than a clerical. It was uncertain to what extent he was in favour of establishing close relations with the Axis Powers, but, on the whole, he was believed to be more pro-Italian than pro-German. He was ambitious, hardworking and unpopular. Since January 1938, Señor Serrano Suñer had been Minister for the Interior as well as for Propaganda, but, though local administration had been under his control, all police services had been under that of the Minister for Public Order, General Martínez Anido, whose point of view was nearer to that of the reactionaries than to that of the Falangists. On the 24th December, however, General Martínez Anido died, and on the 22nd January, 1939, a law was published which merged the Ministries of Public Order and of the Interior into a single Ministry of Government, the functions of which would include civil administration, the restoration of devastated areas, social welfare and public health, public order and frontier supervision. Señor Serrano Suñer was appointed to the new Ministry, and towards the end of February it was even rumoured that he might become head of the Government, and that new appointments might be made to the Ministries of Foreign Affairs and of Agriculture, though the outgoing Ministers, General Jordana and Señor Fernández Cuesta, would remain in the Cabinet without portfolios. Up to the end of the war, however, no further change was made.

With regard to the maintenance of order,[1] the administration law of the 2nd January also provided that martial law should only continue to be administered in districts which were near the front or

[1] For a general account of how Nationalists treated Republicans who were under their rule or were captured by them, see the *Survey for 1937*, vol. ii, pp. 53–4, 75, 84 *seqq.*

which had lately been conquered from the Republicans. These districts were under the control of a special department of the Army Legal Corps called the Auditoria of the army of occupation. It was this organization which was compiling the celebrated card index of criminals and political partisans. Nine hundred thousand names had been collected by August 1938 and the index was growing at the rate of a hundred thousand every month. This alarming total, however, included the names of friends as well as of enemies. The estimates of murders and other crimes committed by Republicans which were put forward by Nationalists were also extremely large. For instance, in their note protesting against the representation of the Republican Government at the session of the League Council in May 1937, the Nationalist Government spoke of 300,000 assassinations.[1] Prisoners of war who were not suspected of political or criminal offences were still being drafted into the Nationalist Army or put to work on the roads or other public works or for private firms. Working prisoners were given a little pocket-money and allowances were made to their dependants. At the end of the war 300,000 of them were already at work in Catalonia and in southern Spain.

In 1938 the military courts were still frequently pronouncing sentence of death on political, as well as criminal, prisoners, and the Nationalist Government were not willing to come to an agreement with the Republicans for the reprieving of prisoners, though the Chetwode Commission[2] afterwards persuaded them to postpone some 400 executions.

General principles with regard to the treatment of political offenders were established by a decree of the 13th February, 1939,[3] which was claimed to aim at the prevention of irresponsible private reprisals and to be in the highest degree constructive and beneficial to those to whom it was applied. Its scope was both wide and retrospective, for it included all persons guilty of subversive activities from the 1st October, 1934, to the 18th July, 1936, as well as all who since that date had 'opposed the National movement in fact or by grave passivity'. This meant all who had taken an active part, or held office, in parties or organizations which had been concerned in the Asturian troubles, the formation of the Popular Front or the elections of 1936, as well as those who had taken the Republican side during the war. The law also applied to Freemasons, to regional

[1] A summary of this note was published in *The Times* of the 26th May, 1937.

[2] See pp. 392–3, below.

[3] See *The Manchester Guardian*, 14th February, 1939, and *The Times*, 7th March, 1939.

separatists, and to those who had gone or remained abroad during the war, but not to those who had only belonged to trade unions in their capacity as workers. Twenty-five organizations were dissolved and deprived of their property. Among the various penalties to be imposed on individuals were confiscation of property, fines, loss of civil rights, exile from Spain or from the person's native province, exile in the North African colonies, and terms of imprisonment and exile varying from three months to fifteen years. The special Tribunal of Political Responsibilities which was to try all these cases was appointed on the 14th March, and consisted of a President, Don Enrique Suñer, and six assessors, two of whom were military or naval officers, two party officials, and two magistrates.

Up till the end of the war the Nationalists had had to deal with a 'fifth column' of spies and intriguers behind their own lines. Conspirators seem to have been particularly active, or, more probably, particularly unlucky, during the late autumn of 1938, when several hundred executions were said to have followed the discovery of a plot to allow the Republican Army to occupy important strategic positions in Nationalist territory. Shortly before Christmas an even larger network of spies was brought to light.

Guerrilla fighters and outlaws were still at large in the wilder parts of the country, but elsewhere there seems to have been little sabotage or raiding of Nationalist communications. Asturias seems to have been the territory under Nationalist rule which was the least effectively subdued. During January 1938, 209 persons were officially reported to have been shot while resisting the public authorities, and even towards the end of the year Asturias was strongly garrisoned and closely watched by the army. In Estremadura, also, there was still unrest among the peasants, which might eventually force the Government to push on with the promised land-reforms. The Nationalists had to deal with yet another kind of problem in districts where a large number of people had taken the Republican side from a desire for regional autonomy. They seem to have been setting out to Castilianize the Basques culturally as well as politically. General Martínez Anido was, for instance, reported to have ordered that no other language than Castilian should be used in public vernacular prayers or religious ceremonies, though exceptions might be made for small villages. This prohibition was said to have countermanded arrangements for the use of the Basque language made by the Bishop of Vitoria.

As for Catalonia, the Nationalist Government had repealed the autonomy statute on the 5th April, 1938, and as soon as they had

occupied the Catalan provinces they introduced a centralized form of local administration under the control of the Minister of Government, and declared the form of martial law called 'a state of war'. They also announced that Catalan would no longer be the second official language of the region. Some indication of the attitude of the Nationalist Government towards Catalonia was given by Señor Serrano Suñer in an interview which he granted to some German journalists at the end of February 1939. He admitted that, though part of the population had welcomed the Nationalist Army, much careful treatment would be needed before the others could be won back from regionalism and anarchism. Bread and work must first be provided before an intensive propaganda for national unity could begin, and the living-conditions of the workers must be improved, at the expense, where necessary, of the richer classes. Local characteristics would not be interfered with, so long as they did not come into conflict with general Spanish interests, and the Catalan language and culture would be encouraged as part of the many-sided culture of Spain.

The economic situation of Nationalist Spain was not unsatisfactory, so far as the carrying on of the war was concerned. The chief advantages enjoyed by the Nationalists over the Republicans were that they had from the beginning suppressed all anarchical social revolution, that their ports were not blockaded from the air, and that their part of Spain produced more food in proportion to its population and had at the same time a more valuable export trade. There was generally plenty of food for those who could buy it, but wages, though in some cases increased, had not kept pace with prices in spite of official attempts at control; and, owing to the breakdown of civilian transport, prices and supplies varied enormously from one district and even from one village to the next. By March 1939, cost-of-living indices for several Nationalist provinces showed a rise of from 45 to 55 per cent. in comparison with June 1936, and by August of that year the rise was reported to be nearly 100 per cent. Apart from the necessities of life, there was practically nothing to buy. Real estate, manufactured goods and livestock were not to be had at all, or only in very limited quantities. One of the chief reasons for the unpopularity of the Germans was that they were continually trying to exchange their pesetas for goods, at almost any price. Imports were restricted, and economic policy aimed at the greatest possible self-sufficiency. New uses were found for local products, and textile and other factories were set up in the north and west, and also in Andalusia—an experiment which might eventually make the

rest of Spain less dependent on the industries of Catalonia. Foreign technical assistance was at hand for the development of these new factories and also of the rapidly expanding munitions industry.

The cost of the war as a whole, including both internal and external expenditure, was approximately estimated to be not more than 30,000,000,000 pesetas. Among the methods used to finance the war were large donations to the cause from individuals and private firms; the requisitioning of gold and foreign exchanges and of foreign securities; and the postponement of payment for war material, railway transport and other transactions. A system of exchange control was introduced by which a rate of 42 pesetas to the pound sterling was introduced for exports and a rate of 52 pesetas for imports. Foreign companies had also to surrender their produce or profits in return for pesetas at the export rate. The real value of the peseta was believed to be much nearer the unofficial rate of 100 to 105. Large sums were also raised in the form of advances from the Bank of Spain which were reflected in an increase in the note issue from 5,451,000,000 pesetas for the whole country on the 18th July, 1936, to about 6,000,000,000 for Nationalist Spain alone, at the 31st December, 1938. Another important, though indirect, means of financing the war had been to draw heavily on the capital equipment of the country, by using machinery, rolling-stock and so on, without proper repairs or replacement.

One of the Nationalists' greatest advantages lay in their export trade. Already in 1936 they had been in control of the mines of Huelva and of the Riff, and of the agricultural produce of the Canary Islands and of much of Andalusia; and the conquest in 1937 of Vizcayan iron ore and heavy industry, and of Asturian coal and other minerals had still further increased their capacity for export, besides enabling them to manufacture more of their own munitions. Large quantities of iron ore and other raw materials were exported to Germany and Italy under the barter agreements. It was frequently stated that the whole of the debt owing to Germany for commercial goods and war material had been paid, and also a great deal of the sum owing to Italy; but part only had been paid in foreign exchange or in goods, and both countries were still known to have large deposits in pesetas. There were complaints that the Germans had been putting too high a price on the goods which they sold to Spain, and at the same time interfering with Spanish sales to other countries by re-exporting olive oil and other Spanish produce at cut prices. The Nationalists seem to have preferred, where possible, to deal with the United States. Here they bought many of their

lorries and three-quarters of their oil. The other quarter came through British and Belgian firms.

The social reforms which had been promised in the programme of the Falangist-Traditionalist Party were still being dwelt upon by Falangist propaganda. There was a saying in the Army to the effect that the war was not being fought for the convenience of fat business men who had found a comfortable refuge in the San Sebastian cocktail bars; and at least one high official was ready to express himself quite as strongly in conversation with a foreigner interested in Spain. In 1938 the chief results of these good intentions were the Labour Charter, the arrangement for a 'vertical' corporative organization and the growth of the 'Auxilio Social'. The atmosphere of the Auxilio Social was said to be more Catholic than Falangist. It had begun by providing meals for the poor, had now also undertaken various kinds of welfare work for women and children, and it hoped in the future to occupy itself with rural housing and education and with the inspection of women workers. Young unmarried women who were not already at work were obliged to do six months' social service.

The Labour Charter was enacted by a decree of the 9th March, 1938. Its preamble pointed to the need for a reaction against nineteenth-century capitalism and communistic materialism and appealed at the same time to Catholic tradition and to the Falangist slogan of 'country, bread and justice'. If one takes 'bread' as a symbol of material advantages in general, the charter promised the working class a good supply of it, though it should be remembered that social legislation had not been entirely unknown in Spain before. The state now proposed to regulate hours and conditions of work, and to make arrangements for a minimum wage, increased social insurance, family allowances and paid holidays. Agricultural labourers' wages were to be raised, but, at the same time, their employers were to be guaranteed a minimum profit by the control of prices. Conditions of life in villages would be improved and every peasant family would be given a plot of land sufficient to supply its own elementary needs and to provide work during periods of unemployment. The state would guarantee the long-term contracts of tenant farmers as a safeguard against unjustified eviction, and it also intended 'to find ways and means to cause the land to pass on fair terms into the hands of those who work it directly'. On the other hand the charter assured capitalists that the state recognized the value of private initiative and private property, and that it would not act as a business concern except in cases where the interests of the country specially required it.

The 'justice' provided by the charter was thoroughly authoritarian. Both capitalists and workers were reminded that 'individual or collective acts that in any way' disturbed 'normal production' would 'be considered as crimes of treason' and that 'unjustifiable slackening in output' would also be punished. All the economic life of the country would be controlled by the national organization of 'vertical' syndicates, the guiding principles of which were declared to be 'unity, totality and hierarchy' and the officials of which would all be active members of the Falange Española Tradicionalista. Later in the year, detailed regulations were made with regard to these syndicates. These provided the various branches of industry and commerce with a hierarchy of assemblies, rising from the local 'pre-corporations' in each town and district through regional and national organizations to five chambers (Agriculture, Shipping, Industry and Commerce, Public and National Service, and Culture) and eventually to a general corporative assembly. One of the greatest merits of this scheme in the estimation of its sponsors was that it was 'vertical'. Three economic classes—capitalist, salaried worker and manual worker—were recognized and were grouped together; and, to compare the scheme to a series of concentric circles, business was supposed to be done to and from the centre, rather than along the circumferences. There would, for instance, be little direct communication between one pre-corporation or employers' or workers' group and others in different parts of the country. This arrangement would tend to give the last word to the state in any dispute.

It was noticeable that in spite of the importance of the agrarian problem, relations between landlord, tenant and farm labourer were much less fully described in the charter than those between capitalists and employees in industry and commerce. Four out of five Spaniards lived directly or indirectly on agriculture, but the agricultural community was in a far less healthy economic condition than the industrial communities which had grown up in the towns, and the causes of industrial unrest were to a great extent agrarian. If the land could be worked more skilfully, and such profits as could ever be obtained from farming could be more fairly distributed, peasants who migrated to the towns might not have such a savage and poverty-stricken background, and there might be fewer revolutionary outbreaks in places like Barcelona.[1] The planning and carrying out of a satisfactory scheme of agrarian reform would, however, call for a

[1] This theory has been put forward by Dr. Borkenau in his introduction to J. Martin Blásquez: *I Helped to Build an Army* (London, 1939, Secker & Warburg).

most un-Spanish talent for co-operation and organization. Some districts were best suited for small holdings, others for large-scale farming, and in some parts of the country peasants were more individualistic and less willing to be collectivized than in others.[1] In general, too, the land-owning class still seems to have been unwilling to make concessions. On the other hand Falangists had drawn up a programme for the division of the land among peasants in amounts sufficient to maintain a family and were, on the whole, in favour of breaking up estates without compensation. It would be interesting to know how far it was proposed to apply this scheme to the dry-farming districts.

One of the controversial questions on which a decision could most easily be postponed was the restoration of the Monarchy. The Axis Powers were strongly opposed to this, and even in Spain little enthusiasm was shown, either by Falangist radicals or by the Carlists who now had no claimant of their own, while the Alfonsist party had very little influence. It was also often remembered that Bourbon kings had in the past shown themselves ungrateful and treacherous to those who had restored them to their thrones. A decree of the 15th December, 1938, gave back full rights of citizenship and property to King Alfonso; and at the beginning of 1939, at a time when the British and French Governments were hopeful of establishing friendly relations with General Franco's Government, it was rumoured that the General would soon declare himself to be in favour of a restoration. King Alfonso and his son thereupon let it be known that they wished to be considered as the soldiers of General Franco awaiting his orders; up till the end of May 1939, however, the Nationalist Government had not committed themselves either way. Another alternative for them would be to set up a Regency as the Hungarians had done.

[1] The difficulty of the problem is illustrated by the following comments by an Englishman who was living in Spain at the time of the outbreak of the war:

> Agrarian unrest has been ended in other parts of Europe by breaking up the large estates and settling peasants in individual holdings on them. This was the Republican solution in Spain. But it happens that in dry-farming districts, *i.e.* in the whole of the centre and south of Spain, except in those few areas where there is irrigation, the small peasant farmer cannot live, because he cannot get through the bad years. Further, in Andalusia, the campesinos are accustomed to wages and have no land-hunger. The only solution is, therefore, a collective one. [Under the Republic] collectivization meant handing over the country districts to the Socialists and Anarchists. Instead of stabilizing the Republic, as a network of small peasant holdings would have done, it meant social revolution. That is why the land question was not, and could not be, solved in a Republican régime; and that is why the Republic failed.

The relationship between the Nationalist movement and the Catholic Church, on the other hand, was a problem which it would not be at all easy to evade. On the face of things, the movement still claimed to be delivering Spain from atheism as well as from Marxism and Anarchism, with the intention of building up a corporative society, more like that of Portugal than that of Italy, and still further removed from that of Germany. The Church accompanied the Army in its battles and its triumphs, and decrees were issued from Burgos repealing some of the anti-clerical legislation of left-wing Governments. Perhaps the most important of these decrees, which appeared on the 3rd May, 1938, re-established the Society of Jesus in Spain and restored its property. Diplomatic relations with the Vatican were also restored to their normal form by the appointment of Don José Yanguas Messia as Nationalist Ambassador to the Vatican and of Mgr. Gaetano Cigognani as Apostolic Nuncio in Spain. And, though Church and State did not fit into one another entirely without friction, it would be a false simplification of the real state of things to imagine the Nationalist movement as being neatly divided into Requetés who were all devoted sons of their Church and Falangists who were all devoted sons of their nation and imitators of the aggressive paganism of the Third Reich. In some ways, indeed, their Catholic background helped different kinds of Nationalists to work together. There were, for instance, Traditionalists who were able to accept the Falangist programme for a National-Syndicalist corporative state because it was in accordance with Catholic social doctrines, and besides the many Falangists who were sincerely devout Catholics, there were those who accepted Catholicism as an inseparable part of their national tradition and as a means of creating religious and intellectual unity in Spain.

However, while the Falangists did not so far show signs of cutting themselves off from their past as the Turks had just been doing under President Mustafā Kemāl Atatürk, their leaders were anxious to prevent the Church from interfering in secular matters. Señor Serrano Suñer, in an interview which he gave to the foreign press in February 1939, followed up his praise of Catholic tradition by insisting on the need for a clear division of moral and political education between Church and State, and for the maintenance of the rights, including the nomination of bishops, which the state enjoyed under the Concordat of 1851. It was not unusual for Falangists to say that their sympathies were for the Catholic religion rather than for the Church and that reactionary Churchmen would have to

go; and there was also a tendency to resent the 'foreign' influence of the Vatican. The Church, for its part, was inclined to be suspicious of any Spanish Government, as a result of the long disputes of the nineteenth century, and its leaders more than once denounced the extremer kinds of Fascism and made known their own convictions as to the principles on which the new Spain should be founded. A pastoral letter issued by Cardinal Goma, Archbishop of Toledo and Primate of Spain, in January 1938, protested against a campaign on the theme 'Catholics, yes; Vaticanists, no!' which was being carried on in part of the Nationalist Press. Towards the end of the year, Cardinal Segura, the Archbishop of Seville, was reported to have preached an outspoken sermon against the irreligiousness of the Falangists, the hostility of the Nazis towards the Catholic Church and the growth of their influence in Spain; and in March 1939 Cardinal Goma returned to the question of Church and State in his Lenten pastoral. Here, after expressing his thankfulness that General Franco and his Government were guided by Catholic principles, he spoke of 'the revolt of our martyrs against the tyranny of an iniquitous state' and of the dangers of exaggerated nationalism and pantheistic states which suppressed and absorbed human personality.

In the spring of 1939 there was much discussion outside Spain as to whether, after the war, the Nationalists would be able to establish a stable Government and to give their people enough peace and prosperity to afford some compensation for the authoritarian discipline to which they meant at the same time to subject them. The real testing of the unity of the Nationalist movement was only beginning now that Republican resistance was no longer to be feared; and the more completely that resistance disintegrated, the sooner the strain would be felt. Nationalists who only agreed with one another in being 'anti-red' would then have to take urgent and controversial decisions which would be sure to rouse opposition from one or other of the groups within the movement. One of the chief causes of the civil war itself had, indeed, been that for a long time Spain had not been a nation but 'a series of watertight compartments'.[1] That is to say that within the state strong groups or organizations had grown up which tended to see everything in terms of their own interests and which had no consideration for the wishes of other members of the community. The Church, the Army and

[1] See J. Ortega y Gasset: *Invertebrate Spain* (New York, 1937, Norton), p. 44. The essays in this book were written before the war, but give an excellent idea of the underlying causes of it.

other organizations at that time in the Nationalist camp were as guilty of this failing as any of the revolutionaries or regional separatists on the other side. Moreover, the banding together of a group against enemies from outside did not inhibit its members from intriguing against one another inside it. As Spain was a country where personal ambition and influence counted for a good deal, the chances of lasting union in the Nationalist movement would have been much better if one of the leaders had been of sufficiently outstanding ability and charm to attract and keep a large and enthusiastic personal following. It remained to be seen, however, whether even General Franco, in spite of his political and military successes, was a great enough man to achieve this. The possibility remained, therefore, that the Nationalist movement might disintegrate, not merely into a straight fight between Falangists and Traditionalists, but into a tangle of the personal rivalries and group interests of social-revolutionary Falangists, Clericals, Monarchists, Army officers, business men, landlords, and so on. Even if the result of this was not another civil war, it might easily be a state of bickering and intriguing of which foreign Powers might take advantage.

On the other hand, there were certain forces which would help to hold the Nationalist movement together. One of these was the strength of the Army, as compared with that of any rebellious minority, though it was always possible that the military leaders might quarrel among themselves. Another advantage was that Spain, unlike some other dictatorially governed nations, could look back on more than four hundred years of existence as a national state. The fact that this tradition was Catholic as well as national might also, as has already been mentioned,[1] make for unity, though time alone would show how far this could be depended on. There is much truth, however, in the saying that nations cannot live on tradition, but that they 'are made to go on living by having a programme for the future' and that they 'are built round important and stimulating enterprises which demand a maximum of sacrifice, discipline and mutual consideration from every one'.[2] The Nationalists had a choice of two enterprises round which to build their new régime. One was the reconstruction and development of Spain itself, and the other was an aggressive foreign policy, which might include among its aims the acquisition of Gibraltar, French Morocco, perhaps even the French districts of Béarn and Roussillon. In the late summer of 1939, it was not yet possible to tell what their choice would be.

[1] See p. 297, above.

[2] Ortega y Gasset: *op. cit.*, pp. 26, 43.

### (*d*) The Last Two Months of the War (January–March 1939)

Now that the campaign in Catalonia was over, the next phase of the war was concerned less with military operations than with dissensions among the Republicans, with their attempts to make terms with General Franco, and with the action taken by foreign Governments, in particular by those of France and Great Britain.[1]

In January 1939, European Powers were again reported to be considering methods of settlement. The Italian Government did not, however, respond favourably to suggestions made by MM. Bonnet and Daladier, speaking in the Chamber of Deputies and Senate on the 26th January. These suggestions, which were accompanied by others on the subject of a general conference before, and not after, the next general war were afterwards interpreted by sources of information connected with the French Foreign Office as meaning that France would take part in a conference of Great Powers for the application of the London non-intervention agreement on the basis of respect for the political and territorial integrity of Spain, or in a Mediterranean Conference of all states interested in the maintenance of the *status quo* and of free communications.[2]

Besides this, the British and French Governments were taking individual action in the hope of bringing about a quick and merciful end to the war, and of preventing or mitigating reprisals, and at the same time of establishing good relations with the Nationalist Government and attracting them away from the Rome–Berlin Axis. The first achievement of this policy had been the surrender of Minorca. This island, which had the best harbour in the Balearic group, had been strongly fortified by a British firm before the civil war. It was thought that the Nationalists would find it hard to capture without

[1] For earlier attempts at mediation, see the *Survey for 1937*, vol. ii, pp. 271–3, 356 *n.*, and the present volume, p. 323, below. The desirability of mediation had also been considered by the eighth Pan-American Conference which met at Lima on the 9th–27th December, 1938. The delegations of Cuba, Haiti and Mexico were in favour of the making of a definite offer with which non-American Governments might also be associated; and the United States Government were prepared to modify their general policy of keeping clear of the Spanish conflict to the extent of accepting the proposal if all the Latin-American Governments were in favour of it. The seventeen other Governments represented at the Conference were, however, strongly opposed to it, either because they did not want to interfere in European affairs or because their sympathies, unlike those of the Cuban, Haitian, and Mexican Governments, were with the Nationalists. The United States delegation therefore voted with the majority, and in the end no direct mention at all was made of Spain in the decisions of the Conference.

[2] See *The Daily Telegraph and Morning Post*, 28th January, 1939.

much help from their foreign allies, who might then establish themselves there with a view to threatening communications between France and North Africa.[1] The transfer of Minorca to the Nationalists was, however, arranged in such a way as to avoid an immediate international crisis. When General Franco let it be known in London that he would prefer to occupy Minorca without German or Italian help, the suggestion was welcomed by the British Government, and on the 8th February a Nationalist envoy was conveyed to Port Mahon on board the British cruiser *Devonshire*. Next day the surrender was negotiated, Nationalist troops landed on the island, and H.M.S. *Devonshire* left for Marseilles with 450 political refugees who did not feel sufficiently protected by the promise about reprisals contained in the terms of surrender. H.M.S. *Devonshire*'s journey had been arranged with the Nationalist authorities at Palma, and with the approval of the French Government, but there had been no direct consultation with the Government at Burgos, and no communication at all had been made to the Republican Government. Nor, on the other hand, do the Nationalists seem to have consulted the foreign commanders in Majorca, and on the afternoon of the 9th May Italian aeroplanes raided Port Mahon. As the Nationalist military authorities had promised that there should be no bombing, the Captain of the *Devonshire* sent a protest to Majorca by wireless. Shortly afterwards six more raids took place. The explanation afterwards given by the Nationalist senior naval officer to the British Consul at Palma was that the bombardment 'was in disobedience to orders and very much regretted'.[2] A few days later it was reported from Rome (but without official confirmation) that General Franco had complained to the Italian Government about the incident and that Lord Perth had also referred to it in a conversation with Count Ciano.[3]

While the French and British Governments were engaged in the negotiations which prepared the way for their recognition of the Nationalist Government on the 27th February,[4] they continued to seek assurances with regard to the treatment of Republicans as well as with regard to the questions of the independence of Spain and the withdrawal of foreign troops. The action taken by the British

[1] For the suggestion that the French might themselves occupy Minorca, see pp. 314 *n.* and 339, below.

[2] See a statement made by Mr. Chamberlain in the House of Commons on the 13th February, 1939.

[3] For later developments with regard to the presence of Italians in Majorca, see p. 360 *n.*, below.

[4] See pp. 343 *seqq.*, below.

Government was explained by Mr. Chamberlain in the House of Commons on the 28th February. He then said that they had not asked General Franco to grant a complete amnesty but had urged that there should be 'no general reprisals, no reprisals for what could be considered as strictly political offences'. In answer to these inquiries, they had received a telegram on the 22nd February stating that it was 'incumbent on the vanquished to surrender unconditionally' but that

> the patriotism, chivalry and generosity of the Caudillo, of which he has given so many examples in the liberated regions, and likewise the spirit of equity and justice which inspires all the National Government's actions, constitute a firm guarantee for all Spaniards who are not criminals. The Courts of Justice, applying the established laws and procedure promulgated before the 16th July, 1936, are restricted to bringing to judgement the authors of crime.

(This explanation passed over in silence the new political responsibilities law[1] which was to be administered by a special court.) General Franco also assured the British Government that 'Spain is not disposed to accept any foreign intervention which may impair her dignity or infringe her sovereignty'.

Another statement on reprisals was made by Lord Halifax in the course of a speech in the House of Lords on the 9th March. It would not, he considered, be possible for Governments outside Spain to judge how guilty any individual was, or desirable for them to lecture the Spanish Government as to how they should rule. He also took a hopeful view of the fact that the political responsibilities law did not involve the death penalty, and he pointed out the difficulties which might arise if British help were given towards the evacuation of Republicans. British ships could not force their way into Spanish ports against the will of the Nationalists, and it would be undesirable to interfere in any way with the work of His Majesty's Government in favour of reconciliation or with the negotiations just then in progress in Spain. If the Nationalists and Republicans could reach any agreement about evacuation His Majesty's Government would do anything in their power to assist in its execution.

The negotiations to which Lord Halifax referred were not progressing very hopefully from the point of view of the Republicans. For some time it had been considered possible that they might hold out a few months longer. They were still in control of a large part of central and southern Spain, stretching from Sagunto in the east, to Almaden in the west, and from the Guadarrama mountains to

[1] See pp. 290–1, above.

Almería and the coast of Murcia. Hardly any fighting had taken place in this part of Republican territory during the last quarter of 1938, but in January 1939 the Republicans had begun an offensive in Estremadura. They claimed to have almost surrounded the Peñarroya mining district and to have come within fifteen miles of the only line of railway connecting Andalusia with northern Spain, but they never reached either of these objectives any more than they succeeded in their chief aim, which was to draw Nationalist troops away from the Catalan front.

In February 1939 the Republicans still had several hundred thousand men in central and southern Spain, and a certain amount of war material, but it was already clear that their leaders were no longer of one mind as to whether resistance should be continued. Dr. Negrin, Señor Álvarez del Vayo and the Communist Party believed that such an effective defence could be organized that General Franco would prefer to negotiate peace with the Republican Government rather than face several more months of campaigning. They may also have considered it possible that, before the final Nationalist offensive could be carried out, the conflict between the Rome–Berlin Axis and the Western Powers might have become so acute that the latter would intervene on the Republican side. Others, however, thought that the Republicans were in a hopeless position and that the war should be brought to an end as soon as possible. By this time, too, Anarchists, Moderates and even those Socialists who had not thrown in their lot with the Communists were giving way to all their suppressed resentment against the Communist Party, now that its overbearing ways and foreign connexions had not even justified themselves by preventing defeat.

Among those Republican leaders who did not return to Spain after the Republican Government had escaped from Figueras into France on the night of the 5th–6th February were President Companys of the Catalan Generalitat, President Aguirre of the Basque Government, and Señor Martínez Barrio, who, as Speaker of the Cortes, would become Acting President if President Azaña were to resign. President Azaña himself, after spending some days in Savoy, came back as far as the Spanish Embassy in Paris. Señor Álvarez del Vayo visited him there on the 15th–18th February, but conversations in which the Spanish Ambassadors in France and Great Britain also took part did not result in the President's return to Spain. On the 21st February he informed other Republican political leaders in Paris that he considered further resistance to be useless. A few days later he went back to Savoy, and on the 28th February, the day

following the French and British recognition of the Nationalist Government, his resignation was announced.[1]

The peace terms which had been proposed by Dr. Negrin and approved by the remnant of the Cortes at their session of the 1st February at Figueras were a guarantee of the independence and integrity of Spanish territory, a guarantee that there would be no persecution after the war, and the right of the Spanish people to choose their own form of government. General Franco was still, however, demanding unconditional surrender, and it was still feared that the punishment which he proposed to deal out to murderers and other criminals might be made an excuse for political reprisals. The Nationalist law of the 13th February on political responsibilities could, for instance, be applied to any one who had belonged to a left-wing party between October 1934 and July 1936.

In the Republican Army itself there was now a difference of opinion. Some of the officers, including Colonel Lister, Colonel Modesto, and others who had not held commissions before the civil war, were in favour of resisting, while General Miaja and other professional soldiers were against it. Feeling that he could no longer rely on the officers of the High Command, Dr. Negrin had begun to replace them, often by appointing Communists. One of those whom he intended to remove was Colonel Casado, who was now in command of Madrid; and early in March he announced that the five armies of Central and Southern Spain, hitherto commanded by General Miaja, would be placed under the direct control of the Premier exercised through the General Staff. This announcement had hardly appeared when Dr. Negrin's Government was overthrown. On the 4th March the appointment of a pro-Communist officer to the command of the naval base at Cartagena was resisted by the Navy, many of the officers being Socialists and many of the seamen Anarchists. Fighting went on throughout the night, and another faction, described as 'Fascist', profited by the confusion to gain control of Cartagena by pretending to fight under Republican colours. Next day the 'Fascist' faction's plans were upset by the arrival of anti-Communist Republican troops, but the last of the forts occupied by the 'Fascists' was not retaken until the 8th March. Meanwhile the fleet had been ordered, by the Madrid Council of National Defence,[2] to leave for Valencia. Having been intercepted by Nationalist warships off Almería, it changed its course for the coast of French North-West Africa, either because the Nationalists had outmanœuvred

[1] For his letter to Señor Martínez Barrio, see *The Times*, 1st March, 1939.
[2] See p. 305, below.

it in such a way that it could not reach Valencia, or because its commanders had come to believe that the Nationalists were in control everywhere. Three cruisers and eight destroyers arrived off Algiers on the 6th March and were interned at Bizerta. On the 11th March the battleship *Jaime Primero* and two auxiliary vessels also reached the Algerian coast and were interned.

By now active opposition had spread to Madrid, where a Council of National Defence was formed on the 5th March. General Miaja and Colonel Casado were able to win over or replace all the commanders of large towns and strategic points, and on the following day Dr. Negrin, Señor Álvarez del Vayo, Colonel Lister, Colonel Modesto and many other Republican leaders escaped by air to France and Algeria.[1] Part of the army, however, still supported the Communists and their policy of resistance to the bitter end, and a desperate attempt was made to reconquer Madrid from the Defence Council. At first the Communists had almost as many infantry as the Defence Council, though these could also count on the Carabineros, Police and Air Force. Fighting went on for about a week in and round Madrid, which for a time was more fiercely besieged by the Communists on the north and east than by the Nationalists on the other two sides. After the revolt had been suppressed, drastic action continued to be taken against the Communists. Two thousand of them were said to be under arrest in Madrid alone, several of their leaders were condemned to death, and their representatives were being excluded from all official councils and committees.

As finally constituted, the National Defence Council represented a number of Republican organizations. First came the Army, with General Miaja as President and Colonel Casado as Defence Minister. Then there were two Left Republicans, two Anarcho-Syndicalists and two Socialists. One of these belonged to the left-wing followers of Señor Largo Caballero, and the other, Señor Besteiro, belonged to the most moderate wing of the Socialist movement, and had long been known to be one of those most strongly in favour of making peace as soon as possible.

For a week or two longer, negotiations were carried on between the National Defence Council and the Government at Burgos. Besides their requests for safeguards for the integrity of Spain and the lives, liberty and employment of Republicans, the Defence Council's

[1] For a description of the *coup* from the contrasted points of view of the ousted leaders and of the National Defence Council, see *The Manchester Guardian*, 8th March, 1939; *The Daily Telegraph and Morning Post*, 9th March, 1939; and *Le Temps*, 8th March, 1939.

conditions for surrender included a twenty-five-day armistice during which those who wished could leave the country, and a promise that Italian and Moorish troops should not enter the territory which was to be handed over. The Nationalists are reported to have replied that they maintained 'all offers of pardon made to the people', that 'those surrendering arms would receive safe conduct to leave the country' and that 'the rank and file of political parties and workers' unions would not be prosecuted'. These concessions would not apply to persons guilty of crime, and 'those responsible for delay in surrendering or causing useless resistance' would be 'liable to heavy sanctions (loss of citizenship or exile)'. As a general rule, no one was to be deprived of liberty 'except for the time necessary to rectify his behaviour'.[1] On receiving this reply, the Defence Council sent two representatives to Burgos on the 23rd March, but while the arrangements for surrender were under discussion the Nationalists made an unexpected demand for the surrender of the whole Republican Air Force by the 25th. Thereupon the Republican delegates came back to Madrid. On the 26th March the Defence Council offered to hand over the Air Force next day, or that very day if possible, but the Nationalists replied that they were now about to attack and that they required the Republicans to surrender immediately. Their first attack was made on the Córdoba front in the direction of Almaden, and next day, the 27th March, they began to make their way southwards from Toledo, and towards Madrid from the north-east. On the 28th they entered Madrid, and by the 29th Valencia, Almería, Murcia, Ciudad Real, Cuenca, Albacete, Guadalajara and Alicante had all fallen into the hands of the Nationalist armies or 'fifth column'.

Madrid had been occupied without any resistance. Señor Besteiro and Señor Rodríguez (an Anarchist municipal councillor who, like others of his party, had come to an understanding with the Falangists) remained to hand over the city to the Nationalist authorities, and the local Falangists began at once to police it. After two days of confusion official control was tightened. The Nationalists declared martial law and ordered that all soldiers and public officials must present themselves to special courts of investigation and that all persons having knowledge of crimes committed during the Republican régime must at once inform the military authorities. Already a convoy of lorries had brought to the Falangist headquarters in Madrid a quantity of documents on cases referred to in the Nationalists' card index, and two hundred officers of the Juridical Corps had

[1] See *The New York Times*, 27th March, 1939.

been assembled outside Madrid in the expectation of its surrender. Republican soldiers were put into seven concentration camps, and, while 100,000 of them were soon released, officers, political commissars and suspected criminals were detained. It was expected that officers against whom no definite charge had yet been made would be provisionally released, but would eventually be brought before a court martial. A number of Republican leaders were arrested at Alicante, where they had been waiting for a French or English ship, now that they had lost their own warships on which they had hoped to embark refugees. According to one report the Nationalists had agreed to treat Alicante as a neutral zone for evacuation, but the Italian Commander, General Gambara, had overridden their decision and ordered a blockade against the foreign ships. The first court martial began on the 30th March, and by the 3rd April evidence in about six hundred cases had been prepared and more than two thousand other suspects were in prison in Madrid alone. The first official execution seems to have been that of the Republican military police chief in Valencia and twenty of his assistants. According to the former British Vice-Consul, who returned to London on the 16th June, there had been about 20,000 arrests and about 100 executions—an estimate which was probably considerably less than the real figures.

### (ii) The Non-Intervention Committee and the Question of the Withdrawal of 'Volunteers' from Spain

In the *Survey for 1937*[1] an account was given of the establishment of the Non-Intervention Committee in London in September 1936, and of the difficulties which the Committee encountered between that date and the end of the year 1937 in carrying out its task of supervising the application of the agreement of August 1936 by which twenty-seven European states had bound themselves not to intervene in the war that had broken out in Spain in the preceding month. In November 1937 the Non-Intervention Committee had at length, after overcoming numerous obstacles, accepted in principle a proposal which would, it was hoped, put an end to the most flagrant of the breaches of the Non-Intervention Agreement by securing the withdrawal from Spain of the foreigners who were serving as 'volunteers' with the Republican and the Nationalist forces.[2] This plan had been put forward by the British Government in July 1937[3] in

[1] Vol. ii, Part III, section (ii).
[2] *Op. cit.*, pp. 370 *seqq.*
[3] *Op. cit.*, pp. 331 *seqq.*

an attempt to bridge the gulf in the Committee between the U.S.S.R., the principal champion of the Spanish Republican Government, and Italy and Germany, who were giving their moral and material support to General Franco's efforts to conquer the whole of Spain and who had indeed recognized the Nationalist administration as the *de jure* Government of that country as early as the 18th November, 1936.[1] The essence of the compromise suggested by the British Government was an arrangement by which the withdrawal of volunteers would be made interdependent with the grant of belligerent rights to the contending parties (a concession which was eagerly desired by General Franco and his supporters, in the expectation that the Nationalists' superior naval strength would give them an advantage in the matter of imposing a blockade).[2] On the 4th November, 1937, all the members of the Non-Intervention Committee except the U.S.S.R. had accepted a formula which provided that the belligerency of the Spanish parties to the war should be recognized when the Non-Intervention Committee had satisfied itself that 'substantial progress' had been made in the withdrawal of volunteers; but, although the Soviet Government had also accepted this formula in principle on the 16th November, the strong opposition which they had displayed hitherto towards the idea of granting belligerent rights to the Spanish Nationalists indicated that the interpretation of the phrase 'substantial progress' in terms of the actual numbers of men to be withdrawn was not likely to be achieved without a further period of hard bargaining. Moreover, although both the Republican and the Nationalist administration in Spain had also accepted the British plan in principle before the end of November, the attitude of General Franco in particular was of a nature to discourage any hope of speedy progress in translating principle into practice.

Thus when the period under review in this volume began it appeared that a good deal of ground still remained to be covered before there would be any prospect of putting the British plan into effect; and it was also clear that, even if the plan could have been brought into operation without further delay, its application would still only have marked the first step in the direction of leaving the Spanish combatants to settle their differences for themselves without foreign aid and intervention and thus reducing the dimensions of the struggle to a scale on which it would no longer constitute a standing threat to international peace.

Even when arrangements for withdrawing foreign 'volunteers' from the field and evacuating them from Spain had been worked out

[1] *Survey for 1937*, vol. ii, Part III, pp. 256-7. [2] *Op. cit.*, pp. 324-5.

in detail and accepted by the Spanish authorities on either side, the execution of the arrangements would of necessity take some considerable time; and even if the process were finally to be completed by the departure from Spain of every non-Spanish national who had been taking part in the war directly or indirectly, the problem of the Spanish war, in its international aspect, would still not have been settled so long as the even more intractable question of the supply of arms remained unsolved. Aeroplanes, artillery, tanks, machine-guns, rifles, ammunition and equipment of all kinds had been and still were being supplied to the two parties in Spain in defiance of the Non-Intervention Agreement; to withdraw the weapons of foreign manufacture which had reached Spain since the conflict began simultaneously with the foreign 'volunteers' was hardly within the realm of practical politics; nor did past experience afford much ground for confidence in the possibility of preventing these armaments from being replaced or supplemented in future.

The British plan did, it was true, make provision for restoring and reinforcing the system of control over the land and sea frontiers of Spain which had been put into force in April 1937[1] and partially suspended during the following summer,[2] and the advocates of the non-intervention policy hoped that the operation of this revised system would greatly restrict the flow of munitions into Spain even if it could not block the channels completely. If this hope was fulfilled, advocates of the non-intervention policy believed that its objects would have been attained: the danger that the Spanish conflict might burst the bounds of Spain would have disappeared; the future independence and integrity of the country would be safeguarded; and the combatants might even be expected to display less reluctance to come to terms with one another when neither side could claim that it was engaged in repelling a foreign invasion and when the material means at the disposal of either side for carrying on the struggle were being steadily reduced. Subsequent events were to justify the belief, which was held by critics of the non-intervention policy (and also, no doubt, by General Franco and his foreign backers), that, before this solution could be brought into effect by the slowly revolving wheels of non-intervention, an alternative solution would have been provided by a totalitarian Nationalist victory in the field.

At the beginning of the year 1938 the long-drawn-out process of devising means for securing the withdrawal of foreign 'volunteers' from Spain had reached a stage at which technical arrangements had

[1] *Op. cit.*, pp. 292 *seqq.*

[2] *Op. cit.*, pp. 319, 322 *seqq.*

been worked out in great detail by experts but had not yet been approved by the Governments concerned. The Governments, indeed, were still far from being of one mind on certain fundamental points which were integral parts of the British plan that had been accepted in principle in November 1937. There was as yet no agreement on the actual figure which was to represent the number of 'volunteers' whose withdrawal would constitute the 'substantial progress' on which the grant of belligerent rights was to depend; and when the Chairman's Sub-Committee of the Non-Intervention Committee[1] began early in January 1938 to discuss a lengthy resolution incorporating the detailed recommendations of technical sub-committees on various aspects of the British plan, it became clear that Italy was not prepared to accept one of the principal features of the plan as it had been elaborated by the experts:[2] namely, that the withdrawal of volunteers from either side should be proportional to the total number of foreign combatants in the service of either side. The application of this principle would mean that, if the investigations of the international commissioners who were to be sent to Spain to supervise the arrangements for evacuating foreign volunteers were to show, for instance, that the foreign personnel numbered 20,000 on one side and 50,000 on the other, then the side possessing the higher total of foreigners would be called upon to part with five for every two who were withdrawn from their opponents' forces. While the difficulty of making any authoritative estimate of the actual numbers of foreigners in the service of either side, at any rate

[1] The Chairman's Sub-Committee consisted of the representatives of the six Powers which were principally interested in the Spanish question (France, Germany, Great Britain, Italy, the U.S.S.R., and Portugal) together with the representatives of Belgium, Czechoslovakia, and Sweden. It had originally been appointed 'to assist the Chairman in the day-to-day work of the Committee' (see the *Survey for 1937*, vol. ii, p. 246); but its functions had increased in importance with the passage of time, and by the end of the year 1937 it had become the practice for the Sub-Committee to take decisions on all questions at issue, while the full Committee met only on rare occasions and virtually confined itself when it did meet to endorsing the Sub-Committee's recommendations.

[2] The idea of proportional withdrawal had not been mentioned in the British memorandum of the 14th July, 1937, which had formed the basis of the plan. The memorandum had merely stipulated that all foreign nationals serving in any capacity with either Spanish party should be withdrawn under the supervision of international commissions. The resolution by which all the members of the Non-Intervention Committee except Russia had signified their acceptance of the plan on the 4th November, 1937 (see the *Survey for 1937*, vol. ii, pp. 370–1), did, however, lay it down that the Commissions were 'to carry out in the manner determined by the Non-Intervention Committee the withdrawal from both sides in Spain in accordance with the proportions of the numbers of non-Spanish nationals serving on each side'.

until the international commissions had completed their first task of counting heads, was recognized in official quarters in London, it was also recognized that the Spanish Republican Government and their Russian supporters in the Non-Intervention Committee—who had consistently maintained that the number of foreigners on the Nationalist side would be found to exceed that on the Republican side and who also believed, with good reason, that the grant of belligerent rights would favour the Nationalists—were not likely to agree with the view of General Franco and his backers that 'substantial progress' would have been achieved when an equal number of 'volunteers' had been withdrawn from either side.

Since this question was threatening to create one of the deadlocks with which the Non-Intervention Committee had become only too familiar during its fifteen months' existence, the Chairman's Sub-Committee, on the 11th January, authorized Lord Plymouth, as Chairman of the Committee, to enter into private and informal negotiations with the representatives of the principal Powers concerned in the hope of finding a solution which would be generally acceptable. These private conversations were carried on throughout the second half of January and the first week of February without producing the desired result; but on the 10th February the situation took a new turn, when the Italian Government notified the British Government of their desire to enter into conversations for a settlement of all outstanding Anglo-Italian differences, including the question of the recognition of Italian sovereignty over Abyssinia as well as the reconciliation of British and Italian interests in the Mediterranean. The sequel to this Italian démarche is described in another chapter of this volume,[1] but it may be recalled here that one of the motives for Mr. Eden's resignation, on the 20th February, of the post of Secretary of State for Foreign Affairs was his belief that the inauguration of negotiations for a comprehensive Anglo-Italian settlement ought to be preceded by some concrete proof of the sincerity of Italy's intention to fulfil her existing and future international obligations, such as would be afforded by the actual withdrawal of some at least of the Italian volunteers from Spain. Mr. Chamberlain, for his part, regarded as a satisfactory proof of Italy's intentions the assurance, which was formally conveyed to him by the Italian Ambassador on the 21st February, that the Government in Rome accepted a 'formula concerning the withdrawal of foreign volunteers and granting of belligerent rights' which had been submitted to them by the British Government.

[1] Part II, pp. 130 *seqq.*, above.

Under this British formula, 'substantial progress' justifying the grant of belligerent rights was to be considered to have been achieved when a certain fixed number of foreign combatants had been withdrawn from the side having the smaller total number, and a proportionately higher number from the other side. Thus Italy had now signified her acceptance of the proportional principle, and diplomatic conversations in London during the last week of February revealed that all the principal interested Powers except the U.S.S.R. were prepared to agree to the figure of 10,000 as the initial number to be withdrawn from the side which possessed the smaller total number of foreigners. The Soviet representative, however, stood out for the figure of 20,000 as the minimum, and, as had frequently happened before, his attitude on this question enabled the representatives of Powers whose views were opposed to those of the U.S.S.R. to place the blame for delays and difficulties upon Russian shoulders. It was pointed out, for instance, that the Soviet Ambassador had himself declared, at a meeting of the Chairman's Sub-Committee on the 22nd October, 1937, that the number of foreign volunteers fighting on the Republican side did not exceed 12,000. Why, then, it was asked, should the Soviet representative now insist upon the minimum of 20,000 unless he was actuated by a desire to block the negotiations?

In point of fact, however, the question which gave rise to most difficulty during March 1938 was not that of the number of volunteers whose withdrawal would lead to the grant of belligerent rights but the question of the restoration of control over the land frontiers of Spain, and in this difference it was France and Italy who were the protagonists. The resolution of the 4th November, 1937, had provided that 'as from a date to be determined by the Non-Intervention Committee and which should shortly precede the commencement of the withdrawal of non-Spanish nationals from Spain, observation on the Franco-Spanish and Portuguese-Spanish frontiers should be restored and strengthened simultaneously with the adoption of measures to strengthen the sea observation scheme'. When the Chairman's Sub-Committee attempted to fulfil the duty of determining the date for the restoration of control, the Italian representative, with German support, urged that international supervision of the Franco-Spanish frontier, which had been suspended since the 13th July, 1937,[1] should be restored simultaneously with the arrival in Spain of the international commissions which were to count the foreign combatants and arrange for their withdrawal. The French

[1] See the *Survey for 1937*, vol. ii, p. 330 and *n*.

Government, on the other hand, interpreted the terms of the resolution of the 4th November in the sense that the restoration of control ought not to take place until the preliminary arrangements for withdrawing the volunteers had been completed, and the actual evacuation was about to begin.

The reluctance of the French Government to modify their views on this point was to be explained by the developments which were taking place in the military situation in Spain. The Nationalists' recapture of Teruel in the third week of February was followed by a drive towards the sea which carried all before it,[1] and the prospect that the territory still under the Spanish Government's control would be cut in two—with what appeared to many observers the inevitable sequel of a complete Republican collapse at an early date—reawakened in French minds an acute anxiety regarding the future security of the Pyrenean frontier. These fears regarding a future in which Catalonia might have come under the control of a Nationalist administration which was heavily in debt to the 'Fascist' Powers were not diminished by reports that the Germans in Spain, though their numbers were inconsiderable compared with those of the Italians, were steadily gaining control over key posts in technical and administrative services and thus making themselves indispensable.[2] Moreover, in the spring of 1938, rumours were beginning to circulate regarding the alleged construction by German technicians of a number of new aerodromes in the Basque provinces, the conquest of which had been completed by the Nationalists in the autumn

[1] See pp. 262–5, above.

[2] There do not appear at any time to have been more than about 10,000 Germans serving with the Nationalist forces, and after the end of an early experiment in sending an infantry contingent (see the *Survey for 1937*, vol. ii, pp. 192–3, 280–1) these Germans consisted entirely of specialists of one kind or another. The German contribution to General Franco's Air Force was particularly important, including, as it did, a *personnel* of pilots and technicians besides the aircraft. There seem also to have been a considerable number of civilian German agents in Spain (according to a press report in May 1938 there were as many as 7,000) who were engaged on tasks such as the development of commercial relations between Germany and Spain. The German clearing company known as 'Hisma' was said, for instance, to handle more than one-third of the total foreign trade of Nationalist Spain (see *The New York Times*, 17th May, 1938). As the British Under-Secretary of State for Foreign Affairs admitted on the 11th May, 1938, in answer to a parliamentary question on the subject of reported German intervention, the German Government, unlike the Italian Government, had never given any undertaking that even the troops of German nationality would be withdrawn from Spain at the end of the war; and it certainly appeared probable that the efforts which were being made by Germans to establish themselves in Spanish business and administration were intended to lay the foundations for close relations between Germany and Nationalist Spain after the war had ended.

of 1937. In the middle of March Señor Negrin, the head of the Spanish Republican Government, flew to Paris in order to appeal for French help in countering the Nationalist offensive. After Señor Negrin's visit, the French Cabinet and the Supreme Council of National Defence held meetings at which they were understood to have weighed the alternative risks of intervening in order to prevent Catalonia from falling into the Nationalists' hands, or of allowing the establishment of a potentially hostile Power on France's southern frontier at a time when the development of hostility between Czechoslovakia and Germany made the danger of a Franco-German conflict in the near future a contingency which must be taken seriously into account.[1] The conclusions which were reached at these meetings were not made public, but the policy which France did actually adopt, though it was never officially avowed, soon became a matter of common knowledge.

When the French Government, in July 1937, had suspended the facilities for observation on the Franco-Spanish frontier which they had accorded to international observers three months earlier, they had announced that a supervision over traffic with Spain would continue to be exercised by French customs officials; but the Nationalists claimed to possess evidence that this supervision was exercised in such a way as to allow of the passage across the frontier both of volunteers and of considerable quantities of munitions.[2] In any case,

[1] One possibility which was said to have been discussed in French military circles at this time was that France should safeguard her communications with North Africa by occupying Minorca (and also perhaps Cartagena and Alicante) with the consent of the Barcelona Government and if possible in co-operation with Great Britain.

[2] For instance, in a note which was presented at the Foreign Office in London by the Duke of Alba on the 29th March, 1938, the Nationalist Government alleged that

> 'From the 1st January to the 20th March [1938], there have passed over the Franco-Spanish frontier to the enemy zone 2,308 volunteers, among whom were two generals, as well as 135 trucks with guns, 600 tons of munitions in cases, 909 lorries, 138 trucks with tanks, 29 trucks of machine guns, 22 trucks of aeroplane engines, 5,000 tons of scrap-iron, 174 aeroplanes of different types and 37 trucks of aviation material. On the 4th February, there passed via Tour de Carol eighteen 15½-inch guns and eight 10½-inch guns from the Castres artillery park belonging to the French Artillery Regiment No. 115. From the same source came 40 trucks loaded with gunpowder. Considerable numbers of Renault armoured cars and flame-throwers have also begun to arrive in Barcelona' (quoted from a summary of the note published by Spanish Press Services, Ltd. (London), in their Bulletin No. 254, 29th March, 1938).

The evidence regarding French breaches of the Non-Intervention Agreement which the Nationalists claimed to possess received less publicity in the British Press than the corresponding allegations made by the Republicans against

there seems to be no doubt that, in March 1938, instructions for a relaxation of the control were issued to customs officials and that for some three months thereafter a substantial volume of munitions of Russian, French or other provenance was passing across France and over the frontier into Spain. According to a statement which was broadcast by Monsieur Flandin on the 21st June, 1938, Monsieur Blum, who had formed his second administration on the 13th March, authorized the transport of war material to Spain on the 17th, and 25,000 tons of such material crossed the frontier during April and May. According to an Italian estimate, 8,096 tons of war material and 330 aeroplanes had been sent by these routes between the 2nd April and 10th May.[1] These supplies did not reach the Spanish Republicans in time to prevent the Nationalist advance in Aragon from attaining its immediate objective; but although General Franco's troops reached the sea on the 15th April they found their progress checked thereafter by greatly strengthened Republican forces.[2]

That France should thus take a leaf out of the 'Fascist' book was

Germany and Italy, but a certain amount of this information was made available in the form of pamphlets or books. See, for instance, *I Accuse France*, by a Barrister (reprinted from *The Catholic Herald*, 1936), for reports of French assistance to the Republicans during the first weeks of the war; Pierre Héricourt: *Arms for Red Spain* (London, 1937, Burnes, Oates & Washbourne), for the period between February and August, 1937; and William Foss and Cecil Gerahty: *The Spanish Arena* (London, 1939, John Gifford), particularly chapter xii, for the period down to March 1938. See also the weekly periodical *Spain* published by the Spanish Press Services in London—for instance, the issue of the 6th September, 1938, which gives (on p. 207) a list of foreign war material captured by the Nationalists from the outbreak of war down to the 1st August, 1938; and the issues of the 13th and 27th September, containing accounts of an exhibition of captured war material which was held at San Sebastian. The issue of *Spain* for the 8th November, 1938, gives the following figures relating to foreign volunteers who had been captured in the course of the war: officers, 1,192; other ranks, 47,565; percentage of Frenchmen, 56. (The total number of prisoners taken was given as 2,133 officers and 210,113 other ranks.)

As was the case with the information published by the Republicans regarding Fascist intervention, these and other pro-Nationalist publications were not always perfectly consistent in regard to the details which they gave of the extent of foreign intervention. For instance, in *The Spanish Arena* (p. 383), a list is reproduced of material which was said to have been captured in the field and reconditioned for use during the period from January to August 1937, and in regard to several items the figure mentioned is higher than the corresponding figure in the list covering the whole period of the war down to the 1st August, 1938, which is given in *Spain*. Thus the former list includes 318 machine guns and 119 guns of French provenance, while the latter mentions only 112 machine guns and 85 guns; and in regard to Russian material *The Spanish Arena* gives the figures of 110 tanks and 948 machine guns, while the corresponding figures in *Spain* are 84 and 577 respectively.

[1] See the *Giornale d'Italia*, 10th June, 1938.

[2] See the present volume, pp. 267 *seqq.*, above.

a new turn in the Spanish affair that aroused great resentment in Italy, and her annoyance was increased by the fact that it was difficult for her to retort in kind by augmenting her own assistance to General Franco while the Anglo-Italian conversations were in progress, in view of the fact that Mr. Chamberlain had impressed upon the Italian Ambassador, at the outset, the importance which he attached to Italy's abstention from any reinforcement of Spanish Nationalist strength calculated to effect a material alteration in the situation.[1] Formal negotiations for an Anglo-Italian agreement began in Rome early in March, and on the 16th April they were brought to a successful conclusion. The protocol which was signed on that day is described elsewhere,[2] and in this place it is only necessary to note that the situation in regard to Spain was dealt with in an exchange of notes accompanying the protocol. The British Government stated that they regarded it as essential that a settlement of the Spanish question should precede the coming into force of the Anglo-Italian agreement, while the Italian Government confirmed their adherence to the British formula for the withdrawal of foreign 'volunteers' from Spain, pledged themselves to give practical and full application to the conditions which should be determined by the Non-Intervention Committee, and undertook that, if the evacuation of non-Spanish nationals had not been completed at the end of the Spanish war, all remaining Italian nationals would leave Spanish territory forthwith and all Italian war material would likewise be withdrawn. The Italian Government also declared once again that they had no territorial or political aims, that they sought

[1] 'I said it was essential that it should not be possible . . . to say that the situation in Spain during the conversations had been materially altered by Italy, either by sending fresh reinforcements to General Franco, or by failing to implement the arrangements contemplated by the British formula' (Mr. Chamberlain in the House of Commons on the 21st February, 1938). This definition of a 'material alteration' appeared to leave the way open for the continuance of supplies intended to replace wastage in war material, and in fact the Italian Government do not seem to have considered it necessary to suspend the despatch of munitions to Spain during the course of their negotiations with the British Government. Reports, emanating from Barcelona, of the arrival of new detachments of volunteers (1,000 were said, for instance, to have arrived on the 24th February, another 2,000 on the 5th March, and between 4,000 and 5,000 on the 10th and 11th March) seem to have lacked independent confirmation; but Parliamentary questions on the subject of Italian intervention were the cause of some embarrassment to Government spokesmen at Westminster at this time. Mr. Chamberlain himself, on the 16th March and again on the 11th April, did not deny that it was probable that some reinforcements were still reaching both sides, but he maintained that the position had not been 'materially altered' by recent Italian additions to the Nationalist strength.

[2] See the present volume, pp. 140–2, above.

no special economic privileges in or with regard to metropolitan Spain, the Balearic Islands, Spanish possessions overseas or the Spanish zone of Morocco, and that they had no intention of keeping any armed forces in those territories.

The Anglo-Italian agreement was signed on the day after General Franco's forces had completed the division of Spanish Republican territory into two parts by reaching the sea;[1] and there is little doubt that both the Italian and the British Government shared the general expectation at that time that the Spanish question was on the point of being settled by General Franco's victory. No doubt this view was also held by most of the other members of the Non-Intervention Committee, whose Chairman remarked, at a meeting of the Sub-Committee on the 31st March, that recent developments in Spain had put their work 'in a somewhat different light'. The elaboration of a scheme for the withdrawal of foreign volunteers was not, however, suspended, and, although it seemed for a time that the machinery of non-intervention might be brought to a full stop by lack of the funds which were necessary to keep it in motion, this difficulty was overcome at the end of April when four of the Great Powers undertook to pay the arrears of their subscriptions without delay.[2] By this time, events in Spain were beginning to take another turn with the stiffening of Republican resistance, and it no longer appeared so probable that an early Nationalist victory would render it unnecessary for the London Committee to make further efforts to perfect the plan for the withdrawal of foreign 'volunteers'. On the 4th May the British Government's endeavours to persuade the French Government to meet the views of Italy and Germany on the question of the restoration of international control over the French frontier were crowned with success; for on that day the French Ambassador in London informed Lord Plymouth that his Government accepted a proposal for restoring supervision over the land

[1] See p. 265, above.

[2] The five Great Powers represented on the Non-Intervention Committee had all withheld their subscriptions since October 1937, when the Soviet Government had announced that they did not intend to make any further contributions towards the maintenance of a system which seemed to them of no value (see the *Survey for 1937*, vol. ii, p. 369). The Secretary of the Committee, Mr. Francis Hemming, warned the Chairman's Sub-Committee on the 31st March, 1938, that unless the arrears of contribution were paid up the operations of the Non-Intervention Board would have to be suspended in May; and on the 25th April he announced that he would be obliged to take immediate steps to wind up the whole system of control unless he received substantial sums during the next few days. This announcement elicited promises to pay from all the Great Powers except the U.S.S.R., and these promises were fulfilled in time to remove the immediate threat of insolvency.

frontiers of Spain as soon as the international commissions began their task of counting the 'volunteers', on the understanding that the French Government should regain their freedom of action if the evacuation of 'volunteers' was not actually in progress at the expiration of a definite time-limit.

The decision to accept the restoration of international control over the Franco-Spanish frontier was taken in Paris after Monsieur Daladier, the new President of the Council (Monsieur Blum's short-lived second administration had come to an end on the 8th April), had had conversations with British Ministers in London at the end of April,[1] and, although the new French Government did not at once reverse the decision of their predecessors regarding the transport of munitions across the frontier into Spain,[2] Monsieur Corbin's announcement of the 4th May was correctly interpreted as a sign that Monsieur Daladier intended to conform more closely than Monsieur Blum to the British Government's views on the subject of Spain. The French Government aligned themselves with the British Government in support of non-intervention at Geneva in the second week of May, when the League Council was called upon to consider yet another protest from the Spanish Republican Government against the intervention of Italy and Germany.[3] When the Spanish appeal was discussed on the 11th May, Señor Álvarez del Vayo's attack on non-intervention and his plea that the Spanish Government should have their right to buy war material from other countries restored to them was answered by Lord Halifax in a speech upholding non-intervention as the only practical policy. The Spanish representative suggested that the Council should undertake an investigation in order to establish the truth of his Government's allegations regarding German and Italian intervention, in particular the reports of the despatch of Italian reinforcements during the course of the Anglo-Italian conversations; but this suggestion received little support; and on the 13th May a resolution proposed by Señor Álvarez del Vayo, calling upon the League to bring the system of non-intervention to an end immediately, was rejected by the votes of Great

[1] See the present volume, pp. 143–4, above.

[2] See p. 321, below.

[3] For previous Spanish protests to the League and the resolutions adopted by the Council and the Assembly, see the *Survey for 1937*, vol. ii, pp. 262 *seqq.*, 302–4, 352–62. The Government at Barcelona had asked the Council to discuss the situation in Spain once again after they had addressed an appeal to London early in April, asking, in view of the serious military situation, that the ban on the supply of arms to them should be lifted, and had received the reply that the British Government were not disposed to modify their considered policy.

Britain, France, Poland, and Rumania against the votes of Spain and the U.S.S.R. The remainder of the Council members abstained from voting, and, although in two cases (China and New Zealand) the abstention was officially explained as being due to the representatives' inability to ascertain the views of their Governments in the time at their disposal, it was considered in quarters friendly to the Spanish Republican Government that the result represented a moral victory for that Government.[1]

During May there were further diplomatic conversations 'on the fringe' of the Non-Intervention Committee, with the result that another step towards the completion of the British plan was taken on the 26th May. On that day all the members of the Chairman's Sub-Committee except the U.S.S.R. accepted a number of amendments to the plan (which had already reached its third revise). The Soviet Government's attitude towards the plan was still strongly critical; and, though their representative made one concession at the meeting on the 26th May by agreeing to accept the initial figure of 10,000 'volunteers' to be withdrawn from the side which was found to have the smaller total number, he opposed the adoption of a formula which was otherwise generally acceptable regarding the method of classifying the 'volunteers', and he also objected to the proposed revision of the maritime observation scheme on the ground that it would not be really effective. The Russian attitude in regard to the classification of 'volunteers' was modified as a result of further diplomatic representations, and at a meeting of the Chairman's Sub-Committee on the 2nd June the Soviet representative was able to announce that his Government would accept a plan, to which his colleagues had already agreed, for dividing the 'volunteers' into the four categories of airmen, seamen, land combatants, and technicians. The Government of the U.S.S.R., however, still demanded more thorough-going measures of maritime supervision than were acceptable to the 'Fascist' Powers, and they also made

[1] A few days earlier it had seemed as though the Republican Government might be on the point of winning, on the other side of the Atlantic, a moral victory which might also have had practical results of first-class importance. There proved, however, to be no foundation for a report which had been current during the first week in May that the Administration had decided to support a resolution, which had just been introduced into Congress, calling for the repeal of the resolution of the 8th January, 1937, by which the embargo on the export of arms and munitions to countries at war provided for by the American neutrality legislation had been made applicable to Spain (see the *Survey for 1937*, vol. ii, p. 216). The prohibition on the export of arms to either side in the Spanish war did, in fact, remain in force until the end of the war. For the American attitude to events in Spain, see the present volume, Part VI, section (i).

difficulties over the question of the finance of the scheme; they refused to make any contribution towards the cost of maintaining and transporting 'volunteers', though they were willing to pay a share of the administrative expenses. On this financial point the Soviet Government stood firm, and it was not until the 21st June, after another period of diplomatic bargaining, that they finally signified their acceptance of a revised plan of maritime control, which had also been accepted by Italy and Germany, and by which observers were not only to be taken on board ships bound for Spain, in accordance with the existing arrangements, but were also to be stationed permanently in a few of the principal ports in Republican and Nationalist territory and were to be free to inspect other ports at the discretion of the Non-Intervention Board.

While concessions to the majority point of view were being extracted, one by one, out of a reluctant Government in Moscow, the Government in Rome were becoming more and more impatient at the delay in the coming into force of the Anglo-Italian agreement. At the meeting of the League Council in May the British Government had taken the first step towards implementing their obligations under the agreement by bringing the question of the recognition of Italian sovereignty over Abyssinia before the League Council;[1] but they made little response to the very evident desire of Italy that as a sequel to this step the condition that a settlement in Spain must precede ratification of the Anglo-Italian agreement should be waived. In Italian eyes the blame for a state of affairs in which the coming into force of the agreement seemed likely to be indefinitely postponed rested principally upon the French Government, to whose action in allowing war materials to cross the frontier into Spain they attributed the Republicans' ability to check General Franco's progress and prevent him from attaining the complete victory which had seemed to be almost within his grasp in the first half of April. When the Anglo-Italian agreement had been signed on the 16th April it had been anticipated both in London and in Paris that it would soon be followed by a settlement of outstanding Franco-Italian differences, and negotiations for such an agreement had been initiated during the spring.[2] These conversations made little progress, however, and they were suspended completely after Signor Mussolini had publicly declared, in a speech at Genoa on the 14th May, that in the matter of Spain France and Italy were 'on opposite sides of the barricades'. The British Government attached great importance to an improve-

[1] See the present volume, Part II, pp. 149–52.
[2] See the present volume, Part II, pp. 152 *seqq.*, above.

ment in Franco-Italian relations as an essential element in their policy of 'appeasement', and this general consideration, as well as their anxiety regarding the consequences of adding more fuel to the Spanish flames, led them to look with disapproval upon the opening of the Franco-Spanish frontier for the transport of munitions. The British Government denied that they had ever made any direct representations to the French Government in regard to the desirability of closing the frontier;[1] but Monsieur Daladier was no doubt made aware of British views during his visit to London at the end of April, as well as in the course of the normal diplomatic exchanges between Paris and London, and he had strong motives for falling in with British wishes at a time when the gathering clouds over Czechoslovakia made the assurance of support from England a matter of vital interest to France. By the beginning of June, Monsieur Daladier had succeeded to some extent in consolidating his internal position, and he felt himself strong enough *vis-à-vis* the parties of the Left to take a step of which they would certainly disapprove.[2] (Monsieur Blum's decision regarding the Franco-Spanish frontier had appeased, if it had not fully satisfied, the French Socialists and Communists, who had been aroused to a high pitch of resentment by the success of the Nationalist drive to the coast in the spring, which, in their view, fully justified the opposition which they had consistently displayed towards the policy of non-intervention.) Since the Franco-Spanish frontier had not been officially declared open, there was no official announcement regarding its closing, but by the middle of June it had become known that the transport of war material across the frontier was no longer being permitted on the scale that had been attained during the recent weeks.[3]

[1] A statement to that effect was made by Mr. Chamberlain in the House of Commons at Westminster on the 6th July, 1938.

[2] The Government's decision to reintroduce control on the frontier was in fact strongly criticized by the parties of the Left. Monsieur Blum himself attacked it in articles in *Le Populaire* and urged that the question should be reconsidered, on the ground that the maintenance of the arrangement which he had sanctioned would have provided a valuable bargaining-counter which could be used for holding Italy to the fulfilment of her undertakings. Monsieur Blum was authorized by the Socialist Party Executive at the end of June to discuss the matter with Monsieur Daladier, but he did not succeed in persuading the new President of the Council to change his mind.

[3] It does not seem to have been suggested in any quarter that Monsieur Daladier's decision to tighten up control over the transit of munitions was influenced by incidents which took place on the Franco-Spanish frontier at the end of May and during the first week of June, though it is not impossible that the incidents themselves were intended as a warning to France of the consequences of intervention by her in Spain. On the 26th May the railway station at the frontier town of Cerbère was bombed from the air in circumstances

This reversion to the earlier policy of the French Government did not have the hoped-for result of reanimating the Franco-Italian conversations, and if, in the eyes of the British Government, it removed one of the obstacles to a Spanish settlement, it still did not bring appreciably nearer the moment at which it might be possible to begin the evacuation of 'volunteers'. In the middle of June the British Ambassador in Rome had a series of conversations with the Italian Foreign Minister on the subject of the coming into force of the Anglo-Italian agreement. The desire of the Italian Government that the date of ratification should be as early as possible was, the British Government declared, fully reciprocated by them; but Lord Perth was not able to hold out any hope that the Spanish settlement which the British Government had made a condition precedent to the ratification of the agreement would be considered to have been achieved until the Italian 'volunteers', or a substantial proportion of them, had been withdrawn from Spain, either in application of the plan which was under consideration by the Non-Intervention Committee or by the unilateral action of the Italian Government. The British interpretation of what constituted a satisfactory settlement was, indeed, hardly likely to be modified in Italy's favour at a time when British ships in Spanish ports were being made the target of apparently deliberate attacks by aeroplanes of German or Italian provenance in General Franco's service,[1] and the British Government's attitude had also been stiffened by the series of incidents which had recently taken place on the French side of the Franco-Spanish frontier.

Count Ciano, for his part, was unable to tell Lord Perth that there was any prospect that Italian 'volunteers' would be withdrawn unilaterally until the conflict had ended; and, since it was clear by this time that General Franco could no longer be expected to win a

which led the French authorities to think that the attack was deliberate; and on the 5th June nine aeroplanes (their identity was not officially established, though there was no doubt in France that they belonged to the Nationalist forces) flew for a distance of some fifty miles on the French side of the frontier over the department of Ariège and dropped a number of bombs—fortunately without causing any casualties, though a certain amount of material damage was done. On the following day nine aircraft crossed the frontier again, but they were driven off by anti-aircraft fire and returned to Spain without having dropped any bombs. The response of the French Government to these outrages took the form of the prompt reinforcement of anti-aircraft defences along the frontier and the organization of a system of air patrols. Monsieur Daladier himself visited the district in which the raids had taken place at the end of the first week in June and consulted with the local authorities on the measures to be taken.

[1] See section (iv) of this part of the present volume.

totalitarian victory in the field in the immediate future, the topics touched upon during the Anglo-Italian conversations in Rome were reported to have included the possibility of arranging a truce between the Spanish combatants. The results of the offers of mediation by foreign Powers which had been made during earlier phases of the struggle had been decidedly discouraging,[1] but neither in Paris nor in London had the hope been abandoned that it might eventually prove possible to promote a settlement by negotiation between the parties; and these hopes had been reanimated when, in May 1938, the Republicans succeeded in stemming the Nationalist advance and it looked as though another period of virtual stalemate had set in. It was felt that war-weariness might be expected to be making itself felt among the civil population in Nationalist as well as in Republican territory, and it was believed that influences in favour of a compromise solution were now making themselves felt on both sides. A speech which was broadcast by the head of the Spanish Republican Government, Señor Negrin, on the 1st May, outlining under thirteen heads the kind of settlement which the Government at Barcelona would be ready to accept,[2] indicated, at any rate, that the possibility of coming to terms with the Nationalists was not ruled out on the Republican side. At the beginning of June the question whether the time was ripe for an offer of mediation was understood to be under discussion between Paris and London. This question received an apparently definite reply in the negative when the Spanish Nationalists announced on the 4th June that no ending to the war could be considered which did not involve the unconditional surrender of the Republicans, and the Spanish Republicans retorted a few days later by the statement (which was issued by Señor Álvarez del Vayo at Geneva) that there could be no mediation between the Spanish nation and invaders. Nevertheless, the British Government still thought it worth while to explore the possibility that the Italian Government's anxiety to see the Anglo-Italian agreement brought into operation might make them disposed to exert pressure upon General Franco to change his mind. This avenue of approach was blocked, however, for it appeared that in Rome, as in Burgos, the unconditional surrender of the Republicans was still the only end envisaged. It emerged from the Anglo-Italian conversations, therefore, that the coming into force of the agreement of the 16th April must remain dependent upon the application of the British plan for withdrawing 'volunteers' from Spain, and that if

[1] See the *Survey for 1937*, vol. ii, pp. 271–3, 356 *n*.
[2] See p. 281, above.

the Italian Government desired an early ratification of the agreement it behoved them to co-operate to the full both in the efforts which were being made in London to secure general agreement on the British plan and in the carrying out of the arrangements contemplated.

Lord Perth did apparently secure the Italian Government's acceptance of the latest proposal regarding the extension of the maritime control system, with the result that it was possible for general agreement on that proposal to be recorded at the meeting of the Chairman's Sub-Committee in London on the 21st June.[1] The attitude of the Italian representative was helpful, also, during the discussion of other outstanding points in the British plan which took place at meetings of the Sub-Committee during the last week of June. The last remaining difficulty—the persistence of the Soviet Government in their refusal to contribute towards the maintenance of the 'volunteers' in Spain after their withdrawal from the field—was disposed of on the 28th June by an undertaking on the part of the four other Great Powers to share the cost between them, and in particular to contribute at once one quarter each of a total sum of £50,000 which was needed in order to get the scheme under way. On the 30th June the Chairman's Sub-Committee was able to record full agreement on the whole plan, save for a few minor reservations on points of detail by the Soviet representative; these last difficulties over drafting were overcome during the next few days; and on the 5th July the full Non-Intervention Committee—meeting for the first time since the 4th November, 1937—adopted the plan unanimously after some three hours' discussion.[2]

This result was hailed with satisfaction even in quarters which were inclined to regard all the proceedings of the Non-Intervention Committee with suspicion. It looked at first sight as though the twenty-seven states members of the Non-Intervention Committee had at length been able to agree upon a workable scheme for the elimination of some at least of the worst evils attendant upon foreign intervention in the Spanish war. The fact that the Governments of France, Great Britain, Germany and Italy all paid on the 5th July their quotas of the sum needed to put the plan into operation appeared to indicate that they were all in earnest in their intention to make the arrangements work so far as that lay in their power; and

[1] See p. 324, above.

[2] The consent of the Soviet representative to the adoption of the plan was given only in his personal capacity, but on the 8th July Monsieur Kagan was able to inform the Foreign Office that his Government had accepted the plan.

the hope that the Spanish question, as a problem of international concern, might really be on the way towards solution was fortified by the fact that the plan which the Non-Intervention Committee had adopted provided that the process of withdrawing all foreigners from Spain should be carried out in accordance with a strict time-table.

Since the plan which was adopted on the 5th July was never put into force, it is hardly necessary to describe it in detail in this place. It will suffice to mention that a period of forty-five days from 'zero date' (the date on which the plan, having been accepted by the two parties in Spain, would be declared by the Non-Intervention Committee to be in force) was to be allowed for two commissions, each consisting of three persons, to go respectively to Nationalist and to Republican Spain, count the 'volunteers', and report to the Non-Intervention Committee, and for the Non-Intervention Board to bring into existence the machinery required to carry through the operation of withdrawal; that the actual process of evacuation was to begin on the forty-sixth day and be completed by the one hundred and fiftieth day from 'zero date'; and that, after a further short period which was allowed for the approval of the commissions' reports by the Non-Intervention Committee and the disbandment of the commissions, the whole withdrawal operation was to be completed by the one hundred and sixty-fourth day.

Thus the process of evacuating foreigners was estimated to take nearly six months, even in the improbable event of no delays and difficulties occurring to hinder the smooth working of the scheme; and, since the consent of the two parties in Spain had also to be obtained before 'zero date' could be declared, it was evident that, at the best, the process could not be completed until after the turn of the year. It was not intended, however, that the grant of belligerent rights to the two parties in Spain should be postponed for as long as six months. The plan laid it down explicitly that the Non-Intervention Committee should have authority to decide that 'substantial progress' justifying the recognition of belligerent rights had been achieved as soon as 10,000 'volunteers' had been evacuated from the party which the international commissions found to have the smaller total number, and a correspondingly higher number from the other side.

The plan also set out in detail the nature of the belligerent rights which it was proposed to grant to the Spanish parties to the war; the arrangements which were to be made for restoring the system of control over the land frontiers of Spain; the proposals for strengthening the maritime supervision system by posting agents permanently

in eight ports—four (Cartagena, Alicante, Valencia and Barcelona) in Republican territory, and four (Bilbao, Huelva, Cadiz and Málaga) in Nationalist territory—and by empowering observation officers embarked on ships bound for other ports in Spain to conduct investigations in those ports; and the somewhat complicated provisions for the allocation, among the various parties concerned, of the cost of the whole scheme (according to unofficial estimates this was likely to be not less than £3,000,000, and at least two-thirds of this total would have to be shared between France, Great Britain, Germany and Italy).

The detailed arrangements for the withdrawal of volunteers, the granting of belligerent rights, and the restoration and extension of the observation scheme were set out in an annex to a resolution which was adopted by the Non-Intervention Committee on the 5th July, 1938. In this resolution the twenty-seven states members of the Committee reaffirmed the obligations into which they had entered under the Non-Intervention Agreement (as extended by the resolution of the 16th February, 1937,[1] prohibiting the departure or transit of volunteers) and recorded their acceptance of the plan which was described in the annex.

In the rejoicing with which the adoption of the resolution of the 5th July, 1938, was greeted in London,[2] there was perhaps a tendency to overlook the fact that it would be impossible to take even the first steps towards the application of the plan until the consent of the two parties in Spain had been obtained. It was true that both the Nationalists and the Republicans had signified in November 1937 that they were prepared in principle to accept a plan for the withdrawal of foreign 'volunteers' under international supervision, but on the Nationalist side in particular there had been reservations which indicated that the concrete terms now put forward might prove unacceptable (General Franco had suggested, for instance, that 'substantial progress' justifying the grant of belligerent rights might be interpreted to mean an initial withdrawal of 3,000 'volunteers').[3] By delaying its reply, or quibbling over particular points without retracting its acceptance in principle, either side had it in

[1] See the *Survey for 1937*, vol. ii, pp. 287–8.

[2] In all the other principal countries concerned, except the U.S.S.R., the acceptance of the plan was welcomed, but with rather less enthusiasm than was exhibited in London. In France, Germany and Italy there was a tendency in press comment to lay stress on the considerable lapse of time which must be expected before the withdrawal of 'volunteers' could even begin. In the U.S.S.R. the official comment was frankly sceptical as to the value of this latest move and the sincerity of the 'Fascist' Powers' acceptance of the proposals.

[3] See the *Survey for 1937*, vol. ii, p. 374.

its power to postpone the application of the plan indefinitely if it considered such postponement likely to be of political or military advantage; the record of the two parties and the response which they had made to previous communications from the Non-Intervention Committee made it probable that if such tactics were used it would be by the Nationalists and not by the Republicans; and events were to prove that there had been no foundation for the hope that Italy's desire to see the Anglo-Italian agreement brought into operation at an early date might lead to successful Italian intervention at Burgos in favour of a prompt acceptance of the Non-Intervention Committee's proposals.

The plan was communicated to the Governments at Barcelona and at Burgos for their approval on the 6th July, with the request that they should treat the matter as one of great urgency and should in particular signify with the minimum of delay whether they were prepared to provide facilities for the international commissions to carry out their work and to make arrangements for setting up base camps in special areas which were indicated in the plan. The Republican Government at Barcelona acknowledged receipt of the proposals on the 11th July; on the 23rd July they decided to accept the plan, subject to observations on certain points of detail; and on the 26th a formal notification to that effect was handed in at the Foreign Office in London. The observations accompanying the Republican Government's acceptance were not put forward as reservations or conditions, and their reply was therefore considered in London to be satisfactory; but the co-operation of only one party to the Spanish conflict was not, of course, sufficient, and at the end of July General Franco had still given no indication of his attitude. The British agent in Nationalist territory,[1] on his Government's instructions, made urgent representations to the authorities at Burgos on more than one occasion, asking for an early reply to the communication of the 6th July, and though these démarches elicited assurances that the plan was being examined in a friendly spirit it was not until the 16th August that the Nationalist Administration handed a formal reply to Sir Robert Hodgson. Moreover, General Franco's reply, when it was at last delivered, was very far from constituting acceptance of the plan which had been submitted to him.

The Nationalist Government did indeed declare again that they accepted the principle of the withdrawal of foreign combatants, and

[1] For the agreement for an exchange of agents between the British Government and the Nationalist administration, see the *Survey for 1937*, vol. ii, pp. 176–7.

they were also prepared to agree that 10,000 'volunteers' should be evacuated immediately; but they stipulated that that number should be withdrawn simultaneously from both sides (alleging that the proportional system would work unfairly because the Republicans were preparing to conceal the true number of their foreign combatants from the eyes of the international commissioners by means of naturalization and other devices).[1] Moreover, they made it clear that they would agree to the withdrawal of 10,000 'volunteers' only on the basis of the prior recognition of their belligerency, to which they considered themselves entitled as a right, and not as part of a bargain, and which must, they insisted, be unrestricted by any reservations giving immunity to ships flying the non-intervention flag. The Nationalist note also raised objections to the proposal for posting observers in specified ports on the ground that this was a restriction on sovereignty; and, while it did not reject outright the proposal that international commissions should count the 'volunteers' on either side, it declared that there could be no suspension of hostilities while the count was being taken. General Franco reaffirmed his determination never to allow any foreign Power to obtain a mortgage on the territory or the economic life of Spain,[2] and he offered certain concessions in connexion with negotiations which had been going on regarding the bombing of open towns[3] and of non-Spanish ships in Spanish ports;[4] but these did not affect the main issue, nor conceal the fact that the terms which the Nationalist Government declared themselves ready to accept were incompatible with two of the main principles incorporated in the Non-Intervention Committee's plan:

[1] Allegations of this kind were not confined to one side only. In the second week of July the Republican Government made known their suspicion that the Nationalists intended to keep a proportion of their Italian troops by incorporating them into the Foreign Legion under assumed Spanish names. General Franco returned to the charge again at the end of August when, in an interview with a representative of Havas, he expressed the opinion that the Barcelona Government had accepted the plan only because they had made preparations for frustrating its application. General Franco also declared on this occasion that there were as many as 12,000 volunteers of non-European origin serving on the Republican side, and he expressed doubt whether these would be included in the international commission's count. Thereupon the Republican Government sent a formal notification to the Non-Intervention Committee to the effect that it was their intention that all foreign volunteers, whether of European or of non-European nationality, should be withdrawn from their army.

[2] In this connexion it may be noted that in June 1938 a law was reported to have been published recently in Burgos by which concessions for the exploitation of mines were to be granted only to Spaniards or to concerns domiciled in Spain in which at least 60 per cent. of the capital was held by Spaniards.

[3] See pp. 408–9.

[4] See pp. 378–80.

namely the interdependence of the withdrawal of 'volunteers' and the recognition of belligerency, and the proportional system of withdrawing 'volunteers' from the two sides.

The Nationalists' delay in replying to the communication from the Non-Intervention Committee was attributed in some quarters to current developments in the military situation, which were by no means favourable to General Franco's forces, and which might perhaps make him hesitate before committing himself on the subject of the departure of his foreign troops. The delay and the uncompromising nature of the reply when it was finally delivered were all the more significant because at this time a fresh series of reports regarding an increase in the scale of Italian intervention in Spain were under investigation. Towards the end of July the Spanish Ambassador in Paris was reported to have declared, in an interview with the French Foreign Minister, that the Nationalists' supply of German and Italian munitions was now on a more massive scale than at any earlier period. In the middle of August the Spanish Embassy in London published a statement to the effect that 17,000 men had left Italy for Spain during July in addition to large quantities of war material. Early in August the British *chargé d'affaires* in Rome was instructed to draw the attention of the Italian Foreign Minister to the allegations of a renewal of Italian intervention and to ask for information on the subject, and, since the information which Count Ciano had promised to obtain had not been supplied to the British Embassy by the 18th August, Sir Noel Charles made further representations on that day, and again on the 20th August. On the latter occasion the British Government's concern at the persistence of the rumours and at the Italian Government's reticence concerning them was conveyed to Count Ciano in frank terms. In his reply the Italian Foreign Minister appears not to have denied the allegations, and indeed to have declared that Italy could not remain inactive in view of the renewal of French intervention (the Italian Press had recently been publishing details regarding the alleged passage through France of war material from the U.S.S.R. and Czechoslovakia, and reports to the same effect had been officially communicated to the Non-Intervention Board).[1] Count Ciano seems, however, to have declared that any supplies that were being sent were only the replacements

[1] Monsieur Daladier was being subjected at this time to strong pressure from the Left to follow the example of Monsieur Blum in March 1938 and relax supervision over the traffic in war materials across the Spanish frontier, but official information in London did not confirm the reports that the transport of munitions across France to Spain had been resumed on a considerable scale.

which were required to keep the present Italian force in the field, and to have given an assurance that his Government were ready for their part to carry out the plan for the withdrawal of 'volunteers' under proper guarantees. The value of this assurance was somewhat diminished by the fact that the Italian Press was commenting with approval on the note from General Franco which had been handed to the British Government a few days earlier and was supporting in particular his claim to the immediate recognition of his rights as a belligerent.

The Nationalist conditions for accepting arrangements for the evacuation of foreign combatants were discussed in London during the second half of August by British Ministers, and also by Lord Plymouth with the representatives of the principal interested Powers. While it could not be denied that the nature of General Franco's reply had given the British plan a serious set-back, it was not considered that it closed the door to further negotiation with him. By this time, however, the Czechoslovak-German crisis had assumed proportions which overshadowed every other international problem, and in these circumstances the attempt to overcome the obstacle which General Franco's attitude presented was not pursued with as much energy as might have been displayed under more propitious conditions. It was agreed in the informal conversations conducted by Lord Plymouth that no purpose would be served by summoning a meeting of the Non-Intervention Committee or its Sub-Committee in order to discuss the Nationalist terms. Instead the suggestion was made early in September that Mr. Francis Hemming, the Secretary of the Committee, might go to Spain in order to discuss the situation with General Franco at first hand and endeavour to remove his objections to the Non-Intervention Committee's plans. By the middle of the month this suggestion had been accepted by all the principal Powers except the U.S.S.R., who expressed disapproval even of this concession to the 'Fascist' point of view, and *a fortiori* of any modification of the proposals accepted on the 5th July. The Soviet Government persisted in their refusal to give their formal consent to Mr. Hemming's mission, but it was finally decided, early in October, to dispense with their approval, and Mr. Hemming and a small staff arrived in Burgos on the 11th October.

Meanwhile, however, the whole situation in regard to 'volunteers' in Spain had changed. At the session of the League Assembly on the 21st September Señor Negrin had announced the Spanish Republican Government's decision to part immediately with all the non-Spanish

nationals serving in their ranks, and he had asked that the League Council should appoint a commission to supervise the evacuation and to see that it was carried to completion. The prime motive for this unilateral decision on the part of the Republican Government was no doubt the belief that it would strengthen their claim to have their right to buy war material in any market restored to them; but any hopes that may have been entertained in Barcelona that this gesture might induce the 'democratic' Powers to abandon the policy of non-intervention were not fulfilled. A certain difficulty was felt at Geneva in acceding to Señor Negrin's request, for the appointment of a League Commission to supervise the unilateral withdrawal of foreigners from the Republican forces might be thought to look like an attempt to steal a march on the Non-Intervention Committee, upon whose province the Council hitherto had scrupulously refrained from encroaching. The Assembly referred Señor Negrin's suggestion to the Sixth (Political) Committee, and the representatives on that Committee of Hungary, Portugal, Poland and Rumania urged that the Spanish Government's request should be refused and that the matter should be referred to the Non-Intervention Committee. The motives of the first two at least of this group of states were probably governed by partisanship for General Franco rather than by considerations of etiquette, and to the majority of the states members of the Sixth Committee—many of whom were also states members of the Non-Intervention Committee and knew from experience the delays which appeared to be inseparable from its proceedings—it seemed to be incumbent upon the League not to block any possible line of advance towards the solution of any one of the interrelated problems which went to make up the highly complex and critical international situation of the moment. On the suggestion of the British representative the Political Committee referred the question to the Council, and the Council decided on the 30th September to appoint a special Commission in accordance with Señor Negrin's request. The Commission, which was constituted in the course of the next ten days, consisted of military officers who were nationals respectively of France, the United Kingdom, Denmark, Īrān, Latvia, Norway and Sweden, together with League officials, under the presidency of General Jalander (Finland). The members had all assembled at Perpignan by the 14th October, on which date the first meeting was held, and on the 17th October they arrived at Barcelona to take up their task of supervising the evacuation of the foreign combatants in the Spanish Republican service.

Meanwhile, there had also been an unexpected contribution from the other side towards the solution of the Spanish problem. After the four-Power meeting at Munich on the 29th September, at which the danger of an immediate European war was averted, there were rumours that the same method of direct contact between the Dictators and the heads of the Governments of the two great West European democracies was likely to be applied before long to the Spanish question, and the possibility that an offer of mediation between the Spanish parties might now prove acceptable was discussed once again in the French and British Press. The meeting at Munich was not followed, however, by four-Power or two-Power conversations on Spain; and, while there were indications from the Republican side that peace by negotiation would be preferred to the continuance of the war throughout a third winter,[1] the official Nationalist attitude still was that no possibility of a compromise solution could be considered. Nevertheless, there appeared to be some evidence that resentment in certain Nationalist circles against foreign arrogance was working in the direction of reconciliation with their fellow Spaniards in the opposite camp; and, while this movement was not powerful enough to modify General Franco's determination to win a totalitarian victory, it is possible that it helped to influence him in making up his mind to part with a certain number of his Italian auxiliaries. The decision of the Barcelona Government to disband the International Brigades and send their members to their respective homes had confronted the Nationalist leader with a difficult choice. It would naturally be galling to Spanish pride to allow an impression to be created that the Nationalists were dependent to a greater degree than their adversaries upon foreign help; but even assuming that the Nationalist Army Commanders were prepared, from the military point of view, to part with all their foreign auxiliaries, it might well be politically impossible to contemplate their departure while the war was still in progress, since they could hardly be dismissed without the consent of Rome and Berlin. In these circumstances General Franco decided on a compromise. It was agreed between Rome and Burgos that about 10,000 of the Italian legion-

[1] Señor Negrin broadcast a speech on the 2nd October, in which he declared that Spaniards must come to an understanding with one another, and asked whether the Nationalists desired to carry on the war until the country was completely ruined. Señor Negrin stipulated, however, that any peace negotiations must be on the basis of the thirteen points which he had enunciated in the spring (see pp. 281 and 323, above); and on the 14th October, in another speech, he declared that there could be no question of negotiations until there had been a complete withdrawal of all foreign troops and foreign war material.

aries who had been serving in Spain without intermission for eighteen months should return to Italy, in the hope that this gesture would induce the 'democratic' Powers to grant belligerent rights without delay.[1] The forthcoming withdrawal of about 10,000 Italian 'volunteers' became known early in October; and the first official Italian information on the subject was made public in the report, issued on the 9th October, of a meeting of the Fascist Grand Council on the previous day. In this report it was announced that the Council had sent greetings to the troops who were about to be evacuated from Spain after eighteen months' service. Subsequent Italian press comment proved (if proof were needed) that the principal motive for this decision on the Italian side was to provide the British Government with an opportunity of announcing that their conditions for bringing the Anglo-Italian agreement into force had now been fulfilled—an opportunity which Signor Mussolini might justifiably expect that Mr. Chamberlain would be ready and willing to take in view of the part which the head of the Italian Government had played in averting war at the end of September. The fact that General Franco had announced to the Press at Burgos on the 27th September, when the European crisis was at its most acute point, that he desired to remain neutral in the event of a European war had confirmed the belief which had always been held in official circles in Great Britain that there was little reason to fear the maintenance of Italian and German influence over Nationalist Spain when the war had ended, and made it easier than it might otherwise have been for the British Government to obtain the necessary support in Parliament for the view that the withdrawal of some, though by no means all, of the Italian troops in Spain[2] constituted a 'Spanish settlement'. Signor Mussolini duly received his reward on the 2nd November, when the House of Commons at Westminster decided,

[1] 'General Franco had for a long time past pressed for the granting of the rights of belligerency and now regarded the voluntary withdrawal of 10,000 foreign legionaries as entitling him to those rights forthwith' (Mr. R. A. Butler in the House of Commons on the 2nd November, 1938).

[2] In the debate in the House of Lords at Westminster on the 3rd November on the coming into force of the Anglo-Italian agreement, Lord Halifax referred to the 10,000 men who had returned to Italy as 'half the Italian infantry'; but according to Press reports the 10,000 included some specialists such as artillerymen and engineers and did not consist exclusively of infantrymen. On the 1st November the Spanish Republican Government presented a note at the Foreign Office in London in which they declared that they had 'excellent reasons for believing' that since the repatriation of 10,000 legionaries the total Italian *personnel* in Spain numbered about 90,000, of whom 60,000 were members of infantry, artillery and tank corps, while the remainder were air pilots, technicians, and civilian personnel.

by 345 votes to 138, to empower the Government to bring the agreement with Italy into force immediately.[1]

Meanwhile, the return of some 10,000 Italians from Spain to Italy had been carried out in the middle of October. The departure of the ships carrying the men from Cádiz on the 15th October was witnessed by Mr. Francis Hemming, who was present at General Franco's invitation. The ships arrived at Naples on the 20th October, and the troops received an enthusiastic welcome from the crowds and were reviewed by the King and the Crown Prince.

On the Republican side preparations for the evacuation of the foreign volunteers were going on during the second half of October. A ceremonial parade of 2,500 men who had been withdrawn from the fighting line was held in Barcelona on the 28th October; the League Commission had drawn up its plan for verifying the completion of the process of evacuation and submitted a preliminary report to the League Council by the 3rd November; and the first batch of volunteers crossed the Franco-Spanish frontier on the 13th November—the French Government having authorized the transit through France of volunteers who were not of French nationality, on the understanding that the Governments of the countries of origin of the volunteers would pay all the expenses of repatriating their nationals.[2] The League Commission presented another report to the Council on the 16th January, 1939, giving an account of its activities down to that date. The Commission had counted a total of 12,673 non-Spanish nationals serving with the Republican forces,[3] 9,843 in the Barcelona zone and 2,830 in the Valencia zone. By the middle of January 4,640 men, of 29 different nationalities, had already left Spain, and 1,500 stateless persons and 350 Canadians were ready to leave. Of those who had crossed the frontier, 2,112 were French, 407 British,[4] and 548 Americans; there were no Rus-

[1] See the present volume, Part II, section (i), p. 161.

[2] In this connexion a difficulty arose regarding the anti-Nazi German and anti-Fascist Italian volunteers who had been fighting on the Republican side and who could not return to their native countries. At the beginning of January 1939, it was announced that the Government of Mexico had agreed to permit the entry into their country of all the members of the International Brigades who were in this position.

[3] It was alleged on the Nationalist side that this total was very much smaller than the actual number of foreigners serving with the Republicans, many of whom were said to have succeeded in concealing themselves from the Commission's view in one way or another.

[4] 309 volunteers of British nationality reached London on the 7th December, and 58 wounded on the 19th. According to William Rust, who spent many months with a British battalion of the International Brigades as a reporter for *The Daily Worker*, the total number of volunteers from Great Britain during

sians. The Commission had finished its work in Catalonia by the third week of December, and immediately after Christmas it transferred its activities to the portion of central Spain which was still under Republican control. The Commission left Spain on the 23rd January, 1939, and established itself at Perpignan, where it was engaged for nearly four weeks in preparing its final report for the Council of the League of Nations. By the time when the Commission left Spain the Republican resistance in Catalonia was rapidly giving way, and in the chaotic conditions which subsisted during the last ten days of January 1939 it was not possible to carry out arrangements for evacuating any more of the members of the International Brigades from Spain. Several thousand foreigners (according to Press reports the total number was about 6,500) accompanied the Spanish Republicans in their retreat and crossed into France with them early in February;[1] and the League Commission had to exert itself anew in endeavours to identify these men among the thousands of soldiers in French concentration camps and make arrangements for their release from internment and their return to their own countries.

It has been seen that the decision of the Spanish Republican Government to part with their foreign auxiliaries had been taken independently, and not in application of the plan which had been submitted to them by the Non-Intervention Committee; and while the Government's action was perfectly compatible with the proposals of the Non-Intervention Committee—notwithstanding the fact that it was not being carried out under the Committee's auspices—the visit of the Secretary of the Committee to Nationalist territory had not made General Franco any more willing to accept the terms which had been put before him in the previous July. The Nationalist leader's expectation that the withdrawal of 10,000 Italian legionaries would be followed by the recognition of his status as a belligerent had not been fulfilled, and his attitude still was that no further concessions could be expected from him until he had been granted belligerent rights. The French Government, however, were as strongly opposed as ever to giving the Nationalists a probably decisive advantage over their opponents by recognizing their right to impose a blockade; and the attitude of the British Government, as it was defined by the Under-Secretary of State for Foreign Affairs during

the war was 2,000; there were 500 killed or missing and 1,203 wounded (see *Britons in Spain: A History of the British Battalion of the XVth International Brigade* (London, 1939, Lawrence & Wishart), p. 210). In the same book is published a Roll of Honour containing the names of 322 members of the British Battalion who lost their lives.

[1] See p. 398, below.

the debate on the ratification of the Anglo-Italian agreement on the 2nd November, 1938, was that 'the question of granting belligerent rights in Spain . . . was at present bound up with the execution of the Non-Intervention Committee's plan. . . . His Majesty's Government were bound to support the provisions laid down in the plan relating to this question.' On the 19th December, 1938, Mr. Chamberlain made a statement in the House of Commons which was designed to reassure the Opposition that his forthcoming visit to Rome was not likely to result in any change of policy on this point.

> So long [he said] as there are foreign troops in Spain, and so long as no other solution has been found for the Spanish question but that which is involved in the Non-Intervention Plan, the Government do not propose to grant belligerent rights to the parties in Spain other than in accordance with the Non-Intervention Plan itself.

Mr. Hemming having failed in his endeavours to break by personal contact the stalemate which had been created by General Franco's attitude towards the application of the Non-Intervention Committee's plan, the officials of the Committee came to the conclusion that there was nothing further that they could do to promote the coming into force of the plan; and with the rapid progress of the Nationalist offensive in the new year attention soon came to be concentrated not so much upon the possibility of inducing General Franco to part with his foreign auxiliaries while the war was in progress as upon the question whether those auxiliaries would leave Spain as soon as the Nationalists had completed their conquest of Republican territory.

This question was believed to have formed one of the principal topics of discussion between Italian and British statesmen during the visit which Mr. Chamberlain and Lord Halifax paid to Signor Mussolini in Rome on the 11th–14th January, 1939.[1] The official *communiqué* which was issued at the close of the Rome meeting, as usual on such occasions, was couched in vague and general terms; and when Mr. Chamberlain reported on the results of his visit to the House of Commons on the 31st January, 1939,[2] he explained that, since the discussions had been 'exploratory and informal', it would be 'a discourtesy to the Italian Government to divulge in detail what passed'. On the Spanish question all the information that Mr. Chamberlain felt able to give was contained in the following passage:

> Signor Mussolini emphasized that when the Spanish conflict was over Italy would have nothing to ask from Spain, and in further discussion

[1] See the present volume, Part II, pp. 176–8.

[2] A passage from his speech is quoted on p. 178, above.

with the Foreign Secretary Count Ciano spontaneously reaffirmed the assurance already given to His Majesty's Government that Italy had no territorial ambitions as regards any portion of Spanish territory. Signor Mussolini did not hesitate to express the view that belligerent rights should immediately be granted to General Franco, but he reiterated his willingness to stand by the British plan which had been adopted by the Non-Intervention Committee.

This official statement on the Rome conversations was supplemented unofficially by reports that Mr. Chamberlain and Lord Halifax had laid great stress upon the importance which they attached to the fulfilment of the pledge regarding the withdrawal of Italian troops which had been given in the exchange of notes accompanying the Anglo-Italian agreement of the 16th April, 1938,[1] and that they had received from Signor Mussolini a firm assurance of his intention to carry out his undertaking that all Italian troops who were still in Spain at the end of the war would be promptly withdrawn together with their material.[2]

The reaffirmation by Signor Mussolini of his promises to seek no special advantages in Spain and not to maintain his armed forces in that country after the termination of the war appears to have satisfied the British Ministers that changes to British disadvantage in the situation in the Mediterranean need not be feared as a consequence of General Franco's victory, and their conviction on this point played an important part in determining the lines of French as well as British policy during the next few weeks. In both France and Great Britain the advance of the Nationalists towards Barcelona was watched with great anxiety by those sections of the public which, for ideological or strategic reasons, regarded the prospect of the final defeat of the Republicans with dislike and apprehension. In both countries the first weeks of 1939 saw a renewal, by parties of the Left, of their efforts to induce the authorities to abandon the fiction of non-intervention and restore to the hard-pressed Spanish Republicans their right to buy the arms and munitions of which they were so sorely in need. In Great Britain Labour demonstrations in support of the raising of the embargo on the supply of arms to Spain were supplemented in the third week of January by an appeal from the leader of the Parliamentary Opposition for the immediate summoning of Parliament (which had been adjourned on the 22nd December until the 31st January) in order that the situation in

[1] See p. 316, above.

[2] According to one version, Signor Mussolini declared that he himself personally guaranteed the fulfilment of every article of the agreement of the 16th April.

Spain might be discussed. Mr. Attlee's request was refused by the Prime Minister, and before Parliament reassembled at the end of the month the Republican resistance in Catalonia had given way; Barcelona had fallen into General Franco's hands; and it was clearly only a matter of days before the whole of Catalonia would come under Nationalist occupation. During a debate on foreign affairs on the 31st January, Mr. Chamberlain was able to point out, with perfect truth, that intervention on behalf of the Republicans would now have to be on a very considerable scale if it was to affect the issue, and, in reaffirming his faith in the rightness of the policy which H.M. Government were following, Mr. Chamberlain expressed in strong terms his belief that a reversal of the policy of non-intervention at this stage 'must inevitably lead to the extension of the conflict in Europe'.

Some justification for this belief had been provided during the previous three weeks by the reaction in Germany and Italy to discussions which were going on in France regarding the advisability of reversing the decision, taken by Monsieur Daladier shortly after his accession to office,[1] to reintroduce restrictions on the transport of munitions across the Franco-Spanish frontier. In France the anxiety which had always been felt by important sections of the public lest the application of the policy of non-intervention should result in the establishment of a hostile Power on the southern frontier was fanned to fever-heat early in January 1939 by the now apparently imminent prospect that the Nationalist armies, with their Italian and German auxiliaries, would overrun the whole of Catalonia. Anxiety as to the political and strategical implications of a Nationalist victory was naturally shared by members of the French Cabinet, and Monsieur Daladier himself was believed to be among the Ministers who were most keenly aware of the dangers with which France was threatened —especially at a time when the Italian Press was conducting a campaign against France in terms which appeared to indicate that irredentism was in the ascendant, while the head of the Italian Government was making somewhat ominous references to the possibility which the end of the Spanish war would offer for a review of Franco-Italian relations.[2] It was therefore not out of the question that the

[1] See p. 321, above.

[2] Signor Mussolini had made it clear to Mr. Chamberlain 'that the great barrier between France and Italy was the Spanish question and that until the civil war was over no negotiations between the two countries were likely to be productive' (Mr. Chamberlain in the House of Commons on the 31st January, 1939). The tone of Italian press comment was such as to make Frenchmen ask themselves whether Signor Mussolini did not really mean that he was

French Government might decide to make a last-moment attempt to prevent a Republican collapse by allowing munitions to cross the frontier in sufficient quantities to equalize the strength of the two parties in armaments; or alternatively that they might decide to guarantee themselves against the danger of a Fascist control of Spain by themselves taking control of strategic positions such as Minorca or Spanish Morocco.[1] These possibilities, which were freely discussed in political circles and in the Press in France, were the subject of indignant comment in the German and Italian Press; there were openly expressed threats that intervention by France would meet with a prompt and energetic reply in kind (the formula generally favoured was that Germany and Italy would 'resume their freedom of action'); and these threats were backed up by the announcement that Italy was calling 60,000 men to the colours on the 1st February and by reports that several thousand men were concentrated round Genoa and Spezia ready to leave for Spain at a few hours' notice.

These Fascist gestures, however, probably had less influence upon the French Government's decision than the information which was communicated to them regarding the Italo-British conversations in Rome and the effect which those conversations had produced on the minds of the British Ministers concerned. The French Foreign Minister, Monsieur Georges Bonnet, seems to have shared the view (which appeared to be one of the corner-stones of British foreign policy at this time) that the goodwill of Italy was still to be bought at a price, and he seems to have hoped that French acquiescence in General Franco's triumph might be accepted as a substantial instalment of that price.[2] The fact that Mr. Chamberlain and Lord Halifax were satisfied with Signor Mussolini's assurances that he did not intend to leave his troops in Spain after the war was over carried great weight with Monsieur Bonnet; and he was finally able—though not, it appeared, without considerable difficulty—to convince his colleagues in the Cabinet that the risks of standing passively by and

waiting until Italian troops had reached the French frontier before he formulated his demands upon France.

[1] At this time there were reported to be more than 50,000 French and native troops in French Morocco, while the majority of the Moorish levies were still in Spain. In its military aspect, therefore, a French occupation of Spanish Morocco might be expected not to present any great difficulty.

[2] Something of a sensation was caused in Paris during the last days in January by the circulation of a statement which was alleged to have been made by Monsieur Bonnet to Press correspondents to the effect that in his opinion Italy had got very little out of her 1935 agreement with France. It was officially denied that Monsieur Bonnet had made any remark of this kind; but the impression that he was disposed to yield to Italy's demands was not easily removed from the minds of his political opponents.

watching the Nationalists establish themselves in control of the whole of Catalonia were less serious than the risk of taking action in the face of the expressed determination of Germany and Italy to counter any measures of assistance which might be given to the Republicans and of the manifest unwillingness of the British Government to support France in any direct intervention on behalf of the Spanish Republicans. Appeals for assistance from the Spanish Republican Government—who sent Señor Álvarez del Vayo to Paris in the third week of January in a last desperate attempt to get help—were therefore rejected; and before Barcelona surrendered to General Franco on the 26th January it had become clear that the French Government did not intend to open the Spanish frontier for the transport of munitions on a large scale, and that if they had not put the idea of taking pledges in Minorca or Morocco entirely out of mind there was no immediate prospect of such action.

The sequel to the fall of Barcelona on the military and political planes is described in another chapter,[1] and the diplomatic moves which preceded the formal recognition of the Nationalist Government by France and Great Britain are also dealt with elsewhere.[2] In this place it only remains to record the final winding up of the machinery of non-intervention.

Neither the Non-Intervention Committee nor its sub-committee had held any meetings since the beginning of July 1938, when they had adopted the plan for withdrawing 'volunteers' from Spain.[3] As has been seen, when the Secretary of the Committee had failed to persuade General Franco to modify his attitude towards that plan, the Committee had in effect thrown in its hand; but although its activity was completely suspended during the last phase of the war it was not formally dissolved until after the war was at an end. The only change in the Committee's position during this period was effected early in March 1939 by the Soviet Government's announcement of their decision to withdraw their representative as from the 1st March—for the incontestably sound reason that the Committee had 'long ago ceased functioning'. The Non-Intervention Board, however, continued to carry on its work, and the system of maritime observation was maintained in force during the last stage of the struggle; for, although it could not be claimed that the system was achieving its purpose of preventing the transport of munitions by sea to Spain, it was felt that its existence did cause the intervening Powers to exercise a certain restraint. On the 7th March, when the

[1] See pp. 300 *seqq.* and 343 *seqq.*

[2] See section (iii), below.

[3] See pp. 324 *seqq.*, above.

end of the war was expected at any time, it was announced in the House of Commons at Westminster that in view of the military situation it was considered possible gradually to reduce the scale of the observing staff, and that a considerable number of the officers who had been engaged to supervise the land frontiers had already been dismissed.[1] About a fortnight later the German and Italian Governments informed the Non-Intervention Board of their decision not to make any further payments towards the cost of the scheme, and in these circumstances the Secretary of the Board announced on the 22nd March that he would proceed at once to dismiss all the observers and wind up the Board's affairs. The last formality took place on the 20th April, three weeks after the Spanish war had been officially proclaimed at an end, when the Non-Intervention Committee held a final meeting in order to dissolve itself.

Thus ended an international experiment which had followed a very different course from that intended by its promoters at the time of its genesis,[2] and for which the highest claim that could be made by its warmest supporters was that it had succeeded in confining the conflict within the frontiers of Spain—but this at the expense of the legally elected Government of that country and possibly also (as critics of French and British official policy were not slow to point out) at a high strategic cost to France and Great Britain themselves.

### (iii) The Recognition of the Spanish Nationalist Government by the Governments of France and Great Britain and the Withdrawal of German and Italian Troops from Spain

Within a few days of the surrender of Barcelona on the 26th January, 1939, it had become clear that the Republican army in Catalonia was no longer capable of offering effective resistance,[3] and, although the Republican leaders continued for some time to assert their intention of carrying on the struggle in the central zone which still remained unconquered, there was general agreement abroad that further resistance could only prolong the agony of Spain without affecting the final issue. In these circumstances the Governments of France and Great Britain were confronted by a problem which must be settled without delay—that of deciding at what time and under

[1] The land-observation scheme had not been in full operation for many months (see pp. 309, 312 *seqq.*, above), but the services of the more important members of the staff had been retained in case they should be required.

[2] See the *Survey for 1937*, vol. ii, pp. 231 *seqq.*

[3] See pp. 277–8 and 303, above.

what conditions they were to take the now inevitable step of recognizing General Franco's administration as the Government of Spain.

For Great Britain, the taking of this step did not appear to present any very great difficulty. The attitude of the British Government throughout the conflict had approached more closely to neutrality than that of the Government of any other Great Power; they had broken the ice with the Nationalists more than twelve months earlier when they had agreed to an exchange of official agents;[1] and, if they were to claim that the natural sequel to their policy was the recognition of the victor as soon as it was clear that victory was in his grasp, they were certain of the support of a substantial majority in Parliament, in spite of the criticism which they might have to encounter among some sections of the public. To the British Government, therefore, it might well seem that they had nothing to lose and possibly much to gain by granting *de jure* recognition to the Nationalist Government without waiting until they had actually completed their conquest of the whole of Spain. For reasons of general policy, however, it was considered highly desirable that the French and British Governments should act in concert in the matter of recognition, and the position of France *vis-à-vis* Nationalist Spain was a good deal more delicate than that of Great Britain.

Although France had not been guilty to the same extent as some Great Powers of openly and regularly violating the undertaking not to intervene in the Spanish war by sending help to either side, her sympathy with the Republicans had not been concealed, nor was there any doubt that she had rendered substantial assistance to the Republican cause by allowing arms and munitions to cross her frontier.[2] To the Spanish Nationalists, therefore, France had appeared hitherto in the guise of an enemy, and to be obliged to come forward now as an aspirant for the friendship of the new Spain was a necessity which could not but be galling to French pride. Yet, when once the decision had been taken not to give the Spanish Republicans the help which might perhaps have enabled them to stem the tide in Catalonia, it was clear enough to the logical and realistic French mind that the only course now open was to come to terms as soon as possible with the authorities who would shortly be supreme in Spain, in the hope that by this means France could obtain some degree of insurance against the danger of finding herself side by side with a third hostile neighbour.

Thus in both Paris and London the advisability of recognizing

[1] See the *Survey for 1937*, vol. ii, pp. 77, 176–7, 373, 374.
[2] See pp. 314–15, above.

General Franco without a prolonged delay had been accepted in principle by the beginning of February 1939, and the two Governments were consulting together on the method of procedure to be adopted in granting recognition, as well as on the possibility of mediating between the two Spanish parties for an immediate settlement which would avert further bloodshed.[1]

In regard to *de jure* recognition, the first concern in Paris and London was naturally the question whether Nationalist Spain would be in a position to follow an independent line, or whether the Powers which had helped General Franco to win his victory would be able to maintain their hold upon the country after the war had come to an end, and direct the Spanish Government's policy in accordance with their own interests. This general question had an immediate and concrete aspect: would the Italian and German troops leave Spain as soon as the fighting had ceased, or would they remain there indefinitely as a means of exercising pressure upon the 'democratic' Powers? On the particular question of the withdrawal of foreign troops, the British Government, as we have seen, were satisfied with the assurances which they had received from Signor Mussolini; and, while Herr Hitler had not committed himself to a definite promise to withdraw the numerically smaller German contingent at the end of the war, H.M. Government were apparently disposed to believe that there was not much ground for apprehension on this score.[2]

On the general question of the independence of Spain's future policy, the British Government had always been of the opinion that the Spanish national character was in itself an adequate guarantee that Spain would not allow any other Power or Powers to exercise undue influence or control over her, and they had been fortified in this opinion by General Franco's repeated declarations that he would never consent to part with a single square centimetre of Spanish territory.[3] The British Government could also point to the fact that in March 1938 they had received from the Nationalist administration

[1] On the question of mediation, see p. 300, above.

[2] Mr. Chamberlain told the House of Commons on the 15th February that Herr Hitler had said at Munich in September that he would be ready to withdraw his troops from Spain as soon as other Governments were prepared to withdraw theirs. This contingent promise might appear to have been invalidated already by the fact that the departure of members of the International Brigades from Spain had not been accompanied or followed by the withdrawal of any Germans; but the 'Fascist' contention was, of course, that the disbanding of the International Brigades—even though it was carried out under international supervision—was merely a deceptive gesture, and that there were still large numbers of foreigners serving in the Republican ranks.

[3] See the *Survey for 1937*, vol. ii, pp. 120–1.

a specific assurance that there was no question of the alienation of any Spanish territory after the war, or of permission being given to Germany or Italy to establish bases on Spanish soil.[1] Moreover, as recently as the 16th August, 1938, in a note to the Non-Intervention Committee,[2] General Franco had publicly reaffirmed his determination never to agree to the slightest mortgage upon the soil or the economic life of Spain. As for the possibility that the Nationalist Government, even if they did refrain from paying their debts to Italy and Germany in the form of territorial or economic concessions, might yet be willing—or perhaps unable to refuse—to follow a line of policy laid down by those Powers, it could be argued that the Government of a country which had just emerged from an exhausting civil war must devote their energies to reconstruction and were not at all likely to commit themselves too closely to Powers whose adventurous policy might involve Spain with them in a general war. In any case, it appeared to the British Government that the best hope of guarding against the contingency that Spain might join the Axis lay in the establishment at the earliest possible moment of normal diplomatic relations between Nationalist Spain and the 'democratic' Powers—who would, it was felt, in any case have much to offer which could not be offered by the 'totalitarian' states with their closed economies to a country that would shortly be engaged in reconstructing itself.

Arguments such as these were not entirely convincing to the French Government, to whom the perils of miscalculation on such vital questions perhaps loomed somewhat larger than they did in London; and, in the discussions which took place in the French Cabinet at the turn of January and February on the attitude to be adopted towards Nationalist Spain, the idea of trying to strike a bargain appealed strongly to some Ministers. Instead of recognizing General Franco unconditionally, might it not be possible to barter recognition for some guarantee that the Spanish leader would dismiss his foreign auxiliaries and would not follow an anti-French policy? A specific assurance on these points, if it could be obtained, would, of course, be welcome in London as well as in Paris, even though the British Government felt less uneasiness than the French in regard to Nationalist intentions. There was also another matter on which both Governments were agreed in thinking that assurances were desirable, and that was the question of the treatment which the Nationalists

[1] This assurance was given verbally by the Duke of Alba, the Spanish Nationalist agent in London, and confirmed a few days later in a formal note.
[2] See p. 327, above.

intended to mete out to their defeated opponents when they had them in their power.[1] A promise of a wide amnesty, or even a declaration that there would be no general or indiscriminate reprisals, would, it was felt, make it much easier for the Republicans to lay down their arms, and also easier for the Governments in Paris and in London to justify before their own publics a decision to recognize the Nationalist Government at an early date.

Since the French Government had no agent at Burgos it was difficult for them to undertake the necessary preliminary soundings with any secrecy; and on the 2nd February it became known that the Council of Ministers had decided to send an unofficial envoy on a special mission to Nationalist Spain. The individual entrusted with this task, who left for Burgos on the same day, was Monsieur Bérard, a Senator and former Minister who had at one time been closely associated with Monsieur Poincaré, and whose sympathy with Nationalist Spain was well known. The nature of the instructions given to Monsieur Bérard was not officially announced, but it was understood that, while he had been asked to discuss in the first place the question (which was becoming more urgent every day) of the future of the refugees who were pouring into France across the Catalonian frontier,[2] he had also been asked to explore the ground in the matter of establishing diplomatic relations, and to ascertain in particular whether General Franco would be prepared to give a *quid pro quo* in the form of assurances regarding his future foreign policy and his treatment of his opponents.

When Monsieur Bérard returned to Paris on the 8th February he was able to report that his reception in Burgos had been cordial, and it appeared that in his discussions with the Nationalist Foreign Minister, General Jordana, some progress had been made towards the settlement of concrete questions, such as those of the future of Spanish refugees in France and the renewal of railway and postal communications. In regard to the more delicate part of his mission, he was reported to have received the impression that the Nationalist Government regarded the institution of normal diplomatic relations as their due and not as a matter on which a bargain could be considered; but at the same time he was given an assurance that General Franco was withdrawing his Italian auxiliaries from the neighbourhood of the French frontier, and he himself was said to have been satisfied by his conversations that there was little danger that Nationalist Spain would pursue a policy hostile to France. His principals

[1] On this question of reprisals, see pp. 290–1, above.
[2] See pp. 395 *seqq.*, below.

in Paris were also receiving other indications in the same sense. For instance, three French military experts were invited by the Nationalist authorities in the first week of February to make a tour of inspection on the Spanish side of the frontier in order to investigate the truth of rumours that there were gun emplacements and fortifications in the Pyrenees, and on their return the experts reported that they had not found any trace of the alleged military preparations on the frontier. There was also the fact that, as the Nationalist troops reached the French frontier and occupied the customs stations, their officers adopted a friendly and even cordial attitude towards the French authorities on the spot. On the other hand, French doubts whether the Nationalist Government would in fact be able, whatever their wishes might be, to pursue an independent policy were strengthened by the incident at Minorca on the 9th February, when Italian aeroplanes bombed the island while a British cruiser, which had been placed at the disposal of the Nationalist authorities to enable them to negotiate a surrender, was lying in the harbour.[1] Moreover, an article by Signor Gayda which appeared in the *Voce d'Italia* on the 5th February gave fresh cause for alarm; for the most authoritative of Italian publicists now declared that General Franco's victory could not be considered complete 'until all the Red arms and armies have been liquidated both in Spain and in the neighbouring territories where they were organized, and where from time to time they find refuge and assistance'.[2]

At a meeting of the French Council of Ministers on the 14th February opinion was still divided in regard to the desirability of immediate recognition of General Franco. While some Ministers, headed by Monsieur Bonnet, considered that to withhold recognition any longer would merely be to play into the hands of Italy and Germany,[3] others felt that by the act of recognition the French Government would be throwing away their only means of exercising pressure upon General Franco to send his foreign auxiliaries home.

[1] See p. 301, above.

[2] The implications of this article were repudiated by Count Ciano in an interview with Lord Perth on the 7th February, and the Italian Foreign Minister renewed his Government's assurance that the Italian troops would leave Spain as soon as the whole country had come under General Franco's control.

[3] This point of view was confirmed by the indignation which was expressed by Italian and German journalists on the subject of Great Britain's part in bringing about the surrender of Minorca and by their scathing comments on the Bérard mission. The attitude of the German and Italian Press appeared to indicate that there was a good deal of uneasiness lest the 'democratic' Powers should succeed, after all, in preventing the totalitarian Powers from enjoying the reward for their services to Nationalist Spain.

Moreover, there was a natural feeling of reluctance (which was shared in London) to decide upon a step which implied the withdrawal of recognition from the Spanish Republican Government so long as that Government were able to exercise authority over any portion of Spanish territory. Against this consideration, however, there was the argument that withdrawal of recognition by France and Great Britain might prove to be a decisive factor in inducing the Republicans to abandon any further attempt at resistance.

The French Council of Ministers finally decided to send Monsieur Bérard back to Spain, this time as their official representative, to continue the negotiations for the settlement of outstanding questions and to pave the way for the establishment of normal diplomatic relations. While it was denied that Monsieur Bérard was to offer recognition on conditions, it was understood that he would try to obtain assurances that Spain would not join the Axis and that there would be no wholesale reprisals (the anxiety felt on this head in Paris and London had not been decreased by the issue in the middle of February of a decree laying down the penalties which were to be inflicted on 'politically responsible' opponents of the Nationalist cause). Monsieur Bérard's second series of conversations with the Nationalist authorities began on the 18th February, and continued, with interruptions, until the 26th February, when the French representative signed an agreement with General Jordana.

The Bérard–Jordana Agreement began by defining the principles upon which the diplomatic relations between France and Spain, which were about to be established, were to be based. The French Government expressed their conviction that the Nationalist Government 'fulfils all the conditions necessary to guarantee the independence and integrity of Spain', and took note 'that the repeated declarations of General Franco and his Government express faithfully the principles which inspire the international policy of the Spanish Government'. The two Governments accordingly affirmed 'their desire to maintain friendly relations, to live on good-neighbourly terms, and to practise in Morocco a policy of loyal and frank collaboration'; and they undertook to take all the necessary measures, each in their own territory, to prevent 'all activity directed against the tranquillity or security of the neighbouring country', the French Government promising in particular to take special steps to guard against action of this kind in the neighbourhood of the frontier by Spaniards who had taken refuge in France.

The more detailed provisions of the agreement related to the return of Spanish property which had found its way to France during the

course of the war 'against the wishes of the rightful owners'. The Spanish Government declared that they attached 'particular importance' to this question; and the French Government, 'recognizing the equity' of the Spanish request, undertook 'to use all the means at their disposal for the restitution of these goods within the shortest possible time'. The following classes of Spanish property were specifically mentioned: the gold which had been deposited in the Bank of France;[1] arms and material of war of all classes belonging to the Republican Government or destined for that Government; cattle of all classes; merchant and fishing vessels, whatever their port of registration in Spain; all artistic possessions, gold, jewels, precious stones, money, bills, title-deeds, and other documents which had been taken or sent to France since the outbreak of war; and all vehicles which had been taken from their rightful owners or possessors.

Finally, there was a clause reserving for future examination 'in a spirit of conciliation' all outstanding questions which were not mentioned in the agreement, the settlement of which the Nationalist Government were obliged to postpone because of the 'special situation created for Spain as a consequence of the war'.

It will be seen that there was no mention in the agreement of any Spanish concession to France, and since it had previously been reported that the Nationalists were prepared to consider an arrangement by which France might recoup herself for some of the expenses which she was incurring in the maintenance of Spanish refugees[2] by retaining some of the Spanish property which had been brought on to French soil—for instance, by taking over for the use of the French Army the war material which the Republican Army had brought with it in its final retreat—it was evident that, if Monsieur Bérard had indeed been trying to strike a bargain, he had had very much the worst of it. It seemed, in fact, that after his return to Spain, Monsieur Bérard had soon become convinced that General Franco was determined not to buy recognition by France at a price (the Spanish leader might well calculate that recognition could not in any case be long deferred); and after Monsieur Bérard had reported in this sense to Paris he received instructions to conclude the detailed agreement on the lines desired by Spain and to assure General Jordana that unconditional *de jure* recognition would be given without delay.

[1] This gold, of the value of about £8,000,000, had been deposited in the Bank of France in 1931 as security for a loan. Payments on the loan had been completed after the outbreak of war, but the French Government had refused to accede to repeated requests from the Republican Government that the gold should be returned to Spain.

[2] See pp. 395 *seqq.*, below.

The decision in Paris to abandon any attempt to strike a bargain with General Franco was taken with a good deal of reluctance, and, it appeared, not without some pressure from London. At a meeting of the British Cabinet on the 15th February the unconditional recognition of General Franco had been agreed upon in principle, and the Cabinet had left it to the Prime Minister and the Foreign Secretary to decide the exact moment for action. On the following day the British Agent at Burgos, Sir Robert Hodgson, acting on instructions from London, had notified General Franco that his Government desired to enter into normal diplomatic relations at the earliest possible moment, and had explained that it would facilitate the grant of *de jure* recognition if General Franco would make or authorize a statement regarding the dismissal of his foreign troops and the avoidance of reprisals, since such a statement would greatly reassure public opinion in the 'democratic' countries. While the Nationalist authorities did not accept this suggestion, they gave Sir Robert Hodgson general assurances which were considered satisfactory in London. Mr. Chamberlain and Lord Halifax waited a few more days before deciding that the time for action had come—partly in the hope that a settlement by negotiation might be achieved between the Spanish parties which would obviate the necessity of withdrawing recognition from a Government that was still nominally in existence. By the end of the third week of February, however, it was felt in Downing Street that further delay could serve no useful purpose. British representations in this sense seem to have been made in Paris, where it was recognized by this time that Monsieur Bérard was not going to succeed in extracting any guarantees from General Franco. The French Government, therefore, decided to take the plunge, and on the 24th February Monsieur Daladier announced during a debate in the Chamber that he had decided to recommend the Council of Ministers at its next meeting on the 27th February to grant unconditional *de jure* recognition to General Franco's Government. This announcement was accepted by the Chamber—though not without evident misgivings—by a vote of 323 to 261 in the Government's favour. The formal decision was duly taken by the Council of Ministers on the 27th, and on the same day Mr. Chamberlain informed the House of Commons at Westminster that *de jure* recognition had been accorded to the Nationalist Government that day.[1] On the 28th February

[1] It was a sign that the inevitability of this step was generally recognized in England, however much it might be regretted in certain circles, that Opposition criticism should have been directed against Mr. Chamberlain principally on the ground that he had misled the House because he had stated in answer to a parliamentary question during the preceding week that no decision had

the Spanish Embassies in London and in Paris were handed over to the Nationalists; and within a few days it was announced that the French Government had appointed Marshal Pétain as their first Ambassador to Nationalist Spain. The appointment of Sir Maurice Peterson as the British Ambassador was announced later.[1]

A number of the lesser states of Europe and America had not waited for France and Great Britain to lead the way in the matter of recognizing the Nationalist Government but had already come to terms. At the end of the year 1937 General Franco's Government had been recognized only by Germany, Italy, Albania and a few small Latin-American states.[2] In January 1938 Hungary and Austria had taken a step which their membership of the Rome Protocol Group made it difficult for them to refuse;[3] and in May 1938 Portugal had also at last committed herself. A number of other states had followed the example of Great Britain during 1938 and had adopted the compromise of appointing consular agents in Nationalist Spain.[4] It was not until after the completion of the occupation of Catalonia that most Governments considered that the time to grant *de jure* recognition had come. The Government of Eire were first in the field, on the 11th February, and a dozen or more Governments had entered into diplomatic relations with Burgos between that date and the 27th February, when the French and British decisions were announced. The process continued during March, and on the 1st April the Nationalist Government had the satisfaction of obtaining recognition from the Administration at Washington. In the middle of February the United States Government had rejected a suggestion from certain Latin-American Governments for the formation of a common American front on the question of recognizing General Franco, and the Latin-American states had accordingly taken independent action; but by the end of February it was considered in

yet been reached in regard to recognition. It appeared that the aspect of the matter which troubled the Opposition most was the failure to obtain any binding assurance from the Nationalists that they would exercise clemency.

[1] Sir Maurice Peterson presented his credentials to General Franco on the 11th April, 1939. The Duke of Alba, who for the past fifteen months had been acting as Spanish Nationalist Agent in London, was appointed Spanish Ambassador to the Court of St. James.

[2] See the *Survey for 1937*, vol. ii, pp. 256, 373–4 *n.*

[3] See the *Survey for 1937*, vol. i, p. 443.

[4] These states included Czechoslovakia and Rumania, Greece and Turkey, the Netherlands and the Scandinavian group, and Switzerland. In Belgium the question of appointing an agent gave rise to a prolonged political crisis and nearly caused the downfall of the Government, and the appointment was not made until the end of January 1939, when the Nationalist triumph was already in sight.

political circles in Washington that in view of the French and British decision American recognition could not be long postponed—despite the traditional reluctance to accept a change which had been brought about by force. In the event, the United States Government waited until after the surrender of Madrid, and then, a few hours before the end of the war was formally proclaimed, simultaneously recognized the new Spanish Government and issued a proclamation raising the embargo on the export of arms to Spain. This action by the Administration in Washington left the U.S.S.R. as the only Great Power which had not entered into diplomatic relations with Nationalist Spain; and in this case the prospect of a mutual change of attitude which would make such relations possible did indeed appear to be remote.

Meanwhile, Marshal Pétain had entered upon his duties as the first French Ambassador in Nationalist Spain and was finding the task of establishing normal friendly relations far from easy. The appointment as Ambassador, at the age of 83, of the most distinguished living French soldier, who was known to be *persona grata* with General Franco and his colleagues (he had co-operated with the Spanish Army in the campaign against Abdu'l-Karim in Morocco in 1925),[1] taken in conjunction with the terms of the Bérard–Jordana Agreement, had seemed to indicate that the French Government, in deciding to recognize the Nationalist Government, had set their feet upon a new course which they intended to follow without hesitation or reserve; and it appeared at first as though their gestures might be going to produce the effect which they desired. From the comments of the Spanish Press on the appointment of the French Ambassador it looked as though the compliment which France was paying to General Franco was appreciated, and Marshal Pétain was also given a cordial reception by the public when he arrived in Spain in the middle of March. Instead of returning the compliment in kind, however, the Spanish Government appointed as their Ambassador in France Don José Felix Lequerica, a comparatively speaking unknown Falangist who had been Mayor of Bilbao. General Franco, moreover, did not receive Marshal Pétain until the latter had been in Spain for a week, and the reason for the delay was said to be that the French authorities had not yet handed over the ships belonging to the Republican fleet which had taken refuge at Bizerta on the 7th March, 1939. During the last week of March the French Government decided to allow the Nationalists to take over these ships, and the fleet left Bizerta under Nationalist control on the 2nd April. Meanwhile,

[1] See the *Survey for 1925*, vol. i, Part II, section vii.

Marshal Pétain had presented his credentials on the 24th March, but he did not find his way any the smoother for the removal of the first obstacle in his path.

Apart from the general—and not unnatural—suspicion of French motives and policy which was felt in Nationalist Spain, the principal obstacle in the way of a Franco-Spanish *rapprochement* arose out of the delay in the application of the Bérard–Jordana Agreement, by which the French Government had undertaken to make prompt restitution of Spanish property in France. The return of cattle across the frontier had begun by the end of March, but in respect of the other categories of property mentioned in the agreement there were delays which had not been anticipated, and were much resented, on the Spanish side. On the French side it was pointed out that the position in regard to the gold which had been deposited in the Bank of France, and also in regard to some of the *objets d'art* and other valuables, was complicated by the fact that the question of their legal ownership had been taken before French courts which had not yet rendered their decision; but it was also apparent that the attitude of the French authorities was still tinged by the reluctance to abandon bargaining-counters which had made itself felt in February. It was not unnatural, indeed, that French opinion should have considered it justifiable to retain Spanish assets at a time when the maintenance of Spanish refugees was making heavy demands on the French Treasury;[1] but since the Spanish authorities were able to counter attempts to bring pressure on them on these lines by refusing to accept the refugees whom the French authorities wished to repatriate, the delay on the part of France in fulfilling her pledge seemed likely to lead to a deadlock on the refugee question rather than a settlement, and at the same time it was clearly having an effect upon the Spanish attitude towards France which could not but react unfavourably on French interests in the existing international situation. The Spanish Press, indeed, adopted a highly critical and even hostile tone towards France on the subject of the delay in carrying out the agreement of the 26th February, and in the middle of April the Spanish Ambassador in Paris took the unusual step of appealing direct to the French people through the Press—pointing out that the return to normal relations depended upon the loyal execution of the agreement. Another *communiqué*, complaining that France had not yet carried out the principal clauses of the agreement, was issued by the Spanish Embassy early in May. In the second week of May it was announced that the French Government had decided to expedite the return of

[1] See pp. 399–400, below.

Spanish property, and in particular to hand over the Republican arms and war material without delay. The delivery of rolling stock was reported to have been completed by the 17th May, and the handing over of train-loads of munitions began on the 23rd May. A question to which the Spanish Government attached even more importance, however—that of the gold in the vaults of the Bank of France—was not settled until the end of July. On the 26th of that month the Nationalist Government's right to the gold was confirmed by the First Chamber of the Tribunal of the Seine, which ruled that the Bank of Burgos was 'the only official bank in Spain' and rejected the claims of the former Governor of the Bank of Valencia and of French holders of Spanish bank-notes to intervene in the matter. On the 28th July the gold was loaded into lorries and conveyed into Spain by road.[1] The settlement of this question made a good impression in Burgos, and Marshal Pétain, who had an interview with Monsieur Bonnet in Paris on the 8th August, was said to have been able to report a marked and favourable change in the Spanish attitude towards France.

One purpose which the French Government had undoubtedly had in mind when they appointed Marshal Pétain as their Ambassador had been to obtain his expert opinion on the probable strategical consequences for France of General Franco's victory. In particular, it had been hoped that he would be able to keep an eye on the movement of Italian and German troops and report on the prospects of their withdrawal from Spain.

When, on the 21st February, General Franco had reviewed an army of 80,000 men at Barcelona, Italian legionaries, under their Commander-in-Chief, General Gambara, had headed the column; and there had been reports that the Italians had been given the post of honour because this was to be their last public appearance before their departure from Spain. There were even reports that General Franco had actually asked General Gambara to take his men home immediately after the parade. The Italian legionaries and the German 'Condor Legion' were, however, still in Spain in full force when the German Government seized Bohemia and Moravia on the 15th March; and they were still there when the end of the Spanish war was officially proclaimed on the 1st April. By the terms of the Anglo-Italian agreement of the 16th April, 1938, Signor Mussolini was

[1] On the 13th August, a still more valuable cargo left La Rochelle for Spain by sea. This was treasure, valued at no less than £60,000,000, which had been removed from the vaults of the Bank of Bilbao by the Basque Government on the eve of the fall of Bilbao and despatched to France.

pledged to withdraw all his troops, with their material, as soon as the war was over; but there had been no signs of any preparations for departure when, on the 7th April, the Italian Army carried out its *coup* in Albania. The presence of Italian and German troops in Spain was naturally one of the factors which the Governments of Great Britain and France had to take into account in considering the implications of the latest German and Italian *coups* and deciding the policy which they themselves should follow; and Lord Perth was instructed to make special inquiries regarding the withdrawal of Italian troops from Spain when, on the 9th April, he had his first interview with Count Ciano after the events in Albania. Count Ciano assured him again that it was the Government's intention to bring all the Italian forces in Spain, including the airmen, back to Italy, and that they were only staying on in order to be able to take part in the great victory parade which was to be held in Madrid. On the 13th April this assurance was reported to the House of Commons by Mr. Chamberlain and to the House of Lords by Lord Halifax in the course of the statements which they made on Italy's annexation of Albania; and they both made it clear that the fulfilment of this pledge would be taken as the acid test of Italy's protestations of her desire to keep the Anglo-Italian agreement in force and carry out all its terms. H.M. Government were not shaken in their intention of refraining, at any rate for the present, from taking the view that the occupation of Albania was a violation of the Anglo-Italian agreement which rendered it null and void (the agreement provided, *inter alia*, for the maintenance of the territorial *status quo* in the Mediterranean) by Opposition suggestions that they were 'buying the Italians out of Spain by making no noise about Albania,'[1] or that the 'rape of Albania was to the Anglo-Italian Agreement what the destruction of Czechoslovakia was to the Munich Agreement'.[2]

It had originally been understood that General Franco intended to make his triumphal entry into Madrid on the 20th April, but by the time when Lord Perth had his interview with Count Ciano the date of the victory parade was expected to be the 2nd May—the anniversary of Madrid's rising against Napoleon in 1808. This would mean that the Italian troops would spend another three or four weeks in Spain, and although this prospect was unwelcome in London—and *a fortiori* in Paris—it was felt that in the circumstances the delay could scarcely be made the subject of a protest. When, however, it became known a week later that the date of the victory parade was

[1] Lord Snell in the House of Lords.
[2] Mr. Attlee in the House of Commons.

being postponed until the 15th May, and when there were reports at the end of April of yet another postponement, there were clearly grounds for considerable uneasiness—the more because this was by no means the only disquieting sign. There was the announcement on the 7th April that the Spanish Government had adhered to the Anti-Comintern Pact on the 27th March, and that the method of collaboration between Spain and the Governments which had signed the Pact[1] would be the subject of further agreements—an announcement which had apparently been delayed for the express purpose of throwing the Spanish weight into the scales at the moment of Italy's *coup* in Albania. About a week later, there followed the German Government's notification that the spring exercises of the German fleet would take place off the coasts of Spain, and that the ships would leave their home ports on the 18th April. During April there were reports—unverified but none the less disturbing—that fresh Italian reinforcements were arriving in Spain;[2] that Italian troops were massing between Burgos and Saragossa; and that German artillerymen and technicians, with a large amount of material at their disposal, were distributed among the towns in northern Spain.[3] There was a report that Marshal Pétain had formed the opinion that, while the Spanish Army did not by itself constitute a menace to France, Germany and Italy could count on the use of Spanish ports and air bases in the event of a general war.[4] There were also reports of Spanish troop concentrations in the neighbourhood of Gibraltar and of the construction of fortifications (under German supervision, it was said)

[1] For the signature of the Anti-Comintern Pact on the 25th November, 1936, see the *Survey for 1936*, pp. 384 *seqq.* and 925 *seqq.*; and for Italy's adherence on the 6th November, 1937, see the *Survey for 1937*, vol. i, pp. 43–4 and 301 *seqq.* Hungary adhered to the Pact on the 14th January, 1939.

[2] These rumours were the subject of representations in both Rome and Burgos, and their truth was officially denied. On the 15th May the Under-Secretary for Foreign Affairs stated in the House of Commons at Westminster, in reply to a question, that His Majesty's Government had 'no information that any Italian troops' had 'entered Spain' since the issue of a *communiqué* at midnight on the 1st April, announcing that the war had ended.

[3] French military experts, however, were permitted to conduct further investigations on the Spanish side of the frontier during the first half of April, and they reported that they had not found any evidence of the existence of secret aerodromes or of concentrations of artillery or the massing of Italian troops.

[4] It may be noted that General Sir Charles Harington, who had been Governor of Gibraltar during the crisis of September 1938, said in the course of a speech before the Royal Empire Society on the 15th February, 1939: 'My information, for what it was worth, was that General Franco had wished to be neutral in the event of a general war but that Herr Hitler had told him that he could be, but that he would use his bombers from Spanish aerodromes.'

between Algeciras and Málaga and also in Spanish Morocco[1]—reports which led to a good deal of attention being paid in Great Britain to the measures which had already been put in train by the British authorities to strengthen the defences of Gibraltar. Since the Italian irredentist campaign against France was now at its height, there seemed to be reason to fear that preparations were in train for a concerted attempt to exert pressure upon the 'democratic' Powers while the Italian and German troops were still in Spain.

If there was some plan of this kind in German and Italian minds, it miscarried. The spring exercises of the German fleet off the coasts of Spain passed off without incident, and the squadron had returned to Kiel by the 17th May; the victory parade in Madrid was indeed postponed again, but only until the 19th May; and as soon as it was over preparations for the departure of the German and Italian troops in Spain began in earnest.

The victory parade in Madrid on the 19th May was not attended by any special representative either of the Italian or of the German Government (there had been rumours that Count Ciano and General Göring would be present), but the Italian 'Littorio' division was again given the post of honour at the head of the column. The Germans, whose policy it had been throughout to make themselves as unobtrusive as possible in Spain, were content with a more modest position, and the 'Condor Legion' did not appear until the great bulk of the Spanish troops, more than 100,000 strong, had passed the saluting-post. As soon as the Madrid celebrations were over, the 'Condor Legion' was concentrated at Leon, where a farewell parade was held on the 22nd May. On the 26th May five German ships left Vigo carrying German troops, and the transport ships reached Hamburg on the 31st May. The preparations for the departure of the more numerous Italians took a few days longer, but it was announced in Rome on the 22nd May that they would all be on their way home by the end of the month. Some 20,000 Italian legionaries did, in fact, embark at Cádiz on the 31st May in eight transport ships;[2] the ships left Cádiz on the 1st June and arrived at Naples or the 5th June. The legionaries were accompanied by more than 3,000 Spanish troops,

[1] On the 18th April Mr. Butler stated in the House of Commons that His Majesty's Government had no confirmation of the construction of aerodromes or fortifications either near Gibraltar or near the Pyrenees.

[2] According to the Italian Press the number of the legionaries who returned at the end of May was 19,991. According to the information at the disposal of the British Government the number of Italians who left was approximately 22,000 and the number of Germans about 6,000 (Mr. Butler in the House of Commons on the 5th June, 1939, in answer to a parliamentary question).

and there were rumours that these Spaniards were to be drafted to Libya in order to repay in kind part of the Spanish debt to Italy. The Spaniards, however, having taken part in celebrations in Italy, returned home in the middle of June.[1]

In both Germany and Italy the return of the 'volunteers' was made the occasion of public demonstrations of welcome. The Germans were greeted on their arrival at Hamburg by General Göring, and on the 6th June more than 14,000 members of the 'Condor Legion', together with the crews of two German warships which had been stationed in Spanish waters during the war, were reviewed in Berlin by Herr Hitler. The Italians were welcomed by Count Ciano on their arrival at Naples on the 5th June and were inspected by the King of Italy on the following day. In both countries the part which the 'volunteers' had played in the Spanish war was the subject of descriptive articles in the Press, and Herr Hitler, in addressing the 'Condor Legion' on the 6th June, also gave details of the nature and extent of the German contribution towards General Franco's victory.[2] In

[1] This was the third Spanish military mission to Italy within a few weeks. A party of high Spanish military officers visited Italy at Signor Mussolini's invitation at the end of April, and a Spanish military delegation was present at the celebrations, in the middle of May, of the anniversary of the foundation of the Italian Empire. A delegation of Spanish Generals also accompanied the German 'Condor Legion' when it returned home and represented the Spanish Army at the parade in Berlin on the 6th June.

[2] One fact which was now publicly admitted—and indeed boasted of—was that both Germany and Italy began to send help to General Franco at a very early date. Thus Herr Hitler told his audience on the 6th June that he had decided in July 1936 to respond to an appeal from General Franco for help and to continue to assist him for so long as his enemies were receiving support from abroad; and at the parade on the 31st May General Göring boasted that German help at the beginning of the war, though not on a large scale, had been of decisive importance. Similarly, Signor Mussolini declared, at a banquet in honour of Señor Serrano Suñer on the 7th June, that the Italian Government 'did not hesitate to give' their 'full and open support from the first days right up to the final victory'.

In articles which were published in the *Völkischer Beobachter* and other German newspapers at the end of May and the beginning of June it was revealed that 85 'volunteers' had left Hamburg for Cádiz (travelling as a party of tourists) on the 31st July, 1936. They had taken with them six aeroplanes, and simultaneously 20 Junker machines were flown to Morocco for use in the transport of troops to Spain. In August 1936 the small German air group was reinforced by some flights of fighting aeroplanes, and in September further fighters were sent, together with reconnaissance machines, a heavy battery of anti-aircraft guns, and two tank companies. By November the German Government had come to the conclusion that the war would continue for some time and the 'Condor Legion' was despatched. This comprised groups of fighting and pursuit aeroplanes and reconnaissance machines, a strengthened anti-aircraft detachment and an air signals detachment. It was claimed that the 'Condor Legion' subsequently played a substantial part in every major action in the war—its great mobility and technical perfection

the German case in particular, this openness was in striking contrast with the reticence which had previously been observed in regard to German activities in Spain; and even among Herr Hitler's immediate audience there were perhaps some who recalled that only a few months earlier references to such activities in the foreign Press were still being described in Germany as malicious propaganda without any basis of truth.

If the departure of General Franco's foreign auxiliaries from Spain at the end of May 1939 failed to make any noticeable contribution towards the relaxation of international tension, that failure was per-

enabling it to be moved swiftly from one front to another as need arose. As to the part played by the German Army, its principal activity was that of training Spanish troops. Thus the tank detachment trained officers and men in the use of tanks and anti-tank defence and flame-throwing, and infantry, artillery, mortar and engineer schools were also organized in which 56,000 Spaniards received courses of instruction. It was also revealed that the German Navy, from August 1936 onwards, had sent gunnery, mine and signals specialists, who formed the 'North Sea Group' of the 'Condor Legion', and who acted as instructors, laid mines, and performed other technical services. This 'North Sea Group' took part in the parade before General Göring on the 31st May, together with detachments from ships which had served in Spanish waters during the war, whose officers were publicly thanked for the part which they had taken in preventing the Spanish conflict from spreading. The ships in question included the pocket-battleships *Deutschland* and *Admiral Scheer*, four torpedo boats and two submarines.

As for Italian disclosures regarding help to the Nationalists, Count Ciano, in an article which appeared in *Gerarchia* at the end of May, declared that Italian assistance had begun before the end of July 1936 with the despatch of nine aeroplanes to Morocco at General Franco's request (it was one of these aeroplanes which came down in French territory and thus revealed the fact of Italian intervention to the world. For this incident, see the *Survey for 1937*, vol. ii, pp. 223, 232, 237.) In this and subsequent articles in the Italian Press full details were given regarding the activities of the Italian Air Force in Spain. Italian pilots were said to have flown for a total of 135,265 hours during the war, participated in 5,318 bombing raids, hit 224 ships, and engaged in 266 air combats in which they brought down 903 enemy aeroplanes. The total number of air personnel engaged in Spain was given as 5,699 officers and men of the Air Force and 312 civilians. On the 8th June a semi-official review of the part played by the Italian Navy was given in *Forze Armate*. According to this article, ships belonging to the Italian fleet were employed from the outset in escorting troop transports to Spanish ports, and during the four months from mid-December 1936 to mid-April 1937, ships carrying 100,000 men, 4,370 motor vehicles, 40,000 tons of war material and 750 guns were thus escorted. (It was not clear from the context whether the 100,000 men included troops transported from Morocco or not.) From November 1936 onwards Italian submarines were engaged in interfering with ships carrying supplies to Republican Spain, and the article claimed that they sank 'numerous merchant ships' and seriously damaged a Republican cruiser and a destroyer. In addition, destroyers and torpedo boats carried out 'numerous operations of war against enemy units, effectively bombarded coastal defences and principal ports and sank many other vessels in Sicilian waters'. Altogether, it was stated, 149 vessels belonging to the Italian Navy took part in the Spanish war.

haps partly attributable to the fact that the Mediterranean area was only one—and at the moment not the principal one—of the storm-centres of Europe; and partly to doubts which were felt in the 'democratic' countries in the first place as to whether all the German and Italian troops had indeed withdrawn or whether some of them had not merely doffed their uniforms and transformed themselves into 'technicians' or 'labourers', and in the second place as to whether relations between Spain and the 'Fascist' countries were not likely to be of a nature which would deprive the recall of the Italians and Germans who had served during the war of any real significance.

When the imminent withdrawal of the Italian legionaries had been announced in Rome on the 22nd May, it had also been announced that they were leaving behind them most of their heavy material—tanks, artillery, and aeroplanes—for the use of the Spanish Army; and when the Italian transport ships left Cádiz on the 1st June it was known that between one and two thousand airmen were remaining in Spain for a short time longer in order to hand over their aeroplanes to the Spanish authorities. Most or all of these airmen were reported to have left Spain for Italy by the 10th June,[1] but their departure did not remove the anxiety which was felt in France and in Great Britain regarding the implications of the arrangement for handing over this additional war material to the Spanish Government. In British Opposition circles, in particular, it was recalled that in the exchange of notes accompanying the Anglo-Italian agreement of the 16th April, 1938,[2] the Italian Government had undertaken to remove all their arms and munitions, as well as their men, from Spain on the termination of the war. His Majesty's Government, however, took the view that it was not a breach of the Anglo-Italian agreement for the Italians to leave some of their war material behind them. In the House of Commons on the 7th June Mr. Chamberlain reminded his Opposition critics that the Non-Intervention Agreement had lapsed on the 20th April, and that there was no longer any international instrument in force which prohibited the giving or selling of arms to Spain. The Prime Minister also explained that the main object of the exchange of notes accompanying the Anglo-Italian agreement had been to insure against the possibility that at the end of the war the

[1] Some 5,000 of the Italian legionaries, however, most of them technicians, remained in Spain until the last week of June. When these 5,000 disembarked at Naples on the 27th June, it was announced that the evacuation of Italians from Spain was 'now complete', but during July further arrivals were reported. On the 4th July 500 sick and wounded reached Naples, and the disembarkation at the same port of 1,330 officers and men was reported by Reuter's correspondent on the 20th July.

[2] See p. 316, above.

Spanish Government might be induced to provide the Italian Government with bases in which large quantities of Italian material might remain under Italian control. The possibility that material might be sold or given to Spain had, he said, been discussed during the negotiation of the Anglo-Italian agreement, but that was not the eventuality against which His Majesty's Government had specially desired to guard. Their main objective had been attained by the withdrawal of the Italian troops and the material in their hands, and in these circumstances they did not propose to make any representations to the Italian Government 'unless the situation should be materially altered by any new development'.[1]

In regard to the question of Spain's future relations with the Axis Powers, at the time when the German and Italian troops left Spain it was still too early to say whether the Governments in Berlin and Rome would be able to count on the co-operation of the Government in Madrid in carrying out their plans—even to the extent of Spanish participation on their side in a possible general war—or whether the Spanish Government would refrain from committing themselves definitely and succeed in keeping their hands free to pursue the traditional Spanish policy of neutrality. The Spanish Government's adherence to the Anti-Comintern Pact might seem to mark a first step in the direction of prolonging the Axis from Berlin and Rome to Madrid; but the signature of the protocol of the 27th March, 1939, did not in itself necessarily mean much more than a public affirmation of the fact—regarding which there was, of course, no doubt—that Nationalist Spain's ideological affinities were with the 'Fascist' Powers. Moreover, the Anti-Comintern Pact was not the first international instrument to which the Spanish Government had affixed their signature. On the 18th March, 1939, they had signed a treaty of friendship and non-aggression with Portugal[2]—a treaty which not

[1] On this occasion Mr. Chamberlain was able to give the House an assurance regarding the position in Majorca—a question which had been giving rise to a good deal of anxiety. He said that the Italian air force in the island was being reduced; a number of pilots had already left and the rest were expected to leave shortly. His information was that all save two of the Germans employed in connexion with the air base on the island had already left.

[2] The Portuguese Government had never concealed their sympathy with the Nationalist cause, and, while they appear to have been less unscrupulous in regard to their international engagements than General Franco's other supporters, there was no doubt that they did give assistance to the Nationalists. That fact was indeed admitted by the head of the Government after the war had ended. 'Against the undertakings given by the Government out of easily understandable political necessity,' said Dr. Salazar in a speech to the National Assembly on the 22nd May, 1939, 'some thousands of Portuguese, eluding in a thousand ways the vigilance of the authorities, gave up their work, interests

only contained the usual clauses providing for mutual respect for frontiers and binding the parties not to commit aggression against one another, but which also included comprehensive provisions by which either state undertook not to give aid or assistance to an aggressor against the other nor to permit a third party to pass through its territory in order to launch an attack upon the territory of the other.

The conclusion of this treaty with Portugal[1] appeared to indicate Spain's desire to live and let live in peace, and the same impression was conveyed by certain speeches which were delivered by General Franco shortly after the termination of the war. Thus in a speech broadcast at Madrid at midnight on the 19th–20th May, after the victory parade, General Franco insisted that the new Spain must place her 'dignity and independence above all'. 'Our desire,' he said, 'is to collaborate in the pacification of Europe.' Again, speaking to women Falangists ten days later, General Franco declared that Spain must be strong not in order to embark upon adventures but as a guarantee of peace.

While General Franco himself might be convinced of the wisdom of following a cautious policy, there was evidence that some leading Nationalists, particularly among the Falangists, were in favour of close co-operation with Italy and Germany. It was significant that Señor Serrano Suñer, a Falangist and one of the most influential members of the Government, should have accompanied the detachment of Spanish troops who left Spain for Italy with the Italian legionaries on the 1st June,[2] and that his public statements while he was in Italy and on his return to Spain should have had a strong pro-Fascist and anti-democratic tinge. On the whole, it seemed that, in

and comfort to fight for Spain and to die for Spain. I am proud that they should have died well.' At the beginning of June it was announced that the officers and non-commissioned officers of the Portuguese corps of volunteers—who were known (in allusion to the ancient Lusitanian patriot) as Viriatos—had returned to Portugal, and that their leader, Captain Moniz, had been decorated by the President of the Republic. Many of the Portuguese rank and file were reported to be enlisting in the Spanish Foreign Legion.

Despite these proofs of friendship, Portugal had some reason to fear that the policy of the new Spain would be detrimental to Portuguese interests—particularly in view of the existing uncertainty as to the extent of the influence likely to be exercised over the Spanish Government by two Powers with an unappeased appetite for colonies—and General Franco's willingness to sign a non-aggression treaty no doubt helped to reassure Portuguese opinion. It did not, however, make the Portuguese Government feel that they could afford to let other forms of insurance lapse; and the end of the Spanish war was followed by significant demonstrations of Portugal's loyalty to her oldest alliance, that with Great Britain.

[1] Ratifications of the Spanish-Portuguese treaty were exchanged on the 31st March, 1939.

[2] See p. 356, above.

spite of the fact that Italy had contributed on a larger scale than Germany towards the Nationalist victory, Germany had somewhat better prospects than Italy of extending her influence in Spain now that the war was over. The Italians seem, indeed, to have been more successful in establishing friendly relations with the civilian population of Spain than the Germans, whose efforts to consolidate a position for themselves in the country's economic life brought them into direct competition with Spaniards and aroused a good deal of resentment. On the other hand, the Italian legionaries were far from popular in Spanish military circles, whereas the traditional Germanophil tendency of the Spanish Army had been strengthened by the demeanour of the German troops who had been sent to help in winning the war. The German soldiers, airmen and technicians had conducted themselves with greater tact than the Italians and had reaped their reward in the maintenance of good relations with their Spanish comrades and pupils. In January 1939 the Spanish Government had signed a cultural agreement with Germany which provided for the establishment of a German national institute in Spain, and for the exchange of students and other cultural interchanges, and this agreement appeared to open the way to a considerable strengthening of German influence. As for German economic penetration of Spain, this had made some headway before the war came to an end, and there was no doubt that the German Government hoped to be able to play an important part in the economic reconstruction of Spain. In May 1939 a German commission was reported to be discussing with the Spanish authorities plans for German assistance in the construction of buildings and in engineering works and for a large-scale exchange of manufactured goods and raw materials. Italy was also counting on repaying herself in part for her expenditure in Spain by sharing in the work of reconstruction, and a syndicate had been formed at the end of 1938 to undertake road and railway construction, the building of bridges and so on (it was contemplated, apparently, that some of the labour required would be supplied from Italian sources). It remained to be seen whether the Spaniards were willing to avail themselves of either or both of these offers of help in reconstructing their country;[1] and also how far it would be possible, if Spain so desired, to develop economic exchanges on the barter basis which was rendered necessary by the German and Italian systems of economy. In view of the

[1] A plan for reconstruction which was made public towards the end of April 1939 laid down an ambitious programme of road building and also provided for the construction of railways and harbours, for irrigation works, &c. It was announced that national raw materials were to be used as far as possible in these public works.

similarity between many Italian and Spanish products, it seemed probable that Germany had at least a better chance of success in this respect than her partner in the Axis.

In any case, the indications which were available in the early summer of 1939 could hardly be said to point to a fulfilment of the expectation, on which the British and French Governments had to some extent based their policy, that Spain would be bound to turn to the 'democratic' countries after the war for the financial and economic assistance of which she would be in need. In May 1939 it became known that negotiations for a loan of about £20,000,000 were in train between the Spanish Government and an international banking group in which Dutch banks took the lead but which also included some French banks; and that Monsieur van Zeeland, the former Belgian Prime Minister, was ready to go to Spain, if the Spanish Government consented, in order to investigate the country's economic and financial resources on behalf of the banks concerned.[1] This project, however, came to nothing as a result of the premature publicity which it received, which enabled supporters of a pro-Axis policy to interpret the bankers' manœuvres as part of an attempt at 'economic encirclement'. In his speech at Madrid after the victory parade, General Franco himself referred to 'certain countries which, with a view to bringing pressure to bear on our sovereignty in the political domain, are seeking to encircle us in the economic field in the hope that once again the way may be laid open to the powerful interests which for so long weakened our independence and our strength'. 'Let all the world know,' the head of the Spanish Government added, 'that this will for ever be impossible.' Again, in a speech to the National Council of the Falange Española Tradicionalista on the 6th June General Franco warned his hearers that Spain was confronted by serious economic problems, and, after a friendly reference to the aid given by Germany and Italy, he went on to speak of his disappointment that the recognition of the Nationalist Government by France and Great Britain had not been followed by any real improvement in relations. General Franco referred in particular to the delays in the fulfilment of the Bérard–Jordana Agreement, and he also accused

[1] In both France and Great Britain it was officially denied that there was any question of a loan for Spain being floated in those countries. In an answer to a parliamentary question on the subject on the 18th May, the British Chancellor of the Exchequer explained that His Majesty's Government had been consulted as to the desirability of British financial institutions' associating themselves with an inquiry into the position in Spain with a view to a loan, and that they had expressed the view that such action would be inappropriate, since it was improbable under existing conditions that a substantial foreign loan could be issued successfully on the British market.

Great Britain of sequestrating 'a great part of the wealth of our banks'.[1] References to the Western democracies no less bitter in tone were made by Señor Serrano Suñer in a series of speeches which he delivered in Spain in the middle of June immediately after his return from Italy. 'Spain's enemies of to-day, yesterday, to-morrow and always', he said on one occasion, 'know our material poverty and have steadfastly refused to believe in the inexhaustible value of our quarries of moral energy. They believe that they can deprive us of the fruits of victory by economic coercion.'

As we have seen, the relations of the Spanish Government with the French Government left a good deal to be desired at this time, and while the appointment of the Duke of Alba as Spanish Ambassador at the Court of St. James had been a good omen for the ultimate revival of the traditional Anglo-Spanish friendship, the course of Anglo-Spanish relations was not yet running smoothly. The Spanish leaders' complaint of 'economic encirclement' and their expressed determination to achieve the greatest possible measure of self-sufficiency, combined with the efforts which Germany and Italy were making to develop their economic relations with Spain, showed that there were serious obstacles in the way of the restoration of British influence in Spain through the channels of trade; and in June 1939 it seemed that the best that the 'democratic' Powers could hope for from Spain in the near future was that she would refrain from giving her definite allegiance to the Axis Powers.

### (iv) Attacks by the Spanish Nationalists on non-Spanish Ships trading with Republican Spain

The 'piratical' campaign against non-Spanish ships in the Mediterranean in the summer of 1937, and the measures which were taken

[1] This was a reference to litigation which was in progress regarding bonds and securities to the value, it was reported, of some £1,000,000, which had been sent by the Republican Government to London just before the end of the war for the ostensible purpose of establishing a trust fund for the benefit of refugees. Mr. Henri de Reding, a Swiss subject who had agreed to act as administrator of the trust, had deposited the boxes containing the securities in strong-rooms rented from the Chancery Lane Safe Deposit Company; and after the war had ended the Spanish Nationalist Government applied to the Courts for an injunction restraining the company from handing over possession of the boxes until an action to determine the ownership of the securities had been heard—their contention being that the charitable trust was a fiction and that the transaction was an attempt to deprive the new Government of Spain of property to which they were entitled. An injunction restraining the company from parting with the boxes for a limited period was granted towards the end of May, but the action to determine ownership was still pending when General Franco referred to the question in his speech of the 6th June.

at the Nyon Conference in September to bring it to an end have been described in the preceding volume.[1] The Nyon arrangements were successful in dealing with the problem of submarine attacks on merchant ships, and for some four months after the signature of the agreement of the 14th September, 1937,[2] there were no instances of such attacks. The prevention of attacks by aircraft was in the nature of the case more difficult, and the bombing of ships from the air did not cease altogether with the application of the agreement of the 17th September,[3] though it was kept within limits. When, however, the Governments which had undertaken to patrol the principal traffic lanes in the Mediterranean decided, early in January 1938, that the Nyon arrangements were working satisfactorily enough to justify a reduction in the strength of the patrols, the Spanish Nationalist command promptly took advantage of the withdrawal of some of the patrolling warships in order to renew the attempt to prevent foreign ships from trading with Republican ports.

On the 11th January, 1938, a Dutch merchantman, the *Hannah*, bound for Valencia with a cargo of wheat, was torpedoed off Cape San Antonio. The ship was sunk, but her crew reached Alicante in safety. According to the masters of the ships concerned, unsuccessful torpedo attacks were made on two British ships on the 15th and the 19th January respectively, the first near Valencia and the second near Sagunto. Simultaneously with this renewal of 'piratical' attacks, the Nationalists resumed the practice of intercepting non-Spanish ships on the high seas and directing them to call at a port in territory under Nationalist control. The *Nantucket Chief*, a tanker flying the United States flag, and carrying Russian oil to Barcelona, was captured off Barcelona on the 18th January by two Nationalist gunboats and was taken to Palma in Majorca.[4] On the 23rd January a French vessel carrying food-stuffs was intercepted off Palamos, but was freed by the intervention of a French destroyer; on the same day a ship flying the flag of Panamá was forced to change her course and taken to Ceuta; and on the 26th a British merchantman which had been stopped off Gibraltar was released by a patrolling destroyer.

On the 31st January a more serious incident occurred. On that day the British ship *Endymion*, with a cargo of coal for Cartagena, was torpedoed without warning off Cape Tinoso; the ship sank immediately and ten of the fourteen persons aboard were drowned—

[1] The *Survey for 1937*, vol. ii, pp. 339 *seqq.*

[2] *Op. cit.*, pp. 347–8.

[3] *Op. cit.*, pp. 348–50.

[4] The *Nantucket Chief* was released after a fortnight's detention as a result of representations from the United States Government.

including the Swedish non-intervention observer.[1] On the 4th February another British ship, the *Alcira*, was sunk off Barcelona by an attack from the air; the two seaplanes responsible did, however, give five minutes' warning of the attack and the crew escaped in a boat. These two incidents were the subject of strong protests from the British Government to General Franco, but previous experience had shown that diplomatic representations alone were of no avail, and before the attack on the *Alcira* the British Government had not only reinforced the patrolling ships in the Mediterranean but had also approached France and Italy, the other Powers responsible for patrolling the traffic routes under the Nyon Agreement, with a suggestion for more drastic action against submarines.

The Nyon Agreement provided that the patrolling ships should attack and if possible destroy any submarine which was known to have made a 'piratical' attack upon a merchant ship or which was found in the vicinity of a ship which had just been attacked. The British Government now proposed that the patrolling Governments should order their warships to attack any submarine which was found submerged in the zones for which they were responsible. The French Government had given their approval to this proposal before the 4th February, and on that day the Italian Government also concurred in it—laying stress in their note on Italy's vital interest in the freedom and security of traffic in the Mediterranean. General Franco was notified of the new arrangement a day or two later by the British Government, who also warned him once again that the Nationalist Administration were held responsible for the damage done to merchant ships by aircraft and submarines, and would be expected to pay full compensation. In describing the steps which had been decided upon to the House of Commons on the 7th February, Mr. Eden announced that the British Agent in Nationalist Spain, Sir Robert Hodgson, had been instructed to inform the authorities that the patience of His Majesty's Government was 'not inexhaustible'; that they wished it to be known 'once and for all' that they could not 'continue to deal with these attacks' on British shipping 'solely by protests and claims for compensation'; and that they reserved 'the right henceforth, without any further notice, to take such retaliatory action in the event of any recurrence of these attacks as' might 'be required by and appropriate to the particular case'. Mr. Eden also assured Mr. A. V. Alexander, who had suggested that the best method of stopping submarine attacks would be to blockade the ports which the submarines used as their bases,

[1] Another member of the crew died a few days later.

that, if the measures contemplated did not prove effective, His Majesty's Government 'would not exclude any further action'.

The extension of the Nyon arrangements for dealing with submarines did, however, serve its purpose, and there were no more authenticated cases of the torpedoing of non-Spanish ships during the year 1938.[1] Steps were also taken to strengthen the naval and air forces of the patrolling Powers in order to enable them to deal more effectively with attacks on merchant ships from the air; but, as had been the case during the last quarter of 1937, these steps were only partially successful, and bombing attacks by aircraft on the high seas continued to be reported at intervals. For instance, there were reports of two such attacks on French steamers on the 22nd February; an unsuccessful attack was made on a British ship at the end of April; a Danish ship was sunk by bombs on the 21st July; and a Norwegian ship was attacked with bombs and machine-gun fire on the 24th July. In the last-mentioned incident the ship in question was not even bound for a Spanish port, but was carrying passengers and cargo from China to Oslo; and among the ships which were intercepted and taken to Nationalist ports during the summer and autumn of 1938 there were several more merchantmen flying the Norwegian flag which were not engaged in trade with Republican Spain. A Norwegian steamer carrying passengers and cargo to India, for instance, was stopped in the Straits of Gibraltar in mid-June; a ship carrying fish from Iceland to Marseilles was arrested at the beginning of August; of three Norwegian tankers which were seized and taken to Majorca in October and November, two were carrying oil from the Black Sea to Algiers and the third was on its way to the Baltic; and a Norwegian-owned ship sailing under the Panamanian flag, which was seized in November, was carrying corn from the Black Sea to Oslo.[2] By the summer of 1938, indeed, it appeared that the Nationalist tactics had been largely successful so far as Scandinavian ships were concerned, and their owners had for the most part abandoned the Spanish trade as too dangerous to be profitable (although, as the instances cited above show, their caution in this respect did not save their ships from interference when they were *en route* through the Mediterranean). Before the Spanish war had

[1] The crew of a French steamer which sank off Gibraltar on the 11th August were reported to be uncertain whether their ship had struck a mine or had been torpedoed, but there appeared to be no evidence of the presence of a submarine on the scene.

[2] Norwegian ships were by no means the only sufferers from the practice of interception which was carried out by the Nationalists on a considerable scale during the winter of 1938–9 (see also pp. 384–5, below).

entered upon its third year the great bulk of the sea-borne trade with Republican Spain was being carried by ships flying the British flag, and it was therefore British interests which were primarily—though not exclusively[1]—affected when, in the spring of 1938, the Nationalists developed on an extensive scale the practice of bombing non-Spanish ships in Republican ports.

Ever since the beginning of the war non-Spanish ships which called at Spanish ports to unload their cargoes had of course been liable to suffer damage during air-raids, and owing to the Nationalists' superiority in the air and to their practice of bombing towns far removed from the area of fighting, ships trading with Republican Spain had always run this risk to a greater degree than those which called at Nationalist ports. It was not until 1938, however, that the Nationalists deliberately concentrated their air attacks upon the harbour area in Republican ports, in the hope, apparently, of frightening away the foreign ships which used those ports and thus cutting off or greatly restricting the imports of food-stuffs and other essential supplies upon which their opponents depended, as well as depriving them of the war materials which were still reaching them by the sea route. The object of this policy was the same as that of the 'piratical' campaign on the high seas in the preceding year, and its inauguration coincided in time with the reappearance of submarines in the Mediterranean in January 1938. On the 20th January a British ship, the *Thorpeness*, was attacked by bombing aircraft during a raid on Tarragona, and several members of the crew were killed or injured. After an interval of some weeks another incident of the same kind took place, again at Tarragona. On the 15th March the *Stanwell* was bombed and set on fire, three persons being killed and seventeen wounded, and at the beginning of April the masters of several British ships lying in Tarragona harbour reported that they were being subjected to daily attacks from the air (these attacks do not, however, appear to have caused any serious damage). By the end of April the Nationalist command had apparently come to the conclusion that, despite Mr. Eden's strong words in February,[2] no retaliation need be feared at British hands, and the campaign increased in intensity until in June scarcely a day passed without a report of damage suffered by a ship flying the British flag in a

[1] For instance, one French ship was set on fire at Valencia at the beginning of May; there was an attack with bombs and machine-gun fire on another at Denia on the 9th June; and a week later two more were reported to have been sunk at Valencia. A Dutch ship was hit at Valencia in the first week of June, and an American ship at Barcelona about a fortnight later.

[2] See p. 366, above.

Spanish port. Between the middle of April and the middle of June 1938 twenty-two British-owned ships were involved in air attacks on Spanish ports, and eleven of them were either sunk or seriously damaged.[1]

The owners and masters of ships trading with Spanish ports had been repeatedly warned by the British authorities that, while they would receive naval protection so long as they were on the high seas, if they chose to enter Spanish territorial waters it must be at their own risk, and they must not expect intervention on their behalf.[2] It was the practice of the British Government, however, to enter protests against any damage done to, or interference with, British merchant ships, whether inside or outside territorial waters, whenever it was possible to establish responsibility, and to reserve the right to submit claims for compensation, without making specific claims at the time.[3] When ships were damaged in Spanish ports, the practice of His Majesty's Government was to draw a distinction between cases in which there was evidence to show that the ship had been deliberately selected as a target by Nationalist aircraft, and cases in which the damage appeared to have been caused incidentally in the course of an air-raid on the port. The attacks on the *Thorpeness* in January and on the *Stanwell* in March were the subject of protests after His Majesty's Government had satisfied themselves that the masters of the ships were justified in their allegations that they had been singled out for attack, but no action appears to have been taken in connexion with reported damage to two ships, one at Valencia and the other at Sagunto, in the last week of February.

From the end of April onwards this distinction between deliberate and accidental bombing became increasingly difficult to draw. While the masters of ships which suffered damage day after day in Nationalist air-raids roundly declared their belief that the bombing of their ships was intentional, it was not always easy for them to support their allegations with incontrovertible evidence, and the British Government were all the more reluctant to accept the shipmasters' views on the question whether the attacks were deliberate because the inefficacy of protests was being proved by the continuance of

[1] These figures were given by Mr. Chamberlain to the House of Commons on the 14th June.

[2] See the *Survey for 1937*, vol. ii, pp. 307–8, 339–40 *n.*, 393 *n.*

[3] A statement to this effect was made by Mr. R. A. Butler, Under-Secretary of State for Foreign Affairs, in the House of Commons on the 28th March, 1938. Mr. Butler also said on this occasion that up to that time four British merchant vessels had been sunk by aircraft or submarines in port or on the high seas, twelve had been damaged, for the most part during air-raids on ports, and ten had been captured and detained in Nationalist ports but subsequently released.

the incidents and they had to reckon with an increasingly strong demand for more drastic action on their part. By the beginning of May the masters and owners of ships trading with Spain were publicly expressing their dissatisfaction with the failure of His Majesty's Government to protect ships which were engaged in lawful business. On the 5th May a number of shipmasters at Barcelona sent a telegram to Mr. Lloyd George protesting against 'the apparent betrayal of British interests and the disregard of the lives of British seamen by the British Government'. The shipmasters objected in particular to a statement which had been made in the House of Commons on the preceding day by Mr. Butler, who had said that air-raids at Valencia on the 25th April and 1st May appeared to have been directed against the port, and that there was no 'evidence to show that attacks were deliberately aimed against British vessels'. According to the shipmasters' version all the bombs in one of the raids at Barcelona had fallen 'in a restricted area of a few hundred yards in the immediate vicinity of the majority of British shipping in the commercial port'. On the 9th May another protest and a demand for immediate action, this time from thirteen shipmasters at Valencia, was published in the British Press.

The dissatisfaction of shipmasters and shipowners with the Government's policy of inaction was felt in circles which were less directly concerned in what was happening in Spanish ports but which believed that vitally important British interests were at stake. It was pointed out that the question at issue was not merely the maintenance of a profitable trade (the value of the trade with Republican ports during the six months December 1937 to May 1938 was estimated at £7,000,000), nor even the protection of British lives; the really important question was whether attacks upon neutral shipping in contravention of international law[1] were to be accepted as the normal practice in time of war by the Government of a country which would in all probability be more dependent than almost any other country, in the event of its becoming engaged in hostilities, upon the maintenance of supplies brought to its ports in neutral ships.

During May a number of possible methods of dealing with the new problem which had arisen were canvassed in the Press and in

[1] Even if General Franco had been granted belligerent rights he would not, of course, have been entitled under international law to attack without warning neutral ships trading with his opponents either on the high seas or in territorial waters. He would merely have been entitled to stop such ships and search them and bring them before a court if they were found to be carrying contraband.

Parliament, but none of the solutions suggested was felt in Government circles to be free from serious objections. One proposal which received some support was that the embargo on the export of anti-aircraft guns to Spain should be lifted in order to enable the Republicans to defend their harbours and the ships lying in them against air attack; but this course would have involved a breach of the Non-Intervention Agreement which His Majesty's Government were not prepared to contemplate. Proposals that the British Government should themselves install anti-aircraft batteries in ports or station warships near at hand were also ruled out because, as Mr. Chamberlain told the House of Commons on the 14th June, it was 'impossible to tell whether any aeroplane [was] intending to attack a British ship until the attack [was] delivered, and . . . to wait until the attack had been delivered would be to deprive the defence of any useful effect'. It followed, therefore, that 'fire would have to be opened on all approaching aircraft. Action of this kind would obviously constitute participation in the defence of the port and would amount to direct intervention in the civil war.' The British Government, for similar reasons, also rejected a proposal that merchant ships should be allowed to carry machine-guns for their own defence. His Majesty's Government felt that any retaliatory action on their part would be difficult to reconcile with the collective policy of non-intervention of which they had become the principal supporters, and would entail a risk of international complications which they ought not to run unless they were prepared, in the last resort, to go to war. It was also pointed out that various measures of retaliation which were suggested—such as a blockade of Nationalist ports, the seizure of Nationalist ships, or the imposition of a ban upon exports to the Nationalists of certain non-contraband commodities—would be very likely to provoke counter-measures—such as the seizure of British ships in Nationalist ports or the expropriation of British property in Nationalist territory—which might well result in the last state of British interests in Spain being worse than the first. Other considerations which influenced public opinion to some extent were the belief that shipmasters and shipowners were compensated by an exceptionally high rate of profit for the risk of trading with Republican Spain,[1] and the knowledge that a certain proportion of the ships

[1] It was reported, for instance, in the middle of April that freight rates for coal carried from the United Kingdom to Spanish Republican ports were between 19*s.* and 23*s.* a ton—a rate about three times as high as that in force between British ports and, say, Marseilles. On the other hand, it was pointed out that the high freight rates had to cover a very heavy insurance premium. By the middle of June the insurance rate was said to have risen to 25 per cent.

flying the British flag which were engaged in the Spanish trade were British in little but the name.[1] On the other hand, it could be argued on behalf of the shipowners that trade with Republican Spain in commodities which were not on the Non-Intervention Committee's list was perfectly legal, and even if it was exceptionally profitable that was no reason for depriving it of any protection to which it was entitled;[2] and it could also be urged that the practice of allowing foreign-owned ships to register in the United Kingdom and thus acquire the right to fly the British flag had been deliberately encouraged hitherto for reasons of general policy (the practice had proved of considerable advantage to Great Britain on the outbreak of war in 1914).

On the 23rd May, in reply to parliamentary questions, Mr. Butler told the House of Commons that the British Agent at Burgos had been instructed to make further representations to the Nationalist authorities regarding attacks which there was 'definite evidence to show were deliberately aimed against British ships', and to point out that in addition to these attacks there had been 'a great number of recent raids in which British ships' had 'been seriously damaged and life' had 'been lost', and also cases where bombs had 'been dropped in the close vicinity of British ships lying in harbour'. Mr. Butler announced that His Majesty's Government, 'after considering these incidents collectively', had

> 'been forced to conclude that either deliberate attacks on British ships are being made or else the bombs are being dropped haphazard in such a manner as to cause indiscriminate damage to ships in the port. They therefore consider that they have ample ground for insisting that these incidents shall cease and that at the least proper care shall be exercised

of the value of the cargo—a rate which would clearly diminish the margin of profit very considerably. While profits to be derived from the Spanish trade did no doubt weigh heavily with the shipping companies, some of them of mushroom growth, which engaged in it, it was hardly fair to assume that there were no altruistic motives at play in the minds of the shipmasters and seamen who risked their lives in carrying food and fuel and other necessities of life to Republican Spain. Such motives certainly seem to have actuated the captains and crews of British ships which took food into and refugees from the northern ports of Spain in the summer of 1937 (see the *Survey for 1937*, vol. ii, p. 393).

[1] According to a statement published in *The Financial News* of London on the 6th July, 1938, of 140 ships then trading with Spain, 27 had acquired the right to fly the British flag since 1936.

[2] In the debate in the House of Commons on the 23rd June it appeared that Mr. Chamberlain did not accept the validity of this argument, for he referred to the attraction of high freights as responsible for the maintenance of the trade with Spanish Republican ports, and suggested that it would be highly unreasonable to expect the Government to take action which might involve them in war in order to give protection to people who were carrying on a risky trade for the sake of profit, despite the warnings which they had received.

by the bombing aircraft not only in selecting objectives, but also in dropping their bombs on those objectives in such a manner as not to cause indiscriminate damage to British shipping in Spanish Government ports.'

Mr. Butler added that the British Government were 'considering in conjunction with British shipowners whether any other steps' could 'be taken to avoid damage to British shipping in Spanish Government ports'.

These consultations continued for some three weeks, and during that period the situation in regard to attacks on British shipping continued to go from bad to worse. On the 8th June it was reported that eight ships had been sunk or damaged during the last ten days; on the 8th and again on the 10th there were attacks on the British-owned port of Gandia, in which a dredger was sunk and warehouses and wharves were wrecked; on the 9th a French ship was damaged at Denia and three British ships at Castellon and Alicante were attacked. A particularly serious feature of the situation was the increasingly strong evidence that, in spite of protestations from the Nationalist authorities that British ships were not being singled out, the attacks on them were in fact deliberate. Thus in the case of the *Thorpehall*, which was sunk at Valencia on the 25th May, the ship was anchored a mile and a half off the entrance to the harbour, and it was reported to have been reconnoitred by an aeroplane the evening before it was attacked. The attack on the port of Gandia, again, could hardly be held to be anything but deliberate, since even on the supposition that British ownership of the buildings might not have been known in advance to the pilot of the attacking aircraft, they were clearly marked by the British flag. Moreover, in the raids on Denia, Castellon and Alicante on the 9th June, a new technique was used which implied deliberate intent; the attacking aircraft flew low over the French ship *Brisbane*[1] and the British ships *Isadora*, *Thorpehaven* and *Stanray* and directed machine-gun fire upon the decks.

Nevertheless, the British Government came to the conclusion that there was little or nothing that they could do to meet the demands of shipowners and of the public at large for the protection of British ships from this Spanish Nationalist campaign. The Government's attitude to the whole problem was defined by the Prime Minister in a statement which he made in the House of Commons at Westminster on the 14th June. Mr. Chamberlain began by telling the House the

[1] On the *Brisbane* seven persons, including a British non-intervention officer, were killed.

gist of a communication which had been received from Burgos on the 5th June in reply to the British Agent's representations.

> The Burgos authorities stated . . . that they deplored the loss of life that had occurred at Valencia and other ports and that it was in conflict with their policy that their aviators should single out British ships for attack. British ships were, however, liable to mingle with ships of other nationalities, and where they lay in the neighbourhood of military objectives the task of discrimination between ships and military objectives was rendered at times impossible. They were unable to renounce the use of the air arm inasmuch as the prolongation of the war was due to the importation of military supplies which they declared were being carried by British and other ships.

In commenting on this reply, Mr. Chamberlain pointed out that if 'military supplies' meant arms and munitions, His Majesty's Government had 'taken drastic steps to ensure that no British ships carry arms into any port in Spain'. The Burgos authorities had been 'invited to furnish . . . any evidence in their possession on this point',[1] but, except in one case which was *sub judice* at the moment,[2] no evidence had 'yet been produced . . . to show that there' had 'been any contravention of the law by British ships'.

Mr. Chamberlain went on to refer to the continuance of the air bombardments, and reported that His Majesty's Government, 'faced with a situation which' had 'arisen out of the development of military aircraft and' was 'without precedent in previous experience', had 'given earnest consideration to the question of what action, if any, they could take which would be likely to give protection to British shipping without reversing their declared policy of non-intervention'.

Having referred to the difficulties of arranging for the protection of British shipping in any Spanish port without participating in the

[1] An official statement issued at Saragossa on the 11th June gave the names of eleven ships flying the British flag which, it was alleged, were engaged in carrying war material to Republican ports.

[2] This was the case of the *Stancroft*, which had been taken to Gibraltar on the 12th May, at the request of the Non-Intervention Board, for an examination of its cargo. The case had been reported by the Non-Intervention observer (a German), after the *Stancroft* had taken on board at Barcelona on the 4th May a cargo which included nine aeroplane engines and a number of empty cartridge and shell cases. The captain of the ship was arrested at the end of May and charged before the Gibraltar Court with contravening the Merchant Shipping (Carriage of Munitions to Spain) Act (see the *Survey for 1937*, vol. ii, p. 259); but the case was dismissed in the middle of June on the ground that the ship was carrying its cargo from one Spanish port to another, and that the Act did not apply to traffic between Spanish ports. The Crown, however, appealed against this decision of the Gibraltar Justices, and early in September the Acting Chief Justice at Gibraltar upheld the appeal and ruled that the Act was applicable to the case.

defence of the port,[1] Mr. Chamberlain explained that the Government had 'considered retaliatory action of various kinds' but that, 'as at present advised', they were 'not prepared to embark on such measures, which, apart from their inherent disadvantages,' could 'not be counted upon to achieve their object'. He then went on to describe two proposals which had been made and which might, 'if found practicable, go some way in the desired direction'. The first, which was that safety zones for shipping should be provided in certain harbours,[2] presented 'considerable difficulties', but was being 'actively investigated'. The second proposal, which had been received from Burgos on the 11th June, was to the effect that

> a port in Spanish Government territory should be selected outside the zone of military operations for the use of British merchant ships, which could enter and leave it unhindered. The Burgos authorities desire to make it a condition that the port should not be used for the purpose of supplying the Spanish Government with munitions or certain other commodities, and they therefore propose the appointment of international commissioners who would be in a position to guarantee that no such commodities were carried in ships using the port. The selection of such a port or ports would mean that British ships entering it under these conditions would be free from the risk of bombardment.

Apart from these specific proposals, Mr. Chamberlain announced that 'the result of further and detailed examination' had been

> to show that effective protection cannot be guaranteed to ships trading with ports in the war zone while they are in territorial waters unless this country is prepared to take an active part in the hostilities. In the opinion of His Majesty's Government they would not be justified in recommending such a course, which might well result in the spread of the conflict far beyond its present limits.

The Prime Minister therefore repeated previous warnings to British shipping that, while the Government would 'continue to afford protection as hitherto to ships on the high seas, ships entering ports which are liable at any time to be the object of military operations and attack must do so at their own risk'.

Mr. Chamberlain concluded by remarking that it was impossible that the attacks on British ships could be repeated 'without serious injury to the friendly relations which the Burgos authorities have declared that they desire to maintain with the British Government' —an observation which was greeted by cheers from Government supporters and by laughter from the Opposition. The dissatisfaction

[1] This passage has been quoted already on p. 371, above.

[2] This suggestion had been discussed in the Press, and it had been laid before Mr. R. A. Butler by a deputation of shipowners, underwriters, seamen, and members of Parliament at the beginning of June.

felt by the Opposition with the Prime Minister's declaration was indicated by the questioning to which he was subjected at the close of his statement, and Labour and Liberal uneasiness was not diminished by a further statement by Mr. Chamberlain on the 21st June in the course of a debate on aggression in China and in Spain with special reference to air bombardment. Mr. Chamberlain enlarged again on this occasion upon the difficulty of taking any action to protect ships while they were in Spanish territorial waters and remarked that 'while war continues we must expect a succession of these incidents'. There was ample justification both for this forecast and for Labour apprehensions; for, although there had been a slight respite between the 10th and the 14th June, the Prime Minister's statement in the House of Commons on the 14th appeared to have given the signal for a renewal of the attacks upon non-Spanish ships. Two French ships were sunk and two British steamers were bombed at Valencia on the 15th June (one was set on fire), and a third British ship was damaged at Barcelona on the same day; there was another attack on a British ship at Valencia on the 16th; and on the 22nd two British ships were damaged, again at Valencia—the technique of machine-gun fire from a low altitude being used again on this occasion. This was the background against which the British Government's policy—or absence of it—was debated in the House of Commons on the 23rd June, on a Labour motion calling attention to the 'refusal of His Majesty's Government either to offer adequate protection' against these incidents 'or to take measures to prevent their recurrence'. The discussion showed that anxiety regarding the implications of inaction in the face of this continued and deliberate provocation was by no means confined to the Opposition, but among the majority of the Government's supporters the inclination to criticize was tempered by appreciation of the very real difficulty of deciding upon any course of action that was not open to serious objections. Some ten members who normally supported the Government voted against them in the division, but the motion was defeated by 275 votes to 141.[1]

[1] On the 27th June it was announced that Viscount Cecil of Chelwood, who had ranked hitherto among the Government's supporters in the House of Lords, though he had frequently criticized the Government's policy on particular points, had now refused the Government Whip because he considered that Mr. Chamberlain's attitude regarding the attacks on British ships was 'inconsistent with British honour and international morality'. Another member of the House of Lords who, like Lord Cecil, could hardly be suspected of taking a materialistic view of British interests and who shared Lord Cecil's dislike of the Government's policy in this matter was the Archbishop of York. Dr. Temple and a number of other Anglican leaders issued a statement early

In the course of the debate on the 23rd June Mr. Chamberlain made it known that the Government were satisfied that the attacks on two British ships at Valencia on the preceding day had been deliberate, and that Sir Robert Hodgson had been instructed to ask urgently for an explanation of action which was entirely inconsistent with Nationalist assurances, and to return to London as soon as he had received this explanation in order to consult with the Government. A proposal that the seriousness of British views on the subject of attacks on shipping should be emphasized by the recall of the British Agent had been dismissed as unlikely to serve any useful purpose by Mr. Chamberlain only two days earlier, and the announcement of Sir Robert Hodgson's recall—even though it was said to be only for purposes of consultation—was therefore welcomed by the Government's critics as a sign of a stiffening of their attitude. Nevertheless, two more ships were sunk on the 27th June, one at Valencia and one at Alicante, and the British Government then decided to approach the problem from a new angle. On the 28th June the British Ambassador in Rome had an interview with Count Ciano in which he pointed out that the continuance of the campaign against British ships would be likely to have an adverse effect upon the prospects for bringing the Anglo-Italian agreement of the 16th April into operation, and suggested that the Italian Government might use their influence in order to persuade the Nationalist authorities to call a halt. Before Mr. Chamberlain's statement of the 14th June, there had been signs of decided anxiety in Rome lest the British Government should, after all, decide upon retaliation or upon measures of defence against the German and Italian aircraft which were engaged in bombing Spanish Republican ports, and there had been corresponding signs of relief when the Prime Minister's announcement showed that no action likely to involve international complications need be feared. When Mr. Chamberlain's statement was followed by the debate of the 23rd June in the House of Commons, which proved that the Prime Minister's attitude had the backing of the majority of his Conservative supporters, it seemed not improbable that the use which was being made of Italian aircraft in the attempt to cut off Republican supplies might be intensified in the hope of forcing a decision before the summer was over. The result of the British *démarche* at the end of June, however, provided the supporters of Mr. Chamberlain's policy of coming to terms with Italy

in July pleading for effective action to deal with the outrages against British ships on the ground that an important principle was at stake and that the betrayal of principles could only lead to international anarchy.

with a certain justification for their faith in the beneficent effect of the agreement of the 16th April; for at the interview between Lord Perth and Count Ciano on the 28th June the latter promised that his Government would use such influence as they possessed at Burgos in the direction of securing an abatement of the attacks on shipping; and—whether as a result of Italian intervention or in consequence of the departure of the British Agent from Burgos—there followed a period of three weeks during which no British ship suffered any damage in a Spanish Republican port.

On the 30th June, Sir Robert Hodgson arrived in London with a communication from General Franco's administration in reply to the British representations. In this note the Nationalist authorities declared again that British ships were not selected for attack and that any damage which they suffered was an incidental result of their presence in ports which were legitimate military objectives. The note also amplified the suggestion, which had already been made on the 11th June,[1] that a special port in Republican Spain should be set aside for non-contraband trade and should be immune from attack. It was now suggested that the port selected for this purpose should be Almería—the small Andalusian port which had been bombarded by German warships on the 31st May, 1937, in reprisal for a Republican air attack on the *Deutschland*.[2]

This suggestion did not remove the objections which, as had been realized in London from the first, were inherent in the proposal for the recognition of a single special port in Republican Spain. Mr. Chamberlain had referred to some of these objections in his speech in the House of Commons on the 14th June. He had pointed out that there would have to be an 'agreed understanding' in regard to the commodities which would be handled at the port, and he had also pointed out that the effectiveness of the proposal 'would clearly be impaired unless ports in both portions of the territory held by the Spanish Government were allotted for the purpose indicated'. Between the dates of Mr. Chamberlain's statement and Sir Robert Hodgson's return to London at the end of the month, it had become clear that a proposal for one or two special ports had very little chance of being accepted by the Republican Government, to whom this course seemed hardly preferable to the alternative of recognizing the Nationalists' belligerency and giving them the right to impose a blockade upon the Republican coast. When the suggestion which Sir Robert Hodgson brought with him was discussed early in July

[1] See p. 375, above.
[2] See the *Survey for 1937*, vol. ii, pp. 226, 313.

by the British Government with representatives of shipowners, they also found it completely unacceptable. Apart from the fact that Almería would give access to one part only of the Republican territory, it was pointed out that the facilities at that port were totally inadequate to deal with more than a small proportion of the British ships trading with Republican Spain,[1] and also that communications between that port and Madrid could easily be cut by the Nationalists, whose front line approached at one point within a few miles of the railway connecting the port with its hinterland. On the 13th July Mr. Chamberlain stated in the House of Commons, in reply to a parliamentary question, that the inherent difficulties and the opposition of Barcelona made it doubtful whether the proposal regarding Almería could be proceeded with, and the suggestion appears to have been allowed to drop without being formally rejected. In the third week of August the idea of special ports was revived again by the authorities at Burgos, who offered, in their note in reply to the proposals of the Non-Intervention Committee regarding the withdrawal of foreign 'volunteers',[2] to allow one 'safe' port to be established in Catalonia in addition to one on the Levante Coast. This concession, however, went only a little way towards meeting the objections which had been raised against the suggestion regarding Almería, and the Nationalists' offer does not seem to have been taken into serious consideration in London.

By this time, indeed, any hope of ensuring by direct methods the immunity of non-Spanish ships from attack in Spanish ports appeared to have been abandoned,[3] and in a new proposal which was under discussion attention was concentrated on the possibility of obtaining reparation for the losses incurred. The suggestion, which took shape during Sir Robert Hodgson's visit to London in July, and which was

[1] In a memorandum drawn up by the Committee of British Shipowners Trading to Spain which was summarized in *The Times* (issue of the 7th July, 1938) it was stated that Almería was the smallest of the seven Republican ports used by Government shipping. Its maximum accommodation was for seven steamers, the draft was in most places suitable only for vessels up to 3,000 tons, and it was deficient in facilities for handling goods. At that time there were 45 British vessels discharging in Republican ports, many of them over 3,000 tons, and 50 more ships were due within the next fortnight. It was estimated that not more than one-seventh of this shipping could be accommodated at Almería.

[2] See p. 327, above.

[3] If the plan for joint investigation had been put into force on the lines originally suggested by the British Government, it might have been expected to exercise a restraining effect upon the authorities responsible for the air-raids on Republican ports, since the possible advantages of putting non-Spanish ships out of commission would have had to be weighed against the cost of immediate compensation to the ships' owners.

the subject of exchanges in that month between the British Government and the Nationalist authorities, was for the establishment of a joint commission, consisting of one British and one Spanish Nationalist naval officer, which would be responsible for investigating incidents involving British ships that had already taken place and for deciding what compensation was due on account of the damage sustained in cases where the attack was proved to have been deliberate. If the Commissioners were unable to agree, the question was to be referred to a neutral arbitrator, whose decision would be accepted as final. When, at the end of July, Sir Robert Hodgson returned to his post at Burgos, it was the belief of the British Government that the Nationalist Administration had undertaken to pay an immediate sum in compensation when the proposed Joint Commission found that an attack upon a British ship had been deliberate. In describing the proposed arrangements in the House of Commons on the 26th July Mr. Chamberlain said that the Burgos authorities had accepted a formula according to which they would 'make the necessary arrangements to pay immediate compensation to those concerned' if the naval officers 'agreed that the attack was deliberate'. This statement, however, appeared to have been based on a misconception, for the authorities at Burgos subsequently denied that they had given any undertaking to pay compensation at once, and maintained that the settlement of all claims for compensation must be postponed until hostilities were at an end.

It has been mentioned[1] that the British Government had hitherto accepted this contention as reasonable, and in cases of attacks on or interference with British merchant ships they had reserved the right to submit claims for compensation but had not made specific demands. This method of delayed claims appeared to presuppose a Nationalist victory (it was at least open to doubt whether the Republican Government, if they had ultimately emerged triumphant, would have agreed without demur to pay for damage committed by their opponents upon the property of third parties);[2] and even in

[1] See p. 369, above.

[2] In a statement which he made on the question of claims for compensation in the House of Commons on the 13th May, 1938, Mr. R. A. Butler said that 'in the case of a civil war, such as the war in Spain, the position is that under international law claims lie against Spain as a state. . . . In a civil war, only one side wins, and it is to that side that the claims are made.' The position in regard to compensation for damages inflicted during the Spanish war was complicated by the fact that other Governments had not recognized the Nationalists' belligerent status, and in a situation which was without precedent it was hard to say how far the rules of international law could be considered applicable. While it was clear that if the Nationalists emerged

quarters in which a Nationalist victory was already looked upon as a certainty it could not be taken for granted that the settlement of British claims would follow immediately upon the termination of hostilities. There was reason to believe that General Franco was becoming more and more heavily indebted to Italy and Germany with every month that passed, and the liquidation of his debts to those countries might be expected to have the first claim on his resources at the end of the war. It was not surprising, therefore, that British shipowners should have derived small comfort from the prospect held out to them by an arrangement which would mean at the best that no payment of compensation could be expected for an indefinite period, and which might perhaps result in the debt having to be written off as a total loss. The proposal for investigation of incidents by a joint commission was discussed by the British Government in August with representatives of the shipowners, who made it clear that they were not prepared to accept the modification of the plan outlined by Mr. Chamberlain on the 26th July which would be necessitated by the maintenance of General Franco's refusal to consider immediate claims for compensation.[1] The British Government made further representations in Burgos on the question of compensation, but these did not produce any change in the Nationalist attitude. The possibility of coming to some arrangement which would be acceptable to the various interests concerned was under discussion again in October between the Foreign Office and repre-

victorious they would be responsible for settling claims to compensation arising out of their own acts during the war, it seemed that the validity of Mr. Butler's statement might be contested in respect of the liability of the victorious side for acts committed by its opponents. At all events, if the Republicans had won it would have been possible for them to cite authority and precedent in support of a refusal to pay compensation to third parties for damages inflicted by the Nationalists. Oppenheim, in discussing 'the position which arises when a revolt which got so far as the establishment of a rival Government is suppressed', points out that 'the case of liability for the debts and wrongful acts of the rebel Government is not so simple', and refers to the finding of the 'Mixed Commission appointed by the Treaty of Washington, 1871', which 'held that the United States of America were "not internationally liable for the debts of the Confederacy, or for the acts of the Confederate forces".' Oppenheim also points out that 'sometimes a state may agree to pay for the damage done by revolutionary forces, e.g. in a treaty between Great Britain and Mexico in 1926'. (L. Oppenheim: *International Law*, vol. i—*Peace*, fifth edition, edited by H. Lauterpacht, London and New York, 1937, Longmans, Green & Co., p. 152.)

[1] The shipowners also pointed out that it was very unlikely that a Spanish and a British naval officer would ever be in agreement in regard to the deliberate nature of an attack on British shipping, and suggested that it would avoid unnecessary delays if neutrals were associated with the investigation from the outset.

sentatives of the shipowners, and on the 1st November Mr. Butler told a questioner in the House of Commons that agreement had been reached 'on most points' and that it was 'hoped shortly to submit a proposal to General Franco'. On the last day of December, however, it was reported that another note had recently been received from the Nationalist Administration, the tenor of which was no more satisfactory than that of earlier communications on the subject of attacks on British ships. General Franco was said to be still refusing to consider the question of immediate compensation, and to be raising objections even to the proposal for the investigation of incidents by a joint commission, on the ground that investigation would be superfluous since such incidents were never the result of deliberate attacks on the Nationalists' part. At the end of January 1939, in response to strong pressure from shipping circles, the British Government were said to have instructed Sir Robert Hodgson to make fresh representations at Burgos, pointing out the importance which His Majesty's Government attached to the question of immediate compensation. This *démarche*, however, appears to have produced no result, and there was no change in the situation before the termination of the war was announced on the 1st April, 1939.[1]

The British Government had not merely failed in their efforts to set up arrangements for establishing Spanish Nationalist responsibility for damage done to British ships in Republican ports and obtaining reparation for such incidents; they had also failed to find any means of preventing the repetition of attacks from the air on non-Spanish ships. As has been mentioned, the British request for Italian intervention and the recall of Sir Robert Hodgson to London at the end of June 1938 had been followed by a temporary cessation of these attacks, but in the third week of July they began again. On the 19th July a British ship was struck and set on fire during a raid on Valencia; on the 25th and 26th there were raids on the port of Gandia during which the *Dellwyn* was repeatedly bombed until she sank; and on the 28th two persons were killed and four wounded on board the *Dellwyn's* sister-ship the *Kellwyn* at Valencia. Simultaneously there was a revival of bombing attacks upon non-Spanish ships on the high seas, and in one of these incidents (an attack on

[1] In May 1939, experts at the Foreign Office in Whitehall were reported to be engaged in preparing a claim for compensation against the Spanish Government. It was understood that individual claims would not be submitted, but that a demand would be made for a total sum which would cover the damage to H.M.S. *Hunter* (see the *Survey for 1937*, vol. ii, p. 311) as well as compensation for merchant ships sunk or damaged, for the death or injury of British subjects, and for the destruction of British-owned property in Spain.

a Norwegian ship on the 24th July)[1] the technique of firing from a machine-gun was employed again. Notwithstanding the fact that the attacks on Gandia at any rate were clearly deliberate, the resumption of the campaign against British ships did not prevent the return of Sir Robert Hodgson to Burgos (it was then assumed in British Government circles that the arrangements for joint investigation of such incidents and the payment of compensation were on the point of completion); and the British Agent's arrival at the Nationalist headquarters at the beginning of August was followed by a number of fresh incidents involving British ships, in some of which there was evidence of deliberate intent.[2] For some six or seven weeks from the middle of August, while the crisis over Czechoslovakia was coming to a head, there was a marked diminution in Nationalist activity over Republican ports; but one British ship was struck by bomb splinters during a raid on Valencia on the 9th September, and six ships were more or less seriously damaged in the port of Barcelona on the 16th September. Within a few days of the conclusion of the Munich Agreement, air raids over Spanish Republican ports had again become almost of daily occurrence, and eight British ships were reported to have been damaged in such raids during the first fortnight of October. On the 1st November, Mr. Butler told the House of Commons that the number of ships damaged during the last three months was twenty-one, and he added in extenuation that at most three ships had become total wrecks, and that the number was 'approximately half the corresponding figure for the three months before the House rose at the end of July'. Incidents involving British ships continued to be reported until the end of the war, though they were less numerous than they had been earlier in the year 1938. During November six ships were struck at Valencia, two being seriously damaged; three ships suffered in raids on Almería and Aguilas on the 5th November; and two were seriously damaged at Barcelona on the 28th. During December two British ships were sunk at Barcelona, and three ships were damaged at Valencia and one at Alicante. During January 1939 and the first half of February, fifteen or sixteen British ships were involved in raids on Barcelona and Valencia,[3] and one French and one Greek

[1] See p. 367, above.

[2] Thus the *Lake Lugano* was bombed and set on fire at Palamos on the 7th August, and the hulk was subsequently bombed again until it sank; and according to the Spanish Press Agency the *Stanlake* was hit by machine-gun bullets as well as by bombs at Valencia on the 11th August.

[3] On the 3rd February, 1939, in the House of Commons, Mr. Butler gave the total of British ships which had been bombed or attacked in Spanish

ship were bombed while lying in port. At the end of December 1938, moreover, and again in January 1939, there were further 'piratical' attacks by aircraft on British ships on the high seas—a form of interference from which the Nationalists had refrained for some months.[1] The first victim was the British ship *Marionga*, which was bound from Oran for Barcelona with a general cargo and which was bombed off Iviza on the 29th December. The crew was able to take to the boats and there were no casualties. The second victim was the *Stanbrook*, which was attacked three separate times on the 21st January, when she was some seven miles off Barcelona, but without suffering any damage. These incidents on the high seas were the subject of strong British protests, as was also an incident which occurred at Gibraltar on the 30th December, 1938. On that day a Spanish Republican cruiser, the *José Luis Díaz*, which had been undergoing repairs at Gibraltar, was intercepted just outside the harbour by Nationalist warships when she was trying to reach a Republican port, and was driven ashore. During the fight, shelling by Nationalist warships damaged a house in British territory and injured four residents.[2]

Another form of Nationalist interference with non-Spanish shipping which was being practised on a considerable scale during the last few months of the war was that of the arrest and detention of ships which were not bound for Spanish ports. Some instances of this practice have already been cited.[3] The cases which aroused most interest and resentment in Great Britain were those of two Greek ships under charter to the British Government which were carrying Rumanian wheat to the United Kingdom and which were arrested on the 23rd and 26th November respectively and detained. Strong protests were addressed by His Majesty's Government to General Franco, and the ships had been released by the end of November. On the 7th December, Mr. Butler stated in the House of Commons that there were fourteen outstanding cases of non-

waters to date as 99. In most of the cases the damage had been slight, but 26 British subjects were known to have been killed and another 26 injured.

[1] For the earlier incidents of this kind, see pp. 365–6, above. At the end of November another British ship had been chased by aeroplanes in the Mediterranean and driven ashore at Sagunto, but in this case the ship had not actually been bombed.

[2] The *José Luis Díaz* was taken into custody by the British authorities, having failed to remove herself from British territorial waters within the period for which permission had been given her to stay. The crew were repatriated, and the ship was handed over to the Nationalist authorities in March after Great Britain had recognized the Nationalist Government.

[3] See p. 367, above.

Spanish ships being detained, and in every case Great Britain had some financial interest (in nine cases the interest was in the insurance and in five in the cargo; in one case the ship was also under British charter). The British Government had made strong representations at Burgos on their own account and had supported the representations of other Governments concerned, and eleven ships had already been released.

In these cases of arrest and detention, therefore, it appeared that official protests were effective in securing the release of the ships, but they were not equally successful in preventing a repetition of the offence. Two more Greek ships and one Latvian ship carrying cargoes to Oran and Marseilles were detained at Ceuta during December and their cargoes seized; and a British ship, the *Stangrove*, with a cargo of chemicals for the British Government, was seized and taken to Palma on the 5th February. The *Stangrove* was released, after a protest, on the 24th February.[1]

On the 8th March, 1939, it was announced at Burgos that the Nationalist Government had declared a blockade of the whole Republican coast,[2] and that their submarines had orders to sink any ship which should attempt to enter Spanish territorial waters. The Nationalist Government were no doubt disappointed because the *de jure* recognition which France and Great Britain had accorded to them at the end of February[3] had not been accompanied or followed by the recognition of their belligerent rights—the exercise of which would, they believed, have enabled them to put a speedy end to the remnants of Republican resistance. Even if the Nationalists' belligerent status had been recognized, the action which they proposed to take would not of course have been permissible under international law, and the British Government made it clear that the Nationalists' right to sink ships attempting to enter Republican ports would in no circumstances be recognized. In a statement on the subject in the House of Lords on the 9th March, Lord Halifax remarked that the Nationalist notification had not threatened action outside territorial waters, and that any such action would be resisted as in the past, while the sinking of any British ship in territorial waters would be

[1] The Captain of the *Stangrove* was subsequently found dead on his ship. From the judicial investigation, it appeared that the crew had been taken off in a storm, and that the Captain, who refused to leave his ship, had lost his life as the result of an accident while he was alone on board.

[2] On the 13th March a spokesman of the Spanish Nationalist Foreign Office stated that the term 'blockade' had not been officially used in the notification of the 8th March, and that the correct term was 'a measure in restraint of navigation on the Spanish littoral'.

[3] See pp. 349–50, above.

regarded as a very serious matter, especially if no warning were given. In the event, during the remaining three weeks of the war, the Nationalists did not carry out their threat of submarine attacks on ships entering Republican ports;[1] and, whether the absence of such attacks was due to caution or to inability to impose an effective blockade, it did at least mean the avoidance of incidents which might have seriously strained the newly established diplomatic relations between Nationalist Spain and Great Britain. There was, however, a certain amount of interference with British and other shipping on the high seas during the last three weeks of March. Attempts were made to arrest the *Stangate* and the *Bellwyn* on the 10th March and the *Stanhope* a week later, but these were frustrated by the intervention of British warships. The *Stangate* was subsequently seized and taken to Palma, and two French ships were also seized at the end of March. The *Stangate* was not released until the middle of May, when the war had been at an end for more than six weeks.

### (v) The Powers and Humanitarian Activities in Spain

One result of the continuance of the war in Spain into a third year was to intensify the need for the activities which were being carried on by various non-Spanish agencies with the object of alleviating in some degree the sufferings of the civilian population.[2] During 1938 and the first three months of 1939 this form of intervention in Spanish affairs continued to be practised by Governments as well as by the International Committee of the Red Cross and a number of other organizations, national or international. As had happened during the first eighteen months of the war, the Governments of France and Great Britain intervened directly from time to time by appealing to the rival Governments in Spain to show a greater regard for humanitarian considerations, especially in the matter of bombing non-combatants from the air;[3] and the British Government also showed their interest by appointing representatives to investigate or negotiate with the authorities on particular problems.[4] Moreover, a certain

[1] The *Stangate*, for instance, had unloaded a cargo of foodstuffs at Valencia before an attempt was made to arrest her on the 10th March.

[2] See the *Survey for 1937*, vol. ii, Part III, section (iii).

[3] See pp. 403 *seqq.*, below.

[4] See pp. 392 and 408–9, below. One unintended result of British activity in the humanitarian field was to create doubt in Nationalist Spain as to the sincerity of British protestations of neutrality. Although the British Government gave proof of their readiness to help either side in such matters as the protection and evacuation of refugees and the exchange of prisoners, it was undeniable that the greater part of the sums which were available from British and other

proportion of money expended upon relief work in Spain was subscribed by Governments,[1] but the responsibility for carrying out the work rested upon private associations—many of which were created *ad hoc* in different countries—and these associations, by appealing to the generosity of the public, also raised large sums for the despatch and maintenance of medical units and the purchase and distribution of medical stores, foodstuffs, and other essential supplies.[2]

By the time when the third winter of the war was approaching, the inhabitants of the territory under Republican control (whose numbers had been greatly increased by the influx of refugees from parts of

foreign sources for the distribution of food and similar charitable work were expended in Republican territory. The reason for this was, of course, that the Republicans' need for such help was far greater than that of the Nationalists, who had ample supplies of food at their disposal until the end of the war. The Nationalists, however, argued that the Republican Government had control of vast sums in foreign exchange (the Bank of Spain was said to have supplied them with as much as £150,000,000), and that they could therefore, had they so desired, have bought sufficient supplies of food for the entire population for which they were responsible. If it had not been for foreign aid, it was argued, the Republican Government would in fact have been obliged to devote to the purchase of foodstuffs a considerable proportion of the sums which they actually expended on armaments, the organization of propaganda, and other purposes directly connected with the conduct of the war. The Nationalists therefore regarded the foreign help of a humanitarian kind which their opponents received as a subvention which enabled them to prolong the struggle; and they felt themselves justified accordingly in trying to prevent food-ships, as well as ships carrying war material, from reaching Republican ports (see section (iv) above). It may also be noted that the political sympathies of most of the foreign agencies which were at work in Spain during the war were considered by the Nationalists to be conclusively proved by the almost complete cessation of their activities in Spain (though not among refugees in France) after the war had ended, despite the fact that the need for the distribution of food was still acute in the territory which had only recently come into Nationalist hands (see p. 390, below).

[1] For instance, of a total of £18,500 which had been subscribed by the 15th August, 1938, to the funds of the International Red Cross Committee for work in Spain, £5,000 had been contributed by the British Government. Many Governments, including that of Great Britain, also contributed to the funds of the International Commission for the Assistance of Child Refugees (see p. 389, below).

[2] To give a single notable example, the Scottish Ambulance Unit began work in the Madrid sector in September 1936 and continued throughout the war to give medical aid in the field and also to distribute medical supplies, foodstuffs and comforts. By February 1939 the maintenance of the unit had cost the sum of £20,347. Of this total £2,206 had been borrowed, and the balance had been contributed by the public 'in sums varying from one of £1,000, one of £200, several of £100, still more of £50, £25, £20, £10, £5 and £1, plus a very large number of smaller sums, down to single shillings' (quoted from a letter, published in *The Manchester Guardian* of the 25th February, 1939, from Sir Daniel Stevenson, who had played the leading part in collecting these funds).

Spain which had fallen into Nationalist hands) were suffering from a shortage of food and other necessities amounting almost to famine. The capture by the Nationalists of the great wheat-growing plains which had supplied the industrial regions of Catalonia before the war meant that the bulk of the foodstuffs required by the population of Republican Spain had to be imported, either across the French frontier or by sea, and the difficulty of securing regular and adequate supplies by this means was greatly increased by the Nationalists' practice of bombing Republican ports and the ships lying in them as well as by their interference with neutral shipping on the high seas.[1] On such supplies of food as were available the Republican Army was naturally considered to have the first claim, and the civilian population, including the refugees, had to go short. In September 1938 the Barcelona Government asked the Secretary-General of the League of Nations for the assistance of the technical organizations of the League in studying the problem of food-supplies for refugees, and in response to this request two delegates, Sir Denys Bray and Mr. Laurence Webster, visited Republican territory and investigated the situation. They reported that the whole civilian population of Republican Spain was on minimum rations, and that, owing to the uncertainty and irregularity of the supplies, even the minimum ration was often not distributed. The effects of malnutrition were everywhere visible, especially among the refugees and the poorest classes. The Barcelona Government had intimated that if the problem of feeding the 3,000,000 refugees for whom they were responsible could be dealt with on an international basis they would be able to raise the nutrition of the rest of the civilian population to a more adequate level. A proposal for the appointment of a Relief Commission which would work in close co-operation with the authorities at Barcelona was under discussion in League circles at the end of the year; but at the League Council meeting in January 1939 the representatives of Great Britain and France announced that their Governments, after consultation with other interested Governments, had decided that it would be better to continue their support of the humanitarian organizations which were already at work in Spain than to set up a new organization, and this conclusion was accepted.

Meanwhile, these humanitarian organizations had been continuing their efforts to alleviate distress in Spain, and in particular to make some provision for the children, upon whom the effects of malnutrition would be specially serious. An International Commission for the Assistance of Child Refugees in Spain had come into existence in

[1] See section (iv) of this part of the present volume.

December 1937, on the initiative of the Friends' Service Council.[1] This Commission, which was under the chairmanship of Judge Michael Hansen of the Nansen Office for Refugees, had acquired sufficient funds by July 1938 to enable it to help 40,000 children.[2] Milk was also being supplied by the International Solidarity Fund (a Labour organization), and there were a number of other agencies at work in this field, but it was estimated in July 1938 that at least two-thirds of the 600,000 refugee children under the age of 14 in Republican Spain still needed extra nourishment. The need was particularly acute among children in the age-group two to four years; the supply of milk was sufficient only to supplement the food of infants up to the age of two, while children under school age did not receive any of the assistance which was organized through the schools.

In the middle of March 1939, when the surrender of Madrid and the provinces still under Republican control was expected to be only a matter of days, the International Commission for the Assistance of Child Refugees issued a report on the situation in central and southern Spain which showed that the position was indeed desperate. In Madrid itself, the average supply of food available per head of the population was reported to be so inadequate that on its existing scale it could not support life for more than two or three months longer; there was no heat, or hot water, and no medicines or surgical dressings were available in the hospitals. The food shortage was most acute in Madrid, but it was serious throughout the remnant of the

[1] This was the body which carried on the international activities of the Society of Friends. The project for an International Commission, whose funds would be subscribed to by Governments, had been broached by the Friends' Service Council with the British Government in the autumn of 1937, with the object of providing additional food during the coming winter for 200,000 children who had been driven from their homes and who were still in Spain. The Commission estimated that the sum required to give these children one meal a day during the winter would be £147,000, and the difficulty which they experienced in securing promises of even a small proportion of this amount prevented them from starting work until the spring of 1938. In April 1938 the British Government promised a contribution of £10,000, provided an equivalent sum was forthcoming from other sources, and this condition was soon fulfilled. His Majesty's Government contributed another £10,000 in the autumn of 1938, £60,000 during the first six weeks of 1939, and another £40,000 at the end of March 1939. Another Government which contributed substantially towards the funds of the Commission was that of Sweden. By November 1938 the Commission was receiving subsidies from seventeen Governments in all.

[2] The funds of the International Commission were administered in Catalonia by the Friends' Service Council of England; in Madrid and south-eastern Spain by the American Friends' Service Committee, the International Voluntary Service for Peace, and the Save the Children International Union; and in Nationalist territory by the American Friends' Service Committee.

Republican territory. Even in Nationalist Spain, which had fared much better in the matter of food-supplies throughout the war, a shortage of food was beginning to make itself felt by this time, owing to the necessity of making supplies available in Republican territory as it passed under Nationalist control. In the middle of May 1939, six weeks after the war had been declared at an end, it was found necessary to introduce measures of food rationing throughout the whole of Spain, and there was reported still to be an acute shortage of certain foodstuffs.

It is impossible to give any detailed account in this place of the efforts which were being made by international and national agencies to relieve the food-shortage in Spain during the last few months of the war; but mention may perhaps be made of the organization on a regional basis in Great Britain of arrangements for equipping food-ships and despatching them to Spain. Funds for food-ships were being collected in Merseyside and Tyneside during the autumn and winter, and the Merseyside ship reached Barcelona in mid-January. A London food-ship appeal was launched at the end of November and a Bristol appeal in January 1939; and a Churches Food Ship Appeal Committee was set up in December, to work in co-operation with the Council of Action. Food-ships which had been financed in the Manchester district and in Yorkshire were ready in February 1939, and an Eastern Counties food-ship ran the blockade which the Nationalists had just established and unloaded its cargo in Valencia harbour in the second week of March.[1] Gifts in money or in kind were also made by several Governments during the last months of the war. The Governments of Canada, Norway and Denmark, for instance, bought surplus stocks of foodstuffs from their own nationals and gave them for distribution in Spain; Belgium made contributions to the value of about £10,000 in January 1939; the Swedish Government, whose previous gifts had amounted in value to some £50,000, handed over an additional sum of £75,000 to the International Commission for the Assistance of Child Refugees in February; and the British Government despatched 500 tons of foodstuffs as a gift to the people of Madrid in April.[2]

The greatest single contribution, however, towards this branch of relief work in Spain was that made by the United States. It was announced in Washington on the 16th September, 1938, that the

[1] See also p. 386, above.

[2] The French Government had announced in January 1939 their decision to make 45,000 tons of flour available for distribution in Spain, but this was not a gift. The Republican Government were asked to pay 38,000,000 francs for the flour.

Government had decided to make available for distribution in Spain a quantity of surplus wheat which was held by the Federal Surplus Commodities Corporation. Sufficient wheat to make 6,000 tons, or 60,000 barrels, of flour was handed over by the Corporation at a nominal price; the cost of milling and transport to ports of embarcation was borne by the American Red Cross Society; and the United States Maritime Corporation provided free transport by sea to French ports, where the consignments were handed over to the American Friends' Service Committee (the body which had organized the scheme for feeding children in Germany after the war of 1914–18), which worked in close co-operation with the International Commission for the Assistance of Child Refugees. The first consignment of American flour reached Spain early in November, but, as the reports of the relief workers showed, the supply was still quite inadequate to meet the need.[1] On the 21st December the Administration at Washington announced their decision to place at the disposal of the Red Cross surplus wheat sufficient to make 600,000 barrels of flour for impartial distribution over a period of six months. A few days later it was announced that a special committee had been appointed, under the Chairmanship of a leading American Catholic layman, to raise the funds which would be required by the Red Cross to defray the costs of the scheme.[2]

The organization of food-supplies was perhaps the most urgent branch of humanitarian work in Spain in the year 1938, but it was not by any means the only form of assistance which was being given to the Spanish people by foreign agencies. Another aspect of relief work, in which the International Red Cross was specially active and in which the British Government also took a direct interest, was that concerned with the treatment of prisoners—in particular, with the exchange of as many as possible both of the military prisoners and of the civilians who were held in custody by either side. During the winter of 1937–8 the representative of the Red Cross, Dr. Junod, with the co-operation of the staff of the British Embassy at Hendaye, succeeded in arranging for the exchange of groups of prisoners from time to time. For instance, forty-one Basque officers, all of whom

[1] The whole 6,000 tons which were being supplied by America would not be made available for Republican Spain, since the Government had stipulated that the distribution was to be made impartially between the two sides. There was no question, however, as to which party to the Spanish war was in the greater need of help of this kind.

[2] The American public had already responded generously to appeals for funds for relief work in Spain. Between May 1937 and March 1939 some two dozen different organizations had collected sums amounting to nearly $2,500,000, and $1,700,000 had actually been spent in Spain.

had been sentenced to death, were exchanged in January 1938 for an equal number of Nationalists who had fallen into Republican hands. This system of exchange by small groups, however, could hardly be said to do more than touch the fringe of the problem, for the military and civilian prisoners on either side numbered many thousands. In September 1938 the Nationalists announced in an official statement that since the beginning of the war they had taken more than 210,000 prisoners under arms,[1] of whom 134,000 were at liberty either fighting or working in the rear, while those of the remainder who had survived were presumably in prisons or in concentration camps. On the Republican side, there were said to be some 10,000 prisoners in Barcelona alone in the spring of 1938, and a considerable proportion of these were housed in three ships lying in the harbour, where they were exposed to serious danger during the frequent Nationalist air-raids upon the port area.[2] The responsibility for guarding and maintaining their prisoners was an addition to the Barcelona Government's burdens of which it might be supposed that they would be glad to be rid, and before the end of 1937 they had in fact taken an initiative which appeared to indicate that they were ready to accept a comprehensive settlement of the problem.

After the collapse of the Republican resistance in north-western Spain in October 1937, the Republican Government had approached the British Government with the request that they should try to negotiate an agreement for an exchange of civilians who desired to leave districts which had been occupied by the Nationalists for prisoners in Republican hands. The British Government had accordingly got into touch with the Nationalist authorities, who, at the end of November, had submitted proposals for a general exchange of all prisoners and hostages, military and civilian, under the supervision of a British arbitrator. In the middle of January 1938 the Republican Government had signified their readiness to accept this proposal; and at the beginning of March the British Government suggested that Field Marshal Sir Philip Chetwode should be appointed to act as arbitrator, with the assistance of two other British Commissioners. There was a considerable delay, however, before this proposal was definitely accepted by both sides, and it was the end of August 1938 before the arrangements for despatching a British Commission under Sir Philip Chetwode's leadership were finally in train.

During the seven months (September 1938 to March 1939) which

[1] See p. 315 *n.*, above.

[2] At the end of October the three prison ships at Barcelona were reported to have been evacuated.

the Chetwode Commission spent in Spain, it was not able to improve very greatly upon the arrangements for the exchange of groups of prisoners which had been negotiated by the Red Cross. Sir Philip Chetwode returned to England at the beginning of April 1939, immediately after the surrender of Madrid, and he then told representatives of the Press that as a result of the Commission's intervention the Republicans had put a stop to the execution of their prisoners, and 400 death sentences had been remitted by General Franco. In the negotiation of exchanges of prisoners, however, they had achieved only a small measure of success,[1] and their hopes of being able to arrange for large-scale exchanges had been disappointed—partly because of the bitter feeling on either side which made it extremely hard to secure the agreement of both Republicans and Nationalists to any proposal, and partly because of practical obstacles such as the difficulty of communications. The Commission was not even able to make much progress towards finding a solution for the problem of refugees in Embassies and Legations in Madrid—a problem which had already been the subject of prolonged international negotiations.[2]

In January 1938 it had been reported that the majority of these refugees in diplomatic premises were being transferred to Valencia, but that those under military age were remaining in Madrid, and the efforts of the Diplomatic Corps did not secure permission for the departure from Spain during 1938 of more than a small proportion of the total number of these unwanted guests. The French Ambassador succeeded in negotiating an agreement early in the year regarding the political refugees who had found an asylum in his Embassy, and some 500 persons reached French territory in the third week of March. Little or no further progress seems to have been made until the following October, but on the 24th of that month the joint efforts of the Cuban *chargé d'affaires* and the British Commission resulted in the departure from Madrid of 147 Spaniards who had taken refuge in the Cuban Legation at the beginning of the war and who were now to be exchanged for Republican hostages held by General Franco. There were then reported to be still about 2,000 political refugees in diplomatic premises in Madrid, and this number had not been appreciably diminished when Madrid surrendered at the end of March 1939. With

[1] For instance in October 1938 the Commission brought to a successful conclusion negotiations which had been in train since June for the exchange of 100 Italians held by the Republicans against 100 British prisoners in Nationalist hands. The Commission was also largely responsible for the exchange, which took place in March 1939, of Don Miguel Primo de Rivera and a son of General Miaja.

[2] See the *Survey for 1937*, vol. ii, pp. 388–90.

the Nationalist occupation of the city, the refugees' long ordeal came to an end, and it appears that none of them lost their lives during the period of tension which preceded the capital's surrender. Not all of the prisoners in Republican hands, however, were equally fortunate. Before the surrender of Barcelona at the end of February, some 3,000 prisoners were reported to have been released, but the retreating army carried with it a considerable number of prisoners as hostages,[1] and a certain proportion of these were murdered in cold blood before the Republican troops crossed the French frontier. This was the fate of the Bishop of Teruel and of the Nationalist commander of that town, who were shot, together with a number of their companions, when they were about ten miles from the frontier.

The most serious of all the problems of a humanitarian kind which arose in connexion with the war in Spain was that which was created for the French authorities in the early months of 1939 by the arrival in French territory, in thousands and tens of thousands, of civilian refugees and militiamen fleeing before the advancing Nationalists. Before this final cataclysm, Republican Spain had already made heavy inroads upon French generosity in this respect. Some account was given in the preceding volume[2] of the assistance which was rendered by France during the first eighteen months of the Spanish war in evacuating and maintaining refugees. In the early spring of 1938 the need for such help again became acute. By the end of March 1938 thousands of the inhabitants of northern Aragon were abandoning their homes before the approach of Nationalist troops, and by the beginning of April an influx of refugees into France had begun on a scale which had not been seen since the capture of Irún at the beginning of the war.[3] Altogether some 20,000 persons were said to have made their way across the mountain passes into France during the month of April, and about 8,000 of them had crossed the Pyrenees at a height of more than 7,000 feet, struggling in places through five feet of snow. A considerable number of these refugees, especially at the beginning of the exodus, were men who had borne arms, and the French authorities announced that these militiamen would be repatriated at once. They were given the choice of returning to Republican territory or of joining the Nationalists, and the result of a secret poll which was held at Luchon in the first week in April was that more than 5,000 men elected to go back to Catalonia and 254 entered the Basque Provinces by way of Hendaye. The civilian

[1] See also p. 398 *n.*, below.
[2] See the *Survey for 1937*, vol. ii, pp. 392, 394–6.
[3] *Op. cit.*, pp. 55, 392.

refugees were established in camps as a temporary measure, but the French Government had decided in 1937 that they could not give a permanent asylum to able-bodied refugees from Spain,[1] and it is to be presumed that the majority of these unhappy people ultimately joined their fellow victims from other parts of Spain in the refugee camps in Catalonia.

The French authorities and French humanitarian organizations were, however, still responsible for the maintenance of a considerable number of the Spanish non-combatants who had sought refuge in France since the outbreak of the war when, in January 1939, the Nationalist victories in Catalonia set in motion a new exodus of refugees who poured over the frontier in a flood which made any earlier influx into France appear a mere trickle by comparison. In the third week of January, when the Republican lines of defence had given way and the Nationalists were advancing upon Barcelona, the Republican Foreign Minister, Señor Álvarez del Vayo, visited Paris,[2] and among the questions which he discussed with the French Foreign Minister was that of the refugees who were then already beginning to make their way towards the French frontier from Barcelona and the surrounding districts. Señor Álvarez del Vayo asked Monsieur Bonnet whether the French Government would undertake to receive 150,000 refugees from Catalonia; but Monsieur Bonnet replied that for financial and other reasons this was not possible. Instead, the French Government proposed that a neutral zone should be established on the Spanish side of the frontier, which the Nationalist Army should be asked to respect, and where refugees could be maintained with assistance from foreign sources. This suggestion was put by the French Government to the authorities at Burgos, but they refused to consider it, and made a declaration to that effect on the 27th January. In these circumstances, the French Government felt unable to maintain their refusal to admit non-combatants, and preparations for their reception were hastily put in hand.

The first batches of refugees had reached the frontier[3] by the 25th January, but the Spanish authorities refused to allow those (the great majority) who did not possess passports[4] to cross the frontier for

[1] *Op. cit.*, pp. 395–6.

[2] See also p. 340, above.

[3] A certain number made their way to the French coast by sea.

[4] The fortunate few who had passports included a number of Government officials and deputies. Señor Negrin did not cross the frontier until the 6th February, and he and Señor Álvarez del Vayo and other leading members of the Government made several journeys backwards and forwards between France and Spain before they finally abandoned Catalonia. The attitude of the French Government was that members of the Republican Cabinet would

another forty-eight hours, in order to give time for some preparation on the French side; and it was not until midnight on the 27th–28th January that the frontier was opened. It was estimated that 15,000 people crossed into France on the 28th January, and on that and the following days every road leading from the frontier was thronged with men, women and children, on foot and in every kind of vehicle; some bringing with them a few of their household belongings, including livestock, and some with their savings in cash (the value of which in French money often barely sufficed to pay for one meal), but others completely destitute; many with wounds received in the firing-line or in air-raids; and more still in the last stages of exhaustion as the result of prolonged malnutrition culminating in days of exposure in the mountains at the height of winter.[1] With this stream of suffering humanity French and Senegalese troops and mobile guards who had been drafted to the district had to cope as best they might, inspecting them and their belongings, marshalling them into some kind of order, and collecting them in camps when, as soon happened, the shelter available in houses, barns and public buildings gave out. The International Commission for the Assistance of Child Refugees, the Friends' Service Council, and other organizations which had been engaged in relief work in Spain lost no time in setting up canteens and arranging

be given asylum as individuals, but that they must not carry on the activities of a Government on French soil. The arrival in Paris early in March of 'La Pasionaria' and Colonel Lister (one of the leaders of the International Brigades) caused the French authorities to decree that Spanish refugees must not reside in Paris or the immediate neighbourhood.

[1] The motives for this migration of a considerable proportion of the population of Catalonia were not altogether clear. In quarters unfriendly to the Republicans it was suggested that the inhabitants of towns and villages between Barcelona and the frontier had been compelled by the authorities to abandon their homes. Others found an adequate explanation for panic and flight in reports of the bombing of towns and villages—and even of roads packed with refugees—by Nationalist aeroplanes. (The town of Figueras, for instance, was reported to have been bombed on the 27th January, when its normal population of 10,000 had been multiplied fourfold by the influx of refugees.) Again, it was not difficult to imagine that the wide publicity which had been given to the alleged existence of a Nationalist card index—said to contain 2,000,000 names—of 'political criminals' might have accounted in some measure for the exodus; and another factor which perhaps played a part was the belief that the advancing Nationalist army consisted largely of Moors, from whom no quarter was expected, and of Italians, who as 'foreigners' were more likely to inspire awe in simple country-folk than people of their own tongue. After the first few days, the Nationalists seem to have made some attempt to reassure the inhabitants of the country-side by dropping pamphlets from aeroplanes; but these measures, and also reports of the situation in Barcelona, where the distribution of food had been among the first acts of the Nationalists after the occupation, came too late to stem the tide which was flowing towards France.

for the distribution of food and clothing, but the help available could not meet a tithe of the need.

The French authorities had laid it down that only civilians and wounded men were to be admitted, and attempts were made to prevent able-bodied men who had been serving with the army from crossing the frontier; but these measures were only partially successful. Many deserters from the Republican army made their way into France during the last days of January; while some were put across the frontier again, others resisted by force attempts to make them return; and the inhabitants of the countryside had reason to complain of a good deal of damage to their property and of depredations.[1] By the beginning of February a camp for the reception of soldiers and militiamen was being prepared at Argelès-sur-Mer, near Cerbère, but the French authorities still hoped that the number of soldiers to be dealt with would be relatively small, and that the bulk of the Republican troops would not cross the frontier. By this time, however, the Republican armies had retreated as far as they could without leaving Spanish territory; the Nationalist forces were close on their heels; and the extreme reluctance of the Republican leaders to surrender to a foe from whom they expected no mercy presented the French Government with the alternative of admitting the defeated army into France or resisting its entry by force of arms. They chose the former alternative, and at a conference between Spanish Republican Generals and French local authorities on the 5th February it was agreed that the entire Republican army should be allowed to enter French territory, subject only to the surrender of their arms. The French refused to consider a Spanish proposal that the troops should be permitted, after a short rest, to return to central Spain in order to continue the war; and it was agreed that they should be interned until their future could be decided.

By this time the flood of non-combatant refugees had to a large extent subsided; and some kind of order had been introduced. A large camp had been organized at Le Boulou as a clearing centre; and, although there was no shelter available for the refugees as long as they remained there, the women and children were evacuated without undue delay and were distributed throughout the provinces of France, where they were well cared for by public and private organizations. Altogether about 170,000 civilians who had entered

[1] The mules and horses which the refugees brought with them also did a good deal of damage to fruit-trees and vegetation. In the third week of February it was estimated that the number of men interned in camps in the department of the Pyrénées Orientales exceeded the total normal population of the department, which was about 217,000.

France since the 28th January were provided for in this way. Most of the wounded soldiers were also removed to hospitals or hospital ships within a few days of their arrival, though a considerable number of more or less seriously injured men remained with their able-bodied comrades and thus increased the difficulties with which the authorities responsible for the concentration camps had to contend.

Between the 5th February, when the frontier was opened to the Republican army, and the 9th, when the Nationalists occupied the frontier posts on the Spanish side, more than 200,000 soldiers and militiamen (including about 6,500 members of the International Brigades, who had not been evacuated from Spain in time to avoid becoming involved in the Republican rout)[1] crossed the frontier, bringing with them a good deal of heavy war material as well as small arms, and were disarmed and interned in camps. The largest of the camps was that at Argelès, where between 70,000 and 80,000 men were concentrated; there was another large camp at St-Cyprien, and four or five smaller centres, all in the neighbourhood of Perpignan. All the camps were surrounded by barbed wire and guarded by Senegalese troops and Spahis. The conditions in these military camps were undoubtedly very bad for some weeks. The food shortage which existed at first, and which gave rise to a great deal of discontent, was remedied after a week or ten days, but there continued to be an almost complete absence of shelter and of sanitation, and the medical and other services were quite inadequate to meet the need. The lack of facilities for recreation or of means of employing the men was also a serious feature of the situation. From the beginning of the influx into France, soldiers and militiamen had been offered the choice of internment or of returning to Nationalist Spain, and a certain number of deserters from the Republican army, or of men who had been conscripted for service with the army and had no Republican sympathies, had chosen to go back to Spain. By the middle of February it was estimated that about 50,000 soldiers had opted, or would opt, for repatriation; and it was suggested in some quarters that the French authorities deliberately refrained from making their unwanted guests too comfortable, in order to induce as many as possible of them to go back to Spain. The unprecedented difficulties of the problem with which the authorities were confronted, however, were perhaps enough

[1] The Republican army also brought with them some thousands of prisoners whom they had carried away as hostages (see p. 394, above). These Nationalist prisoners were interned in a separate camp, and the French authorities opened negotiations with the Nationalist Government for their exchange for Republican prisoners.

to account for the early shortcomings in the organization;[1] and the situation improved gradually, especially after the French Cabinet, at a meeting on the 18th February, had considered reports by the Ministers for the Interior and for Health and by a high military officer (all of whom had made tours of inspection of the camps) and had appointed General Ménard to co-ordinate all the services concerned with the maintenance of the refugees. By the end of February it was reported that there had been a great change for the better at Argelès and St-Cyprien. Rations of food were now abundant, sanitation and health services were improving, and the large-scale epidemics which there had seemed reason to fear had not developed. Moreover, a new camp, in which some 90,000 men could be accommodated in wooden huts, was nearing completion at Bacarès.[2]

The maintenance of more than 400,000 refugees[3] not only imposed a severe strain upon the French services concerned; it also represented a very heavy financial burden. It was estimated that the

[1] The military authorities refused to accept a suggestion that the Spanish troops might be accommodated in French military camps, on the ground that the international situation was too precarious to admit of any encroachment upon French military resources.

[2] In the middle of June it was reported that most of the occupants of the camps at Argelès and St-Cyprien had been moved to Bacarès.

[3] According to figures which were made public by the Ministry of the Interior early in March, there were then in France 170,000 women and children, 40,000 male civilians (these appear to have been accommodated in camps near the sea, like the soldiers), 10,000 wounded and sick undergoing treatment in hospital, and 220,000 able-bodied soldiers and militiamen. It was estimated that about 50,000 men had returned to Spain by that time, so that the total number of refugees, military and civilian, who had crossed the frontier from Catalonia since the 28th January amounted to nearly 500,000.

The total was subsequently slightly increased by refugees who were taken off in French ships from the central provinces at the end of March, just before the Nationalist occupation. All the Spaniards who were anxious to avoid falling into Nationalist hands did not succeed in making good their escape from Valencia and other ports before the Nationalists entered; and although some kind of neutral zone was established at Alicante, it was reported in the first week of April that French ships, which were cruising off the coast ready to take off more than 4,000 refugees who were in the neutral zone, were being denied access to the port by the Nationalists. Moreover, many refugees who did escape from the central provinces in time to avoid capture had great difficulty in finding an asylum. Several thousand who were taken from Valencia, for the most part in British ships, just before the fall of the town, had hoped to gain admission to French Morocco; but on the arrival of the ships off the Moroccan coast the authorities refused permission for the refugees to land. At the end of the first week in April several ships were still at Oran with the refugees on board, and on one small ship, the *Stanbrook*, which had brought more than 2,000 passengers from Spain, the conditions were described as appalling. The *Stanbrook* was allowed to land her refugees a few days later, but the ship was then held in the port by the French authorities until the funds for the maintenance of the refugees were forthcoming.

daily cost of one able-bodied refugee was 15 francs, while for those in hospital the cost was 60 francs a day. By decrees of the 1st and 8th February, sums amounting to more than 30,000,000 francs were appropriated for the purpose of maintaining the refugees, and a further credit of 150,000,000 francs was voted in March. The total sum (representing more than £1,000,000 in English money) would, it was calculated, provide for the refugees only until the middle of March.[1] Early in February the French Government approached the Governments of certain other countries, including Great Britain and the U.S.S.R., and inquired whether they would be prepared to relieve France of part of the burden. The Belgian Government agreed to take between 2,000 and 3,000 children off French hands, but neither the British nor the Russian Government were willing to open their doors to any substantial number of refugees (His Majesty's Government agreed only to the entry of selected individuals, including a certain number of military and political leaders,[2] while the Russian Government refused to admit any refugees at all), and although they and other Governments (including that of the United States) gave a certain amount of help in money and in kind,[3] and the public in many countries continued to contribute towards the funds of the organizations which were at work among the refugees, France had to continue to shoulder the lion's share of the burden.

It was, of course, the hope and intention of the French Government that the great majority of the refugees should be repatriated at the earliest possible moment, and negotiations with this object in view were opened early in February when Monsieur Bérard was in Spain on his first mission to the Nationalist Government.[4] At this stage there seemed reason to hope that the Nationalist Government would not make any difficulty about the immediate return of non-combatants, and it was even hoped in France that an arrangement would be reached by which the French Government would be able to recoup themselves for their expenditure out of the Spanish assets in French

[1] The French Government had already disbursed more than 88,000,000 francs for the maintenance of Spanish refugees during the preceding two and a half years.

[2] About 200 political and military leaders, including General Menandez, the Commander-in-Chief of the Republican armies, and Colonel Casado, arrived in England on the 4th April.

[3] It was reported at the end of February that the Government of the U.S.S.R. had made a grant of about £28,000 to be expended on Spanish refugees in France. The British Government agreed that a proportion of the money which they had given to the International Commission for Child Refugees (see pp. 388–9, above) might be used for this purpose; and they also contributed £50,000 towards the funds of the British Red Cross for work in the refugee camps.

[4] See p. 345, above.

territory.[1] It did not prove possible, however, to conclude a financial arrangement of this kind, nor were the Spanish authorities at all helpful in facilitating repatriation. From the beginning, the return of soldiers who had opted to go back to Spain was subject to delays and difficulties, and in the second week of March 10,000 militiamen were still waiting to cross the frontier. The Nationalist authorities made the excuse that their means of transport and their available supplies of food were not sufficient to enable them to cope with repatriation on a large scale; and it was no doubt true that if they had relaxed all restrictions they might have been faced with a situation similar to that which had arisen in France. But, since they also refused French offers of help in supplying food and transport for the returning refugees, it appeared that they had an ulterior motive; and there was, in fact, little doubt that the delay in the repatriation of Spaniards from France was directly connected with the delay in the restoration of Spanish property in France in accordance with the Bérard–Jordana Agreement.[2] During the first half of March not more than a few hundred refugees a day were allowed to cross the frontier, and although by the middle of the month the Spanish authorities had agreed to relax their restrictions and admit larger numbers of refugees, delays and difficulties continued to be encountered during the next three or four months. At the end of July 1939, after a settlement of the vexed question of the Spanish gold in the vaults of the Bank of France had been reached and the gold had gone back to Spain,[3] it was announced that an agreement had been reached for the immediate repatriation of 50,000 militiamen. The daily quota which was to be permitted to enter Spain was about 2,000, and at that rate of progress the return of the 50,000 militiamen would be completed by the end of August; but unless the process of repatriation was greatly expedited, many months would have to pass before France would be relieved of the burden of the civilian refugees.[4]

While there appeared to be no reason why the great majority of the 200,000 civilian refugees in France should fear to return to their homes in Spain, and while a large proportion of the men who had served in the Republican army also fell into categories which, by the

[1] See pp. 348 and 352, above.

[2] See p. 352, above.

[3] See p. 353, above.

[4] According to an English observer who visited the camps from time to time, the number of refugees at Bacarès, Argelès and St-Cyprien fell, between the 1st May and the 1st July, 1939, from 165,000 to 104,000. The reduction in the number in the concentration camps was due not only to the return of some refugees to Spain and the departure of others *en route* for Mexico and other countries, but also to the employment of able-bodied men in France, in the army, on the construction of fortifications and on other public services.

terms of the Nationalist legislation on the subject, would be exempt from reprisals, there were a substantial number who would undoubtedly be in peril of their lives, or who must expect to be subjected to severe penalties, if they went back to Spain. According to estimates which were made by the French authorities, some 10,000 of the refugees had committed crimes which would bring them within reach of the law in their own or any other country,[1] while 30,000 fell into the class of 'political criminals', against whom penalties of varying degrees of severity had been decreed by the Spanish Government.[2] The French Government felt that it was out of the question for them to hand over to the Spanish Government individuals who would or might be subject to reprisals;[3] and in addition to this class there would no doubt be a considerable number who would greatly prefer, for ideological or other reasons, not to return to their native land.[4] The prospect of a career for some of the former Republican soldiers was opened up by the issue of a decree on the 8th June, 1939, making all male aliens in France between the ages of 18 and 40 eligible for service in the French Army; but for the majority of the Spanish political exiles the best hope seemed to lie in the possibility that they would be able to find homes and employment in Spanish-speaking countries overseas. Several Latin-American states expressed their willingness to admit a certain number, and the biggest contribution towards solving the problem of the future of refugees in France who could not, or would not, go back to Spain was made by the Mexican Government. They offered in March to take 50,000, provided that the cost of their transport across the Atlantic was not made a charge upon the Mexican Treasury. A first batch of about 1,700 or 1,800 refugees, including many well-known intellectual leaders and professional men as well as men of the working class, with their families, left France on the 24th May in a ship, the *Sinaia*, which had been chartered by the British National Joint Committee for Spanish Relief, in conjunction with a recently established Committee for Refugees from Spain. The *Sinaia* arrived at Vera Cruz on the 13th June, and a representative of the National Joint Committee who

[1] A considerable number of these genuine criminals were already in prison in France. No solution of the problem of their future had been found by the end of June, but there had been some talk of organizing penal settlements on Pacific islands or elsewhere.

[2] See p. 290, above.

[3] A statement to this effect was made by Monsieur Sarraut in the Chamber in the middle of March.

[4] In August 1939 it was officially estimated that 21 per cent. of the refugees still in France wished to remain there; 24 per cent. had asked to be repatriated; and 55 per cent. desired to go to Mexico or some other country.

was on the spot reported that admirable arrangements had been made for the reception of the refugees and that many more could be absorbed as soon as means of transport could be provided.[1]

Apart from any contributions which Governments were able to make, in money, in kind, or in personnel, towards the carrying out of relief work in Spain and the maintenance of refugees, their principal activity in the humanitarian field during the period under review in this volume lay in attempts to persuade the Spanish combatants to show greater regard for the principles of humanity in their conduct of the war, especially in the matter of bombing the civilian population from the air. The question of the extent to which it could be considered justifiable to expose non-combatants to the danger of death or injury by sending aircraft to bomb towns and villages which were more or less remote from the area in which military operations were being conducted was brought to the front early in the year 1938 by an increase in the use of the air arm for this purpose not only by the Spanish Nationalists, who had had recourse to this method from time to time ever since the beginning of the war, but also by the Republicans, whose record in this respect was generally believed to be less black than that of their opponents.[2] After a series of Nationalist air-raids on Valencia during the first fortnight of January 1938, the Government at Barcelona decided to adopt reprisals, and during the third and fourth weeks of January there were Republican air-raids on Salamanca, Seville, Ceuta and Valladolid. This Republican action

[1] Señor Indalecio Prieto had gone to Mexico in March 1939 to negotiate with the Mexican Government regarding the settlement of refugees, and both Señor Negrin and Señor Álvarez del Vayo had also arrived there by the first week of June.

There appeared to be some danger that the Mexican Government's readiness to give hospitality to Spanish refugees might increase their domestic difficulties. The Government's sympathy with the Spanish Republicans had never been shared by the powerful Spanish colony in Mexico, whose members had declared themselves whole-hearted supporters of General Franco. Latterly a branch of the Falange Española had been particularly active; and, after the announcement of the Mexican Government's offer to take 50,000 refugees, there were a number of pro-Nationalist demonstrations, which provoked counter-manifestations from Republican sympathizers.

[2] There was no doubt that this was the general belief, at any rate in England, but Nationalist sympathizers maintained that this impression was false and had been created only by the Republicans' skilful use, and the Nationalists' neglect, of propaganda methods. The Nationalists from time to time published details regarding Republican air-raids over Nationalist territory, but these particulars did not receive nearly as much publicity as accounts of Nationalist air activity. According to statistics published by the Nationalist General Air Staff, which were reproduced in *Spain*, 6th September, 1938, the Republicans had carried out 2,091 raids over 373 towns by the 1st June, 1938, causing 18,985 casualties.

only provoked the Nationalists into intensifying their own attacks, particularly upon Barcelona. During the six days ending on the 25th January Barcelona suffered six air-raids, and the campaign against the Catalonian capital culminated on the 30th January in two raids which were said to have caused the death of some 350 people and to have injured 700. The news of this competition in frightfulness in Spain, combined with the reports of Japanese air action in China, aroused consternation among the Governments and peoples of 'democratic' European countries, who saw in the sufferings of the Chinese and Spanish peoples a portent of what they themselves might suffer in the event of a future general war; and the reports from Spain in January 1938 stimulated a renewal of earlier attempts to call a halt in this process of the wholesale destruction of non-combatants.

One great difficulty which was encountered in this connexion arose from the fact that the principal international treaties laying down rules for the conduct of war had been drawn up before the development of air warfare,[1] and there was no generally accepted code of rules governing the use of the air arm and defining what were or were not legitimate objectives of air bombardment.[2]

The adoption both in Spain and in China of the practice of bombing open towns, or towns in which military objectives could not be reached without grave danger to the non-combatant population, led during the year 1938 to consideration of the possibility of concluding an international convention for the prohibition of these methods of warfare. On the 2nd February, 1938, two days after the specially destructive Nationalist air-raid upon Barcelona, the British Foreign Secretary announced in the House of Commons at Westminster that the Government had already set on foot investigations into the development of aerial warfare with a view to the conclusion of an international agreement to govern its conduct. This proposal was welcomed by all political parties, as was proved by the fact that on the following day the House of Commons carried unanimously a

[1] The Hague Conventions dated from 1907. The protocol of the 17th June, 1925, which prohibited the use of poisonous gases and bacteriological methods of warfare applied to projectiles dropped from aircraft as well as to those fired from guns, but dealt only with one special aspect of the problem of air warfare.

[2] An attempt to draw up such a code of rules had been made at the end of the year 1922, in accordance with a resolution adopted at the Washington Naval Conference. A Commission of Jurists had met at The Hague and prepared a report which was submitted to Governments for their approval, but the jurists themselves had found it impossible to reach agreement on certain controversial questions, and no action was taken on their report (see the *Survey for 1937*, vol. i, p. 238 *n.*).

motion calling for the expression in the form of an international agreement of the growing horror at the aerial bombardment of defenceless civilians. In the United States, also, the suggestion won wide-spread support; on the 9th February, for instance, the whole of the Hearst Press published a leading article calling for the summoning of an international conference to establish a new code of warfare which would prohibit the bombing of civilians and provide for the outlawing of any nation which infringed the rules.[1] The tone of Italian and German Press comment on the suggestion for an aerial warfare convention, however, did not hold out much hope of Italian and German co-operation in the project which the British Government had in mind; and, since a convention which had not been accepted by Rome and Berlin would have little or no value, it was difficult to make any progress with the plan. On the 30th May Mr. R. A. Butler told a questioner in the House of Commons that the experts who were examining the problem were trying to draw up rules which might have a chance of general acceptance, but were encountering many technical and legal difficulties, and these difficulties apparently proved insurmountable. At all events, by the end of March 1939 no more had been heard of the proposal for an international convention on air warfare.

No greater success attended an effort which was made by the French Government to secure international co-operation, at least in making representations to the parties in Spain against the bombing of civilians. On the 1st February, 1938, the French Prime Minister told the Press that it was his intention shortly to issue an appeal to

[1] The extent to which British and American public opinion had been moved by recent events in Spain was proved by the publication, in the second week of February, of appeals signed by religious leaders and other prominent persons. In the British case the appeal was addressed to the Nationalist and Republican authorities, urging them to abandon the deliberate bombing of civilians for the sake of the Spanish people as a whole and in the interests of humanity. In the American case, the appeal was addressed to President Roosevelt, who was asked to give public expression to the American people's sentiments on the subject. Mr. Roosevelt did not respond to this appeal by joining in the formal protests which were presented at Burgos from time to time by other Governments; but the Administration's abhorrence of these methods of waging war was made clear in the form of official statements. The Secretary of State had already declared, apropos of the raids on Barcelona at the end of January, that such occurrences could not be justified and must be deplored by any civilized country, and he made a similar statement at a Press Conference after the raids on Barcelona on the 16th–18th March (see below). On the 3rd June, again, a protest against bombing from the air in Spain and in China was read at a Press Conference by Mr. Sumner Welles, and it was understood that this statement had received the President's approval.

other Governments asking them to support an attempt to induce the rival Governments in Spain to renounce the deliberate bombing of civilians. Diplomatic conversations on this subject were in progress during the first half of February; but, though a few Governments, including those of Great Britain, Switzerland and Belgium, declared that they would associate themselves with an initiative of the kind proposed, the response on the whole was not encouraging (no doubt because the majority of the Governments approached were sceptical, with good reason, as to the efficacy of diplomatic representations). In particular the Vatican, whose support the French Government were specially anxious to secure, declined to associate itself with any international action, though the Pope made independent protests from time to time at Burgos against the bombing of civilians.[1] On the 17th February it was reported that the French Government had presented a plan for concerted action to all the Governments represented on the Non-Intervention Committee and to the Vatican, but this project appears to have shared the fate of the British plan for an international convention, and no more was heard of it.

The Governments of France and Great Britain were therefore obliged to fall back upon the method, the inadequacy of which had already been proved by experience, of making representations jointly or severally to the rival Governments in Spain against the continuance of the practice of bombing towns which were not in the immediate area of fighting. These representations did, indeed, appear to produce some effect in Barcelona. At the beginning of February the Republican authorities declared that they were renouncing the policy of reprisals for Nationalist air-raids which they had recently adopted,[2] and accepted in principle an offer from the British Government to use their good offices in any way that might help to put an end to the bombing of centres of civilian population. At the end of June the Republican Government threatened to take reprisals again —not this time against towns behind the Nationalist front line but against the bases from which the Nationalist aircraft operated. The majority of the Italian and German aircraft in Nationalist service were believed at this time to be based on Majorca, but there were

[1] A protest had been made against the bombing of Barcelona on the 30th January, and after the air-raids of the 16th and 18th March the Papal Envoy at Salamanca was again instructed to make urgent representations. Another protest was reported to have been made at the beginning of June.

[2] On the 29th January, the Republican Minister for Defence was reported to have offered to abandon the practice of bombing open towns if the Nationalists would reciprocate. The Nationalist reply was the raid on Barcelona on the 30th January.

also well-substantiated reports that some Italian air squadrons used aerodromes in Italy as their bases;[1] and the Republican threat might therefore be taken as being directed against Italian territory. Whether Majorca or Rome was the target which the Republicans had in mind, they allowed themselves to be dissuaded from carrying out their threat (if indeed they ever seriously intended to carry it out) by appeals from France and Great Britain—whose representations in favour of moderation were fortified by an intimation, which had been conveyed to the French Government by the Italian Ambassador, that any attack either upon Majorca or upon Italian territory proper would evoke a prompt and energetic reaction.

The Nationalist authorities at Burgos, however, paid no attention to the appeals which were addressed to them by foreign Governments and other agencies[2] on the subject of the bombing of non-combatants. The French and British representations at the beginning of February, the immediate motive for which had been provided by the disastrous raid of the 30th January on Barcelona, merely elicited the reply that, while the Nationalist authorities had the highest respect for humanitarian considerations and regretted the loss of life and injury among civilians which their aerial activity caused, Barcelona contained numerous military objectives which made it a legitimate target; and they followed this up by carrying out four air-raids on Catalonian towns on the 3rd February, and another on Tarragona on the 4th. Barcelona itself was not raided again until the 6th March, and on that occasion the Nationalist bombs did relatively little damage; but between the 16th and the 18th March there were no less than eighteen air attacks upon the port and city, and the casualties were officially estimated as 610 killed and 1,110 wounded. The French Vice-Consul was among those who lost their lives, and the Brazilian Ambassador and other diplomatic and consular officials were wounded. Strong protests were presented at Burgos by the French and British Governments and also by the Vatican, but the Nationalist authorities replied again that they considered Barcelona a legitimate military objective, and that the killing and wounding of civilians was incidental and not the object of the raids.[3] Public opinion in other countries, however,

[1] It was also reported that it was the practice for Italian and German pilots and aircraft to return to their country of origin at regular intervals of two or three months in order that they might be relieved by new pilots in new machines.

[2] The International Committee of the Red Cross, for instance, addressed an appeal against aerial bombardment to both Spanish parties towards the end of February.

[3] In support of the Nationalist contention that the destruction of civilian

was not disposed to accept this argument as valid, even in the case of Barcelona,[1] and saw still less justification for the aerial bombardment of towns and villages along the Republican seaboard which followed during April and May. Among the most destructive of these raids were those on Alicante on the 25th May (in which 378 persons were said to have lost their lives) and on Granollers on the 31st May. At Granollers, a town of some 10,000 inhabitants, bombs fell in the crowded market-place; more than 100 people were killed and 450 wounded; and 85 per cent. of the casualties were said to have been women and children. Once more formal protests were made by France and Great Britain; but it was by now abundantly clear that such protests availed nothing, and the only alternative which suggested itself to the British Government (who had to take account of the extremely strong current of public feeling, which made it impossible for them to follow the line of least resistance and acquiesce tacitly in the use of these methods of warfare) was an attempt to turn the sanction of publicity to greater effect.

On the 3rd June Mr. R. A. Butler announced in the House of Commons that a proposal was under consideration for the appointment of a small Commission which could investigate, at the request of either party to the Spanish war, the scene of a recent aerial bombardment and report on the extent of the damage and on the presence or absence of military objectives. The Commission's reports would be published, and it was hoped that the effect upon world opinion of such reports—in which the question of the legitimacy of any particular attack would be examined by independent witnesses—might exercise more influence than representations which were not supported by direct unbiased evidence.

The original idea was that this Commission should be international, and the British Government approached the Governments of the United States, Norway and Sweden in order to ascertain whether

life and property was not deliberately intended, but was an incidental consequence of attacks on military objectives, it has been suggested to the writer that if it had been the object of the Nationalists to demoralize the inhabitants of Republican Spain by attacks from the air they would have carried out a far more intensive campaign of bombing open towns and villages, and that the comparative rarity of raids upon centres which contained no military objectives was an indication that such raids were due to a genuine mistake (or, alternatively, that they were carried out by non-Spanish airmen, in contravention of Spanish orders, as was undoubtedly the case at Minorca on the 8th February, 1939).

[1] For instance, Mr. Chamberlain said in the House of Commons on the 29th March that His Majesty's Government could not regard General Franco's reply to their representations 'as an adequate justification in view of the exceptional loss of life and injury to the civilian population of Barcelona'.

they would be willing to appoint representatives. The Administration in Washington expressed general sympathy with the proposal, but declined, on general principles, to associate themselves with its application; and, though the Swedish and Norwegian Governments were ready to nominate representatives, objections to their participation appear to have been raised by the Spanish Nationalists. The authorities at Burgos did not, however, reject the idea of a commission of investigation, and at Barcelona the proposal was warmly welcomed. After further unsuccessful attempts had been made to constitute the Commission on an international basis, a proposal for the appointment of two British officers was accepted[1] by the Spanish Nationalists and the Republicans at the end of July. This British mission, which had its head-quarters at Toulouse, entered officially upon its duties on the 13th August.

The Commission's first task was to investigate, at the request of the Republican Government, the evidence relating to a series of recent attacks upon the port of Alicante. The Commission conducted its inquiry at Alicante on the 19th and 20th August, and its report was published on the 1st September. It had examined detailed information relating to 46 raids, and it concluded that in at least 41 cases the attack had been aimed against the port area or the railway station, which were the only objectives that it might conceivably be held justifiable to attack (the town contained no factory making munitions and no stocks of war material, and not more than 100 soldiers were stationed there). In two cases (including the raid of the 25th May) the Commission held that the evidence proved conclusively that the attack had been deliberately aimed at areas exclusively inhabited by a civilian population. The members of the Commission actually witnessed a raid upon Alicante on the 20th August, and formed the opinion that the bombs were directed against the port and the station; but a raid upon Barcelona on the 19th August which they also witnessed was in their opinion either a deliberate attack upon the civilian area or a very badly aimed attack upon the port. This first report also dealt with raids on Sitges on the 8th August and on Torrevieja on the 25th, and in neither case did the Commission find that an attack could be justified by the presence of military objectives. The attack on Torrevieja—a small unfinished port containing no military establishment, stores or depots—was indeed adjudged to have been a deliberate attack upon a defenceless population. By the second week of March 1939, when the British Govern-

[1] The officers appointed were Group-Captain J. R. W. Smyth-Pigott and Lt.-Col. F. St. D. B. Lejeune.

ment's recognition of the Nationalist Government, combined with the fact that hostilities had virtually ceased, led them to decide upon the cessation of the British Commission's activities, the Commission had published seven reports giving the results of investigations which they had carried out at the Republican Government's request. In the town of Figueras, which was attacked on the 14th October, the members of the Commission found that the only military objective was an officer cadet-training school which was used only in the daytime. A raid on Barcelona on the 21st October was described as an attack on the port area carried out under conditions which jeopardized the inhabitants of the thickly populated part of the city, and in another report on Barcelona, with reference to an attack on the port on the 23rd November, the Commission expressed the opinion that there would be 'loss of civilian life and property whenever an attack on the port area' was 'made from high altitudes at an angle of the coast', and that the continuance of raids on the port must therefore be regarded as 'tantamount to deliberate attacks on a civilian population'. An investigation of Tarragona after a raid on the 7th November revealed no signs of any stationing of troops in or recent movement of troops through the city; no war material or stores were found; and the town was stated to be completely undefended against aerial attack; but the Commission was careful to point out that, in view of the strategic position of Tarragona, an opposing force might reasonably expect that it was being used for military purposes. Of fifty-six raids which were investigated between the 19th August and the 24th November, nine were found not to have been directed against military objectives, though it was not possible to say definitely in all nine cases that bombs had been deliberately aimed at the civilian population; while in the case of a raid on Barcelona on the 31st December, 1938, the Commission formed the opinion that the Nationalist bombers had made a deliberate attack on non-combatants, at a moment when the streets might be expected to be particularly full, and in a part of the city in which civilians had been virtually immune since March 1938.

The very moderation of these conclusions, and the scrupulous care which the Commission had evidently taken to accept only incontrovertible evidence of deliberate attacks upon non-combatants, lent added weight to their indictment. The publication of the Commission's reports did not, however, result in any modification of Nationalist policy. The pressure of world public opinion appeared to have as little effect upon General Franco as it had had upon his Italian supporters when they had used the prohibited method of gas

warfare in order to break the resistance of the Abyssinians.[1] In a note which was presented to the Foreign Office in London on the 9th December, the Spanish Republican Government referred to the reports of the British Commission, which showed 'the democratic Governments and the whole world . . . in the most categorical manner how the aviation in the service of the Spanish rebels is systematically applying the bombardment of the civil population as a method of warfare'. 'How is it possible,' the Spanish Government inquired, 'that once the systematic use of such a method has been proved . . . the democratic Governments should remain passive or indifferent without attempting to apply the effective measures which are no doubt at their disposal so as to halt and terminate such usage?' The democratic Governments made no immediate response to this appeal, and its only result was to provoke the Nationalists into making counter-charges against the Republicans. In a note presented by General Franco's agent, the Duke of Alba, at the Foreign Office on the 13th December, the Nationalists declared that their aircraft confined themselves strictly to the bombing of military objectives and accused the Republicans of deliberately maintaining non-combatants in the neighbourhood of such objectives 'in pursuance of a prearranged plan to use the victims as material for propaganda'—declaring in support of this allegation that the civil population had not been evacuated from towns and villages which the Nationalists had announced, in a statement broadcast on the 1st December, that they intended to bomb because they contained military objectives.[2] Further, reports that 'foreign aviation' had 'intervened in any of the legitimate attacks' delivered by the Nationalists were categorically denied, and all the bombardments were said to have been carried out under orders from the Nationalist General Staff.

This readiness on General Franco's part to accept responsibility for action which public opinion in 'democratic' countries was inclined to regard as a major crime against humanity did not cause the Republican Government to withdraw their charges against Germany and Italy; and at a meeting of the League Council on the

[1] See the *Survey for 1935*, vol. ii.

[2] The Nationalist note also referred to statistics (which have been quoted on p. 403 *n.*, above) of Republican air-raids over Nationalist territory. This was in response to the publication by the Republican press agency a few days earlier of figures of air-raids and naval bombardments on eight major Catalan towns and on Barcelona during the period from the beginning of the war down to the 31st October, 1938. Barcelona was said to have suffered 180 air-raids, in which 2,500 people had been killed and 3,200 wounded and 1,200 buildings had been destroyed. There had been 393 attacks on the other towns mentioned with 3,788 persons killed and 5,299 wounded.

18th January, 1939, when the reports of the British Commission on the bombing of towns in Spain were under consideration, Señor Álvarez del Vayo declared that his Government still refused to believe that Spaniards could be guilty of such atrocities against their fellow Spaniards, and that the responsibility must lie with German and Italian pilots of the aircraft concerned. The Republican Foreign Minister appealed to the Council to take definite steps to put an end to this situation; but he himself can hardly have expected to receive a constructive response to his appeal. The most that the Council felt able to do was to pass a resolution, on the 20th January, noting that several of the attacks on Republican towns which had been investigated must be deemed to have been directed against the civilian population and condemning once again the recourse to methods contrary to the conscience of mankind and to the principles of international law. As was to be expected, this expression of international disapproval had no more effect than the publication of the British Commission's reports upon the Nationalist tactics, and the practice of bombing areas containing non-combatants was continued unabated until the end of the war.

In conclusion, some reference may be made to a form of international intervention which was not indeed humanitarian but which concerned a matter that had caused considerable anxiety, ever since the war began, not only to friends of Spain but to all who were interested in the preservation of the artistic heritage of the Western World.[1] Investigations which had been undertaken by foreign experts from time to time during the course of the war had shown that the Republican Government were fully alive to the responsibilities which rested upon them as the guardians of Spain's priceless artistic possessions; and, while in the nature of the case little could be done to protect churches and other buildings from the effects of shelling and bombardment from the air, the Republicans had done their best to ensure the safety of pictures and tapestries and other artistic treasures by storing them, carefully packed under expert supervision, in places of comparative safety. By the beginning of 1939, however, there was hardly any portion of Republican territory which could be considered even relatively safe; and in these circumstances negotiations were set on foot between the Republican Government and a special committee of representatives of museums and art galleries in

[1] The first *démarches* which were made by the representatives of foreign countries in the hope of 'humanizing' the Spanish war, in August 1936, had included among their objects the taking of measures 'to preserve the monuments and works of art which reflect the grandeur and glories of the past'. (See the *Survey for 1937*, vol. ii, pp. 378–9.)

Europe and America and private collectors, with the object of arranging that some at least of the most valuable pictures from the Prado and other art galleries should be removed from Spain until the war was over. By the beginning of February arrangements had been made for selected works of art to be taken to Geneva and entrusted to the personal guardianship of the Secretary-General of the League, Monsieur Avenol. Some 800 cases containing pictures and tapestries and other treasures reached Geneva on the 13th February, 1939, and when they were unpacked it was found that practically all the most famous masterpieces were in an excellent state of preservation. Monsieur Avenol's trusteeship lasted only for a few weeks, and at the end of March a representative of the Nationalist Government took formal possession of the works of art in Geneva. It was decided, however, that a selection of about 200 of the pictures should remain in Geneva until the autumn in order that an exhibition of them might be held. The first consignment of the remainder was reported to be on its way back to Spain at the end of the first week in May. Meanwhile the Spanish Government's experts had made a survey of the country's artistic possessions and had found that the majority of them were still extant. At the beginning of April it was estimated that about 95 per cent. of the pictures and other works of art belonging to Madrid had been or would be recovered; and, according to a later report, the Prado collection was expected to be virtually complete when the pictures at Geneva had been brought back. In this respect, at any rate, the losses which had been inflicted upon Spain by the civil war were less serious than there had seemed reason to expect.

# PART IV

## THE MEDITERRANEAN

By H. BEELEY

### (i) The Administration of the British Mandate for Palestine, 1938–9

Less, even, than in earlier years could the history of Palestine in 1938 and the early months of 1939 be written exclusively in terms of events within the country. From 1933 onwards the problems of the mandatory Power had been gravely complicated both by the persecution of Jewish communities in Central Europe and by the growing interest of neighbouring Arab countries in the future of Palestine. In 1938 the territorial expansion of the Third Reich added to the force of the Jewish plea for a haven of refuge, while at the same time it made the British Government more sensitive to the opinion of their Arabic-speaking allies in the Eastern Mediterranean and the Middle East. British policy was affected not only by these wider considerations, but also by the continuing disorders in Palestine itself. At the same time the character and intensity of these varied in accordance with the changing intentions of the mandatory Power. So complex a theme has not lent itself to chronological narrative, and it has been found more convenient to describe the course of events in Palestine before proceeding to the evolution of British policy in the period under review.

#### (*a*) The Arab Rising and Inter-racial Strife

The Arab rising against the British Administration in Palestine had, at the outbreak of war in September 1939, been in progress for more than three years. Its revival on a large scale in October 1937,[1] after twelve months of sporadic disturbances, was maintained throughout the first half of 1938, and from July to November it was more formidable than at any previous time. The total number of lives lost in 1938, excluding members of the Arab bands, for whom accurate statistics were not available, was 835, as against 97 in 1937 and 314 during the first phase of the rebellion in 1936.[2] In addition, a con-

[1] See the *Survey for 1937*, vol. i, p. 570.

[2] *Report by His Majesty's Government . . . on the Administration of Palestine and Trans-Jordan for the year 1938*, p. 20; cf. *Report for 1937*, p. 12, and *Report for 1936*, p. 19. Of the total for 1938, 77 were British, 98 Palestinian members of the security forces, 206 Jewish civilians, and 454 Arab civilians. It should be observed that a proportion of the last figure was directly attributable to Jewish reprisals. See pp. 416–17, below.

servative estimate made by the military authorities suggested that the armed bands lost approximately a thousand men during the year.

The leadership and organization of the rising remained to some extent mysterious, and the spokesman of the mandatory Administration was unable to supply the Permanent Mandates Commission, at its session in June 1938, with any information on that subject.[1] It was generally assumed in the English Press that the semi-military forces in Palestine were controlled and in some measure financed by a committee of politicians in Damascus, who also maintained a liaison between the rebel command and the exiled Mufti of Jerusalem. There were also persistent rumours that this committee was receiving money from agents of the German and Italian Governments. Probable as all these suppositions were, evidence for most of them was lacking. A part of the administrative machinery of the rebellion was undoubtedly established in the comparative safety of French mandated territory, and it was equally certain that both arms and men, probably in small quantities, were crossing the Syrian frontier into Palestine.[2] But the Permanent Mandates Commission was unable, in the course of its inquiry into the French administration of Syria and the Lebanon, to obtain any more precise information. Indeed, Monsieur de Caix, when asked to what extent Hājjī Amīn Efendī al-Husaynī was able to engage in political activity at his residence near Bayrūt, suggested that his rôle in the Arab insurrection had been generally misunderstood.

> It might be . . . that this personage, on whom events had conferred symbolic significance, was not so important a factor as was commonly supposed. He received visitors, no doubt, who came to talk politics with him; but he was still required to observe the rules of hospitality

[1] Permanent Mandates Commission: *Minutes of the Thirty-Fourth Session*, p. 45. But in 1939 Mr. Kirkbride was able to give the Commission some conception of the rebel organization. 'The country', he said, 'was divided up into areas under commanders who, in turn, had under their orders sub-commanders with gangs of twelve to twenty-five men. The co-ordination of activities in an area was usually good, from the rebel point of view, but the co-ordination between one area commander and another was much less perfect. There had been several commanders-in-chief who claimed to be in charge of rebel activities all over Palestine, but each area commander had decided for himself which chief he would obey. Over and above the field organisation in Palestine itself thus outlined, there was a higher organization, the Committee for the Defence of Palestine, which had its head-quarters in Damascus, and from which the various leaders derived their authority' (Permanent Mandates Commission: *Minutes of the Thirty-Sixth Session*, p. 66).

[2] 'In 1937 the majority of the members of the armed bands were Arabs from neighbouring countries. . . . In 1938, however, 99 per cent. of the rebels were Palestinian villagers recruited by the sub-commanders from villages in the area under their command.' (*Op. cit.*, p. 66.)

> incumbent on a political refugee. There was nothing to show that he was a leader of belligerents; nor was there any reason to suppose that the political banditry—the guerrilla warfare—in Palestine needed any general leadership from outside. . . . M de Caix did not, in short, think the ex-Mufti (*sic*) played the part attributed to him.[1]

Questions asked from time to time in the House of Commons on the alleged activity of the Axis Powers in Palestine met with equally negative replies from the Secretary of State for the Colonies.[2] But even if the hypotheses put forward in the English Press could have been fully substantiated, they would still have conveyed a misleading impression of the character of the rising. Whatever might be the extent of the assistance received from the neighbouring Arab countries or from farther afield, there could be no doubt that the driving force of the rebellion was the nationalist feeling of the Arab population in Palestine itself.[3]

During the first six months of 1938 the insurgents operated for the most part in small groups, based on the hill country of Galilee and Samaria. The occupation by the military, towards the end of May, of strategically situated villages in that area did not appreciably diminish the frequency of the now customary incidents—attacks on Jewish settlements, the ambushing of military patrols, assassinations of Arab mukhtars and policemen, the mining of roads and railway tracks, and the sabotage of the 'Irāq Petroleum Company's pipe-line in the Plain of Esdraelon. Terrorism was still directed primarily against the mandatory Administration, but the Jewish community was a secondary target, and during May and June there were signs that the patience of certain sections of the Jewish population was wearing out. On the 6th July two bombs of higher calibre than those normally used by the Arab insurgents exploded in the Arab fruit market at Haifa, killing and wounding a large number of people. A riot followed, in which several Jews were stoned or shot by the angry mob. This, the most serious incident since the outbreak of the disturbances in April 1936, caused the death of 21 Arabs and 6 Jews, while 92 Arabs and 11 Jews were injured. It

[1] *Op. cit.*, p. 107.

[2] See especially the Colonial Secretary's reply to a question on the 22nd February, 1939, when he said that an analysis of the weapons captured by troops and police between July and November 1938 showed that they came almost wholly from stocks which had remained in the Middle East since the War of 1914–18. In a very few instances they had come from Germany.

[3] Perhaps the closest historical parallel to the events of 1936–9 in Palestine is to be found in the Irish rebellion of 1920–1. See e.g. F. Pakenham: *Peace by Ordeal* (London, 1935, Jonathan Cape), Part II, chapter 2, for an account of the earlier rising which throws a good deal of light on the later.

was the signal, furthermore, for an outbreak of inter-racial conflict in which members of the extreme Revisionist Party played on one side the part of the guerrilla bands on the other, though with less sympathy from the bulk of their own people. Both the Jewish National Council and Dr. Weizmann on behalf of the Jewish Agency issued manifestoes condemning armed reprisals, but these continued nevertheless.[1] Bombs exploded among Arab crowds in Jerusalem on the 7th and 8th July, and on the 15th eleven Arabs were killed by an explosion in the vegetable market of the Old City. These reprisals reached their climax on the 25th, when the fruit market in Haifa was again the scene of an explosion, followed, as the first had been, by a period of rioting; on this occasion 45 Arabs and 4 Jews lost their lives.

These events had repercussions in all the urban areas of mixed population. Jews were attacked on the boundary between Jaffa and Tel Aviv, and in Safad troops had to open fire in order to prevent an Arab mob from invading the Jewish quarter after the explosion of a bomb on the 15th July. The following month saw a similar sequence of bomb-laying and rioting in Tiberias, and it was in this town that the most ruthless of the Arab counter-reprisals took place on the night of the 2nd October, when an armed band raided the Jewish quarter and stabbed or shot nineteen Jews, including three women and nine children.

Military reinforcements were brought from Egypt in July, and were stationed in Samaria and Galilee. This display of force in the northern half of the country had the effect of driving the armed rebels, whose numbers appeared to have increased with the exacerbation

[1] Curiously enough, while the official Jewish organizations were condemning the use of violence, the Jewish terrorists were claiming justification from the words of a member of His Majesty's Privy Council. Early in July a pamphlet was being circulated in Palestine, entitled *Colonel Wedgwood calls Jewish youth to revolt.* It contained a letter addressed to the President of the Jewish Former Army Officers' Association at Tel Aviv, in the course of which Colonel Wedgwood said: 'I am afraid that mere asking for justice . . . is useless. In my experience, especially in times of difficulty, Governments give way only to actions. Demands backed by nothing but a sense of justice play little part in modern history. . . . Last year some Jewish illegal immigrants were marched in chains to Acre gaol. I think if you had freed them on that march, even by violence, British public opinion would have supported you and it would never have occurred again.' The letter stigmatized 'reprisals in the form of murdering innocent Arabs' as morally unjustifiable, but its general effect was to encourage those Jewish groups which were impatient with the exclusive reliance of the official leaders on legal methods, and which at the time of its circulation in Palestine were experimenting with terrorism. Further publication of the letter, in whole or in part, was forbidden by the Administration on the 18th July.

of nationalist feeling in July, into Jerusalem and the Southern Districts. Here they congregated in larger bands than they had hitherto formed, and embarked on a systematic attempt to undermine the whole fabric of civil government. To this end they extended their operations from the rural areas into the towns, which had previously been visited only by isolated terrorists or small groups. It was presumably to enable its followers to enter the towns without arousing comment that the Arab command required every loyal Arab townsman to abandon the tarbush in favour of the traditional headcloth of the *fallāhīn*. An order to this effect was read in the mosques early in August; it was issued by the 'General Command, Head-quarters of the Arab Revolution in Palestine', an organization whose moving spirit appeared to be 'Abdu'r-Rahīm al-Hājjī Muhammad. The 'General Command' did not restrict itself to the conduct of its semi-military operations; it also attempted to control the whole Arab population of Palestine by making itself more formidable than the Government. It established Courts for the trial of Arabs accused of disloyalty to the national cause, and large numbers of suspects were abducted and delivered to these tribunals. Many corpses were subsequently found with notes pinned to their clothing stating that they had been executed in accordance with sentences of the rebel Courts. The object of the revolt, in this latest phase, was not merely to challenge the authority of the mandatory Power but to supersede it.

The increasingly comprehensive organization of the rebellion added to its financial requirements, and it was apparently this problem which gave rise to the earliest raids on the towns. On the 10th August a detachment of rebels entered the Nāblus branch of Barclays Bank and escaped with over £P.5,000; a week later a post office employee in the same place was robbed of a bag containing £P.2,000. Smaller sums were raised during August and September by attacks on post offices in Gaza and Qalqilīyah, on railway stations in Baysān and Qalqilīyah, and on municipal and Government offices in Jaffa and Beersheba. Less than a fortnight after the beginning of these raids the rebels began their attempt to evict the Government altogether from the Arab towns in the south. On the night of the 19th August Hebron was invaded by 300 insurgents, who set fire to Barclays Bank and the post office and destroyed an armoured car. Beersheba, where the armoury of the desert patrol was housed, was the next objective; it was raided on the 9th September by a large band which destroyed the wireless post and captured a Lewis gun with a large quantity of rifles and ammunition; later in the month all

the Government buildings in the town were burnt down. During the night of the 13th–14th Bethlehem was invaded; the police station, law courts, municipal offices, and post office were fired, and the town had for practical purposes to be abandoned by the Administration. In Ramallah, on the opposite side of Jerusalem, the guerrilla bands were left in almost undisputed occupation for three weeks.

By the beginning of October the civil administration, outside the Jewish areas and the larger towns, had been almost entirely paralysed. The magistrates' courts were withdrawn from Acre, Nāblus, Janīn, Tulkarm, Nazareth, Baysān, Hebron, Beersheba, Ramleh, and Gaza. The police were able to move about only in large parties, so that the detection of non-political crime was virtually abandoned. The railway from Lydda to Jerusalem could not be protected against sabotage, and was closed to all traffic for over three months. The service on the main line to Egypt was reduced to three trains a week, all forms of transport were prohibited at night, and the landing of air-mail on Lake Tiberias was suspended because of the insecurity of the road to Jerusalem.

In these circumstances many Arabs began to envisage the possibility of driving the British out of Palestine, and it was perhaps in this frame of mind that the rebels undertook their most daring exploit, the occupation of the Old City of Jerusalem. During the first fortnight of October there was a steady infiltration of guerrilla fighters into the Muslim quarter, and snipers began to fire into the Jewish quarter and at the Government offices outside the Damascus Gate. A police station was burnt down, and bombs were thrown into the Citadel near the Jaffa Gate, which was garrisoned by a detachment of the Black Watch. A breakdown of the Government's authority in the capital city was not to be tolerated, but it was feared that a military occupation would involve difficult street fighting and might, by reason of the large number of mosques in the Old City, release the dangerous force of religious fanaticism.

The British authorities were, however, better able than for some weeks past to take effective action against the rebellion. Additional troops had been despatched from England in September, but the increasing gravity of the European situation had at the same time necessitated the return to Egypt of the forces which had been drafted into Palestine in July. It was only when the British Government were relieved of their immediate anxieties in Europe by the conclusion of the Munich Agreement that adequate reinforcements could be sent to Palestine. The detachments which were then gathered from Egypt, Malta, India, and Aldershot raised the total strength

of the military forces in Palestine to over 16,000 men, in addition to the Transjordan Frontier Force and the police, whose numbers were also increased by recruitment in England and supplemented by the employment of Jewish supernumeraries.[1] On the 5th October the High Commissioner, Sir Harold MacMichael, left by air for London, to confer with Mr. Malcolm MacDonald and Lord Gort on the military situation.[2] On his return to Palestine he promulgated two important regulations, the first placing the police under the operational control of the General Officer Commanding the forces in Palestine and Transjordan, the second authorizing the General Officer Commanding to appoint for any District a Military Commander to whom would be transferred all the powers previously vested in the District Commissioner by the Defence Regulations; in all matters relating to public security the District Commissioner was henceforward to act as a political adviser to the Military Commander. On the 18th and 19th October military appointments were made in every District. These measures, while not amounting to the introduction of martial law, gave the military authorities a greater freedom of action than they had hitherto enjoyed. The Commander appointed in the Jerusalem District, Major-General O'Connor, at once took drastic measures against the snipers in the Old City. The Muslim quarter was systematically occupied and searched by British troops on the 19th, an operation which proved surprisingly simple.

The re-occupation of Jerusalem was a decisive turning-point. Thenceforward, although disorder continued in all its varied forms, the guerrilla bands gradually lost their effectiveness as the forces of the mandatory Power combed out one region after another. The typical military operation during the winter of 1938–9 was the cordoning of a rural area, a village or a portion of a town, followed by an intensive search for concealed arms and the arrest of all suspected rebels. On the 31st December there were more than two thousand Arabs imprisoned in the concentration camps for political offenders and suspects at Acre and elsewhere. Considerable use was also made of collective punishments, inflicted on Arab villages which were either known to have harboured insurgents or were situated

[1] The temporary additional police enrolled from the Jewish community numbered, at the end of the year, 3,608. There were also 5,652 Jewish special constables (*Report for 1938*, pp. 21–2). Mr. Kirkbride, giving evidence before the Permanent Mandates Commission in June 1939, estimated these figures at 5,000 and 8,000 respectively; there were, in addition, some hundreds of supernumerary police maintained by institutions and private persons (*Minutes of Thirty-Sixth Session*, p. 69).

[2] Already, on the 6th–7th August, the Colonial Secretary had paid a flying visit to Palestine.

close to the scene of a rebel attack. The troops, as the War Office explained in a statement issued on the 9th January, 1939, acted on the theory that the peaceful *fallāhīn* were intimidated by the small guerrilla forces into at least passive participation in the rebellion. It was hoped that collective punishment, in the form of curfews, fines, or the demolition of houses, would convince the villagers that failure to assist the forces of law and order was even more unpleasant in its consequences than resisting the demands of the rebels.[1]

A drive against the rebels in the smaller towns was brought to a successful conclusion towards the end of November with the re-establishment of military control in Beersheba. The Military Commanders also emerged victorious from a six weeks' transport war with the Arab command. They had prohibited all travel in rural areas except by persons holding a permit granted by the military. The rebel head-quarters had thereupon called a strike of Arab transport, with a special exemption for the lorries conveying the citrus harvest to the ports. When, however, the military authorities refused to grant permits to the drivers of these lorries until the strike was called off, the insurgents were compelled to give way. Internecine feuds between the Arab leaders, possibly not unconnected with the emergence of a political opposition which followed the announcement in November of the mandatory Power's decision to abandon the policy of partition,[2] appeared to be a further cause of the diminishing effectiveness of the armed bands. 'Abdu'r-Rahīm al-Hājjī Muhammad abandoned his command in January 1939, and was succeeded by a rival leader with whom he had been on

[1] These penalties were not a new idea. They had been employed since 1936, but the demolition of houses was now carried out on a larger scale. Already in July as many as 53 houses had been demolished at Baqā' al-Gharbīyah after the shooting of a company sergeant-major in the village (*Report for 1938*, p. 12). And it was reported in the Press that the assassination in August of Mr. Moffat, the acting Assistant District Commissioner in Janīn, was followed by the destruction of 150 houses in that town (*The Times*, 27th August, 1938). There appeared to be some basis for the contention that this method of retaliation added not only to the bitterness of Arab feeling but also, on account of the large numbers of people whom it rendered homeless, to the numerical strength of the guerrilla bands. The German Press, during the second half of 1938 and in the early months of 1939, contained numerous highly coloured accounts of atrocities alleged to have been committed by the British troops in Palestine. There could be no doubt that these reports were grossly exaggerated, but the methods of the military in this period must have appeared brutal and unjust to many peaceful Arabs. It was unfortunate, in the circumstances of this controversy, that the local Press was forbidden, after the 25th August, to publish any accounts of military or police operations other than those contained in official communications.

[2] See p. 437, below.

unfriendly terms for some time, 'Ārif 'Abdu'r-Razzāq.[1] The months of December and January were marked by a number of attempts on the lives of leading political secessionists, and by a certain amount of retaliation against members of the Husaynī family who lived in the Nashāshībī quarter of Jerusalem.

Thus, although continuing disorders accounted for 348 deaths in the first quarter of 1939,[2] the mandatory Power appeared to have reasserted its military superiority, and the rebellion had lost its more formidable aspects. And the new declaration of British policy, issued on the 17th May, 1939, with its conditional promise of a single independent state with an Arab majority,[3] seemed likely to weaken the rebellion further by detaching from its ranks those Arabs who were reasonably satisfied with the new policy and not entirely distrustful of Great Britain's intention to uphold it. It was reported in July that many Arab villagers were surrendering arms to the Government, and that the rural population was submitting its disputes to the civil courts in preference to the rebel tribunals. On the other hand, the White Paper was interpreted by both peoples in Palestine as a concession to the rebellion and as a justification, by results, of the method of violence. Many of the younger Jewish colonists felt that the law-abiding tactics of the official leaders had been discredited, and on the 18th May demonstrators in Tel Aviv were shouting 'Down with Weizmann! Up Jabotinsky!' It was probable that neither this demonstration, nor that which stoned the police on the same day in Jerusalem, consisted exclusively of Revisionists, and the next few weeks revealed how deeply the disregard for legality had eaten into the Jewish community. Not only were there numerous acts of terrorism, but illegal immigration, which had begun to increase in the early spring, now rose to abnormal dimensions. Persecuted Jews from Central Europe were escaping by the Danube waterway and assembling in Rumanian ports, where they were picked up by small Greek and Rumanian vessels which attempted to land them at night on the open shore between Tel Aviv and Haifa. The numbers smuggled into the Jewish settlements on the Maritime Plain could

[1] 'Abdu'r-Rahīm was sho dead, in March 1939, while trying to break through a military cordon; and in the following month 'Ārif 'Abdu'r-Razzāq surrendered to the French authorities on the Syrian frontier. He subsequently escaped from Palmyra, where he had been interned.

[2] This figure, compiled by *The Palestine Post*, included the known casualties among the insurgents, and was therefore not strictly comparable with those given on p. 414, above. *The Palestine Post* later estimated that casualties during the first half of 1939 were less than 50 per cent. of the figure for the preceding six months.

[3] See pp. 459–64, below.

not be accurately estimated. Several shiploads, however, were arrested by coastguard launches or British warships, and the majority of these immigrants were allowed to remain in Palestine because they arrived without identity papers and would therefore not be received in any other country. In so far as it was aware of the numbers of unauthorized immigrants, the Administration deducted an equivalent figure from the legal quota.[1] Thirteen hundred certificates were thus withdrawn to compensate for the undeportable illegal immigrants whose arrival had been detected between the 1st April and the 24th May. During the two following months upwards of 8,000 Jews were known to have landed in or embarked for Palestine without permits,[2] and on the 12th July the Colonial Secretary announced that in view of the rapidly increasing volume of unauthorized immigration no certificates for legal immigrants would be issued in the next quota period, from the 1st October, 1939, to the 31st March, 1940.

The replacement of selected by unselected immigrants could hardly have been agreeable to the Jewish Agency. But its attitude, after the publication of the White Paper, was curiously similar to that of the Arab Higher Committee in 1936; it maintained that illegal action was an inevitable consequence of the Government's policy, and declined either to co-operate in enforcing the immigration laws or to be made responsible for their breakdown. Meanwhile, the Jewish National Council was calling on all Jewish men and women between the ages of 18 and 35 to register for national service in preparation for an emergency, and was elaborating plans for passive resistance which were to be put into operation after the policy of the White Paper had been finally endorsed. And in the early summer of 1939 a small but efficient Jewish terrorist organization[3] appeared to be more active than the Arab bands.

During the month of August there were signs of increasing activity among the extremist groups in both communities.[4] Sporadic

[1] This policy was announced in the White Paper of the 17th May, 1939 (*Cmd.* 6019 of 1939).

[2] Figures given by the Colonial Secretary to the House of Commons on the 20th July, 1939. According to later figures from the same source, 4,892 illegal Jewish immigrants reached Palestine in August and September.

[3] This was the Irgun Zvai Leumi, or National Military Organization, a body which stood to the Revisionists in much the same relationship as did the Revisionists to the Jewish Agency. They possessed an illegal broadcasting station, which had begun to call for a policy of violence in March, after the first rumours of the British Government's new policy, and which subsequently claimed the credit for various acts of terrorism.

[4] A further cause of discontent and lawlessness was to be found in the economic situation at the beginning of 1939. Internal trade had been dislocated

outrages were committed by Arab terrorists, and the Administration's policy of releasing suspects, which had been carried a long way in July, was suspended. Towards the end of the month three engagements were fought between the military and rebel formations. Meanwhile, on the 9th, a coastal patrol vessel, newly purchased to assist in checking unauthorized Jewish immigration, sank near Nathanya after a mysterious explosion. And on the 27th two British members of the Palestine C.I.D. were assassinated by the explosion of a land mine near their house in the Jewish quarter of Jerusalem. Several Jews were detained on suspicion of complicity in this incident, and the Jewish Agency issued a statement reiterating their earlier condemnations of acts of violence.

This deterioration in the internal security of Palestine was sharply arrested, on the 3rd September, by the mandatory Power's declaration of war on Germany. It was immediately necessary for the leaders of both the Jewish and the Arab community to define their attitude in this new situation. The Executive of the Jewish Agency at once issued a declaration promising its loyal support to Great Britain, and undertook, in co-operation with the Vaad Leumi, a registration of Jewish volunteers who were to be at the disposal of the military authorities in Palestine.[1] A deputation of Revisionists also called on the Chief Secretary to express the loyalty of the New Zionist Organization, and a few days later the Irgun Zvai Leumi distributed circulars announcing that it had suspended all terrorist activity, and was ready to join the British 'in fighting for democracy . . . and for the establishment of a great Jewish State in Palestine'.

On the Arab side none of the important political leaders had been on Palestinian soil for nearly two years. The Arab reaction to the outbreak of war was therefore less official in character, but groups

by the disorders of 1938 to a greater extent than in 1936-7, and there was considerable unemployment. The Jewish figure reached 10,500 in June, but fell to 5,000 in December as a result of the absorption of four or five thousand unemployed urban workers into the citrus plantations, where a further 35,000 dönums of trees had reached the fruit-bearing age (*Report for 1938*, pp. 132-3). Arab unemployment could not be so accurately estimated, but in the eighteen towns where approximate statistics were kept it was found in August that roughly 65 per cent. of Arab workers were unemployed (*Cmd.* 5854 of 1938, p. 272). At the same time the wages of employed workers were falling; the weighted index number of daily wage-rates showed, in the period between September 1934 and September 1938, a fall of 19 per cent. for Arab and 13 per cent. for Jewish labour. In these circumstances the Arab rising might, but for the outbreak of war in Europe and its consequences in Palestine, have disintegrated into quasi-political banditry.

[1] The volunteers called for were men and women between the ages of 18 and 50. The numbers enrolled were 85,781 men and 50,262 women—71 per cent. and 42 per cent. respectively of the eligible age-group.

of local notables issued statements declaring their readiness to assist the mandatory Power. These statements, like the Jewish manifestoes, mentioned their authors' grievances but did not make their removal a condition of the proffered support. Only the exiled Mufti, from his residence at Zuq in Lebanon, contrived to express a preference for the Western Democracies in the European conflict without appearing to compromise on any of the questions at issue between the Arab Higher Committee and the mandatory Power. In a letter to the French High Commissioner, he denied the allegation that the Palestine Arabs were involved in dealings with foreign Powers, thanked the French authorities for the hospitality which they had granted to political refugees from Palestine, and concluded with the undertaking that

> Palestine Arabs will always be grateful to the French Government and will refrain from any activity likely to affect its interests, in the hope that it will be successful in maintaining peace, justice and integrity . . . and the freedom of nations, which is the aim of us all.

Thus it appeared, in the first days of the European war, that both communities in Palestine felt their interests to be involved with those of Great Britain, and were consequently prepared to leave the political struggle of the preceding years at a temporary standstill. At the same time it was clear that the nature of this standstill was differently interpreted by Jews and by Arabs. The latter took it as implying the enforcement, according to plan, of the various policies embodied in Mr. MacDonald's White Paper, and their provisional acceptance by the Arabs. Against this conception of a standstill in policy, the Jews advanced that of a standstill in the execution of policy; they inferred that the enactment of both land regulations and constitutional reforms would be postponed until after the war, and hoped that the British Government might then change their mind upon the advisability of these projects. It remained to be seen which of these expectations would be disappointed, and what the consequences of disappointment would be for the new-found and precarious harmony of interests in Palestine.

### (*b*) The Abandonment of the Policy of Partition

The view was widely held, in 1936 and the following years, that the prolongation of the disorders in Palestine was largely attributable to the indeterminate character of the mandatory Power's ultimate intentions. Its apparent indecision and the absence of any clear formulation of its long-term policy gave the impression, in

both Jewish and Arab quarters, that external pressure was likely to produce unusually gratifying results. And when, after 1935, the British Government became increasingly preoccupied with the larger problems of European politics, it seemed probable that they would be strongly inclined to follow the line of least resistance in Palestine. Before the spring of 1936 that line had normally been indicated by the Zionists, through the various channels of their political influence in England, and with certain reservations they were satisfied with the way in which the Mandate was being administered. The rebellion of 1936 was essentially an attempt to compensate for the Arabs' lack of representation in Great Britain by the only argument which, they believed, would be effective at so great a distance. And the adoption by the mandatory Power, in July 1937, of the Peel Commission's proposal that Palestine should be partitioned was thought by many Palestinians to have been due not to the cogency of the Commissioners' logic alone, but also in some degree to the chance which it offered of appeasing that party to the dispute which had suddenly become the more formidable. In fact, however, the prospect of partition proved less obnoxious to the Jews than to the Arabs, and the smouldering rebellion again flared up in the autumn of 1937. Once again the impression was given, rightly or wrongly, that the Government were sensitive to pressure; the terms in which, on the 23rd December, the Colonial Secretary announced that a technical Commission would be appointed to draw up a more precise scheme of partition seemed to suggest a waning enthusiasm for the project.[1]

The Partition Commission, under the chairmanship of Sir John Woodhead, was in Palestine and Transjordan from the 27th April until the 3rd August, 1938. Their principal task was 'to recommend boundaries for the proposed Arab and Jewish areas and the enclaves to be retained permanently or temporarily under British Mandate'. The Arabs, who rejected partition in principle, therefore refused to appear before them, and no Arab witness was heard either in Palestine or after the Commissioners' return to London. But the conditions which made it necessary for them to tour the country under military escort were in themselves a form of evidence, and one with which the Commissioners were bound to be deeply impressed. So convinced did they become of the need for an early statement of the Government's intentions that they accelerated the completion of their task by suspending the examination of certain secondary

[1] For the Partition Commission's terms of reference and the interpretation put upon them in Palestine, see the *Survey for 1937*, vol. i, pp. 560–2.

questions raised in their terms of reference.[1] Their Report was issued to the public on the 9th November, 1938.

In devising a detailed scheme for the partition of Palestine, Sir John Woodhead and his colleagues had been instructed to take into account the proposals tentatively outlined by the Peel Commission,[2] but they were at liberty to suggest modifications of those proposals. The resulting scheme was to be in accordance with specific principles, strategic, ethnical and financial, laid down in the terms of reference. The Jewish and Arab States were to possess adequate security; they should be self-supporting; and the number of Arabs and Arab enterprises in the Jewish State on the one hand, of Jews and Jewish enterprises in the Arab State on the other, was to be reduced to a minimum. It was in the light of these three guiding principles that the Commissioners examined the map which the Royal Commission had attached to their report. Applying the strategic test first,[3] they found that the boundaries suggested by the Royal Commission for the Jewish State would not provide it with adequate military security against a hostile neighbour. Both on the eastern edge of the Maritime Plain and along the southern edge of the Valley of Jezreel the proposed boundary, which had been drawn to correspond as closely as possible with the frontier of effective Jewish occupation, ran along the base of the hills. It was evident that these low-lying areas were exposed to attack from the higher ground overlooking them, and that military considerations demanded the incorporation of a part of the foothills in the Jewish State. The Commissioners concluded that their predecessors would, if they had heard military evidence, have adjusted their boundaries by extending the Jewish State eastwards between the town of Tulkarm and the Jerusalem enclave, and southwards from the Plain of Jezreel to the crest of the steeply rising mountains of Gilboa.

The additional security which the Jewish State would derive from these modifications of the frontier would be gained at the cost of transferring to its rule two areas which were inhabited almost exclusively by Arabs. To solve this conflict between strategic and

[1] The problems thus postponed were the allocation of public assets between the various areas, the preservation of the rights of civil servants, and currency arrangements.

[2] For these, see the *Survey for 1936*, pp. 745–7.

[3] 'Strategic' is perhaps a misleading word. The Commissioners were informed by the military authorities whose advice they sought that no natural frontier of any strategic significance, in the conditions of modern warfare, existed west of the Jordan. The best that could be done was to provide a boundary which should be tactically suitable for defence against forces armed with rifles and machine guns (*Cmd.* 5854 of 1938, p. 22).

ethnical considerations by giving precedence to the former would have created a situation similar, on a smaller scale, to that which had existed in the Sudeten areas of Czechoslovakia until October 1938. And the history of inter-racial relations in Palestine under the Mandate warranted the assumption that Arab irredentism would have proved a more immediate menace to the integrity of the Jewish State than pan-Germanism had been to the newly formed Czechoslovakian Republic. Furthermore, the Arab populations in other parts of the new state would be proportionally far more important than the scattered German minorities in the interior of Bohemia and Moravia. In the Jewish State of the Royal Commission's plan, as enlarged in accordance with the requirements of defence,[1] the Arabs would have constituted 49 per cent. of the total population. The Royal Commission had thought that this problem might be solved if the Arab and Jewish leaders could agree upon a scheme for a transfer of populations, which would in the last resort be carried out by compulsion, but the Colonial Secretary, in his covering letter to the terms of reference for the Partition Commission, had made it clear that His Majesty's Government had not accepted that proposal.[2] Voluntary transfer was not ruled out; but the Partition Commission did not believe that the development of irrigation and the introduction of new agricultural methods, in either the Jordan valley and the hill country of Transjordan or the sub-districts of Gaza and Beersheba, would enable those areas to absorb more than a fraction of the Arabs living in the area of the proposed Jewish State.[3] And even if land could be made available for re-settlement, it was unlikely that the Arabs of Galilee and the western plains would be willing to leave their homes and migrate to more arid or less temperate regions. Thus Sir John Woodhead and his colleagues were driven, in accordance with the principle of racial segregation

[1] In addition to the changes mentioned in the text, the boundary was to be redrawn in the Jordan valley, immediately to the south of Lake Tiberias, in such a way as to include in the Jewish State the Palestine Electric Corporation's power station at Jisru 'l-Majāmī', together with the whole of the railway from Samakh to Baysān (*op. cit.*, p. 47).

[2] The Royal Commission's proposal was frequently misinterpreted. They did not suggest a forced migration except as a consequence of a Jewish-Arab agreement.

[3] After a detailed examination of this problem, the Commission concluded that room might be found in the Jordan valley, after the construction of a costly system of irrigation canals, for an additional agricultural population of 49,000, and in the southern part of the Baysān plain for a further 4,000. The introduction of intensive cultivation in the Gaza sub-district might in time raise these figures, but they would still fall a long way short of the Arab population in the Jewish State, estimated at 295,000.

laid down in their terms of reference, to reject the Peel Commission's plan.[1]

> The Royal Commission [they wrote],[2] recognized that the existence of a large Arab minority in the proposed Jewish State would prove a most serious hindrance to the smooth and successful operation of partition, and they contemplated that the problem created by this large Arab minority should be solved by the transfer to the Arab State of the greater part of the Arabs constituting that minority. It does not seem too much to say that the successful solution of this problem was a fundamental assumption in their plan; and that, if it should appear that no such solution can be found, the greater part of the case on which their plan rests falls to the ground. . . . In our view, the inclusion of Galilee in the Jewish State would create a minority problem which would endanger, not only the stability of that state, but the prospect of securing in the future friendly and harmonious relations between Arabs and Jews in the Middle East.

The technical Commission therefore abandoned what they referred to as 'Plan A', and looked for an alternative frontier which would not create minority problems of such magnitude and gravity. They found that the exclusion from the Jewish State of the hill country of Galilee and of another predominantly Arab district at its southern extremity, beyond the Wādi Rubin, would have the effect of reducing the Arab population to 38 per cent. of the total. To the majority of the Commissioners this figure still seemed excessive,[3] nor was it the only objection to 'Plan B'. The Jewish State, after the excision of Galilee, would consist of a narrow strip of land running northwards along the Maritime Plain to Haifa, then turning eastwards along the valleys of Esdraelon, Jezreel, and Baysān until it reached the Jordan, and finally following the rift valley northwards to the Syrian frontier. So slender and sinuous a territory would be extremely difficult to defend, particularly if Galilee were attached politically to the Arab State. At a point south of Nazareth the Jewish corridor, running between the hills of Galilee and the hills of Samaria, would be less than ten miles wide. The Commissioners concluded, therefore, that it would not be consistent with the security of the Jewish State, as

[1] The Peel Commission, while also suggesting that this principle should in general govern the drawing of frontiers in Palestine, had thought that it could offer a fair and practicable basis for partition only if '(1) a reasonable allowance is made within the boundaries of the Jewish State for the growth of population and colonization, and (2) reasonable compensation is given to the Arab State for the loss of land and revenue' (*Cmd.* 5479 of 1937, p. 383). It was arguable that the Woodhead Commission's terms of reference ruled out such a partition *a priori*.

[2] *Cmd.* 5854 of 1938, pp. 82, 88.

[3] Sir Alison Russell contested this view in his note of reservations. See p. 435, below.

it would be formed under 'Plan B', to permit Galilee to pass into Arab hands. If it were not to be incorporated in the Jewish State—and that suggestion had already been rejected—it would have to remain permanently under the control of the mandatory Power. This solution would mean that the Arabs of Galilee were to be prevented from acquiring their independence because the security of the Jewish State would thereby be threatened, and would thus be inconsistent with the terms of the Mandate, which imposed upon the British Government the obligation of guiding the inhabitants of Palestine towards self-government.

In the opinion of the majority of the Commissioners the problem of Galilee was as fatal to 'Plan B' as to 'Plan A'; they could not recommend any scheme of partition which would involve the permanent denial of self-determination to the 90,000 Arabs of that region, in addition to the large Arab minority which would still be subjected to Jewish rule. A closer examination of this latter problem suggested a solution for the former. It was found that the Jewish State under 'Plan B' could be divided, by ethnical standards, into three distinct areas; the Maritime Plain, where the Jewish population outnumbered the Arab by more than four to one, the town of Haifa, where numbers were approximately equal, and the northern valleys, which contained 26,000 Jews and 83,000 Arabs. The removal of the third area from the Jewish State would not only add to its racial homogeneity, but would also avoid the severance of Galilee from the Arab State by a Jewish corridor. This further whittling down of the Jewish territory opened the way to the formulation of a third possibility—'Plan C'—which commended itself to Sir John Woodhead and one of his colleagues[1] and was finally advocated in their majority Report.

These two Commissioners, while recommending the exclusion of the valleys of Esdraelon, Jezreel, Baysān, and Hūlah from the Jewish State, did not suggest their transference to Arab sovereignty, since that would have involved the addition of a further 26,000 Jews to the 9,000 who were already subjected to Arab rule under 'Plan B'. They fell back instead on a solution which the Royal Commission had already recommended in four towns of mixed population[2] which they had not wished to assign immediately to either the Arab or the Jewish State—namely, the provisional retention of mandatory

[1] Mr. A. P. Waterfield.

[2] Haifa, Acre, Safad, and Tiberias. All these towns were within the geographical area assigned by the Royal Commission to the Jewish State, and it was intended that the last three at least should eventually pass under Jewish control.

administration.[1] In 'Plan C' this suggestion was utilized on a very much larger scale. Its application in the valleys to the south and east of Galilee necessitated, for the strategic reasons already mentioned, its application to Galilee as well.[2] Haifa, with its large mixed population, had obviously to be included in the mandated territory, which thus covered the whole country north of a line drawn between Baysān and Tantura. Under the original proposals the greater part of this area had been assigned to the Jewish State, and the Woodhead Commission now proposed to provide the Jews with some compensation for the diminishing prospect of colonization in the north by making similar changes at the expense of the Arab State in the south. Jewish experts had frequently maintained that irrigation was feasible in many parts of the southern desert, and, while the Commission could not, under their terms of reference, contemplate the transference to Jewish rule of the small but purely Arab population of the Negeb, they argued on the other hand that the inclusion of this region in the Arab State would deprive the Jews of all hope of exploring its limited, but perhaps not altogether negligible, agricultural possibilities. An area roughly corresponding with the subdistrict of Beersheba was therefore to be retained by the mandatory Power.

It was not proposed that these northern and southern mandated territories should, like the Jerusalem enclave, remain permanently under British rule. In the north, mandatory administration was to continue until the two communities agreed to ask for the fusion of the territory with either the Jewish or the Arab State, or for its transformation into a third independent state. This formula, which in existing circumstances might have been mistaken for a euphemistic way of providing for a permanent British occupation, was qualified by a further important condition:

> In view of the special importance of Haifa for the protection of the whole of Palestine, including the Holy Places, it should be laid down from the first that the grant of independence to the towns of Haifa

[1] This device should be distinguished from the permanent Mandate which the Royal Commission had advocated as a means of ensuring, in accordance with Article 28 of the Mandate, freedom of access to the Holy Places in Jerusalem and Bethlehem. It was to include Jerusalem and a corridor to the sea, and this enclave, with certain modifications of its frontier, was retained in each of the three projects examined by the Woodhead Commission.

[2] The Commissioners found an additional argument for retaining Galilee under mandatory control in the presence there of 30,000 Christian Arabs. 'They themselves did not give evidence before us, but representations have been made to us by those who were well qualified to speak on their behalf that they would prefer to remain under the British Mandate, rather than to be included in either a Muslim or a Jewish state' (*Cmd.* 5854 of 1938, p. 102).

and Acre with a suitable defensive boundary will always be subject to the condition that this can safely be done, having regard to the special responsibilities of the Mandatory for the defence of the Holy Places and the new states against external attack.[1]

The southern territory was to be subdivided along a line running roughly westwards from the southern end of the Dead Sea and marking the southward limit of Bedouin occupation. The unoccupied area beyond this line was, if the Jews were able to settle there in appreciable numbers, to be granted its independence, presumably as a part of the Jewish State.[2] The occupied area was not to be opened for Jewish settlement until a land survey had established the reasonable needs of the existing inhabitants. The Commissioners appeared, however, to envisage ultimate attachment to the Jewish State as the most probable outcome of their proposals for the whole of the Negeb; but the occupied area was not to be given its independence if the majority of the Bedouin, 'assuming their numbers and territorial disposition to be much the same as at present', were opposed to that course.[3]

Further Jewish immigration would also be permitted into the other mandated territories, although the Balfour Declaration would be regarded as no longer applicable, the obligation of establishing a national home for the Jews being deemed to have been discharged by the creation of a Jewish State. Future immigrants would therefore enter the mandated territories at the discretion of the Administration, their numbers would be regulated in accordance with political and psychological as well as economic considerations, and in the northern mandated territory and the Jerusalem enclave their settlement would be controlled in such a way as to be directly beneficial to the Arab population, not only of those areas but of the independent Arab State as well. The Commission pointed out that large numbers of Arab villagers were either landless or had insufficient land to support themselves unless they could obtain supplementary employment in the towns or the orange-groves. This problem was growing as a result of the Arab population's high natural rate of increase, and if—as was almost certain—Jewish sovereignty over

[1] *Op. cit.*, p. 104. Nazareth was also, for religious reasons, in a special position and would, if the northern territory acquired its independence, become a detached portion of the Jerusalem enclave.

[2] This was not clearly stated (*op. cit.*, p. 121).

[3] *Op. cit.*, p. 123. It should be noted, however, that the Commission's plan for the 'occupied area' would involve the settlement of the Bedouin as small-holding cultivators, and one effect of this change would presumably be to modify their 'territorial disposition'. If they were settled as a compact community, a further partition might be feasible at some future time.

the Maritime Plain involved the exclusion of immigrant Arab labour, the Arab State would be confronted with a grave social crisis. This situation could only be relieved by the expansion of industrial employment in the urban centres, of which the most important would be Haifa and Jerusalem. But the industrial development of these towns was largely dependent on a continuing inflow of Jewish capital and enterprise; the settlement of Jews in the urban areas should therefore be encouraged in the interests of the rural proletariat of the Arab State. In the northern territory and the Jerusalem enclave an alternative solution for the problem of rural overcrowding might, the Commissioners thought, be found in schemes of land development financed by the Jewish purchasers with some assistance from subsidies to be granted by the mandatory Government. Jewish settlement on the land would only be permitted as an integral part of such undertakings, the benefits of which were to be shared by the Arab cultivators.

The broad outlines of the proposal finally sponsored by two of the Commissioners are now apparent. The only part of Palestine in which they recommended partition as an immediate policy was the central area lying between the northern and southern mandated territories, and even there the Jerusalem enclave occupied 15 per cent. of the available land. The Jews were to have a strip of territory in the northern part of the Maritime Plain, some 75 kilometres in length but intersected by the corridor to Jerusalem and a small Arab enclave at Jaffa. The Arab territory, beginning in the hinterland of the Jewish plain, would circle southward round the Jerusalem enclave and reach the coast on the Wādi Rubin, whence it would extend to within four kilometres of the Egyptian frontier; it was assumed that this area would be united with Transjordan to form a single state.

These proposals were, in the view of their sponsors, consistent with the instruction that the fewest possible members of each community were to be included in the area assigned to the other,[1] but it was evident, when their financial implications were investigated, that they were not in accordance with the equally binding instruction that the two independent states were to have a reasonable prospect of solvency. An estimate of the financial prospects of the two Administrations under 'Plan C' showed that while the Jewish State would, without making any provision for the cost of defence, enjoy

[1] Under this plan the Jewish State would still have contained 54,000 Arabs, and the Arab State 9,000 Jews. But no partition was possible without the creation of minorities, and 'Plan C' probably reduced them to a minimum.

a surplus of £P.600,000, the Arab budget, with the same omission, would be unbalanced to the extent of £P.610,000 per annum.[1] It had been foreseen that the Arabs would not be able, under any form of partition, to maintain the administrative standards to which mandatory rule had accustomed them without some form of subsidy, and the Royal Commission had suggested the payment both of a capital grant by the United Kingdom and of a subvention by the Jewish State. The Woodhead Commission took account of the British Government's acceptance of those suggestions in their interpretation of the financial clause in their terms of reference, and assumed that the need of the Arab State for subsidization would not be regarded as an insuperable obstacle to partition. The Commissioners did not feel that the very much smaller Jewish State of 'Plan C' could be called upon to provide a direct subvention to its Arab neighbour. They suggested, however, that the Arab and mandated territories had privileges to offer for which a payment might reasonably be demanded. A customs union between the three administrations would provide Jewish manufacturers with a larger domestic market, and hence with a broader basis upon which to develop their export trade; indeed it was the Commission's view that 'the Jewish State cannot hope to expand economically, and possibly cannot even survive, without a larger home market than can be provided by the population of the state alone'. In return for the free entry of their goods into all parts of Palestine and Transjordan the Jews might justifiably be asked to participate in a pooling of the revenue from customs which would benefit the British and Arab administrations at their expense.[2] The suggestion was therefore made, as an integral part of 'Plan C', that the customs service for the whole country should be administered by the mandatory Government, and that the revenue, after deductions had been made for the expenses of the Department and for meeting the financial obligations of the existing Government of Palestine, should

[1] This discrepancy was not solely due to the more advanced nature of the Jewish economy, but also to the fact that all the richest agricultural land and the important centres of industrial production were to be placed in either the Jewish State or the mandated territories. The Arab share in these sources of wealth, although small in relation to that of the Jews, played a vital part in the economic structure of Arab Palestine.

[2] It should be observed that the Commission agreed that the economic survival of the Arab State would also depend on an assured market for its agricultural produce in a wider area than its own territory. But the Jewish contribution, through the redistribution of tariff revenue, would in fact be a subsidy to the mandatory Government, reducing the burden of its financial responsibility for the Arab State.

be distributed among the three administrations in accordance with an agreed formula. The effect of distribution in three equal shares, which the Commission recommended as an equitable arrangement, would be to deprive the Jewish State of a revenue of roughly £P.204,000 and to subsidize the Arab State to the extent of nearly £P.280,000. The remainder of the deficit in the latter's budget would be met out of the revenues of the mandated territories. As, however, they too would already have an unbalanced budget, this provision in effect involved an indirect subsidy from the Treasury of the United Kingdom.

Since the mandatory Power would then have a financial interest in the tariff policy of two of the three Governments participating in the customs union, it could not be expected to permit the determination of that policy by a body on which its representatives might be outvoted. It was therefore proposed that the fiscal policy of the union should be settled by the mandatory Power after consultation with Jewish and Arab representatives, and that this arrangement should not be alterable without the approval of the League of Nations. Sir John Woodhead and Mr. Waterfield were aware that this denial of fiscal autonomy to the two new states was contrary to the intentions of the Royal Commission and to the implications of their own terms of reference. But they maintained that partition without a tariff union would be disastrous for both states, and that this withholding of full independence was an unavoidable corollary of 'Plan C'. Their final recommendation was thus for partition qualified by 'economic federalism'; and the hope was expressed that, in addition to the tariff system, railways, post and telegraphs might—at any rate for the first five years—be reserved for administration by the mandatory Power.

Thus the two states emerged from a lengthy and involved argument shorn of a good deal of their territory and an important aspect of their sovereignty. It was a conclusion which dissatisfied two of the four Commissioners and provoked two notes of reservations. Both Sir Alison Russell and Mr. Reid differed from their colleagues in their interpretation of the Commission's terms of reference. Sir Alison Russell argued that the reduction of the Jewish State to approximately one-quarter of the area allotted to it in the Royal Commission's plan could not properly be spoken of as a 'modification' of that plan. The Partition Commission was not, in his view, empowered to make such sweeping changes in the original proposals. He therefore advocated the adoption of 'Plan B', amended by the retention of the unoccupied southern half of the Negeb as a mandated

territory. Mr. Reid, on the other hand, interpreted the Commission's task more widely than any of his colleagues: 'Our terms of reference', he wrote, 'compelled us to devise a scheme of partition and then to state if it were impracticable.' In undertaking this latter task he was exercising a function which the British Government had explicitly reserved for themselves, but his reading of the Commission's instructions enabled him to present, in the same volume with the Report, an interesting forecast of the criticism to which it would be subjected. Its fatal weakness, he argued, was that it offered less to both the Arabs and the Jews than they had already declined to accept.

> Even the views of those Jews willing to discuss partition, as expressed at Zionist assemblies, to us and elsewhere, indicate that Jews would not accept such schemes as those set out in plans 'B' and 'C', which would reduce the area assigned by the Royal Commission for a Jewish State. . . . From the statements placed before us, oral and written, and judging by the violent opposition shown by the Arabs to partition since the policy of partition was announced, it is clear that the Arab community . . . would not accept either of the schemes 'B' or 'C' proposed. . . . If their votes were taken on 'plan C', possibly the majority against the proposal, reckoning Arab and Jewish votes, would approach to 100 per cent.[1]

It was impossible to doubt the accuracy of this estimate of Palestinian opinion. The Arabs would be faced with the exclusion from their own state of more than half the Arab population, with the probability that Beersheba would in time be added to the Jewish State and with the possibility of a similar evolution in parts of the northern territory. The Jews would be offered a caricature of the state for which they had hoped, and would be asked in return to make financial sacrifices. 'Plan C' was the *reductio ad absurdum* of partition.

Sir John Woodhead and Mr. Waterfield, while they more correctly refrained from basing their Report on these considerations, were evidently under no illusion as to the chances of a settlement in accordance with their proposals. 'It is not easy to see', they wrote, after commenting on the possibility that one or both of the parties might refuse to accept their scheme, 'how the establishment of a self-supporting state in either the Arab or the Jewish area can be regarded as practicable, whether from the administrative or the political standpoint, if the community concerned should refuse to accept the offer of independence under such conditions.'[2]

[1] *Cmd.* 5854 of 1938, pp. 264, 268.
[2] *Op. cit.*, p. 235.

The British Government lost no time in deciding that this detailed examination of the implications of partition had revealed its impracticability. This conclusion was announced in a White Paper published simultaneously with the Woodhead Report, and containing also a statement of the procedure which they intended to substitute for that of partition.

> His Majesty's Government will . . . continue their responsibility for the government of the whole of Palestine. They are now faced with the problem of finding alternative means of meeting the needs of the difficult situation described by the Royal Commission which will be consistent with their obligations to the Arabs and the Jews. His Majesty's Government believe that it is possible to find these alternative means. They have already given much thought to the problem in the light of the reports of the Royal Commission and of the Partition Commission. It is clear that the surest foundation for peace and progress in Palestine would be an understanding between the Arabs and the Jews, and His Majesty's Government are prepared in the first instance to make a determined effort to promote such an understanding. With this end in view, they propose immediately to invite representatives of the Palestinian Arabs and of neighbouring states on the one hand and of the Jewish Agency on the other, to confer with them as soon as possible in London regarding future policy, including the question of immigration into Palestine. As regards the representation of the Palestinian Arabs, His Majesty's Government must reserve the right to refuse to receive those leaders whom they regard as responsible for the campaign of assassination and violence.
>
> His Majesty's Government hope that these discussions in London may help to promote agreement as to future policy regarding Palestine. They attach great importance, however, to a decision being reached at an early date. Therefore, if the London discussions should not produce agreement within a reasonable period of time, they will take their own decision in the light of their examination of the problem and of the discussions in London, and announce the policy which they propose to pursue.[1]

The proposal to hold discussions in London was clarified and elaborated by the Colonial Secretary on the 10th November, when he answered a series of questions in the House of Commons. He explained that, in the first instance, they would take the form, not of a round-table conference, but of parallel conversations between British and Arab delegations on the one hand, and British and Jewish delegations on the other. Invitations were to be issued to the Jewish Agency and to the Governments of Egypt, 'Irāq, Sa'ūdī Arabia, Transjordan and the Yaman. Representatives from Syria and Lebanon would not be invited, as those territories were still under mandatory control, but the French Government would be informed

[1] *Cmd.* 5893 of 1939, paragraphs 5 and 6.

of any development which might be of interest to their inhabitants. The representation of the Palestinian Arabs presented considerable difficulties, for they possessed no form of electoral machinery and the Higher Committee of party leaders had been dispersed by the action of the mandatory authorities in the autumn of 1937. Their most universally accepted leader, the Mufti of Jerusalem, was singled out by Mr. MacDonald as 'wholly unacceptable'. But the Colonial Secretary announced later in the month that no other restrictions would be imposed on the freedom of the Arabs to choose their delegates; in particular, those political leaders who had been deported to the Seychelles or who were excluded from Palestine would, if they were selected, be allowed to proceed to London for the discussions. Early in December the British Government, presumably after being advised by the High Commissioner that such a gesture would greatly add to the chances of Arab participation, released their political prisoners from the Seychelles on the sole condition that they should not return to Palestine.

The questions asked on the 10th November also enabled the Colonial Secretary to define the scope of the proposed conversations in a way which removed another obstacle to the acceptance of the invitation by the Arabs. Asked whether he would make it clear that the Government had not departed from the principle of the Balfour Declaration, he replied:

> The Government will of course enter the discussions bound by its obligations both to Jews and Arabs under the Mandate, but we would not seek to prevent either party from presenting arguments for the modification of the Mandate.[1]

The Jewish Agency thereupon issued a statement[2] declaring that they could be a party to further discussions only on the basis of the Balfour Declaration and the Mandate. They drew attention to the fact that they had requested the British Government, after the publication of the Peel Commission's Report, to convene a conference of Arabs and Jews, and that their request had then been refused. (But there were two significant differences between the Jewish suggestion of 1937[3] and the British proposal of 1938: the former had been accompanied by the condition that the discussions must have as their basis the Balfour Declaration and the Mandate; and the conference was to be limited to the Jews and the Arabs of Palestine.) The Jewish Agency's statement of November 1938 expressed their

[1] *The Times*, 11th November, 1938.
[2] Text in *The New Judaea*, November 1938.
[3] See the *Survey for 1937*, vol. i, pp. 547–8.

grave apprehension at the procedure of admitting the neighbouring Arab states to the conversations, and denied that those states had any special status in regard to the affairs of Palestine. As members of the League of Nations Egypt and 'Irāq had the same rights as other members or as the United States of America, but discussions with the Arab Governments alone were not, in the opinion of the Jewish Agency, compatible with the international character of the Mandate.

Despite their dissatisfaction with both the agenda and the composition of the proposed conferences, the Executive of the Jewish Agency accepted the invitation. Their decision was criticized by many sections of Jewish opinion, especially in Palestine,[1] where it was suspected that the Arab states would not have been asked to send delegates to London if the British Government had not already decided to make large concessions to their point of view. This fear had already been expressed early in October, when the 'Irāqī Minister for Foreign Affairs, Tawfīqu's-Suwaydī, had visited London at the invitation of the Foreign Office, to discuss 'several questions connected with Anglo-'Irāqī co-operation'.[2] He also met the Colonial Secretary, and considerable publicity was given to proposals which he then submitted for the pacification of Palestine. They followed the usual lines of the Arab programme: cessation of Jewish immigration; an independent state allied by treaty with Great Britain; and safeguards for the Jewish minority, including municipal and educational autonomy. It was believed in Jewish quarters that these suggestions were not unconnected with the other matters under discussion; and that, at a moment when England was fully conscious, for the first time since 1918, of the danger of a European war, she would be strongly tempted to remove a source of friction with her Middle Eastern allies.[3]

Indignation was also aroused in Jewish circles when the Colonial Secretary, in a statement made on the 14th December, declined to authorize the immigration of 10,000 Jewish children from Germany into Palestine on the ground that such action would have an unfavourable effect on the London discussions. On the Arab side, at the same time, resentment was caused by the exclusion of the Mufti

[1] The development of opinion in Palestine may be followed in the extracts from the Press published in the weekly *Palestine Review* of Jerusalem. See especially the issues for December 1938 and January 1939.

[2] *The Times*, 6th October, 1938.

[3] The decision to invite the Arab states to take part in the London discussions may have been reached during this visit. It was later stated (in *The Daily Telegraph*, 10th November, 1938) that Tawfīqu's-Suwaydī had said, before leaving London, that he expected to return shortly.

of Jerusalem from the conversations. But on the 7th December Mr. MacDonald was able to announce that the Governments of Egypt, 'Irāq, Sa'ūdī Arabia and Transjordan had agreed to send representatives; a reply was awaited from the King of the Yaman, and consultations were in progress on the representation of the Palestinian Arabs. The conferences were thus expected to begin in the near future. There was little prospect that they would attain their object in an agreed settlement of the future of Palestine. Neither side accepted the credentials of the other, since the Jews challenged the right of the Arab states to participate, and the Arabs had never recognized the Jewish Agency. The Arabs also denied the validity of the Balfour Declaration and the Mandate, whereas the Jews would accept no settlement which was not based on those title-deeds. The conferences would begin, and seemed likely to end, in separate rooms, but they would at least serve the purpose of informing the British Government more fully and more authoritatively of the aspirations which their ultimate decision would have to take into account.

### (c) The London Conferences and the White Paper of the 17th May, 1939

The acceptance by the mandatory Power of the claim made by the Arab Governments to a voice in the affairs of Palestine was the final stage in a long development. When, in October 1936, King 'Abdu'l-'Azīz, King Ghāzī, and the Amīr 'Abdu'llāh had appealed to the Arabs of Palestine for a cessation of the disorders and of the six months' strike, they had promised to continue their efforts for a satisfactory settlement.[1] Any inclination which they might have felt to forget that undertaking would have been frustrated by the growing interest of their peoples in the Palestinian question. The opinion of the Arab world had been mobilized at the Blūdān Conference in September 1937, but the delegates to that assembly had represented either themselves alone or unofficial organizations.[2] The corresponding demonstration in the following year was considerably more impressive, for it consisted, so far as those countries which possessed representative institutions were concerned, of parliamentary delegations—the nearest feasible approach to official representation.[3] Its basis was also geographically wider; the Blūdān Conference

[1] See the *Survey for 1936*, p. 740.

[2] See the *Survey for 1937*, vol. i, pp. 552–3.

[3] Two of the delegations, from Syria and 'Irāq, were headed by the Presidents of their Chambers of Deputies. And the Conference was presided over by the President of the Egyptian Chamber.

had represented only the Arab World, and had given evidence of the political unity of Muslim and Christian Arabs. All parts of the larger world of Islam, however, were in varying degrees interested in the future of Palestine, and in 1938 the appeal for support was based on religious as well as nationalist grounds. The invitations to this 'World Inter-Parliamentary Congress of Arab and Muslim countries for the defence of Palestine' were issued by a committee of Egyptian senators and deputies,[1] and the meetings were held in Cairo from the 7th to the 11th October, 1938. Delegates were present from Palestine, Egypt, 'Irāq, Syria, Lebanon, the Maghrib, Jugoslavia, the Yaman, India, China, and the Arab diaspora in the Americas.[2]

One perhaps unforeseen consequence of the more authoritative representation of the countries most immediately interested in Palestine was that the Cairo meetings provided more evidence than those at Blūdān of their divergences of opinion. Behind a unanimous desire for the full independence of the Arab peoples lay conflicting plans for the future development of their political organization, and Palestine was as vital a factor in these sectional designs as it was in the wider movement. The deputies from Damascus thought of Palestine and Transjordan as arbitrarily detached provinces of their own country, and looked forward to the reconstitution of the historic Syria. This possibility was not viewed with enthusiasm either by Egypt, where Palestine was looked upon as a northern bastion for the Suez Canal, or by 'Irāq, who was anxious to retain and develop her commercial outlet on the Mediterranean. There were rumours that each of these countries hoped to secure its interests by a policy of dynastic expansion,[3] though the active pursuit of such an ambition by either monarchy would not only bring it into conflict with the other, but would seriously impair its relations with King 'Abdu'l-'Azīz Ibn Sa'ūd. These differences of outlook were revealed at an early stage of the Congress, when the leader of the Syrian delegation, Fāris Bey al-Khury, moved resolutions which were said to have the

[1] The author of the project was Muhammad 'Alī 'Allūbah Pasha, who had been a Vice-President of both the Blūdān Conference and the Muslim Congress of 1931 (see the *Survey for 1934*, Part II, section (i) (*b*)).

[2] It will be noticed that no representatives were present from Transjordan or from Sa'ūdī Arabia. A message from the President of the Legislative Council of Transjordan was read at the opening session.

[3] There were rumours in Cairo, at the end of January 1939, that the nomination of Prince Muhammad 'Abdu'l-Mun'im to lead the Egyptian delegation at the London conferences was the first move towards his candidature for the throne of Palestine. It was interesting in this connexion to observe that, when Faysal II of 'Irāq passed through Damascus in July, cheers were raised for the 'King of Syria' (*The Times*, 13th July, 1939).

approval of the Mufti of Jerusalem, and which included a demand that the Government of Transjordan and a National Government to be formed in Palestine should be free to decide on the advisability of their political fusion with Syria. The single federal state which, it was assumed, would emerge from these decisions, was to enter into a treaty of friendship and alliance with both Great Britain and France, safeguarding the interests of those Powers and of the Jewish minority. This suggestion was opposed by the 'Irāqī delegation, on the ground that the introduction of France into the problem would complicate it further, and that it was more realistic to negotiate with Great Britain alone.

The remainder of the debate was not reported in the Press, for shortly after these exchanges newspapermen were requested, on the suggestion of Jamāl Efendī al-Husaynī, to leave the Congress. But it was evident from the final resolutions, which were carried unanimously, that the Syrian proposal had been either rejected or deferred. These resolutions, which were adopted together with a reasoned justification of the Arab attitude,[1] declared that the Balfour Declaration was null and void *ab initio*; that no further Jewish immigration into Palestine should be permitted; that no form of partition should be accepted; and that Palestine should be maintained in its entirety as an Arab country. They included demands for a national Government with a representative assembly, for a treaty with Great Britain which should terminate the Mandate, and for a general amnesty of political prisoners and the repatriation of deportees and political exiles. Finally came the threat which had been made at Blūdān:

> In the event of the non-acceptance of these demands, the Arab and Muslim peoples throughout the world will be compelled to regard the attitude of the British and the Jews as inimical to them and thereby forcing the Arabs and the Muslims to adopt a similar attitude, with its natural consequences upon political, economic and social relations.

The rulers of Arab and Muslim countries were urged to implement these decisions by all the means at their disposal, and the Congress elected a permanent committee for the same purpose. Three members of this Committee—its Egyptian President, Muhammad 'Alī 'Allūbah Pasha, with Fāris Bey al-Khury and a member of the Bengal Legislative Assembly—travelled to London to present the resolutions to the British Government.

The closing months of 1938 saw other demonstrations of Arab and

[1] The full text of the resolutions and their preamble will be found in *Resolutions of the Inter-Parliamentary Congress, Cairo, 7th–11th October, 1938* (London, 1938, the Arab Centre).

Muslim solidarity on the issue of Palestine. Four days after the close of the Inter-Parliamentary Congress an Arab Women's Congress met in the same city with the same object. It was presided over by Madame Sha'rāwy, the leader of the Egyptian feminist movement, and delegations were present from Palestine, Syria, Lebanon, 'Irāq, and Iran. It passed resolutions similar to those of the men's congress, and added a request that facilities should be provided in Egypt for the education of orphans of Arabs killed in the rebellion. Earlier in the month the Premier of the Punjab, Sir Sikandar Hyat Khan, speaking at the Sind Muslim League Conference, was reported to have said that he would rather be shot down than agree to Indian troops being sent to Palestine. And the All-India Muslim League, at its annual meeting in December, passed a lengthy resolution[1] in the course of which it claimed representation for the Muslims of India at the forthcoming discussions in London, and warned the British Government that they were ready, if justice were not done to the Arabs, to adopt any policy that might be recommended by the Cairo Committee.

The British Government's statement of the 9th November, 1938, which recognized the unity of sentiment binding Palestine to the neighbouring Arab countries, was also, somewhat paradoxically, the occasion for a revival of party strife among the Palestinian Arab politicians. The National Defence Party, which had seceded from the Higher Committee in the summer of 1937, was anxious nevertheless to play a prominent part in the forthcoming discussions; certain of its members probably hoped that the Mufti would reply to the ban on his own attendance by instructing his followers to boycott the conferences, and that the British Government would then accept the dissident party as the sole representative of Palestinian Arab opinion. It was probably as a result of this calculation that Fakhrī Bey an-Nashāshībī, a kinsman of the party leader, addressed to Sir Harold MacMichael a letter in which he accused the Mufti of prolonging the terror for reasons of personal ambition, welcomed the mandatory Power's new proposals and appealed to the Government to show firmness in their decisions on the representation of the Palestinian Arabs in London. Fakhrī Bey claimed both to represent 75 per cent. of the Arab interests in the country and more than half the Arab population, and to speak for the large number of prominent moderates who had been compelled by the terror to leave the country.[2] This latter claim, however, lost in

[1] Text in *Statement of Indian Muslim Views on Palestine* (London, 1939, the Arab Centre).

[2] It was estimated that Lebanon alone had received approximately 30,000

impressiveness when its author was disowned by his own leader, Rāghib Bey an-Nashāshībī, who protested that his kinsman's manifesto

> absolutely disagrees with my personal opinion or the opinion and principles of the National Defence Party, of which I have the honour to be president. There is no person, whether in Palestine or other Arab countries, who does not oppose until death the Balfour Declaration and the Mandate. . . . It is a chimera to divide the Palestine Arabs into extremists and moderates.[1]

Fakhrī Bey and his following claimed that they did not differ from the Mufti of Jerusalem on any essential aspect of his avowed political programme, but they wanted the restoration of internal security and announced their desire to co-operate with the mandatory authorities in suppressing the armed rebellion. The mass of the Arab population, however, probably continued to take the view that the guerrilla bands had proved themselves the most effective advocates of the Arab case, and found some degree of incoherence in an argument which upheld the end while condemning the means. It was impossible to estimate the volume of support for the dissident leader with any precision. None of the Arabic newspapers printed his letter to the High Commissioner, which reached the public through the columns of the Jewish-owned *Palestine Post*; but this silence could be plausibly attributed to the authority of the rebel command rather than to the editors' estimates of the news-value of the manifesto. Fakhrī Bey an-Nashāshībī made various attempts to convince the British authorities of the importance of his movement, the most striking being a demonstration of 3,000 villagers in the Hebron area, held at Yatta on the 18th December and attended by the District Commissioner and the Military Commander of Jerusalem. An Arab spokesman at this meeting asserted that the Press was terrorized and could not be regarded as indicative of popular feeling. But the Yatta demonstration, with its suggestion of collaboration between its Arab sponsors and the military authorities, was rather calculated to arouse suspicion as to Fakhrī Bey's motives than to increase the number of his following. His movement drew its support mainly from the wealthy landowning and commercial classes, and seemed likely to be characterized by the customary political impotence of moderate factions during a national rising.

Arabs from Palestine, including many merchants and landowners who had left their homes either through fear of assassination or in order to avoid the financial exactions of the rebel command.

[1] *The Times*, 19th November, 1938.

While the dissidents in Palestine were trying to impress the mandatory Power with their social and numerical strength, the leaders who had been released from the Seychelles were enjoying a triumphal journey to Cairo. They were enthusiastically welcomed by a large crowd at Aden on the 26th December, and were received by the Egyptian Premier, Muhammad Mahmūd Pasha, on the 3rd January, 1939. Later in the month they left Cairo for the Mufti's residence in the Lebanon, where the Arab Higher Committee of 1936–7 was reconstituted, with the immediate task of discussing the representation of the Palestinian Arabs at the impending conferences in London.[1] It was decided that the delegation should be led by Jamāl Efendī al-Husaynī, and should consist in addition of three other members of the original Higher Committee, together with Mūsā Bey al-ʿAlamī as the Mufti's personal representative, Mr. George Antonius[2] and Amīn Efendī Tamīmī.

The Palestinian representatives assembled at Cairo, where they took part in preliminary discussions, held under the presidency of Muhammad Mahmūd Pasha, with the delegates who were on their way to London from ʿIrāq, Saʿūdī Arabia and the Yaman.[3] These deliberations on the presentation of the Arab case in London were diverted to the question of the status of the National Defence Party; Rāghib Bey an-Nashāshībī was himself in Cairo, and the delegates were informed that the British Government wished his party to be represented in London. Rāghib Bey put forward a demand for half the seats on the Palestinian delegation. The other delegations were anxious to paper the cracks of this party conflict, and two of their members—the ʿIrāqī Premier, General Nūrī as-Saʿīd, and the Saʿūdī Under-Secretary for Foreign Affairs, Fu'ād Bey Hamzah—flew to Bayrūt, where they obtained Hājjī Amīn's consent to the inclusion in the Palestinian delegation of Yaʿqūb Efendī Farrāj and Hājjī Nimr an-Nābulsi. This offer was indignantly rejected on the grounds that the former was unfit to travel[4] while the latter had left the Party some months before, and that the Party should be free

[1] The Palestinian delegates were apparently accepted by the British Government as nominees of the Governments of Egypt, ʿIrāq, and Saʿūdī Arabia, but this nomination was no more than a formal endorsement of the choice made by the Higher Committee (see *The Times*, 27th January, 1939).

[2] Mr. Antonius was subsequently appointed Secretary-General to the Arab delegations.

[3] The Chief Minister of Transjordan, Tawfīq Pasha ʿAbu'l-Hudā, who was to represent the Amīr ʿAbdu'llāh, went straight to London in order to open conversations on the next stage in the constitutional progress of Transjordan.

[4] He nevertheless went to London in February, and took part in the discussions.

to select its own representatives. Rāghib Bey finally arrived in London at the head of an independent delegation, with the result that the onus of reconciling the two groups was shifted from the Arab Governments to the Colonial Office. Mr. MacDonald succeeded, on the 9th February, in securing agreement on a compromise whereby the National Defence Party was to add two members, chosen by itself, to the majority delegation. Its nominees were the President of the Party and Ya'qūb Efendī Farrāj.

The importance attached to the approaching discussions by the Arab Governments was clearly shown in the personnel of their delegations. From Egypt came Prince Muhammad 'Abdu'l-Mun'im, supported by 'Alī Māhir Pasha and the Egyptian Minister in Baghdad and Riyād, 'Abdu'r-Rahmān Bey 'Azzām. King 'Abdu'l 'Azīz was represented by his second son, the Amīr Faysal, who was also the Sa'ūdī Foreign Minister, and by the Under-Secretary, Fu'ād Bey Hamzah. 'Irāq sent her Premier, who was later relieved by an ex-Foreign Minister, Tawfīqu's-Suwāydī. The Amīr of Transjordan was represented by his Chief Minister, Tawfīq Pasha 'Abu'l-Hudā, and the King of the Yaman by his son, Prince Sayf al-Islām al-Husayn.

This impressive backing for the Arabs of Palestine could not be paralleled by the Jewish Agency, which was unsupported by the representatives of any sovereign state. But the Agency was itself an international organization, and the Jewish people was as fully represented by the Agency's Executive as were the Arabs by the Princes and Ministers of State who composed their various delegations. The novelty of the London conferences arose from the fact that the Mandate had not admitted the status of the Arab people as a whole in the affairs of Palestine, whereas the Jewish Agency had been specifically recognized as 'a public body for the purpose of advising and co-operating with the Administration'. The Jews still contended that the parties legitimately concerned with the future of Palestine were the entire Jewish people on the one hand and the Arab inhabitants of the country on the other. The mandatory Power might justify its summoning to London of Arab representatives from neighbouring countries on the ground that they were in reality as deeply concerned with the problem as were the Jews of Rumania or of the United States of America. But the Jews would then reply that, if representation at the conferences was to be based, not on legal title, but on a realistic recognition of all the main interests involved, invitations should have been issued to other Governments, and notably to the United States of America.

The sensitiveness of the British Government to American opinion

had, since the first rumours of the abandonment of partition, been relied upon in Jewish circles as a counterpoise to the anxiety of the Foreign Office for the maintenance of cordial relations with Britain's Near and Middle Eastern allies. In the last quarter of 1938 many appeals were made to President Roosevelt, asking him to convey to the British Government the intensity of American interest in the future of the Jewish National Home. Senator Wagner of New York, who interviewed the President in October, afterwards stated that he had been assured of the Government's intention to do everything within their power to prevent the curtailment of Jewish immigration into Palestine, and that he believed they were in a position to make their protests effective. But the President found it necessary to explain, in a public letter addressed to the Mayor of Hartford, Connecticut, that the treaty rights of the United States Government were more narrowly limited than many of his correspondents had assumed.

> I understand that, under the terms of our Convention with Great Britain regarding the Palestine Mandate, we are unable to prevent modifications in the Mandate. The most we can do is to decline to accept as applicable to American interests any modifications affecting such interests unless we have given our assent to them.[1]

In the absence of delegates from sympathetic Governments, the Executive of the Jewish Agency was supported at the London conversations by a Conference Committee, consisting of leading personalities, both Zionist and non-Zionist, from the Jewish communities in Europe, South Africa, the United States, and Palestine. This large Committee—it had 44 members—acted as an advisory body to the negotiators, who were drawn both from the Executive of the Jewish Agency and from the unofficial membership of the Conference Committee. Thus, at the formal opening of the conferences on the 7th February, speeches were made by Dr. Chaim Weizmann, the President of the Jewish Agency, by Mr. I. Ben-Zvi, the Chairman of the Jewish National Council in Palestine, by Rabbi Stephen Wise on behalf of the Jews in America, and by the Marquis of Reading as a leading non-Zionist.[2]

The opening ceremonies at St. James's Palace on the 7th February

[1] The text of the President's letter and a summary of Senator Wagner's statement will be found in *The New Judaea*, October 1938.

[2] It had been agreed that, in the event of a division of opinion in the Conference Committee, decisions should be taken by the Executive of the Jewish Agency, which thus retained its position as the internationally recognized representative of the Jewish people in matters relating to Palestine. But it was not necessary to bring this safeguard into operation.

were an illuminating symbol of the proceedings which they inaugurated. Since the Arabs maintained their refusal to recognize the Jewish Agency, Mr. Chamberlain's speech of welcome had to be given in duplicate, at 10.30 to the Arab delegations and at noon to the Jews, who entered the Palace by a different entrance in order to avoid embarrassing contacts. And, apart from three informal meetings at which representatives of the three major Arab states, Egypt, 'Irāq, and Sa'ūdī Arabia, conferred with Jewish leaders and British Ministers, the two conferences continued, until their termination on the 17th March, to work in isolation from one another. Their common factor was the British delegation,[1] which tried to co-ordinate the progress of the two series of negotiations and to conduct each with reference to the problems raised by the other.

The conferences opened, after the initial formalities, with statements, by Dr. Weizmann on behalf of the Jews and by Jamāl Efendī al-Husaynī for the Palestinian Arabs, of the by now familiar positions in which their respective delegations were at the outset entrenched. Dr. Weizmann reminded the British Ministers that the Preamble to the Mandate had given international recognition to 'the historical connexion of the Jewish people with Palestine, and to the grounds for reconstituting their national home in that country'. He contended that this recognition was compatible neither with the imposition upon the Jews in Palestine of a minority status nor with any arbitrary restriction upon the right of Jews elsewhere to emigrate to *Eretz Israel*. The Jewish people had agreed to explore the possibilities of partition after the Report of the Peel Commission because it did not involve, within the area to be assigned to the Jewish State, either of those inconsistencies. They were prepared now to consider alternative proposals, but they would do so in the light of the same unalterable criteria. Immigration must continue to the extent permitted by the economic absorptive capacity of the country, and the Government would be expected to extend the limits of that principle by schemes of economic development. Politically the Jews did not desire to dominate the Arabs, but they were determined not to be dominated by them, and they demanded effective safeguards against their own relegation to the status of a minority.

The leader of the Palestine Arab delegation, speaking on the following day, rested his case upon the incompatibility of the Mandate both with promises made to representatives of the Arab people two years before the publication of the Balfour Declaration and with

[1] Its most active members were Mr. Malcolm MacDonald and Mr. R. A. Butler.

the Covenant of the League of Nations.[1] The Arabs would never recognize the validity of either the Mandate or the Balfour Declaration, and put forward a series of demands which involved the cancellation of those undertakings. The Mandate was to be replaced by a treaty similar to that concluded between Great Britain and 'Irāq in 1930, recognizing the right of the Arabs to complete independence and establishing a sovereign state. The attempt to found a Jewish National Home in Palestine must be abandoned, and as an immediate measure Jewish immigration, together with the purchase of land by Jews, must be prohibited. If this policy were adopted, the Arabs would be prepared to make provision in their treaty with Great Britain for the safeguarding of reasonable British interests, for freedom of access to all Holy Places, and for the protection of the legitimate rights of the Jewish minority.

It was evident from these statements that a major obstacle to any compromise between them lay in the juridical basis upon which each case rested. Nor could the British negotiators hope to reach a full understanding of the attitudes with which they were confronted until they had carefully examined the rights claimed by both peoples. Of the documents involved in this investigation, the Balfour Declaration was, if not clear in its meaning, at any rate so familiar to all the parties that no amount of further probing was likely to throw more light upon it. On the other hand, the Arab claim was based on documents the complete text of which had never been printed in an official publication. These were the letters which had been exchanged, in 1915 and 1916, between His Majesty's High Commissioner in Cairo, Sir Henry McMahon, and the Sharīf Husayn of Mecca. At an early stage of the Anglo-Arab conference the British Government agreed to publish the correspondence,[2] and, after the fourth, fifth and sixth meetings had been almost entirely occupied by the Arab delegates in expounding their interpretation of the promises made by Sir Henry McMahon, it was decided to refer this question to an Anglo-Arab committee. The report of this committee, which met at the House of Lords on four occasions, was adopted by the full conference on the 17th March and issued to the public on

[1] The Arab argument from the Covenant of the League of Nations was based principally on Paragraph 4 of Article 22, which spoke of the communities formerly belonging to the Turkish Empire and now to be placed under mandatory supervision as having reached a stage of development 'when their existence as independent nations can be provisionally recognized subject to the rendering of administrative advice and assistance by a Mandatory until such time as they are able to stand alone'.

[2] *Cmd.* 5957 of 1939.

the 21st.[1] An exhaustive summary of this report and of the arguments exchanged in the memoranda which were published with it[2] would involve a longer digression into past history than is appropriate to this *Survey*. But its importance was not solely academic; the long-delayed publication of the correspondence in an official English text, together with the conflicting interpretations put upon it, had an appreciable effect on public opinion in Great Britain, and the attitude of the mandatory Power to the Arab claims was slightly modified as a result of the committee's proceedings. Thus the publication, though the transactions with which it had dealt had taken place nearly a quarter of a century before, was itself an event of contemporary importance, demanding a brief discussion here.

Mr. Antonius argued in his first memorandum that the Sharīf Husayn, in defining the frontiers within which he asked for Arab independence as the reward of a rising against Turkish rule, had undeniably included the area which subsequently became the mandated territory of Palestine, and that this area was not affected by the reservations with which Sir Henry McMahon accepted the Sharīf's boundaries.[3] Palestine was not one of the 'portions of Syria

[1] *Cmd.* 5974 of 1939.

[2] These were signed, on the British side, by the Lord Chancellor. The Arab case was stated both by Mr. Antonius and by Sir Michael McDonnell, who had been Chief Justice of Palestine from 1927 to 1937. Mr. Antonius had previously written a full account, from the Arab point of view, of the transactions investigated. See his book, *The Arab Awakening* (London, 1938, Hamish Hamilton).

[3] The two vital passages in what has come to be known as 'the Husayn–McMahon correspondence' have been reprinted *ad nauseam* in the controversial literature on Palestine. It may nevertheless be convenient to reproduce them here. The territorial stipulations in the Sharīf's letter of the 14th July, 1915, ran as follows:

> 'England to acknowledge the independence of the Arab countries, bounded on the north by Mersina and Adana up to the 37° of latitude, . . . on the east by the borders of Persia up to the Gulf of Basra; on the south by the Indian Ocean, with the exception of the position of Aden to remain as it is; on the west by the Red Sea, the Mediterranean Sea up to Mersina.'

Sir Henry McMahon, in a letter dated the 24th October, 1915, conveyed the British Government's acceptance of the Sharīf's demands, with certain reservations:

> 'The two districts of Mersina and Alexandretta and portions of Syria lying to the west of the districts of Damascus, Homs, Hama and Aleppo cannot be said to be purely Arab, and should be excluded from the limits demanded.
>
> 'With the above modifications, and without prejudice to our existing treaties with Arab chiefs, we accept those limits.
>
> 'As for those regions lying within those frontiers wherein Great Britain is free to act without detriment to the interests of her ally, France, I am empowered in the name of the Government of Great Britain to give the following assurances and make the following reply to your letter:

lying to the west of the districts of Damascus, Homs, Hama and Aleppo', and Great Britain was already pursuing a policy which aimed at excluding the influence of her French ally from Southern Syria. Even if the British Government had not been free in 1915 to dispose of Palestine, the subsequent renunciation by France of her claims there would automatically have added it to the 'regions lying within those frontiers wherein Great Britain is free to act without detriment to the interest of her ally, France'.

The Lord Chancellor, in his reply, stated that the British Government attached more importance to the general reservation necessitated by the interests of France than to the specific geographical reservation, which was not 'clear or well-expressed'.[1] The French Government were at the time of the correspondence claiming as their sphere of influence in Syria the whole Mediterranean littoral as far south as the Egyptian border, and, 'in the opinion of the Lord Chancellor, any subsequent developments which may at later dates have modified the extent of the area in which Great Britain was free to act without detriment to French interests are irrelevant to a consideration of the extent of the area to which the pledge applied on the 24th October, 1915, and has continued to apply ever since'.[2] But a later paragraph of Lord Maugham's memorandum, relating to the 'Sykes–Picot Agreement' of 1916, drew attention to a reference to the Sharīf of Mecca in that document which might rather have been used to support the contention that in 1916 he had been recognized as having some standing in the affairs of Southern Syria.

> (1) 'Subject to the above modifications, Great Britain is prepared to recognize and support the independence of the Arabs in all the regions within the limits demanded by the Sherif of Mecca.'

It is upon the precise meaning to be attached to the two reservations that controversy has since turned.

[1] The correspondence had been conducted in Arabic. A principal difficulty had arisen from the use of the Arabic word *wilāyah*, which like the English words 'district' or 'region', need not necessarily denote any specific administrative division, but which was also used in the more precise meaning of the Ottoman Turkish technical administrative term *vilāyet*. Thus the Lord Chancellor was able to argue that by the district of Damascus Sir Henry McMahon had meant the *vilāyet* of Syria, of which Damascus was the capital. On that interpretation, which Mr. Churchill had put forward in 1922, Palestine would have been included in the 'portions of Syria lying to the west of the districts of Damascus, Homs, Hama and Aleppo'. But it would have been surprising if in that phrase the word *wilāyah* had been used in two distinct senses. And there were no *vilāyets* of Homs and Hama, while to the west of the *vilāyet* of Aleppo lay nothing but the sea.

[2] It should be mentioned that the Lord Chancellor had explained at the first meeting of the committee that he was present as a representative of His Majesty's Government, and not in a judicial capacity.

> In the agreements Palestine was admittedly to be international. The Sharīf of Mecca was, however, to be consulted, and the form of government was to be agreed upon with (amongst others) his representatives.

The British case was not based exclusively on the text of Sir Henry McMahon's letters. The Lord Chancellor also argued that it was inconceivable that the British Government should have made an unconditional promise of Arab sovereignty over a land of such vital significance to the Christian World and of such strategic importance to the Power controlling the Suez Canal. In answer to this contention Mr. Antonius observed that the letter of the 24th October, 1915, had expressly stipulated that the future Arab administrations were to be assisted by British advisers, and that the Sharīf Husayn's original proposals had envisaged a military alliance between Great Britain and the Arab countries.

The committee was compelled to report to the conference that its members had been unable to agree upon an interpretation of the correspondence, but its report placed on record a slight approximation of the conflicting theses.

> The United Kingdom representatives have . . . informed the Arab representatives that the Arab contentions, as explained to the committee, regarding the interpretation of the Correspondence, and especially their contentions relating to the meaning of the phrase 'portions of Syria lying to the west of the districts of Damascus, Homs, Hama and Aleppo' have greater force than has appeared hitherto. . . . They maintain that on a proper construction of the Correspondence Palestine was in fact excluded. But they agree that the language in which its exclusion was expressed was not so specific and unmistakable as it was thought to be at the time.

In addition to the McMahon–Husayn correspondence the committee considered certain subsequent events and documents which were regarded by one party or the other as likely to assist in its elucidation. These included a series of pledges made to Arab representatives on behalf of the British Government during the year 1918, of which the most notable was the message which Commander D. G. Hogarth had conveyed to King Husayn in the January of that year.[1] Drafted some three months after the publication of the Balfour Declaration,

[1] This message, together with Commander Hogarth's notes on his conversation with the King, was also published in an official English text for the first time as a result of the London discussions (*Cmd.* 5964 of 1939). This White Paper also contained a message which His Majesty's High Commissioner in Cairo was instructed in June 1918 to convey to seven Arab notables resident in Cairo, and a report by General Sir Edmund Allenby on an assurance given by him to the Amīr Faysal in the October of the same year.

this message announced that His Majesty's Government were determined that no obstacle should be put in the way of a return of Jews to Palestine, 'in so far as is compatible with the freedom of the existing population, both economic and political'. The committee's terms of reference did not enable it to express an opinion on the proper interpretation of these documents, nor would it have been easy to do so without surveying a very much wider field. But the committee placed on record an agreed conclusion as to their general significance which had an important bearing on the wider discussions of the London conferences.

> In the opinion of the Committee it is . . . evident from these statements that His Majesty's Government were not free to dispose of Palestine without regard for the wishes and interests of the inhabitants of Palestine.

Another document incidentally considered by the committee was the Balfour Declaration. The Lord Chancellor, in his first memorandum, observed that the Arab grievance against this undertaking

> is dependent very largely on the view which is taken as to the meaning of, and the implications said to be derived from, the Declaration. It is not within the scope of this memorandum to express an opinion as to the validity of the Zionist view on this matter; but it must be remembered that the Declaration expressly safeguards the civil and religious rights of the Arabs, and this qualification is one of great importance and should have a far-reaching effect on policy.

He returned to the subject in his second memorandum, after Mr. Antonius had drawn his attention to two significant interpretations of the pledge to the Jews. The first was contained in evidence given before the Peel Commission by Mr. Lloyd George, according to which the Cabinet of 1917 had contemplated that, if the Jews had entered Palestine in sufficient numbers before the time came for the concession of self-government, the country would become a Jewish Commonwealth. The second was in a speech delivered in 1923 by Viscount Grey, who had expressed doubts as to the compatibility of the Balfour Declaration with his own earlier pledges to the Arabs and had interpreted the promise of a National Home as implying a Jewish Government in Palestine. The Lord Chancellor replied that his previous opinion

> was based on a clear view of what the words of the Balfour Declaration meant when it was made in 1917, and this view is not affected by the fact that at later dates interpretations, which he thinks were mistaken ones, may have been placed upon them by persons of eminence, particularly since these interpretations have not been accepted by other persons at least as likely to form a correct view.

Although the United Kingdom representatives did not endorse the interpretation put upon the McMahon pledge by their Arab colleagues, the publication of the committee's report was, through its effect upon British public opinion, a minor victory for the Arab cause. And certain tendencies of thought, implicit rather than explicit, in the comments of the Lord Chancellor and in the final report, appeared ominous to the Executive of the Jewish Agency, which took exception to these aspects of the White Paper in a letter addressed to the Secretary of State for the Colonies on the 28th March.[1] The Executive complained that the Jewish Agency had not been given an opportunity to express their views on a controversy the outcome of which might vitally affect Jewish interests. This failure to consult them appeared still more surprising in view of the fact that the committee had not confined itself to the task delegated to it by the Anglo-Arab conference, but had also scrutinized the Balfour Declaration. Particular exception was taken to the Lord Chancellor's remarks on the interpretation of this document, and to the general conclusion reached by the committee on the pledges made to the Arabs in 1918. The inferences from the latter, the Jewish statement continued, were not made explicit,

> but it is clearly calculated, and presumably designed, to weight the scales in a certain direction in a controversy in which Jewish interests are closely involved. It must be emphasized that this most important conclusion was arrived at from the consideration of documents falling outside the Committee's scope, and affording only an incomplete view of the point at issue.[2]

In the concluding paragraph of its letter the Executive of the Jewish Agency made use of an argument which in effect challenged

[1] Text in *The New Judaea*, April 1939.

[2] The Jewish Agency sought to remedy this incompleteness by publishing a pamphlet entitled *Documents relating to the McMahon Letters* (London, 1939). Its contents included the text of Sir Henry McMahon's letter to *The Times* of the 23rd July, 1937, in which he stated that he had not intended, in giving his pledge to the Sharīf, to include Palestine in the area of future Arab independence. (This, however, had been discussed by the Anglo-Arab committee, where the British representatives agreed that Sir Henry McMahon's opinion of what was intended had no legal weight.) A series of statements of the British interpretation of the pledge, made by Cabinet Ministers between 1921 and 1937, was also reprinted. But attention was drawn more particularly to the attitude of the Amīr Faysal at the Peace Conference in Paris. His reservation of Palestine for separate consideration, made in the course of a statement of Arab claims before the Council of Five, was also quoted in the letter of the Jewish Agency Executive to the Colonial Secretary.

The Jewish Agency also published a reasoned criticism of the Report of the Anglo-Arab Committee; see Leonard Stein: *Promises and Afterthoughts* (London, 1939).

the relevance of the entire Anglo-Arab investigation to the contemporary issues in Palestine. An assumption underlying the committee's inquiry had been that after the defeat of the Turkish armies in 1918 the British Government were free to dispose of Palestine. But in fact the responsibility for that country's future had passed by way of the Principal Allied Powers to the League of Nations, which had subsequently conferred upon Great Britain a mandate for its administration in accordance with certain specified principles. If this contention were accepted, the Mandate would cancel the legal validity of such earlier declarations and agreements as were not incorporated in its provisions, and the McMahon pledge, even on the assumption that Palestine was included in its terms, would no longer be operative. This argument was ingenious and powerful, but its effect on British opinion was to some extent impaired by the reflection that in fact, if not in theory, the Mandate had been drafted, not by the Secretariat of the League at Geneva, but by the British Government of the day in the light of what they conceived their previous undertakings to be. That the incorporation of the Balfour Declaration in the text of the Mandate contributed largely to the goodwill with which the administration of Palestine was entrusted to Great Britain was undeniable. On the other hand it might be argued that, if equal publicity had been given to the British promises made to Arab representatives both before and after the publication of the Balfour Declaration, the text of the Mandate would have had to be drafted rather differently. If the Cabinet of 1922 had in fact been at fault in the balance which they had at that time tried to strike between their existing obligations, their error could not be summarily dismissed as irrelevant to the conduct of British policy in 1939.

The transfer of the quasi-judicial issues raised by the Arab delegations to a committee of the Anglo-Arab conference, on the 15th February, enabled the latter to turn to problems which were politically if not logically more fundamental, and to pursue a course roughly parallel with the Anglo-Jewish meetings. The efforts of the British representatives to secure some abatement of the original demands respectively put forward by Jamāl Efendī al-Husaynī and Dr. Weizmann met with no appreciable success. After a fortnight of negotiations the Cabinet decided that no progress was likely to be made from the starting-point of Arab and Jewish demands, but that a possible line of *rapprochement* might be disclosed by the reaction of their delegations to positive suggestions from the British side. A last attempt was made to narrow the gap between the original demands on the 23rd February, when an informal meeting was arranged at

which representatives of Egypt, Sa'ūdī Arabia and 'Irāq met members of the Jewish delegation in the presence of Mr. MacDonald, Lord Halifax and Mr. Butler. Since this tripartite discussion did not serve its purpose a similar meeting on the following day was presented with the first of three series of British proposals, all of which reproduced the same general plan, though its later versions were modified in the light of the intervening conversations; indeed, at its first presentation it took the form of 'suggestions' for the consideration of the conferences. The aim of the mandatory Power's new policy was the establishment of a single sovereign state in Palestine after a period of transition in the course of which Palestinians would play a progressively more responsible part in the government of the country. Nothing was said of the constitutional organization of the new state, but if it was assumed that the assured numerical preponderance of the Arabs would not be nullified politically by whatever safeguards might be devised for the protection of the minority, the proposals could be represented as a substantial victory for the Arab point of view. But in the suggestions of the 24th February there were certain features to which the Arab delegations took exception: notably to the length of the proposed period of transition, and to the suggestion that British representatives should, at a round-table conference, participate in the drafting of the new constitution. They therefore made counter-proposals which, together with the British project, were referred to an Anglo-Arab committee.

The Jewish delegation, on the other hand, were unable to find in the British suggestions a basis for further discussions, for reasons which they explained in a statement dated the 27th February.[1]

> These suggestions ignore the principles on which the Jewish people have for twenty years co-operated with the Mandatory Power in Palestine. They pass over in expressive silence the Balfour Declaration and the Mandate. They ignore the historical connexion of the Jewish people with Palestine and its internationally established right to reconstitute its National Home in that country. They fail to envisage any further development of the National Home, and, indeed, they do not mention the National Home at all. They ignore the internationally recognized principle that 'Jewish immigration should be authorized to the extent allowed by the country's capacity of economic absorption'. No safeguards or provisions for the continuance of Jewish immigration are indicated. The Jewish Agency, the body specifically recognized in the Mandate as representing the Jewish people in all matters relating to the National Home, finds no mention. An independent state is to be created, but no guarantee is offered against the Jews

[1] Text in Dr. Weizmann's letter accompanying the *Jewish Agency Memorandum to the League of Nations*, 1938, paragraph 11.

being reduced to a permanent minority in Palestine. Even the principle of non-domination of either people by the other is omitted. . . .

The suggestions thus constitute a repudiation by His Majesty's Government of the solemn pledges given to the Jewish people in the Balfour Declaration, reaffirmed by successive British Governments, and endorsed in the Mandate by the League of Nations and the United States of America. This course is suggested at a time when the Jews are suffering unprecedented persecution and hundreds of thousands look to Palestine as their only hope and refuge.

Throughout the Conference the Jewish delegates have shown themselves desirous of reaching an agreed settlement, but no settlement can be considered which would place the Jewish National Home under Arab rule, or condemn the Jews to a minority life in Palestine.

The Anglo-Jewish conference was consequently suspended, though informal contact was maintained between the two delegations, until it assembled for the last time on the 15th March to receive the second version of the British plan. During this interval there was a third meeting of Jewish, Egyptian, 'Irāqī, Sa'ūdī Arabian and British representatives, apparently in connexion with additional suggestions tentatively put forward by the British Government in the hope of making their plan more palatable to the Jews. These suggestions included, according to reports in the Press, the establishment of a federal state, divided into cantons in such a way as to give the Jews a measure of autonomy in those areas in which they formed a majority of the population. Mention was also made of an additional or alternative safeguard in the central legislature, where it might be possible to grant parity of legislative power to the minority on certain reserved topics.

Even with these amendments, however, the first version of the British plan did not afford a basis for further three-party discussions, or for the renewal of official negotiations between the British and Jewish delegations. The British Government therefore decided to present a revised version of the suggestions to the two conferences, at the same time announcing that, if this were not accepted as a basis of agreement, they would bring the conversations to an end and regard themselves as free to impose their own solution. The final proposals for an agreed settlement were laid before the conferences on the 15th March. They were more detailed than the suggestions of February, and included provisions restricting sales of land to Jews and stipulating that when the Jewish population had risen to one third of the whole—a proportion which would permit the admission of a further 75,000 immigrants—further immigration should not be permitted without Arab consent. The constitutional proposals provided for the ultimate establishment of an independent state,

'possibly of a federal nature'; the period suggested for the country's apprenticeship in self-government was ten years, but its length was not to be determined in advance, and its termination was implicitly made dependent on Jewish consent. It was this uncertainty as to the date at which independence would finally be granted that constituted the main objection to the proposals from the Arab point of view. The Palestinian delegation, Mr. Antonius wrote,[1]

> took the view that it was indispensable to the success of the transitional arrangements that a definite time-limit be set to the period of transition. They maintained, as did all the other Arab Delegations, that to leave the duration of the period of transition unspecified would give any minority or minority group the power to hinder or indefinitely obstruct the establishment of the fully independent state.

On this point the Anglo-Arab negotiations broke down, and with this breakdown the conferences came to an end, for the Jewish delegation had already declined to continue the conversations on a basis almost identical with that which they had previously rejected.

Arab hostility to the revised British plan was naturally less rigid and the Governments of 'Irāq, Egypt and Sa'ūdī Arabia maintained contact with London after the conferences had dispersed, through the ordinary channels of diplomacy. On the 12th April Hasan Nash'at Pasha, the Egyptian Ambassador in London, arrived in Cairo with the explanations of certain aspects of the plan for which the Arab Governments had asked. Discussions proceeded through the British Embassies both in Cairo, where the Arab negotiators included the Amīr Faysal, and in Baghdad. Towards the end of the month an aeroplane was sent to Bayrūt to bring a Palestinian delegation to the Egyptian capital.[2] After further conversations in Cairo the three Arab states obtained the consent of the Palestinians to the forwarding of counter-proposals to London. Of the divergences between these proposals and the plan of the mandatory Power three were of outstanding importance: they asked that the transference of Departments of Government to Palestinian Ministers, assisted by British advisers, should be completed immediately after the restoration of order, instead of being spread over a period of years; that the constitution of the new state should be drafted at the end of three

[1] Letter in *The Times*, 20th March, 1939.

[2] Again the Mufti did not attend the discussions in person. His absence probably made compromise more difficult both in London and Cairo. Compare the refusal of President de Valera to lead the Irish delegation to London in 1921, on the ground that 'his absence would always be a good reason for our delegates making no hasty agreements in London'. The absence of the Mufti, though involuntary, created a similar situation.

years, instead of five; and that the mandatory Power should not be represented on the constituent assembly. On the difficult question of the ending of the transitional period the Arab states had previously suggested a compromise whereby they were not merely, as in the British proposals, to be consulted if the country seemed unready for independence after ten years, but should be empowered to prevent a postponement by withholding their consent.

The differences between the Arab and British projects were almost wholly concerned with the relationship of the mandatory authorities to the proposed Palestinian state. The position of the Jewish community in Palestine was not at this time so contentious a subject. The British Government had already conceded that after five years of regulated immigration no more Jews should enter the country without Arab consent. On the other hand the Arab delegations in London had claimed[1] that they were prepared to treat the Jews

> as a permanent privileged minority represented in the executive and legislative organizations in proportion to their numbers, and in all circumstances with local municipal administrations in districts where they are in a majority.

The Cairo proposals now accepted the principle of a limited additional immigration, terminable after five years, though they advocated a more drastic restriction of Jewish purchases of land than the British Government had suggested.[2] And the Arab programme had always included the incorporation of safeguards for the Jewish minority in a treaty with Great Britain.

The British reply to the Cairo memorandum, which was handed to Muhammad Mahmūd Pasha on the 2nd May, was understood to have announced the early publication of the definitive policy which had been adopted after the failure of the London conferences. It was only in this third and final form that the British plan was made public, in a White Paper issued on the 17th May.[3]

The opening paragraphs of the White Paper were concerned with defining the obligations imposed on Great Britain by the terms of the Mandate, and with eliminating in the light of those obligations a number of misconceptions as to the ultimate objectives of British

[1] In a statement issued after the breakdown of negotiations (*The Manchester Guardian*, 18th March, 1939).

[2] It should be pointed out that this account of the genesis and character of the Arab counter-proposals is necessarily based upon reports in the Press.

[3] *Cmd.* 6019 of 1939. After this part of the present chapter had been written, the two earlier versions were made available in the *Political Report of the Executive of the Jewish Agency, submitted to the Twenty-first Zionist Congress and the Sixth Session of the Council of the Jewish Agency* (Jerusalem, 1939), pp. 15–17, 21–4.

policy. Thus to retain Palestine indefinitely under mandatory tutelage would be 'contrary to the whole spirit of the Mandate system'. On the other hand His Majesty's Government did not believe that the framers of the Mandate could have intended that Palestine should be converted into a Jewish Commonwealth against the will of the existing Arab population, and therefore declared unequivocally that 'it is not part of their policy that Palestine should become a Jewish state'. Having established that Palestine could not remain for ever under British control, and that it was not to pass under Jewish authority, the White Paper had gone some way towards accepting the main conclusions, if not the premisses, of the Arab argument.[1] But an independent state not under Jewish rule was not necessarily synonymous with an independent state under Arab rule, and the mandatory Power asserted its intention of devising a form of government which should be not Arab but Palestinian.

> The independent state should be one in which Arabs and Jews share in government in such a way as to ensure that the essential interests of each community are safeguarded.

No attempt was made to describe the constitutional machinery through which this intention would be carried out, and in the subsequent debate in the House of Commons the Colonial Secretary declined to prejudge the conclusions of a future constituent assembly.[2]

The detailed provisions of the White Paper related exclusively to the transitional period between the adoption of the new policy and the establishment of the independent state. As soon as peace and order were 'sufficiently restored', steps would be taken to give the people of Palestine a larger share in the administration of the country. A number of Palestinian heads of Departments would at once be appointed, though they would be assisted by British advisers and the

[1] The White Paper in fact repeated the Government's denial 'that the McMahon correspondence forms a just basis for the claim that Palestine should be converted into an Arab state'. But it was evident from the subsequent debates in the two Houses of Parliament that the Government were more deeply impressed by the implications of the 'Hogarth message'.

[2] The Secretary of State for India, replying to the debate in the House of Lords on the 23rd May, was less reticent. While warning the House that he could not be bound by any prophecy that he might venture to make, he suggested that a Government in which the Arabs had a majority of two to one would not give effect to the principle laid down in the White Paper, that Arabs and Jews should 'share authority in government in such a way as to ensure that the essential interests of each are secured'. He pointed out that a federal solution was not excluded, and that even in a unitary state there were means by which a minority could be given parity of legislative and executive power (*Parliamentary Debates: House of Lords*, vol. 113, cols. 143–4).

final decision in all matters would rest, as before, with the High Commissioner. Arabs and Jews[1] would be invited to accept office in numbers approximately proportionate to their respective populations. If either group of nominees declined to participate in this first phase of the country's emancipation, the process would nevertheless be started with the co-operation of one community alone. It would continue until all the heads of Departments were Palestinians, and at that stage consideration would be given to the possibility of converting the Executive Council, whose functions were purely advisory, into a Council of Ministers.[2] An elected legislature might also be established during the transitional period, but this was made dependent on the internal condition of the country at a later date. At the end of five years the working of this constitutional machinery would be surveyed by a body representative of the people of Palestine and of the mandatory Government, and this body would also make recommendations for the future constitution of the independent state.

The intention of these provisions was to create conditions which would enable the mandatory Power to withdraw from Palestine within ten years from the restoration of order and the beginning of the constitutional changes. But the White Paper guarded carefully against the interpretation of this declaration of intention as a definite undertaking.

> If, at the end of ten years, it appears to His Majesty's Government that, contrary to their hope, circumstances require the postponement of the establishment of the independent State, they will consult with representatives of the people of Palestine, the Council of the League of Nations, and the neighbouring Arab states before deciding on such a postponement. If His Majesty's Government come to the conclusion that postponement is unavoidable they will invite the co-operation of these parties in framing plans for the future with a view to achieving the desired objective at the earliest possible date.

This passage was the subject of hostile comment from both Arab and

[1] The use of the word 'Palestinians' in the White Paper implied that Jewish immigrants who had not been naturalized as citizens of Palestine would not be eligible for appointment as heads of Departments. In December 1936 roughly 43 per cent. of the Jews who possessed the necessary qualifications for naturalization were not Palestinian citizens (*Cmd.* 5479 of 1937, p. 332).

[2] Mr. MacDonald had later to explain this peculiar use of the term 'Executive Council' to the Permanent Mandates Commission. He further said that although the Council of Ministers would be given limited executive functions, the High Commissioner would still retain 'reserve powers' on various matters of importance. These explanations provoked M. Rappard to the observation that 'it was a part of the great administrative experience and wisdom of the Government of the British Commonwealth of Nations to use words intended to give satisfaction to those who misunderstood them' (*Minutes of the Thirty-Sixth Session*, p. 177).

Jewish critics. To the latter its most significant feature was the apparent exclusion of the Jewish Agency from the consultations which would take place before a postponement was decreed.[1] Whereas the Mandate had acknowledged the status of the Jewish nation as a whole in relation to Palestine and had accorded no recognition to the Arabs as a people, the White Paper exactly reversed these positions; the only Jewish interest to be consulted was that of the community already established in Palestine, but the Arab states which had been called into consultation in London were again to play a part in determining the country's future.

Arab critics, on the other hand, drew attention to a phrase in the preceding paragraph which suggested more clearly the circumstances which would be held to justify a postponement of independence.

> The establishment of an independent state and the complete relinquishment of mandatory control in Palestine would require such relations between the Arabs and the Jews as would make good government possible.

They maintained that the two passages, considered together, put a premium—from the Jewish point of view—on non-co-operation, and that the Jewish community would be able, at the end of ten years and of each subsequent period of probation, to create a situation in which the mandatory would decline to relinquish its control. The verbiage of the White Paper on this issue was, in Arab eyes, mere camouflage for a Jewish veto on the establishment of an independent state.

When the mandatory Power finally withdrew, it would require the new state to enter into a treaty providing for the commercial and strategic interests of the two countries. In addition the White Paper specified certain other interests for which satisfactory provision must be made either in the treaty or in the constitution. There must be freedom of access to the Holy Places and protection for the various religious bodies owning property in Palestine. And the 'special position' of the Jewish National Home must be safeguarded.

This constitutional process would not be set in motion until the Government had formed the opinion that public order was sufficiently restored. But the proposals relating to immigration and land policy were to take effect immediately. The Government took the view that the absence of any time-limit from Article 6 of the Mandate,

[1] It was subsequently explained, by the Colonial Secretary before the Permanent Mandates Commission, that this omission was without significance, and that 'there was no suggestion of getting away from consultation with the Jewish Agency' (*ibid.*, p. 179).

which required them to facilitate Jewish immigration, could not be taken to imply that immigration should continue indefinitely, or even for as long as it was warranted on economic grounds alone. Its political consequences could not be ignored, and the Government were convinced that the maintenance of the immigration policy of 1922–37 would have serious repercussions not in Palestine alone but throughout the Near and Middle East. In view of this danger, which was peculiarly serious for the National Home itself, the mandatory Power proposed to adopt the principle that further Jewish immigration should not be permitted unless the Arabs of Palestine were willing to sanction it. The execution of this *volte-face* was to be postponed for five years, in order that Palestine might make a further contribution to the pressing problem of providing asylum for Jewish refugees, and that the country's economy might have time to prepare itself for the cessation of its specialized form of 'pump-priming'. During the interval, immigration would be regulated with the aim of raising Jewish numbers to one-third of the total population. It was calculated that this objective would allow the admission of 75,000 immigrants in the five-year period. They would be divided into two categories, known respectively as immigrants and refugees. The former would be admitted at the rate of 10,000 a year, on the understanding that, if the overriding criterion of economic absorptive capacity caused a reduction in any quota during the first four and a half years, the deficiency might, subject to the same condition, be added to a later quota.[1] The 25,000 refugees would be admitted as soon as the High Commissioner was satisfied that adequate provision had been made for their maintenance.[2]

Thus at the end of five years, after an addition of not more than 75,000 to its population, the growth of the National Home by immigration would be brought to an end, unless the Jewish leaders were

[1] The quotas were to be drawn up after consultation with 'Jewish and Arab representatives'. Hitherto only the Jewish Agency had been consulted.

[2] On this point there appeared to have been some modification of the Government's policy after the publication of the White Paper. Speaking in the House of Commons on the 20th July, the Colonial Secretary explained that the half-yearly quotas would henceforward contain a basic 5,000 together with whatever addition, from the supplementary quota of 25,000 refugees, was thought possible in the light of the economic situation in the country. The first quota under the new policy was announced on the 14th June, 1939. Certificates were granted, for the period between the 1st April and the 30th September, to 9,050 Jewish immigrants, after a deduction had been made on account of the 1,300 Jews who had entered Palestine without authorization since the 1st April. This total of 10,350 in six months compared with 12,868 in the whole of 1938 and 10,536 in 1937.

able then or later to persuade the Arabs to permit its renewal.[1] His Majesty's Government were satisfied that

> when the immigration over five years which is now contemplated has taken place, they will not be justified in facilitating, nor will they be under any obligation to facilitate, the further development of the Jewish National Home by immigration regardless of the wishes of the Arab population.

The territorial expansion of the National Home was also to be restricted, by means of powers to be conferred on the High Commissioner 'to prohibit and regulate transfers of land'. These powers had been more clearly defined in the proposals made to the London conferences on the 15th March, from which it appeared that the intention was to permit unrestricted Jewish settlement in limited areas, to regulate it in others and to prohibit it altogether in the remainder of the country; the High Commissioner would presumably adopt the suggestions made by the Royal Commission and the Woodhead Commission.[2] At the same time the Mandatory undertook to assist in the development of the land and in the introduction of improved methods of cultivation.

The situation after the 17th May, 1939, was strikingly similar to that which had been created by an earlier statement on the 7th July, 1937. On both occasions the mandatory Power had announced a decision which seemed clear at first sight but proved on examination to contain ambiguities. Just as in 1937 the significance of partition could not be accurately estimated because the frontiers of the proposed states were left undefined, so two years later the consequences of independence could not be foreseen in the absence of any authoritative suggestions for the constitutional organization of the proposed state. In their conjectures as to how this gap in the proposals would be filled, Jews and Arabs alike were inclined to be pessimistic. To the Jewish Agency an independent state meant the subjection of the National Home to Arab domination. But the Arabs were by no means convinced that this would be the outcome. They remembered that the British Government had, early in March, toyed

[1] Viscount Samuel, speaking in the House of Lords on the 23rd May, summarized the new policy in the following terms:

> 'Jewish immigration is to stop after five years unless it has the assent of the Arabs, and Arab independence is not to be granted after ten years unless is has the assent of the Jews. . . . In other words, each side is given a veto on the aspirations of the other in order to induce both to become friends' (*Parliamentary Debates: House of Lords*, vol. 113, col. 104).

[2] Buyers and sellers of land in Palestine were warned in June that any transfer negotiated after the 18th May might be prohibited by subsequent but retroactive legislation.

with the idea, so often advocated by Zionists, of political parity between the two peoples irrespective of the numerical ratio between their populations, and they observed that the Secretary of State for India, defending the White Paper in the House of Lords, had hinted at the same solution. The mandatory Power seemed determined to play a decisive part in the drafting of the proposed constitution, and, if its Government were still thinking in terms of parity five years after the restoration of order in Palestine, independence would from the Arab point of view be a deception. In any event, as Arab critics interpreted the new policy, independence would have to wait for Jewish acquiescence.

In 1937 the Arabs had opposed the very principle of partition, whereas the Jews had been able to suggest an interpretation of its meaning which they would have been prepared to accept. But in 1939 it was from the Jewish side that the White Paper was condemned root and branch. In whatever form its ghostly constitutional provisions might later embody themselves, its immigration clauses could never be accepted on the Jewish side. The Arab Higher Committee, on the other hand, although it rejected the White Paper as the Jewish Agency had rejected the form of partition suggested by the Peel Commission, probably saw in the later policy what many Jewish leaders had seen in the earlier, the opening of a door to a satisfactory settlement.

### (*d*) Arab and Jewish Reactions to the White Paper, and the Report of the Permanent Mandates Commission

In 1937 the majority of the delegates to the Zionist Congress and the Council of the Jewish Agency had been prepared to accept the principle of partition as a basis for the future political development of Palestine. In 1939 those Arab politicians who saw in the new White Paper an acceptable compromise with their demands were an extremely small minority. It included the Chief Minister of Transjordan, Tawfīq Pasha 'Abu'l-Hudā, who declared that the White Paper might mark the beginning of a new era of Anglo-Arab collaboration in Palestine,[1] and eight former commanders of rebel bands, who circulated a manifesto affirming that the British policy 'furnished an acceptable basis for the furtherance of Arab aspirations' and alleging that the Higher Committee were opposing it because they were 'serving some foreign interests in consideration of fixed remuneration'.[2] In general, however, the Arab attitude to the British

[1] See *Oriente Moderno*, June 1939, p. 332.

[2] See *The Times*, 8th July, 1939, for a translation of the manifesto, issued by the Government of Palestine.

Government's proposals was one of hostility. On the 30th May the Palestinian Arab Higher Committee issued a statement[1] in which the stress was again laid on the length and indefiniteness of the transitional period. The mandatory régime, they argued, was in itself a phase of preparation for self-government, and one which had already been unduly prolonged. They also pointed out that the Franco-Syrian Treaty of 1936 had provided for the formation of a National Government at the beginning and not at the end of the transition to full independence. And they objected to the proposed participation of representatives of the mandatory Power in the constituent body. Passing to the sections of the White Paper dealing with immigration and the land, they demanded immediate measures to prevent further Jewish immigration and the sale of additional land to Jews, threatening that if more Jews were admitted they would demand a review of the position of every Jew who had entered Palestine since 1918. In brief, they dismissed the White Paper as containing concessions which, in any case inadequate, were in effect nullified both by qualifications and by imprecision. 'The ultimate decision', their statement continued, 'as to the fate of a virile people depends on its own will, not on White or Black Papers. Palestine will be independent within the Arab union, and will remain Arab for ever.'

A few days later Muhammad 'Alī 'Allūbah Pasha issued, as President of the Executive Committee of the Arab Parliamentary Congress, a protest against the White Paper which concluded with an exhortation to all Arab and Muslim countries to redouble their efforts in support of the Palestinian Arabs.[2] The Governments of the independent Arab states did not publicly declare themselves in this sense, but they let it be known that they considered themselves to be absolved, by the British rejection of the counter-proposals which they had made from Cairo,[3] from any obligation to advise the Arabs of Palestine to collaborate with Great Britain on the basis of the White Paper.

The most authoritative exposition of the Jewish case against the White Paper was contained in a letter addressed by Dr. Weizmann to the Permanent Mandates Commission.[4] Drawing attention to the British Government's declaration that they would regard it as contrary to their obligations and assurances to the Arabs that the latter

[1] Summarized in *Oriente Moderno*, July 1939, pp. 379–80.
[2] Text in *Oriente Moderno*, July 1939, pp. 380–1.
[3] See above, pp. 458–9.
[4] Text in *The Jewish Case against the Palestine White Paper* (London, 1939, The Jewish Agency for Palestine).

should be made subject to a Jewish State against their will, Dr. Weizmann asserted that the application of the White Paper would in effect subject the Jews against their will to an Arab State. For the Arabs would permanently outnumber the Jews by two to one, and 'experience of minority guarantees has made abundantly clear the inadequacy of *any* constitutional safeguards where the majority in power chooses to disregard them'. The Jews were in fact being relegated to that minority status from which it had been the object of the Zionist Movement, of the Balfour Declaration, of the Mandate and of the British Government's policy as recently as 1937 to redeem them. Already, in Dr. Weizmann's view, the proposals relating to the transfer of land would necessitate the introduction of measures of discrimination between Jews and non-Jews, in spite of the provision of Article 15 of the Mandate which enjoined that 'no discrimination of any kind shall be made between the inhabitants of Palestine on the ground of race, religion or language'.[1] Turning from legal to political analysis, Dr. Weizmann drew the attention of the Mandates Commission to possible consequences of the enforcement of the new policy.

> The practical reason given in paragraph 13 of the White Paper for this liquidation of mandatory obligations is that their continued operation would necessitate the use of force, to which His Majesty's Government object; they will relinquish rather than enforce mandatory obligations. But His Majesty's Government can hardly have overlooked the fact that this conclusion represents the triumph of force. In the light of the experience of the last three years, it must appear to the Arab terrorists as a premium on their campaign of violence, and to the Jews as a penalty on their self-restraint. Further, if the exercise of such force as may be indispensable for the discharge of mandatory obligations appears to His Majesty's Government to be so objectionable that those obligations have to be abandoned, they will no doubt be aware of the far-reaching implications of this attitude as regards their whole position in Palestine. As British authority is founded on the Mandate conferred upon and accepted by Great Britain on the basis of certain obligations, the repudiation of those obligations deprives British rule in Palestine of its moral justification. Even so, as continued British rule in Palestine is challenged by Arab leaders, it will involve the use of force. Force has, moreover, been used to prevent Jews from entering Palestine;

[1] At no point in the examination of the White Paper did any member of the Permanent Mandates Commission inquire into the bearing upon it of Article 15 of the Mandate. Considered in its context, the phrase quoted by Dr. Weizmann was perhaps capable of bearing a more limited interpretation than that which he had given to it; for Article 15 dealt primarily with freedom of worship and education. On the other hand, the phrase in question was immediately followed by the further injunction that 'no person shall be excluded from Palestine on the sole ground of his religious belief'.

it may have to be used on an even greater scale in the future if the policy outlined in the White Paper is to be carried out in full.

Already, when this letter was written, the Jewish community in Palestine was debating the problem of resistance to the application of the White Paper. Within a few days of its publication the Executive of the Vaad Leumi had drafted a programme of non-co-operation which was to be put into operation 'when the White Paper should receive final endorsement'. At that imprecisely defined moment the Jewish municipal authorities were to break off administrative relations with the Government, and the Jewish population was to refuse to contribute to the Government's revenue either by paying taxes or by using profit-making public services.

Meanwhile the Jerusalem demonstration of the 18th May,[1] in which a British policeman was killed, led to a meeting between Jewish representatives and Lieutenant-General Haining, who warned them that 'there would be no mincing matters' if similar rioting occurred again, and stated that if blood were shed it would be on the heads of the Jews. To this verbal communication the Chairman of the Jewish Agency Executive, Mr. Ben Gurion, addressed a written reply in the course of which he said:

> We deeply deplore and condemn unreservedly the fatal shooting of a British constable. With all due deference I must, however, take exception to your statement this morning that the blood which may be shed will be on the heads of the Jews. . . . The Jewish demonstration of yesterday marked the beginning of Jewish resistance to the disastrous policy now proposed by His Majesty's Government. The Jews will not be intimidated into surrender even if their blood be shed. In our submission the responsibility for what may occur in this country in the course of enforcing the new policy will rest entirely on the Government.[2]

The unanimous reaction of the Jewish community to the new British move was followed by a period of conflict between the majority view that provocative forms of resistance should be avoided or at least postponed, and the minority doctrine that nothing short of armed force would make any impression on the British Government.

Differences of opinion, within the Zionist movement, as to the policy to be adopted in the new situation created by the White Paper

[1] See above, p. 422.

[2] The *New York Times* of the 14th May had reported Mr. Ben Gurion as saying: 'None of these things will be executed without Jewish blood being shed, this time not by Arab terrorists but by the British. . . . The imposition of Arab rule over the Jews in Palestine [and] the establishment of a virtual ghetto [will not] be brought about without British bayonets.'

were not confined to Palestine. They formed indeed the central theme of the political debates at the twenty-first Zionist Congress, which opened at Geneva on the 16th August. In this Congress the Labour Party, with 42 per cent. of the delegates, and the left wing of the General Zionists, with 28 per cent., were the dominant parties as they had been in 1937, but—again as in 1937—the Congress did not divide along party lines when it discussed the major issue before it.[1] The delegates fell roughly into three groups—one which felt that the time had come to abandon or at any rate to modify Dr. Weizmann's policy of collaboration with the mandatory Power, another which desired to preserve that collaboration at almost any price, and a third which succeeded in avoiding each of these conclusions and in impressing its attitude on the political resolutions to which the Congress ultimately agreed.

The spokesmen of the first group argued that the White Paper was an almost inevitable outcome of a situation in which, while the Arabs used force in the pursuit of their aims, the Jews carried their desire for co-operation with Great Britain to the length of declining to take any action which might embarrass her. They suggested that British concessions to the Arabs conformed to the pattern of Franco-British concessions in Europe, that they sprang from a desire to avoid by 'appeasement' any direct clash with hostile forces. The Jews could not hope to divert the mandatory Power from its policy unless they too were prepared, when attempts were made to implement that policy, to take action of a kind which would cause serious inconvenience to the authorities in Palestine. This activist wing of the Congress looked for leadership to Mr. Ben Gurion, whose speech of the 18th August suggested the outlines of its programme. He reminded the Congress that the White Paper had been found by the majority on the Permanent Mandates Commission to be incompatible with the Mandate,[2] and concluded that its operation would constitute a departure from the paths of legal government.

> The White Paper had created a vacuum which must be filled by the Jews themselves. The Jews should act as though they were the State in Palestine and should so act until there would be a Jewish State there.

[1] There were, however, party issues at the Congress. A good deal of time was spent in discussing the complaint of the three right-wing minority parties —General Zionists B, Mizrachi and Jewish State Party—that there had been irregularities in the conduct of the elections in Palestine, in Poland and elsewhere. The Jewish State Party alone was solidly opposed to the policy of the Executive; its leader, Mr. M. Grossman, demanded absolute non-co-operation and civil disobedience.

[2] See below, p. 479.

> In those matters in which there were infringements by the Government, the Jews should act as though they were the State.[1]

On the following day one of the leading American delegates, Rabbi Hillel Silver, drew precisely the opposite conclusion from the report of the Permanent Mandates Commission. After their judgment, he thought, the British Government would not dare to go before the Council of the League in order to ask for endorsement of their policy. It followed that the Zionist Movement and the mandatory Power had not yet reached a parting of the ways, and that nothing should be done to provoke a conflict which might never be necessary.

> They should not yield to emotion or passion. The White Paper was a temporary document only; while they should oppose it with all energy, there were good prospects of its being nullified, and therefore no extremist measures should be adopted. . . . It was dangerous to act as though they were the State, when they were not. . . . In their desperation they should not put weapons into the hands of their enemies.

The underlying argument of this party was that some kind of relationship with a Great Power was essential to Zionism, that it was futile to imagine a connexion with any Power other than Britain, and that Zionism must act realistically in the light of its inescapable association with the authors of the policy to which it was now opposed. Furthermore, in the imminent European war the Jews had no choice of sides, and they could not at the same time support the British Empire against Germany and embarrass it in Palestine.

This degree of acquiescence did not appeal to more than a small minority of delegates, and Rabbi Silver's speech was frequently interrupted. It was described by Mr. B. Katznelson, on the 20th, as 'a stone thrown at the refugees wandering on the seas'. Mr. Katznelson's own speech expressed the views of those who were looking for a middle course, and it was said to have made a considerable impression on the Congress. It was not enough, in his view, to persist in condemning the mandatory Power's policy if those condemnations were accompanied by appeals for moderation of a kind which tended to give the impression that Zionism would ultimately accept the *fait accompli*. They must be prepared for active resistance as a last resort. Nevertheless 'they should not indulge in childish heroics'. When they fought British policy they must remember that their grievance was not against the British people but against a particular Government, which would not remain permanently in power.

[1] This and other extracts from the proceedings of the Congress are quoted from summaries contained either in the Congress Bulletin issued by the Palcor Agency, or in the September issue of *The New Judaea*.

This central party was as sensitive as the second group to the implications of the increasingly delicate European situation. Its attitude was well expressed in the political resolutions of the Congress,[1] which declared an uncompromising hostility to the policy of the White Paper without advocating any measures likely to cause or suggest a weakening of the support given by Jewry to the cause of democracy in the Western World. The resolutions denied the moral and legal validity of the British statement of policy, and declared that the Jewish people would not acquiesce in the reduction of its status in Palestine to that of a minority, nor in the subjection of the Jewish National Home to Arab rule. The Congress further declared that

> the mandatory obligations were undertaken towards the Jewish people as a whole, and not towards the Jews of Palestine alone. The sacred bond between the Jewish people and their historic homeland cannot be severed, and nothing will prevent the Jews from returning to their country and rebuilding their National Home.

Appreciation was expressed of the attitude of 'leading members of all parties in the British Parliament',[2] and the conclusions of the Permanent Mandates Commission were welcomed. A protest was made against the suspension of Jewish immigration for the coming six months,[3] coupled with a statement that the responsibility for the consequences of the new immigration policy would lie with the Government alone. There followed a declaration that the resistance to the new British policy was not directed against the interests of the Arab people, and a reaffirmation of the Zionist resolve 'to establish relations of mutual goodwill and co-operation with the Arabs of Palestine and of the neighbouring Arab countries'. The Executive was instructed to persevere in its efforts towards a harmony of Jewish and Arab aspirations and, more specifically, to appoint a committee to explore the possibility of a *détente*.

These resolutions were adopted by an overwhelming majority on the 24th August. By that time the Congress was overshadowed by the ominous developments of the last days of peace; the closing stages of its programme were curtailed, and the members of the retiring Executive were re-elected with no opposition except from

[1] Text in *The New Judaea*, September 1939.

[2] The White Paper had met with considerable opposition when it was debated in the House of Commons on the 23rd May, as had the proposal for partition nearly two years previously. In 1939 the Government chose to have its policy approved by an unconvincing majority, rather than to accept a compromise of the kind which had been reached on the earlier occasion.

[3] See above, p. 423.

the small parties of the extreme left and the extreme right. The delegates then dispersed, the meeting of the Jewish Agency Council, which would normally have followed immediately on the conclusion of the Zionist Congress, being indefinitely postponed.

The outbreak of war in Europe also prevented the Council of the League of Nations from discussing the White Paper or passing judgment on the policy of the mandatory Power. But the issues which it would have discussed, had it met according to plan, emerged clearly from the record of the cross-examination of the Colonial Secretary at the June session of the Permanent Mandates Commission, and in the absence of the Council's verdict this chapter must conclude with an analysis of the case presented by Mr. Malcolm MacDonald and of the observations made upon it by the members of the Commission.

Mr. MacDonald, in his opening statement and in the course of five subsequent meetings, sought to show that the policy announced in May 1939 was both compatible with the Mandate and consistent with the policies pursued by previous British Governments. In thus resting his case on juridical rather than political arguments, the Secretary for the Colonies recognized that it was the Commission's function to report to the Council of the League on the consistency of the actions of the mandatory Power with the terms of the Mandate. Any suggestion for a revision of the Mandate would have to be referred to the Council itself, and the Government had already informed the House of Commons that, if the Permanent Mandates Commission should advise the Council that the White Paper conflicted with the Mandate, they would apply for the modification of a Mandate which they would then regard as unworkable. They did not, however, believe that the Commission would reach such a conclusion, and it was in this conviction that Mr. MacDonald opened his case before it on the 15th June. Nevertheless, certain members of the Commission showed in their subsequent exchange of views that in their opinion it would have been wiser to present the issue in political terms. This was the feeling of the Chairman, Monsieur Orts:

> As the Commission's work had proceeded, the soundness of the thesis defended by the accredited representative, to the effect that the new policy did not depart from the terms of the Mandate, had seemed to the Chairman less certain. If, despite the remarkable talent displayed in its defence, that thesis had failed to convince certain members of the Commission, was not the explanation simply that on this occasion the mandatory Government had asked the League of Nations to follow it on to ground which was by its very nature unfavourable? If, as in 1937, the mandatory Government had implicitly admitted that the Mandate had proved in practice to be incapable of application, perhaps

> the Commission would have followed it just as it did in 1937. If it had taken its stand purely on political grounds, it might perhaps have over-persuaded the Commission. By taking up the position it had done, it had cut itself off from any possibility of convincing the Mandates Commission.[1]

The Colonial Secretary's argument necessarily involved a re-examination of the significance of long-disputed phrases in the Mandate itself and in the Balfour Declaration. He claimed that new light was thrown on this problem by the Hogarth message which, he pointed out, had been sent to King Husayn by the very Government which had issued the Balfour Declaration a few weeks previously.

> There can have been no misunderstanding; there can have been no confusion of thought. The Hogarth message does not add anything to the substance of the Balfour Declaration; it is an authoritative explanation of its content. . . . It is . . . evidence that the words 'civil and religious rights' and 'rights and position' in the Balfour Declaration and the Mandate were intended by those primarily responsible to include the normal political rights of a free people.[2]

The Chairman of the Commission, however, took the view that the Hogarth message, an assurance given by Great Britain to a third party and not communicated to the League before the Mandate was confirmed, could have no bearing on the Mandate, which was an international convention between the British Government and the League of Nations.[3] Equally unsuccessful was Mr. MacDonald's appeal, in justification of the decision to move towards the independence of Palestine, to Article 22 of the League Covenant and to the avowedly transitional character of the 'A' Mandates. On this Monsieur van Asbeck commented as follows:

> It should be recalled that the A Mandate for Palestine was a Mandate *sui generis*, of which the first article did not provide for assistance from the mandatory Power to a national Palestinian Government, but simply, as in B Mandates, for the government of the country by the

[1] Permanent Mandates Commission: *Minutes of the Thirty-Sixth Session*, p. 206.

[2] *Op. cit.*, p. 98. The difficulty of interpreting the phrase 'the rights and position of other sections of the population' was illustrated later in the Commission's deliberations by M. van Asbeck's surprising suggestion that 'other sections' was a reference not to the Arabs as such, but to 'traders, persons engaged in industry, etc.', and that the rights to be safeguarded were purely economic (*op. cit.*, p. 201).

[3] This argument was also used by the author of a 'Memorandum on the Legal Aspects of the White Paper', published by the Jewish Agency in *The Jewish Case against the Palestine White Paper.*

mandatory Power. Further, article 28 of the Mandate did not expressly stipulate—as in the case of the Mandate for Syria and Lebanon and the Anglo-'Irāqī Treaty of 1922—that the Mandate should terminate, but merely contained certain provisions . . . which should apply *in the event* of the termination of the Mandate.[1]

The question of the White Paper's consistency with the Mandate was interlinked with that of its relationship to the earlier phases of British policy in Palestine. Here again Mr. MacDonald contended that there had been no self-contradiction, but rather an evolution of policy by constant adaptation to changing circumstances, and without at any point departing from the letter or the spirit of the Mandate.

The position in regard to the Mandate in Palestine was evolving; at one stage of the evolution emphasis would properly be put on one mandatory obligation to a greater extent than on another. In the further course of evolution, a somewhat different situation might arise which would require the emphasis to be shifted rather to another part of the Mandate. It seemed to him absolutely right that in the early years—indeed, almost up to the present—the emphasis should have been laid on the obligation to the Jews. . . . Until . . . a National Home had been built up, it was proper to lay emphasis on that part of the Mandate which called for the facilitation of immigration and the close settlement of Jews on the land. As a result, considerable help had been given in the creation in Palestine of the Jewish National Home. The time was bound to come, however—and it was absolutely in the nature of the Mandate that it should come—when the emphasis should be somewhat shifted, and when a further expansion of the Jewish National Home, contrary to the express will of the non-Jewish population, might prejudice the rights of the latter. When that stage was reached, emphasis must, and quite properly could, be shifted to the protection of the rights of the non-Jewish sections of the population.[2]

Thus, for example, the criterion of economic absorptive capacity, laid down in 1922 as regulating the flow of Jewish immigration, could not have been regarded by its authors as an unalterable decree. It was an administrative principle subject to modification as the situation to which it had originally been appropriate was subsequently transformed. It had in fact been permitted to operate for a sufficient length of time to allow of the establishment in Palestine of a National Home which had all the characteristics foreshadowed in the White Paper of 1922, and which was now strong enough to maintain itself permanently. That point having been reached, it was time to bring into the forefront of the mandatory Power's programme the equally valid obligations which it had undertaken towards the Arab population, and to establish if possible a political

[1] *Minutes of the Thirty-Sixth Session*, p. 200. [2] *Op. cit.*, pp. 110–11.

system in which the two series of obligations could be reconciled, and which offered some prospect of future stability.

A first attempt to accomplish this had been made in 1937, and the Permanent Mandates Commission was interested to compare Mr. MacDonald's proposals with his predecessor's policy of partition. In their final report to the League Council, the members of the Commission used, as an argument against Mr. MacDonald's assertion that the White Paper of 1939 was consistent with the Mandate in its accepted interpretation, the fact that 'only two years ago, the Government of the Mandatory Power declared . . . that the present Mandate was unworkable'.[1] Did not this prove that the British Government's own conception of the Mandate's meaning had been seriously modified in the interval, and suggest that the Commission was justified in challenging the more recent interpretation? Replying to this argument in their comments on the observations of the Permanent Mandates Commission,[2] His Majesty's Government denied that the 1937 statement had declared the existing Mandate to be unworkable. What it had in fact said was that the aspirations of the Arabs and the Jews in Palestine could not be satisfied within the terms of the Mandate, and that the most hopeful solution of the resulting deadlock lay in the termination of the Mandate and the partition of the country. It had since been found that partition was not a practicable policy, and from that it followed that both Jews and Arabs must abandon hope of the complete realization of their political aspirations. His Majesty's Government were not able to agree that this decision conflicted with any declaration which they had made in the 1937 statement of policy.

On the substantive proposals of the White Paper the exchange of views between the members of the Permanent Mandates Commission revealed certain differences of opinion. Thus Monsieur Giraud agreed with Lord Hankey that the proposals that further Jewish immigration should, after five years, be subject to Arab consent, and that the sale of land to Jews should be restricted, were not necessarily contrary to Article 6 of the Mandate.[3] The obligations incurred by the mandatory Power under Article 6 were not unconditional, and there was nothing in its terms to prevent immigration from being

[1] *Op. cit.*, p. 275. [2] *Op. cit.*, pp. 286–9.

[3] Article 6 ran as follows: 'The Administration of Palestine, while ensuring that the rights and position of other sections of the population are not prejudiced, shall facilitate Jewish immigration under suitable conditions, and shall encourage, in co-operation with the Jewish Agency referred to in Article 4, close settlement by Jews on the land, including State lands and waste lands not required for public purposes.'

made dependent on political as well as on economic considerations. To this Lord Hankey added that Article 6 gave no guidance to the Mandatory as to the length of time during which it should continue to facilitate immigration, and that the maintenance in present circumstances of the criterion of economic absorptive capacity might, by its effect on the Arabs, actually endanger the existence of the National Home. The majority, however, interpreted Article 6 more rigidly. Thus, on the question of immigration, Monsieur Rappard said that

> had he been asked whether, under Article 6 of the Mandate, the Palestine Administration was obliged to facilitate immigration indefinitely, he would have replied—no, only so long as the Mandate was in force. So long, however, as the Mandate was in force, its obligations continued to bind the mandatory Power.[1]

He further reminded his colleagues that when in 1937 the mandatory Power had informed them that it was ceasing, for the time being, to apply the criterion of economic absorptive capacity, they had regarded that decision as equivalent to a partial suspension of the Mandate, justifiable only as a provisional measure in an emergency. They could not now take a more lenient view of far more drastic proposals. Similarly, Monsieur Rappard claimed that the new proposals with regard to the purchase of land by Jews could not be reconciled with the obligation to facilitate settlement.[2]

The discussion of the constitutional paragraphs of the White Paper elicited a fuller exposition of the British Government's intentions and wishes than had previously been made public. In the first place, Mr. MacDonald outlined certain constitutional possibilities which had, he said, been suggested to both the Jewish and the Arab delegations at the London conferences.

> For instance, supposing that the independent State were a federal State with, say, one Jewish province and one Arab province, it would be appropriate under such a Constitution that the representatives of the Arab province should be equal in numbers and powers to the representatives of the Jewish province; therefore there would not arise a situation in which there was, at the centre of government, an Arab majority ruling over a Jewish minority.
>
> Again, supposing there was no federal State, but a unitary State:

[1] *Minutes of the Thirty-Sixth Session*, p. 133.

[2] The Chairman further complained that the publication, which had already taken place, of an Order in Council empowering the High Commissioner to make regulations prohibiting and regulating transfers of land, had presented the Permanent Mandates Commission and the Council with a *fait accompli* (*op. cit.*, p. 135). To this the Colonial Secretary replied that His Majesty's Government believed the Order in Council to be in strict conformity with the Mandate.

nothing in the White Paper compelled a two-to-one proportion of Arabs either on the Executive or in the Legislature of that State. Those concerned with framing the Constitution might also discuss the proposal, which had often been advanced, for parity in representation, and regard the Arabs and Jews as communities possessing equal status, and consequently entitled to equal representation on the Executive and in the Legislature. But supposing that was not practicable, supposing further that it was thought desirable that representation should be on a strict population basis, and that the Legislature should contain approximately two Arabs for every Jew, the provision might be made in the Constitution under which, on any matter of importance, no decision could be taken unless a majority of the Arab representatives and a majority of the Jewish representatives were in agreement.[1]

At several points the Colonial Secretary removed ambiguities from the text of the White Paper, or added fresh details. He stated that the Government had not yet determined whether the Palestinian members of the proposed constituent body would be elected or nominated, or partly elected and partly nominated, but that in all probability it would be a wholly nominated body. It might, however, be found necessary, in order to give the new Constitution the requisite authority, to submit it to an elected Palestinian assembly. It was also recognized that a special procedure would have to be devised for constitutional revision, and that any such revision would require the consent, 'in an adequate measure', of both communities. The Colonial Secretary declined to speculate on the question of whether the constituent body was likely to produce any results at all; but he stated, more precisely than had been done in the White Paper, the conditions without which its conclusions could not be acceptable to the Mandatory Power:

The acquiescence of both parties would be necessary if an independent State were to be established. Any other principle would seem to be impracticable. If the Arabs were dissatisfied with the proposed constitution, their protest would probably, if the mandatory authority were withdrawn, culminate in something like civil war. Similarly, if the proposed Constitution and independent State proved unacceptable to the Jews, they would also refuse to acquiesce and could cause very

[1] *Op. cit.*, p. 172. The comments of two members of the Commission on this statement were significant. Count de Penha Garcia observed that 'it seemed clear that the Arabs had not fully appreciated the position. They took the view that the independence which had been promised them was the independence of the Arabs as such; that was clearly not the case' (*op. cit.*, p. 173). Similarly Monsieur van Asbeck reflected that 'when considering the White Paper one should think, in accordance with its lines of argument, in terms of a Palestinian State and not, as Jewish memoranda have proclaimed, of an Arab State. . . . There would be neither majority nor minority, but two ethnical groups safeguarded by the international and national machinery of Palestine' (*op. cit.*, p. 182).

> serious complications even by mere economic action, apart from any resort to violence. . . . His Majesty's Government . . . could not abandon its responsibility for the good government of Palestine if there was a likelihood of such abandonment leading to grave trouble and possibly civil war. That was why it had stated quite deliberately in paragraph 9 of the White Paper that 'the establishment of an independent State . . . would require such relations between the Arabs and the Jews as would make good government possible'.[1]

This *sine qua non* of Jewish acquiescence in the terms of the proposed Constitution would not be the only safeguard of the minority in an independent Palestine. The Jews were sufficiently powerful to cause immense inconvenience to the Arab majority if the latter should at any time provoke a breach between the two peoples, and furthermore it was contemplated that the Palestinian State should enter into treaty relations with Great Britain which would protect, *inter alia*, the position of the Jewish National Home.

The general effect of Mr. MacDonald's evidence before the Permanent Mandates Commission was to present the White Paper under a new light. The Jewish objection that its application would subject the National Home to Arab rule was to a large extent met, at the cost—as Monsieur Rappard pointed out—of interpreting independence in a way which the Arabs would regard as fictitious.[2] The seriousness of the obstacles to Anglo-Arab agreement on the constitutional issue thus became more apparent to the public than they had been either during the London conferences or immediately after the publication of the White Paper; but at the same time no abatement of Jewish opposition could be expected so long as the paragraphs of the White Paper relating to immigration remained unmodified. The hostility of both peoples to the new policy seemed more certain than ever.

Nor was the British Government's position to be fortified by the support of the League's expert Commission. In its report to the Council, the Permanent Mandates Commission declared that

> the policy set out in the White Paper was not in accordance with the

[1] *Op. cit.*, p. 138. On the other hand, the Colonial Secretary stated that the new land and immigration policies would be carried through unaltered, no matter what opposition they encountered.

[2] Another possible limitation on the independence of the future Palestinian State was revealed in the exchange of views between Mr. MacDonald and the Commission on the subject of the holy places. It might be possible, the Colonial Secretary said, to devise some means for the security of the holy places, and freedom of access to them, under the authority of the independent Government. But it might be found that the only way of providing these safeguards was 'by some special arrangement—perhaps an international régime for the holy places' (*op. cit.*, p. 181).

> interpretation which, in agreement with the mandatory Power and the Council, the Commission had placed upon the Palestine mandate.[1]

This conclusion had been unanimously reached, but the Commission had not confined itself to establishing this single fact. It had also considered whether the Mandate might be re-interpreted in such a way that the policy of the White Paper would not be at variance with it. On this question the members of the Commission had been divided, and it was a bare majority—four members out of seven—which

> did not feel able to state that the policy of the White Paper was in conformity with the Mandate, any contrary conclusion appearing to them to be ruled out by the very terms of the Mandate and by the fundamental intentions of its authors.[2]

The final paragraph of the Commission's observations on the White Paper, however, recorded a second unanimous conclusion. It stated that, in the view of all the members, the considerations put forward in the Peel Report, and in the preliminary observations of the Mandates Commission upon that Report, had not lost their relevance. This echo of partition encouraged the British Government to express the hope that, if the Palestinian State could be given a federal constitution, a bridge might yet be built between their proposals and the views of the majority on the Mandates Commission. It seemed that the reaction against partition had run its course, and that the impression made by that suggestion would prove to have been strong enough to affect the character of the policy by which it had been supplanted.

### (ii) The Cession to Turkey of the Sanjāq of Alexandretta

On the 29th May, 1937, the Council of the League of Nations modified the Syrian Mandate, in so far as it applied to the sanjāq of Alexandretta, by adopting a Statute and Fundamental Law which were to come into operation in that territory on the 29th November.[3]

[1] *Op. cit.*, p. 275.

[2] *Ibid.* Much play was made with the fact that the minority consisted of the British, French and Portuguese members of the Commission. But while the views of the minority were discounted on the ground that they were friends of the mandatory Power, other observers pointed out that each member of the majority had, by his or her attitude during previous sessions, shown far greater interest in the mandatory Power's obligations to the Jews than in those to the Arabs.

[3] Article 55 of the new Statute provided that 'during such time as the Mandate remains in operation the Statute and the Fundamental Law shall be applied to the fullest extent compatible with the exercise of the said

The previous pressure from Turkey, which had necessitated that revision, and the main provisions of the new settlement, were described in an earlier volume of this *Survey*.[1] When that account was written, in August 1937, it remained to be seen whether the constitutional arrangements made at Geneva would succeed in harmonizing the conflicting desires of the heterogeneous population of the sanjāq. For its 220,000 inhabitants were divided racially, linguistically and religiously, with the further complication that the boundaries of race, language and faith intersected one another in a way which made the future alignment of forces difficult to foresee.[2] The largest homogeneous group was the Turkish, numbering 85,000 in 1936.[3] The Arabic-speaking population was appreciably larger—99,000 at the same date—but was divided into three distinct religious groups, a majority of 'Alawī Muslims with minorities of Sunnī Muslims and Christians.[4] On the assumption that language was the only bond between these groups the Turks might, by claiming the 29,000 Turkish-speaking Armenians on the same ground, have established their contention that they formed a majority of the total population. But these Armenians had, for the most part, fled from Cilicia into the sanjāq when the former province was restored to Turkey by the French in 1921, and their political feeling therefore ran counter to their language. And in the crisis of 1936–7 the Arab communities had formed a common political front. The public ceremonies which signalized the entry into force of the new régime on the 29th November, 1937, were therefore boycotted by Arabs and Armenians alike. The Turks thus found, probably to their surprise, that the natural solidarity of their community was more than offset by a *rapprochement* between all the other groups of appreciable size.

These developments had an important bearing on the application of the political system devised at Geneva for the sanjāq. Article 32

Mandate'. In spite of this safeguard the operation of the Mandate would undoubtedly be modified by the application of the new settlement in the sanjāq. It was not however expected, when the settlement was made, that the Mandate would continue after 1939. (The texts of the Statute and the Fundamental Law will be found in *Documents on International Affairs, 1937*, pp. 490–506.)

[1] The *Survey for 1936*, Part V, section (iv).

[2] See, for the complexity of this problem, *op. cit.*, p. 768, *n.* 2.

[3] The statistics used above are taken from A. Alexandre: 'Le Conflit syro-turc du Sandjak d'Alexandrette', in *Entretiens sur l'évolution des pays de la civilisation arabe* (2e année: Paris, Centre d'Études de Politique Étrangère, 1938).

[4] The Christians were mostly of the Greek Orthodox Church; but here, too, there were smaller subdivisions.

of the Statute, with Articles 6 to 15 of the Fundamental Law, provided that the new legislative assembly should be representative, not of geographical constituencies alone, but of the communities. Five of these, the Turkish, 'Alawī, Sunnī Arab,[1] Armenian and Greek Orthodox, were guaranteed a stated minimum number of seats, but apart from that provision representation would be proportionate to the number of names on the separate communal registers. The decisive operation, therefore, in the first elections at least, would be not the voting but the registration of electors. The task of devising and controlling a procedure for this was entrusted by Article 15 of the Fundamental Law to an international commission for the organization and supervision of the first elections in the sanjāq. The five members of this body, nominated by the former President of the Council[2] on the 4th October, 1937, were Mr. T. Reid (United Kingdom), Monsieur J. Langrange (Belgium), Monsieur H. Ch. G. J. van der Mandere (Holland), Monsieur H. Reimers (Norway) and Monsieur R. Secrétan (Switzerland);[3] Mr. Reid was elected as Chairman. The Commissioners arrived at Alexandretta on the 20th October, and left again on the 19th November; they called at Angora on their way, and visited Damascus and Bayrūt during their investigations. After further meetings at Geneva they submitted their report, together with the text of their electoral regulations, to the former President of the Council on the 10th December. Dr. Quevedo approved the Commission's proposal to hold the elections, which were to be in two stages, on the 28th March and the 12th April, 1938, and authorized it to engage the auxiliary staff which would be needed for drawing up the registers and supervising the polling.

At this point, however, the Turkish Government intervened with a telegram, dated the 15th December, from Monsieur Aras to the Secretary-General of the League.[4] The Turkish Minister for Foreign Affairs protested that the electoral regulations had not been submitted to the approval of either his Government or the Council of the League, alleged that they had been drafted in collaboration with officials of the mandatory Power, and accused that Power of pursuing 'a policy of colonization' in the sanjāq with the object of

[1] This is presumably the meaning of the word 'Arab' in Article 9.

[2] Dr. Quevedo, the representative of Ecuador. Authority was delegated to the retiring President because his successor was the representative of France, one of the interested parties in the affair.

[3] Monsieur Reimers and Monsieur van der Mandere had taken part in the organization of the Saar plebiscite in 1935.

[4] The text of this and the following notes will be found in the *League of Nations Official Journal*, February 1938, Annex 1691.

influencing the result of the elections to the detriment of the Turkish element.

> I cannot here admit [the note continued] that the procedure upon which the organs of the League have decided in framing and putting into effect the draft regulations for the Sanjak elections is calculated to strengthen that attachment which the countries most sincerely loyal to the League have hitherto displayed, even in the most difficult circumstances, towards the international organization at Geneva.

The Chairman of the Electoral Commission, commenting on this note in a letter of the 21st December to the Secretary-General, explained that

> the mandatory authorities . . . confined themselves to giving information only if and when requested to do so by the Commission. . . . The authorities never attempted to influence the Commission's decisions, nor to ascertain what these decisions were, nor to share unofficially in the Commission's task. The fact that the local authorities were quite properly consulted on certain questions of fact which fell within their competence has no bearing on the issue. . . . The Commission is therefore solely responsible for the draft electoral law.

Three days later Monsieur Aras, in a second telegram to Geneva, formulated his Government's grievances at greater length. After elaborating his earlier complaints against the Commission's procedure, he turned to the substance of the electoral law and offered to provide the Council with 'details illuminating the true significance of each of the eighty-seven articles that make up these unacceptable regulations'. Among the arguments which followed, by way of example, the most significant was directed against the procedure which the Commission had devised for the registration of voters. The draft electoral law did not leave the choice of the community to which an elector should be assigned to be made by his own unsupported declaration; it required, as a check on that declaration, and thus as a precaution against bribery or intimidation, the particulars of his religion and language. The registration board would then examine the statement of the applicant in the light of its additional sources of information, and register him in accordance with the whole of the evidence. This procedure was characterized by the Turkish Foreign Minister as 'the mere taking of a census', whereas, he contended, 'it was the intention of the Council in its resolutions . . . that there should be no supervision over this first stage in the elections, except for the purpose of preventing duplicate registrations; no indirect influence was to be exercised over the free expression of the people's will'. It was the view of the Turkish Government that this alleged modification of the Council's original intentions would operate to

the disadvantage of the Turkish community; they must therefore have believed in the possibility, under a more flexible system, of inducing members of other communities to seek registration as Turks. This would have to be done on a considerable scale if the Turkish population, officially estimated to form roughly 39 per cent. of the whole, was to be transformed into that majority, the supposed existence of which was the basis of Turkish claims in the sanjāq.

The protest of the Turkish Government led to a discussion in the Council of the League on the 28th January, 1938. The rapporteur, Monsieur Unden, was authorized to examine the possibility of adjusting the text of the Commission's proposals to meet the Turkish objections, and three days later he was able, as a result of private conversations with the delegates of the interested Powers, to make a proposal which the Council adopted. The Commission's text was to be submitted to a Committee of the Council, composed of the representatives of Sweden, Belgium, the United Kingdom, France and Turkey, and this body was empowered to make such modifications as it considered necessary.[1] After confronting the regulations drawn up by the Electoral Commission with a counter-draft laid before it by the Turkish member, the Committee issued its conclusive text on the 19th March.[2] The most striking change was in the articles dealing with the procedure of registration. Applicants for admission to the electoral roll were no longer required to give evidence as to their religion and language, and the only provision for verifying their declarations of community was the following:

> The applicant shall be presumed to be a member of the community to which he declares himself to belong. Nevertheless, should the representative of any community so request, the Chairman of the board may formally question the applicant as to the truth of his declaration. If he then confirms it and publicly affirms that his decision was freely reached, he shall be registered accordingly.

It was hardly to be expected that an elector who had first made a declaration under the influence of fear would then proceed to explain, in public, that that had been his motive. The Electoral Commission had originally provided that the representatives of the communities who were to sit with the registration boards might object to an applicant's declaration on the ground, among others, that it was not a free and untrammelled expression of his wishes. But in the final text this provision was missing from the list of legiti-

[1] The members of the Committee were Monsieur Bourquin (Belgium), Mr. Rendel (United Kingdom), Monsieur de Tessan (France), Monsieur Westman (Sweden), and Monsieur Menemencioglu (Turkey).

[2] Text in *League of Nations Official Journal*, July 1938, pp. 624–35.

mate grounds of objection. Mr. Reid, who had been invited to be present at the Committee's discussions, held that these amendments destroyed the possibility of free and peaceful elections.[1] He accordingly resigned his membership of the electoral Commission.

The rest of the Commission, with a new British member,[2] returned to the sanjāq and undertook the application of the revised electoral law. The registers were opened on the 3rd May; since it was now possible for the politicians of the various communities to influence the results of the registration by propaganda or intimidation, the next few weeks were marked, as Mr. Reid had foreseen, by a steadily increasing tension in the sanjāq. The climax was reached on the 30th, when a mass meeting of Turks in Antioch was followed by attacks on passing Arabs, one of whom was killed. The Arab community observed a general strike on the following day, and the registration of electors was suspended. At that point the electors registered as Turkish numbered roughly 46 per cent. of the total, a figure 7 per cent. higher than the Turkish proportion of the whole population in 1936,[3] but lower, apparently, than the Turkish Government had anticipated. Speaking in the Kamutay a few days before the suspension, Monsieur Aras alleged that the mandatory authorities were interfering with the registration in order to produce a result unfavourable to the Turkish community. Behind this screen of moral indignation the Turkish Government were, it appeared, beginning to work for further concessions to their ambitions in the Hatay[4] by means of direct pressure on France. It was rumoured that Turkish troops were assembling close to the frontier, and Monsieur Aras, in the speech mentioned above, declared that the continuance of good relations between the two countries depended on developments in the Hatay. The French, in the summer of 1938, were preoccupied with the situation in Central Europe, and were little disposed to quarrel with a hitherto friendly Power in the Eastern

[1] Mr. Reid had, after the meeting of the Council on the 28th January, submitted a written commentary on the observations made by the Turkish Government in its telegram of the 24th December. He had then advanced the opinion that 'if incorrect registration by communities were allowed, the communities thus wronged would probably resort to violence'.

[2] Major A. P. Nicol.

[3] This discrepancy might have been accounted for in part by inequalities between the various communities in the proportion of adult males; and to a small extent it was due to the importation of nearly a thousand sanjāq-born residents of Turkey, who were entitled to vote under Article 12 of the Statute. But the greater part of the discrepancy was apparently the result of persuasion, of one kind or another, brought to bear on non-Turkish electors.

[4] The Turkish name for the sanjāq.

Mediterranean on behalf of a Syrian State which would sooner or later cease to be a dependency of France. Turkey, furthermore, controlled the Dardanelles and the Bosporus, which were likely to be the one feasible channel of communication between France and Soviet Russia in the event of common military action by those two Powers.

The occasion was thus a favourable one for Turkish diplomacy, and its success was rapid. In Paris Monsieur Bonnet agreed to examine Turkey's grievances, and began to discuss them with the Turkish Ambassador, Monsieur Davaz, on the 3rd June. On the same date martial law was proclaimed in the sanjāq—less, it was suggested, as a precaution against further disorder than as a pretext for the removal of Monsieur Garreau, the High Commissioner's delegate in Antioch, whose drastic action against members of the Turkish community who were accused of terrorizing electors had been sharply criticized across the frontier.[1] Under the military régime which followed, a number of non-Turkish officials, including the Mayor of Antioch, were replaced by leaders of the Kemalist movement; Turkish prisoners were released, and several leaders of other communities were placed under arrest. At the same time a group of Turkish officers appeared in the sanjāq, and it was agreed in Paris that Turkish troops should be admitted to co-operate with the French in maintaining order during the elections. A military mission, headed by the Deputy Chief of the General Staff, left Angora for Antioch on the 12th June, to settle the details of this collaboration, and to discuss the means of implementing that Franco-Turkish guarantee of the territorial integrity of the sanjāq which had formed an integral part of the settlement of May 1937.

Parallel conversations now proceeded in Antioch and Paris, with the twofold object of concluding a military agreement and negotiating a Franco-Turkish Treaty of Friendship to replace the Treaty of 1926 which had been denounced in Angora during the crisis of December 1937.[2] The military discussions made rapid progress, and it became clear that Turkey had won a third round in her fight for the control of Antioch and Alexandretta. In May 1937 she had secured an autonomous Government for the region; in January 1938 she had

[1] Commander G. Hillhouse, one of the persons appointed by the Council Committee to assist the Electoral Commission, resigned a few days after the introduction of martial law. His reason was believed to be dissatisfaction with the treatment of the non-Turkish population.

[2] This treaty, which had been concluded by France in her capacity as a mandatory Power, had guaranteed the inviolability of the frontier between Turkey and Syria.

sought to ensure the Turkish character of that Government by opening the way to a revision of the electoral regulations; and in June 1938 she gained the right to participate in the military control of the elections. There was, however, a fourth round to be fought; the League's Commission was still in the sanjāq, and had resumed its task of registering the electors. About the middle of June the officially controlled Press of Angora began to accuse the Commissioners of anti-Turkish bias, and on the 22nd the permanent delegate of Turkey to the League of Nations informed the Secretary-General that his Government could no longer recognize the status of the Electoral Commission, and requested that its activities should be suspended as soon as possible. The French Government supported this request on the following day.[1] Without waiting for further steps to be taken in Geneva, the Commission abandoned its task on the 26th June. Its motives for this action were explained in a series of telegrams from its Chairman, Monsieur Reimers, to the Secretary-General.[2] It was the unanimous opinion of the members of the Commission, he said, that the attitude of the French authorities since the end of May had been such as to deprive a part of the population of its freedom of voting. There had been systematic arrests of leading members of the ʿAlawī, Sunnī Arab and Greek Orthodox communities, of the representatives of those communities on the electoral boards, and of village headmen. The Electoral Commission appealed to the High Commissioner in Bayrūt to give instructions for the cessation of the arrests, the release of persons imprisoned without charge, and the conduct of the elections in accordance with the decisions given by the chairmen of the electoral boards. Monsieur de Martel replied that the existence of martial law in the sanjāq made it impossible for him to give the required assurances. The Commission therefore decided to suspend their work on the 23rd, and to terminate it definitively on the 26th unless in the meantime they received contrary instructions from Geneva. They left Alexandretta at the end of the month.

Their departure was quickly followed by the successful conclusion, by the French and Turkish military representatives in Antioch, of

[1] The note in which the Secretary-General announced these requests to the members of the Council was not published in the *Official Journal* of the League. The text will be found in *Documents on International Affairs*, 1937, p. 514.

[2] These also were not officially published. The substance of two of them, dated the 20th and the 23rd June, appeared in *The Manchester Guardian*, 27th June, 1938. A third, announcing the Commission's final decision, was summarized in a communication from the Secretary-General to the members of the Council (*Documents on International Affairs*, 1937, p. 514).

a convention defining the means by which the joint guarantee of the sanjāq would be implemented. Attached to this agreement was a protocol relating to the internal policing of the area in the immediate future. It was agreed that until the constitution of the sanjāq was working normally there should be a garrison of 6,000 troops, 1,000 being raised locally and the remainder drawn equally from the armies of Turkey and France. Ultimate responsibility for the maintenance of order was to remain with the mandatory Power, and the Turkish troops were to be stationed only in those districts which had a predominantly Turkish population. When the emergency was past, both the Turkish and the French detachments were to be withdrawn, leaving the policing of the territory to a local gendarmerie.

These agreements were signed on the 3rd July, and the Turkish contingent crossed the frontier two days later. On the 4th the text of a new Treaty of Friendship was initialed by the Turkish Foreign Minister and the French Ambassador in Angora, Monsieur Henri Ponsot.[1] Each of the contracting parties undertook to enter into no diplomatic combination directed against the other, and to give no form of assistance to an aggressor against the other. The third Article, while it arose out of the mutual obligations of the two Powers in the sanjāq, seemed to envisage a more positive collaboration in a wider field:

> Également attachées au maintien de la paix générale et de la sécurité en Méditerranée orientale, les Hautes Parties Contractantes, en présence de toute situation dont le développement apparaîtrait comme pouvant conduire à faire jouer l'engagement de garantie qui résulte pour elles du traité de garantie de l'intégrité territoriale du sandjak du 29 mai, 1937, se concerteront en vue d'assurer l'exécution de leurs obligations et de s'accorder mutuellement les facilités nécessaires à cet effet.

Monsieur Bonnet, commenting on the Treaty in Paris, said that it 'had as its essential aim the consolidation of the present balance in the eastern basin of the Mediterranean'.[2] It was accompanied by a joint declaration in which the two Powers undertook to apply the new Statute and Fundamental Law in Alexandretta in the spirit of the Franco-Turkish accord of the 20th October, 1921, which, while recognizing the special position of the Turkish element in the sanjāq, affirmed that the Turkish Government did not claim sovereignty over the territory. The Treaty of 1926, which Turkey had denounced, was to be regarded as valid for a further twelve months, and was to be transformed, at as early a date as possible, into a tripartite agreement by the participation of Syria. Discussions at which Syrian

[1] Text in *Documents on International Affairs, 1937*, pp. 515–16.

[2] This Treaty was never ratified.

representatives were present began in Angora on the 7th July, but after a few days they were suspended. Syrian opinion, incensed by the further concessions which the mandatory Power had made at the expense of Syria, was not in a mood to countenance a *rapprochement* with Turkey. There had been strikes and demonstrations in the principal towns at the beginning of June, and later in the month three bombs were thrown at the Prime Minister, Jamīl Bey Mardam, by nationalists who understood him to have acquiesced in the virtually complete severance of Antioch and Alexandretta from the Syrian State.

Towards the end of July the interrupted preparations for the first general election in the autonomous sanjāq were resumed. The task of completing the register of voters was transferred to a Commission consisting of three Turks and one Frenchman, and the places on the local registration boards vacated by the League's officials were for the most part assigned to Turks. When the lists were at last published, on the 30th August, it was found that the percentage of Turkish electors had again increased, this time from 46 per cent. to 63 per cent. of the total. The system of proportional representation provided by the Fundamental Law accordingly gave the Turkish community 22 of the 40 seats in the Assembly; of the remainder, 9 went to the 'Alawīyīn, 5 to the Armenians, and 2 each to the Greek Orthodox and the Arabs. Primary elections followed, but secondary elections proved to be unnecessary, as the number of candidates presented from each community was in every case identical with the number of seats allotted to it.

The first session of the new Assembly opened on the 2nd September. Although the Statute had established two official languages, the proceedings were conducted entirely in Turkish, and it was in that language that the deputies of all communities took their oath of fidelity to the constitution. The leader of each group then delivered a speech expressing gratitude to the President and Government of the Turkish Republic for their part in promoting the autonomy of the sanjāq. The Assembly proceeded to elect as its President 'Abdu'l-Ghāni Türkmen, who had represented Antioch in the Parliament of the Ottoman Empire before 1918, and as head of the state Tayfūr Bey Sökmen, a sanjāq-born Turk who was a personal friend of President Kemāl Atatürk and had spent the preceding five years in Turkey, representing Adalia in the Kamutay. A final expression of the Turkish character of the Assembly's first sitting was its adoption of the Turkish name for the sanjāq; the new state was henceforward to be known as the Republic of the Hatay. As was to be expected

after these preliminaries, the first Cabinet, formed by Dr. 'Abdu'r-Rahmān Melek, was exclusively Turkish in composition.

The position of the Hatay, nominally within the frontiers of one state but in reality controlled by another, was now not unlike that of the districts of Bosnia and Herzegovina between 1878 and 1908. The autonomous Republic was still under the French Mandate and within the monetary and tariff system of Syria. But its Parliament adopted the Turkish criminal and civil codes in January 1939, and it was reported that Turkish officials were being sent to the Hatay with the mission of reorganizing its fiscal system. The virtual erasure of the frontier between Turkey and the Hatay from the map of Northern Syria was further emphasized on the occasion of the Turkish general elections in March 1939, when Tayfūr Bey Sökmen was again returned by his former constituency of Adalia, and was joined in the Kamutay by Dr. 'Abdu'r-Rahmān Melek, who was elected in 'Ayntāb.

But whereas Bosnia and Herzegovina had retained their anomalous position for thirty years, the Republic of the Hatay was absorbed into the Turkish State within twelve months of its effective establishment. As early as the spring of 1939 it was freely rumoured that an *Anschluss* was in contemplation. The south-eastward expansion of the German Reich and the Italian occupation of Albania had caused a further rise in the value of Turkish friendship to the western democracies, and it was generally understood in the European Press that the British Government had encouraged their ally to reach an amicable settlement in the Hatay.[1] Indeed the mandatory Power, having already carried complaisance so far, was not prepared to resist further pressure from Angora, although Article 4 of the Syrian Mandate provided that 'the Mandatory shall be responsible for seeing that no part of the territory of Syria and the Lebanon is ceded or leased or in any way placed under the control of a foreign Power'.[2] The final transformation of the sanjāq, from an autonomous Republic under French Mandate into the sixty-third vilāyet of the Turkish

[1] It was significant in this connexion that the British Government had agreed, in May 1939, to advance a credit of £16,000,000 for Turkish rearmament and industrial development. There was considerable regret in France that it had not been possible to enlarge the Anglo-Turkish agreement of the 12th May into a tripartite accord, coupled with a realization that the Hatay alone had stood in the way.

[2] It would not have been surprising if the Permanent Mandates Commission had, at its meeting in October 1938, inquired into the bearing of recent developments in the Hatay on this Article of the Mandate. But the Commission decided to postpone its examination of the administration of this area since the entry into force of the Statute on the 29th November, 1937.

Republic, followed from agreements which were signed in Angora and Paris on the 23rd June.[1]

By the terms of the accord which Monsieur Sarajoglu and Monsieur Massigli signed in Angora, the existing frontier between the Hatay and Syria was to become, with certain rectifications, a frontier between Turkey and Syria. These rectifications transferred to Syria three Armenian villages on the southern slopes of Jabal Aqra, while Turkey received in exchange a village on the eastern boundary and a salient containing a section of the road from Yeni Shehir to Antioch. From the territory thus defined France was to withdraw the last detachments of her troops on the 22nd July at the latest.

The Quai d'Orsay, in a statement issued to the Press on the 24th June, put forward two considerations which it hoped might induce Syrian opinion to take a less tragic view of the impending loss of territory. The first was the right, accorded by Articles 3 and 4 of the agreement to all citizens of the Hatay above the age of eighteen, to opt for Syrian or Lebanese nationality during the six months following the entry into force of the agreement; these optants were to be permitted to take all their movable property, including cattle, to their new homes, and were to be given eighteen months to dispose of their lands and houses. The second consideration was contained in Article 7, by which Turkey recognized the new frontier as definitive and undertook to prevent, on Turkish territory, any action which might threaten the integrity or the internal order of Syria. This, the Quai d'Orsay observed, was the first occasion on which Turkey had undertaken a unilateral obligation to respect Syrian independence.[2] The future security of northern Syria was undoubtedly one of the compensations which French diplomacy hoped to obtain by means of the cession of Alexandretta. It was feared that a prolongation of the conflict between Arab and Turkish nationalism in the sanjāq would result in its extension eastward to the districts of Aleppo and the Jazīrah, each of which had a mixed and partially Turkish population. Alexandretta, furthermore, was the natural

[1] Texts in *Oriente Moderno*, July 1939, p. 357; August 1939, pp. 438–43.

[2] Article 7 was reinforced by Article 9, in which the contracting parties bound themselves—France in Syrian territory and Turkey in her own—to take all necessary measures for preventing the preparation or execution of any act directed against the security or the régime of the neighbouring country. And in Paris on the same day there was published, simultaneously with the Franco-Turkish declaration of mutual assistance, the following unilateral declaration by the French Foreign Minister:

'Le gouvernement de la République déclare qu'il n'entre aucunement dans les intentions de la France de renoncer, en faveur d'un tiers, à la mission qu'elle assume en Syrie et au Liban.'

outlet for the trade of Aleppo, while the importance of the Jazīrah had recently been enhanced by the discovery of a potentially valuable oilfield near its western edge. In these circumstances the French Government might claim that a Turkish engagement to seek for no further zones of influence in northern Syria was a by no means negligible compensation for the loss of Antioch and Alexandretta.

From the French point of view, however, a more powerful motive for the cession of Syrian territory was to be found in the terms of the Franco-Turkish Declaration of Mutual Assistance, signed in Paris by Monsieur Bonnet and the Turkish Ambassador. The contracting Powers agreed to proceed with the negotiation of a definitive and long-term mutual assistance pact. In the meantime they declared that in the event of an act of aggression leading to war in the Mediterranean region they would assist one another with all the means at their disposal. The Powers further stated, in Article 7, that they were equally interested in the establishment of security in the Balkans, and that they were in consultation with that object. Thus Franco-Turkish and Anglo-Turkish relations were brought into harmony, and the way prepared for the tripartite Treaty which was to be concluded at Angora in October.

These agreements provoked criticism in France, in Syria and—from a different standpoint—in Italy. The fear was expressed by certain commentators in Paris that the juridical case for declining to consider the retrocession of mandated territory in Togoland or the Cameroons had been undermined by the violation of Article 4 of the Syrian Mandate.[1] It was also felt to be paradoxical that, as a result of the involuntary entanglement of the adolescent Syrian state in the complexities of European power politics, the integrity of this protégé of the League of Nations should be infringed as a consequence of the diplomatic exigencies of the very Powers which had remained within the League and were trying to co-ordinate their resources for collective resistance to aggression. It was perhaps equally ironic that the Italian Government, which had left the League in 1937, should have addressed to the mandatory Power a note of protest, dated the 10th July, in which they registered 'the most ample reserves' on the terms of an agreement which appeared to be 'in clear contrast to the purpose of the Mandate and the wishes of the populations concerned'.[2]

[1] The Permanent Mandates Commission, reporting to the Council of the League of Nations at the end of June, observed that it 'could only recall the terms of Article 4 of the Mandate' (*Minutes of the Thirty-Sixth Session*, p. 278).

[2] Text in *Oriente Moderno*, August, 1939, p. 443. The Italian Government based their claim to a voice in the disposal of Syrian territory on the fact that

The Syrian reaction was a more obvious one. The Syrian Chamber, as its last act in the session which ended on the 31st May, declared that the transference of Alexandretta to Turkish sovereignty was illegal and that the Syrian Republic reserved its rights in the territory. At the end of June the Ministry of Nasūhī al-Bukhārī sent notes of protest to Paris and Geneva. The nationalist leader, Dr. 'Abdur-Rahmān Shāhbandar, issued a manifesto asserting that Syria was not bound by an agreement in the conclusion of which she had played no part, and inviting all Syrians to regard the 23rd June as a national day of mourning annually until the sanjāq should have been recovered. And feeling was further embittered in July, when Armenian refugees began, for fear of the consequences of Turkish rule, to stream across the frontier into Syria.[1]

It was, then, to the accompaniment of vigorous protests in Syria and of misgivings in France that the policy of admitting and conceding the rights of Turkey in the sanjāq was carried to its logical conclusion. The Assembly of the Hatay met for the last time on the 29th June, 1939. The ratifications of the Angora agreement were exchanged at the Quai d'Orsay on the 13th July. Ten days later the French flag was removed from the barracks at Antioch, the first vāli of the new Turkish vilāyet received the congratulations of General Molet in the presence of detachments of French and Turkish troops and of a delegation from the Kamutay, and the autonomous Republic of the Hatay formally ceased to exist.

Italy had been one of the Principal Allied and Associated Powers which had allocated the Mandates at San Remo in 1920.

[1] The size of this exodus was greatly exaggerated by the Syrian Press, and it was impossible, at the time of writing, to give accurate figures. Some indication of the numbers involved was provided by the report, in *an-Nahar* (Bayrūt) of the 24th October, that 5,000 Armenian refugees were to be settled at Majdal 'Anjar, close to the eastern frontier of Lebanon.

# PART V

## THE FAR EAST

By G. E. HUBBARD

### (i) Japan's 'New Order in East Asia'

THE old order by which international relations in the Far East had been regulated for three-quarters of a century, and which Japan began to challenge openly in 1938, was essentially anti-monopolistic. It was based on the principle of maintaining the 'Open Door' in China and of preventing China, and indeed the Western Pacific area as a whole, from falling under the political or economic domination of any one Power. Originating in the desire of Western Powers, notably Great Britain, to assure a free competitive field for commercial enterprise in the Far East, this order had gained strength from Great Britain's determined effort to maintain a regional balance of power in the face of threats by other Powers to establish military supremacy. After suffering a temporary eclipse on the morrow of the Sino-Japanese War of 1894, when international rivalries nearly brought about a partition of China, it had afterwards recovered its strength with Japan herself—now arrived at the rank of a Great Power—henceforth acting as one of its chief supporters. As formulated in Mr. Hay's 'Open Door' doctrine, the system had received formal international recognition; and, when the results of the General War of 1914–18 and the Russian Revolution made it necessary to re-stabilize political relations in the Far East, the old international order was rebuilt on a wider basis than before by the Powers in conference at Washington in 1921–2 and received a new charter in the Washington Nine-Power Treaty of the 6th February, 1922, 'relating to principles and policies to be followed in matters concerning China'.[1]

The invasion of Manchuria by Japan in the autumn of 1931 had been a palpable breach of the principles upon which the old order was based. But at that time, and for long after, the Japanese Government did not overtly challenge the treaty in which those principles were enshrined.[2] Though their actions might seem to belie their words, they consistently claimed that what they were

[1] See the *Survey for 1920–3*, pp. 476–8.

[2] Except in so far as they began to advance the doctrine that treaty interpretation must vary with circumstances. See the *Survey for 1933*, pp. 515–16.

doing in Manchuria and in China was within the law as established by the Nine-Power Treaty. In 1934, however, Japan had openly proclaimed that she was endowed with a 'special mission' for 'the pacification' of East Asia and that she consequently adjudged to herself the right to act as arbiter in all questions which, in her view, affected the peace and order of the territories concerned, and to veto the actions of other Powers which might seem to her undesirable.[1] She claimed, in fact, the right to impose a *pax japonica*, as conceived by herself, on her continental neighbours, though she was careful to add the assurance that she was not seeking to close the 'Open Door' or to disregard the provisions of the Nine-Power Treaty. This claim, made as it was in a semi-informal manner through the mouth of the Foreign Office 'spokesman' at Tokyo and in public utterances by Japanese diplomats abroad, did not evoke any categorical contradiction from the Governments of the Western Powers concerned, while in the eyes of the public at large, at all events in Great Britain, it was largely discounted in view of its very magnitude, which gave it an air of being little more than an exhibition of national megalomania.[2]

Although in the Amau declaration[3] Japan had obviously begun to feel her way towards a rejection of the Nine-Power Treaty and all that that treaty implied, the formal act of repudiation was deferred, and, even after the outbreak of open (if undeclared) war on Chinese territory in July 1937, the Japanese Government continued to maintain the fiction of loyal adherence to the treaty, so that, when they were summoned in the October of that year to send their representatives to attend the Conference of the signatory Powers which was being convened in Brussels in November, they rejected the invitation on the ground, not that the treaty no longer held good, but that it had no application to the action that they were taking in China, which they described as 'self-defence'.[4]

Persistently, however, Japanese Government 'spokesmen' were inculcating the idea that a fundamental change had in fact occurred in Eastern Asia in respect of international relations, and that a 'new order' was coming, or had come, into being. Their speeches on the situation were full of appeals to the Western nations to understand

[1] See the *Survey for 1934*, pp. 649 *seqq.*

[2] Cf. the public reaction in its earlier stages to the reputed ambitions of Signor Mussolini to emulate Ancient Rome.

[3] For the text see the *Survey for 1934*, pp. 650–1.

[4] This argument was repeated in the Japanese reply to a second invitation, sent after the Conference had assembled. See the *Survey for 1937*, vol. (i), pp. 285, 288–9.

Japan's 'real position' and the need for the 'new order'; granted a right understanding by other nations of her position in the Far East, Japan, the World was assured, would be prepared to co-operate with the Western Powers unreservedly.

In this way Japan had been attempting for several years to acclimatize the minds of other nations to the belief that the old order in Eastern Asia was moribund and was due to be replaced by a new one, until in the autumn of 1938—shortly after the date of the Munich settlement, which, as interpreted in Japan, undoubtedly had the effect of encouraging bolder action—the Prime Minister of Japan definitely raised the issue in a speech broadcast to the Japanese nation. In this speech, which was made on the 3rd November, 1938, Prince Konoe referred to the 'rebirth' of China—by which he meant the organization of Japanophile movements in the Japanese-controlled areas—and went on to say:

> The nations of the World must surely be able to have a clear comprehension of these new developments in East Asia. It is undisputed history that China heretofore has been a victim of the rivalry between the Powers, whose imperialistic ambitions have constantly imperilled her tranquillity and independence. Japan realizes the need of fundamentally rectifying such a state of affairs and she is eager to see a new order established in East Asia—a new structure of peace based on true justice.
>
> Japan is in no way opposed to collaboration with foreign Powers, nor does she desire to impair their legitimate rights and interests. If the Powers, understanding her true motives, will formulate policies suited to the new conditions, Japan will be glad to co-operate with them.

The Prime Minister then observed that the principles governing international relations to-day 'tended only to preserve and perpetuate with cast-iron rigidity an inequitable state of affairs', and he demanded that there should be 'a new framework of peace' which would be 'in keeping with the actual conditions and with the progress of events'.[1] On the previous day the Government had issued a statement, which, after recording the successes of the Japanese armies at Canton and Hankow, proceeded to describe in the following terms the nature of the 'new order' which it was 'the ultimate purpose of our present military campaign' to bring into existence:

> What Japan seeks is the establishment of a new order which will ensure the permanent stability of East Asia. In this lies the ultimate purpose of our present military campaign.
>
> This new order has for its foundation a tripartite relationship of

[1] From the English text in *Contemporary Japan* for December 1938, pp. 585–7.

> mutual aid and co-ordination between Japan, Manchukuo, and China in political, economic, cultural and other fields. Its object is to secure international justice, to perfect the joint defence against Communism, and to create a new culture and realize a close economic cohesion throughout East Asia.

The statement continued with an exhortation to other Powers 'to appreciate correctly Japan's aims and policy and to adapt their attitude to the new conditions existing in East Asia', and it finished with the declaration that the establishment of the new order was 'in complete conformity with the very spirit in which the [Japanese] Empire was founded'.[1] In a Foreign Office Press interview in Tokyo on the morrow of the Prime Minister's broadcast the official spokesman told newspaper correspondents that Japan considered the Nine-Power Treaty to be obsolete, although 'no decision had yet been taken in regard to denunciation'.[2]

According to reports in the Japanese Press, a planned line of policy for bringing into existence the 'new order in East Asia' was formulated during the same month by the Japanese Cabinet, endorsed by the Advisory Council, accepted by the Army, Navy and Privy Council, and formally approved at a conference held in the presence of the Emperor on the 30th November.

Where official statements had left ambiguities as to the implications of the Japanese Government's intentions, the Japanese newspapers hastened to make things plain. The *Kokumin*, for instance, observed that

> It is a mistake for the Powers to insist upon the maintenance of their rights and interests in China. It is highly illusory for them to hope for the restoration of these rights and interests to the 'pre-incident' status. The so-called Open Door and Equal Opportunity principles must be revised.

[1] Cf. the 'Tanaka Memorial', a document which was published by the Chinese in 1927 and, although probably apocryphal, has been generally regarded as representing the creed of the Japanese 'Young Officer Party'. The text as published contained the following passage:

> 'In order to conquer China, we first must conquer Manchuria and Mongolia; in order to conquer the World we must first be in possession of China. Then the other Powers who have colonies in Asia and in the Pacific will learn to respect and fear us and be willing to transfer their possession to Japan. Then the World will recognize that Asia belongs to us, and she will not dare to violate our rights. This is the testament of the Emperor Meiji for the well-being and glory of our national existence.'

[2] Actually the treaty contained no provision for unilateral denunciation by a signatory Power. Article 7 provided, on the other hand, that 'whenever a situation arises which in the opinion of any one of them involves the application of the stipulations of the present Treaty, and renders desirable discussion of such application, there shall be full and frank communication between the Contracting Powers concerned'.

And the *Hochi* openly declared that the issue before the Powers was no longer one which concerned China alone, but a question as to who should be 'master of the Western Pacific'.

On the 18th November, 1938, the Japanese Foreign Minister advanced a step further towards a formal denial of the existing international régime. In reply to a protest which the United States Government had made on the 6th October against Japanese breaches of undertakings to observe the 'Open Door', Mr. Arita stated that

> It is the firm conviction of the Japanese Government that in the face of the new situation, fast developing in East Asia, any attempt to apply to the conditions of today and tomorrow inapplicable ideas and principles of the past would neither contribute toward the establishment of real peace in East Asia nor solve immediate issues.

A month later Mr. Arita elaborated further the Japanese view in regard to the 'new order'. In a Press interview on the 19th December[1] he described it as 'a relationship of mutual aid and co-ordination between Japan, Manchukuo and China . . . for the common purpose of preserving the integrity of East Asia'. 'This relationship', he said, 'envisages a certain degree of economic cohesion and co-ordination between Japan, Manchukuo and China, and the formation of a single economic unit.'

Finally, on the 22nd December, 1938, the Japanese Prime Minister issued a statement embodying the fundamental terms upon which his Government were prepared to terminate hostilities in China. These terms required that China should recognize the state of Manchukuo; adhere to the anti-Comintern Pact; consent to the stationing of Japanese troops at specified points in China as a measure for combating Communism; and, in the same connexion, agree to the designation of Inner Mongolia as a 'special anti-Communist area'; and, lastly, that China should concede to Japanese nationals freedom of residence and trade in the interior of China,[2] with facilities for Japanese participation in the development of China's natural resources. These terms were publicly rejected in the most categorical manner by General Chiang Kai-shek, speaking on the 26th December at the Kuomintang head-quarters at Chungking, when he described Japan's 'new order for East Asia' as being simply 'an all-inclusive term for doing away with international order in East Asia, and creating a vassal China with which to dominate the Pacific and to dismember the other states of the World'.

[1] See also p. 499, below.

[2] The system of extraterritoriality in China had always been coupled with limitations on the rights of foreigners to reside and trade in China outside the 'treaty' and 'open' ports (which included certain inland towns).

Japanese attempts to educate the Western Powers to a tacit acceptance of the new Japanese, in place of the old international, order in Eastern Asia achieved little success. First the United States Government, next the British, and finally the French, in notes dated respectively the 6th October, 1938, the 14th January, 1939, and the 17th January, 1939,[1] called in question the Japanese claim. In their several rejoinders, the three Governments reasserted the identic contention that international relations in the Far East, as elsewhere, must be governed by the accepted principles of international law and by the terms of the existing treaties; reaffirmed the rule of the 'Open Door', the principle of 'equal opportunity' and the general validity of the Nine-Power Treaty; and reminded the Japanese Government of the obligations of mutual consultation which Article 7 of the treaty imposed on its signatories.[2] The British note, furthermore, by pointing to the incompatibility of Japan's declared intention to retain troops in China with her disclaimer of territorial designs upon China, raised the issue of China's integrity, which the Nine-Power Treaty was designed to assure, and differed from the American note by laying the chief emphasis on the injury done by Japan to the Chinese people, while the American note concentrated upon the closing of the 'open door' and the resultant damage to American interests.

Thus by the beginning of 1939 Japan and the democratic Western Powers were rapidly joining issue over the fundamental question of whether there should be a perpetuation of the old order in which China was secured, by international agreement, against foreign political domination and was kept open as a field for the commercial activities of all foreign nations upon an equal footing, or whether recognition should be given to a 'new order' imposed by Japan, with all that this implied.

We have already seen the broad implications of Japan's 'new order', as this was delineated by the 'spokesmen' of the Japanese Government. According to their explanations, the main feature was the creation of a tripartite *bloc*, comprising Japan, Manchukuo and China, which was to be brought into existence 'for mutual aid and co-operation in political, economic, cultural and other fields'. The *bloc* was to serve as a defence against Communism, as the field for 'a new culture', and as a means of procuring 'close economic cohesion throughout East Asia'.[3] The purpose of this 'cohesion' had

[1] These notes are more fully dealt with on pp. 566–7, below.
[2] See above, p. 496, footnote.
[3] See, p. 496, above.

been described by the Japanese Foreign Minister on the 19th December, 1938,[1] as being to ensure the independence of the countries concerned in regard to vital supplies and markets in times of 'emergency'. 'The proposed bloc', Mr. Arita had told foreign journalists on that day, 'is to be by no means a system of closed trade', but he had gone on to describe the bearing which the *bloc* would have upon the rights and interests of outside Powers.

> It is [he said] most natural and proper that the two neighbour nations . . . should work together in order to ensure their independence as regards vital supplies as well as their markets in times of emergency. Within those limits, it must be admitted that the economic activities of the countries which lie outside the limits of East Asia would have to be regulated. In other words, it is imperative that the economic activities of other Powers should be subject to certain restrictions dictated by the requirements of national defence and economic security of countries grouped under the new order, and that no political privileges should be attached to those activities. The necessity of such restrictions is recognized by all modern States, including, I am sure, the British Empire and the United States.

Having thus defined the restrictions on the 'Open Door' which the Western Powers would be called upon to suffer, he comforted the sufferers by adding the assurance that 'even if these restrictions are put into force, there will remain vast fields of commercial and economic activity open to the people of other Powers'.

Again, when speaking before the Japanese Diet on the 21st January, 1939, the Japanese Foreign Minister, after referring to the 'misunderstandings' about Japan's intention of closing the door in China, said that it would be necessary to enforce certain restrictions and regulations 'in spheres having a vital bearing upon the national defence and economic independence of the members of the *bloc*', but repeated the assurance that vast fields would still be left open in which the rights and interests of other countries and the commercial enterprises of their nationals would remain unaffected.

The flaw in this picture of the 'new order' was patent. Mr. Arita himself brought it into the light by a phrase which he used in his speech to the Diet. He spoke of the 'New Asia' in which Japan, Manchukuo and China would be united and linked together '*while each fully preserved her independence and individuality*'. Even the members of the Japanese Diet can hardly have failed to be struck by the glaring incongruity of these words as applied to the two continental partners in the proposed *bloc*, the one frankly a subject state, powerless to resist the dictates of Japan, the other actually in the

[1] See also p. 497, above.

process of having 'co-operation' imposed at the point of the bayonet. The picture presented to the world of a new commonwealth composed of neighbour states freely combining together for the general good was too transparent a travesty of the real facts. If China were to come into the *bloc* it would obviously be under compulsion from the Japanese whip. Indeed, the new Prime Minister of Japan, Baron Hiranuma, who had preceded the Foreign Minister in addressing the Diet at its meeting on the 21st January, 1939, had stated the position in the baldest possible terms. A 'New Asian order', he had said, must be built up on the basis of each nation finding its own proper place.

> I hope [he continued] that the above principle of Japan will be understood correctly by Chinese, so that they may co-operate with us with no misapprehension whatsoever. Otherwise the construction of the new order would be impossible. As for those who fail to understand to the end, and persist even hereafter in their opposition against Japan, we have no other alternative than to exterminate them.

If these were the terms upon which China was to preserve her 'independence and individuality', it was clear that the mutual collaboration of the members of the *bloc* was a mere euphemism for Japanese domination. The 'vital interests' to be secured could only be the vital interests of Japan. The desired 'co-ordination' would be to suit the economy of Japan, where China was looked to as a potential storehouse of the raw materials needed for Japanese industry and as a tied market for Japanese manufactures. The correspondent in Tokyo of the *Frankfurter Zeitung*, whose outlook could be presumed to be free from anti-Japanese bias, summed up some of the essential effects of the 'new order' planned by Japan.[1] Chinese manufacturing enterprise, cotton production and mineral exploitation would, he anticipated, be controlled by Japanese companies, or be supervised by the Japanese Ministry of Economics; China's customs tariffs would be fixed on the advice of Japan, and she would be compelled to adopt a currency based on the yen. From the point of view of the Western Powers, the correspondent remarked, the ultimate menace lay less in any threat to their trade than in the increase of Japanese military power which a Japanese mastery over China's resources would bring about. As regards the uses to which this access of power might be put, the same correspondent assured his readers on another occasion that the expansionist programmes of the Japanese Army, Navy and industrial circles had now merged into a single plan, and that this plan envisaged Japanese domination over the whole of the Western Pacific region, from Sakhalin and the

[1] The *Frankfurter Zeitung* for the 22nd November, 1938.

Primorsk coast in the north to the Netherlands Indies in the south.[1]

As a factor in international relations, the chief significance of this Japanese claim to hegemony in East Asia was its effect upon other nations, but it had certain other aspects, bearing on the domestic life of Japan, which required to be taken into account. These aspects, which were summarized in a despatch from the Tokyo correspondent of *The Times*,[2] were intimately connected with Japan's situation in regard to raw materials and her place in world trade. Her great industrial development since the General War of 1914–18 had made Japan highly dependent on foreign trade, and her extreme deficiency in many of the principal raw materials needed for her civil and military industries meant that in order to develop as an industrial country, she must either be able to purchase freely from foreign countries or else have command over neighbouring sources of supply which would make her relatively self-sufficient.[3] The growth of trade barriers against Japanese goods—resulting both from the spread of economic nationalism throughout the World and from the Western industrial nations' special protective measures against 'cheap labour' competition—threatened seriously to disturb the economic structure of Japan by checking her export trade and therewith her capacity to buy the increasing quantities of raw materials which her war-swollen industries needed. Still more alarming, in the eyes of her ruling classes, was the fact that the democratic Western Powers, if they wished to coerce Japan, had it in their power to cripple her fatally by excluding her exports. Thus even among the more liberal-minded elements in Japan the conviction had grown that Japan must have recourse to the second alternative and create for herself an economic empire on the mainland of Asia where both the production of raw materials and the market for imported goods would be under her own control. As the correspondent of *The Times* observed,

> The driving force that impels the Japanese to build a self-sustaining *bloc* in East Asia is the realization that, as the World is organized, they are at the mercy of distant countries. In an East Asian *bloc* Japan hopes to acquire the security which the British Empire and the United States enjoy. . . . They (the Japanese) want raw materials which can be bought with their own currency at prices that they can afford to pay. They want markets which embargoes, tariffs, or sanctions cannot close to their trade. . . . They ask, therefore, for Chinese Governments willing to accept Japanese hegemony, courteously veiled as co-operation.[4]

[1] The *Frankfurter Zeitung*, 9th January, 1938.

[2] See *The Times*, 16th February, 1939.

[3] The economic implications for Japan of her militarist policy are examined in section (iv), below.

[4] *The Times*, 16th February, 1939.

But whatever pleas of necessity Japan could put forward to justify her claim to control a closed economic *bloc* in a world in which self-sufficiency was becoming the order of the day, this could neither excuse her military action in China nor alter the fact that the claim constituted a formidable challenge to other nations. If the 'new order' became an accomplished fact, it would mean for China the renouncing of all hopes of a free national existence, and for the Western Powers the absorption of the China of the 'Open Door' into a closed economic unit, where their share in trade would consist of Japan's leavings, and it might, as the correspondent of the *Frankfurter Zeitung* suggested,[1] lead on to such an enlarging of her military capacity as would give her an absolute dictatorship in the Western Pacific area.

With such immense issues at stake, the course of Far Eastern affairs in 1938 had a peculiar significance for the student of world affairs as showing, on the one hand, the extent of the progress made by Japan towards creating the 'new order', and, on the other hand, the strength put forth by the opposing forces, consisting, firstly, of China's physical and moral resistance to Japanese domination, secondly, of the increase in the war strain upon Japan's own economy, and lastly of the checks imposed on Japan's action by the action of outside Powers. The record of the year which is contained in the following sections has, therefore, been specially directed towards throwing light on these particular points.

To proceed on these lines forthwith might appear to be laying a disproportionate emphasis on the Japanese, as compared with the Chinese, aspect of Far Eastern developments. It is, therefore, necessary first to point out that although Japan's attempted imposition of a 'new order in East Asia' was the focal point of Far Eastern affairs in 1938, China could not properly be regarded as filling a merely negative rôle. As the volumes of the *Survey* covering the previous decade testify, the Chinese themselves during that period had been building up, slowly and haltingly, a 'new order' of their own. The corner-stones of this structure were national unification, social reform and economic reconstruction. The war with Japan had a quickening effect upon all three movements. Chinese unity had received a direct and powerful stimulus from foreign aggression in 1937, and the impulse persisted, to outward appearance at all events, throughout the year which is now under review. With regard to the reformation of Chinese social life, China's crying need—as recognized by all responsible investigators—had been for improvements in the

[1] See p. 500, above.

system of land tenure and in village and *hsien* government, including the elimination of 'squeeze' and corruption on the part of the local officials. In a vast, decentralized and loosely organized country such reforms could with difficulty come from above, even if the central authorities were in earnest in their desire to bring them about, and since the early days of the Nationalist régime, when agrarian unrest had broken out in the form of Communism under the aegis of agents from Moscow, little real progress towards reform had been made.

In 1937 peace had been made between the Central Government and the Chinese Communists, who were now congregated in the north-western provinces. From then onwards the Communists, acting in concert with General Chiang Kai-shek, had supplied a backbone for Chinese resistance to the invader in the regions north of the Yangtse. This new Communist–Kuomintang consortium was not limited to military activities; the partners also engaged energetically in the reconstruction of rural life not only in the territories which they occupied but also behind the Japanese lines—in the districts, that is to say, where the regular Chinese forces and organs of government had been evicted or suppressed. Here they proceeded to establish a new type of social organization on semi-Communist lines, in which the peasants were educated to take an active part. The 'landlord problem' was dealt with by a sliding scale of taxation, and—according to the evidence of foreign observers on the spot—official 'squeeze' was largely abolished. It was, of course, impossible to foresee what future problems for China were being created by this regional establishment of a new type of rural government and social organization. In the meantime, however, the visible result of Japanese aggression had been a rapid acceleration of agrarian reform conducted on lines which, whatever defects or abuses they may have contained, were apparently not unsuited to China's special requirements.

With regard to economic reconstruction, it might well have seemed inevitable that the results of a war which had raged over more than one quarter of China's territory would prove to be purely destructive, and in fact the major part of China's recent achievements in industrial development was obliterated by Japanese military action and *sabotage* together with wholesale arson by the Chinese themselves along the lines of retreat. This was, however, only one part of the story. It had long been recognized that one of the chief weaknesses of the economic structure of China was the concentration of modern industrial enterprise in the treaty ports and other centres situated along the eastern seaboard, leaving the interior, and particularly the

western part, of the country in a backward and under-developed state. The forced migration, to the west, of the Chinese Central Government, accompanied by large numbers of Western-educated Chinese, among whom were included technical experts, bankers and industrialists, and the urgent necessity of trying to create a new centre of national life in the 'unoccupied areas' led to strenuous efforts to re-establish industries in the western and south-western provinces, for which purpose great quantities of industrial plant were removed and transported westward ahead of the Japanese advance. At the same time the natural economic resources of the region were officially surveyed with a view to large-scale development, and plans were made, and put into operation, for opening up the country and linking it with the outer world by means of roads and railways, of which the road to the Burmese frontier was the most notable undertaking.

In the same way a determined attempt was made to salvage, and to replant in the west, the centres of China's 'cultural heritage' in the form of universities and other educational institutions, which had been broken up—and in many cases destroyed in respect of their physical equipment—by the Japanese invasion. The re-establishment of these institutions in Szechuan and Yunnan (after arduous journeys on foot over many hundreds of miles by the students and teaching staffs), taken together with the progress made in the fields of social reform and economic reconstruction, provided in 1938 a not unhopeful augury for the eventual success of China's effort to compete with Japan in establishing a 'new order in East Asia'.

### (ii) The Progress of the Japanese Military Invasion of China

In the fighting in China in 1938 the offensive remained in the hands of the Japanese, and it was the Japanese strategists who called the moves in the struggle. These moves were now directed to a more definite end than in the preceding year, when the objectives of the Japanese General Staff had been in a state of flux. At the beginning their apparent intention had been to localize the conflict and to strike a quick and decisive blow which would, in their own words, 'bring China to her senses', and would induce the Nanking Government to make those concessions to Japan which diplomatic methods had proved unable to secure. When this hope proved an illusion, the Japanese had turned their attention to the seizure of key areas, namely Western Inner Mongolia, which was of prime strategic importance for the outflanking of Russia and for separating Russia from China, and the Northern Plain together with the coal-bearing

regions of Shansi, which were of economic importance as sources of raw materials needed by Japan. Incidentally they aimed at annihilating the Communist concentration in North-West China, which was the very root of all evil in Japanese eyes. When it grew increasingly clear that the war could not be won by localized operations, they turned to the capture of the seat of Government in China, in the hope of putting an end to Chinese resistance by a blow at the heart. When the fall of Nanking had failed to produce this result (the Chinese Government having migrated to Hankow and re-established themselves there), the Japanese Government had been forced to reconsider the position, and, in January 1938, had taken and announced the decision to concentrate all their efforts on the destruction[1] or overthrow of General Chiang Kai-shek and of the Nationalist Party.

By this decision Japan's war policy was given a singleness of purpose which it had hitherto lacked. But the means of achievement still presented a problem. The process of chasing the Chinese Government from their base might indeed be repeated, but it would have to be carried very far before there ceased to be a hinterland farther to the west to which General Chiang could still retire. Meanwhile the Japanese could hope, but could not possibly be sure, that a fresh dislodgement would in itself bring Chiang nearer to the point of surrender. A 'knock-out' blow was, therefore, a rather slender possibility, and if it failed the only sure way of breaking Chiang's power was by a combination of two methods, the first of which would be to weaken the Government's hold over the Chinese nation by driving them ever farther from the centre and increasing *pro tanto* the area of China subject to 'pro-Japanese' control, and the other to destroy the fighting power of their troops by closing the routes to the outside world along which supplies of essential materials could be imported. Of these routes the Hankow–Canton railway was by far the most important.[2]

Thus the immediate objectives of the Japanese military forces in 1938 were the capture of Hankow and the cutting of communications between Central and South-Eastern China. The following record of the course of the year's hostilities will deal in turn with these two operations.

[1] 'Destruction' may be taken in the literal sense. The Generalissimo was never safe from the visitations of Japanese bombing aircraft, either at his head-quarters or when travelling, and he had many narrow escapes.

[2] For a review of China's dependence on foreign sources of supply and of Japan's attempts to prevent their entry in 1937 see the *Survey* for that year, vol. i, Part III, section (iii) (*d*).

The distribution of the opposing forces in China at the beginning of 1938 was such that a Japanese advance on Hankow could safely be undertaken only after a preliminary operation of major magnitude had been successfully carried out. The operation was the establishment of contact between the Japanese Army in North China and the Army on the Yangtse, and this involved the defeat of the Chinese forces which lay between the two armies or which occupied positions threatening their seaward flank. The first act in the war in China in 1938 was, therefore, played, not in the country lying along the river route to the Chinese Government's new capital, but farther to the north near the Shantung–Anhwei border, and the focus of the fighting was the very important strategic centre of Suchow, situated at the crossing of the Tientsin–Nanking and the Lunghai railways.

Before proceeding to describe the battle of Suchow, it will be useful to take account of the condition in which the Chinese armies as a whole found themselves at the opening of the year. The lull in the fighting after the fall of Nanking[1] gave the Chinese an opportunity to recuperate, and this was turned to good account, thanks to the indomitable will of General Chiang and to the care bestowed on the training of fresh troops, a task in which the German military advisers played a valuable part. The losses in war material were made good, partly by local production, partly by the importation of fresh supplies, including mechanized equipment, along the Canton–Hankow line.[2] There was, of course, no hope of abolishing the enormous superiority of the Japanese in artillery and aircraft, and little could be done in the available time to overcome the main inherent weaknesses of the Chinese Army, namely the heterogeneous character of the numerous provincial units and the poor quality of the officer class, although in regard to the latter General Chiang, in an attempt to improve morale, employed the sternest measures, including the execution of a considerable number of commanders who had shown cowardice or failed to obey orders. On the other hand China was experiencing in an ever greater degree the natural advantage which she derived from the space factor—the great distances which the Japanese must traverse to reach their objectives, the length to which their communications must be stretched, and the opportunities thus afforded of striking at their supply columns and of isolating portions of their forces. Chinese military plans corresponded to the policy

[1] For the fall of Nanking see the *Survey for 1937*, vol. i, pp. 222–5.

[2] In July 1938 the Chinese claimed to have a reserve of munitions sufficient for eighteen months' warfare secreted west and north-west of Hankow.

enunciated by General Chiang Kai-shek of preparing the way for a protracted resistance. From this point of view the immediate object was to prolong the defence of Hankow in order both to make its capture as expensive as possible and at the same time to allow of the training of more regular troops and the intensification of guerrilla warfare and political movements behind the Japanese lines. It was essential, however, that the Chinese regular forces, and in particular the nucleus of well-trained units which the Generalissimo had himself built up, should be extricated soon enough to prevent the Japanese from bringing off, by an enveloping movement, the 'Tannenberg victory' which was so much on the lips of their military spokesmen.

The actual scene of the fighting which occurred in the early weeks of the year 1938 lay, as has already been mentioned, in Northern Anhwei, where the northern and southern Japanese forces were attempting to effect a junction. The position at the beginning of February was that the forces of General Matsui, which had taken Nanking in the previous December, had advanced from the capital a hundred miles northward to Pengpu, a town on the south bank of the Hwai River. At this point, some eighty miles from Suchow and about 170 miles distant from their comrades in southern Shantung, they were checked by a strong resistance from the Chinese forces. At this juncture General Matsui was reported to have demanded, but to have been refused, a reinforcement of four divisions.[1] Shortly afterwards General Matsui was recalled and superseded by General Shunroku Hata, Inspector-General of Military Education.

The Japanese Army in Shantung, in their attempt to push southwards towards the intended point of junction, met with an equally stiff resistance from the old Shantung Army which, after the execution of General Han Fu-chu,[2] had been put under the command of the Kwangsi leader, General Li Tsung-jen. But the Japanese were not relying on frontal attacks alone. In the middle of February 1938 they began to develop a wide flanking movement to the west. There the Japanese armies in Shansi and on the Peiping–Hankow railway north of the Yellow River, which had been inactive since November 1937, started a drive southward towards the Yellow River and the Lunghai railway, with the object of forcing the Chinese troops in the Shantung area into a general retirement westward by threatening

[1] The anxiety of the War Office in Tokyo to conduct the campaign in China with the minimum number of troops, a policy that was inspired, no doubt, by fear of possible complications with the U.S.S.R., was an important factor in the events which were to follow.

[2] See the *Survey for 1937*, vol. i, p. 203 *n.*

their main line of communication. In this hope the Japanese were disappointed. They succeeded in reaching the Yellow River, but their attempt to force a passage was repelled. The danger to the Chinese line of retreat was thus for the time being relieved, and this enabled the defenders of Suchow to continue to hold their ground.

Obliged to revert to direct tactics, the Japanese Army in Shantung resumed its offensive on the 14th March. The wide interest which was aroused by the subsequent struggle for Taierchuang, where the Chinese Army gained their one notable victory in battle, invites special attention to this phase of the struggle and calls, in the first place, for some description of the country in which it took place. From the Japanese starting-point at Yenchow, on the Tientsin–Pukow railway about a hundred miles from Suchow, to the railway junction of Lincheng[1] farther down the same line, the railway ran between the Shantung mountains on the east and the Grand Canal and a cluster of lakes on the west, so that this section of the terrain was peculiarly unsuitable for the deployment of large bodies of troops. At Lincheng a branch-line diverged in a south-easterly direction through Tsaochuang and Yihsien to Taierchuang itself, which lay on the Grand Canal some thirty miles north-east of Suchow. The area within the triangle formed by the two lines of railway and the Grand Canal was described by an observer at the time of the battle as 'an archipelago of small compact hamlets set in an ocean of wheat and situated about one or two miles apart in a country which is dead flat'. From the Chinese point of view these numerous stone-walled villages offered admirable *points d'appui* for a resolute defence. Moreover, military works, including a large number of 'pill-boxes', had been completed in this area before the war began, and the country itself was well known to the Chinese military commanders through having been frequently the scene of field exercises in times of peace. They were thus fighting on familiar and prepared ground.

The Japanese took Lincheng on the 17th March, and from there advanced down both arms of the triangle. The force which followed the branch-line leading to Taierchuang reached the outskirts of that town on the 24th, when a prolonged struggle began for the possession of the place. The Japanese soon found themselves in serious difficulties, for their troops were strung out along many miles of railway and were fighting against a great numerical superiority of force both on the front and on each flank, while in their rear Chinese mobile

[1] This was the scene of the famous 'hold-up' of the 'Blue Express' by bandits in 1923. See the *Survey for 1925*, vol. ii, pp. 378–81.

detachments kept up attacks on their supply trains. Nevertheless the Chinese defenders of Taierchuang were already within sight of annihilation when fresh Central Government divisions arrived and closed in from north and south upon the Japanese, whose supplies were by then exhausted. They inflicted heavy losses and compelled the survivors to withdraw up the railway to Yihsien, which in its turn was beleaguered. In these operations the Chinese claimed to have destroyed the two divisions commanded by Generals Itagaki and Isogai, to have killed seven thousand Japanese and to have captured 30 tanks, 77 guns and 931 machine-guns, with much other booty. Although this claim probably was, as the Japanese averred, exaggerated, the invaders undoubtedly sustained at Taierchuang an extremely mortifying reverse. It was not a decisive defeat, and the Chinese were unable to follow it up by driving back the main Japanese Army, but this recovery of the initiative after so long a period of unrelieved reverses provided a much-needed stimulant to the morale of the Chinese armies.

The Japanese lost no time in taking action to avenge their defeat. They sent reinforcements, including troops from Manchukuo, cleared their communications, and relieved the Chinese pressure on Yihsien. They then repeated the attack on the Hanchwang–Taierchuang sector, and at the same time tried to outflank the Chinese on the west by despatching a force which marched across country from Yenchow on the Tientsin–Pukow railway to Kweiteh, on the Lunghai line, some eighty miles west of Suchow. Then their southern Army joined in the offensive by advancing from Pengpu on the Hwai River both towards the north-west and the north-east, in order to join hands with the two northern columns. The Japanese were in fact developing a vast encircling movement against the whole mass of the Chinese Army in the Suchow area, numbering, it was believed, approximately half a million men. The Chinese were apparently taken unawares by these concerted tactics, and it was only by desperate and costly counter-attacks that they managed to retard the enemy movement which was closing in on the west of Suchow for a long enough time to enable the best of General Chiang's divisions to escape along the Lunghai railway. The Chinese retreat began on the 12th May. Two days later Japanese cavalry and light-tank detachments actually succeeded in cutting the railway to the west of Suchow, but they were driven off again. The Japanese 'pincers' movement, with which observers of Japanese tactics in China were by now becoming familiar, was in this case well designed and came near to success, but the size of the area to be encircled made the 'ring of steel' too thin

in places, and General Tang En-po's Army managed to slip through and escape. Most of the rest of the Chinese forces, mainly provincial troops, were destroyed or dispersed. Suchow, the hub of the two-months-long battle, fell into the enemy's hands on the 19th May. In the whole course of these operations the Japanese claimed to have inflicted 200,000 casualties, besides capturing immense quantities of foodstuffs, munitions and rolling-stock.

The victors pressed hard upon the Chinese forces, which were now retreating towards Chengchow on the Peiping–Hankow railway. A fresh danger threatened the fugitives when General Doihara's Fourteenth Division, on the extreme right of the Japanese advance, crossed the Yellow River and took Lanfeng on the Lunghai railway 160 miles west of Suchow, in the rear of the Chinese forces. Fresh Chinese troops from Hankow succeeded, however, in dislodging this flying column, which found itself in sore straits for some days until the main Japanese Army came up to relieve it. After this the Chinese resistance in this sector collapsed. The Japanese took Kaifeng with little resistance on the 5th June and drove on to Chengchow. To prevent the loss of this vital railway junction, the Chinese had recourse to a stratagem natural to a people in whose lives the control of flood-waters had always played a great part. They broke sections of the dikes on the south bank of the Yellow River a few miles east of Chengchow.[1] The bed of the river between Chengchow and Kaifeng being some twenty feet above the level of the surrounding country, the river waters, swollen by heavy rains, poured through the breaches, widened out into a belt ten to fifteen miles wide, drowned, or marooned, a considerable number of the Japanese vanguard, and swamped an area of country a hundred miles in length. The flood completely stopped the Japanese advance and gave the Chinese time to reorganize and recruit their shattered forces. A four months' respite for Hankow was thus gained at the cost of some ten thousand civilian lives and the ruin of innumerable peasant families.

The Japanese now had to devise a fresh plan of campaign, which involved the adoption of a new and more difficult line of attack. A direct combined naval and military advance on Hankow up and along the Yangtse had been impracticable at the beginning of the year, not only because of the preliminary necessity of uniting the Japanese northern and southern land forces and of disposing of

[1] Little credence could be given to the Chinese version of this incident, namely that the dikes were deliberately broken by the Japanese by means of aerial bombardment, since it was highly improbable that the Japanese would have acted so much to their own disadvantage.

the Chinese troop concentration on the Shantung–Anhwei border, but also because the level of the Yangtse at that period of the year was too low to allow of the passage of cruisers and aircraft-carriers. Already in May, however, the Japanese had concentrated a large number of warships on the Yangtse and had begun to move up river, clearing mines and obstructions on the way, till, by the 12th June, they had reached Anking, approximately half-way between Nanking and Hankow. The Yangtse, swollen by early summer rains of abnormal heaviness, gave the Japanese a secure line of communications and made a further advance possible. Between Anking and Hankow the Yangtse makes a broad sweep to the southward with the port of Kiukiang at the lowest point of the bend. The riverain country lying in the direct line to Hankow as well as that on the southern bank, being of a swampy nature, presented a difficult terrain for the Japanese land forces. If, to avoid this, they were to try a line of march farther to the northward, they would have to traverse a broken and rugged range of low mountains, known as the Tapieh Shan. The land campaign had thus to be made in the face of considerable natural obstacles. In addition to this the heat at the time of the operations was intense, rising to as high as 140° Fahrenheit, and the line of advance was through a malaria-stricken region. In many ways, therefore, the Japanese advance up the Yangtse bore a resemblance to the British advance up the Tigris in the Mesopotamian campaign in the General War of 1914–18.

It was under these conditions that the Japanese made their final, and successful, thrust on Hankow. Advancing from Anking, their naval force first surmounted a formidable obstacle at Matung, where shore fortifications guarded a barrage of sunken vessels. They then reached and took Hukow, at the entrance of the Poyanghu, one of the great lakes which in flood-time receive the overflow of the Yangtse, and three weeks later the important treaty port of Kiukiang, a few miles farther up river. Meanwhile a land column, moving up the north bank in step with the naval advance, occupied Kwangmei, which was connected by a highway with Hankow.

The outer defences of the Wuhan area had thus fallen before the new Japanese offensive up the Yangtse with surprising, and to the Chinese dismaying, rapidity.

During the next month, however, the Japanese made little further progress. This was partly on account of a stiffening of the Chinese resistance, and partly owing to the fact that they themselves needed time to bring up supplies and reinforcements. On the 22nd August the Japanese again began to move forward. Their ships broke

through two more boom defences at Wusueh and Matow and then proceeded to the assault of Tenchiacheng. This was the key to the second line of the Chinese Yangtse defences, being situated some eighty miles downstream from Hankow at a point where the river narrows. The Japanese land force which had followed the northern bank and had taken Kwangmei advanced at the same time, despite floods and persistent Chinese counter-attacks, and was able to assist from the land side in the attack on Tenchiacheng. On the 28th September, after thirteen days of furious fighting, this key-position fell and the Japanese entered the ruins. From then on they made steady progress up stream towards Hankow. To their direct thrust they added, however, the customary outflanking movement. The object of this was to cut the Peiping–Hankow railway to the north and the Hankow–Canton railway to the south, so that the Chinese armies would be faced with a choice between allowing themselves to be enveloped around Wuhan and retreating westwards away from their main supply routes.

At this stage in the operations the Japanese had available in all some 200,000 men, disposed in approximately equal numbers north and south of the Yangtse, while the Chinese armies opposed to them were estimated at as high a figure as a million men. These included a considerable number of the best Central Government divisions. Several good Cantonese divisions were also at this juncture brought up from Kwangtung on the dangerous assumption that the defences of Kwangtung could be safely left to the care of militia units.

In the flanking movement to cut the railway connexions of Hankow the Japanese right-wing divisions, marching on a line north of the Tapieh mountains, reached the Peiping–Hankow railway on the 6th October and took Sinyang, a hundred miles from Hankow, on the 12th. Part of this force then crossed to the west of the railway line to intercept a Chinese retreat up the Han valley, while another part pushed down the railway itself towards Hankow. An attempt to advance more directly from the north-east across the Tapieh range of mountains met with greater resistance, which checked it for three weeks.

While the right flanking columns were thus converging on Hankow from the north, another part of the Japanese Army had advanced south-westwards from Kiukiang against the Canton railway. This advance met with the most desperate resistance, and in the middle of October, although it had forced its way through the second line of Chinese defence in this region, it was still many miles from its objective. A third force, which meanwhile moved southward from

Kiukiang down the railway on Nanchang, General Chiang's old air base at the southern extremity of Poyang Lake, was even less fortunate. After an initial victory at Mahweiling on the 3rd–4th September it was checked for some weeks in the mountain passes around Teian, less than half-way to its destination. It finally captured this town on the 1st November, but had still not reached Nanchang by the end of the year.[1]

By mid-October it was already clear that the fall of the Wuhan cities was now only a matter of time. But the end came more quickly than had been expected. The Japanese campaign in the south, culminating in the loss of Canton,[2] and the consequent cutting of the main line of supplies from abroad, caused the Chinese to abandon all thought of a 'last ditch' defence of the provisional capital and to conduct a speedy, but orderly, evacuation. They removed, or destroyed, most material of military value, including industrial machinery, and contrived a retreat that was not intercepted. Some of the troops moved by junk and steamer up the Yangtse, some up its left-bank tributary the Han River, but the main body took the south-easterly direction down the Hankow–Canton railway line or across the Tungting Lake. They did not escape unscathed, for the Japanese aerial and mechanized forces took a heavy toll of the retreating armies, but Japanese hopes of entrapping a major portion of General Chiang's forces were again disappointed. The city of Hankow itself was entered by the Japanese on the 25th October and the two sister cities on the following day. The invaders found their own Concession a mass of flaming ruins and fires raging in many other parts of the three cities. On this occasion their victory was not, however, sullied by large-scale excesses such as those which had followed the capture of Nanking. Nor did they again wait in expectation of reaping political results from their military achievement. Japanese forces at once moved west of Hankow and along the Hankow–Canton railway to Yochow, a hundred miles down the line, which was occupied on the 12th November. Changsha, the capital city of Hunan, lay some eighty miles farther on, and there the local Chinese authorities gave way to premature panic and applied the torch to the city, for which tragic blunder three of the officials were later executed by order of the Generalissimo. Actually the Japanese halted their pursuit short of this point, having already obtained possession of considerably more than one hundred miles of the northern-

[1] A Chinese force which in the course of this operation was surrounded at Kuling, a famous mountain health resort some few miles south of Kiukiang, was still holding out in February 1939.

[2] See below, pp. 515–16.

most section of the Hankow–Canton railway; and it was in this position that the Central China front was stabilized for the remainder of the winter. The Chinese Generalissimo took the opportunity to carry out a military tour of inspection, including a visit to the troops round Canton, and to call a conference of all the principal army commanders in order to discuss future strategy in the light of the new situation.

To turn from the operations in Central China to those in the South, it was considerably more than a year after the Sino-Japanese war had begun that the Japanese Army made its first appearance in the southern provinces. While China north of the Yangtse provided a *terrain* which was sufficiently open and level to make possible—even though not easy—a unified scheme of operations on the part of invading forces, this was not the case in the greater part of the country which lay south-east of the great river. There natural features, consisting of a complex mountain system inland with short unnavigable rivers running down to the sea, combined with an almost complete absence of railways and a paucity of roads other than paved tracks made for pole-coolies and pack-animals, presented an almost insurmountable obstacle to any large-scale plan of combined operations, at all events until the invader should have control of the solitary railway link between the south and the Yangtse valley, namely the Canton–Hankow line. In the pursuit of the first of the two main military objectives which the Japanese set before themselves in 1938, that is to say the eviction from Hankow of the Chinese Government and of General Chiang's principal army, an attack up from the south therefore played no direct part. On the other hand the second objective, the cutting off of China's war supplies, had proved to be very largely dependent on the seizure of the southern terminus of the Hankow–Canton railway and its prolongation to the sea, the Canton–Kowloon line, for air power alone had shown itself inadequate to perform the task.[1] This provided a strong incentive for the Japanese to undertake the invasion of Kwangtung province and the capture of Canton. There was the further consideration that the fall of the great southern metropolis might seduce the Cantonese from their support of General Chiang Kai-shek and shatter his prestige to the point of hastening the collapse of China's organized resistance.

At the very beginning of 1938 a descent by Japanese forces on South China had been expected. But even if, as there seemed good reason to suppose, an expedition was actually planned, action was postponed. This was probably on account of the difficulties in which

[1] See the *Survey for 1937*, pp. 234–5.

the Japanese Army became involved at that time in Shantung, but it is also possible that the fear of complications with Great Britain, arising out of the contiguity of British territory and British ownership of the terminal section of the Canton–Kowloon railway, had a deterrent effect. In any case it was almost certainly not a coincidence that the invasion of Kwangtung synchronized with the crisis in September 1938, when Great Britain was preoccupied by an imminent danger of war in Europe.

In the intervening months the southern coast provinces and Canton itself were, however, by no means out of the war. During the 10th and 11th May Japanese naval forces occupied the island and city of Amoy on the Fukien coast some three hundred miles north of Hongkong, an operation which helped, no doubt, to divert popular attention in Japan from the reverses which the Army was then encountering in Shantung. Meanwhile the Japanese naval air squadrons continued to raid points in the southern provinces. The Canton railway remained a principal target, but, although periodically blocked, it was not permanently put out of action. The city of Canton itself underwent a grim ordeal. Between the end of May and the middle of June it was subjected to attacks on sixteen consecutive days, and to a further sequence of raids in August. The civilian casualties ran into thousands, great havoc was wrought in the city, and half the population fled. Towns far inland were not exempt from attack. On the 28th September, for instance, Japanese bombers reached Kunming (Yunnanfu), five hundred miles from the coast, which had been chosen as a place of refuge by some of the chief educational institutions ejected from North China. Of the aerial invaders of Kwangtung some were shot down by the Chinese, but, generally speaking, Japan's mastery in the air was not very seriously disputed. Chinese retaliation, however, was not entirely lacking. Early in the year, on the 23rd February, Taihoku, the capital of Formosa, was attacked, and on the 20th May two Chinese aeroplanes reached Japan itself and dropped propaganda leaflets in Kyushu.

The European crisis in September, culminating, as it did, in the Munich agreement and the bloodless triumph of Herr Hitler, and followed, as it was, by a significant change in the direction of foreign policy in Tokyo,[1] was the occasion chosen for the despatch of a Japanese expeditionary force against Canton. The more militant party in Tokyo may have reckoned that events in Europe had shown Great Britain to be too strongly wedded to peace, or too helplessly unprepared for war, actively to oppose such a Japanese move. Re-

[1] See above, p. 495.

ports were current of a movement of troops through Tsingtao to Formosa, but, though this was a natural prelude to an attack on South China, it was apparently interpreted by the Chinese as a feint to draw off Chinese reinforcements from Hankow. In any case no strengthening of the Kwangtung garrison was undertaken, and the defence of the province was left largely in the hands of raw militia forces. According to Press reports, the position was further weakened by dissensions between the local civil and military commanders, although the accusations of treachery which were subsequently brought against some of the responsible officers were never authenticated.

On the 12th October, 1938, the Japanese landed some 30,000 men in and round Bias Bay, on the coast of China about fifty miles north-east of the mouth of the Pearl River, on which Canton lay. They met with very little opposition and were able to advance twenty miles inland by the evening of the same day. Four columns then spread out fanwise across the delta, the column on the left directing its march on the Canton–Kowloon railway, which they reached and cut twenty miles from the British border. The Chinese had failed to construct effective lines of defence, and in nine days the Japanese, after marching 120 miles and suffering negligible losses, arrived at Canton. The defenders were overwhelmed, and on the 21st the enemy's advance-guard entered the city. The local government and most of the population fled. Fires were started by the burning of ammunition and petrol dumps and were spread by a high wind, with the result that large areas of the city were burnt to the ground (the foreign concession on Shameen Island was with difficulty saved from destruction by the efforts of foreign volunteers and naval landing parties). Two days after the capture of the city a Japanese naval force landed on the banks of the Canton River itself and without difficulty reduced the forts at Bocca Tigris, famous in the history of the Anglo-Chinese wars a hundred years before, which commanded the approach to Canton by river. Thereafter the Japanese Army pressed forward both to the north, along the line of the Canton–Hankow railway, and to the west of Canton, but their advance was brought to a halt at points some fifty miles from the city by the arrival of Chinese reinforcements sent down from the north. Sporadic fighting and Japanese 'mopping-up' operations against Chinese guerrilla detachments continued during the rest of the year 1938, but no further major developments occurred.

The military balance-sheet as it stood at the end of the calendar year could be viewed by the Japanese with a moderate degree of

satisfaction. If the occupation of the Wuhan cities had proved a much longer and costlier process than had seemed likely at the beginning of the year, this was offset to some extent by the ease and celerity with which Canton had been taken. The Japanese now held in their hands the chief cities of China and most of her railway and river communications, including her main channels for contact with the outside world, along which her foreign trade normally flowed, and on which General Chiang relied for obtaining a great part of his war equipment.[1] The Chinese Government had been forced to seek refuge at Chungking, fourteen hundred miles from the coast. Their troops had sustained immense losses from battle and disease,[2] and while China could replenish their numbers from her vast reservoir of man-power so long as her patient people were willing to bear the misery and the slaughter, the quality of the officer class, at all events, which had always been indifferent, tended to decline still further. But there were items on the debit side for Japan which might prove of ultimately greater consequence. The Chinese Field Army, although crippled, was not destroyed; the Chinese Government, despite the double blow of losing both Hankow and Canton, continued to stand firm and refused to sue for peace; and in the so-called occupied areas the Japanese were being plagued by a guerrilla warfare which showed no sign of diminution.[3]

From the military standpoint, therefore, Japan had still much to accomplish in order to clear the path towards the establishment of her 'new order in East Asia'. In the absence of any sign of readiness on the part of General Chiang and his colleagues to fall in with the Japanese scheme for the future of China, the elimination of the Chinese National Government and Army remained a necessary Japanese objective. To bring this about, either by launching a military campaign into the remote western provinces to which they had now withdrawn or alternatively by starving them into surrender, threatened to be a lengthy and difficult operation. The policy of carrying

[1] The only ports of importance still in Chinese hands at the close of 1938 were Haichow, Ningpo, Wenchow, Foochow, Swatow, Pakhoi (the link with Hainan island) and Kongmoon in the West River delta.

[2] The estimates of casualties on both sides were utterly contradictory and impossible to verify. The Japanese asserted that the war had caused two million deaths in China, over 800,000 having been found dead on the battlefields, while they computed their own losses at 47,000. The Chinese, for their part, claimed to have accounted for 96,000 Japanese casualties during the four months' fighting in the Yangtse valley in 1938. It was certain that disease, particularly malaria and dysentery, had taken a terrible toll of life in both armies.

[3] The guerrilla operations are dealt with in the following chapter in connexion with Chinese activities in the so-called 'occupied' areas.

on a protracted war of conquest was, in the meantime, becoming increasingly hazardous in face of the Soviet Union's apparent recovery from the paralysing effects of the 'purge'[1] and of the progressive rearmament of the Western democracies, whose sympathies Japan had alienated. The military *compte rendu* thus provided little cause for satisfaction to those Japanese who could see beyond the glamour of the immediate victories. Meanwhile there was hardly more room for Japanese optimism in the record of developments in the political and economic fields of action, to which we now turn.

**(iii) The Exploitation by Japan of her Military Gains in North China**

The drain of the war on Japan's resources prevented the Japanese from awaiting the entire subjugation of China before taking in hand the economic exploitation of the 'occupied' areas. To exploit these with any chance of success required first of all the establishment of an effective local government amenable to Japan in the areas in question. The other necessary tasks for the Japanese were to restore the means of transport, to open channels of trade, to bring the local currency into line with that of the other two members of the proposed economic *bloc* in Eastern Asia, and, finally, to regulate industrial and agricultural production in the 'occupied' districts so as to make this accord with Japan's own economic needs. The methods which the Japanese adopted for pursuing these ends, and the nature and extent of the resistance which they encountered, are the subject of this section.

The system of 'puppet' government—a system to which the Japanese mind was accustomed by traditions inherited from seven and a half centuries of Shogun rule in Japan itself—had been extended to North China in the first year of the war. As has been recorded in the *Survey* for that year,[2] the Japanese Army in North China, *pari passu* with its advance, had established a number of local Chinese government organs, of which the two most important were the Peking 'Provisional Government' and the 'Reformed Government' of Nanking. The amalgamation of the two latter into a single Government had been under discussion from the start, and when in April 1938[3] the heads of the two Governments met and conferred in Nanking, it was supposed that everything was ready for the union to take place as soon as the Japanese armies in North and Central China should have succeeded in bridging the gap which divided the

[1] See the *Survey for 1937*, vol. i, pp. 12 *seqq.*, 149–50.
[2] *Op. cit.*, vol. i, Part III, Section iii (*f*).
[3] *Op. cit.*, p. 256.

two 'occupied' areas. The retreat of the Chinese from the line of the Yellow River and the fall of Hankow did not, however, bring about the expected consolidation of the two 'puppet' Governments, for this was still obstructed by an unreconciled divergence between the policies of their respective Japanese military sponsors—in the north the Kwantung Army with the famous General Doihara as its principal agent, and in the south the Central Army. In fact the only important step towards unification which occurred during 1938 was the inauguration, in Peking on the 22nd September, of a joint council composed of representatives of the two Governments under the presidency of Mr. Wang Keh-min, the head of the Peking administration. No better progress was made in the improvement of the calibre and standing of the Chinese 'puppet' personnel, which continued to consist of men of small reputation or account, with a few exceptions such as Mr. Wang Keh-min himself, whose political activities in the past had won him a prominent, if not a very highly esteemed, position in Chinese public life. Whether the refusal of men of a better type to accept office under the Japanese was attributable mainly to patriotism or rather to fear of the ever-active assassin could, of course, be only a matter of conjecture. In Shanghai the murder of prominent Chinese partisans of Japan was an almost daily occurrence, and became, incidentally, an important cause of dispute between the local Japanese military authorities and the Municipal Government of the International Settlement, within whose jurisdiction many of the shootings took place. In the last months of the year the 'Doihara clique' in Peking, in a desire to enlist the prestige of a respected Chinese leader, pressed the well-known soldier-scholar Marshal Wu Pei-fu[1] to come forward as the head of a new 'All-China' administration. The Marshal allowed himself to be led so far as to propound terms for acceptance—terms which included, it was understood, the uncontrolled command of a Chinese Army of 60,000 men and the freedom to remain on the friendly relations on which he stood with General Chiang Kai-shek—but it was questionable whether he ever seriously considered the Japanese offer, which in any case he eventually declined.

While the building of the façade of Japanese rule in China was thus advancing slowly, the extension of actual control, by direct or indirect methods, was also making but little progress. Within the 'occupied' area the Japanese had obtained effective command of the towns and the railways and of certain portions of territory

[1] See the *Survey for 1926*, Part III. A, Section (x), and the *Survey for 1931*, p. 408.

mostly adjacent to their lines of communication. This control over cities, railways and water-ways, however, could hardly provide an adequate basis for exploiting the resources of a country like China, whose economic life was rooted in the great mass of the peasants. In order to reap the desired harvest the Japanese had to find some means of extending their authority over the countryside and of inducing the rural population to become a willing participant in their schemes of economic exploitation. They could only hope to achieve this end if they had a real control over the 'occupied' area, but this they were far from having. In the open country throughout most of the five provinces their power rarely reached beyond the immediate neighbourhood of the scattered military garrisons, which meant that they only controlled the country within a comparatively short radius from the towns and the military posts strung out along the railways. In trying to widen the area they were faced with a difficult dilemma. The 'occupied' area was occupied only in the sense that it had been made untenable by the enemy's regular armies and by any large aggregations of his troops, and that there was nothing to prevent the Japanese mechanized columns from moving at will from one point to another. But inside the area itself guerrilla warfare, which had become endemic, had reached a point which made 'pacification' impossible. The guerrillas could not be suppressed so long as the peasants assisted their operations, and the co-operation of the peasants with the Japanese invaders could only be gained by conciliatory treatment and by making the conditions of existence for the rural population under Japanese control more tolerable than the conditions which existed outside in the so-called guerrilla areas. The Japanese troops had, however, at the start earned the abhorrence of the peasants by their acts of violence and licence.[1] As the

[1] See the *Survey for 1937*, pp. 224–5, for the excesses committed by the Japanese Army after the taking of Nanking. A survey of war damage in the Nanking area carried out by the Nanking International Relief Committee, employing trained foreign experts, was published in June 1938. According to the findings of this unofficial body in an area of about 2,500 square miles (comprising 4½ *hsien*) around Nanking 27,000 deaths by violence, 'practically all done by the Japanese forces', occurred between December 1937 and March 1938 among a rural population of slightly over one million. Investigations into the prevalence of rape gave figures amounting to 8 per cent. of all women between 16 and 50, but the report adds: 'this figure is a serious understatement, since most women would not volunteer the information'. Although the licentiousness of the Japanese troops in Nanking attracted particular attention and may have been somewhat exceptional, yet foreign observers in the interior reported that it was matched by the behaviour of Japanese troops in many other localities, and reports laid emphasis on the vehemence of the reaction which the violation of their womenfolk roused in the feelings of the

guerrillas became more and more troublesome to the Japanese Army of Occupation, the latter retaliated against the settled population within their reach. In order to discourage the harbouring of guerrillas, villages were burnt, villagers shot and, following the practice adopted against bandits and 'partisans' in Manchuria, the country bordering the railways was sterilized by the clearing of crops and destruction of human habitations. The ruined and desperate farmers swelled the ranks of the bandits, and so the Japanese by their own action further obstructed the reorganization of the country, and made more distant than ever their hope of drawing profitable returns from the invasion of China's territory.

It was as a check on Japan's economic plans that the guerrilla activities in the 'occupied' regions had their greatest importance, and their purely military value (although far from being negligible) was comparatively small when viewed in relation to the course of the war as a whole. For this reason the record of the guerrilla warfare in North China was omitted from the preceding chapter, in which the general hostilities were reviewed, and has been reserved for consideration in the present context. Throughout North China guerrilla bands in 1938 regularly raided the railways, and by destroying portions of the permanent way they handicapped Japanese military transport and interfered with the movement of merchandise. The Japanese were obliged to employ an undue proportion of their forces along their lines of communication in maintaining small garrisons and posts, and these were persistently harried by snipers and occasionally attacked and wiped out by bands of irregulars. The result was a process of attrition which, in the reckoning of foreign observers, was sufficient to cause an appreciable drain on Japanese man-power, quite apart from its moral effect.

The guerrilla campaign was most intensive in those parts of the country which were within the range of influence of the Chinese Communists' headquarters at Yenan, in the borderland between Shansi and Shensi, and of their military base at Wutaishan, whence the Communist leaders organized attacks on the Tatung–Taiyuan railway and on the northern section of the Peking–Hankow line. Another focus of guerrilla activity lay farther south in the Shanghai–Nanking–Wuhu area, where the Fourth Route Army was

peasants towards the Japanese. Evidence acquired by a private investigation of war damage in a group of fifteen villages in Central Hopei between February and June 1938, while showing a percentage of civilian deaths which was much lower than in the district round Nanking, brought out the significant fact that nearly 30 per cent. of the women, as against about 7 per cent. of the men, had left their homes and had not returned.

stationed.[1] The operations of this southern group reached to the outskirts of Shanghai itself, as well as to the vicinity of Hangchow, Nanking and other of the Yangtse cities. There was a third field of 'mobile warfare' in the province of Shantung—where organized Chinese resistance had failed so signally in the preceding year—and the guerrillas in that province were especially active along the Tsingtao–Tsinan railway and in the mountainous hinterland of Chefoo and Weihaiwei.

The Japanese attempted to crush the guerrilla movement by striking at its roots, but this without very much success. A Japanese force which set out in March to attack Fuping, a small town in north-west Hopei where prominent Communists had collected in order to organize a system of government behind the Japanese lines, did not succeed in its purpose of capturing the leaders. A similar Japanese expedition which was sent in the autumn against Wutaishan, in the hopes of bringing the Chinese Eighth Route Army to book, was ineffectual in breaking up the Communist military organization. An attempt to deal with the menace locally by supplementing the Japanese garrisons in the affected areas with militia corps composed of 'renegade' Chinese, and by importing Chinese units of the 'Manchukuo' Army, was also of little avail, since these Chinese auxiliaries proved generally unreliable and not infrequently deserted to the enemy, taking with them their arms and equipment.

If the enlargement of the sphere of Japanese control was impeded by the military operations of the guerrillas, it found an even greater obstacle in the action of the Chinese in erecting so-called Border Governments behind the Japanese lines and so forestalling Japanese plans for extending 'puppet' government. At a conference which was held in January 1938 at Fuping by representatives of the Communists, of the local military and civil officials, and of various patriotic societies and associations of peasants, it was decided to create an administration with provincial status, acting by the authority of the Central Government. Out of this there came into being a few months later the so-called 'Hopei, Chahar and Shansi Border Government'. Local government organizations were established in three regions—in the Shansi–Hopei border districts to the west of Peking, in Central Hopei and in Southern Hopei. Although, owing partly to the difficulties of communication and partly to the differing antecedents of the various leaders, the three bodies carried on their

[1] The nucleus of this consisted of the veterans of the old Chinese Red Army who had remained behind in the border regions of Kiangsi and Fukien provinces when the main body, driven out by the Chinese Government forces, had trekked to the north-west in 1935. See the *Survey for 1935*, vol. i, pp. 306–7.

activities in virtual independence of one another, they worked on a common programme. This programme reflected the political training of the Communist element which was preponderant in most of the northern districts, for it included a mass organization of the peasants on lines of self-government, a reform in land tenure with a redistribution of property in accordance with the modified Communist principles which the Communist Party had now adopted,[1] a relief of the farming population from the burden of excessive debt charges and taxation, and finally a mobilization of men, women and children for resistance to the Japanese invasion.[2]

The Border Governments were thus created partly for the purpose of providing a civil administration and of educating the peasants in self-government, and partly in order to organize mass resistance to the enemy. For the first of these purposes village mobilization committees on an elective basis were set up, and public services restored, as well as courts of justice, primary schools and banks; for the second purpose men were trained for service in the guerrilla forces, self-defence corps were set up in the villages, and children were enlisted in auxiliary youth organizations. Also small local arsenals were brought into existence for supplementing the supply of rifle ammunition and hand grenades, the favourite weapon of the guerrillas.

Although the Communists—especially the Eighth Route Army—had a major share in setting up these local administrations, the latter remained under the authority of the Central Government, and this authority was more than merely nominal, since the Central Government appointed the higher officials. In the rural districts the magistrates who had not fled before the Japanese armies and who had not compromised their loyalty to their country by intercourse with the Japanese were confirmed in their posts, while vacancies were filled for the most part by younger, university-trained men. Excluded from their old *yamens* by Japanese occupation of the *hsien* cities, these officials now exercised their functions from field headquarters in villages or even in open country. In this way most of the rural areas of the five 'occupied' northern provinces were still under the control of independent Chinese administrations throughout the year 1938. If reliance could be placed on figures issued by the Executive Yuan at Hankow, out of 796 *hsien* in 'occupied' territory, 489 were under the full authority of magistrates appointed by, and acting under the orders of, the Central Government, in 248 of the remaining

[1] See the *Survey for 1937*, vol. i, pp. 156 and 159–60.

[2] Mention is made, on pp. 502–3 above, of the significance of these attempted reforms for the future of China as a whole.

*hsien* magistrates functioned within certain limits, and in only 59 were there no 'independent' magistrates at all.

The fall of Hankow and Canton in October freed the hands of the Japanese to concentrate effort on the suppression of the Chinese guerrillas. The 'mopping-up' operations which followed met with a certain degree of success, and independent reports from places in North China gave indications towards the end of the year that the guerrilla campaign was flagging and that the 'Border Governments' were tending to lose their hold. The resultant situation was described, however, as being less an extension of 'pro-Japanese' control than a relapse into a state of political chaos and the extension of a 'no man's land' in which banditry reigned supreme.

The inefficacy of Japanese political control was meanwhile hampering Japan's plans for economic domination, and, though far-reaching schemes were evolved in the course of the year, they remained for the most part on paper. The fashionable device of a 'four-year plan' was applied by Japan to China. Such a plan was drawn up by the China–Japan Economic Council, which comprised Government officials and experts, in conjunction with the Economic Committee of the Japanese Army headquarters in Peking, and it was formally adopted in August. It defined the various fields for development (transport, communications, heavy industry, electrical power, coal and salt production and, finally, coal liquefaction) and it budgeted for an expenditure, over the four-year period, of 1,420,000,000 yen, a sum only slightly less than the total Japanese investment in 'Manchukuo' since 1932. It was laid down in principle in the plan that state-controlled monopolies should be established for all 'key' industries. The next step was the formation in November of two semi-official holding companies, the North China Development Company, with a capital of 350,000,000 yen, and the Central China Development Company, with a capital of 100,000,000 yen, the Japanese Government undertaking to furnish one-half of the capital funds in money or its equivalent in goods, and reserving to themselves, in return, supervisory powers. Under the aegis, and with the financial support, of these bodies there were to be formed, if they did not exist already, subsidiary companies under joint Sino-Japanese management to develop the various enterprises.[1] At the head of all, the China Board remained the supreme arbiter

[1] By the end of 1938 the North China Development Company had invested the relatively small total of 30,000,000 yen, which was distributed between power generation, transport, production of raw cotton, mining and telegraphs and telephones.

in matters concerning economic relations between Japan and China.

Even allowing for the fact that these long-term economic plans could not be expected to progress very far in the year of their initiation, the actual results achieved in 1938 must have been found disappointing. The two commodities most urgently needed by Japan were iron ore and coal. Already in the autumn of 1937 a start had been made in the exploitation of these resources in North China through the reopening of the Lungyen iron mines in Chahar—believed to be the richest in China—by a Sino-Japanese syndicate[1] and through the purchase of the German quarter-interest in the Chingshing collieries in Shansi. In 1938 these first steps were followed up by further purchases of coal mines in Hopei and Honan and by the taking into possession—in the course of the advance on Hankow—of the Tayeh iron-ore mines on the southern bank of the Yangtse, and their transfer to the Japan Iron Manufacturing Company. Transportation difficulties, guerrilla interference, and, in the case of the Tayeh mine and the Shantung collieries,[2] Chinese-organized sabotage combined, however, to limit the production of iron and coal for export to Japan. The export of iron ore to Japan fell in fact from 2,300,000 to 300,000 tons. Coal exports from North China to Japan rose from 1,337,000 to 1,702,000 tons, but the rise was mainly attributable to an increase in purchases from the semi-British-controlled Kailan Mining Administration, which entered into an agreement in March for expanding their shipments to Japan.

The development of the North China salt deposits presented less difficulty. Being situated on the coast, they were more accessible than the minerals in the interior and less affected by conditions of unrest. Consequently Japan was able to increase by nearly 100 per cent. her imports of a product which was in great demand by the growing Japanese chemical industries, and which entered indirectly into two important branches of the Japanese textile industry, namely the manufacture of rayon and staple fibre.

The still more important cotton-textile industry also benefited in 1938 from the conquest of North China to the extent of a rise in the importation of raw cotton from that area from 234,000 to 963,000 quintals. It was, however, only a temporary and not a recurring gain, since the increase in exports came mainly from accumulated stocks which there was little hope of replenishing. The war caused, in fact, a shrinkage in cotton cultivation in North China, which was

[1] See the *Survey for 1937*, vol. i, p. 175.
[2] See *op. cit.*, p. 202.

due both to the natural inclination of the farmers to turn from 'cash' to 'subsistence' crops in a time of uncertainty, and to the restrictions on cotton-growing which the local guerrilla and 'Border' authorities imposed as part of their plan for foiling the Japanese in every possible direction. The output of raw cotton in North China actually fell in 1938, according to Japanese calculations, by between 30 and 40 per cent., leaving a threat of shortage in the amount available for domestic consumption in China; and in the face of this the Japanese, who were concerned for their own mills in China, found themselves obliged to introduce a system of export control.[1]

There was no better evidence of the effect of Chinese resistance in hindering the Japanese from turning their conquests to profitable account than the absence of progress in railway development in the 'occupied' zone. In marked contrast with the burst of railway building which immediately followed the military occupation of Manchuria in 1932, construction in North China in 1938 was quite inconsiderable. No progress was made in the carrying out of the Shihchiachuang project,[2] to which the Japanese looked for providing direct access to the Shansi coal-fields, and the only new development in railway construction was the opening in April 1938 of a line between Peking and Koupeikow, which linked up with the Koupeikow–Changteh section and so provided direct connexion between Peking and the capital of Jehol. The operation of the existing railways for commercial purposes was, meanwhile, being severely limited by the requirements of military operations and by the depredations of the guerrillas; in many cases, moreover, the permanent way had been stripped bare by the retreating Chinese armies, which removed, besides the rolling stock, the rails and sleepers with the intention of using these for the new railways which were being built in the south-west provinces under Chinese control.[3]

Besides the direct import of Chinese produce, Japan had another means of making a controlled North China serve her needs in the

[1] For a statement of Japanese plans for developing China as a source of raw cotton see the *Survey for 1935*, vol. i, p. 320.

[2] See the *Survey for 1936*, p. 910 and footnote, and the *Survey for 1937*, pp. 175–6.

[3] These included two new lines of international communication, namely a line from Hengyang on the Hankow–Canton railway through Kweilin and Nanning to Langson, on the French Indo-China frontier, which was connected by railway with Hansi, and the Yunnan–Burma railway, of which the construction of the permanent way from the Kunming end was begun in 1938. The Lunghai line, running from east to west across Central China, was also prolonged westward towards Lanchow, the capital of Kansu province, whence a motor road led to the frontier of the U.S.S.R.

matter of industrial raw materials. For much of the latter she depended on purchases from countries outside the yen *bloc*,[1] and for this purpose she vitally needed foreign exchange. This could be procured through the sale of North China products to foreign—preferably free-exchange—countries. It was thus important, from Japan's national point of view, to promote Chinese exports to other markets as well as to her own. Such a policy conflicted, however, with the views of the Japanese Army in China, which were essentially monopolistic and unfavourable to multilateral trading.

A dilemma arose also in regard to currency policy in China. The Chinese Government had succeeded three years before in reorganizing the national currency,[2] and had endowed it with such strength that, although in the spring of 1938 the dollar suffered a serious depreciation—from 1*s*. 2*d*. to 0*s*. 8*d*.—which was due mainly to the strain of war expenditure, it was able to recover stability and to continue to provide an effective medium of free exchange. The benefit of this relative stability of the Chinese dollar could be shared by exporters in North China if it was allowed to circulate there. But the Japanese plans for a closed economy required, as we have seen, that North China should be brought into the yen *bloc*. For this purpose, and also with the intention of weakening China's powers of resistance, it was decided to conduct a war against the national currency and to replace it, wherever possible, with a currency linked to the yen. In order to bring this about the Japanese-controlled 'Provisional Government' in Peking established in March 1938 an institution to be called the Federal Reserve Bank of China and decreed that the new bank's yuan notes, issued at nominal parity with the yen,[3] should, after a period of gradual elimination of the old currency, become the sole form of legal tender. The use of the new currency would, it was hoped, both facilitate the trade between North China and Japan and also enable the Japanese, after having monopolized the handling of commercial exchange operations, to obtain the use of the foreign exchange resulting therefrom. In the currency war the Chinese dollar proved able, however, to hold its own against the notes of the Federal Reserve Bank. The latter met

[1] Theoretically an economic *bloc* including Japan, 'Manchukuo' and China could be fairly self-sufficient in coal, iron, timber, tin, tungsten and vegetable oils, but would be almost entirely dependent on outside supplies of petroleum oil, rubber, potash, lead and several of the most important alloys of steel, besides having to rely partly on foreign countries for raw cotton, wool, copper, zinc and phosphates.

[2] See the *Survey for 1935*, vol. i, pp. 308–10.

[3] In practice the yuan was not freely convertible into yen through the Japanese banks.

with an early reverse in the refusal of the northern branches of the Chinese national banks, which were called upon to furnish one-half of the initial capital, to hand over their silver stocks, which amounted to 57,000,000 dollars and were mainly deposited in the foreign Concessions at Tientsin, with the result that the new currency started its career with no backing of bullion or of foreign currency reserves.

Meanwhile the attempt to oust the old currency and replace it by the yuan was further checked by Chinese unwillingness to accept the latter—an unwillingness which was partly explained by the guerrillas' threats to shoot persons found in possession of the new notes, and by the refusal of the foreign banks to deal in the new notes, except in special accounts, so long as the Federal Reserve Bank declined, as it did, to sell foreign exchange. In spite of this reluctance, the Peking Government agencies were able, with the help of various forms of official pressure, to accumulate in their hands considerable quantities of the old national notes by redeeming them with the new. As the sterling-exchange value of the old notes was being held more or less 'pegged' by the Chinese Government, who were using their reserves of foreign valuta for the purpose of offering limited quantities of foreign exchange at an artificially high rate over the counter of the Central Bank of China, the Peking Government and the Japanese banks would normally have been able to convert their accumulation of national notes into foreign currency at this artificial rate. They would thus have killed two birds with one stone, for they would have acquired much-needed foreign exchange and they would have done this at the expense of the Chinese Government reserves and so have weakened China's financial powers of resistance. In this, however, they were largely checkmated by the Chinese Government, who 'illegitimized', for purposes of exchange through the Central Bank, all notes stamped as having been issued by one of the northern branches of the Chinese banks of issue, which included the bulk of those which had been circulating in North China and had been redeemed by the Peking Government. Actually this discrimination against the North China national notes could, for various reasons, not be fully applied, and the Federal Reserve Bank, by taking advantage of this fact and by other means at their disposal, were able during 1938 to get into their hands sufficient gold exchange to provide, according to the balance sheet which they published on the 31st December, a fund of gold bullion reserve equivalent to 27,000,000 yuan against their note issue of 161,000,000. This latter amount was less than one-half of the estimated normal North China currency requirements, and the notes themselves stood at a discount in

the open market with the old national currency which was still in circulation.[1]

In the Japanese plans for an economic *bloc* China figured not only as a purveyor of industrial raw materials but also as a market for Japanese goods. In this direction the Japanese had better cause for gratification at the results attained in 1938. Notwithstanding the fact that the war practically extinguished her trade with the southern ports, Japan's share in China's import trade rose in that year to 24 per cent. from an average of 14 per cent. in the previous five years, and the actual value of Japanese exports to China recorded a large increase.[2] But as an indication of future prosperity the nature, as well as the volume, of the trade had to be taken into account, and this, on examination, offered less ground for Japanese satisfaction. Among the chief articles of export were wheat flour and cotton textiles. The former was required for feeding the town populations, which were swollen by the influx of refugees from the country and had been to a large extent cut off from their normal domestic supplies by the disorganization caused by hostilities and by the veto on trading with the enemy which the guerrilla authorities enforced in many parts of North China. The latter, that is the cotton-goods imports, were needed to fill the gap in the market which had resulted from the destruction of cotton mills either through military action or, as had been the case at Tsingtao,[3] by Chinese *saboteurs* carrying out the 'scorched earth policy'. This preponderance of consumption goods was an adverse feature of Japan's trade with the new member of the tripartite *bloc*, since the sale of such goods on a disproportionately large scale meant the using up of the already impaired purchasing power of the people without contributing at all to the productive capacity of the region.[4]

[1] In April 1939, after the official date originally fixed for the abolition of the old currency in North China, it was still circulating and was being exchanged in Peking against the Federal Reserve currency at rates of premium as high as 40 per cent.

[2] Japanese official figures for export to China proper over a period of five years were as follows:

| | *Yen* (in millions) | | *Yen* (in millions) |
|---|---|---|---|
| 1934 | 117 | 1937 | 179 |
| 1935 | 148 | 1938 | 312 |
| 1936 | 159 | | |

[3] See the *Survey for 1937*, vol. i, p. 202.

[4] In the category of capital goods, machinery was imported from Japan into North China in large quantities in 1938, but a very considerable proportion of the imported machinery was needed to replace ruined industrial plant, though some of it represented new installations both at the ports and also in towns in the interior, such as Taiyuan in Shansi.

Another notable feature of Japan's war-time trade with China, and one which was similarly unfavourable from the point of view of Japan's national economy, was the heavy excess of exports, which at 312,000,000 yen—nearly double the figure for 1937—showed an excess of 133,000,000 yen over the value of imports. This excess of exports to China, though technically 'favourable' to Japan, was in fact the reverse when considered in relation to the essential question of Japan's balance of payments with foreign countries. One important result of bringing North China into the yen *bloc* was that Japan's trade with that area ceased to be 'foreign' trade from the currency point of view. Sales of Japanese goods in North China now no longer furnished the option on foreign exchange which Japan so vitally needed in order to ease the strain which enormous purchases of raw materials for armament manufacture was placing on her balance of international payments. To increase her exports to China, without being able to increase her imports proportionately,[1] was therefore no help from the point of view of relieving pressure on the yen; it had, in fact, the opposite effect through reducing Japan's foreign exchange reserves to the extent that the goods exported to China were composed of primary material—such as Australian wheat or American raw cotton—which had had to be bought from countries outside the yen *bloc*. So clear did this disadvantage become that in the second half of the year the Japanese Government took measures to restrict drastically the export of goods, and of cotton goods in particular, to the yen-*bloc* countries, including North China.

In the aggregate, therefore, it was clear that Japan's economic gains from the invasion of China up to the end of 1938 were of a very modest order. The Japanese had obtained possession of certain movable assets, consisting chiefly of stocks of raw cotton and pithead coal and of derelict industrial plant, of which part was acquired by purchase under varying degrees of pressure on the vendor, and part taken as booty. Of the fixed assets which fell into Japanese hands the northern Chinese railways[2] were, of course, the most important, and they had great potential value on a long-term prospect; however, the destruction of bridges, the ruin of large sections of

[1] Japan's imports from China in 1938, as compared with 1937, rose only by 21,000,000 yen against the rise of 133,000,000 yen in her exports.

[2] The operation of the Chinese railways under Japanese control was throughout 1938 virtually in the hands of the military (helped by South Manchurian Railway officials), who were reported, except in the case of the loan service of the Peking–Mukden railway, to be retaining the revenues. Two Japanese companies, one to operate the northern and one the central sections, were in process of being formed to take over unified control.

permanent way, and the removal of rails and rolling stock by the Chinese had created for the time being a vast call for expenditure, so that no profits were anticipated—according to a forecast made by the President of the North China Development Company—before 1941. Either by confiscation or by methods verging thereon the Japanese had, furthermore, secured possession of valuable public utilities in the larger towns and of a controlling share in the management of Chinese private industrial concerns; also, by an extensive system of monopolies, they had strengthened their position in industry and had obtained a stranglehold on large sections of the North China trade.

In regard to river shipping they had, by using their military position, eliminated competition in the carrying trade on the Yangtse, where they were reported to be conducting a highly profitable traffic in ordinary merchandise under the name of military supplies. On the other hand their mercantile fleet as a whole had had to curtail its normal activities in order to meet the heavy demands of military transport. It had been possible to flood the larger cities in the 'occupied' area with Japanese imports, but this expansion of export trade was, as has been shown, of a nature which had serious disadvantages and was small compensation for the 15 per cent. drop in Japan's total export trade, most of which was attributable to causes directly connected with the war, including a widespread boycott of Japanese goods by Chinese traders in Far Eastern countries. In short, the profits which Japan had secured at the end of the first eighteen months since the beginning of the 'China Incident' were almost nugatory when compared with the vast war expenditure to which she remained committed. Meanwhile the hope of any early realization of her plans for bringing North China into effective membership of a tripartite *bloc* was diminished, as we have seen, by the continuance of hostilities, the currency confusion which the action of her own representatives on the spot had brought about, and by the smallness of her success in extending her administrative control over the northern provinces of China.

### (iv) The Effects of Militarism and of the War on Japan's Economy and on the Implementation of her Expansionist Policy[1]

In adopting war as the instrument of their continental policy, Japan's rulers were employing a double-edged weapon. Because of her high degree of dependence on imported supplies of raw materials

[1] Japan's war-time economy is also discussed briefly in Part I of this volume (section (iii) (8)) in relation to the efforts of the totalitarian states to attain to economic autonomy.

Japan was as perilously exposed as any country in the world to the economic dangers of war. An economic breakdown in Japan would have the effect not only of defeating the avowed object of the militarists to 'beat China to her knees'; it would ruin the whole plan for a 'new order in East Asia', and it might well result in the hegemony to which Japan aspired passing into the hands of her rival Russia. The risk of such a breakdown constituted an important factor in the international position in the Far East at the end of 1938, at a time, that is, when the war in China showed no signs of coming to an end, and when Japan was allowing it to be apparent that she was making her preparations for what was often referred to as the 'inevitable' struggle with her other Far Eastern neighbour[1] and for defying any attempt of the Western Powers to block her expansionist plans.

There were two forms which a fatal economic breakdown in Japan, if it came, might take—either internal monetary inflation leading to a general disorganization of the whole economic system, followed conceivably by political revolt, or the upsetting of Japan's international balance of payments on such a scale as to make it impossible for her to continue to import the things necessary for sustaining an armed conflict.

The first, though the lesser danger of the two, could not be disregarded. While China was receiving a certain amount of financial assistance from well-disposed foreign countries, Japan, in the existing state of her foreign relations, could not expect to obtain foreign loans or long-term credits on any considerable scale to help her in carrying on the war, nor had she China's advantage of being able to tap a reservoir of wealth in the form of patriotic remittances from nationals settled overseas; she had, in fact, to finance her military expenditure almost entirely from her own domestic resources. The drain upon these for armament expenditure had been growing rapidly for a number of years past,[2] and the war in China increased it enormously.

[1] Speaking in the Diet on the 11th March, 1938, concerning the necessity for the National Mobilization Law, the Prime Minister described it as being designed not so much for use in the war with China as in 'preparation for a war which may break out in the future'. Naval expenditure rose from 621,000,000 yen in 1936–7 to 1,633,000,000 yen (estimated) in 1939–40, of which only 810,000,000 yen was directly connected with the war in China. In introducing the 1939 Navy Budget the Minister of Marine said that the Navy must have sufficient power to deal with any international friction arising over the construction of the 'new order' in East Asia (see *The Times*, 6th March, 1939).

[2] See the *Survey for 1934*, pp. 643–4; the *Survey for 1935*, vol. i, pp. 317–18; the *Survey for 1936*, p. 896.

The Japanese Budget, which had stood at 2,300,000,000 yen in the financial year 1936–7, rose in 1938–9 to 8,400,000,000 yen, of which approximately 80 per cent. was for military purposes, about one-half of the total being intended for the immediate needs of the war in China. Although it had been possible to double the tax revenue since the year before the outbreak of hostilities, at least two-thirds of state expenditure was being met by borrowing, and by the end of the financial year 1938 the internal debt reached the figure of 15,000,000,000 yen, with the prospect of rising to above 20,000,000,000 at the end of another year of war.[1]

Although the demands of the war on Japan's financial resources were thus becoming formidable by the end of 1938, her capacity to bear the burden was not as yet showing signs of serious flagging. The banks were still able to take up the successive issues of Government bonds without any great difficulty, and there remained a substantial balance of national savings, so that in 1938, besides the absorption of Government bonds to the amount of 4,540,000,000 yen, 1,600,000,000 yen was made available for private investment in industry. The bullion currency reserves, it is true, had to be reduced—the Bank of Japan's fiduciary issue being raised from 1 to 1·7 million yen[2]—and the circulation of currency notes expanded by about 15 per cent., an expansion which might or might not have been justified by the expansion of industrial production. Wholesale prices, moreover, rose by 6 per cent.—as compared with a fall in world prices—and the cost-of-living index rose by double that figure. In these circumstances, the verdict of expert foreign observers at the end of the year was that Japan had undoubtedly started along the road to inflation, but that the movement was well under control and that there was no immediate danger for her of the financial situation getting out of hand. The drastic restriction of the production of goods for internal civilian consumption[3] was making itself felt, but the effect of the rises which had taken place in the prices of ordinary necessities on the well-being of the workers had been offset, in the case of the peasants by a rise in the value of agricultural produce, including raw silk, and in the case of industrial operatives by higher wage rates in the armament industries, so that the masses as a whole showed little sign of feeling the financial pinch of war conditions to any serious extent. Generally speaking, the

[1] At this figure it was computed that the amount of the national debt would be rapidly approaching that of the national income, which was estimated to be about 25,000,000,000 yen in 1938.

[2] It was raised again to 2,300,000,000 yen in March 1939.

[3] See pp. 97–9, above.

economic structure of the country might be said to be displaying considerable reserves of strength in bearing the stresses of war, while (in the words of a foreign observer) 'the greatest and most important of Japan's resources—the dogged nationalism of the Japanese people—had not yet been tapped'.[1] Japan could, in fact, claim so far to be confounding the prophets who in a time of emergency had ascribed to her feet of clay.[2]

As has already been indicated, however, Japan had an Achilles heel in the point of being unduly dependent on the outside world for the raw materials which were essential to the conduct of war. On a broad calculation she had to import in normal times one-half of the raw materials needed by her iron and steel works, and she was almost entirely dependent on foreign countries outside her range of control for her supplies of lead, tin, nickel, raw cotton, rubber and petroleum oil. To appreciate the dangers to Japan from this weak point in her economic structure under conditions of war, it is necessary to take account of developments which had started some years before the beginning of the hostilities in North China.

Before the Manchurian incident, Japan, faced with the problem of maintaining a tolerable standard of life for a rapidly increasing population whose needs (apart from food, in which the country was practically self-supporting)[3] could only be supplied by a large importation of primary products, had responded, and this with signal success, by developing the manufacture of goods for export. By selling abroad the types of industrial products which she was most competent to manufacture cheaply, namely those of the light industries and in particular textiles, she had made it possible for herself to import in exchange a sufficient quantity of industrial raw materials to keep her export industries supplied and at the same time to allow the output of goods for home consumption to expand *pari passu* with the needs of a growing population. Up to 1931 Japanese economic policy had been largely based on the maintenance and development of this system. When the military party then came into power they began at once to modify this policy. Their first consideration being to mobilize the economic forces of the country for purposes of war, they set out to foster the production of armaments and, at the same time, to lessen Japan's dependence on markets outside her range of control for the supply of the raw materials needed for their manufacture.

[1] Mr. Ernest Hauser in *The New York Times* of the 28th August, 1938.

[2] *Japan's Feet of Clay* was the title of a widely read book by Miss Freda Utley which was first published in 1937.

[3] See p. 97, above.

In order to bring about these two objects the heavy industries of Japan had to be artificially expanded[1] and the raw-material resources of regions within her range of control had to be vigorously exploited. It was necessary, with a view to the first, to bring the Japanese industrial system under effective Government control, and, with a view to the second, to set in operation planned schemes of development in the two chief potential fields for producing raw materials within the Japanese zone of influence, namely Manchuria and North China.

In undertaking to extend state control over industry, the militarists found the way partially prepared. Individualism in the industrial sphere had been for some time on the wane in Japan. The threat to the expansion of Japanese exports which came first from the world depression and later—from 1934 onwards—from the erection of artificial barriers against Japanese imports into world markets[2] had led the Japanese export industries to develop the principle of centralized control and to submit themselves to closer governmental direction. Successive military Cabinets in Tokyo accelerated the process by increasingly drastic legislation.[3] Particularly after the outbreak of war in 1937, measures for the regulation of industry and finance succeeded each other rapidly,[4] some with the object of increasing direct governmental control over 'essential' industries (e.g. the production of iron and steel and the refining of petroleum); others designed to favour selected industries, such as shipbuilding and engineering, by means of subsidies and preferential treatment in regard to taxation, a rationing of imported raw materials and a controlled distribution of labour; others again aimed at financial control by such means as governmental regulation of foreign-exchange operations, prices and business profits.

The climax of this movement for bringing the economic system of Japan under governmental control was the introduction early in

[1] That is to say, expanded at a rate faster than was natural for a country which was already in process of progressing from the simpler to the more advanced types of industrial enterprise.

[2] See the *Survey for 1935*, vol. i, p. 318.

[3] Although this was done without any fundamental challenge to the established capitalist régime, many of the new measures tended in the direction of state socialization, which was the secondary aim of the military 'reformers'. An example of this was the law, first introduced in 1936 (see the *Survey for 1936*, p. 895), for placing the distribution of electric power under a Government-controlled public corporation, the purpose being not only to put the Government in control of a vital wartime service but, at the same time and as part of the militarists' social programme, to assist the small industrialists in their competition with the powerful capitalist interests.

[4] See also pp. 97–9, above.

1938 of a National Mobilization Bill, whereby the Government were empowered to assume, as and when they thought fit, an almost unlimited control over the country's material and human resources. The Act was described in its preamble as being for the purpose of controlling and utilizing personal resources and commodities in such a way as to ensure most effectively the use of the entire force of the nation for the purpose of attaining the objects of national defence in time of war. It was divided into sections corresponding to various departments of the economic life of the nation, and it provided that any one of these might be brought into operation by the issue of an Imperial Ordinance without reference to the Diet. The vesting of such autocratic powers in the Government met with considerable opposition, but the Act was finally passed through the Diet in March, and in the course of the rest of the year the Government took advantage of sections dealing with employment, investment, prices, profits and other aspects of the economic organism.[1]

By the end of 1938 the Government, through the power which they had established over the economic organization of the country, had brought about a profound alteration in the trend of industrial production. This reorientation was strikingly apparent in the change which had taken place in the relative positions of the textile industries—which had long supplied the staple of Japan's growing foreign trade—and of the heavy industries comprising the manufacture of metals, machinery and chemicals. In the years 1930–3 these two groups had stood approximately level in the value of their respective outputs. By 1936 the output of the textile industries had increased gradually by a quarter (from 2,914,000,000 yen in 1933 to 3,654,000,000 yen in 1936), while that of the heavy industries had doubled (from 3,054,000,000 to 6,034,000,000 yen). In 1938 the textile output was of practically the same value as in 1936, but the heavy industries' output had gone up by a further 25 per cent. to 8,190,000,000 yen.[2] Compared from the point of view of their respective contributions to the total industrial production of Japan, the share of the textile group had fallen from 36 to 25 per cent. between 1933 and 1938, while that of the heavy industries had risen from 37 to 53 per cent., so that it now accounted for more than one-half of Japan's total

[1] See p. 99, above.

[2] The extent of the expansion of the heavy industries after 1936 could not be directly ascertained, as the Japanese Ministry of Commerce and Industry ceased to publish the figures relating to the armament industries' output. The estimate of the increase between 1936 and 1938 is from Japanese unofficial sources and is based on the rise in the employment index as shown in official statistics.

production of manufactured goods. The reduced output in 1938 of the 'civilian' group of industries was due in large part to the rationing of imported raw materials which has been mentioned.

The extent to which 'civilian' imports were in this way sacrificed to 'military' imports after the beginning of hostilities in China can be illustrated by the following comparison of the value (in millions of yen) of the two categories of imports during the period 1936 to 1938:

| | Wartime materials[1] | Peacetime materials[2] |
|---|---|---|
| in 1936 . . | 695 | 1,284 |
| in 1937 . . | 1,398 | 1,470 |
| in 1938 . . | 1,280 | 678 |

From this it can be seen that while, between 1936 and 1938, 'civilian' imports fell to one-half of their value, 'military' imports doubled their value. Whereas in 1936 the war group of imports contributed one-quarter, and the peace group roughly one-half, of Japan's total imports, in 1938 these positions were almost exactly reversed.

This change-over from the light to the heavy industries, which was still in full progress at the end of 1938, had implications of the first importance for the maintenance of the external trade on which Japan was so extremely dependent. The position was as follows. The heavy industries had to obtain from overseas a large part of their requirements in the way of raw materials. These, in the long run, could only be paid for by Japanese exports. Japan's staple exports, apart from raw silk, tea and a few other products of Nature, consisted of manufactured articles, chiefly textiles and other products of light industry. When these light industries began to be starved of capital, labour and supplies of imported raw materials for the sake of the heavy industries, they could naturally no longer expand their output of goods for sale abroad at low prices, and their export trade consequently suffered, the export of textile tissues alone falling in 1938 by nearly 30 per cent. Thus the Japanese light industries, which in the past had carried the main part of the burden of providing Japanese exports to pay for increasing imports, could no longer shoulder the task. The heavy industries, for their part, had no surplus output to export except for the use of Manchuria; and Manchuria, at her actual stage of development, had to take most of the goods on credit,

[1] Consisting of ores and metals, oils, machinery, automobiles, &c.

[2] Consisting of raw cotton and other vegetable fibres, wool, rubber, wood and pulp. (Authority: *The Far Eastern Survey* for the 24th May, 1939.)

borrowing from Japan the equivalent of the excess of imports which she received from that country.

Thus Japan was steadily strangling her exports to the outside world, that is to say to countries outside her own currency zone (which consisted of herself, her dependencies including Manchuria, and—from the summer of 1938 onwards—North China in so far as the new local currency prevailed).[1] At the same time she remained mainly dependent on that outside world for her imports of raw materials whether for peace purposes or for war. The result was an extreme unbalancing of her trade with the 'non-yen' area: that is to say, with by far the greater part of the world. The extent of the adverse balance of her trade with this area could not be exactly determined, since Japanese trade with China in 1938 was partly on a yen and partly on a 'non-yen' basis, but a proximate calculation showed an excess of Japanese imports from the 'non-yen' area of 925,000,000 yen in 1937 and of 575,000,000 yen in 1938.[2] Although an adverse balance was a regular characteristic of Japan's international trade, these figures were out of all proportion to the normal, the average annual import excess in the trade of Japan and her dependencies with the outside world over a period of fifteen years prior to 1936 having been about 250,000,000 yen, that is to say barely more than one-third of the average for 1937–8. The military conditions which were responsible for this large adverse balance of trade were also impairing Japan's power to redress it by increasing her 'invisible exports', for the chief sources of these were the earnings of Japanese shipping, and, on account of the war, Japanese ships were being diverted to transport duty for the Army in China.

The burden of covering the gap between exports and imports consequently fell on the gold reserves, which in 1937 and 1938 were very heavily depleted. In these two years Japan exported gold valued at 1,685,000,000 yen, and at the end of the period, in spite of the speeding up of gold production in the Japanese Empire, her reserves, not including the unascertainable amount held in a Government 'revolving' fund which had been recently established with an initial capital of 300,000,000 yen to facilitate the financing of

[1] See pp. 527–9, above.

[2] See the *Monthly Circular* for February 1939 of the Mitsubishi Economic Research Bureau, p. 10. It should be added that Manchukuo's trade with the 'non-yen' area was also adverse. The decrease in the 1938 figure reflected the notable, but still far from adequate, improvement effected by the governmental control measures which have been described above, and which included an obligatory extension of the 'link' system between imports and exports, e.g. raw cotton and cotton textiles, tallow and soap, bristles and brushes.

imports, stood at the greatly reduced figure of 501,000,000 yen. The revaluation of the gold stocks in August 1937 rendered dubious a comparison of the yen values of the stocks held before and after that date, but according to unofficial calculations there was a reduction in terms of actual weight of gold from 13,500,000 fine ounces at the end of 1936 to slightly over 4,500,000 two years later. That the foreign-exchange value of the yen was kept at parity in spite of this loss of Japan's gold was due to the control which the Government assumed over exchange operations, their drastic restriction of all 'non-essential' imports, and their application of a part of their dwindling gold stocks for the purpose of exchange stabilization.

The final exhaustion of Japan's stocks of gold might be delayed by increasing the output of her own gold mines, by still further restricting the output of goods for home consumption manufactured from imported raw materials, by selling Japanese holdings of foreign securities, and by extending the use of substitutes;[1] but there was little possibility that these measures could suffice to bridge the wide gap which had grown up between exports and imports in Japan's trade with 'non-yen' countries.[2] Japan was therefore coming, by the end of 1938, to be faced with the prospect of losing the means of obtaining from the outside world those imports of raw materials on which the execution of her military plans depended, and which in the carrying out of her programme she would need in ever-increasing quantities.[3]

In these circumstances she had only one apparent hope of salvation, and that was to exploit the possibilities of the economic *bloc* by bringing about such a development of the natural resources of areas within her own control as would very substantially lessen her dependence on the rest of the world, and to achieve this in the limited time available before her gold stocks were exhausted. This explains the Japanese militarists' vehement insistence on the establishment of a yen *bloc*, that is to say of an area where the local currencies would be linked to the yen and where Japan could at her will enforce a monopoly of the purchase of raw materials. The principal

[1] See the present volume, Part I, p. 98.

[2] In 1938 Japan's total exports to Europe and the United States declined by 26 and 30 per cent. respectively, while those to Africa, which had developed into an important Japanese market, fell by 40 per cent. These declines could, of course, be partly explained by the general recession in world trade; unofficial boycotts of Japanese goods in the United States and elsewhere were also a factor in limiting Japanese sales.

[3] The programme of the Japanese Planning Board, as announced to the Diet on the 8th March, 1939, provided *inter alia* for an expansion of iron and steel production between then and 1941 by 160 to 250 per cent.

constituents of the *bloc* were Formosa and Korea, which were Japanese possessions, Manchuria—including the state of 'Manchukuo' and the Kwantung Leased Territory—and finally as much of China as it might be found possible to bring in. Of raw materials needed for the heavy industries Formosa could supply very little, while Korea's contribution was limited to the export of iron ore in considerable quantities. China was potentially a rich source of minerals and was capable of providing a large part of the raw cotton which Japan must otherwise import from India and the United States. We have already seen, however, that war conditions in North China were making it difficult for the Japanese to exploit these resources,[1] nor had they as yet succeeded in their attempt to establish a Chinese currency linked to the yen,[2] so that their prospects of obtaining substantial economic relief from that quarter remained problematic. It was primarily upon Manchuria, therefore, that Japan had to rest her hopes of breaking the vicious circle in which she was becoming involved, and it will be well to examine the progress which she had made by 1938 in her plans for the economic development of that region.

Ever since their conquest of the Chinese Eastern provinces in 1931–2[3] the Japanese had assigned to Manchuria—together with North China, when the time should be ripe for bringing that region too under Japanese control—the function of becoming a base for Japan's heavy industries, and this was the chief economic value of Manchuria in Japanese eyes. The establishment of internal order and of a stable currency linked to the yen had first to be achieved. Although the former had proved a long and difficult task, so that bandits and partisans were still active even along the railways in 1938, the degree of internal unrest was by then no longer sufficient to interfere seriously with the Japanese plans for the development of the country. The currency problem had been quickly and efficiently taken in hand, and since November 1935 'Manchukuo' had had a managed currency which was held at parity with the yen.[4] The ground was then prepared for the planning of large-scale economic development. A sharp struggle between the military and civilian elements for the direction and control of economic activities ended in the victory of the former, whose policy it was to concentrate all major activities in the hands of their puppet, the Government in Hsinking.[5] State-controlled companies were formed to take over the mining of

[1] See Section iii, above. [2] See p. 528, above.

[3] See the *Survey for 1931*, Part IV, Section iii (*b*), and the *Survey for 1932*, Part V, Section ii.

[4] See the *Survey for 1934*, pp. 682–3, and the *Survey for 1936*, p. 901.

[5] See the *Survey for 1936*, Part VII, Section iv.

minerals, the generation of electric power and the production of petroleum from oilfields and from coal by the process of liquefaction, and in December 1937 these and other large-scale enterprises were put under the general supervision of a parent corporation, the Manchurian Heavy Industries Development Company.

Large-scale long-term planning started with the formulation in 1935 of a 'five-year plan' for industrial and agricultural expansion which called for an aggregate expenditure of 2,800,000,000 yen. In 1938 the programme of the plan was revised, with increased concentration on industrial as compared with agricultural development, in order to cope with the new situation in the Far East, and the scheduled cost was raised to 6,000,000,000 yen, of which Japan was to contribute about one-third. Already by the end of that year Japan had, since 1931, sunk about 2,500,000,000 yen in Manchuria, the amount invested annually having steadily grown till in 1938 it reached 430,000,000 yen—approximately one-quarter of the whole sum raised in Japan in that year for business investment; and the required investment for 1939 was nearly double that figure. In the earlier stages the bulk of these investment funds had gone into railway construction; in the later stages the greater part was assigned to the exploitation of mineral resources and to industrial development, most of the equipment for which was imported from Japan.[1]

Manchuria was thus still an insatiable consumer of capital and of capital goods, and as yet the investment which Japan had sunk in the country was barely beginning to bear fruit. Japan was obtaining from Manchuria comparatively little economic relief. The imports of which the purchase in world markets was straining Japan's finances were, in order of peace-time importance,[2] raw cotton, petroleum, iron and rubber. As regarded the first, the Manchurian cotton crop, although on the increase, was quite insignificant in comparison with Japan's needs. Manchuria's resources of petroleum were confined to shale-oil deposits and to her coal reserves, from which oil could be extracted by the process of liquefaction. The 500,000 metric tons[3] of oil which these two sources were providing by 1938 amounted to about 10 per cent. of Japan's peace-time imports of petroleum, and

[1] In the 1939 programme 48 per cent. was earmarked for the mining and metal industries, 16 per cent. for transport, and 6 per cent. for the manufacture of arms and machinery.

[2] War conditions might have changed the position, but this was impossible to verify owing to the discontinuance of official import statistics for strategic materials.

[3] Approximately the same quantity as Japan derived from the oilfields in Sakhalin.

were little more than sufficient to supply Manchuria's own domestic needs. Although a rise in petroleum production from 500,000 to 5,000,000 tons was part of the revised five-year plan, this could only be brought about by an almost prohibitive expenditure, estimated at nearly 1,000,000,000 yen, in connexion with the liquefaction process. Here again Japan could hardly expect to see an early return of the bread which she had cast on the waters.

In the matter of iron, on the other hand, there was a better prospect of Manchuria coming to Japan's rescue. Japan had to import between 70 and 80 per cent. of her requirements of raw iron on a peace-time basis, and was dependent for this purpose on India, the United States (chiefly for scrap-iron), China and the Japanese-owned iron-ore mines in British Malaya. She had hoped to find a supplementary source of supply in Western Australia, where Japanese interests had contracted to take the output from rich deposits discovered at Yampi Sound. The Australian Federal Government, however, in order to conserve the iron-ore resources of the Commonwealth, had placed restrictions on export which closed the door on Japan.

Japan's annual consumption of iron ore and pig iron before the outbreak of hostilities had been of the order of 5,000,000 and 3,000,000 metric tons respectively. By 1938 the output of these two commodities in Manchuria (whose iron-ore deposits were reckoned to be ten times as great as those of Japan but were generally of a low iron content) had reached approximately 2,750,000 and 750,000 tons, and, if development proceeded according to the programme laid down in the five-year plan, the quantities would rise to 9,000,000 and 5,000,000 tons by 1941. A considerable proportion of the pig-iron output was taken by the Japanese metallurgical industry, but the greater part was used for building up heavy industries in Manchuria itself. The development of these industries close to the sources of raw material was part of the Japanese long-term plan, and very substantial progress had been made in the expansion of two industries which were particularly important from the strategic point of view, namely steel and chemicals. In the case of the former the production of steel materials by the state-owned Showa Works had reached about 500,000 metric tons, a figure which it was planned to raise to 3,500,000 tons by 1942, when it would amount to a third of Japan's estimated needs, and neighbouring factories had been set up to convert the semi-finished material into finished goods. The Manchurian Chemical Industry Company, with a productive capacity of 250,000 metric tons, was in 1938 already supplying large quantities of sulphate of ammonia for the use of agriculture in Japan and Korea.

Electrical generation on a large scale was to be provided by two power installations that were in process of construction, one on the Sungari and one on the Yalu river. The eventual capacity of the two plants was planned to be about 2,000,000 kilowatts, but output of power on any large scale was not anticipated before the year 1941.

There was one more way in which Japan might be able to use Manchuria in order to relieve the pressure on her currency of purchases of war material from abroad, namely by bartering Manchuria's exportable surplus of agricultural produce. For export the all-important commodity was Manchuria's staple crop, the soya bean. Germany was a great consumer of soya bean, and this fact had made possible an advantageous triangular trade between Germany, Manchukuo and Japan, which enabled Japan to obtain considerable quantities of German material without inroads upon her foreign exchange.[1] A large expansion of Manchuria's bean exports offered, therefore—provided always that the demand in Germany and other 'non-yen' markets was adequately maintained—an additional means of protecting the yen from losing its international purchasing value. The prospect of this was not, however, very promising in 1938. The agrarian policy which Japan had pursued in Manchuria since her occupation of the country in 1931 had been largely influenced by the hope of making Manchuria a home for Japanese immigrants, and with this object in view the inflow of Chinese peasants had been very heavily restricted. The Japanese immigration plans, for their part, were based upon schemes of large-scale mechanized farming which it would take many years to bring into operation. For this reason, and because of unsettled conditions in many rural areas and of the preference given to communications and industry in the Government's development plans, the agricultural capacity of Manchuria was not increasing fast. In 1937 the total area under cultivation, according to the official statistics, was less than in 1931, and the output of the principal crops, and of soya beans in particular, was substantially lower. Exports of soya beans, which had amounted to 2,834,000,000 tons (valued at 739,000,000 yuan) in 1931, came to no more than 1,974,000,000 tons (valued at 645,000,000 yuan) in 1937. Although 1938 saw an appreciable rise in production and export, the figures were still below the 1931 level, and there was no good ground for expecting an early expansion on a scale which could materially affect Japan's financial situation.

This analysis of Manchuria's industrial development has been

[1] Furthermore, Japan was able to obtain favourable credit terms from Germany for her imports from that country.

needed in order to show the extent to which Japan could rely on her vassal to mitigate the dangers which a militant policy was bringing upon her financial system. Had she been able to synchronize the exploitation of the natural resources of Manchuria (and of the yen *bloc* as a whole) with the expansion of her war industries at home, the chances of a successful outcome of her plans would have been great. But the impatience of her military rulers, which had precipitated hostilities with China in 1937, upset the time-table, and the war demands on industry now far outran the possibility of an equivalent increase in self-sufficiency in raw materials. It was becoming a race in time between the two, and the question arose whether Japan's development plans in Manchuria and North China could be realized rapidly enough to avert the threat to the yen which ensued from the unbalancing of her international trade.

In Japan itself, confidence was still at a high level. Mr. Aoki, the Chairman of the Government's Planning Board, informed the Budget Committee in March 1939 that within three years from that time self-sufficiency within the *bloc* was expected to be attained in a large number of Japan's essential requirements, including iron, steel, coal, light metals, zinc, fertilizers and pulp. This forecast postulated, however, a degree of success in extending Japanese control in North China which it might seem hardly warrantable to count upon in the light of those developments in 1938 which have been described in the preceding section, and it further postulated the ability of Japan to meet the enormous financial demands of the Manchurian five-year programme. If she could succeed in these two directions, overcome the active and passive resistance of the Chinese in North China and greatly increase the tempo of industrial development in Manchuria, then her economic difficulties might be surmounted. If not, she appeared, in the light of conditions at the end of the year under review, unlikely to be able to avoid a radical modification of policy such as might well involve the relinquishment of her plans for a 'New Order in Eastern Asia'.

## (v) The Western Powers and the Far Eastern Situation in 1938

### (*a*) Introductory

Whatever miscalculations Japan's militarists may have made when they committed their country to war in 1937—and in their estimation of Chinese power of resistance they went very wide of the mark—there was one important point on which their reckoning proved correct, and that was in their assumption that European

tension and American isolationism would save Japan from active interference by the West. It has been shown in the preceding volume that in the year 1937 the Western democratic Powers, in their collective capacity, burked the issue of Japan's breach of the principles enshrined in the League Covenant and the various peace pacts;[1] by the end of the following year there had still been no serious attempt from outside to put a check to Japanese aggression, and such action as the Western Powers took in response to the Far Eastern situation consisted mainly of measures taken by the 'democratic' countries in defence of their own interests on the spot.

The position of the Western Powers in regard to the Far Eastern situation had its converse in the position of the Far Eastern Powers in regard to European developments. With the increasing cleavage between the 'Fascist' group and the 'democratic' group of nations Japan became progressively more involved in the nexus of world politics. The process had begun when the Western Powers were drifting into opposing camps consisting, on the one side, of 'satisfied' Powers who were opposed to forcible methods of change and, on the other, of 'hungry' and 'expansionist' Powers who were determined to alter the *status quo* to their own advantage. In that alignment Japan became identified with the expansionist group. The methods of government pursued by the Japanese militarists when they had settled themselves in the saddle helped to identify Japan with the 'dictator' Powers, and a common profession of hatred of Communism made possible the forging of an ideological link in November 1936 in the form of the Anti-Comintern Pact.[2]

[1] See the *Survey for 1937*, vol. i, pp. 257–9, 278–93.

[2] See the *Survey for 1936*, pp. 384 *seqq.*, 877–8, 896–7, 925 *seqq.*, 932–3, and the *Survey for 1937*, vol. i, pp. 43–4, 46, 301 *seqq.*, 336, 345. An official Japanese interpretation of the effect of the Anti-Comintern Pact upon Japan's relations with the Western Powers was given in an answer by the Foreign Minister to a question in the Japanese Diet on the 8th March, 1939. The substance of Mr. Arita's reply (as circulated by the *Domei* Agency) was as follows:

> Mr. Arita said that the Anti-Comintern Pact formed the axis of Japan's foreign policy in coping with the activities of the Comintern. In a significant passage he added that the Anti-Comintern Agreement alone was not sufficient for the construction of the 'New Order' in East Asia and the establishment of Japan's position in the world. Those purposes required the understanding of Great Britain, America, and France, and it was a complete mistake to regard the Anti-Comintern Agreement as a combination against the democratic states. 'Japan', he said, 'is banded with Germany and Italy against the Comintern, but that is all; there is nothing beyond.'

Commenting upon this statement the Tokyo correspondent of *The Times* remarked:

> The point of this statement is the implicit declaration that Japan cannot

China, at the end of 1938, occupied a less well-defined position than Japan in the political alignment of the world, but in view of the movement which was gathering impetus towards the creation of an 'anti-aggression' front she too tended to become more closely involved in European affairs.

Of these two facets of the international relationship between the East and the West the latter, that is to say the place of the Far Eastern nations in European political developments, is not considered in this volume in any detail. The present chapter deals primarily with the attitudes and actions of the Western nations in relation to the affairs of the Far East during the year under review.

## (*b*) The Relations between the Western Democracies and China and Japan

So long as the war in China continued relations between the two combatant nations and the Western democracies were bound to be governed primarily by the nature of the latter's reaction to the Sino-Japanese conflict and to the conditions which that conflict created in China. These reactions were of two sorts, action by the Western Powers in the cause of China, and action on their own behalf, and they may conveniently be examined under these two headings.

### (1) *Action taken by the Western Powers in the Interests of China*

Since the adoption by the League Council and Assembly and by the representatives of the Powers attending the Brussels Conference in 1937 of the various resolutions providing for aid for China,[1] all measures directed to this end were taken, nominally at least, within the framework of 'collective security', and we may begin with the record of such joint action as was taken by the Powers at Geneva during the course of the year. The recurrent crises in Europe and the development of isolationist tendencies in the United States after the failure of the Brussels Conference had put out of the question anything in the nature of positive measures to restrain aggression in the Far East. The obligations assumed by the League Powers in virtue of the Assembly Resolution of the 6th October, 1937,[2] were,

sacrifice her relations with Great Britain, the United States, and France to the interests of her ideological allies. The Anti-Comintern Agreement serves certain aspects of her policy, but other aspects require the goodwill, or at least the acquiescence, of the democracies. Japan, therefore, cannot irrevocably enter the anti-democratic camp.

[1] See the *Survey for 1937*, vol. i, Part III, section (iv) (*c*).

[2] See *op. cit.*, p. 284.

it will be recalled, to refrain from any action which might weaken Chinese resistance and to consider how far they could individually aid China. The report issued at the Brussels Conference had also enjoined upon the nations which took part in the Conference to consider their common attitude in a situation in which one party to a treaty maintained, against the views of all the others, that its actions did not come within the scope of the said treaty. The League meanwhile remained seized of the original appeal of the Chinese Government under Articles 10, 11 and 17 of the Covenant. The Governments of the principal Powers concerned had, however, clearly shown a desire to avoid forcing the issue of the application of the provisions of the Covenant, seeing that in the circumstances which prevailed this was unlikely to have any other result than to demonstrate more pointedly than ever the essential helplessness of the League. When, therefore, at the session of the Council which was held on the 26th January–2nd February, 1938, the British and French representatives, in conjunction with their Russian and Chinese colleagues, were called upon to produce a draft resolution, it was no matter for surprise that the formula which they devised, and which was adopted in the form of a resolution on the 2nd February,[1] did no more than recall to mind the previous resolutions and express the hope that the Powers principally interested would lose no opportunity of consulting on the feasibility of further steps. At its next meeting in May the League Council, in spite of a denunciation by Dr. Koo of the apathy and indifference which members had shown towards their previous commitments, contented itself by adopting an equally anodyne resolution urging members of the League 'to do their utmost' to give effect to the previous resolutions and 'to take into serious and sympathetic consideration' any requests from the Chinese Government in conformity with those resolutions. As the Chinese representative at the meeting had alleged that the Japanese had despatched several chemical units to China and were on the point of using poison gas, the Council added a formal reminder that this form of warfare was condemned by international law, and a request that any fresh information concerning its use in the war in China should be reported to the League.

These reiterations of the obligations resting on the states members of the League did not produce any effect in the form of co-operative action, and when the League Council met again in September, the Chinese Government, having apparently exhausted their patience,

[1] The Polish and Peruvian delegates objected to this procedure and refrained from voting.

made a formal request for the immediate application of Article 17 of the Covenant[1] which related to disputes between members and non-members of the League. On the 19th the Council, acting on this request, despatched a telegram to the Japanese Government inviting them to be represented in accordance with the provisions of paragraph 1 of the article of the Covenant which China had invoked. The Japanese Government replied three days later with a brief refusal, thereby rendering their country automatically liable to the sanctions contemplated in Article 16. The situation which was thus created was precisely that which the British and French Governments had hoped and tried to avoid in view of the facts that a number of states, including Great Britain herself, had already indicated their intention of regarding Article 16 as optional, and that it was certain that the Powers which might possess the means of taking effective coercive action would be found unready to implement the article even though they might be still technically bound to do so. The upshot was the adoption on the 30th September of a third Council resolution on the following lines. Having established that the conditions for the application of Articles 16 and 17 had been fulfilled, since the Assembly of the League had already found Japan's military operations in China to be illicit, the resolution declared the members of the League entitled to adopt individually the measures provided for in Article 16, but it proceeded to state that 'as regards co-ordinated action in carrying out such measures, it is evident, from the experience of the past, that all the elements of co-operation which are necessary are not yet assured', and concluded with the now somewhat time-worn exhortation to League members to extend sympathy and aid to China. The Japanese Government responded to this resolution on the 3rd October by a warning that the application of Article 16 meant the recognition of a state of war between Japan and China, and by a reminder of the effect of this upon member states when the latter demanded respect for their interests in China. They further intimated that if any country did resort to sanctions against Japan they were prepared to adopt counter-measures. They also took the occasion to announce their intention of ceasing to collaborate with the League's social and technical organs, which, they asserted, had been 'slandering at every turn Japan's activities in China'. Their formal notice of this withdrawal was given on the 2nd November.

While in their collective capacity the Western democracies in 1938 did even less than in 1937 to make their influence felt in the Far

[1] See the *Survey for 1937*, vol. i, p. 279, footnote.

Eastern situation, individually the principal Powers showed themselves not oblivious of the charge which had been laid upon them by the League Council to refrain from taking 'any action which might have the effect of weakening China's power of resistance' and to consider how far they could 'individually extend aid to China'. The steps which they took for this purpose can be divided into two categories: firstly those which were designed to diminish outside assistance to Japan in the prosecution of the war, and secondly those which took the form of more direct succour to China. The most prominent, if not the sole, example of the former type of action was supplied by the United States, which had been one of the chief purveyors of war material to Japan up to that time. In the spring of 1938 American public opinion had been deeply stirred by the Japanese air-raids on Canton and appeals were made to the Administration in Washington to restrict the sale to Japan of American material which could be used for actions of this sort. In June the State Department announced that American aeroplane manufacturers were being informally discouraged from selling bombing planes to Japan, and at the same time an indication was given that the extension by American citizens of credits to Japanese industrial interests would be viewed with disfavour by the American Government, the Department of Commerce issuing a recommendation to American merchants to place any contracts for the sale of goods to Japan on a cash basis. This was followed by a more definite 'moral' ban on the part of the American Government upon the sale of American aircraft and aeronautical equipment. On the 1st July Mr. Cordell Hull sent a circular letter to all American aircraft manufacturers informing them that the Government were 'strongly opposed' to the sale of aircraft and equipment to nations engaged in practising aerial bombardment on civilian populations and that they would only 'with great regret' issue licences for the export of aircraft, aeroplane parts and bombs to countries guilty of these practices. The manufacturers respected the appeal, and the National Munitions Control Board, in a report issued in January 1939, were able to announce that the firms had, 'with one outstanding exception', conformed to the Secretary of State's wishes.

No direct reference to Japan had appeared in Mr. Cordell Hull's circular letter, but the coincidence in time between its issue and American official representations against the bombings of Canton left little doubt that Japan was the country at which the restriction was particularly aimed, especially since in the case of the other

possible target, namely the combatant parties in Spain, an embargo on the export of American aircraft was already in force under an amendment to the Neutrality Act which became law on the 8th January, 1937.[1]

There was a considerable demand in the United States, especially on the part of religious bodies, that the Government should go farther and put a stop to the export to Japan of such essential commodities for the prosecution of her war in China as raw cotton, petrol and scrap-iron. The Government were not, however, prepared to go to these lengths, and the United States continued to be Japan's principal source of supply of these three classes of goods.

While some slight check was thus imposed on Japan's freedom to acquire war materials from abroad, a certain amount of the assistance pledged to China by the Powers which had subscribed to the Geneva and Brussels resolutions was taking the form of facilities for obtaining military supplies. The progressive Japanese occupation of China's sea-board enhanced the importance, in this respect, of channels of supply entering China from contiguous territories in the possession of foreign Powers. After the fall of Canton in October 1938 Hongkong could no longer serve as the chief channel for imports, and China had thenceforth to rely mainly on the overland routes, consisting of the railways from Indo-China and the roads from Burma and Russia.[2] The vacillations of the French Government in regard to the facilitation of arms traffic over the French-owned railway from Haiphong to Kunming (Yunnanfu), which were described in the preceding volume of the *Survey*, persisted throughout 1938. In July—after, if not on account of, Japanese threats to occupy the island of Hainan[3]—the Government of France renewed the assurances previously given to Japan that traffic in war material over the railway was being subjected to strict control, which apparently implied that only consignments bought by China under contracts entered into before hostilities began were allowed to pass. Nevertheless the Japanese Government were again protesting in Paris about the transport of munitions in October and complaining that the situation on the railway did not correspond to the French Government's repeated undertakings, and that the traffic in arms had notably increased since the fall of Canton. To this was added the threat that if there was no improvement in this respect the Japanese Government would use whatever means they thought necessary in their own defence. There were subsequent

[1] See the *Survey for 1937*, vol. ii, p. 216; and the present volume, p. 588.
[2] See the *Survey for 1937*, vol. i, pp. 230–1, 233–4, 239.
[3] These threats were actually put into effect in February of the following year.

reports from unofficial observers in Indo-China indicating that the French authorities had yielded to Japanese pressure; this was denied in Paris,[1] but it was public knowledge at the end of the year that, as the result either of official interference with consignments of munitions, or perhaps merely of the abnormal strain placed upon the capacity of the railway, traffic on the Haiphong–Kunming railway was in a state of the greatest confusion, so that China was getting very limited benefits from this source of supply.

The south-western overland route—the new road from the Burmese frontier to Kunming—was not sufficiently near completion in 1938 for it to be used for the transport of war material on any considerable scale. Its future value for this purpose was sufficiently certain, however, to be an object of concern to Japan, and Great Britain's participation in the creation of the new route played a considerable part in the anti-British campaign which was gathering force in Japan. In this case Japanese representations apparently failed to have any effect, for no special restrictions were imposed on the transit of munitions from Rangoon to the railhead at Lashio and thence over the recently built road to the frontier of China. In Burma itself there was some popular agitation—attributable, according to some observers, partly to Japanese instigation—against the opening up of better communications between Burma and China. The objection was based on the harm which Burma might suffer if an influx of Chinese added to the problems already created by the large resident Indian community. The Government of Burma proclaimed their general attitude towards this question as well as towards the question of arms for China in a statement issued on the 3rd December, 1938, in which they declared that they were 'unaware of any obligation to interfere with this particular class of trade [i.e. the trade in munitions] and indeed' regarded 'it as incidental. Their interest' did not lie in this traffic, but in 'the development of the general trade between Burma and Yunnan'. They added that they were fully conscious of the necessity of safeguarding Burma from the danger of an excessive immigration of Chinese and that their first consideration would be to protect Burma's own interests.

As regards the transport of war material over the desert routes connecting China and Russia, there were few reliable reports regarding its character and extent, and such general information as was obtainable is incorporated in the later section of this chapter which deals with the U.S.S.R.'s relations with Japan.[2]

[1] See *The New York Times*, 22nd to 25th December, 1938.

[2] See pp. 568–73, below.

More important than the supply of munitions of war, and probably the greatest contribution which was made by the Powers friendly to China towards her means of maintaining resistance to Japan, was the financial support which was given by the United States and Great Britain and their assistance to China in the currency war, on which Japan largely depended for bringing China 'to her knees'. The attitude of the foreign Governments and of the foreign banks in China towards Japanese attempts to force a new currency on North China is dealt with in other sections of this *Survey*,[1] and we need only consider here their action in providing China with financial support.

The silver purchasing agreement which had been concluded between the United States and China in July 1937[2] enabled China to dispose of her silver stocks to the American Treasury at a materially higher price than she could have obtained in the open markets of the world. The agreement was due to expire in July 1938, but the United States Government agreed to its renewal. At the same time they were allowing the Chinese Government, for the purpose of purchases in the United States, to borrow United States currency from the American Treasury against the security of future shipments of silver from China and her gold holdings in the United States. In order, furthermore, to facilitate trade between the two countries the United States Export-Import Bank, an organ of the Government, in the middle of December placed a credit of 25,000,000 United States dollars at China's disposal, a large portion of this credit being applied to the purchase of motor lorries and petrol for use on the new Burma road. Although the loan was not large it had an undoubted moral effect in bringing encouragement to the Chinese at a time when their fortunes were at a low ebb and when a peace movement was raising its head at Chungking.

These proofs of American goodwill were immediately followed by a change in the attitude of the British Government towards the question of British loans to China. Up to this time they had resisted the urgings of representatives of business organizations and of individual members of Parliament to give their approval of financial assistance to China, and had refused to ask Parliament to sanction the grant of a Government loan or of Government guarantees for private loans. In the latter part of December, however, faithful to their declared policy of moving step by step with the United States in regard to the Far Eastern situation, they adopted a new course,

[1] See pp. 564 *seqq.*, below.
[2] See the *Survey for 1937*, vol. i, p. 140.

and on the 19th December the Prime Minister announced the Cabinet's decision to use the increased sums of public money which would become available for guaranteeing British exports under the Export Guarantees Bill then before Parliament to facilitate increased trade with China. The Bill was duly enacted and, although the amount of the funds consequently ear-marked for China was not made public, it was understood that an initial sum of about £150,000 was allotted to cover the purchase of motor lorries by China.

It was not until the spring of the following year that Great Britain gave substantial financial help to China, but mention will be made of this here in order to complete the record. In March 1939 the British Government co-operated with the Chinese Government in establishing a stabilization fund for the benefit of the Chinese currency. According to a statement by the Chancellor of the Exchequer in the House of Commons at Westminster on the 8th March the fund about to be created would amount to £10,000,000, of which one half would be raised by the two Chinese state banks and the other half by two British banks,[1] on the condition that Parliament sanctioned a Government guarantee in their favour. A Bill for this purpose was duly passed on the 24th of the month and the fund came into operation. The Government's action, as their spokesman in Parliament pointed out, was not to be regarded as being aimed against Japan, but as a measure of support to British trade with China, for which the preservation of a stable currency was a necessary condition.

The division which has been made earlier in this chapter between those types of action by the Western democratic Powers which were taken on China's behalf, and those taken in defence of the Powers' own interests on the spot was, of course, not clear cut. There were numerous border-line cases, such for instance as the support given by the United States and British Governments to the Chinese national currency, which had the double purpose of rendering help to China and of improving conditions of trade with that country. Similarly, in regard to acts on the part of Japan which infringed foreign rights and interests, no definite line could be drawn between direct and deliberate attacks and injury which was incidental to Japanese action against China or to Japan's own schemes of economic expansion. The distinction was, however, sufficiently valid to be adopted as a matter of convenience, and having now dealt with the first, that is the 'pro-Chinese' aspect of the Western Democracies' reactions to Japan's attempts to create a 'new order in East Asia',

[1] The Hongkong and Shanghai Banking Corporation and the Chartered Bank of India, China, and Australia.

we shall pass on to the second aspect, namely their defence of their local interests.

(2) *Action taken by the Western Powers on behalf of their own Interests*

In the first year of the war in China the most critical issues in the relations between Japan and Great Britain and the United States had arisen from a series of incidents involving national honour and consisting of attacks on officials and on vessels of war in Chinese waters.[1] The incidents of this sort which occurred in 1938 were of a minor nature. In January the Japanese Government had to apologize to the Government of the United States for an assault on two American citizens, one of whom, a Secretary of the Embassy, was slapped on the face by the aggressor. On the 24th October at Changsha the British gunboat *Sandpiper* was bombed by Japanese aircraft; there were no casualties and a formal British diplomatic protest in Tokyo was met with an expression of regret and a promise of pecuniary compensation. Japanese attacks upon civilian aircraft in China gave rise to a somewhat similar American protest when in August strong representations were made concerning the shooting down of an air liner belonging to a joint Sino-American company, which resulted in the death of a number of Chinese passengers.

The more important points of conflict between Japan and the Western Powers in the year under review arose out of Japan's efforts to stifle foreign trade in China and to assert her power in the foreign settlements and concessions. The means by which foreign commercial activity was obstructed included the prolonged occupation of business premises which the owners had had to evacuate during earlier fighting on the spot; restrictions on travel, residence and the movement of goods; the closing to foreign merchant shipping of the two principal waterways, the Yangtse and the Pearl River; the denial of harbour facilities at ports under Japanese control; and, finally, the institution of various forms of export control and trading monopolies and the attempted imposition of a Japanese-controlled currency.

The most serious of these measures was the closing of the Yangtse, which gave rise to a major diplomatic dispute between Japan and three of the Powers principally concerned, namely Great Britain, the United States and France. In separate notes addressed to the Japanese Government on the 7th November, 1938, the Governments of these three countries demanded the reopening of the Yangtse to

[1] See the *Survey for 1937*, vol. i, Part III, section (v) (*a*).

free navigation as far as Hankow, maintaining that the continued exclusion of the shipping of third parties was a violation of the 'open door', since Japanese vessels were using the river for trade purposes. The Japanese Government replied on the 14th November that although they had no intention of deliberately crippling foreign trade, they were not yet able to reopen the river to free navigation, since this would hamper their military operations and endanger the foreign ships themselves because of the existence of numerous Chinese floating mines. They denied that Japanese vessels were employed in the Yangtse for purposes other than military transport. Despite these assurances evidence continued to accumulate that the Japanese were conducting an active mercantile traffic along the river, and on the 24th November the British Ambassador in Tokyo informed Mr. Arita that the British Government could not accept the Japanese arguments as valid. It was left to the Admiral commanding the Japanese China Seas fleet to give open expression to the evident fact that the closure of the river was being used as a political lever. In a memorandum addressed on the 29th November to the officers commanding the foreign naval forces in Shanghai and to the foreign Consuls-General, the Admiral blamed third Powers for having failed originally to prevent the closing by the Chinese of the river (which, he observed, the Japanese had reopened at great sacrifices by means of military operations still in progress); denied again that any of the Japanese vessels on the river were engaged in ordinary commerce; and concluded with an intimation that the river would remain closed so long as the Chinese continued to offer resistance. The Japanese Government, whether or not they approved of this blunt statement, did nothing to contradict it; and when early in the following year questions were asked in the Diet, the Minister of Marine pointed out that, although foreign Powers had navigational rights on the Yangtse, it was not an international waterway, and added that it remained the centre of Japanese operations against Chiang Kai-shek, and that for military reasons nothing definite could be said about the possibility of reopening it to international traffic.

After the occupation of Canton by the Japanese, the Pearl River was also closed to neutral shipping on the ground of danger from mines, though here again it was reported that Japanese merchant vessels were making constant voyages and carrying merchandise to the river ports. The embargo was a little less rigid than that on the Yangtse, but no general resumption of traffic had been allowed by the end of the year. In the case of the Pearl River the Japanese plea of military necessity was certainly more tenable, inasmuch as

the neighbourhood of Canton continued to be the scene of military operations; in view, however, of the revealing remarks made by her military spokesman, there could be little doubt that Japan's refusal to allow the resumption of navigation on two of China's most important trade routes was mainly inspired by the desire to bring pressure on foreign Powers to abandon all forms of assistance to China, and at the same time to give Japanese shipping the opportunity of establishing itself in the river trade.

The port of Tsingtao afforded the outstanding instance of similar Japanese action affecting the use of China's harbours. The wrecking activities of the retreating Chinese at the end of 1937 had included wholesale destruction of the port facilities and an attempt to bar the harbour.[1] By May 1938 the Japanese had succeeded in clearing the entrance sufficiently to allow the passage of ocean-going vessels. Thereafter the harbour was freely used by Japanese steamers, including ships loaded with mercantile, as distinct from military, cargoes. Non-Japanese ships were, however, excluded by the Japanese naval authorities, again on the ground of military necessity, and were obliged to use the open roadstead, where they were moreover victimized by a lighterage organization formed by the Japanese which exercised a monopoly and charged excessively high rates. The consequent expense and delay placed the vessels of other countries as compared with those of Japan at a hopeless disadvantage, and no alleviation could be obtained by the frequent diplomatic and consular representations which were made in the course of the year.

At Tsingtao, also, the Japanese, being in complete control, were able to enforce the prohibition, which was ineffective at Tientsin, upon the financing of Chinese exports in Chinese national currency, and to compel exporters to do their business through the Yokohama Specie Bank and to convert their foreign exchange into Federal Reserve Bank currency or into yen. In regard to certain important articles of export, such as leather, hides and furs, sales were prohibited except to the Japanese military authorities, who bought at prices which were arbitrarily fixed.

Japanese encroachments on the maritime rights and interests in China of other foreign Powers were not confined to this discriminatory treatment of ships and business organizations, but extended also to public international bodies, which, by virtue of agreements with the Chinese Government, existed for the purpose of preserving and improving the approaches to certain Treaty Ports. The most important of these was the Whangpoo Conservancy Board—a

[1] See the *Survey for 1937*, vol. i, p. 202.

Chinese Government organ with an international personnel which was financed by means of a special contribution levied by the Chinese Maritime Customs upon the trade of Shanghai—and which was responsible for maintaining the condition of the port. In November 1937 the Japanese naval and military authorities had confiscated the dredgers and other equipment belonging to the Board and thus put a stop to the conservancy work, with the result that considerable accretions of silt occurred at the river-side wharves, while the valuable equipment was allowed to fall into disrepair. Requests for the release of the Board's property were made in Tokyo by the British Government, and the Japanese Government, in their reply, made it a condition of the release of material and the resumption of work by the Board that the work should be carried on under Japanese naval and military control, and that the more important members of the Board's staff should be nominated by the Japanese authorities. These terms were considered inacceptable and the situation in regard to the Conservancy Board remained unrelieved at the end of the year.

Sufficient instances have now been given of Japan's methods of 'regulating' the 'economic activities of the countries which lie outside the limits of East Asia' in the process of creating an East Asian economic *bloc*.[1] It remains to deal with the more political and perhaps more fundamental aspect of Japan's challenge to the status of the Western nations in China, which took the form of attacks upon their administrative powers in the Treaty Ports.

It was an open question in 1938 whether the Western Treaty Powers, and Great Britain in particular, had reason to be thankful, or otherwise, that the movement for the liquidation of extraterritorial privileges in China, including administrative rights in the foreign settlements and concessions, had been indefinitely suspended in 1931 by Japan's act of aggression in Manchuria.[2] Quite apart from the formidable, if relatively remote, prospect of having to make a post-war adjustment of the extraterritoriality question with the victor, whichever it might be, in the Sino-Japanese struggle—an adjustment which could not fail to be far more difficult and painful even than would have been the case in 1931—there was the immediate question whether, for the nationals of the Powers concerned, their entrenched position in the foreign-controlled areas was not a menace rather than a protection, since it exposed them to the active resentment of the Japanese. This resentment had inevitably gained strength when the war receded from the coast and when the

[1] See above, p. 499.
[2] See the *Survey for 1934*, Part IV, section (iii) (*a*).

foreign-administered areas (which at the beginning had on the whole been a convenience to the Japanese) began to become a hindrance to them in carrying out their plans for the civil domination of the area which the Army had occupied. The farther the Japanese advanced towards the establishment of political control over the surrounding country, the greater, naturally, was their exasperation at being unable to do as they wished at the most important centres such as Shanghai and Tientsin.

In an international area where the Japanese were already participators in the municipal government, they had two possible methods of changing the situation in their favour. One method was so to increase their share in the administration as to gain virtual control, at all events in those departments, such as the police, where they particularly desired it; the other method—and this was the only one which could be applied in the case of Concessions held by individual Powers—was, by the use of intimidation, to force the local governing bodies to dance to the Japanese tune. At Shanghai both the 'constitutional' method and the method of threat were tried, the latter being specially favoured by the less responsible members of Japan's fighting services on the spot.

On the 4th January, 1938, the Japanese naval, military and consular authorities at Shanghai addressed a number of demands to the Municipal Council of the Settlement which were based on the allegation that the Council had shown a lack of efficiency in dealing with the anti-Japanese terrorists within its area. These demands included the appointment of a Japanese Secretary to the Council, the reorganization of the municipal police force in such a way as to place the foreign and Japanese branches on the same footing, and a material increase in the Japanese personnel of the force. There was furthermore a request that Japanese subjects should be appointed to controlling positions in all departments of the municipal administration. The Municipal Council handed the issue over to the Consular Body, by whom it was referred to the Governments of the Treaty Powers. The result of the discussions which ensued between the principal Governments concerned was made known by the British Under-Secretary for Foreign Affairs, who informed the House of Lords on the 15th February that the Governments of the United Kingdom, France and the United States, having been in close consultation, 'had all agreed that they should support the Council in opposing any attempt on the part of the Japanese to interfere with its functions and any attempt that might be made to alter the character of that administration'. Nevertheless, he went on to say, there

appeared to be force in some of the Japanese contentions, and he thought that there was a large measure of agreement that Japanese representation in the Shanghai administration was hardly commensurate with the numbers of the Japanese community and the magnitude of Japan's interests. Thus assured of diplomatic support against the more far-reaching of the Japanese demands, the Shanghai Municipal Council replied to the Japanese authorities on the 18th March, refusing in polite terms their demands for the appointment of more Japanese to positions in the Secretariat,[1] and denying the charges of inefficiency, but at the same time proposing a scheme for increasing the number of Japanese personnel in the police force and improving the status of the force, which went a long way towards meeting the Japanese demands in this direction.

The Japanese Consul-General at Shanghai replied on the 6th April, expressing regret that all the Japanese requests had not been accepted, together with the hope that at some future date, when the existing tense situation had passed and the financial stringency had been relieved, the Council would reconsider its decisions; in the meantime, he added, the Japanese Government were anxious to see the changes which the Council had suggested brought into effect as soon as possible.

Here the question of Japan's admission to a larger share in the government of the International Settlement rested until after the end of the year 1938. The Municipal Council meanwhile went to considerable lengths in meeting the Japanese demand that they should prevent the Settlement from being used as a base for anti-Japanese conspiracy and should suppress all terrorist activities against the pro-Japanese régime. On the 1st January, 1938, the Council had announced that persons who committed offences against any of the armed forces in the Settlement would be liable to be handed over to the force concerned. Despite protests from the Chinese Government to the neutral Treaty Powers, the Council on the 19th July reissued this proclamation with an additional warning that all terrorists and persons in unlawful possession of arms would be expelled from the Settlement—an action which would, of course, place them at the mercy of the Japanese. On the 13th August, the anniversary of the outbreak of hostilities in Shanghai, when it was feared that there might be an outburst of anti-Japanese agitation, the

[1] The Council agreed, however, that the existing Japanese Deputy-Secretary should attend all important conferences at which matters affecting the Japanese community were on the agenda and should be kept informed in regard to all aspects of the municipal administration.

police, volunteer corps and defence forces turned out in full strength, side-streets were closed off by barbed wire and a careful search for arms was instituted. Despite these precautions disturbances took place, but some if not most of these were fomented by armed Japanese belonging to the 'Special Service Section' of the Japanese Army, who entered the British and American defence sections and began to force the Chinese to pull down Kuomintang flags, until they were stopped by members of the neutral forces. Protests concerning these *agents provocateurs* were made by the Municipal Council and the commanders of the British and American defence forces, and the Japanese authorities were constrained to apologize. The municipal police were able to show also that a good many of the assassinations and terrorist outrages which took place in the Settlement had been carried out by the *Huang Tao Hui*, or Yellow Way Society, an organization whose headquarters were in an hotel named 'The New Asia', which was the habitual rendezvous of members of the pro-Japanese municipal administration for the former Chinese administered area. Although as the year advanced the tension between the Municipal Council and Japanese military and naval authorities relaxed, there were no signs of any Japanese willingness to renounce exclusive control over the Settlement area north of the Soochow Creek, where most of the restrictions upon residence, travel and commerce which had been imposed after the fighting in the autumn of the preceding year[1] continued in force.

A feature of Japanese behaviour towards the legitimate Government of China which had a close concern for the Treaty Powers was the interference with Chinese administrative organs at Shanghai. The most important of these was the Maritime Customs. The actual situation between November 1937 and May 1938 in regard to the Maritime Customs was that the local Japanese naval and military authorities, while periodically threatening drastic action unless their demands were met, refrained from seizing control of the Customs administration and were willing to continue to hold their hand so long as the Customs staff, yielding to *force majeure*, acted in conformity with their interests, and so long as no revenue from the Maritime Customs came into the possession of the Chinese Government. In order to avoid trouble Japanese members of the Maritime Customs administration were placed on duty in the International Settlement, although in the French Concession the normal staff continued to carry on its work. But the Customs control in the Settlement did not extend to Japanese ships or Japanese-owned wharves,

[1] See the *Survey for 1937*, vol. i, pp. 317–19.

and this put Japanese importers in an advantageous position at the expense of their Western competitors, and led to a state of affairs at Shanghai reminiscent of the situation in regard to the Japanese 'special trade' in North China during the years 1935–7.[1]

Such Customs duties as were collected at Shanghai continued to be paid into the Hongkong and Shanghai Bank. This was different from the state of affairs at Tientsin, where the local Commissioner of Customs had agreed, under threat of the seizure of the Customs by the Japanese military, that all Customs revenues should be deposited in the Yokohama Specie Bank, and where this had in fact been done since November 1937. At Shanghai a similar Japanese demand had been made, but had been rejected by the Inspector-General and the Commissioner for the port.

It will be recalled that at the end of 1937 consultations had taken place between Great Britain, the United States and France which had resulted in a reminder to the Japanese Government that the three Governments expected to be fully consulted in regard to any arrangements to be reached for the carrying on of the Customs service.[2] On the 3rd May, 1938, a *communiqué* was published in London and in Tokyo which referred to the unofficial conversations that had taken place between the British Ambassador and the Japanese Vice-Minister for Foreign Affairs and stated that the Japanese Government had notified the British Government of the temporary measures which they proposed to take during the period of hostilities regarding the service of foreign obligations secured on the Customs, and other cognate matters. The British Government had assured the Japanese Government that they would offer no objection to the application of these measures for the period mentioned, and it was understood that the Governments of the United States and of France did not intend to object to the temporary application of the arrangements proposed by Japan, which, it was stated, would be subject to reconsideration in the event of a radical change occurring in economic conditions.

By these arrangements, to which the Customs Administration itself was understood to be favourably disposed, all revenues collected by the Customs at ports within areas under Japanese occupation were to be deposited with the Yokohama Specie Bank, and from the revenue thus deposited foreign loan quotas were to be remitted to the Inspector-General of Customs to meet in full the service of foreign loans and indemnities secured on the Customs

[1] See the *Survey for 1936*, pp. 911–13; the *Survey for 1937*, vol. i, p. 178.
[2] See the *Survey for 1937*, vol. i, pp. 322–3.

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revenue. The service of such foreign loans and indemnities was to be treated as the first charge on the revenue after the deduction of the maintenance expenses of the Customs Administration and certain Customs payments and grants. The foreign loan quotas for each port were to be determined monthly in proportion to the share of that port in the total gross collection for the preceding month.

Arrangements were also to be made for payment to Japan of the arrears of the Japanese portion of the Boxer Indemnity which had been held in the Hongkong and Shanghai Bank since September 1937, for meeting future payments in respect of the Japanese portion of the Boxer Indemnity and the Japanese share of the Reorganisation Loan of 1913; for the transfer to the Yokohama Specie Bank of the balance of the Customs accounts with the Hongkong and Shanghai Bank in each port under Japanese occupation and its application to the payment of the foreign obligations as they matured, and, finally, for the repayment of a bank overdraft which had been incurred by the Inspector-General of Customs against foreign loan service funds which had been accumulating in the Hongkong and Shanghai Bank at Shanghai.[1]

On the 4th May Mr. Chamberlain stated in Parliament that these arrangements appeared to the British Government 'to offer the best guarantee obtainable for safeguarding the interests of the holders of China's foreign obligations secured on the Customs revenues and thereby to assist in maintaining China's credit'. It appears to have been assumed at the time that the acquiescence of the Chinese Government was assured. This proved, however, not to be the case, for the Chinese Government at once announced their objection to the arrangements and their refusal to be bound by them, pointing out that the scheme, by singling out some obligations for favoured treatment and by sanctioning diversion of revenue from others, namely the domestic loans, for which it had been duly pledged, tended to undermine the position of the Customs as a security. They complained also that inasmuch as the arrangement provided for the transfer of Customs revenues from a neutral to an enemy bank it might facilitate the use by Japan against China of funds which, as they said, were the product of charges borne by the Chinese public outside as well as inside the zones of Japanese occupation. In consequence of the adverse attitude of the Chinese Government the provisions for the payment by the Hongkong and Shanghai Bank of the Japanese Boxer Indemnity quotas failed to be brought into

[1] For the text see *The China Year Book 1939*, p. 97.

effect. The Yokohama Specie Bank, on its side, ceased from June onwards to pay the stipulated monthly loan quotas to the account of the Inspector-General. In the event, however, the Customs revenues from the ports which remained under Chinese control proved nearly sufficient during 1938 to meet the service of the foreign loans secured on the Maritime Customs Revenues, and the deficit which the Chinese Government had to make up from other sources of revenue was inconsiderable.

Though they were thus in the main inoperative, the arrangements in which Great Britain had acquiesced may well have served to avert the seizure and disruption of the Customs administration to the detriment of Chinese and Western interests alike. At the same time the Customs recovered control over Japanese commercial vessels and wharves at Shanghai.

Tientsin, the second largest Treaty Port in China, differed from Shanghai in having no International Settlement. Before the General War of 1914–18 there had been at Tientsin eight foreign Concessions. Four of these, the German, Russian, Austrian, and Belgian Concessions, had, after retrocession to China, been converted into 'special administrative areas' under Chinese authority, and these, together with the original Chinese city, had since July 1937 been under *de facto* Japanese military control. Each of the four extant Concessions, the British, French, Italian, and Japanese, was under the full administrative control of its national authorities. Against the governing bodies of the British and French Concessions the Japanese military authorities raised a series of grievances which by the end of 1938 fell under three main headings. The first of these was the alleged harbouring of Chinese guerrilla leaders and terrorist agents and the absence of measures to control anti-Japanese activities within the Concession areas. The British and French authorities declared their readiness to suppress anti-Japanese activities within their areas and to arrest any Chinese who was shown to be a member of a guerrilla organization; they refused, however, to hand over suspects to the Japanese military on a simple demand unaccompanied by proof that the persons in question had in fact engaged in anti-Japanese intrigues within the Concessions. A concrete case occurred in January 1939 when the Japanese military demanded the surrender of a Chinese. The man was detained by the British municipal police, but the municipal authorities refused to hand him over without *prima facie* evidence of his guilt. The Japanese thereupon threatened to invade the Concession and to take the man by force, but refrained from forcible action after an intimation had been made by the

commander of the British troops stationed at Tientsin that he would meet such action with all the force at his command.

The disagreement between the Japanese and the foreign municipal authorities over this question of the surrender of prisoners illustrated perhaps more clearly than anything else a fundamental difficulty in maintaining a *modus vivendi* between the parties, namely—to use the words of a special correspondent of *The Times*[1]—their 'different conceptions of human rights'. The attitude of the British officials, based as it was upon Western ideas of justice, was, as the correspondent pointed out, unintelligible to the Japanese, who, accustomed to their own methods of police procedure, could see in it nothing but a determination to obstruct.

The second category of Japanese complaints had to do with the question of the North China currency, which has already been discussed. The complaints were directed against the British and French municipal authorities for their refusal to hand over the silver reserves of the Chinese National Banks and against the foreign banks for declining to sell foreign exchange against Federal Reserve Bank notes so long as the issuing bank itself refrained from doing so. The third grievance was against the British Municipal Council for refusing to allow the Japanese to control the telephone system in the British Concession, and against both the British and French municipal authorities for allowing the operation of wireless telegraph stations in the Concessions, which, according to Japanese allegations, were being made use of by Chinese for the purpose of communicating with the Chinese National Government and Chinese military forces. The nature of all these demands made it increasingly clear that fundamentally the dispute between the Japanese and the British and French authorities lay in the question of how far the latter were prepared to accede to the Japanese demand for co-operation in establishing the basis for their 'new order'.

As the year advanced the Japanese military commanders at Tientsin apparently resolved to secure by coercion what they could not gain by persuasion, and, in August, they ordered all Japanese residents in the British and French Concessions to move out. As this meant the abandonment of lucrative business and of valuable properties, some of which had been only recently acquired, the response of the Japanese business community was very half-hearted. The order was temporarily suspended, but it was renewed with greater effect in the autumn, and by December most of the Japanese were reported to have complied with it. The Japanese military

[1] See the issue for the 25th January, 1939.

authorities then proceeded to restrict the movements of foreigners in the Japanese-controlled areas, to search Chinese and foreigners entering or leaving the Concessions and to stop fresh food-supplies from being sent in. At the same time they placed a ban on the distribution of the *Journal de Pékin* and the *Peking and Tientsin Times*, the local French and British newspapers. A protest from the British and French Consuls-General to their Japanese colleague and the arrival of a British warship had some effect in mitigating these high-handed methods, which in any case were found to bring little return to the Japanese in the form of the capture of guerrillas or of supplies of arms. No solution of the questions at issue between the Japanese and the Tientsin Concession authorities had, however, been reached by the end of 1938 and the outlook continued to be ominous, since it was clear that here, as at Shanghai, the Japanese regarded the existence of the foreign-administered areas in China as an intolerable obstacle to the execution of their plans for a 'new order'.

At Hankow, another important Treaty Port, the British authorities on the spot found themselves at the time of the fall of the city again in *de facto* control of the former British Concession.[1] Before and during the Japanese occupation of the Wuhan cities, the British took certain active measures to protect human life and property which redounded to the advantage of the invaders. By creating a demilitarized safety-zone for Chinese civilians and by frustrating various Chinese attempts to blow up buildings they helped to save Hankow from the fate of other great Chinese cities which had suffered destruction through China's 'scorched earth' policy. When the Japanese forces entered, the Admiral commanding the British naval forces on the Yangtse consented, moreover, to the policing of the ex-British Concession by the Japanese. The latter were, therefore, deprived of any ground of complaint of foreign 'obstructionism' such as they were levelling against the Settlement and Concession authorities in Shanghai and Tientsin. Any gratification which they may have derived from the actions and attitude of the British and French authorities at Hankow did not, however, induce them to show any greater regard for foreign rights. Foreign-owned properties were seized, the employees of foreign companies were denied access to their offices, foreign shipping, not excluding warships, was subjected to stringent regulations in regard to the use of the port, and, as at

[1] The Concession had been converted into a 'special administrative district' under joint Anglo-Chinese control by the terms of the Chen–O'Malley agreement of 1927 (see the *Survey for 1927*, pp. 394–5).

Tientsin, foreign civilians and even naval officers and men were held up and searched by Japanese sentries.

In meeting Japan's 'breach of her obligations towards China and towards other states'—to borrow the very temperate phrase adopted by the League of Nations Assembly in their resolution of the 5th October, 1937—the Western democratic Powers were obliged, as we have seen, to act for the most part independently and to cope with each situation as it arose. Attempts were indeed made by the United States and the British Governments to bring about a comprehensive liquidation of outstanding disputes, but these met with little success. On the British side, the Ambassador in Tokyo embarked in the summer of 1938 upon a series of conversations with the Japanese Foreign Minister in the hope of reaching a general settlement of British grievances, but negotiations were suspended on the resignation of General Ugaki and were not taken up again by his successor, Mr. Arita. Later the United States Government concentrated their complaints against Japanese action in a long note to the Japanese Government dated the 6th October which evoked little more than a blank denial of the charges of discrimination which had been put forward by the State Department.

At the turn of the year, however, the Governments of the United States, Great Britain and France took 'parallel' action and, as has already been mentioned,[1] placed on record their common attitude towards the plans which Japan had just proclaimed for bringing about 'a new order in East Asia'.

The United States Government led the field with a note dated the 31st December. After reaffirming the accusations of discriminatory action against legitimate American interests which had been made in their earlier note, they deprecated the action of Japan in embarking on a course directed towards the creation of a 'new order' in the Far East 'by methods of its own selection, regardless of treaty pledges and the established rights of other Powers concerned'. They declared themselves well aware that the situation had changed, and also well aware that many of the changes had been brought about by the action of Japan. They could not, however, admit that 'there is need or warrant for any one Power to take upon itself to prescribe what shall be the terms and conditions of a "new order" in areas not under its sovereignty and to constitute itself the repository of authority and the agent of destiny in regard thereto'. Therefore 'the people and the Government of the United States cannot assent to the abrogation of any of this country's rights or obligations

[1] See above, p. 498.

by the arbitrary action of agents or authorities of any other country'. Nevertheless the Government were, it was added, ready to consider just and equitable proposals for the resolution of problems 'by processes of free negotiation and new commitment by and among all the parties concerned'.

The British note followed a fortnight later, being presented in Tokyo on the 14th January. It made more specific mention of recent statements by the Japanese Prime Minister and the Foreign Minister[1] which it interpreted as implying Japan's intention to form a *bloc* 'in which the supreme authority will be vested in Japan and subordinate rôles will be allotted to China and Manchuria', the economic activities of other countries being subjected to restrictions. Then came a noteworthy paragraph dealing with the fate of China.

> His Majesty's Government [it was stated] are at a loss to understand how Prince Konoe's assurance that Japan seeks no territory, and respects the sovereignty of China, can be reconciled with the declared intentions of the Japanese Government to compel the Chinese people by force of arms to accept conditions involving the surrender of their political, economic and cultural life to Japanese control, the indefinite maintenance in China of considerable Japanese garrisons, and the virtual detachment from China of the territory of Inner Mongolia.

Such changes the British Government declared themselves unwilling to accept. They would be ready to consider Japanese proposals for modifying multilateral agreements relating to China, but they stipulated that any modifications must be brought about by negotiation between all the signatory parties. The note concluded with a reference to the abolition of extraterritoriality and the rendition of foreign Concessions and Settlements in China which Prince Konoe had expressed readiness to consider. His Majesty's Government, it was said, had always been ready to resume the negotiations with China for the abrogation of British extraterritorial rights which had been broken off in 1931 in consequence of Japan's seizure of Manchuria, and they were 'prepared to discuss this and other similar questions with a fully independent Chinese Government' after the restoration of peace.

The French note which was delivered in Tokyo on the 19th January expressed in very much shorter and more general terms the gist of the two previous communications.

Thus the three principal Powers concerned co-operated in a formal and unqualified reaffirmation of the validity of the existing treaties regarding China and the unacceptability of Japan's claim to the right

[1] See pp. 495–7, above.

to effect a unilateral change in the *status quo*. While the broad tenor of the American and the British notes was very much the same, the former laid greater emphasis upon the doctrines of 'equal opportunity' and the 'open door', while the British Government gave, as we have seen, special prominence to the first of the main principles enshrined in the Nine-Power Treaty, namely the integrity of China herself, thereby conforming to the traditional policy of Great Britain in the Far East of which Chinese independence had always been a corner-stone.

### (*c*) Russo-Japanese Relations

The tendency in the U.S.S.R. to sink, at least temporarily, the pursuit of revolutionary aims in China in the struggle against Japan as a champion of Fascism, which was noted in the *Survey for 1937*,[1] continued to show itself in the following year, and there was little evidence of any attempt by Moscow to exploit the possibilities of the internal situation in North China, where a considerable amount of effective political power had come into Communist hands. In practice, at all events, the Soviet Union's reactions to the Sino-Japanese conflict were not essentially different from those of the democratic group among the signatories of the Nine-Power Treaty.

At Geneva the Russian representatives remained loud advocates of some form of collective action against Japan, and such small comfort as China received from the proceedings of the League was due largely to their championship. Meanwhile the Chinese armies continued to receive, by way of the Turkestan route, supplies of aircraft, artillery and other material of war, for which China was reported to pay by bartering exports, chiefly in the form of brick tea.

Russian so-called 'volunteers' served with the Chinese armies as flying pilots, instructors and technical advisers, but not being men of high rank and long military experience, the Russian advisers offered no adequate substitute for the German staff officers whom their Government had recalled.[2] These various activities on China's behalf brought repeated protests from Japan, but these were without any obvious effect upon the Government in Moscow and were not pressed home.

The greatest debt which China owed to her neighbour was, however, for assistance of a less direct kind, namely the detention along the Russo-Manchurian and Russo-Korean frontiers of a large con-

[1] See vol. i, p. 155 and *n*.
[2] See p. 571, below.

tingent of the Japanese Army and the diversion generally of a considerable part of Japan's 'war potential', which had to be kept in reserve for the possibility of a war with Russia.

Of the clashes along these frontiers which had been a recurrent feature of the Far Eastern situation for a number of years past[1] there was one outstanding instance in 1938 which, viewed as a test of the relative efficiency of the Russian and Japanese fighting forces, was no more conclusive than the Amur River incident of the preceding year.[2] The clash took place during July and August around a hill bearing the name of Changkufeng, near the junction of the Russian-Manchurian and Korean frontiers. This hill was claimed by the Russians to be their territory by virtue of the Treaty of Hunchun and of maps appended thereto, which, they declared, had received the agreement of Russia and China in 1886. The Japanese maintained that the hill lay within the frontiers of Manchukuo. On the 11th July Soviet troops occupied the hill, and after the failure of diplomatic protests to obtain their evacuation the local Japanese forces launched an attack upon them which precipitated a fortnight's severe fighting. On the 10th August an agreement for a truce was arrived at in Moscow. This agreement left the contending forces *in situ* and provided for the appointment of a boundary commission—a provision which was not put into effect owing to disagreement concerning the documentary material on which the commission's deliberations were to be based.

No evidence was available from neutral sources as to the actual achievements of the conflicting forces, and the reports issued in Moscow and Tokyo were completely contradictory on this point. In any case, neither side showed any desire to renew the conflict, and it may be assumed that neither had shown such a degree of military incapacity as might encourage the other to believe that a more general trial of strength could safely be undertaken.

### (*d*) Relations between the Axis Powers and China and Japan

#### (1) *Germany*

The failure of Germany's attempts to mediate in the Sino-Japanese conflict in the closing months of 1937[3] ended her hopes of an early solution of the problem which had been created for her by the

[1] See the *Survey for 1933*, Part IV, section (v); the *Survey for 1934*, Part IV, section (v); the *Survey for 1935*, vol. i, Part II, section (v); the *Survey for 1936*, Part VII, section (vi) (*c*); and the *Survey for 1937*, vol. (i), pp. 149 *seqq*.

[2] See the *Survey for 1937*, vol. i, pp. 149 *seqq*.

[3] See the *Survey for 1937*, vol. i, pp. 242–6.

conflict between her political and economic interests in the Far East. The military action of her political ally Japan was to an increasing extent driving her good customer China into the arms of a common enemy, the U.S.S.R., and at the same time it was demolishing the carefully built-up structure of German trade in North China. For the time being, indeed, Germany's trade loss in North China was compensated by a boom in her arms trade through South China with the Government of Chiang Kai-shek. Her share in this trade was great, being estimated to amount to between 50 and 80 per cent. of the total arms imports. This situation was an embarrassing one for Japan. After maintaining for some time that his country's good ally was prohibiting sales of munitions to China, Mr. Hirota was eventually forced to admit, as he did on the 4th February, 1938, that German arms were finding their way into the enemy's territory. Whatever representations Japan may consequently have made had little manifest effect, for German exports of war material to China showed no signs of any substantial diminution, and were reported to account for a large proportion of the freight carried on the French Haiphong–Kunming railway after the fall of Canton.

In the political sphere Germany's cordial relations with China, which had survived for so long as any hope existed of steering China into participation in the Anti-Comintern Pact, quickly began to weaken after the breakdown of Dr. Trautmann's mediatory mission. Herr Hitler devoted a part of his speech in the Reichstag on the 20th February[1] to German Far Eastern policy. He announced his intention to recognize the state of Manchukuo and, although he emphasized German neutrality in the Sino-Japanese struggle, he went on to say:

> I believe that a Japanese defeat in the Far East would never be of any good to Europe or America but would exclusively benefit Bolshevist Soviet Russia. . . . Germany will always consider and value Japan as an element of security in its stand against Communism. Because for us there is not the slightest doubt that even the greatest Japanese victory would not in the slightest degree endanger the culture of the white races.

The speech ended with an earnest expression of hope for the extension of co-operation between the three members of the Axis, including Japan.

The Chinese Government immediately protested to Germany against the proposed recognition of Manchukuo and strong resentment of Herr Hitler's attitude was shown by the Chinese Press, which

[1] See pp. 195–7.

accused him of encouraging international brigandage. Meanwhile Herr Hitler's statement was naturally disturbing to the not inconsiderable German community in China, who were reported to have made representations to their own Government emphasizing the adverse effects which German recognition of Manchukuo would have upon German trade. The German Government were, however, not to be deterred, and formal recognition of the puppet state duly took place.

In addition to commercial interests, there was a surviving link between Germany and China in the presence in Hankow of a body of retired German Reichswehr officers under the leadership of General Alexander von Falkenhausen, who acted as military advisers to the Chinese Government. Although these officers had been engaged on individual private contracts and although the German Government declared that they took no official cognizance of their activities in China, yet in May they made a request to the Chinese Government—according to a *communiqué* issued at Hankow on the 23rd of that month—that the German advisers should be released from their obligations. In German official circles it was explained that the request had been made in the interests of strict neutrality, but the effect on Chinese feeling towards Germany was reported to be profound.

During the six weeks of negotiation which elapsed between the first announcement of recall and the actual departure from China of General von Falkenhausen and his colleagues the German Government took another step which could be interpreted as a withdrawal from friendly relations with China, by summoning home their Ambassador, ostensibly 'to report'. By the end of the year Dr. Trautmann had not returned to his post and the German mission remained under a *chargé d'affaires*.

While estranging herself from China, Germany was tightening her ties with Japan. There were not a few signs, in addition to Herr Hitler's speech of the 20th February, which has already been quoted,[1] that she was prepared to associate herself with Japan's 'new order in East Asia'. An exchange of 'anti-Comintern' police took place between the two countries, and a succession of delegations, 'goodwill' missions and cordial messages culminated in the signing in November of a cultural agreement with the declared object of 'strengthening the bonds of friendship and mutual confidence already so happily connecting both countries by deepening their manifold cultural relations and by promoting mutual knowledge and understanding'.

[1] See the preceding page.

The one concrete result of the German-Japanese ideological partnership was an increase in the trade between Germany and Manchukuo. On the 30th April, 1936, the two Governments had signed a trade agreement whereby Germany undertook to buy annually 100,000,000 yuans' worth of Manchukuoan produce in return for the importation by Manchukuo of German commodities to the value of 25,000,000 yuan. The agreement, which was for a year, was extended in 1937. On the 14th September, 1938, a further agreement, to last till May 1940, was concluded in Hsinking, by which the two countries, over and above the trade provided for in the 1936 agreement, were to conduct a balanced exchange of goods to the value of RM. 45,000,000 or 63,000,000 yuan. Germany thus pledged herself to a total annual purchase of 163,000,000 yuans' worth of Manchurian goods, while Manchukuo was committed to buy German goods to the value of 88,000,000 yuan. Although the balance was so strongly in Manchukuo's favour[1] Germany further agreed to advance up to RM. 45,000,000 to the Bank of Manchukuo in order to assist in financing the imports of German merchandise.

The amount of trade which resulted from the agreement was a very small proportion of the national trade of Japan or of Germany. It was principally useful in affording a certain degree of relief in the foreign-exchange difficulties in which both countries were involved. By establishing a fixed basis of barter trade it enabled Germany the more easily to exchange machinery and constructional material for the soya beans and other agricultural products which she needed, while Japan benefited by being assured of the imports from Germany which she required for her five-year plan of industrialization in Manchukuo without having to use up her scanty reserves of foreign exchange. The increase in Germany's barter trade with Manchukuo was, however, doubtful compensation for her loss in another direction. The aggregate value of her trading operations with the three countries taken together, Manchukuo, Japan and China, showed, it is true, only a small reduction, but whereas in 1937 these operations had yielded her a surplus balance of RM. 93,000,000, in 1938 the surplus was reduced to 16,000,000.

### (2) *Italy*

From the point of view of its effect on her trade relations, Italy had somewhat less cause than Germany to deplore Japanese action in China. Although her normal trade with China was seriously cur-

[1] The adverse balance in Germany's trade with Manchukuo was more than covered by the favourable balance of her trade with Japan.

tailed (her exports of artificial silk floss and yarn, for instance, falling by over 50 per cent.) the decline was more than balanced by sales of munitions, with the result that, taken in all, Italy's trade with China in 1938 showed an increase of 75 per cent. over the 1937 figure. The most striking rise was in the value of Italian goods entering China from Hongkong through the port of Kowloon which, from having been only £1,300 in 1936, leapt to £800,000 in 1938. Although the Chinese Customs returns did not provide the means of identifying exactly the nature of these swollen imports, there could be no doubt that the greater part consisted of military supplies.

The Japanese newspapers did not allow this form of Italian help for China to pass unremarked, and the *Asahi* gave prominence to figures showing the amount of Italian explosives and other war material which was reaching China through Hongkong. On the whole, however, the Japanese showed themselves as complacent towards Italian assistance to China as they were resentful of British acts of friendliness to that nation. An Italian 'goodwill' mission which visited Japan in March 1938 received an enthusiastic reception, while in August Prince Konoe addressed a message to the Italian people in the columns of the *Popolo d'Italia* in which he expressed his nation's gratitude for Italian friendship towards Japan since the outbreak of hostilities.

Italy, like Germany, was able to turn her good relations with Japan to advantage by concluding a new commercial agreement, which in this case was a tripartite agreement including Italy, Japan and Manchukuo, and which provided for minimum imports by Italy of goods from both of the other two countries, in return for the export to them of her own special products.

Following again in the footsteps of Germany, Italy made a cultural pact with Japan soon after the end of the year 1938. The two countries undertook to co-operate in the strengthening of their cultural relations through the instrumentality of science, music, literature, drama, cinematography, broadcasting, youth movements and sport.

# PART VI
# THE AMERICAN CONTINENT

*By* D. MITRANY

## (i) The United States and the World

### (*a*) INTRODUCTION

THE restlessness of the American scene in recent years had puzzled all visitors, and most Americans as well. Every institution of the American nation, the whole superstructure of the people's life, seemed to be slipping slowly but irresistibly away from its accustomed moorings, as occasionally a hillside moves in a land of seismic tremors. The tremors in this case were economic and political and were generally assumed to have their origins abroad: in Europe's inability to settle down to an orderly life and, in no small part as a consequence of that, in the disturbances in the Far East and in Latin America. Not unconnected also, and often commented upon, was a tremor which the Comintern was supposedly trying to excite artificially; and this, so some people feared, was likely to reveal a fault in America's social geology due to her mixed population. No doubt this mixture added to the confusion, though it had not created it. But, whatever the cause, and whether they wished it or not, the people of the United States were experiencing a great shake-up and break-up of established beliefs and traditions. Internally the appearance of distress and unemployment since the depression, and the almost universal economic insecurity, brought about an enormously intensified awareness of the nation's social problems—for instance those of the South—and in doing so also exposed the brittleness and spuriousness of the traditional party system. All these developments had rudely shaken the reputation of the existing social order and, for most people, their faith in the native virtues of 'rugged individualism'.

Nor had these mental and emotional stresses left untouched the external aspect of 'rugged individualism'—the tradition of non-entanglement, of isolation in international relations. It was all too evident that this tradition too, like the others, was in the melting-pot, and that largely owing to the same causes. Like them, it was implicated in the restlessness of the time, and like them it was fluctuating under the pressure of diverse emotions and convictions and problems, with no clear indication as to where, in the end, it might come to rest.

Any attempt to describe such a state must therefore begin with the

admission that, like the British Constitution in the well-known story, and apart from one or two old and general traditions like the Monroe Doctrine, such a thing as *an* American foreign policy or *an* American opinion on foreign policy did not exist. An analysis that sought to give a clear and simple picture of either would end by being a work of fiction. It is only necessary to point out that even principles which were apparently fixed in law—and in very recent law at that—had proved mutable. The policy laid down in the Neutrality Laws passed between 1935 and 1937 had operated in one sense in one case and in a different sense in another, so that no one could predict whither it might drift when next at issue. This legislation was already undergoing a process of remodelling in the early months of 1939, and, though no one could say in what stage it would emerge, it seemed likely that demonstrated practical needs would play a lesser part in its ultimate fashioning by Congress than the strong eddies of public feeling.

All that a would-be portrayer of the American scene could hope to do, therefore, was to analyse the factors and forces which were playing a part in this confusion, and thus try to find out how the former elements in American foreign policy stood in the year 1938, which of them on balance showed a prospect of survival, and for what reasons. In that way it might perhaps be possible to discover a tendency, if not a policy.

To a European observer two features of America's more recent attitude stood out, and left him baffled. One was her intervention and unsparing effort in the General War of 1914–18; the other was her subsequent defection and unhelpfulness in the organizing of world peace.[1] To all appearances these two actions were in glaring contradiction to one another. They suggested a waywardness of mind and of conduct from which it would seem vain to seek an explanation of the past or a light on the future. But was not another reading of the story also possible? American intervention in the General War might be regarded as an interlude, a break in a continuous tradition of isolation, a departure from that tradition, made —as in 1812—precisely in order to assert America's right to remain neutral and to enjoy the advantages to which a neutral was entitled under international law and custom. The United States stressed this point when she entered the War in 1917 as an 'Associated Power' fighting for certain general rights, and not as an 'Allied Power' fighting for a specific cause.

[1] This view is not modified by the leading part which the United States played in connexion with the so-called Kellogg Pact, since it was clear from the outset that she would not hold herself bound to uphold the Pact, at need, by force.

This view might seem to ignore America's leadership in the establishment of the League of Nations. But was the idea of a world league any more real in the mind of the American people than it was in the mind of the English people, not to speak of other nations? Was it not the offspring of the vision (by no means visionary) of President Wilson, and of a small group of far-sighted people, which had its counterpart in most of the Western countries? And was it not just because the League—any league—by its very nature meant entanglement to a degree greater than was clearly needed for the protection of American rights and security that the American people, who were by no means ungenerous or nationalistic in temper, were so easily persuaded to reject it? On that reading, America's entry into the War of 1914–18 was in line with her old tradition of neutrality, and more particularly with her traditional insistence on the freedom of maritime commerce; whereas her adherence to the League would have been a direct break with tradition. Membership of the League would have involved America in a kind of perpetual alliance, in which she would have had to renounce many rights by which she had held, and some for which she had fought, while she would have acquired rights and duties which would have forced her continually to take decisions on, and participate in, policies which did not directly concern American life and peace.

It was largely by presenting the issue in these terms, and by the use of the telling slogan of a 'return to normalcy', that the Republican Party were able to win the presidential election of 1920. They were able to turn their own, and their country's, back so suddenly and resolutely on the Wilsonian policy that, even in 1924, the League issue could still be used as a bogy with which to frighten the electors away from the Democratic fold. After that the question of membership of the League simply dropped out of American politics.

It may be suggested that such a reading of the story leaves out of account the strong idealistic element which entered into American opinion and moved American sentiment in the direction of participation in the War; the sympathy with a more democratic bent on the Allied side, as expressed in slogans such as 'national self-determination'; that faith in a lasting peace which was willing to face 'a war to end war'. The answer is that the deeper and truer the sentiments, the more violent the recoil. The partisan controversy into which the League of Nations was dragged not only gave the League no chance, but inevitably brought into debate the general question of America's part in the War and marshalled all the arguments that bore on that question. These arguments were overwhelmingly critical in nature—

critical both as to ideal and policy, and also as to practical results. The break with tradition in 1917 came to be more and more resented and decried because, with the disappointment of hopes of peace and of recovery, it was felt increasingly to have been futile and wasteful. Not only was it felt that America had been drawn into the War against her own interests, but, worse still, the conviction grew that she had been drawn in with blinkers on—the blinker of foreign propaganda on the one side and the blinker of sinister vested interests on the other.

These were the two themes which ran through the literature in which America's part in the War was subjected to a thorough if not dispassionate inquest. In bulk and in assurance the flow of criticism increased rather than decreased with the years, and was still running strongly in 1938.[1] It could be said, it is true, that the sentiments which brought America into the War had begun to disintegrate with the signature of the Treaty of Versailles—indeed, already at the Versailles Conference, for among members of the American delegation to the Peace Conference disillusionment spread quickly while the Treaty was in the making, and some of them were thereafter in the forefront of those who damned the Treaty and all its works. It was not only that they, and many other Americans, thought that the Treaty was bad; in that judgement they did not outvie the disapproval of English Liberals. But they also felt that America had been let down, and they began to suspect that she had been used merely as an instrument for attaining the selfish ends of England and France. America wanted nothing and got nothing out of the War; England and France were out for spoils and got them. And whereas President Wilson had bound the Treaty to the Covenant in the hope of using the second to mend the first, the Allies had bound the Covenant to the Treaty in order to use the Covenant to 'stereotype' the Treaty.

With an increasing sense that America's unselfish and humanitarian war aims, peace and freedom, had been betrayed or simply exploited, these writers, and their readers, asked themselves with a certain bewilderment: 'How is it that we did not know better?' The answer was threefold: insidious and unscrupulous foreign propaganda; the incapacity and gullibility of American politicians and

[1] From Walter Millis's *Road to War* (Boston, 1935, Houghton; London, Faber) to Quincy Howe's *Blood is Cheaper than Water: the Prudent American's Guide to Peace and War* (New York, 1939, Simon and Schuster) the number of books on the subject is too great to be mentioned, not to speak of the still greater number of articles in periodicals, &c. In a special category are the more scholarly articles in learned periodicals on specific incidents such as the *Lusitania* case.

diplomats; and the perverse greed of American bankers and munition makers. Broadly speaking, the measures which were taken or suggested for the purpose of keeping America out of future wars corresponded to these three categories of causes which were assumed to have dragged America into the General War of 1914–18.

Of the activities and misdeeds of propagandists on behalf of both sides much was visible, of course, to the naked eye during the period of American neutrality; but much more serious was the underhand propaganda which came to light through memoirs and revelations and through specialized studies in later years. It was only to be expected that both groups of belligerents should have done their utmost to influence American opinion and policy when the stakes were so high, and it was not easy to prevent propaganda if the traditional rights of individuals and groups were to be kept inviolate.[1] The conclusion was therefore drawn that there was only one way to prevent the American people from being drugged in this way—that is by making it known beyond doubt that such methods could in no case serve to bring America into a partisan fight. Curiously enough, if German propaganda was the most resented, it was British propaganda that was most suspected. German propaganda was raw and clumsy, at times to the point of brutality; it was resented, therefore, as any nauseating infiltration would be resented. English propaganda was more 'gentlemanly'; it was discreet and mannerly, but cool and purposeful, and therefore far more insidious and potent than the other. German propaganda, moreover, was visibly at work in public places, whereas English propaganda sought its mark at selected vital points.[2]

The strong and proved Anglophilism of Ambassador Page had merely served to crystallize an old conviction that no American diplomat was proof against the sly influence of that English society which spent long idle week-ends in rambling country houses. The effect upon the mind of American diplomats was assumed to differ from that of an opium-den only in that it lasted longer. A deep

[1] Congressional inquiries into the doings of possibly subversive agencies, and the Act prescribing the registration of all agents working on behalf of foreign bodies, showed the concern of those who were responsible for the country's public life.

[2] On this subject, too, new material had become available by 1939. The latest contribution was H. C. Peterson's *Propaganda for War: The Campaign against American Neutrality, 1914–1917* (University of Oklahoma Press, 1939). Mr. Peterson set out to study in detail the manner in which British propaganda gained the day over that of the Central Powers; and the effectiveness of the British method was assumed to be proved by the fact that it was not until 1939 that a book could reveal the fact that British propaganda had exceeded in volume and in power the propaganda of the Central Powers.

innate sympathy with the English people and with their life and problems had always run through the American outlook; but side by side with it ran an equally deep suspicion of England's slow-moving but supposedly incorrigible political artfulness.[1] Ambassadors like Page, unofficial ambassadors like Colonel House, not to speak of Secretaries of State like Lansing, and most of the Presidents—all were believed to have been helplessly open to English political insinuation. President Wilson was a man of somewhat aloof and dour character; yet the last two volumes of the masterly *Life* by Mr. Ray Stannard Baker[2] make it clear how even he—for the most part indirectly through Colonel House and Mr. Page—was swayed by London's opinions and interests. To this supposed weakness, as much as to the perennial jealousy between Senate and Executive in regard to the control of foreign policy, must be attributed some aspects of the neutrality laws, one of the most significant features of which was the attempt to bind the Executive to follow in times of crisis a fixed line of action that had been laid down in advance by the Legislature. But in general the diplomatic insufficiency of American public men, as public opinion saw it, amply explained, in the popular view, all that went wrong at Versailles; and made the American public feel sure that things would go wrong again if America allowed herself to be lured into the game of European diplomacy. 'America never lost a war or won a conference' was the summing up of that national 'wise-cracker', the late Will Rogers. Before the Napoleonic wars, it would seem, English opinion was afflicted with a similar sense of suspicious inferiority. Bentham wrote: 'The dread of being duped by other nations—the notion that foreign heads are more able, though at the same time foreign hearts are less honest than our own, has always been one of our prevailing weaknesses.'[3]

Perhaps the greatest spur to isolationist sentiment and policy was

[1] Mr. Quincy Howe's earlier book, *England Expects Every American to do His Duty* (New York, 1937, Simon and Schuster; London, 1938, Hale), revealed enough in its title. An article by Mr. Elmer Davis in *The New Republic* for the 15th February, 1939, asking 'Is England Worth Fighting For?', answered the question in the affirmative—because otherwise she might succumb to a policy which would put the British fleet at the disposal of Herr Hitler! This view was so universal that it was almost startling to come across an exception to it. But Professor Nathaniel Peffer, in an article in *The Political Science Quarterly* for March 1939, was bold enough to say: 'It has yet to be shown that there has ever been one instance of the United States' pulling a single British chestnut out of any fire in which it did not have chestnuts of its own.'

[2] *Woodrow Wilson: Life and Letters*, vols. v and vi (New York, 1935–7, Doubleday; London, Heinemann).

[3] *A Plan for an Universal and Perpetual Peace* (written between 1786 and 1789, first published in *Works*, London, 1843, vol. ii, p. 553).

given by the information which came to light in the course of the Senate inquiry, presided over by Senator Nye, into the traffic in war material and the method of financing it during the War of 1914–18. In order to appreciate the full effect of these disclosures one must remember that the public mind was attuned to a belief in the worst. The diplomatic side of America's part in the War had by that time been 'debunked' by the pamphleteers, but the Senate inquiry took place in the era of the New Deal. It was probable, indeed, that the New Deal was largely responsible for the inquiry. A radical spirit was abroad, the reputation of the bankers was at its lowest after the débâcle of 1933, and the story of past misdeeds was only what the public expected in the light of present disaster. The war trade with the Allied countries during America's period of neutrality was perfectly legitimate; but to the public at large it came as a revelation, and a very disturbing one, to learn that that trade had reached dimensions which bound the stability of American economy to the success of its customers. It became known that Lansing and McAdoo and others had actually used that consideration as an argument in urging American support for the Allied cause. At the same time, the huge profits which, it was learnt, the house of Morgan and many other firms had made out of the war trade, together with the disclosures of the sinister part played by agents of armament firms in the lobbies of the Disarmament Conference of 1927 and on other occasions—all these revelations bred a feeling that there could be no neutrality in future wars if bankers and makers of war material had their way. Many urged the total prohibition of trade in war materials even in peace time; and a measure of control was introduced by means of the licensing system for the export of arms, munitions, &c. But the later arrangements contained in the Neutrality Act of 1937, with its famous 'cash-and-carry' provision, were the ingenious answer to that mood.

The legislative trend which showed itself in the several neutrality acts was really set in motion by President Roosevelt, soon after he took office.[1] After what they regarded as a popular mandate given them in 1920, the Republican leaders sought to consolidate the economic position which the United States had gained in the world market during and after the War, and sometimes they took an active interest in European affairs, notably under President Hoover. They also showed some willingness to collaborate in various efforts to bring about military and economic disarmament. But at the same

[1] Attempts which had been made in this direction by President Coolidge and President Hoover had been without effect.

time they went out of their way to avoid any engagements or promises which might eventually bring them into a conflict, and they maintained a reserved if somewhat embarrassed attitude towards the League of Nations and the system of collective security. The Democrats brought with them a very different spirit when they returned to power in 1933. In the spring of that year the new President asked from Congress powers to prohibit the sending of war supplies to any state guilty of aggression. Such a measure, without in any way binding the United States in advance or committing her to any warlike action, would have provided a means of implementing the Pact of Paris, and it would also have brought American action into line with the League system. But in spite of the dominating influence which President Roosevelt exercised at the time the Senate refused to approve his policy. By the simple device of making any eventual embargo applicable without discrimination to both sides in a conflict,[1] the Senate uprooted the President's idea and set it adrift on the current of isolationist sentiment; and later, with the gradual silting up of the channels of co-operation, the Senate's amendment became the core of the neutrality legislation. The President was also balked by the critical conditions with which he was faced when he took office. His initial desire for international co-operation was checked from the outset by the grave economic crisis which forced him to apply urgent first aid, and this was inevitably of a nationalistic kind—even going so far as to effect a change of policy in the midst of the International Economic Conference which was held in London in 1933.

Nevertheless, President Roosevelt's first act had been a fair expression of a conviction in which he himself persisted, aided and supported by the unostentatious but equally persistent efforts of his distinguished Secretary of State. In spite of the distortion of their original intention, in spite of renewed failure to secure from the Senate adherence to the Permanent Court of International Justice—a failure which was due not to popular opposition but to popular apathy in the face of the organized pressure of a few hostile groups—President Roosevelt and Secretary Hull lost no opportunity at least of keeping the principle of international co-operation before the public mind, even if the application of it in practice had to wait. From the message to Congress on disarmament in 1934 down to the famous 'quarantine' speech in Chicago at the end of 1937, the Presi-

[1] It should be mentioned that, rightly or wrongly, a number of Senators felt that even on these terms the embargo would be helpful in a 'League' war. This was, however, at a time when Germany was still a member of the League.

dent and the Secretary of State literally set themselves the task of re-educating American opinion in the need for an active international policy. In one way American sentiment was always ready to appreciate this need. Side by side with the traditional policy of isolation, there was an innate and general attachment to the idea and principles of peace, both for their own sakes and also as a necessary setting for the peace and prosperity of the United States. The shock and recoil caused by the Treaty of Versailles, and the slow and halting revival of the willingness to co-operate internationally, had their source in the same sentiment. No sceptical or selfish people would have expended so much faith and effort in support of President Wilson's programme, or resented so bitterly its inadequate fulfilment.

Moreover, fate appeared to serve the cause of co-operation in the issue which first called for it. Apart from purely American issues, of a kind which were unlikely to arise, only a Far Eastern issue could create a united American opinion. On European questions, national or religious groups were likely to be swayed by sentiments related to their origin or their creed rather than to America's actual interests. Even a Republican Administration, therefore, was willing to take part in collective action when Japan initiated her new aggressive policy. The then American Secretary of State's own view of what happened in 1932[1] was subsequently disclosed with the full weight of his authority and exceptional knowledge;[2] but even before reading this inside story American opinion believed that it had been let down. A great opportunity for linking American policy to the system of collective security on an occasion when American interests and sentiment were strongly engaged was lost, perhaps irretrievably.

In spite of such suspicion and disappointment, American opinion was again greatly stirred by the Abyssinian affair; in this case clearly for sentimental reasons. Though the American Government firmly remained detached from the conflict, they were quick to align themselves with those Governments who for the first time were applying the restraint of collective sanctions against an aggressor. The Administration definitely intended to play the part of a silent partner in

[1] For an account of the Far Eastern crisis of 1931–2 and the action taken by the American Government in regard to it, see the *Survey for 1931*, Part IV, section (iii) (*b*); and the *Survey for 1932*, Part V, especially pp. 540 *seqq.*

[2] See Henry L. Stimson: *The Far Eastern Crisis* (New York and London, 1936, Harper for the Council on Foreign Relations). Mr. Stimson's thesis was not accepted without challenge in British official quarters. For an exposition of the British Government's point of view, see the correspondence between Sir John Pratt (who retired from the Foreign Office on the 21st March, 1938) and Mr. E. M. Gull which was published in *The Times* of the 10th, 14th, and 30th November, 1938.

that enterprise, while Congress probably supported the policy from the negative wish to avoid external friction. But as Abyssinia had no means of acquiring supplies from America the general embargo upon the despatch of war material to either side was bound to affect Italy only, and thus prevent her from circumventing the League sanctions. Indeed, the United States Government went, in a way, even farther than members of the League. It was widely assumed that doubt as to America's attitude hampered the extension of sanctions. Yet it was a fact that without any obligation and without waiting for other Governments to take similar steps the American Government discouraged the shipment of oil to Italy, when League Powers were still selling the Italian Government all the oil that they wanted to buy. Even then, it was not so much the failure of partial sanctions as the Hoare–Laval incident which turned the tide.[1] That incident confirmed all that the cynics had said all along as to the opportunism of the principal members of the League, and it set flowing again in full spate that suspicion of the 'Old World's' diplomacy which was perhaps the most potent ingredient in American isolationist sentiment.

The same tragic story repeated itself in connexion with Spain and with Czechoslovakia, and these continuous shocks reinforced, almost to the point of finally solidifying, the revulsion of American opinion against all idea of co-operation with Europe, and likewise the suspicion of England. It cannot be too often repeated that in the end what counted in all such issues was England's attitude and policy. In each case the strong and often angry disgust which was felt towards the countries that were guilty of aggression was proved by many public expressions and acts by official and private bodies, and also by the widespread private boycott of goods from the aggressor states. But in each case the really deep resentment of the relatively small but vocal and influential liberal groups was directed against England. From the aggressors the American people expected nothing better; from England, in spite of everything, they expected nothing so bad. For this attitude there was a reason that was partly sentimental, if hardly conscious. In thus forsaking the way of principle, England was felt to be letting down not only democracy in general but also the traditions and reputation of the Anglo-Saxon world which were so dear to most American hearts, and which they had themselves set up as the proper standard for their national conglomerate. There was also, however, a truly fundamental political reason, all the more intense for being unformulated and for the most part also unrealized.

[1] See the *Survey for 1935*, vol. ii, pp. 244 *seqq.*

Though no statement to that effect was now likely to be forthcoming, yet it was almost a principle of natural law that England was the only country with which America could work hand in hand.[1] The point, and its consequences, was put tersely in a letter to *The New Statesman* (19th March, 1938):

> There is no other people with whom Americans, in the mass, feel a familiar and reliable community of outlook and intention. England is the only country which could partner America into a genuine international system. Sever that bond of confidence, and American opinion and policy relapse into isolation. It was severed at Versailles, and American sentiment drew back from the League which it had sponsored. Sever it now, and the interest in international co-operation which President Roosevelt and Secretary Hull had gradually laboured to revive will be buried for a generation and more. We shall for a second time within a short but critical span of history ourselves have thwarted those American leaders who, out of love for peace and progress, earnestly tried to join hands with us. Our choice is, so to speak, their fate. It matters not with whom we consort; but it matters vitally on what basis we do so. Should British statesmanship stand by its traditional principles—by that 'courageous promulgation of great historical truths' for which Disraeli called—American sentiment will as surely stand by us. But let us choose expediency at the cost of international right and principles, and we shall render even the most friendly of American leaders impotent to bring America to our side in the international cause.

A good test was supplied by President Roosevelt's famous 'quarantine' speech, on the 9th October, 1937.[2] At the ceremonies on the occasion of the dedication of Chicago's Centennial Bridge the President unexpectedly made one of his strongest and most outspoken pleas for an active foreign policy. America, he assured his hearers, was taking measures in order to minimize the risk of her becoming involved in a conflict. Yet she could not have complete protection in a world of disorder, in which confidence and security had broken down. In her 'search for peace', therefore, she must make a 'concerted effort' with the other peace-loving nations in opposition to 'violators of treaties', just as in a case of epidemic

[1] President Theodore Roosevelt did almost go the length of putting this principle into words when he told the British Ambassador, in 1906, that while he wanted the United States to be friendly with all nations, he regarded Great Britain 'as the one country with which America ought to be on terms of close and confidential friendship' (Gelber: *The Rise of Anglo-American Friendship ; a Study in World Politics (1898–1908)*, 1938, Oxford University Press, p. 253).

[2] Some account of Mr. Roosevelt's Chicago speech and of the reaction to it in the United States was given in the *Survey for 1937*, with special reference to the connexion between the speech and the situation in the Far East. See vol. i, pp. 273 *seqq.*

she would naturally approve and join 'in a quarantine' to protect the health of the community. The speech took the country by surprise. There was a rumour that it took even the State Department by surprise; it was suggested that Mr. Bullitt, the Ambassador to France, had inspired the President's utterance; and there were hints that the State Department was alarmed and in more than two minds as to the course to be pursued. There was no doubt that public opinion was in two minds about the speech. The leading eastern papers, such as *The New York Times* and *The New York Herald Tribune*, some of the organizations devoted to international co-operation, and certain statesmen of the Wilsonian period, such as Mr. Newton D. Baker, strongly supported the President. So did Mr. Stimson[1] and many jurists of his type of mind, as well as a group of popular radio commentators and columnists. A conservative Republican like Colonel Frank Knox described the speech as 'magnificent'. But at the same time a fierce storm of protest was raised in many papers of the West and Middle West, and by many organizations, including the American Legion, the Veterans of Foreign Wars, and the Women's International League for Peace and Freedom. The speech was immediately denounced by some of the Senators belonging to the Neutrality group, such as Messrs. Borah, Johnson, Nye, Vandenberg and others. 'It is the most bellicose language ever used by an American President', declared an editorial in a small Middle Western paper, the Sheboygan *Times*. These critics, indeed, looked upon the speech as an attempt to lead the country in a new direction, but in the wrong one; and in the words of *The Wall Street Journal* they called upon the President to 'stop American meddling'. If the speech, as was assumed, was meant as a test of public feeling, the President got his answer promptly and strongly, but by no means helpfully. The failure to follow up those strong words by action told its own story. There was not a hint of 'concerted' action while Japan was riding rough-shod over American rights and 'vital interests' in China, not even when, two months later, the Japanese committed a serious and typical offence against 'national honour' by bombing the *Panay*.[2]

At the end of 1937 and during the year 1938 international incidents were crowding upon each other, and causing the various currents of American opinion to flow strongly. With every new act of violence the American people were roused into giving expression to their strong and general condemnation of Nazi and Fascist methods. At

[1] See *op. cit.*, p. 275, for some quotations from Mr. Stimson's letter, which was published in *The New York Times* on the 6th October.

[2] See the *Survey for 1937*, vol. i, pp. 276–8, 312–16.

the same time and on every fresh occasion the American people failed to discover a possible point of contact with the policy of those West European countries with which, on the whole, they sympathized. The conviction grew that the 'Old World' was beyond hope. Europe, as one Western American man in the street put it, was 'one big mess'. 'If they are going to have a war over there every twenty-five years, the sooner we know it and learn to keep out of it, the better.' And again, 'Thank God it is none of our business. We have got to keep out of it and, by God, we will.'

There was overwhelmingly strong evidence that it was not the difficulties of the position or even the possible risks involved which created this state of mind, but above all the dour conviction that, in spite of all their democratic professions, the English and French Governments would prefer to see the Fascists rather than their opponents in power. For this was a conviction which disheartened and disarmed those very liberals and believers in international co-operation who otherwise might have stemmed and perhaps turned the tide of isolation. If that were the whole story of 1938, all hope of American interest and eventual help in a possible future test would have been lost beyond immediate retrieving; and that probably would have been the outcome if the Fascist group had confined its aggressive activities to Europe, or even to the Far East. It could then have been forecast without hesitation at the end of 1938 that the revision of the neutrality laws which was on the agenda of Congress would tend to tie the President's hands still further, since suspicion of President Roosevelt's 'entangling' tendencies was strong and increasing. But once again, for the time being, the Western democracies were spared that sequel, through no effort or merit of their own. At the very time when Americans were blessing the fate which had put three thousand miles of water between them and Europe, Germany and Italy were rash enough to begin to tamper with the Western Hemisphere. They spread a network of propagandist and political activities over Central and South America, and developed their trade by many a dubious method. The economic penetration caused some concern, even though it had not yet assumed serious proportions; but the other activities gave rise to alarm and resentment. As frequently happens, the manner of these German and Italian activities proved more irritating than their substance. Taken together with certain similar manifestations in the United States itself—trivial attempts at espionage, and the naïve demeanour of a relatively small group of pro-Nazi Germans, who strutted about in uniform and displayed the swastika—these activities had the effect

of a revelation upon the American outlook. It made many otherwise reluctant or indifferent Americans realize that if they wished to avoid entanglement it was not enough to keep out of the 'Old World', if the 'Old World' chose to meddle in the New. Possibly these promiscuous Nazi and Fascist activities were not altogether unwelcome to the Administration and to those sections of American opinion which believed that co-operation with the Western democracies was indispensable and desirable. For they went a long way towards redressing the balance of popular feeling, and thus again left opinion and policy in a more fluid state than they had seemed to be at the beginning of 1938.

### (*b*) The American Attitude towards the Main Incidents of 1938

#### (1) *Spain*

Of the issues which kept Europe in a state of alarm during 1938, the Spanish Civil War was one of those rare European events in which the United States had a direct interest, because of its possible repercussions upon Latin America. Traditional and cultural ties with Spain were still alive in Central and South America, just as the ties with Anglo-Saxon culture were still alive in North America. Hence the Latin-American Republics watched the struggle in the mother Peninsula intently; while in the United States opinion and policy, already anxious over the Fascist and Nazi intrusion into Latin America, had to assess in what way the victory of one side or the other would affect those activities in a region which had often been disturbed by dictatorial propensities.

At the same time, the Spanish issue afforded a good illustration of the influence which the English attitude could exercise upon American policy, as well as of the manner in which the mixture of origin and creed in America's population introduced friction and confusion into the making of her policy. It is not easy to estimate how public sentiment stood at the outset of the Spanish conflict. Certain appearances and assumptions indicated that on the whole it was leaning towards the Republican side. But it seems clear also that opinion was less directly concerned than it was with the Far Eastern conflict, and presumably would have felt much less inclined to intervene in Spain than in China. The Administration had no set policy applicable to the issue, nor any formal means of acting had it wished to take action. The neutrality law then in force made no provision for cases of civil war. Before, however, any definite public opinion could form and influence policy, or policy shape and guide opinion, the Non-Intervention Committee was set up in London; and it was generally

assumed by observers in Washington that the British Government requested the United States to further as far as possible the Committee's ostensible aim of localizing the Spanish conflict. At any rate, President Roosevelt asked from Congress special powers which might enable him to place an embargo on the supply of war material to the Spanish combatants, and on the 6th January, 1937, the Senate —by a vote of 81 to none, with 12 abstentions—passed the Emergency Resolution (approved on the 8th January, 1937) which prohibited the export of arms, munitions, and other war material to Spain.[1] Later this exceptional step was regularized in the revised Neutrality Act of the 1st May, 1937; Section 1, paragraph (*c*) of the Act made its provisions applicable not only to war between states but also to 'civil strife' of such magnitude as to carry with it the same risk of friction as in an inter-state war. The Presidential proclamation necessary to bring these provisions into effect followed soon afterwards.[2]

The action of the Administration met at the time with fairly general approval, even if from mixed motives. As in the Abyssinian case, the President wanted to aid the Western democracies, while Congress was mainly intent upon avoiding friction and thus keeping the country out of conflict. Popular sentiment, and the various peace organizations, were on the whole pleased with what was obviously a peaceful act, though not altogether happy about its possible effect on the fate of the established Government in Spain. From the outset, however, the action of the Administration was criticized on formal grounds without regard to the merits of the issue as between the Spanish Government and the Nationalists.[3]

[1] See the *Survey for 1937*, vol. ii, pp. 215–17.

[2] The Act of 1937 (Section 3) also prohibited the raising of funds or credits for the benefit of belligerents, except charitable collections for medical aid or for general humanitarian aid to non-combatants. Such collections had to be strictly accounted for.

[3] The Committee on International Law of the National Lawyers' Guild prepared a report (published in the Guild's *Quarterly*, December 1937) which took sharp issue with the Government's position. It criticized it, in summary, as being:

(1) a violation by the United States of its treaty obligations to Spain;

(2) a violation by the United States of the recognized canons of international law, which permit a legitimate Government threatened by domestic insurrection to purchase the means of self-defence from private citizens of any friendly nation;

(3) a reversal of the policy heretofore pursued of restricting arms shipments only when intended for the use of insurgents and of permitting them for use in suppressing armed insurrection;

(4) a refusal to invoke legislation already on the Statute books . . . coupled with public statements of so-called impartiality between opposing factions which are inconsistent with existing legislation.

As the conflict dragged on, during 1938, public sentiment began to change and show more sympathy with the Republican cause. Three factors contributed in the main to this: horror caused by the bombing by the Nationalists of open towns; evidence that the Fascist countries were taking an open part in the conflict; and increasing suspicion of the real intentions behind the British policy of non-intervention.

As had been evident on so many of these occasions, American public sentiment reacted quickly and strongly to the ruthlessness of Fascist methods, perhaps just because it was not so much bound up in advance with the cause of one side or another. The bombing of many open towns, and especially the destruction of Guernica and the attacks on civilians in flight, stirred American opinion deeply and roused both humanitarian and political sympathy with the Republicans. This found expression in the first place in the substantial help sent from America to Spain. Besides the several medical units sent to the front, various organizations in the United States were reported by the State Department (with which they had to register under the Neutrality Law) to have collected two and a half million dollars for relief in Spain between May 1937 and March 1939.[1] There were many other activities organized by the American Friends' Service Committee and the Federal Council of Churches, both for sending relief to Spain and for bringing about the adoption of orphan children in America. Of a different type were the clear expressions of political sympathy, chief of which was, of course, the enlistment of three thousand volunteers with the Republican forces. And it is interesting to note that whereas such British volunteers as went to Spain were hardly mentioned in the British Press, Conservative papers like *The New York Times* and *The New York Herald Tribune* published throughout the year a large number of articles, sometimes more than one a week, on the activities of the Lincoln Brigade. When the Spanish Parliament was convened, in the Spring of 1938, sixty members of Congress sent to their Spanish colleagues a message which created a flurry in the States and some distress in the Catholic circles sympathizing with General Franco:

Paragraph (1) refers to a treaty between the United States and Spain still in force which includes the provision that 'there shall be a full, entire and reciprocal liberty of commerce and navigation between the citizens and subjects of the two High Contracting Parties'; and paragraph (4) to a provision of the Neutrality Act of 1794, still in force, which prohibits the organization of military enterprises in the United States against a friendly Power, thus putting its Government on a different footing from that of the insurgents. This Act was referred to by President Cleveland in 1895 in connexion with the Cuban rebellion against Spain.

[1] See also p. 391 above, footnote 2.

> We the undersigned members of the Congress of the United States are happy to send our greetings and good wishes to the Spanish Parliament on the occasion of its regular session convened in accordance with the Constitution of 1931. For you to meet again in face of the trying and tragic circumstances of the present demonstrates that the Spanish people and their representatives stand firm in their faith in democratic government.
>
> We, who cherish freedom and democracy above all else, realize the significance of your heroic and determined fight to save democratic institutions in your country from its enemies both within and without Spain. Your struggle sets a stirring example to all democratic peoples. As members of one democratically elected Parliament to another, we salute you.[1]

Some of the members who signed this message afterwards repudiated their signature, and various Catholic groups protested against it. On the other hand, in April sixty-one Episcopal and Methodist Bishops appealed to the Catholic hierarchy to remonstrate with the Nationalists in Spain on their bombing of open towns and of civilians.

From the Spring of 1938 to the end of the Civil War, the current of opinion favouring the raising of the embargo increased in strength and in the variety of its sources. There was a recurrent pressure upon the Administration after every incident in the aggressive march of the Fascist Powers, as for instance after the seizure of Austria. 'If the democracies want to save Spain and Czechoslovakia they must do so now,' wrote *The Herald Tribune* (17th March), 'but they seem lacking in self-confidence.' It was realized and emphasized that another Fascist victory in Europe must be prevented before it was too late. And the blatant evidence of Fascist participation on the Nationalist side in Spain made the embargo appear still more unpardonable in the eyes of American liberals. Some organizations tried to break down the effect of the Administration's position by urging upon the President and the Secretary of State that to make the embargo really effective they should extend it to Germany, Italy and Portugal also, as those countries were admittedly taking an active part on Franco's side. In reply to suggestions of this sort Senator Pittman, as Chairman of the Senate's Committee on Foreign Relations, stated that the Neutrality Law could be applied to another state only if that state were at war with the Government of the country in which a civil war was being fought out. Most of the bodies and individuals who tried to influence the Administration demanded, however, the removal of the embargo. On the 29th March a committee of members of the bar from several States sent to the President a letter, signed by some two hundred prominent lawyers, in which

[1] *Congressional Record*, vol. 83, part 9, p. 959.

they protested against the embargo. The embargo legislature, they said, 'and the Presidential proclamation issued thereunder have resulted in a denial to the Spanish Government of the full, entire, and reciprocal liberty of commerce and navigation guaranteed by the Treaty of Friendship and General Relations between Spain and the United States. It is a violation of international law.'[1] The Lawyers' Guild voted ten to one in favour of lifting the embargo.[2] On the other hand, the Professor of International Law in the Catholic University of America held the embargo to be legally sound, on the grounds that while the United States had the right, it was not under any obligation, to render aid to the Barcelona Government.[3]

The more general trend culminated in two Congressional resolutions: a House joint resolution introduced by Representative Scott (H.J. Res. 640) for the repeal of the joint resolution prohibiting the export of arms, &c., to Spain;[4] and the resolution introduced by Senator Nye (S.J. Res. 288), a leading isolationist and sponsor of the Neutrality Act, with the same intent of raising the embargo against the Government of Spain.[5] The sponsors argued that in view of the failure of the Non-Intervention Committee the embargo worked unjustly against the Government of Spain. By that time, it will be seen, the third factor working for a change of mind had come to the fore. As long as Mr. Eden was in charge of the Foreign Office in Whitehall the agitation over the embargo was heard largely from the Left. But after Mr. Eden's resignation and the tergiversations of the Non-Intervention Committee, American opinion lost faith in the British Government's intentions, and even began to wonder whether they had ever meant to act in a truly neutral way. *The Christian Science Monitor* declared in an editorial (6th July, 1938) that there was nothing in the activities and plans of the Non-Intervention Committee which would prevent in Spain the sort of dénouement wanted by Signor Mussolini; the same paper had a little earlier (30th June, 1938) shown suspicion not only of Mr. Chamberlain's real intentions, but also of his sagacity. 'There are apparently two men in Europe who understand each other. One is in London and the other is in Rome. It is just possible that the man in Rome understands the man in London better than the man in London understands the man in Rome. . . .' The same suspicion that Mr. Chamberlain had come to an understanding with Mussolini to undermine the Re-

[1] Reprinted in *Congressional Record*, vol. 83, part 10, p. 1229.
[2] *The New York Times*, 11th April, 1938.
[3] *The New York Herald Tribune*, 5th February, 1939.
[4] *Congressional Record*, vol. 83, part 5, p. 4810.
[5] *Ibid.*

publicans was expressed editorially by *The New York Times* on the same date. A month later (17th July, 1938) that journal warned all concerned that even if General Franco were to win the war with the help of German and Italian troops and material, the Spanish problem would not disappear from the European scene.

That suspicion inevitably expressed itself in a demand that the United States Government should resume their freedom of action and follow the British lead no longer. Many conservative voices which until then had kept a reserved silence now joined in the demand, and it was in those circumstances that Senator Nye was prevailed upon to propose his resolution. It had the support of almost all the liberals, and apparently of many Senators close to the Administration; so much so that for a few days there was a belief in Washington that the resolution would find an easy passage. But in the end the Administration decided against it. Mr. Secretary Hull was reported to have been opposed to the embargo from the outset; it had been voted while he was absent in Buenos Aires, and he was assumed to be in favour of the Nye resolution now. On the other hand, his Under Secretary of State, Mr. Welles, who had steered through the original embargo resolution, was not one of those who had changed their minds, rather because of his general outlook on foreign policy than because of his being amenable to the London point of view. At the same time there is evidence that through the Postmaster General and Democratic party manager, Mr. Farley, and other channels, the Catholic hierarchy and more substantial laity were exercising great pressure upon the Administration, which was warned that it might risk losing the Catholic vote. When President Roosevelt, after a vacation, returned to the capital he was apparently influenced mainly by the argument that the Government needed all their authority and prestige to lessen tension in Congress and in the country, whereas the Nye resolution, if it was passed, was likely to have the opposite effect, besides creating a serious embarrassment for Mr. Chamberlain, whose Spanish policy was at that very time being assailed in the House of Commons. The President declared that he was powerless to lift the embargo—he was perhaps not displeased to score a point against those who had forced the legislation upon him—and referred the requests to the State Department for a formal answer. On the 12th May, 1938, Secretary Hull therefore wrote to the Chairman of the Senate's Foreign Relations Committee to say that the United States, having adopted a policy of strict non-interference, could not now conveniently alter it; it seemed preferable, as time before the adjournment of Congress was running short, that the

whole neutrality issue should be debated in the new session early in 1939. Whatever the implications of the argument, it was sufficient to block the Nye resolution in Committee.

A final flurry in American opinion occurred in the Spring of 1939, while the Republican cause was in its last throes. Though obviously the situation was by then almost hopeless, the stand which the Republicans were making against heavy odds brought about something like an outcry for the lifting of the embargo. A remarkable correspondence appeared in the columns of *The New York Times*, headed by a powerful plea by the ex-Secretary of State, Mr. Henry Stimson, who on legal and political grounds spoke out in the strongest terms against the embargo.[1] Early in 1939 thirty thousand students throughout the country went on strike in protest against the embargo;[2] eighteen members of the National Academy of Sciences, among them two Nobel Prize winners, had already written jointly to the President to ask him to lift the embargo so as to help to uphold the 'tradition which has allowed science to advance'.[3] At the same time the more conservative Catholic sections took heart and became more vocal in support of their point of view. At a meeting of the Maryland Chapter of the International Federation of Catholic Alumnae, a professor deemed it necessary to bring to the notice of the President and of the Secretary of State that 'patriotism, international law, and love of religious liberty all suggest an early recognition of the defeat of the Soviet Union in Spain . . . '.[4] An interesting sidelight is thrown on these divisions by the action of the House of Representatives of New Mexico (a state with a high percentage of Roman Catholic voters) which by a vote of twenty-eight to twelve recommended to President Roosevelt that he should recognize the Government of General Franco.[5]

Had the Spanish conflict been prolonged, that characteristic fissure in American opinion might have gone deeper. As it was, it remained to be seen how far the fear of Fascist repercussions in Latin America would be justified, and how they would eventually affect American opinion at large. For the rest, it will suffice to mention one or two general tendencies in the conclusions which were drawn by various sections of the public from the incidents connected with the

[1] 'The Embargo on Arms to Spain.' Statements by Henry L. Stimson, Martin Conboy, Philip C. Jessup and Charles C. Burlingham (*International Conciliation*, March 1939).
[2] *The New York Herald Tribune*, 22nd February, 1939.
[3] *The Christian Science Monitor*, 28th April, 1938.
[4] *The New York Times*, 19th March, 1939.
[5] *Ibid.*, 5th March, 1939.

Spanish Civil War. The bombing of British ships in Spanish waters, and the debate on this matter (28th June, 1938) in the House of Commons, moved *The New York Times* to speculate on an imaginary debate, on the bombing of American ships in European waters, which would very probably take place in Congress, in the event of a general European conflict; and the writer hinted that, in its present mood, Congress might act in very much the same way as the House of Commons had acted under Mr. Chamberlain's guidance. A somewhat different lesson was drawn about the same time by the writer of a leading article in *The Christian Science Monitor* (18th July, 1938). After commenting on the military lessons of the conflict, he went on to say: 'And among others heavily discounted are the suppositions that neutrality is a fixed possibility in a world where interdependence increases daily, and that non-intervention can be counted on to keep the world safe for neutrality.'

(2) *Austria*

The American reaction to the forcible occupation of Austria was perhaps best expressed in the leading article of *The New York Times* on the 14th March. The most disturbing fact, declared the writer of the article, was not the *Anschluss* itself, but the way in which it had been brought about. The first part of this comment was further emphasized in a broadcast by Senator Borah, a leading isolationist:

> The German dictator reached out recently and took under his control and direction the once proud country of Austria. It is a sad and stirring thing to see a once great nation—the vast estate of Maria Teresa—pass under the domination of another Power. But if you begin your study of the event with the signing of the Versailles Treaty, that which happened to Austria would appear natural, logical and inevitable, and a thing which is not of the slightest moment to the Government, as a Government, of the United States.[1]

In spite of previous incidents, Herr Hitler's move was as unexpected in the United States as it was elsewhere. On the 5th March *The New York Times*, in a commentary on the European situation, averred that nothing would happen until after Herr Hitler's visit to Rome, in April. Both *The New York Times* and *The New York Herald Tribune* commended Dr. von Schuschnigg's decision to hold a plebiscite, but by that time these two journals, as well as *The Christian Science Monitor*, were beginning to doubt whether Herr Hitler would wait. When the worst happened, the American press sought to find an explanation for an event which they had hardly thought possible.

[1] *Congressional Record*, 28th March, 1938, vol. 83, part 10, p. 1217.

The *Herald Tribune* (12th March), while believing that war was not likely to ensue, categorically condemned the German methods. 'Surely even in the secret and violent history to which we have become accustomed there has been nothing like this; surely, there has been nothing quite so crassly brutal since the other ultimatum, sent from Vienna, not to it, in July 1914.' The *Herald Tribune* further considered that the fall of Vienna was merely the logical consequence of what had happened before at Addis Ababa, Shanghai and Nanking. *The New York Times* on the same day believed that Herr Hitler had chosen that particular moment to strike in order to upset the Anglo-Italian negotiations; and *The Christian Science Monitor* assumed that the Rome–Berlin Axis would be severely strained, unless Mussolini was compensated elsewhere in Europe, perhaps in Spain. *The New York Times* (13th March) also assumed that the Axis had been strained beyond recovery, and at the same time that all hopes of an Anglo-German *rapprochement* had been wrecked. On the same day, in an article entitled 'Germany Pleads Guilty', the *Herald Tribune* compared the situation to that of August 1914. German technique had remained the same, although the rate of invasion had been greatly accelerated. But the fundamentals were unchanged; the invasion of Austria was tantamount to a German confession of guilt in 1914. Both in its manner and in its effect the invasion provided a parallel which was 'appallingly complete'. A few days later (17th March) the same journal compared the five years since 1933 to the years following the annexation of Bosnia-Herzegovina in 1908, which were racked by crises, secondary wars and dangerous incidents. Incidentally, it feared that Spain first and Czechoslovakia afterwards were doomed unless the democracies were to show more self-confidence.

American opinion, which throughout had shown itself generously sensitive to the effects of German policy on private individuals, began to consider and to deplore the fate of Catholics, Jews and Liberals in Austria; as, indeed, the fate of the man in the street in general who, as *The New York Times* put it (16th March), had been fooled into joining a Germany that was 'hungering its way to greatness'. In the House of Representatives, Mr. Buckley mentioned that on the 15th March he had appealed to Mr. Cordell Hull on behalf of those likely to suffer in Austria and had urged him to instruct the American Consulate in Vienna to be generous in dealing with applications for visas to the United States. Mr. Hull had replied two days later that the Vienna consular staff had been increased so that applications for visas might be dealt with as promptly as possible, within the

framework of existing immigration laws and regulations.[1] At the same time Mr. Hull issued his invitation to thirty-three countries to consider jointly the problem of refugees from Austria and Germany, an invitation which resulted in the Evian Conference.[2] In a similar mood, many importers, buying-organizations, and large retailers decided to cease buying goods made in Austria;[3] and various firms with offices in Vienna announced their intention of moving to Prague. On the 15th March the World Alliance for International Friendship through the Churches telegraphed to the President and to the Secretary of State urging them to apply the doctrine of non-recognition to Germany's annexation of Austria.

On the day after the Austrian *coup* the German Ambassador to Washington, Herr Hans Dieckhoff, formally informed the State Department that Austria had been incorporated into Germany. The problem which the Department had to face was that of dealing with the factual consequences of the *coup*, while at the same time obviating all possible misunderstanding as to the attitude of the United States Government towards it. Austria owed the United States twenty-five million dollars, and enjoyed most-favoured-nation status in regard to tariffs, &c.; as all these matters would now have to be dealt with through Berlin, there was no choice for the Department but to take 'a number of technical steps', which brought about the *de facto* recognition of the annexation. Germany was told that she would be held responsible for the Austrian debt to the United States, while Austrian industry and trade were promptly placed on the same unfavourable footing on which economic relations with Germany already stood. A note handed to the German Ambassador on the 5th April ran as follows:

> In view of the announcement made to the Government of the United States by the Austrian Minister on the 17th March, 1938, my Government is under the necessity for all practical purposes of accepting what he says as a fact, and accordingly, consideration is being given to the adjustments in its own practices and procedure in various regards which will be necessitated by the change in the status of Austria.
>
> In this connection I have to notify the German Government that the Government of the United States will look to it for the discharge of the relief indebtedness of the Government of Austria to the Government of the United States.[4]

[1] *Op. cit.*, vol. 83, part 10, p. 1315.

[2] The initiative was really President Roosevelt's, the Secretary of State merely taking the formal step; and it would seem that the Department of State was against it.

[3] *The New York Herald Tribune*, 15th March.

[4] The German reply to this note was not given till late in the year, when Germany informed Washington that (1) she felt no legal responsibility for

The speeches made by Ambassador Kennedy in London on the 18th March, and by Ambassador Wilson in Berlin on the 13th April, guarded though they were, threw some light on the attitude of the United States Government towards the general issues at stake. They both, on the one hand, warned the democracies that they could not count automatically on American help, while on the other hand warning Germany that it was dangerous to believe that the United States would only fight if her own territory were invaded. But the clear expression of the Government's views was left to Secretary Hull, who conveyed them in an emphatic speech delivered at a luncheon of the Washington National Press Club—where speeches are usually not even quoted. Mr. Hull's first point was that the foundation of American foreign policy was a desire for peace; his second point was that 'apart from the question of alliances . . . each nation should be prepared to engage in co-operative effort' for the sake of peace. Mr. Hull again denied that there was any naval understanding with England, but went on to say that 'for nations which seek peace to assume with respect to each other attitudes of complete aloofness would serve only to encourage, and virtually invite, on the part of other nations lawlessly inclined, policies and actions most likely to endanger peace'. This did not mean that the United States had any intention of policing the world, yet 'no policy would prove more disastrous than for an important nation to fail to arm adequately when international lawlessness is on the rampage. . . . The catastrophic developments of recent years, the startling events of the past weeks, offer a tragic demonstration of how quickly the contagious scourge of treaty-breaking and armed violence spreads from one region to another.'[1]

The Austrian *coup* affected American public opinion in so far as it crystallized the already widespread hostility to Germany. *The New York Times*, commenting on Hitler's Reichstag speech (19th March), declared that any promises given by him were worthless from the outset, and assumed that even the English must have realized this by now. *The Christian Science Monitor* (12th March) believed that Pan-Germanism had now reached its natural limits; and two days later, while deploring that Europe had conceded to force what it had not conceded to reason or justice, it expressed the opinion that even the German people would back force only as long as it was used to

these bonds as they had been issued to support the incompetent Austrian state which had been artificially created by the Paris treaties; (2) German trade with the United States was in any case in too passive a state to make such payments feasible.

[1] *The New York Times*, 18th March.

remedy injustices, and that it could therefore never be effectively used against Czechoslovakia. A demand for colonies was likely to be the next move.

These beliefs were reinforced by another, namely, that the crystallization of the democratic front was 'now rapidly under way. Even Mr. Chamberlain's very high powers of evasion seemed inadequate to stay this almost automatic process now.' In thus summing up one aspect of the situation, *The New York Herald Tribune* went on to give a suggestive interpretation of the bitter speech which Mr. Cordell Hull had delivered the day before. The *Herald* believed that the speech was to some extent a forecast of United States action in case of war. America would not write out a 'blank cheque to the order of any European diplomacy so confused—or so uncommunicative about its real purpose—as that exemplified by the recent Chamberlain policy'. Nor would the United States ever be a party to bargains with the dictators. But if the democracies were to find themselves at war on clear principles and with a definite purpose, the case would be very different. In such a war they would not call in vain on the support of American factories, American material resources, and American emotions. The Austrian incident had had a profound effect on American opinion. Whether it would add the United States as a reserve of strength to the European democratic front depended on the firmness of Anglo-French policy.[1]

(3) *Czechoslovakia*

If the Austrian incident had shocked and stirred American opinion, it had not converted it to a policy of intervention; and the incidents which followed each other through the Spring and Summer of 1938 continued to feed those streams of public belief and thought which caused the current of American opinion to be for ever shifting its bed. Mr. Eden's resignation greatly weakened the convictions and influence of American liberals. The knottiest argument with which they had to contend was always a mistrust of the ends of English policy—for few even thought of placing any faith in those of French policy; thus the circumstances of Mr. Eden's resignation made their task infinitely harder, while lessening their courage. The actual consummation of the Anglo-Italian agreement inevitably brought back memories of the unsavoury Hoare–Laval plan, which the obvious, if gradual, return of Sir Samuel Hoare to a position of influence only served to sharpen. To Americans, who were rapidly drawing back from all imperialistic interests, the Anglo-Italian pact

[1] *New York Herald Tribune*, 18th March.

appeared as a blatant return to the era of unblushing colonial bargains. Under such conditions it was an act of political courage for President Roosevelt, aware of the need to co-operate with Great Britain if peace was to be assured, to give the new pact his approval, however qualified:

> As this Government has on frequent occasions made it clear [he declared on the 19th April], the United States, in advocating the maintenance of international law and order, believes in the promotion of world peace through the friendly solution by peaceful negotiation between nations of controversies which may arise between them. It has also urged the promotion of peace through the finding of means for economic appeasement. It does not attempt to pass judgment upon the political features of accords such as that recently reached between Great Britain and Italy, but this Government has seen the conclusion of an agreement with sympathetic interest because it is proof of the value of peaceful negotiations.

The statement, believed to have been inspired by Mr. Sumner Welles while Mr. Hull was away from Washington, helped Mr. Chamberlain, as it no doubt was meant to help him, to get the Anglo-Italian agreement through the Commons. It must also be assumed that, like Mr. Chamberlain, President Roosevelt still believed that Signor Mussolini could be bought out of the Axis, as the tone adopted by the United States Government towards Italy was still far milder than that now regularly used towards Germany. But the President's statement was badly received by the American press and by opinion at large. The balance of sentiment, as so often before, was partly redressed by some of the minor incidents which followed. The German decision, a few weeks after the annexation of Austria, to expropriate the holdings of German and foreign Jews brought upon itself (on the 12th May) a very severe note from the American Government; and Germany had to promise not to apply the decree to Jews who were American citizens. Still better, the firm stand of the British Government during the minor crisis towards the end of May heartened American opinion and went a good way to mitigate the impression of Mr. Eden's resignation. This partial change of feeling was strengthened by the signs that the Anglo-French Entente was trying to show its solidarity, namely by the visit of MM. Daladier and Bonnet to London and the warm reception which the British sovereigns received during their subsequent visit to Paris.

When, therefore, the Czech crisis came to a head early in September, American opinion was in a more trusting mood. In a state which bordered on wishful thinking, Americans trusted that France would stand firmly by her treaty obligations, and that England

would stand by France if the crisis were to end in a conflict. Upon that mood the ominous *Times* editorial of the 7th September had a dissolving effect. All the old fears and suspicions came to the surface again. Both *The New York Times* and *The New York Herald Tribune* had believed (7th September) that there would be no war. Comparing the position of the Czechs with that of the Serbs on the 23rd July, 1914, the *Herald* saw a difference—that Germany did not need war as yet; she could still go on bluffing, as it was unlikely that the democracies were ready to stay her. 'Everywhere the fear of war is as yet stronger than the fear of what the future will bring without war.' At the same time, *The Christian Science Monitor* (10th September) believed it imperative that those who were striving for peaceful settlement should clearly draw the line beyond which bluff would not push them.

Uneasiness grew rapidly with Herr Hitler's speech at Nuremberg—'emotional and reckless', was the description applied to it by *The New York Herald Tribune* (13th September). 'One still finds it hard to believe that the affairs of the Continent of Europe can be conducted in this way, with the manners of a top sergeant, the veracity of a paid propagandist, and the methods of a college cheer leader.' After that speech the hope of a solution within the existing framework of Czechoslovakia dwindled rapidly. The *Herald* did not feel that England would fight to preserve Czechoslovakia, and in a vague manner predicted both the bargain at Munich and the ultimate annexation later on. At the same time (on the 17th September) it attacked the way in which both the German and many other European papers on the other side were deliberately confusing language with nationality. It held that Herr Hitler was not really interested in the Sudeten Germans, but rather in the destruction of the Czechoslovak Republic, as a step towards his domination of Central and South-Eastern Europe.

Nevertheless, the Press approved Mr. Chamberlain's flight to Berchtesgaden in the hope that it would call Hitler's bluff. But they also felt certain that if an agreement was reached it would mean the sacrifice of Czechoslovakia, and against that most of the influential journals protested. On the 18th September, the *Herald* granted that a sacrifice might be justified if it really helped to preserve peace, but it feared that this sacrifice would only bring war nearer. Another point, fairly generally felt, was made in a memorandum issued by the National Peace Conference a little later: 'Nations which have consistently refused to sacrifice their own interests for the sake of world justice and peace have now called upon Czechoslovakia to do that which they themselves have been unwilling to do.'

The proposal which issued from the Berchtesgaden Conference, and which England and France took upon themselves to impose on Czechoslovakia, brought about the real awakening of American opinion. The isolationists felt that they had once again been proved right. On the 20th September Senator Borah declared that 'the citizens of the United States are not interested in European boundaries or with the plans of European nations in regard to European matters'. Various groups, who followed this trend of opinion, demanded that the Administration should end once and for all the 'parallel' policy advocated by Mr. Roosevelt and Mr. Hull. In an effort to be charitable, *The Christian Science Monitor* (19th September), while expressing its disappointment with Mr. Chamberlain and M. Daladier, added the hint that Americans should be restrained in their judgment, since those who had run no risk for peace themselves could ill afford to criticize others. *The New York Times*, which had at first been more hopeful, was now more critical. Speaking of the terms presented to Czechoslovakia, it wrote (19th September):

> Liberal opinion everywhere will prefer to regard them as incredible until they are confirmed or expressed in an official statement. . . . Peace is a very precious thing. It is so precious that it is worth even a sacrifice of principle, and even a compromise with honour. . . . But from these shores it has seemed that in the present situation there were, and are, other alternatives than a capitulation to the threat of force so complete as to establish the rule of force henceforward as the dominant factor in international relations.

Godesberg seemed to prove American commentators right: Hitler's demands only grew by being tolerated. At the same time there was a slight encouragement in the stiffening of the Anglo-French attitude. But for this very reason, perhaps, a grave view was taken of the chances of peace. The week before premiums for insuring American property in Europe against war risks had been doubled. The United States Treasury was preparing to deal with a flight of European gold to America. The Navy Department ordered cruisers in European waters to stand by at Gravesend so as to be ready, if required, to take off American refugees; and steps were being taken to watch the possible passage of arms and other cargo to the belligerents. The S.E.C. was considering measures for dealing with a stock market crisis in case of war. But, while the American Ambassador in London was keeping in close touch with the British Cabinet and ventured some remarks in his speech at the Memorial Service in Aberdeen, and while Ambassador Bullitt in a speech in Paris gave expression to the firm friendship of America and France, the State Department was silent, and the President's regular press conference was cancelled,

lest any remark of his should give rise to speculations. At the same time, many editorials in Canadian and European papers entreated President Roosevelt to use his great prestige in order to avert war.

It was at that moment, when American opinion was again swayed by conflicting emotions, that President Roosevelt chose to make his voice heard. On the 26th September he sent his famous message to Chancellor Adolf Hitler and to President Eduard Beneš.[1] The message was extremely well received in the United States itself. Mr. Hoover, in Kansas City, prefaced a hostile speech against the President with a salute to his peace efforts. Without waiting to see

[1] 'The fabric of peace on the Continent of Europe, if not throughout the rest of the world, is in immediate danger. The consequences of its rupture are incalculable. Should hostilities break out the lives of millions of men, women and children in every country involved will most certainly be lost under circumstances of unspeakable horror.

'The economic system of every country involved is certain to be shattered. The social structure of every country involved may well be completely wrecked.

'The United States has no political entanglements. It is caught in no mesh of hatred. Elements of all Europe have formed its civilization.

'The supreme desire of the American people is to live in peace. But in the event of a general war they face the fact that no nation can escape some measure of the consequences of such a world catastrophe.

'The traditional policy of the United States has been the furtherance of the settlement of international disputes by pacific means. It is my conviction that all people under threat of war to-day pray that peace may be made before, rather than after, war.

'It is imperative that peoples everywhere recall that every civilized nation in the world voluntarily assumed the solemn obligations of the Kellogg–Briand Pact of 1928 to solve controversies only by pacific methods. In addition, most nations are parties to other binding treaties obligating them to preserve peace. Furthermore, all countries have to-day available, for such peaceful solution of difficulties which may arise, treaties of arbitration and conciliation to which they are parties.

'Whatever may be the differences in the controversies at issue and however difficult of pacific settlement they may be, I am persuaded that there is no problem so difficult or so pressing for solution that it cannot be justly solved by the resort to reason rather than by the resort to force.

'During the present crisis the people of the United States and their Government have earnestly hoped that the negotiations for the adjustment of the controversy which has now arisen in Europe might reach a successful conclusion.

'So long as these negotiations continue so long will there remain the hope that reason and the spirit of equity may prevail and that the world may thereby escape the madness of a new resort to war.

'On behalf of the 130 millions of people of the United States of America and for the sake of humanity everywhere I most earnestly appeal to you not to break off negotiations looking to a peaceful, fair, and constructive settlement of the questions at issue.

'I earnestly repeat that so long as negotiations continue, differences may be reconciled. Once they are broken off reason is banished and force asserts itself.

'And force produces no solution for the future good of humanity.'

the effect of his first message, on the following day President Roosevelt sent a second message, this time to Herr Hitler alone.[1]

When the end came, after Munich, the first reaction in America, as in Europe, was one of surprise and relief. The memorandum of the National Peace Conference admirably expressed this:

> We believe the people of the United States will share with the people of other lands a sense of profound relief that a general European war has been averted. During these fateful days the whole world has been standing upon the brink of disaster. A happy delivery from a threatened catastrophe even at the last possible moment can only engender in the minds of all of us an acknowledgment of real thanksgiving. Whether or not the Four Power Pact agreed to at Munich will lead toward a general European settlement remains to be seen. But for the present at least the threat of a general war has been removed. And for this every right-thinking person will be genuinely grateful.[2]

Yet because of their distance from danger, realization of the tragic side of the Munich agreement came earlier among people in America than in Europe. Editorial opinions, collected from all over the United States, reveal the same feeling—that Czechoslovakia had

[1] '. . . The question before the world to-day, Mr. Chancellor, is not the question of errors of judgment or of injustices committed in the past. It is the question of the fate of the world to-day and to-morrow. The world asks of us who at this moment are heads of nations the supreme capacity to achieve the destinies of nations without forcing upon them as a price the mutilation and death of millions of citizens.

'Resort to force in the Great War failed to bring tranquillity. Victory and defeat were alike sterile. . . .

'Present negotiations still stand open. They can be continued if you will give the word. Should the need for supplementing them become evident, nothing stands in the way of widening their scope into a conference of all the nations directly interested in the present controversy. Such a meeting to be held immediately—in some neutral spot in Europe—would offer the opportunity for this and correlated questions to be solved in a spirit of justice, of fair dealing, and, in all human probability, with greater permanence. . . .

'Should you agree to a solution in this peaceful manner I am convinced that hundreds of millions throughout the world would recognize your action as an outstanding historic service to all humanity.

'Allow me to state my unqualified conviction that history, and the souls of every man, woman and child whose lives will be lost in the threatened war will hold us and all of us accountable should we omit any appeal for its prevention.

'The Government of the United States has no political involvements in Europe and will assume no obligations in the conduct of the present negotiations. Yet in our own right we recognize our responsibilities as a part of a world of neighbours.

'The conscience and the impelling desire of the people of my country demand that the voice of their Government be raised again and yet again to avert and to avoid war.'

[2] The National Peace Conference was a joint association of a substantial number of societies and groups working for international peace. The Conference had no programme or policy of its own; it merely sought to co-ordinate that of the associated bodies.

been betrayed by Britain and France, that war had been merely postponed, but that all this was not the business of the United States.[1] Inevitably the Munich arrangement was compared to the Hoare–Laval plan (*The Evening Star*, Washington, D.C., &c.). What would it all mean? 'Chamberlain's deal rests upon Hitler's promise. The world knows what that is worth' (*The Post*, New York). 'England and France chose the lesser evil, which is lesser merely because it is further off' (*The Tribune*, Chicago). The Four Power Conference with the exclusion of Russia was in itself a great victory for Hitler (*The Christian Science Monitor*). This was the end of the system of collective security. Force alone had prevailed. The faith that had died would take a long time to revive. If the world could not trust Hitler, it 'also knows now what Britain's and France's promises are worth' (*The Post*, New York).[2] *The Christian Science Monitor* (20th September), together with a good many other journals, looked upon Munich as marking the extinction of France as a first-class Power, and as the first step in the liquidation of the British Empire. As for the effect on American attitude and policy, it amounted in all simply to this:—that 'we are not interested in protecting that which is not ours' (*The Journal-American*). *The Boston Herald* was convinced that the isolationists would be greatly strengthened. There was too much distress, however, for self-adulation. In the words of *The Philadelphia Inquirer*, 'Czechoslovakia has been sold down the river, but no man yet knows at what cost of blood and tears.'

Official pronouncements were naturally more guarded. Secretary Hull's feelings had been expressed, so to speak, in advance, in a broadcast which he had delivered as the clouds were gathering on the 16th August:

> . . . Orderly and peaceful processes and methods of international co-operation have in many regions given way to military aggression and armed force. To-day, invasion of the territory of sovereign states, destruction of lawfully constituted Governments and forcible seizure of hitherto independent political entities, interference in the internal affairs of other nations, wholesale violation of established treaty obligations, growing disregard of universally accepted principles of international law, attempts to adjust international differences by armed force

[1] See the survey of editorial comments in *The New York Times*, 21st September.

[2] In a somewhat simple way *The Oregonian* (Portland) gave expression to a point which puzzled many an un-diplomatic editorial writer: 'Was it necessary for Chamberlain to make a personal appeal to get the German dictator to accept exactly what he has been demanding all along? Surely, a telegram would have served as well—a telegram well within the ten-word limit—one reading "Take what you want" surely would have prevented the outbreak of war. . . .'

rather than by methods of pacific settlement, contemptuous brushing aside of rules of morality—all these appalling manifestations of disintegration seriously threaten the very foundations of our civilization. . . .

A broadcast by the Under-Secretary of State, Mr. Welles, on the 3rd October was limited in the main to a recital of the evolution of the crisis. He was thankful that at least war had been averted, for the rest merely adding that 'upon the merits of the decisions reached at Munich, to use the President's words, "we do not need nor do we intend to pass"'. And the President's first speech after Munich, a broadcast address on the 26th October, might be taken as a general comment on the event:

> There can be no peace if the reign of law is to be replaced by a recurrent sanctification of sheer force.
>
> There can be no peace if national policy adopts as a deliberate instrument the threat of war.
>
> There can be no peace if national policy adopts as a deliberate instrument the dispersion all over the world of millions of helpless and persecuted wanderers with no place to lay their heads.
>
> There can be no peace if humble men and women are not free to think their own thoughts, to express their own feelings, to worship God.
>
> There can be no peace if economic resources that ought to be devoted to social and economic reconstruction are to be diverted to an intensified competition in armaments which will merely heighten the suspicions and fears and threaten the economic prosperity of each and every nation. . . .

When the end of the Czechoslovak Republic came, in the spring of 1939, the attitude of the United States was akin to that which she took up a year earlier, over the annexation of Austria. The Treasury ordered that goods from Czechoslovakia should be treated on the same footing as imports from Germany, thus depriving them of the tariff concessions which they had enjoyed till then (a fact which caused relief in the shoe industry of New England, as letters to Boston papers showed). The Post Office was ordered to hold back for a while all mail for Czechoslovakia so that senders might recall letters and funds; and the State Department let it be known that it would not help Germany to seize property which the Czech Government might have in the United States. The Czech Legation and Consulates were allowed to continue to function, and passports were still issued by them and recognized by the United States authorities. At the New York World's Fair the Czech pavilion was completed with American help, and its flag always at half-mast served to remind the millions that passed that the nation was in mourning. The Government, through Mr. Sumner Welles, and with the vociferous support of the nation, meanwhile made it clear that they regarded the

annexation of Czechoslovakia as an interlude: 'This Government cannot refrain from making known this country's condemnation of the acts which have resulted in the temporary extinguishment of the liberties of a free and independent people . . .' (*The New York Times*, 22nd March, 1939).

(4) *The Far East*

In the year under review the Far East held a special place, second only to that of Latin America, in American opinion and policy; it had, indeed, held that place for so long a time that it had become one of the standing traditions in American foreign relations. There were certain geographical reasons for this. But apart from that, the Far East was the one region in which the United States could be active economically and politically, even taking the initiative in many matters, without becoming 'entangled' or coming into conflict with European politics. It was also the one region with regard to which it was possible to have something like a united national opinion, as there were no minorities bound by older ties of nationality or religion to this or that mother country in that part of the world. In regard to the Far East the United States' policy had therefore been remarkably and firmly consistent. From the time when China and Japan were brought out of their seclusion the United States had held to and upheld in the Far East the principle of the open door as the main basis of her policy, though it was not till 1899 that Secretary Hay embodied a vague principle in a definite formula. To this was added a second principle —that of the integrity of China; the second became a corollary of the first when the dissolution of Imperial China left that ancient empire open to forcible dismemberment or foreign intrusion. More recently the emphasis had shifted. The open door implied a certain control of Chinese policy which the United States began to give up at the Washington Conference, and gave up wholly when she recognized China's full autonomy in matters of tariff. Even the claim to equal opportunity had really been lost. Thus the integrity of China, rather than the open door, had become the dominant principle since the conclusion of the Nine-Power Pact.

Throughout that period of a century or so the United States had not hesitated to act in the Far East so as to prevent or forestall a disturbance of those principles. The opening up of Japan by direct American action was largely intended to forestall England and France. That same desire, to keep out the European Powers, led to American policy in regard to Hawaii, important stepping-stone to the Far East; the Philippines were acquired for similar reasons and as an

outpost for American commerce in the Far Eastern market. 'Activity in the Pacific has been the norm,' says Mr. Nathaniel Peffer,[1] 'and the period of passivity between 1860 and 1890 the interlude or deviation from the norm.' After the General War of 1914–18 American economic interests concentrated on the Far East, their efforts growing both with the interests of the Government and with the increasing productivity of American industry. According to Mr. Peffer the essential interest of America might be summed up as being 'non-impeded access to the Chinese markets for American exports, and to that end the assurance of the integrity of China'.[2]

Whether the missionary followed the trader or the trader followed the missionary, account must be taken also of the wide American interests of a non-economic kind which had established a close and growing link between America and China with the passage of the years. There were many missionary connexions and almost as many cultural connexions. China's students always found a welcome in the universities of America, and some American universities, like Harvard, Yale and Princeton, took a direct interest, expressed in active support, in certain of China's universities. There was in addition, whether as cause or effect, a genuine sense of sympathy and understanding between Americans and Chinese; and one that was made all the more obvious by the very different atmosphere which arose when an American met a Japanese. The reserve of the latter made the American shrink, while the geniality of the former brought at once a response from the expansive American nature.

For all these reasons American opinion had never hesitated to countenance towards the Far East an attitude and policy which were the direct opposite of that which it advocated in regard to Europe. While the demand to keep out of Europe had grown in strength since the War of 1914–18, so also had willingness to go into the Far East. America had been willing to enter into arrangements in regard to the Far East (like the Washington Convention of 1922, the Nine Power Treaty, &c.) which she had refused elsewhere. And so it was that in 1932, when Japan began the aggressive course which led to the conflict that was raging in the year under review, the Secretary of State in a Republican Administration was able and willing to work in conjunction with Geneva, and even took the initiative in regard to the doctrine and policy of non-recognition. In the book in which he later told the diplomatic story of the Manchurian incident, Mr. Stimson implied, indeed, that he was prepared to go farther than the

[1] *Political Science Quarterly*, March 1939, p. 7.
[2] *Ibid.*, p. 11.

League Powers.[1] He seemed convinced that had the United States Government, together with the other Powers, judged it desirable to apply an embargo on Japanese goods, Congress would have agreed—especially if the step had been linked to the Nine Power Treaty rather than to the Covenant. He was also convinced that American opinion would have supported action by the United States Government jointly with the League, if the League had been willing to go far enough to stop war and to repress aggression. The League, however, and that meant first of all Great Britain, refused to embark upon sanctions, and so Mr. Stimson's efforts and the chance of joint action with the United States collapsed. Interest in the Far East also played its part in President Roosevelt's decision to recognize Soviet Russia, in 1933. Business interests were in favour of the step by then, but there is no doubt that it was largely a counter-move directed against Japanese aggression. When the Manchurian beginning led to its sequel, it was clear to President Roosevelt and to Secretary Hull that in the Far East and through the Far East lay their best chance of bringing about collaboration with the Western Powers, which the failure of sanctions in the Abyssinian conflict had again relegated to the background. But to be able to do this, the Administration needed freedom of action, and that it could secure only by skirting around the policy laid down in the neutrality laws.

As soon as the danger of conflict became apparent, President Roosevelt's Administration strove to use its moral influence for peace in the same spirit in which it had acted in all issues. On the 12th July, 1937, Mr. Cordell Hull personally informed the Chinese and Japanese Ambassadors at Washington that the American Government would look upon an armed conflict as a serious blow to the cause of peace and progress. This direct warning was followed four days later by a note which was communicated to all the Governments. It was justified by the argument that any conflict anywhere was bound to affect the United States: 'There can be no serious hostilities anywhere in the world which will not in one way or another affect the interests or rights or obligations of this country.' Therefore Mr. Hull felt it proper to make known to them the position of the United States Government. His Government, he said, advocated national

[1] *The Far Eastern Crisis* (New York and London, 1936, Harper for the Council on Foreign Relations). This was the prevailing impression in the United States, and it was correct in so far as it concerned Mr. Stimson's own attitude. But there is room for doubt whether Mr. Stimson could have carried Congress, or even President Hoover and his Cabinet colleagues, with him. See e.g. R. L. Willbur and A. M. Hyde: *The Hoover Policies* (New York, 1937, Scribner), pp. 601–3.

and international self-restraint and the adjustment of issues by peaceful means; they advocated respect for treaty obligations and their eventual modification 'by orderly processes carried out in a spirit of mutual helpfulness and accommodation. . . . We stand for revitalising and strengthening international law. . . . We avoid entering into alliances or entangling commitments, but we believe in co-operative efforts by peaceful and practical means in support of the principles hereinbefore stated.'

The efforts made by the United States Government during July and August 1937 to bring about some compromise between China and Japan proved fruitless. Yet after the conflict broke out the Government gave in on point after point, in spite of their traditional policy and of the marked sympathy of public opinion with China, and in spite of a chain of provocative incidents which could have been used both to justify action and to win for it support in the country. Instead of that the Administration was satisfied with what Mr. Hull described as a 'middle-of-the-road policy'; though it was also stated that the Government's policy was on a 'twenty-four-hour basis'. But throughout the period that policy was marked by a recoil from all action, coupled with frequent strong protests which at no time, however, carried with them a hint of retribution. In the same spirit, while American residents were being urged to leave China, the Administration did not heed the demand of the pacifist section to withdraw the forces which had been kept in the Far East for the protection of American lives and property. There was, of course, a general desire to avoid war; there was the preoccupation of the Government with many pressing internal problems; and there was always a doubt as to the attitude and eventual co-operation of the European Powers mainly concerned. Nevertheless American policy appeared so ambiguous that it is worth while pausing to consider briefly what was the prevailing view as to the interests of the United States in the Far East.

Leaving aside the imponderables to which some reference has already been made, the United States could not be said to have any specific political interests in the Far East. She would have liked to see the war ended and especially to see China emerge from it with her integrity and independence unimpaired; this was considered essential if the democratic principles to which America was attached were not to be swamped in that region. At the same time, there was no desire to see Japan humiliated by a crushing defeat. It was felt that the interests of the United States, as of the world at large, would be served best by a negotiated peace, one that would offer a chance of

a lasting and constructive agreement unswayed by feelings of resentment and revenge. Much less had the United States any territorial interests in the Far East. The only question that might play an important part was that of the Philippines, not because of any American desire to maintain dominion over the islands, but because interference with them by Japan might be felt to be an incipient threat to American security itself, and because Americans still felt a genuine sense of responsibility towards their former wards. Intervention at need on behalf of the Philippines would be regarded as a matter of national duty rather than of national advantage.

The more usual assumption was that the United States could not give up her traditional position in the Far East for economic reasons. There had been much discussion on this aspect in recent times, and opinion was by no means agreed in regard to it. It has been pointed out that United States exports to China amounted to only 2–3 per cent. of her total exports; that Japan, who took 8 per cent., was a more important customer; that the whole of the Far East accounted for only 15 per cent. of the United States' entire export trade; that imports from China, Japan and the Far East as a whole amounted to about 3, 7 and 25 per cent. respectively of the total imports into the United States. Again, investments in China only amounted to 1–2 per cent., in Japan to 2–3 per cent., and in the whole of the Far East to 5–6 per cent. of all American foreign investments. In the light of such figures it would seem that the game was not worth the candle. But there were some aspects of the economic issue which complicated that picture. There was in the first place the competition which cheap Japanese goods offered in the American market itself. In the House of Representatives on the 26th May, 1938, Mrs. Edith N. Rogers, Congressman from Massachusetts, revealed the extent to which Japan had been flooding the American market with articles of every description and demanded protection for the home industries and for the American worker. She also demanded punishment for the infringement of patents and for unfair commercial practices: she maintained that often the mark 'Made in Japan' was deleted or made illegible, and also that certain Japanese towns were being given American names, one of them actually being called 'Usa'.[1] That the

[1] *Congressional Record*, vol. 83. The writer sought to find out whether this interesting allegation was accurate. To his inquiry the Commissioner of Customs in the Treasury Department replied on the 18th May, 1939, as follows:

'Reference is made to your letter of April 11, 1939, addressed to the Department of Commerce, relative to your understanding that Japan has given American names to Japanese towns in order to circumvent the boy-

Administration would continue to be hard pressed on such matters was suggested by the following concurrent resolution adopted by the Legislature of South Carolina on the 21st February, 1938:

> Whereas the Japanese continue to ship cotton goods into the United States for sale prices cut much below the actual cost of American production of the same class of cotton goods;[1] and
> Whereas by this unfair trade practice and ruinous competition the Japanese are threatening to force a reduction in wages and to lower our standard of living, and to destroy the great textile industries in America: Now, therefore, be it
> Resolved: by the House of Representatives (the Senate concurring) that the President and the Congress of the United States be, and they are hereby, respectfully memorialised to forbid the importation of Japanese manufactured goods into the United States of America.[2]

A new aspect of this competition appeared when Japan made efforts to extend her trade in South America. The campaign in China held up that effort, but Japan had some success in Brazil through her colony of immigrants, and she endeavoured to negotiate barter agreements there and elsewhere. It was feared that the future exploitation of China's vast reservoir of labour would mean a ruinous competition for the United States textile industry in South America —as in a measure Chinese labour was already being exploited in Japanese mills situated in Chinese territory occupied by Japan, where the wage-scale was even lower than in Japan itself. Since the expropriation of American oil properties in Mexico and Japan's efforts to develop a trade there, the interests of the United States had been threatened in that area also. Japan's existing competition, however awkward, in no way covered the whole problem. Much

cott of Japanese goods practised by some people in this country, and you request any information available on the subject.

'Section 304 of the Tariff Act of 1930, as amended by section 3 of the Customs Administrative Act of 1938 . . . provides that imported articles (or their containers) shall be marked in such manner as to indicate to an ultimate purchaser in the United States the English name of the country of origin of the article.

'The records of the Bureau do not show that any importation of merchandise marked to show the name of American towns or cities as the country of their origin have been received from Japan. However, should importations from Japan be received marked in this manner, the merchandise would be detained for proper marking since Article 528 (*b*) of the customs regulations of 1937, as amended by T.Ds. 49658 and 49707, provides that the marking under section 304 of the Tariff Act, as amended, must include the name of the country of origin unless other marking to indicate the English name of the country of origin is specifically authorized by the Department.'

[1] The total amount was not great, but Japanese exporters concentrated on certain kinds of goods, e.g. handkerchiefs, and practically cut out the American manufacturers.

[2] *Congressional Record*, vol. 83, part 2, p. 2199.

more important than the existing trade was the potential trade of the Chinese market for America. Japan's efforts to obtain cotton, tobacco and other materials from China would cut doubly into American trade, whereas in a free and united China agricultural improvement would bring with it a rising standard of living and a corresponding demand for manufactured goods. Since the depression, especially, many Americans had come to see that with her great industrial equipment the United States must either expand her trade or must change her economic system drastically. The United States had always considered the Far East as a natural sphere for her enterprise; China offered the only extensive market still open to development. As some students already realized, it was for that great potential market that America would fight, if she fought at all.[1]

It is hardly necessary to add that in such regions as the Far East there was a political side to economic competition. It was widely felt in the United States that Japan's action and policy were coming into conflict with American interests and policy. The United States had taken the lead in the effort to bring about a progressive lowering of international trade barriers. The type of closed and controlled economy which Japan was rapidly setting up in her own country, and which she might be expected to set up in China in so far as she gained control there, would prove a serious obstacle and a standing threat to the new American policy, with inevitable political repercussions.

It will be seen that American interests in the Far East were definite and great enough, but for the moment at no point so specifically vital as to force intervention in the existing conflict. Therefore the Administration tried throughout to avoid being involved, while preserving freedom of action. To that end it studiously avoided the application of the Neutrality Act, and that for political as much as for economic reasons. An embargo within the letter of the Neutrality Act would have affected the States on the Pacific Coast—California, Oregon, Washington, and their ports—more than others, and certain industries more than others. Non-application of the Act, on the other hand, led to certain economic activities which were undesirable for strategic as much as moral reasons. On the 19th August, 1937, twenty-four members of Congress asked for the immediate application of the Neutrality Act; on the 23rd August the Administration replied through Senator Pittman: 'Until there is a declaration of war or until facts develop that make it obvious that such a conflict is

[1] See article by Paul T. Homan in *The Political Science Quarterly*, June 1938, pp. 173–85, and the article in the same journal by Nathaniel Peffer, already mentioned.

going to be carried to a point where one side conquers, or the free commerce of neutral nations is interfered with, then it would be unnecessary and unwise for the President, in whom is vested the authority and responsibility, to declare that a state of war exists'. At the same time, in view of the Japanese blocking of Chinese ports, Mr. Hull announced that the United States reserved to itself all rights regarding injuries and losses suffered by American citizens or American property as a result of military operations. After the bombardment of the *Augusta* (20th August), and of the *President Hoover* (30th August), Mr. Hull, on the 10th September, advised action; and after a conference with Mr. Hull and Mr. Norman H. Davis the President, on the 14th September, issued a statement which declared that: (1) merchant vessels owned by the Government of the United States would thereafter and until further notice not be permitted to transport to China or Japan any arms, munitions, or implements of war which were listed in the President's proclamation of the 1st May, 1937; (2) any other merchant vessels flying the American flag which attempted to transport any of the listed articles to China or Japan would until further notice do so at their own risk; (3) the question of applying the Neutrality Act remained *in statu quo* and the Government's policy on a twenty-four-hour basis. The purpose of the statement was to reduce the immediate danger of incidents and simultaneously to reassure public opinion. At the same time, while refusing to abandon American interests or to deny protection to American residents, Congress voted a sum of $500,000 to help in evacuating American residents from danger zones, and warships were put at their disposal. On the 5th September, at his Press Conference, the President indicated that those who nevertheless chose to remain were doing so at their own risk. Even after the *Panay* incident, at the end of 1937, the American Consul at Tsingtao advised American residents that they must not join German, British and Russian residents in the recruiting drive for armed *vigilantes*.

But as in the case of European problems, the life of the Administration was made difficult by the methods of the aggressive Powers. Late in September an Associated Press message from Tokyo reported that 'a wave of friendship for the United States is sweeping Japan' because the American Ambassador had heeded the Japanese warning and had left Nanking. 'Newspapers are filled with praise of Mr. Hull, President Roosevelt, and Americans in general.' But when, in spite of pleas and protests at Tokyo by the diplomatic representatives of the United States and England, Nanking and other cities were bombed and occupied by Japanese troops in a manner which shocked

American opinion and created wide resentment, the true sentiment of the Administration found expression in the President's famous Chicago speech of the 5th October,[1] one of the strongest he had ventured to make since taking office. It is not unlikely that the President intended not only to warn Japan and others, but also to test the response of American opinion. On the whole, he was disappointed.

Inevitably there was a flood of gossip in connexion with the speech, and among other things it was hinted that Mr. Hull had neither known of it nor was in sympathy with it. Partly, no doubt, in reply to this, partly in order to support the stand of the League of Nations, the Department of State issued the following statement on the day after the Chicago speech:

> The Government of the United States has been forced to the conclusion that the action of Japan in China is inconsistent with the principles which should govern the relationship between nations, and is contrary to the provisions of the Nine Power Treaty of the 6th February, 1922, regarding the principles and the policies to be followed in matters concerning China, and to those of the Kellogg–Briand Pact of the 27th August, 1928.

Yet the isolationist current was still predominant. On the 12th October, in one of his 'fireside chats', the President toned down his Chicago statements considerably and said that at Brussels a solution of the Sino-Japanese conflict would be sought by conciliation and persuasion—the Government having in the meantime accepted the invitation to a Conference of the signatories of the Nine Power Pact. Mr. Norman H. Davis having been appointed United States delegate to the Brussels Conference,[2] a statement from the White House declared that Mr. Davis would enter the Conference without any commitments on the part of the United States Government to any other Government. The statement was somewhat spoilt by the speech made by Mr. Eden on the 1st November which, as reported in the American Press, implied that the United States had taken the initiative in bringing about the Conference and that they must therefore suggest the means for settling the conflict. Again there was suspicion that the United States had been dragged in to do England's work, and this impression no doubt had something to do with the reserved attitude assumed by the American delegate at the Conference. The failure of the Conference to bring about any effective action was in the circumstances neither unexpected nor unwelcome to the isolationists.

[1] See pp. 584–5, above.

[2] For an account of the proceedings at the Brussels Conference see the *Survey for 1937*, vol. i, pp. 285 *seqq.*

It was in this uncertain atmosphere that the *Panay* incident burst upon the United States in December 1937.[1] It was received by the public at large with a mixture of indignation and alarm—alarm lest it should prove the thin end of the wedge that would involve the United States in the Far Eastern conflict. It was just the kind of thing which could easily have been turned into a patriotic appeal to avenge national honour. But the Administration proved its desire for peace by avoiding any word or action which might have aroused popular passion, even to the point of delaying for a number of days the public exhibition of the films which showed the bombing of the ship and the machine-gunning of the survivors. By that time the first shock had died down. At the same time, the Administration took a very firm stand on the matter, and the warning addressed to Japan was one of the sternest that could be couched in diplomatic language. A dramatic touch was added to this by the publication in facsimile of the instructions which the President gave to Mr. Hull to guide him on the 13th December, when the Japanese Ambassador was to call to offer his country's apologies:

> Please tell the Japanese Ambassador when you see him at one o'clock (1) That the President is deeply shocked and concerned by the news of indiscriminate bombing of American and other non-Chinese vessels on the Yangtse, and that he requests that the Emperor be so advised; (2) That all the facts are being assembled and will shortly be presented to the Japanese Government; (3) That in the meantime it is hoped the Japanese Government will be considering definitely for presentation to this Government (*a*) Full expression of regret and proffer full compensation; (*b*) Methods guaranteeing against a repetition of any similar attack in the future.

The inclusion of a reference to the Emperor was a novel point intended to give added weight to the warning. There was equal alarm in Japan lest the United States should take forcible retribution, and apologies were proffered by private citizens to American residents in the street. The isolationists tried to use the incident to emphasize their demand for the complete withdrawal of all American forces and citizens from the war zone. But their move was hampered when on the 20th December Mr. Alfred Landon, President Roosevelt's Republican opponent in 1936 and as such still the nominal leader of the Republican Party, telegraphed to the President reiterating the pledges, which he had given a year before, to support him in questions of foreign policy. He then went on to castigate those Congress members, mostly Republicans, who were playing with the Ludlow resolution and would through it 'hamstring your conduct of

[1] For the *Panay* incident, see *op. cit.*, pp. 312–16.

an extremely delicate foreign situation'.[1] 'Those members of Congress', he said, 'are pursuing the same dangerous course which was followed by those members of the British Parliament who early in 1914 gave the impression that England either would not or could not fight under any circumstances.' Naturally the Japanese Government were only too willing to satisfy the moderate demands made by President Roosevelt's Administration, and on the 25th December Mr. Hull was able to declare the incident closed.[2] But the *Panay* incident, and many others which followed thereafter—like the face-slapping which Mr. Allison, third Secretary of the American Embassy, suffered in Nanking—and the increasing severity of the Japanese methods in their conduct of the war, were bound to produce reactions in American opinion; and the Administration's reticent attitude, if anything, gave more licence to private resentment. There was still little chance of any direct American action. The identical bills introduced in December 1937 by Representatives Scott and Lewis (H.R. 537 and 538) to give the President authority 'in co-operation with other nations' to apply economic sanctions to the aggressor and to give aid to its victim were bound to remain a mere gesture, but it was mainly in the general public attitude that the reaction was visible. There was now wide support for the move to enlarge the Navy which the *Panay* and other incidents had accelerated. On behalf of the Communists Mr. Earl Browder was now extolling rearmament, where he had formerly denounced American militarism. Increasing attention, too, was concentrated on the extent to which Japan was supplying her war needs from American sources, and pressure began to be put upon the Administration to stop those supplies, with or without the help of the Neutrality Act.

Articles in the press and speeches in Congress revealed the extent to which actual or potential war material was being shipped from the United States to Japan.[3] All of them, of course, demanded an

[1] For the Ludlow resolution, see pp. 650–1, below.

[2] At the end of April 1938, Japan paid the United States $2,214,007·13 on the itemized account of damages caused in the sinking of the *Panay*.

[3] On the 8th June Senator Pope asserted that the United States was supplying 54 per cent. of the materials and goods which were absolutely necessary to Japan in her war against China (*Congressional Record*, vol. 83, part 8, p. 8485). An article by Paul G. McManus in *The New Masses* stated that in 1937 one-third of all the raw material used in Japan's steel industry was derived from American scrap. In the same year Japan also imported some 400,000 tons of high-grade pig-iron, the quantity increasing during 1938; first quarter, 1937, 88,000 tons; first quarter, 1938, 172,000 tons of pig-iron. The only other country from which Japan could buy pig-iron was India, and there the supply was much restricted. Another possible source, Russia, had stopped all sales since the Japanese-German pact was published. The United States also sold

embargo on such supplies. But the Administration still held back from applying the Neutrality Act, and even if it had been applied it would have stopped only the sale of actual war material. As the sale of such material and of aircraft required an export licence, it was possible for Mr. Hull in July to ask manufacturers to stop the sale of aircraft to countries which were bombing open cities and civilians. It is said that all complied voluntarily (with one possible exception); at any rate, no licences were issued after June 1938 for export to Japan (this period coinciding with an increased demand from England, France and other countries which did not come under the semi-official ban). Raw materials of various kinds did not come under the licensing system; no appeal was made to exporters of oil, of scrap-iron, or of cotton to desist from sales, and while there was some decrease, exports continued. The Federal Council of Churches called upon traders and stock-holders to desist voluntarily from making a profit out of the Chinese War. At the beginning of 1939 a group was formed with the object of preventing the sale of all war material to Japan; the group included many national figures like Mr. Stimson, the ex-President of Harvard, Dr. Lowell, and Mr. William Allen White. A private boycott mainly of German and Japanese goods was having a fairly substantial effect and it had the approval of various people in public life.[1] In the House of Representatives a resolution was introduced on the 17th January, 1938, to

Japan finished steel; Australia had forbidden further export of iron ore 'on the ground that a national issue is involved'. Further, 80 per cent. of Japan's oil imports came from California. (Reprinted in *Congressional Record*, vol. 83, part 10, p. 2045.)

Still more serious in a way was the sale to Japan of aeroplanes and aeroplane engines. During the first six months of 1938 Japan imported nearly nine million dollars' worth of aircraft from the United States. In July Mr. Hull asked for the voluntary restriction of this trade; the value of actual exports dropped from $561,270 in July to $133,220 in August, and to nothing in November.

At a meeting of the General Council of Congregational and Christian Churches in June 1938 the following resolution was proposed and passed:

'Whereas, Japan's aggression upon China has flouted the moral judgment of mankind, and the cruelties of her treatment of defenceless populations has shocked a generation already too familiar with the ferocities of War; and

'Whereas, Japan is importing from the United States the large share of her most necessary raw materials; be it Resolved, that we commend our Department of State for exerting pressure on airplane manufacturers to prevent further shipments to Japan; and we urge that similar pressure be brought to bear upon groups supplying oil, copper, scrap iron, automobiles, and other materials indispensable to the success of Japan's program of aggression.'

[1] See, for instance, discussion in the House of Representatives, *Congressional Record*, vol. 83, part 9, p. 225.

suspend all economic and commercial relations with Japan.[1] On the 14th June, Mr. Fish of New York, Mr. Rich of Pennsylvania and others again pressed in the House for an embargo. 'It is hypocritical', said the first, 'to denounce the use of airplanes to bomb Chinese and Spanish cities as long as we continue to sell them to the warring nations.' And Mr. Rich also pointed out that 'what is more important than the relieving of suffering in China is preventing it'.[2] Mr. Rich, no doubt, had in mind the many private and other efforts that were being made to bring relief to the Chinese civilian population in the war area (see, for instance, the bill introduced in the House of Representatives by Mr. Culkin on the 25th January, H.R. 9150, to appropriate $5,000,000 for such relief).

While the incidents offensive to American feelings and interests continued to follow each other, the Japanese Foreign Minister suggested that America and Japan should conclude a non-aggression pact. The answer was given in an interview by Senator Pittman, Chairman of the Senate's Foreign Relations Committee, on the 24th May, 1938. He said:

> Our Government does not have to be bound by treaty to prevent it from engaging in an act of aggression against Japan. . . . Japan's contempt for and violation of treaties would be no assurance to the United States . . . . Until Japan remedies the wrong done in her violation of the Covenant of the League of Nations and the Nine Power Treaty in her aggression against China, no Government, in my opinion, is justified in entering into a political treaty with her. . . . Our Government holds that Japan has violated and now is violating a treaty of non-aggression with the United States—namely, the Nine Power Treaty—through her wilful invasion and attempted conquest of China. Why enter any other non-aggression treaties with Japan ? I do not believe in entering into political treaties with wilful violators of such treaties.[3]

Blunt as were these words from an influential public figure, comment in the Press (see, for instance, *The New York Herald Tribune* of the same day) fully supported them.[4]

[1] *Op. cit.*, part 1, p. 643. [2] *Op. cit.*, part 8, p. 9346. [3] *Op. cit.*, part 10, p. 120.

[4] It is difficult to find throughout the year any view even mildly friendly to Japan in the Press. It is worthy of note, therefore, that the influential *Springfield Republican* published an editorial on the 13th February, 1938, which, while regretting the Japanese refusal to exchange naval information, nevertheless applauded Japan's professed 'desire for peace'. The editorial called for a thorough investigation of the problem which might perhaps make unnecessary Mr. Roosevelt's naval rearmament programme and asked, 'Why not give Japan naval parity now ?'

Critical expressions of opinion were, of course, much too numerous to be quoted. One can only mention a few samples, like the broadcast of Mr. Coffee, from Wisconsin, on the 14th January, in which he pleaded that the United States should not abandon China to its fate. 'To insure peace in America we

Evidence on the state of opinion, collected from all over the country, showed that both interest and feeling had been aroused. That was true also of the West, though, as has been already mentioned, certain special influences were at work there. A private survey of opinion in certain places and parts of California showed that economic interests still had a scarcely conscious hold on the attitude of the community as a whole, and tended to push opinion up-stream against the general dislike of Japanese policy. There was a clear realization of the fact that any embargo would come home to roost. In the centre of the State—Bakersfield to Modesto—the short-staple cotton, a major crop of the valley, had Japan as its only outlet; the ports, which had suffered severely from the decline in trade, made something out of the shipment of scrap iron and oil. The quiet, powerful Chinese picketing of the loading ships was met with a shrug of the shoulders and a tendency not to discuss the general situation at all; those who did discuss it were well aware that principles and sympathies were warring with everyday economics, and that, as one housewife put it, 'bread and butter wins out'. The influence of the Chamber of Commerce in getting the local Press to tone down its anti-Japanese expressions was more deliberate. The San Francisco Exhibition worked in the same direction. All controversial matter was carefully eliminated—with the one exception of the United States Government narcotics exhibit, against which the Japanese Consul formally protested. Both the Exhibition authorities and the Japanese were at pains to show only the attractive side of the Pacific area and relations; and speakers were unofficially requested not to refer too critically to countries which had paid for exhibit space. That, as it happened, left only Germany and Russia in the controversial camp! For these practical reasons, largely, California took

must do our utmost to maintain peace in the world. Isolation in this day of autocracy, spreading like the plague across the earth's surface, cannot be justified' (*Congressional Record*, vol. 83, part 9, p. 252). An article in *The Washington Post* accused Japan of systematically and efficiently trying 'to destroy the roots of China's civilization' by destroying her schools and industries, by encouraging the use of drugs, &c. (Quoted in *Congressional Record*, vol. 83, part 2, p. 2794.) The repeated bombings or destruction of cultural institutions called forth many formal protests. One consequence of such attacks was that the process of turning over western institutions to the Chinese was held up for the time being, since the foreign flag still offered some protection. In the Senate, Mr. King had previously called for the breaking off of diplomatic relations with Japan, not only because of her violation of treaties but also because of the ruthless methods she was applying in China. He went on to say that it was deplorable how well accustomed the world had become to that kind of horror. The invasion of Belgium to-day would not create a stir. 'We shudder, express horror and indignation, but become insensitive to the situation' (*Congressional Record*, vol. 83, part 2, p. 1456).

a position of its own on the Far Eastern problem. Fear of Japan was greater there than in the East, but at the same time the wish to bring pressure on her was less.[1]

These various points well illustrate the regional variations in American conditions and opinion. For the average one must rely on more general inquiries. A canvass of seven hundred American newspapers in October 1938 revealed that all but ten of them held that a halt must be called to Japan's excesses, and of the dissenting ten only one was a paper of importance—*The Detroit News*. Of the small number of communications on the Far Eastern situation reaching the State Department about 85 per cent. urged the immediate stopping of the export of war materials to Japan. There was a general feeling that Congress was not giving the public a lead on foreign policy; but it was thought that measures for an embargo on exports to Japan would receive sufficient support in Congress only if it were believed that the consequence would not be a conflict with Japan. Another test of the state of public opinion came early in 1939 when the United States granted a credit of $25,000,000 to China. A survey of editorial opinion on this action made by the periodical *Amerasia* (February 1939) showed that of 170 editorials which discussed the subject in thirty-nine States the bulk were overwhelmingly in favour of the loan. Unfavourable comment appeared only in a small proportion of papers and was preponderant in no one section or region. The West and Middle West generally backed the loan; five editorials from Arizona, Nebraska and South Dakota, and one each from Indiana and Ohio, objected to the loan on the ground of possible entanglements; the West Coast supplied eight editorials which were all favourable; the South had two unfavourable editorials out of a total of forty-six; New England and the East Coast approved the loan in sixty-eight editorials and objected to it in nine. On the whole, objections were raised less out of fear of entanglement than on the ground that it was unsound business. On the other hand, twelve papers from points as widely separated as New Jersey, Nevada, Texas and Illinois felt that the Government's action came too late and that the loan was too small to be effective. They protested against the futility of half-way measures. 'By granting credit to the China Government America does . . . something which will irritate but does not greatly injure the aggressive Japanese' (Chicago *Daily Tribune*). This point was sharpened by the hint of the Japanese Foreign Minister, Mr. Arita,

[1] An attempt to measure opinion more scientifically was made by Professor Quincy Wright and Carl J. Nelson in an article on 'American Attitudes toward Japan and China, 1937–8', in *Public Opinion Quarterly*, January 1939.

that the loan might prove 'dangerous'. Twenty-three editorials were written on that statement alone, besides many others which mentioned it in passing. 'There is one thing it would be well for Japan to realize', wrote *The Philadelphia Inquirer*: 'the legality and propriety of our Government's loans and advances to other nations will be determined in Washington and not in Tokyo.' When the Secretary of the Treasury, Mr. Morgenthau, was asked to comment on this loan to a warring state, he merely replied, 'Who is at war?'

Many of these editorials used the opportunity to attack the hypocrisy and ineffectiveness of the neutrality legislation. Its real object was 'isolation at any cost, no matter how unneutral', said *The New York Times*. The granting of credits and loans showed clearly that that type of neutrality was no longer wanted. There was also much comment on the conflicting desires of the American people, who wanted to keep out of entanglements and at the same time to help the victims of aggression. Again there was some favourable comment on the signs that England and America were co-operating in this effort to help China. 'Horrendous this word "parallel" seemed to isolationists a year ago', wrote *The Christian Science Monitor*. This is perhaps the place to say a few words on how the attitude of the several interested Powers appeared to American opinion. There had been a significant change in American sentiment towards Soviet Russia. The fear of Communism had really vanished, except among some small sections and groups to whom any demand for reform and any increase in taxation was a symptom of Communist machinations. Instead there was in general a feeling that Russia had become a bulwark against the Fascist dictators in Europe, and especially against Japanese expansion in the Far East. The general conviction seemed to be that while Russia would have an important part to play in the solution of the Far Eastern Problem, she was unlikely to undertake military operations single-handed; nor would she assume the initiative in any move for collective sanctions. But if other Powers were to take the initiative she could be relied upon to co-operate. It was also assumed that Japanese aggression would drive the other peoples of Asia into the arms of the Soviet. As one participant at a private conference of experts on the Far East put it: 'The Japanese policy of reaching out and grabbing Asia is being countered by the Soviet policy of sitting back and receiving Asia.'[1]

[1] *American Far Eastern Policy and the Sino-Japanese War*, ed. by Miriam S. Farley, New York, American Council of the Institute of Pacific Relations, 1938, p. 47.

Germany and Italy, as well as France, were not expected to play an important part in the development of events in the Far East. On the other hand, 'if Europe is the key to international action in the Far East, Great Britain is in this respect regarded as the keystone of Europe'. And here again account must be taken of the ubiquitous suspicion of British motives and intentions. No great attention need be paid to certain views expressed in Congress and outside by some inveterate traducers.[1] General opinion might be summed up as believing (1) that there was little prospect of British participation, let alone initiative, in any drastic economic move against Japan; (2) that whatever course Great Britain might pursue she would be moved by her national and imperial interests, and by nothing else. It was fairly generally assumed that British policy in the Far East was aiming towards a stalemate. A British loan to China therefore did not mean necessarily that Great Britain was backing a Chinese victory, but merely that she was no longer quite certain of a Japanese victory. The pamphlet edited by Miriam S. Farley, in which a series of private discussions on the Far East by a number of experts is condensed, summarizes the prevailing view on the part played by Great Britain as follows: 'No single influence has been more effective, not only in strengthening the convictions of confirmed isolationists, but in shaking the faith of the friends of collective security, than the recent course of British foreign policy' (p. 48). One participant commented that he 'looked for a Chamberlain in every British wood-pile'. The internationally minded admitted that America must share a large part of the blame for the failure of the League. 'Yet they feel that, especially in the last few years, Great Britain, too, must bear a heavy share of the blame; for it appears to them that while the United States has been slowly growing more internationally minded, Great Britain has rapidly been growing less so. . . . The events of the last two years, and particularly the Anglo-Italian Agreement and the overtures to Berlin, confirmed in their eyes the belief that the British Government has thrown collective security overboard and is committed to a policy of compromise with aggressors to safeguard her own private interests. And they greatly fear that Britain may sell China out by making some sort of deal with

[1] See, e.g., the remarks of Mr. Tinkham, of Massachusetts, on the 25th February, 1938, declaring that the United States was just being used as a pawn by the British Imperialists (*Congressional Record*, vol. 83, part 3, p. 2477); or the discussion in the Senate on the 11th March, 1938, on the control of the Pacific Islands. It was then alleged that by claiming possession of some of the islands England was weakening the United States and indirectly strengthening Japan, and that not without a purpose (*Congressional Record*, vol. 83, part 3, p. 3244).

Japan at her expense.'[1] In connexion with the widespread demand in America for an embargo against Japan, it was feared that if Japan were assured that Great Britain and France would not join the embargo she might retaliate by attacking the Philippines.

These doubts and suspicions expressed themselves in November 1938, in persistent questioning as to what lay behind the visit of certain American naval staff officers to London. Mr. Hull had to give a formal assurance that there was no written or implied agreement of any sort concerning possible co-operation of the American and British fleets. On the other hand, the visit of three United States cruisers to Singapore on the occasion of the opening of the new dry dock, when they were welcomed by shore batteries, did not arouse any unfavourable comment.

The year closed with increased friction between Japan and the United States. There was a minor incident in September, when a United States air liner was shot down in China, which drew the inevitable protest from the State Department. There was later a strong note accusing Japan of closing the Chinese market to American business. The Japanese reply, delivered towards the end of November, asserted that

> It is far from the thoughts of the Japanese Government to impair the rights and interests of American citizens in China. . . . But it is the confirmed conviction of the Japanese Government that in the face of the new situation fast developing in East Asia, any attempt to apply to the conditions of to-day and to-morrow inapplicable ideas and principles of the past would neither contribute towards the establishment of real peace in East Asia nor solve immediate issues.

The reply was characterized by Mr. Hull as 'not responsive'; the Ambassador at Tokyo, Mr. Crew, was instructed to hand in a fresh communication which pointed out (1) that Japan's denial of United States rights was a violation of 'several binding international agreements'; (2) that the United States was aware of the 'changed situation' in China, but also aware that the change had been brought about forcibly by Japan; (3) that Japan was acting in China like a sovereign laying down new laws on her own authority only; and (4) that the United States had already been and still was willing to discuss the revision of treaties, but China and all the other nations interested must be brought into that discussion.

The United States thus had the meagre satisfaction of having the last word in 1938. It cannot be said that American policy in the Far East had moved to any definite position by the end of the year. Diplomacy had proved futile and rearmament held the field. One

[1] Miriam S. Farley, ed., *op. cit.*, p. 48.

result of the Administration's policy was to show the uselessness of the neutrality law in this situation; it had been devised with an eye to Europe and it proved inapplicable to the Far East. Another and wider conclusion was therefore beginning to find acceptance in the minds of many, namely that 'American Far Eastern policy may be at a turning-point in a more fundamental sense than the phrase usually implies, that the new, post-war Far East may be so different from the old as to confront this country with a new set of problems for the solution of which our traditional doctrines—the Open Door, and the integrity of China, &c., may be inadequate or even irrelevant'.[1]

(5) *The Philippines and Guam*

The changed situation in the Far East naturally again brought into discussion America's policy in regard to the Philippines. The Tydings–McDuffie Act passed in 1934, after prolonged discussion, granted the Philippines autonomy of government, with gradual changes which were to lead to complete independence by the 4th July, 1946.[2] Apart from the general wish of the American people to withdraw from external commitments, the Philippine policy had no doubt been greatly influenced by the American sugar interests; and also by organized Labour, who had always been afraid of the immigration of cheap hands from the islands. It was evident to those responsible for the fate of the Philippines and for American security in general that the changes in the Far East made it difficult to leave the Philippines to their own devices now. But any direct proposal to amend the Act was likely to meet with opposition in Congress, mainly for economic reasons; therefore nothing definite had been put forward by the time of writing, although the ground was being carefully explored and prepared. Statements on the need to modify the original plan had been made from both the American and the Philippine side. The High Commissioner for the Philippines, Mr. Paul McNutt, speaking on the 14th March, 1938, declared that the Philippines were faced with

> a very real threat of racial extinction. . . . If our flag comes down the Philippines will become a bloody battleground. . . . The Philippine problem has broadened to become a part of the greater Oriental problem, and if we scuttle or run away our monument in the Philippines will be destroyed and our grandchildren will read a history which will apply to us the epithet of 'quitter'. . . . Independence, however attractive from an ideological point of view, might mean a mere trade of sovereignties. . . . Our flag and sovereignty should remain, allowing to the Philippines every ounce of domestic autonomy they can absorb. . . .

[1] *Op. cit.*, pp. 27–8. [2] See the *Survey for 1933*, Part IV, section (vii).

These views were promptly endorsed on the very next day by the Philippine President, Señor Quezon. Shortly afterwards, at the end of March, Señor Quezon and President Roosevelt agreed in an exchange of telegrams that the Joint Preparatory Commission should be asked to propose a new agreement, which should modify the Independence Act by prolonging the connexion until 1960. Such a modification would have to be asked for by the Philippines and assented to by the United States Congress. New problems were perhaps bringing new ideas to members of Congress. Speaking in the House of Representatives on the 28th January, 1938, Mr. Crawford, of Michigan, expressed grave concern at what he termed Japan's expansion into her 'neighbours' backyard', the Philippine Islands, and especially into Mindanao, Province of Davao, representing about 7 per cent. of the whole area of the Philippines.[1] In the Senate Mr. Gibson, of Vermont, argued on the 3rd May, 1938, that the United States could not now leave the Philippines without inviting further Japanese aggression.

> The Philippines are the best available base for the promotion and protection of our vital interests in the Orient. As a naval base they have served time and again during the past years as the source of immediate aid to our citizens in other parts of the Orient when they needed aid. Ideal as a commercial entrepôt, they are bound to be the principal headquarters for our oriental business enterprises as Shanghai becomes more thoroughly Japanised.[2]

It was likely that strategic considerations would determine policy as long as the unsettled situation persisted. It was held by many people that the United States could not protect the Philippines against a Japanese invasion. This view underwent some change after the passing of the new Navy Bill and the fortification of many small islands in the Pacific. The proposal to fortify, or rather to improve the existing naval facilities, of one such island, Guam, created quite a stir early in 1939. Guam was one of twelve points selected by the Navy Department for improvement or completion, and the cost was to be a mere $5,000,000 out of a total of $65,000,000 which Congress was asked to grant for these improvements. In giving evidence before the House Naval Affairs Committee, Rear-Admiral Hepburn, basing himself on a report of the Special Navy Board, testified that the Guam base was not essential, but that it would greatly help in the defence of the Philippines, of Hawaii and of the Panama Canal. It would also assure the Navy a much greater freedom of operation. All that was needed was the dredging of the harbour, improvement of

[1] *Congressional Record*, vol. 83, part 2, p. 1249. [2] *Op. cit.*, vol. 83.

the roadstead, and provision of living-quarters and repair shops. At his Press Conference on the 20th January, 1939, the President hinted that he was in favour of providing for the Guam improvements. But although the whole issue was relatively trivial in the light of the enormous increase in the military and naval establishment of the United States, the Guam project became a centre of passionate debate, with the isolationists well to the front. The opponents of this minor proposal in and out of Congress refused to believe that Guam was needed solely for defensive purposes. In their view it was to be rather an advance base against Japan, and as such provocative and outside the scope of the policy of protected isolation. When the Senate Naval Affairs Committee discussed the project early in March it was about evenly divided; a majority opposed the fortifications but approved the other improvements, and insisted that a special clause to this effect should be included in the Navy Bill if the appropriation was passed. But the House, more easily influenced from outside, rejected the Guam project late in February—the majority being composed of 138 Republicans, 68 Democrats, 2 Progressives and 1 Farmer-Labour; and the Senate concurred. During the discussions in Committee, in order not to jeopardize the whole Bill, the suggestion was put forward that Guam might be considered separately. The Assistant Secretary of the Navy, Mr. Edison, thereupon declared that in that case the Navy reserved to itself the right 'to request authorization for the fortification of Guam if unforeseen changes in the international situation indicated its necessity'.

Shortly afterwards, at the end of March, Japan announced the inauguration of air services between Yokohama and Saipan, in the Marianne Islands. Saipan being only about 70 miles from Guam, the move was regarded in Washington as marking the expansion southward so long urged by the Japanese Navy.[1]

### (c) American Reactions and Retorts

The rapidly changing foreign situation and the conduct of certain states were inevitably reflected not only in American opinion, but also in various actions which the United States Government felt bound to take. Their reaction to the new wave of aggression was expressed in the general diplomatic and political position taken up by them, and their retort in a reconsideration of America's strategic position. In all these respects the foreign policy of the United States during this period followed a consistent line, and a line by no means wholly drawn in invisible ink. It is true that 'isolation' con-

[1] *The New York Times*, 1st April, 1939.

tinued to be the base of it, and that the United States refrained from taking any direct action in connexion with the several incidents dealt with in the preceding section. In this, however, she was no more passive than the Western Powers, and in the matter of the Spanish conflict far less passive, for she had to pass special legislation and break with a strong tradition in order to follow the example of the Western Powers. For the rest, the United States was more forward than the other democratic states in the use of two instruments of foreign policy. If the opposite impression was apt to prevail, that was because the United States always talked about isolation while the Western Powers always talked about action. Yet forcible action —of which there was none—apart, the United States was the most determined of all the Powers in diplomatic, as well as in economic, action. Indeed, she gave a lead in both. Whatever might be said—and such things inevitably would be said—about the ease of issuing statements from a safe distance, the fact remained that there was in the declarations of French and English statesmen nothing to compare with the major utterances of President Roosevelt and Secretary Hull, either for the firmness with which they stated the liberal point of view or the unequivocal manner in which they pointed the finger of accusation at the dictators. Nor had the Western democracies anything as consistent to show in their policy as Mr. Hull's brave and not unsuccessful efforts to break through the vicious circle of economics controlled largely for political ends.

The active international policy of the United States can thus be looked at, for convenience, under three heads: (1) general diplomatic action; (2) economic action; (3) political and military action.

(1) *Diplomatic Action*

We have already, in connexion with the various incidents of the year under review, referred to certain diplomatic steps taken by the United States. A more definite test of the principles of American policy came when the League Council, at its meeting on the 11th–12th May, opened the way for the recognition of Italian sovereignty over Abyssinia.[1] President Roosevelt, in order to help Mr. Chamberlain, had indirectly given his blessing to the Anglo-Italian pact, but when it came to their own decision the United States Government stood firm. Before the meeting of the Council was concluded, on the 12th May, Mr. Hull announced in Washington that the United States stood by the doctrine of non-recognition in regard to both Manchuria and Abyssinia. In addition the President and the Secretary of State

[1] See the present volume, pp. 144–52, above.

repeatedly gave expression to the point of view of the United States on the issue of peace or war, of settlement by aggression or by negotiation; and these general statements are important because they either gave a lead to American opinion, or served as a means of testing it. Thus eighteen months crowded with grave international incident were marked off by two such outstanding pronouncements: the President's 'quarantine' speech at Chicago in October 1937,[1] and the President's peace appeal to Herr Hitler and Signor Mussolini, in April 1939.[2]

The United States persisted throughout the period in making diplomatic protests and appeals to the three aggressive states. The President also played his part by the same means in the Czech crisis. In addition, the firm diplomatic attitude which we have recalled came into action during the pogroms which were let loose in Germany after the murder of a German diplomat in Paris. Perhaps no foreign incident since the sinking of the *Lusitania* made so deep an impression of horror on the American public; and no Government was as outspoken in its condemnation as that of the United States. On the 15th November the State Department released the following statement by the President:

> The news of the past few days from Germany has deeply shocked public opinion in the United States. Such news from any part of the world would inevitably produce a similar profound reaction among American people in every part of the Nation.
>
> I myself could scarcely believe that such things could occur in a twentieth century civilisation.
>
> With a view to gaining a first-hand picture of the situation in Germany I asked the Secretary of State to order our Ambassador in Berlin to return at once for report and consultation.

The recall of Ambassador Wilson and the subsequent return to Germany of the German Ambassador at Washington, Herr Dieckhoff, was a half-way measure towards breaking off diplomatic relations altogether, for Ambassador Wilson remained in the United States. Afterwards, when the Nazi Government decided to levy a tribute upon the Jewish population of Germany, the United States Government sent a series of outspoken notes which insisted, and obtained, that the rights of United States citizens, of whatever faith, should be respected.

A fresh incident occurred at the end of December, when the outspoken Secretary for the Interior, Mr. Ickes, in a speech before the Zionist Society of Cleveland, exclaimed: 'How can any American accept a decoration at the hand of a brutal dictator? . . . The be-

[1] See pp. 584–5 and 614, above. [2] See p. 629, below.

stower counts that day lost when he can commit no new crime against humanity.' The German *chargé d'affaires* at once protested against such words from a member of the Cabinet, and demanded a formal apology. But the Under-Secretary of State, Mr. Welles, refused to accept the protest or to tender any apology; instead he gave to the Press the substance of his interview with the German diplomat, to whom he had apparently said that as long as the attacks against officials of the United States persisted in Germany, the German Government could hardly expect that attacks of the same character would not continue in the United States. Such blunt speaking always appealed to the American public, and there was general satisfaction that it should have been used. Senator Pittman capped the reply of Mr. Welles by adding his version of the relations of the United States with the totalitarian states. In substance, he said that (*a*) the people of the United States did not like the Government of Japan; (*b*) the people of the United States did not like the Government of Germany; (*c*) the people of the United States, in his opinion, were against any form of dictatorial government; (*d*) the people of the United States had the right and the power to enforce morality and justice in accordance with treaties to which they were a party—and they would do so.[1] After a silence of two days Berlin announced that the incident was closed. 'We have had our say and the American Government has had its say.'

All these incidents and statements were overshadowed by President Roosevelt's personal message to Herr Hitler and Signor Mussolini, in April 1939. It was a personal appeal, first for a guarantee of the *status quo* and, secondly, for co-operation in dealing peacefully with the problems that were facing the world. After pointing to the general fear of war, and recalling the repeated assertions of the two leaders that they and their peoples did not desire war, the President asked them whether they were willing to give a pledge that they would not encroach upon the integrity of the independent countries of Europe and the Near East, whom for greater clarity he named individually. If the two Governments would give such an assurance and make it binding for a period of ten years at least, the President undertook to secure a similar assurance from the other side. He went on to suggest that once this preliminary clearing of the air had been achieved, the Governments concerned should at once proceed in the new peaceful atmosphere to discuss the problems of disarmament and of economic co-operation; and he declared that the United States Government would be prepared to play their part in these discussions.

[1] *Time*, 2nd January, 1939.

The text of these bold messages was issued on the 15th April. At the same time the President ordered the main American fleet (some 140 ships, but not the Atlantic squadron of some 58 ships) to return from the Atlantic to its normal bases in the Pacific. It was taken for granted that the two actions were not unrelated, and that both of them were connected with some possible crisis in Europe. Mr. Hull said almost as much on the 17th April, when he remarked that there was 'a definite feeling that a practical and timely contribution has been made to the cause of peace'.[1] On the whole, the President's actions found support with the American public and Press. The isolationists naturally denounced his promise that the United States would participate in conferences on economic matters and on disarmament. But the idea of trying to clear up all these festering problems by conference appealed to the American mind, and a poll conducted by the Institute of American Opinion reported that 73 per cent. of those questioned would like to see the heads of the leading nations meet together in conference.

(2) *Economic Action*

Economic questions are discussed in detail in another part of this volume.[2] By way of completing the picture, one need only point out here that President Roosevelt's Administration had consistently tried to contribute to international pacification by working for freer international trade. It did so not only for the economic advantages, in which it believed, but also for the sake of peace; these activities were sponsored not by the Department of Commerce but by the Department of State. And in doing so it had to oppose not only the autarkic tendencies of the totalitarian states, but also the high-tariff policy introduced by former Republican Administrations and favoured by the business world and organized Labour at large.

This policy was specially associated with the views and work of Mr. Cordell Hull. In 1934 Mr. Hull was able to obtain from Congress authority to negotiate agreements which would not have to wait for Congressional ratification before coming into effect; and to that end he was to be allowed to grant reductions up to 50 per cent. on the tariff rates laid down in 1930. An essential point in the policy of Mr. Hull was that every such agreement should contain the most-favoured-nation clause. On this basis Mr. Hull was able to conclude some twenty new commercial treaties with nineteen different countries, which took about 60 per cent. of all the exports of the United States. The general effect was assumed to have played a part in halting the

[1] *The New York Times*, 17th April, 1939. [2] See Part I.

industrial depression of 1937–8 and in assuring certain continuous outlets to American agricultural products. Agreements were concluded with Brazil, Canada, Colombia, Costa Rica, Cuba, Guatemala, Haiti, Honduras, Nicaragua and Salvador; with France, Belgium, Holland, Switzerland, Sweden, Finland and Czechoslovakia. (The agreement with Czechoslovakia was modified after the Munich meeting and cancelled after the annexation of that country by Germany.) The agreement with Great Britain, concluded after long negotiations in 1938,[1] was among the most important in the series, as about one-third of American exports went to the United Kingdom, and as there had been a serious drop in that trade between 1929 and 1937. Both countries, moreover, regarded the agreement, as well as the American agreement with Canada, as having also great political significance.

Almost all the groups in the United States which took an interest in international peace strongly supported Mr. Hull's trade policy. But critics were not lacking; and when Mr. Eden praised the agreement with England in his speech before the annual convention of the National Association of American Manufacturers, his praise elicited no applause from them. There were evidently various sectional interests which did not like some of the concessions made in these treaties to foreign producers; the treaties were criticized because the concessions which they made were automatically extended to the many other countries with which the United States had most-favoured-nation arrangements. In addition, there was the eternal reluctance of the Senate to allow any foreign agreement to be concluded without its consent, and also the suspicion of the President's allegedly unneutral foreign policy. Resolutions were submitted in Congress attacking Mr. Hull's policy on one or other of these grounds (S.R. 91, H.R. 1638); and a bill was suggested which would make it necessary to obtain Senate consent before any trade agreement could be negotiated.[2]

It was not only the size of the trade involved in these treaties but the influence of the whole policy which weighed in the international situation. Mr. Hull persisted bravely, although the increasingly stringent economic control of other countries made the pursuance of his programme very difficult. Just as the whole policy was meant to have a beneficial political effect, so untoward political conditions might cause it to be changed. There were signs of this in the special trade agreements which were being negotiated in 1939 with some of the

[1] See pp. 17–32, above.

[2] In contrast with this whole policy, the United States Government imposed a special duty of 25 per cent. on German goods, on the ground that they were subsidized, and it made haste to put Austrian and Czechoslovak goods on the same footing as soon as those two countries were annexed by Germany.

South American countries. The barter deal with Great Britain was only for war purposes, but it was the first time that the idea had been allowed to enter at all into American arrangements, as the result, in a measure, of the accumulation of stocks which no longer found an outlet in the Far East. Moreover, unless the policy could show definite political results, it could be foreseen that the Administration would be pressed by the various interests to attend to American material needs first. When the Congregational Churches of America had the enterprise to arrange an Economic Plebiscite among their members, at the end of 1938, asking them what they felt to be their Christian obligation in regard to various economic questions, a majority answered that their Christian duty was to support 'the maintenance or increase of tariffs and other trade barriers'.[1]

(3) *Action for Security*

The troubled political situation forced the United States to reconsider above all the problem of her security. This involved a review of the strategic position, with a tendency to give a wider sweep to strategic frontiers; secondly, a consequent increase and speeding-up of rearmament; thirdly, certain moves towards changing some of the legislative and other arrangements which governed constitutional procedure in matters of foreign policy.

There seemed to be general agreement on certain fundamental aspects of the strategic position. But one on which anything but agreement existed was brought to the fore early in 1939, and created an incident which well illustrates the difficulties of conducting America's foreign policy under existing constitutional arrangements. When it was disclosed that the Government had sanctioned the sale to France of military aeroplanes of a kind used by the American Air Force itself, it was at once suspected that this might also involve certain commitments as to policy. The matter was taken up by the Senate Military Affairs Committee and immediately the discussion became involved in issues much wider and more complex. Towards the middle of January 1939 the military committees of the two Houses met in secret session with Ambassadors Kennedy and Bullitt; and they afterwards had a secret conference with the President at the White House. In one way or another it leaked out that at this conference the President had justified the sale of war planes to France and England, first, on the ground that it would stimulate

[1] *Advance*, 1st March, 1939. The article did not analyse the voting. It may be noted that the Congregational Church was strongest in protectionist New England.

mass production, which in the end would also be a help to the American military establishment; but especially because it meant a strengthening of the first line of American defence, since—he is alleged to have said—in case of war the American frontier would be in France.[1] At once uproar broke out in Congress and in the Press. The discussion was fierce and wide, but it did not establish what the President had really said. At his Press Conference, three days later, the President himself branded the words attributed to him as 'a deliberate lie', and criticized the Press for using reports which in effect were untrue because they were incomplete.[2] The effect abroad was not much lessened by this denial, which left the impression that it applied rather to the wording than to the substance of the alleged remark. At home there was much criticism by people inside Congress and outside, notably by ex-President Hoover, and also in the journals which habitually represented the isolationist viewpoint. An editorial in *The New York Times* (3rd February) expressed doubt as to whether Mr. Roosevelt was altogether wise in his choice of the means of making his views known unofficially yet with sufficient authority; but, for the rest, it assumed that the purpose of his diplomacy was 'to help to avert the risk of war in Europe by convincing the only nations likely to make war that they would find American opinion solidly and effectively against them if they do. This is a praiseworthy purpose', added the paper. A similar view of the matter was taken by the Republican *New York Herald Tribune*, of the same day: 'The merit in what the President actually said to the Senators in secret, extravagant and loose as his language appears to have been, was that he told the exact truth about American sympathy. He told it so accurately and bluntly that even the Nazis understood it.'

On this issue, at the time of writing it was possible to speak of no more than certain feelings and possibilities, all of them changeable. In regard to Europe and Asia the isolationist view still dominated conceptions of strategy. The real issue in American strategy, one which stood out in all discussions during the year 1938, was the security of the Western Hemisphere. With regard to that American opinion and policy would seem to have reached complete and definite agreement, in the sense given in the following passage from an editorial:

> The defence problem of the United States has become one of 'Hemisphere Defence'. Latin America and Canada must be protected from European and Asiatic encroachment, not merely because the United States is committed to upholding the Monroe Doctrine, but in our own interest.[3]

[1] *The New York Times*, 1st February, 1939. [2] *Ibid.*, 4th February, 1939.
[3] *Evening Public Ledger*, 24th February, 1939.

This was the accepted view to be found in practically all the discussions on American strategy. Most experts stood, in regard to military organization, for a 'two-navy' policy, with relatively small land and air establishments.[1] In addition, the new strategy involved some co-operation and co-ordination with the Latin American states and with Canada. The first was attempted, with only partial success, at Lima;[2] it would no doubt continue to be pursued in a gradual way and by other means. In regard to Canada, the change was openly and willingly acknowledged by both sides.

The year under review saw an important change in the relationship of Canada to the United States, if only in a formal sense. Canada had a peculiar position in the Western Hemisphere. She was the one country there which was still bound by a formal outside connexion, as a member of the British Empire. That presumably still linked her to European affairs, so that she could not practise isolation from Europe and a detached common policy with the rest of the American countries. In that sense the Monroe Doctrine did not quite apply to her; nor had she ever taken part in any of the Pan-American Conferences. On the other hand, like the other British Dominions, Canada had achieved a status of quasi-independence since the War of 1914–18, which beyond doubt entitled her to decide ultimately her own foreign policy; while it was equally clear that she could not, even if she would, follow a policy that would in any way bring her into antagonism with the United States. No actual issue had arisen to force upon her a choice that would settle her line of policy. But in one way her relationship to the Americas was unexpectedly clarified, and in a measure altered, by the important declaration which the President of the United States made on the 18th August, 1938.

On that day President Roosevelt delivered an address at Queen's University, Kingston, Ontario, at a time when Canadian opinion was inevitably much exercised by the crisis which was brewing in Europe; and with a view no doubt to that situation the President, while formally recognizing Canada's place in the British Empire, also formally included her in the lands for which the United States was assuming military responsibility. The President said:

> The Dominion of Canada is part of the sisterhood of the British Empire. I give to you the assurance that the people of the United States will not stand idly by if the domination of Canadian soil is threatened by any other Empire.

[1] See George Fielding Eliot: *The Ramparts We Watch*, New York, 1938, Reynal and Hitchcock; Livingston Hartley: *Our Maginot Line*, New York, 1939, Carrick and Evans.

[2] See section (ii) below.

In Washington State Department officials interpreted the President's words as an extension of the Monroe Doctrine to Canada. Opinion in the United States took the whole thing so much for granted that comment was on the whole quiet. *The New York Times*, writing editorially (20th August), said that the President's words were 'not said on the authority of any Act of Congress. But they were said under the authority of the long standing traditions of this country, and the inescapable facts of its geographical position.' The timing of the declaration was assumed to have been intended as a help to Great Britain, and this point was also made in a despatch to *The New York Times* from Hyde Park, the President's private home. Certain Anglo-Canadian quarters also read into the declaration the promise of Anglo-American co-operation in case of war; but it could be equally assumed that a close connexion between Canada and the United States might eventually tie the former to the isolationism of the latter.

In Canada the speech was naturally considered of immense importance. The response to the President's pledge was spontaneous and enthusiastic; the thunder of applause which followed the words quoted above lasted for many minutes. Most Canadians, like most Americans, had always taken American protection for granted; the President's pledge was to them merely a formal confirmation of a relationship in which they had always believed, even though there had been no specific assurance by the United States. As things were the President's words were a help to the Prime Minister, Mr. Mackenzie King, who had shown a tendency to pursue a 'North-American' policy. Mr. King had to face strong opposition from the French-Canadian sections of the country in any attempt to tie Canada to England in foreign policy, and for that reason opposition also to his programme of rearmament. That programme could now be defended as being a contribution to the security of the American Continent rather than to that of the British Empire. The incident, and what it implied, provided indeed an occasion on which Canadian opinion could appear to be wholly united, as the declaration could be fitted to the aspirations of both the French-speaking and the English-speaking sections of the people. English-speaking Canadians took it as a proof that the United States was being drawn closer to the British Commonwealth. French-speaking Canadians took it that the speech made Canadian isolation and non-participation in European conflicts all the more possible since American protection was assured.

Canada's official interpretation was given in the speech which Mr. Mackenzie King made in the House of Commons, on the

30th March, 1939. It was a speech, apparently, which aimed at pleasing everybody and strengthening Canadian unity, for, as he put it, 'a strong and dominant national feeling is not a luxury in Canada, it is a necessity'. Mr. King repudiated the suggestion that the pledge had weakened the bonds with the Empire; any aggression against Britain would mean a threat to every nation of the British Commonwealth. But 'the idea that every twenty years this country, which has done all it can to run itself, should feel called upon to save periodically a continent that cannot run itself, seems to many a nightmare and sheer madness'. The Prime Minister went on to recall with gratitude the pledge which President Roosevelt gave at Kingston; he said that his Government 'shared the view of the importance of our relations with the score of other nations which have become established in this Western Hemisphere'. At the same time, he also said frankly that, while opinion in Canada had become, so to speak, more American, it had not become sufficiently American to justify as yet participation in Pan-American Conferences, like that at Lima. 'It is a possibility which should be considered in the future.'

Strategically and therefore politically Canada was apparently moving into the sphere of influence of the United States. The change was inevitable, but startling enough when it is recalled that in 1914–15 Canada had to invoke the help of Japanese armed vessels to protect her Pacific coast and commerce against raiders. In 1938 the Royal Navy still gave her protection in the Atlantic, but she would be helpless in the Pacific under the new political grouping without the protection of the United States fleet. The consequence was, in the words of a Canadian student of strategic problems, that 'if, in a crisis, Canada is obliged to beg help from the United States, she must also accept whatever policies the United States may choose to dictate'.[1]

The key to the United States Government's view of the new situation was in a way given by Mr. Secretary Hull during his visit to Canada in October 1937. Referring to the great changes that were taking place in the foreign political situation he gave it as his view that isolation was impossible. Great Britain and the United States were the exponents of the idea that peace and not war was the normal state of human relations; in future the outraged conscience of mankind would tolerate the use of force only as a means of creating an international order based on law. This was completed by the President's message to the *Herald Tribune*'s Forum on current problems, early in November 1938, when he said that it had become

consistently clear that peace by fear is a more enduring quality than

[1] F. Stacey, *Canadian Defence Policy*, p. 503.

peace by the sword. . . . Neither we nor any nation will accept disarmament while neighbour nations arm to the teeth. When there is no general disarmament we ourselves must continue to arm. . . .

The President put this theme more elaborately in his message to Congress, on the 28th January, 1938:

As Commander of the Army and Navy of the United States it is my constitutional duty to report to the Congress that our national defence is, in the light of the increasing armaments of other nations, inadequate for purposes of national security and requires increase for that reason. . . . Specifically and solely because of the piling up of additional land and sea armaments in other countries, in such a manner as to involve a threat to world peace and security, I make the following recommendations to Congress.

The proposed measures were designed to enable the United States to defend itself against an attack from any part of the world.

We cannot assume that our defence would be limited to one ocean and one coast and that the other ocean and the other coast would with certainty be safe. We cannot be certain that the connecting link—the Panama Canal—would be safe.

A year later, in his address at the opening of Congress, on the 4th January, 1939, the President took an even firmer stand on national defence:

But the mere fact that we decline to intervene with arms to prevent acts of aggression does not mean that we must act as if there were no aggression at all. Swords may be futile, but war is not the only means of commanding a decent respect for the opinions of mankind. There are many methods short of war, but stronger and more effective than mere words, of bringing home to aggressor Governments the aggregate sentiments of our own people.

At the very least, we can and should avoid any action, or any lack of action, which will encourage, assist or build up an aggressor. We have learned that when we deliberately try to legislate neutrality, our neutrality laws may operate unevenly and unfairly—may actually give aid to an aggressor and deny it to the victim. The instinct of self-preservation should warn us that we ought not to let that happen any more.

And we have learned something else—the old, old lesson that probability of attack is mightily decreased by the assurance of an ever ready defence. Since 1931 world events of thunderous import have moved with lightning speed. During these eight years many of our people clung to the hope that the innate decency of mankind would protect the unprepared who showed their innate trust in mankind. To-day we are all wiser and sadder. . . .

Apart from the indications as to the change in the strategic problem contained in these remarks, certain conclusions had been reached by private or semi-private groups which had been considering

the problem during the past year. These general conclusions may be summarized very broadly as follows:

(1) The United States could at need defend the American Continent against any outside aggression;
(2) The United States could not enforce the Open Door in the Far East, nor could it guarantee the security of the Philippines;
(3) The United States could not enforce American rights in Europe, nor in the more remote areas of Asia;
(4) The ability of the United States to protect American trade outside territorial waters was necessarily limited.

Most writers seemed to hold that the rapid development of air power had not yet seriously affected the strategic position of the United States in the Western Hemisphere; with the important reservation that this would no longer be true if Germany or some other Power were to establish naval or air bases on the west coast of Africa, in the Azores or on the Cape Verde Islands. This was formally indicated as a present point of United States policy when Mr. Hull sent to France and England, in November 1938, a communication in which he made it known that his Government would object to the return to Germany of any of her former colonies on the west coast of Africa. It was assumed that the United States had no interest in the economic side of the colonial controversy, but merely a strategic interest. Naval or air bases in the former German colonies would be a threat to the comparatively undefended Atlantic coastline of the South American Republics. Hence the United States had made it known through her President that she would regard it as her duty to offer protection to the whole Western Hemisphere, and to do so effectively her armaments had to be much increased.

The purely military establishment had almost doubled its demands within six years, rising from $540,000,000 in 1933 to $1,165,000,000 in 1938, with a fresh increase still to come. In spite of fairly general support, these demands had not passed through Congress without anxious questioning and much opposition. The 1938 programme was passed by the House of Representatives on the 21st March by a vote of 294 against 100, and by the Senate on the 3rd May, after a more heated debate, by a vote of 56 to 28, with 12 abstentions. The programme required an additional sum of $552,000,000, but by that time public opinion was fairly resigned to this and approval and opposition cut across party lines. Naval appropriations made the greatest demand and aroused the strongest opposition, both because it was felt that they meant a definite stand against Japan and because

it was suspected that it also meant a definite joining of hands with Great Britain. The Administration had formally requested from Japan information on her naval construction, but met with a refusal. It was widely rumoured that the visit of Admiral Ingersoll to England was for the purpose of getting advice on the building of large battleships, and to get information on Japanese naval building.

In spite of a very vocal opposition, the Administration went ahead with its naval programme. It also took certain steps which indicated its sense of the changes brought about in the strategic position through the situation in Europe. It decided to organize an Atlantic squadron; it planned to render the electric systems of fifteen major cities in the east less vulnerable to air bombing; and it decided to remove the general headquarters of the Air Force from Langley Field to a spot 275 miles south-west of Chicago, where it would be fairly immune from an attack and yet within call of all continental air combat units. The policy of rearmament also involved internally an extension of preparations to the industrial field; and as a corollary, also, a definite and significant policy concerning the sale of war supplies to foreign countries. Steps had been taken, or were contemplated, for the eventual mobilization of industry for war purposes. It was reported that certain key industries and factories would receive so-called educational orders during 1939 so as to train them to turn out equipment on a big scale for M-day (mobilization day). The War and the Navy Departments surveyed many industries and factories and it was understood that they would instruct them on what would be expected of them in case of war.[1] Apart from the construction of aeroplanes, some fifty other types of goods were listed as 'critical items'.

At the time of writing it was clear that the immediate period ahead would also be one of psychological and moral preparedness; voices were not lacking to suggest that it was likely to be used by the Administration to push through otherwise unpopular policies by representing them as being needed for war preparation, and to choke criticism by dubbing it unpatriotic. It was also expected that some of the funds available for relief and public works might be diverted to military ends, and again it was said that expenditure for 'industrial defence' might be used as an additional method of 'pump-priming'. In addition there had been laid on the table of Congress the so-called

[1] Early in April 1939, Admiral Leahy made it known that the Navy planned to build two battleships of 45,000 tons each. See also the address, by the Assistant Secretary for War, Mr. Louis Johnson, on industrial mobilization, reported in *The New York Times*, 21st June, 1939.

May Bill (formerly the Hill–Sheppard Bill), described as being meant to 'equalize the burdens of war', which in effect provided for the virtual mobilization of economic life under the control of the State. When the Bill was examined by the Military Affairs Committee of the House the minority report called it 'a Bill to take democracy out of America upon declaration of war'. Another Bill sponsored by fifty Senators, including many Conservatives, was brought forward in March 1939, and was in essence a general tax plan in case of war. It provided for a rise in the income tax rate from 4 to 6 per cent.; the allowance for married persons was to be reduced from $2,500 to $1,000, and for dependants from $400 to $100. Surtax on individual incomes would rise sharply, starting with 10 per cent. on $3,000; incomes above $20,000 would be practically confiscated by being taxed to the extent of 93 per cent. Corporations would be taxed at 15 per cent. up to 2 per cent. of the declared value, at 25 per cent. on all income between 2 and 6 per cent. of the declared value, with the virtual confiscation of income above that limit (the 'declared value' basis would be the capital value declared in 1934). The purpose of these Bills was to meet the rising popular demand that, in case of war, property should be conscripted as well as man-power, and also to finance a war as far as possible from current revenue.[1]

As has been said, not only were fears expressed that the Administration, if it was provided with a powerful instrument of war, might be tempted to pursue an active instead of a defensive foreign policy, but also and inevitably that it was really working for a naval partnership with England. There was, indeed, widespread suspicion that some definite arrangement already existed, of the kind which bound English strategy to French strategy before 1914. To a question by Senator Johnson as to whether any agreement with England was in existence, Mr. Hull merely answered, 'No.' But on another occasion, a little later, he added that

> While avoiding any alliances or entangling commitments, it is appro-

[1] The May Bill was apparently given up by its sponsors in the War Department because it was bound to be unpopular; the War Taxation Bill did not get very far. But both Bills were examples of the kind of legislation which might easily be accepted in the United States in the event of war.

The National Council of the Protestant Episcopal Church adopted at its meeting on the 11th–13th October, 1938, a resolution on War and Peace which included the following passage: 'We deplore the practice of making profit from the blood and tears of the innocent. To surrender such profit would involve sacrifices by various commercial, financial, labour and transportation interests and by other sections of the population, but we earnestly urge that such sacrifices be made—and we further commend to the Bishops of the Church, and to the Diocesan departments of social service, such steps as may forward this attitude and action.'

priate and advisable, when this and other Governments have common interests and common objectives, for this Government to exchange information with Governments of such other countries, to confer with those Governments, where practical to proceed on parallel lines, but reserving always the fullest freedom of judgment and the right to independence of action.

Suspicion flared out anew in April 1938, when a British Commission arrived in the United States for the purpose of purchasing aeroplanes. Whatever happened on that occasion, the policy of the Administration was revealed when in January 1939 a new Douglas warplane crashed in California with a French military observer on board. During the fierce discussion which followed in Congress and in the Press it was disclosed that the request that the new plane be shown to the French had originally come from Ambassador Bullitt and had been refused by the Army authorities. That decision had been reversed by the President with the concurrence of the State Department, and Major-General Arnold, chief of the Army Air Corps, had signed the permit on specific orders from the White House. Certain secret devices, so the authorities said, had been removed from the plane before the French observer was allowed to board it. As a result of this incident the critics proposed a Bill which would give the military authorities sole discretion in making American aircraft facilities available to foreign purchasers; while the Administration admitted frankly that it was in favour of such sales—no doubt to customers of its own choosing. When the President was asked, at one of his Press Conferences, whether he would supply war materials on the same basis to the totalitarian states he replied that the contingency had not arisen and that he preferred not to reply to 'if' questions.[1] The political argument was kept in the background; the chief argument put forward was that such foreign orders would increase the capacity and preparedness of American factories in satisfying national needs in a crisis.

The proposal (April 1939) to exchange 2,000,000 or more bales of American surplus cotton and up to 100,000,000 bushels of surplus wheat for large supplies of rubber and tin, was another and different type of possible co-operation. This was to be done by direct transactions between the Government of the United States on the one side and the Governments of England, Holland and Belgium on the other side, and the supplies were to be kept by both sides as reserves for war purposes, not for current use.[2]

[1] *The New York Times*, 1st February, 1939.

[2] On the other hand, there was the case of the helium wanted by Germany. In August 1937 the Senate passed a Bill allowing the sale of helium abroad in

All these actions and proposals clearly indicated a new official policy. The sale of supplies was variously controlled by the Neutrality Law adopted in 1937. That law was, in a way, a unique arrangement, reflecting certain attitudes both to internal government and to external policy; and the proposals for modifying it which were under consideration in the early months of 1939 therefore indicated the ways in which opinion had shifted in those respects. But whether this particular law was retained or was modified, its provisions were symptomatic of certain aspects of opinion which would play their part in any situation. It may therefore be useful to examine briefly the origins of these symptoms.

The state of mind which ultimately found expression in the neutrality law was the outcome of several elements—mostly lessons learnt from the World War—which may be summarized in the following way. (1) President Wilson and his collaborators were apparently able to exercise excessive powers in foreign affairs at a critical time, and the dangers of this situation were aggravated by the personal activities of people like House and Page. Most of these personages were subsequently suspected of having wished America to intervene in the War of 1914–18 from the beginning. Hence the wish to limit indirectly the President's discretionary power by avoiding as far as possible incidents which might lead to conflict. (2) The prevention of popular emotional reactions to the death of American citizens travelling on ships belonging to belligerent countries, as in 1914–17, by forbidding such travelling. (3) Reaction to the unpleasant things revealed during the Senate inquiry into the activities of the armament industry—not only political reaction, but also a strong humanitarian one—and the wish to check their recurrence. (4) The considerations which applied to actual war material applied in some degree also to essential raw materials. To this must be added the dislocation of economic life through excessive temporary demand and one-sided trade. (Mr. McAdoo suggested to President Wilson, in March 1917, that there was a danger of economic collapse if the Allied countries were to stop buying American supplies.) (5) Again, the same considerations applied to loans to belligerents. Mr. Bryan said in a memorandum to President Wilson in 1914 that 'money is the worst kind of contraband'. After his resignation money and credits were

quantities which could not be put to military use. In February 1938 a licence for the shipment of two million cubic feet of helium to Germany had been signed, and ships were ready to take the cargo of gas. But later certain additional pledges were demanded as to the use of the gas, which eventually stopped the transaction, as according to Mr. Ickes the arrangement could not be made watertight.

allowed to flow freely, and the Nye Inquiry revealed that the great banks concerned had a hand in determining policy in March 1917. In a way the prohibitive arrangements which gave their character to the neutrality legislation began with the money side. The Johnson Law of April 1934 denied to countries which had defaulted on their war loans the right to raise further loans or credits in the United States. As the other reasons began to play their part, there was a growing popular feeling for legislation, which President Roosevelt feared to oppose and, it seems, rather hoped to use for co-operation in collective action. In August 1935, towards the close of the session of Congress, with the Abyssinian War imminent, the first Neutrality Act was passed unanimously by Congress.[1] The majority meant to achieve isolation by its means, but the Executive hoped to get the means for co-operation. The same confusion of motives was evident in January 1937, when the President asked the new Congress for powers to include civil wars in the purpose of the Act; and when in the spring of that year the new Bill with its 'cash and carry' provision was put forward,[2] it was backed by the President as it was expected to help England. No side derived any real satisfaction out of the working of that law. In applying it to Spain[3] the United States broke with a long tradition and also with the clear tenets of international law; later in the conflict pressure for the lifting of the embargo increased, but any change of policy would have meant by then a clear expression of preference for the success of the Government side. Still more unsatisfactory was experience in the Far East.[4] When the neutrality law was passed those who propounded it did not foresee the Far Eastern conflict. There the application of the law was simply shelved on the formal ground that war had not been declared, and both sides to the conflict avoided declaring war so as not to force the American Government to interfere with such supplies as they were getting. In fact, the application of the law would have given Japan a tremendous advantage over China, but the latter would probably have run the risk of a change towards a stricter ruling because of the strong anti-Japanese feeling in America. But it was a strange situation when the United States Government could avoid applying its own laws through the connivance of the two countries which were fighting it out in the East.

The 'cash-and-carry' provisions of the Neutrality Law were ad-

[1] See the *Survey for 1935*, vol. ii, section (vii).
[2] See the *Survey for 1937*, vol. i, pp. 261 *seqq.*
[3] *Op. cit.*, vol. ii, p. 216.
[4] *Op. cit.*, vol. i, *loc. cit.*

mittedly an experiment and as such were adopted for a limited period, which expired on the 1st May, 1939. The date passed without any fresh legislation being put on the statute book; but widespread public discussions, as well as hearings before the Senate Committee on Foreign Relations, revealed the existence of certain trends of opinion which found expression in corresponding proposals. On the 1st January, 1939, a Presidential message suggested to Congress the need of revising the Neutrality Law. President Roosevelt said:

> We have learned that when we deliberately try to legislate neutrality, our neutrality laws operate unevenly and unfairly—may actually give aid to an aggressor and deny it to the victim. The instinct of self-preservation should warn us that we ought not to let that happen any more.

There was fairly general agreement that the law should be changed, but agreement ended there. The isolationist group wished to maintain the restrictive and strengthen the mandatory aspects of the existing legislation; a compromise suggestion put forward by Senator Pittman suggested the maintenance of the general tenor of the existing law, but would allow war material, altogether prohibited under the existing law, to be exported on the 'cash-and-carry' arrangement —a suggestion which would be helpful to the European democracies, but which again would not fit in with American policy and interests in the Far East; while a third group was supporting a proposal which would make it possible in applying restrictions to discriminate between aggressors and their victims.[1]

[1] An informal poll of the Senate Foreign Relations Committee at the end of March showed that its twenty-one members were divided into six groups of about even strength on the neutrality issue. The division cut across party and sectional lines: the full-fledged collectivists were all Democrats and came from Utah, Florida and Iowa; the full-fledged isolationists included three Republicans (from Montana, Idaho, California), two Democrats (Illinois and Kansas) and one Progressive (Wisconsin). (*The New York Times*, 26th March, 1939.)

The House Committee was equally divided. Mr. Martin, of Massachusetts, the Republican floor leader, said that no attempt would be made, as was done in the case of the national defence programme, to set up a Republican policy committee. 'There are too many varieties of opinion on our side of the House.... We could not get anywhere trying to reconcile all the divergent views.' (*The New York Times*, 8th April, 1939.)

As Congress was about to take up the discussion of neutrality legislation the Senate Foreign Relations Committee had seven proposals before it, and the House Foreign Affairs Committee had fourteen:

Before the Senate: By Senator Pittman—the 'Peace Act of 1939'. This would extend the scope of the 'cash-and-carry' theory to include traffic in arms, ammunition and implements of war. It would omit all reference to civil strife.

By Senators Nye, Bone and Clark—amendments which would, in general,

The first point of view was expressed in the amendments of Senators Nye, Clark and Bone, supported by all the isolationist groups. These amendments would maintain the existing provisions but would make an embargo mandatory when the President or Congress by joint resolution found that a state of war or civil war existed (whereas under the existing law that decision rested wholly with the President). In a statement submitted on behalf of the National Peace Conference to the Senate Committee on Foreign Relations (14th April, 1939) it was said that only four of the organizations affiliated with the Conference, apart from a number of individuals, favoured this position; and their reasons were summarized roughly as follows: (1) Mandatory neutrality legislation would provide an effective curb on the otherwise practically unlimited power of the President in foreign policy; it would safeguard the people's desire for peace without regard to the personal inclinations of the Executive. (2) Any relaxation of that curb would be considered abroad as an indication that the American Government and people were ready to take sides in conflicts which, at bottom, were but conflicts between rival

reduce at all possible points the amounts of discretion to be allowed to the President and would include civil strife.

By Senator Nye—a joint resolution to prohibit exports of arms, ammunition, and implements of war in time of peace as well as of war.

By Senator Thomas of Utah—an amendment which would empower the President, with the approval of Congress, to select the aggressor in a foreign war and apply the prohibitions of the Neutrality Act solely against him.

By Senators King and Lewis—proposals for outright repeal of the Neutrality Act.

By Senator Sheppard—a concurrent resolution asking the Secretary of State to negotiate treaties for international control of the munitions traffic.

Before the House: By Representatives Maas of Minnesota and Faddis of Pennsylvania—two resolutions for outright repeal.

By Representatives Rogers of Massachusetts, Ludlow of Indiana, Knutson of Minnesota, Fish of New York and Voorhis of California—five proposals to extend, in one way or another, the scope of the existing arms embargo provisions.

By Representative Guyer of Kansas—a resolution to 'implement the Kellogg–Briand Pact'.

By Representative Crawford of Michigan—a resolution to put an embargo on exports of scrap iron and pig iron.

By Representative Geyer of California—an amendment to permit selection of the aggressor.

By Representative Fish of New York—'Mandatory' amendments.

By Representatives Ludlow of Indiana and Hennings of Missouri—proposals for two new 'neutrality' acts, that by the latter incorporating substantially the same compromise ideas as those contained in Senator Pittman's plan.

By Representative Coffee of Washington—a bill to put an embargo on exports to Japan of arms, ammunition and implements of war in American vessels.

(*The New York Times*, 5th April, 1939.)

Imperialisms and opposing systems of power politics.[1] The only way for America to avoid being involved was to deny weapons to both sides; for it was naïve to suppose that America could penalize an aggressor state without inviting retaliation, possibly leading to war. (3) It was not America's rôle to set herself up as an umpire in the quarrels of other nations; she would rather co-operate in setting up an international society which would remove the causes of war. (4) Were the United States to initiate a policy of discrimination between nations at war, she would soon become an arsenal of military supplies for that nation or nations. American economy would be geared to that war machine, and domestic policies would be influenced by the strategy of a distant military situation. Congress should not permit the President, or itself, to become involved in a foreign conflict of political ideologies at a time when democratic institutions needed all the care and support they could get at home. (5) To this might be added the need of checking those elements at home and abroad which might push America forward for reasons of their own. When Senator Nye urged in a broadcast (24th September, 1938) that the neutrality law should be made still more rigid, he said that that was needed to 'prevent the successful operation of forces, often most selfish, in step by step leading us into other people's wars'.

In the eyes of these groups the Neutrality Acts were not meant to equalize conflicts elsewhere or to influence their outcome. They were meant rather to restrict those activities of American citizens which might bring trouble upon the country. In the words of an editorial in *The Christian Century* (22nd March, 1939), their purpose was to keep some American citizens 'from getting involved in difficulties which other citizens, by shouldering arms, have then to come forward to liquidate'. A compromise proposal was that of Senator Pittman, who had the support of the Administration. A resolution proposed by the Senator would apply the 'cash-and-carry' provision (or, as Mr. Baruch called it, the 'come and get it' rule) to all materials, including actual war material, but it would also make this application mandatory upon the outbreak of any armed conflict. It appeared from the statement of the National Peace Conference that the bulk of the organizations which concerned themselves with international affairs were supporting the amendment of Senator Thomas, which might also be regarded as a compromise between the isolationists and

[1] In a broadcast on the 25th March, Senator Borah asserted that the European democracies were 'contending for the realization of their imperialistic schemes and not the destruction of Nazism'. All the other isolationist arguments here summarized will be found elaborated in the Senator's broadcast. (*The New York Times*, 26th March, 1939.)

the sanctionists. In a case of war, in which treaties to which the United States was a party had been violated by one or more of the signatories, the Thomas amendment would authorize the President, with the approval of a majority in each House of Congress, to exempt the other state or states in whole or in part from the working of the Neutrality Act. The arguments for this position were summed up as follows: (1) The existing law made no distinction whatever between an aggressor and its victim. It served notice upon a potential aggressor that it need not fear to break its international engagements. (2) It also served notice that the United States refused to exercise any moral judgment as to the use of force, and so was an encouragement to international anarchy. (3) The nations of the civilized world had for a long time sought to develop a body of international law. The United States by providing the sinews of war to treaty-breaking states was helping to destroy international law. (4) The Thomas amendment, by vesting Congress with joint responsibility with the President, would safeguard the principle of representative government; many people would be willing to give such authority to the President alone, but to meet the objections of others the resolution provided that only with the consent of Congress, and in cases of violation of a treaty to which the United States was a party, should the embargo be applied against an aggressor. (5) Prohibition of supplies to a treaty-breaking state was not an act of war but an act of peace, for it encouraged respect for international law and lessened the prospect of war.

Those who upheld this position also pointed out that, besides being unhelpful to the cause of peace in general, the neutrality legislation had been of no help to the United States, since she had not escaped being dragged into the very centre of the armaments race. All these groups were alike in wishing the United States to do everything possible not to be involved in war; and they hoped to see the United States help in building up an international system of law and order. But the last-mentioned group felt that American action could not in any case avoid aiding one party more than another. Under such circumstances the American Government should be free to direct action against those states which violated international law and treaties, and harmed the interests of the United States.

The neutrality hearings held by the Senate Committee during the spring of 1939 showed, if anything, a certain swing in this direction; but this proved above all that there was as hopeless a mixture of opinion in the nation as in Congress itself. Mr. Henry Stimson in giving evidence urged that the Neutrality Law should be changed so

as to give the President power to take 'economic action against an aggressor state'. He was promptly repudiated by his former chief, ex-President Hoover, who in an interview urged that Congress had better 'take such a course of action as will prevent us engaging in European power politics or engaging in any warlike acts of the economic type without the approval of the Congress itself'.[1] On the other hand, Representative Wadsworth of New York, who had been Chairman of the Republican National Defence Policy Committee in the House, came out for the repeal pure and simple of the whole legislation, with nothing to take its place. He urged that the existing law had shown, in every emergency that had arisen, how inefficacious it was, and that in general foreign policy was not susceptible to legislative definition in advance of unforeseen contingencies.

When Mr. Bernard Baruch—who had been Chairman of the War Industries Board set up by President Wilson—was asked in his evidence what would happen if the existing law were repealed and not replaced, he replied: 'We would be right back where we were in 1917.' That was not the way to keep out of war, in his opinion. Instead he advocated that the 'cash-and-carry' plan, which he was reputed to have invented, though the name was given by someone else, should be extended to all goods and materials. To refuse supplies to all belligerent nations would threaten disaster to American economy; to withhold supplies from aggressors, as Mr. Stimson advocated, would be to start an economic war which would lead inevitably to military warfare. As the only consideration should be how to keep America out of war, Mr. Baruch urged that all belligerents, without discrimination, should be allowed to take whatever they could pay for in cash, and carry it in their own ships. To the criticism that this would favour England in Europe and Japan in the Far East, Mr. Baruch replied that that had really nothing to do with the law, as such a situation was likely to arise whether the United States had any legislation governing war sales or not. Senator Reynolds, who stood like Senator Borah for a general refusal of supplies, pointed out that England and France could hardly purchase supplies on that basis, since they had not settled their war debts to America. The following exchange then took place:

> Let me ask you, Mr. Baruch. If circumstances were such that Germany and Italy could buy here, under your 'cash-and-carry' scheme, and Great Britain and France could not, would you still advocate the 'come-and-get-it' idea?
>
> Yes [answered the witness]. Deeply as I feel about some of these

[1] *The New York Times*, 8th April, 1939.

things, I think we oughtn't to stick our noses in their business, nor should they stick their noses in ours.[1]

Mr. Baruch's suggestion was in line with Senator Pittman's proposal, and this, as had been assumed, turned out to be what the Administration wanted, or rather what the Administration expected to be able to get at this session of Congress. For as late as the 10th April Senator Pittman said that he had always felt that such legislation as the Neutrality Act, or any proposals to modify it, should be of a very general kind, leaving each specific situation to be dealt with by a specific law.[2] But the Administration itself had cautiously held its hand. The President had criticized the existing law in his annual message to Congress, in January; but since then, while the various proposals were being dissected in the Committees of House and Senate and throughout the country, the President, his Cabinet members and other officials concerned had remained utterly silent and had given no hint of how they wished the President's criticism to be met. It was only after much public and Congressional clamour for a lead that Mr. Hull gave the first formal statement of the Government's policy, on the 26th May. It was contained in identical letters, made public by the State Department, to the Chairman of the Senate Foreign Relations Committee and the House Foreign Affairs Committee.[3] In his communication Mr. Hull made seven specific proposals which he thought should be included in any legislation intended to 'make easier our two-fold task of keeping this country at peace and avoiding imposition of unnecessary and abnormal burdens upon our citizens'. Six of them were based on provisions already contained in the old law.[4] The only substantial change recommended was that 'the arms embargo provision of the existing law should be eliminated'. Experience, he said, had shown that 'modern warfare is no longer warfare between armed forces only; it is warfare between nations in every phase of their national life', and lists of contraband now included almost everything. America could not therefore keep out of trouble by herself attempting to distinguish between categories of exports, and a complete embargo was obviously not possible on economic grounds.' It therefore seems clear that we should have no

[1] *The New York Times*, 7th April, 1939.

[2] *Ibid.*, 11th April, 1939.

[3] *Ibid.*, 28th May, 1939.

[4] (1) American vessels should be forbidden to travel in war zones. (2) The travel of American citizens in the war area or belligerent ships should be restricted. (3) The title to all exports to any belligerent should be transferred before shipment. (4) Prohibition of loans and credits to belligerents. (5) Control over the solicitation of funds for belligerents. (6) The Munitions Control Board for the regulation of the traffic in arms should be continued.

general and automatic embargo inflexibly and automatically imposed on any class or group of exports.'

At the beginning of his letter Mr. Hull had said that their purpose must be to help to 'maintain the fabric of world peace', and to that end to do 'everything possible within the limits of our traditional policy of non-involvement in overseas affairs'. It may be assumed that the first point represented more nearly the general convictions of President Roosevelt and Secretary Hull—as was clear from the views which they had expressed earlier;[1] while the second point represented their conviction of what they could get from Congress in the existing mood of public opinion. As a guide to opinion, one other proposal must be mentioned, namely, the so-called Ludlow resolution. Though brought forward formally at the end of 1937, it had no particular connexion with the Far Eastern crisis. Representative Ludlow had already presented a Bill for the revision of the Constitution so as to transfer the right to declare war from Congress to the people themselves.[2] By House Joint Resolution 358, introduced in February 1937, Mr. Ludlow proposed the following amendment to the Constitution:

> Section 1. Except in the event of an invasion of the United States of America, and its territorial possessions, and attack upon its citizens therein, the authority of Congress to declare war shall not become effective until by a majority of all votes cast thereon in a nation-wide referendum. Congress when it deems a national crisis to exist may, by concurrent resolution, refer the question of war or peace to the citizens of the States, the question to be voted on being, 'Shall the United States declare war on Iceland, on . . . ?'

The Administration at once declared its opposition to the proposal. Secretary Hull said that he was unable to see either the 'wisdom or practicability' of the measure. The Committee on Foreign Affairs having refused to examine Mr. Ludlow's amendment, Mr. Ludlow sought to bring his proposal into discussion by a petition of the House, which in the end failed to get the necessary number of signatures. But it was the kind of proposal which could be turned into an appeal to popular sentiment, and all the isolationist forces campaigned for it under the leadership of Senators Nye, Capper, and La Follette. A poll of the American Institute of Public Opinion indicated that 70 per cent. of those polled were in favour of the amendment. The opposition was led by Senators Pope, Thomas and Pittman and the principal Democratic leaders. Mr. Henry Stimson in a letter to *The New York*

[1] See pp. 627–8, above.

[2] A similar proposal had already been suggested by Senator Capper two years earlier.

*Times* (3rd January, 1938) closely and critically examined the Ludlow proposal; he argued that it would divide national sentiment in a moment of crisis, and that it would make incidents like that of the bombing of the *Panay* potentially more dangerous by 'hobbling' the country's diplomatic action. Such was the country's state of mind, however, that at the last minute the President felt it safer to intervene himself and in a letter to the majority leader gave it as his view that the provision 'would cripple any President in his conduct of foreign relations'. On the 10th January the House finally voted against a discussion of the Ludlow amendment and shelved it *sine die*. But the passionate discussion which this proposal aroused showed that a considerable minority doubted whether it would be possible to hold the country's political system, as at present constituted, to the observance of democratic principles in a moment of crisis.

### (*d*) Epilogue

#### (1) *The Making of American Opinion*

Discussion of America's attitude in the various specific issues which arose during 1938 has shown how fluid it was, both in general and in its component elements. No one view could be said to be firmly held, and no section of the people and no group could be listed as standing firmly by one and the same view.

One feature of the situation went a long way towards explaining its vagueness. There was on these issues so little conviction and so much suspicion. Because of the transition through which the United States was passing—with profound differences of view and interest between the several sections of the people and between the various economic groups, not to speak of the old regional and new racial differences—there was a maze of suspicion between them all which overflows into and confuses the field of foreign affairs. And while many a Latin American country suspected the motives of the United States, and many a North American suspected the democratic purity of some Latin American leaders, there floated above it all the misty suspicion felt by Americans at large of Europe's honesty and will to peace.

The attitude that might grow out of these unpromising ingredients was made still more unpredictable by certain traits of the national temperament, and by certain ways of America's public life. Senator Ashurst, of Arizona, knew his countrymen when he said that, taken in the mass, Americans were 'at least as emotional as the French themselves'. Some students attributed this to the many strands of

origin and outlook which had gone into the making of the nation, with traditions still in the minting. But whatever its cause that fragmentation seemed to work itself out in an inverted way; it created the strong undertow towards conformity upon which were borne those 'nation-wide' campaigns which sprang up overnight and vanished by noon. Those who engineered them could work upon that malleable material with technical an dother aids which surpassed anything known before or elsewhere. A poll taken by the magazine *Fortune* in April 1938 showed that 23·5 per cent. of those asked were getting all their news from the wireless, and 26·2 from newspapers and wireless. The broadcasting companies met that popular demand in the grand manner. They not only gave news, they also interpreted it daily and abundantly, besides selling time to commentators sponsored by various private bodies and groups, or by commercial undertakings. These columnists of the air and the many syndicated columnists of the press were a peculiar American species. Their words were widely distributed and often widely quoted; but how much weight did they carry? No one sprang to their defence when early in April 1938 Mr. Ickes attacked them and dubbed them 'calumnists'; or when ex-Attorney General Cummings spoke of them as buzzards 'indifferent to all that is verdant and green', who had 'to have a victim served up raw to them every day'. They were individualists in a country of mass opinions; the American public liked to hear individualist views, but remained conformist in action. The columnists, there is reason to suspect, were much read and little followed.

The growing custom of taking polls was a third and more perplexing factor. It was not a new habit; but, whereas the old polls were occasional and haphazard, the new polls set out to test the trend of opinion on the issues of the moment systematically and continuously. In that way they became themselves important news. They were, no doubt, meant to be simply a measurement of how people thought, but in the process they were perhaps becoming an influence on what people thought. However fairly their questions were drafted, they might put into people's heads ideas which before had not been there, or not been consciously there. And with a people with such a strong conformist bent it was all too likely that those who had no formed views or who had doubts might be drawn along by a popular current as revealed by the polls, with a similar effect on Congress and politicians. It was a tempting, and might become a peremptory, form of *vox populi*, because it seemed so unquestionably authentic. Strange evidence might be forthcoming if some day it were to become possible to take a poll on the effect of the polls.

These mechanics of public opinion had combined with events in recent years to arouse an interest in international affairs that was new in American life. Yet it would be easy to draw a wrong conclusion from this: there is a vast difference between a wish to be informed and a readiness to be converted. While lectures and forums and debates on foreign affairs had been increasing, and colleges and universities had been giving more scope to the study of international problems, isolationist feeling also had been growing in strength. The difference would seem to be this: that whereas before the War of 1914–18 people had been isolationist because they knew little and cared little about Europe, after the War they felt that they knew rather too much; the earlier state of mind was an indifferent and passive isolationism, the later was an isolationism of disillusionment which found expression in the neutrality laws and the embargo against war.

Moreover, that greater interest was in some degree matched by a more set partisanship among several national and other groups, and also among some sections of the people where perhaps an old bias had been hardened by the new ideologies. Under their influence the cross-sectional re-alignment of opinion had been as strongly at work in America as in Europe. Regional differences were breaking down and the Middle West was now no longer intransigently isolationist; though the effect of the depression might be seen in the fact that farming interests had recently favoured easier economic intercourse with Germany, who could take corn and cotton, just as the traditionally anti-Japanese Pacific coast did not want economic relations with Japan broken off. Nor was there on these issues a clear division between the two great political parties, or a united view among organized Labour. The financial world, once so oracular, was said to have no view of its own at all. In England 'the City' had an anonymous corporate attitude which perpetuated itself, whatever fate might overcome its individual members. But Wall Street, having lost its once domineering financial barons, would seem to have been left without any corporate view or policy. In America, as elsewhere, the State was now the chief guardian of economic life and of social welfare, and the social centre of gravity had inevitably shifted from New York to Washington; but in America, more than elsewhere, the financial world had suffered also a direct loss of reputation in regard both to its ability and to its reliability. Wall Street had always been somewhat under a cloud, but it was a glamorous cloud, with a gold lining. The depression tore the lining loose, and the subsequent Congressional inquiries tore it into rags. Hence 'the Street' was on the defensive and preferred to be

politically inconspicuous. There had been conflicts before between the two powers—for instance, under Theodore Roosevelt and under Wilson—and there had been depressions before, but Wall Street had always recovered its strength. It was difficult to see how it could do so again. Organized Labour, on the other hand, which in 1914 had counted for little, was in 1938 a real power in the land, courted by Congress and by the Executive. There was, perhaps, no clearer sign that in the United States an era had closed and that the springs of American opinion must be mapped anew, because some had dried up, while others had shifted their bed.

### (2) *The Springs of American Opinion*

When searching for the springs of American opinion on foreign policy it is necessary to take account in the first place of certain traditions well rooted in the outlook and emotions of the people, and, oldest and most stubborn amongst them, a sense of being different from Europe. 'We cannot too distinctly detach ourselves from the European system, which is essentially belligerent', wrote Jefferson to President Madison, 'nor too seduously cultivate an American system essentially pacific.' Never had Jefferson's charge seemed to fit Europe so pat as in the period just preceding the outbreak of war in 1939, and never, perhaps, had Washington's warning against entangling alliances been quoted so frequently. Those who quoted him neglected the fact that what he had in mind, as he himself said, was that America needed a period of quiet, free from outside interference, during which she might find and consolidate herself; and they also ignored the later passage of the farewell address in which the first President admitted that in certain emergencies temporary alliances might be needed.[1] But, after all, what was significant of the existing state of mind was not what Washington said, but what he was said to have said, even if he had not really said it.[2]

The traditional recoil from the Old World was hardened by the disappointment which followed upon participation in the War of 1914–18 — disappointment with the peace settlement, disapproval of the temper of Europe during the period of reconstruction, and resentment at the failure of the Allies to pay their war debts. And increasingly,

[1] 'Even Jefferson, notwithstanding his general principle, would in his famous phrase have "married us to the British fleet and nation . . ."' (Ch. Howland: *Survey of American Foreign Relations*, 1928 (Yale University Press, 1928), p. 31.)

[2] La Bruyère: 'Je dis en effet ce que je dis, et nullement ce qu'on assure que j'ai voulu dire; et je réponds encore moins de ce qu'on me fait dire, et que je ne dis point.'

as the crisis sharpened, there was disappointment with the Western Powers. The President's and Mr. Hull's words and the stand which they took in these trying times often came to hearten the democracies; whenever Mr. Roosevelt denounced aggression he seemed to take their side. Yet every criticism of the dictators for their sins of commission inevitably stirred up in the public mind also disapproval of England for her sins of omission. The one side got branded by repercussion almost as much as the other.[1] It was all summed up in four words in the highly popular revue 'Pins and Needles', in which a scene supposed to take place at the Foreign Office was entitled 'Britannia Waives the Rules'.[2]

That was the negative side. The counterpart of the withdrawal from the Old World was the aspiration to build on American soil a world much worthier of mankind. Isolation, as Washington had implied, was to serve as insulation. Here again the same continuity of view and experience was to be found. When he opposed America's entry into the League of Nations (September 1919) Senator Lodge urged that 'the United States is the last hope of mankind', if she would only keep to herself. Nearly twenty years later the Editor of the Liberal Catholic weekly *The Common Weal* expressed a general sentiment when he wrote that 'Munich has driven the centre of gravity of democracy across the Atlantic, to our shores'.[3] 'Let us turn our hands to that task. Let no outside influences turn us from it.'[4]

[1] It is remarkable how little attention in the discussions of 'appeasement' was paid to what the French said or did. Even at the time of the Abyssinian affair, when the policy of France was admitted to be no less and probably even more responsible for the breakdown than that of England, the onus was always put on the latter. This was definitely a compliment, but in the *noblesse oblige* category.

[2] Mr. Eden's visit in December 1938 apparently only helped to confirm these sentiments. He was received eagerly by the public and the press, but with the best intentions and manners Mr. Eden referred to his break with Mr. Chamberlain 'in the terms of an Englishman exercising the right to criticise within his own family, while presenting an unanimity of purpose to the outer world' (*New York Times*, 10th December, 1938). Later the same paper wrote that Americans felt admiration for Mr. Eden, but admitted that he had disappointed the many who had hoped to hear from him a voice differing from that of Downing Street (14th December, 1938). From all accounts, Mr. Herbert Morrison fell into the same patriotic error when he was in New York; those who heard him came away with a feeling that there was after all little to be expected from a change of government if Mr. Morrison represented the Labour alternative to Mr. Chamberlain's policy.

[3] 24th February, 1939.

[4] From a broadcast speech by Senator Schwellenbach (*Congressional Record*, vol. 83, pt. 9, p. 1016). The argument is so general that one man's words can without discord be dovetailed into another man's speech. See also on the same theme the strong broadcast of Senator Borah, reported in *The New York Times*, 26th March, 1939.

These sentiments were never stronger than when that old aspiration to create a new world was still struggling through the fiery test of the great depression. The spirit of adventure had never been lacking in American history, but it had been adventure in the development of the vast country itself. The physical frontier having vanished, the adventure in progress now stood at the threshold of the social frontier. The well-known historians of American civilization, Charles and Mary Beard, looked upon that as the key to the national outlook of the 'New Deal' era, and in a book published in 1939 they summed it up thus: 'Surrendering shop-worn reliance upon imperialist pressures, money lending and huckstering abroad, they turned to the efficient humanistic use of national resources and technical skills as a means for making a civilisation on this Continent more just, more stable, and more beautiful than anything yet realized.'[1] It is instructive that President Roosevelt's foreign policy met with strong disapproval among those who supported his internal policy enthusiastically, among Liberal reformers and organized Labour. The Liberal intellectuals who opposed the President's foreign policy objected to their standpoint being called isolationist; they described it themselves rather as the 'school of American civilization'.

In this respect also experience had helped to make more acute another old sentiment, the tradition which looked with suspicion upon any extension of federal powers. The spread of dictatorship abroad had made the people all the more wary of this, while at the same time the New Deal was widening enormously the field of action of the Federal Government. That was indeed inevitable, yet the change had been conceded rather than granted, while the spectacular leadership of Mr. Roosevelt had given it perhaps an excessive appearance of being a personal policy. Under the American system the President assumed in time of war control of the whole military establishment, and in modern war this claimed for its province almost the entire field of national life. A Bill for the country's economic mobilization prepared under military auspices was withdrawn before it came up for discussion, so afraid were its sponsors that it, like the Bill for the reform of the Supreme Court, might raise a confused and confusing anti-dictatorial storm. Moreover, jealousy between Executive and Congress in the conduct of foreign affairs and, especially since the War of 1914–18, public suspicion of the Executive's powers in that field, were endemic; and these two sentiments found expression in the Neutrality Acts passed from 1935 onwards. They were heightened in the case of President Roosevelt by certain personal

[1] *America in Mid-passage*, 1939.

idiosyncrasies, and by a fear that he might break another traditional safeguard by seeking to rule for a third term. Therefore the isolationists were able to make insistent and effective use of the argument that American belligerency would mean the end of the American system; and they did not scruple to imply that the President was not worried by either prospect.

Against that array of reasons, which appealed to all that was ingrained in the American outlook, as well as to the instinctive fear of war, the arguments of those who stood for an active international policy sounded vague and alien. They argued, with President Wilson, that neutrality was no longer possible, and that to enter into a general association of nations would be rather a 'disentangling alliance'. The first point was rejected by Congress, whose policy had solid popular support. It denied by implication that the history of 1914–17 proved that America could not keep out of war, and took instead the view of Mr. Peterson's book[1] that 'what it does prove is that it is impossible to be unneutral and keep out of war'. The second point was more acceptable, but could not be effectual while the Western Powers were slighting the very principles for which America was invited to stand. In any case, these were general ideas, while isolationism had its basis in personal emotions, and only too often people who conceded the validity of the internationalists' arguments continued to be moved by isolationist emotions.

One great weakness of the internationalists was that there was no unity among them. Their forces had been disorganized by the failure of President Wilson, and since then much of the opposition to the League had been the reaction of the thwarted and disillusioned internationalists among the Liberal intelligentsia. It was they who for the last two decades had been resentfully busy denigrating America's motives for entering the War of 1914–18; by the year 1938 they were beginning to discover that they had done their work too well. It was easy for the *Partisan Review* (an independent Radical quarterly) to taunt them for their plight: 'It would almost seem that the peculiar function of the intellectuals is to idealize imperialist wars when they come and debunk them after they are over.'[2]

[1] H. C. Peterson: *Propaganda for War: The Campaign against American Neutrality, 1914–1917* (1939, University of Oklahoma Press, p. 330).

[2] The temperamental isolationism of *The New Republic* is a typical case in point. The trend which it now favoured in 1938 was pointedly summed up in one of its own editorials on the 3rd February, 1917: '. . . to-day it is a democratic President who grasps the truth that isolation is over and strives to guide our entrance into world politics towards stability and safety. It is the Republican Party which proposes to crouch at its own fireside, build a high tariff wall, arm against the whole world, cultivate no friendships, take no

Without a leader and a programme it was only natural that those who stood for international co-operation should have found themselves politically disabled. Yet the failure of their movement in no way meant the death of their ideal. That ideal was set hard in the American character itself. All the arguments and feelings which made for isolation were at their core aspirations towards peace, and all the habits and tendencies of the American people led them to act boldly in support of their beliefs. On a superficial reading this might seem to be contradicted by their action during the period under review. Strong moral judgments were too often coupled with a refusal to act. That was precisely because at their best the American people acted on moral judgments. Their Puritan conscience made them incapable of detachment, but it could spur them to action only when the moral issue was clear. As the Munich and other crises showed, sentiment for or against intervention moved with their faith in European democracy. There was in the mass of the American people an immense reserve of support for the idea of international organization, only waiting to be tapped by a convincing lead towards a democratic world system. They might be wary of 'constitutional' arrangements involving, or appearing to involve, 'entangling' bonds, and might take more readily to specific practical arrangements. But that only meant that the genuine idealism which hid behind the veil of complacent aloofness was of the hard-boiled brand of the Middle West, the region in which the sentimental and the practical in the American character were married in their most typical manifestations. Taken in the mass, the American people now were preaching nothing which they did not seem ready to practise themselves.

### (3) *Conclusion*

A good way to estimate opinion and policy at any given moment is to consider how they stood towards the main traditions of America's foreign policy. In his distinguished *Survey of American Foreign Relations, 1928*,[1] the late Mr. Charles Howland noted four such traditions: (i) Isolation, (ii) the Monroe Doctrine, (iii) the Freedom of the Seas, and (iv) the Open Door. The Freedom of the Seas was still a cardinal claim in the Fourteen Points of President Wilson; indeed he justified his intervention in 1917 largely by the need to vindicate that

steps to forestall another great war, and then let things rip.' It is also curious to note how many students of international law favoured isolation, whether outright or as 'neutralists'. They did not lead in this, but followed in the wake of a rising popular sentiment—since when they had produced a growing literature on the history and virtues and ways of neutrality.

[1] Yale University Press, 1928, ch. 2.

principle. The Open Door was still formally upheld by the United States as late as the Washington Conference of 1922. Yet in subsequent years both these old and fundamental traditions had been allowed to lapse by default. The retreat from 'manifest destiny', from the policy of expansion, had begun already under the first Roosevelt and under Wilson; but the abandonment of positions already held and of international rules which seemed truly vital for America's prosperity set the mark on the post-war and, more especially, on the New Deal period. Now it was a deliberate renunciation of certain traditional claims in order to avoid international friction, of economic advantages for the sake of continental peace.

The counterpart of that renunciation was an even greater emphasis on the two other traditions, on the American as against the universal traditions. Isolation and Monroe Doctrine were in a sense identical, and had been jointly called the 'doctrine of the two spheres'. In effect they meant the isolation of the United States within the Western Hemisphere, isolation and good-neighbourliness complementing each other naturally in the political as in the economic field.

It is evident, therefore, from this simple historical comparison that the centre of gravity of America's foreign policy had shifted greatly within the space of a few years. From this may be drawn with some assurance a number of general conclusions. It would seem, first, that the bulk of the American people, in the mood of 1938, were no longer willing to fight for investments or trade, whether in China or in Mexico. Incidentally they felt and insisted that in thus renouncing possessions and ambitions they were making their own genuine contribution to world peace.

That mood indicates a new sense of the problem of American security, one not yet expressed and indeed hardly conscious. To understand it one must realize how the shock of the depression had shattered not only a political and economic system but also a transmitted state of mind, that spirit of buoyant optimism in which hitherto America had faced the problems of her growing life. In the brief space of a few years the American people had come of age. The old *Wanderlust* had given way to a yearning for stability. Feeling as secure behind the ramparts of their two oceans as England did before the coming of the air weapon, they wanted to keep away from the troubled and troubling outside world, while they laboured in the great effort to build up their life anew on foundations which should give them security in a social sense.

If that reading is correct, the change was truly fundamental and warrants a closer, if brief, analysis of the considerations which might

nevertheless still incline America to an active foreign policy. Broadly these considerations might be grouped as follows:

(i) An interest in *expansion*, territorial and economic, which might be called an imperialist tendency. America had had her period of 'manifest destiny' and 'dollar diplomacy', but that period would seem definitely to have come to an end as regards territorial expansion and the imperialist tendency would seem to be at least in abeyance as regards exclusive economic ambitions.

(ii) An interest in *security*. This was in a state of evolution, and three stages must be considered. (1) America, like other countries, still thought in terms of national military security. Even the more thoughtful recent writings (like those of Major Eliot and others) had not got beyond what was really the ancient conception of the 'walled city', duly expanded to the physical security of the nation within the limits of its territory; hence their advocacy of a two-navy policy as a proper and sufficient means of insurance. (2) There was ample understanding of, and growing sympathy for, the idea of collective military security, which might provide security for the United States by banishing insecurity from the world; but American opinion was not yet ready to give up self-sufficiency in this field. (3) The wider conception of security in a social sense was still less within the ambit of general opinion. The New Deal was proof that the American people had become acutely conscious of the social problem, and determined to put the solution of this above everything else. But that very purpose had bred a wish for insulation. A people who had only just advanced from a belief in individual self-help to a belief in national action could not be expected to jump without any interval to the idea of social security through international action. Yet two things must be noted: that the move from the first to the second stage was more difficult, as being philosophical opposites, than would be that from the second to the third stage, which were in the same line of outlook; and, secondly, as a sign of this, the growing willingness of the United States to share in international activities of a social kind, as shown by the very active part which they took in the work of the International Labour Office, by their interest in the problems of an international standard of living, and so on. This interest was gladly admitted by Mr. Hull in his important note to the Secretary-General of the League of Nations of the 2nd February, 1939.[1]

[1] The note was sent as a reply to the resolution of the Assembly of the 30th September, 1938, on technical non-political collaboration with non-member States. The Secretary of State agreed that it was in the universal interest that such collaboration should be developed, and commended the League for having done in this field more than any other organization in history. 'The

(iii) Since no obvious national interest was leading American opinion on the road to international action, apart from the stirrings already noted, only some *universal cause* could do so. In their existing mood Americans still saw war as largely a moral issue. Their habitual outlook inclined to neutrality; their by no means decayed fighting instinct was rooted not in 'defence' but in a crusading spirit. It was, as has been said, an outcrop of 'moral Puritanism'.

The second general conclusion, therefore, is that the American people were now without a sense of physical danger or harassed interest that might drive them into war; they felt even more secure than England did before she was challenged at sea by a Continental Power. For America, the kind of sheer national security into which the Western Powers had relapsed during the period under review seemed to lie best in isolation; while the abandonment of the League of Nations had destroyed the point of contact on a more idealistic plane. It could clearly not be found again unless European ideals, or the problems of American security, were to change.

Meanwhile American policy displayed certain contradictions which showed that the isolationist circle was not, and was not meant to be, complete. Two intractable gaps must be noted especially. From the earliest history of the Republic many leaders had favoured economic intercourse at the same time as political isolation, and the Constitution showed traces of that bias. Though in their present Radical mood some groups might inveigh against foreign investments and trade, that traditional dichotomy still pervaded the country's general attitude. But a division which was practicable under the simpler conditions of the

United States Government is keenly aware of the value of this type of general interchange and desires to see it extended.' Much remained to be done, but each step contributed to that 'international order which it believes is essential to real peace'. America, the note went on to say, would follow with interest the League's efforts on these lines, 'will continue to collaborate in these activities and will consider in a sympathetic spirit means of making its collaboration more effective'.

That was a trend which might be watched and encouraged. It was all the more acceptable to American opinion as it was not new. America had participated in many such technical conferences and bodies, beginning with the International Postal Conference in Paris, in 1863. Mr. Howland notes (*op. cit.*, pp. 35 6) that this was 'a field of international activity entry into which has never alarmed us': he adds the useful comment that 'often we accompanied this international activity with conventional reservations, but other nations doubtless considered that we introduced them for our own comfort, rather than for any bearing they may have had upon the engagements undertaken'. Now, however, American interest and participation in this field were still more helpful and significant: first, because the field of social action itself had expanded so greatly, and secondly, because of the confidence in social solutions to political and economic problems which the New Deal had engendered in America.

earlier nineteenth century was to prove paradoxical in the twentieth. Hence the embarrassments of a policy of neutrality which tried to reconcile political staying at home with economic globe-trotting.

In the second place, while in everyday argument isolation was taken as a general principle, in practice it was coupled with a collective policy for and within the Western Hemisphere. Some responsibility for the protection of the Hemisphere America would never abandon; the Monroe doctrine would never be put in commission. During the very time when the Western Powers were drawing back from the League the United States was earnestly building up the elements of a collective system in the Western Hemisphere. Hence America's isolation was not one of absolute principle but rather of isolation in space—more truly a limitation of interests. This provides a third general conclusion, though it is, as has been said, in effect a corollary of the two others.

In brief, though American isolationism was running strongly in 1938 it was only relative and limited. American sentiment remained attached to certain ideas of universal solidarity, as American policy remained attached to an economic intercourse which was needed and desired. Even politically isolation was directed only towards the non-American world, presumably because of its diseased political condition—a condition which most Americans feared was contagious and some believed to be beyond help. In any case, they felt no responsibility for its occurrence or for its removal. An American publicist put it somewhat caustically: 'One could summarize American opinion on foreign policy as this: that America should not undertake any entangling alliances, and should consider herself a non-resident member of the Society of Nations, with all the privileges thereof.' In more diplomatic colours a similar picture emerged from the concise statement of the fundamentals of American policy which Mr. Roosevelt offered early in 1939 at a White House press conference:

> The President:—The [foreign] policy has not changed and is not going to change. . . .
>
> (1) We are against any entangling alliances—obviously.
>
> (2) We are in favor of the maintenance of world trade for everybody—all nations—including ourselves.
>
> (3) We are in complete sympathy with any and every effort made to reduce or limit armaments.
>
> (4) As a nation—as American people—we are sympathetic with the peaceful maintenance of political, economic, and social independence of all nations in the world.[1]

[1] 'Foreign Policy of the United States.' Excerpt from a White House Press Conference, 3rd February, 1939 (Department of State Press Releases).

It has to be kept in mind, however, as with all such official statements, that the neutrality legislation, the combined work of pacifist and isolationist sentiment as reflected in Congress, made it impossible for the Administration to pursue an open and undeviating course in its foreign policy. The President and his Secretary of State had to move warily so as not to outrun public sentiment, and not to offend the letter of the Neutrality Law while they circumvented its substance. Hence their course was one of using for their ends a carefully chosen mixture of practical measures and political psychology. After the 'quarantine' speech, especially, the President and Mr. Hull became outspoken in their castigation of aggressors. But their efforts at moral suasion brought no lasting relief to the world, while at home this failure brought them much criticism that they were 'verbally sticking the United States' neck out too far'.

Nevertheless, the press of events was inexorably bringing opinion to their side after Munich. The test was not what was said in Congress but what was done in Congress—and that was a rapid melting away of opposition to rearmament and overwhelming votes for the military plans of the Executive. And so, after all, it would be events that would make policy and not Mr. Roosevelt. The Presidential election of 1940 would no doubt increase that measure of opposition to Mr. Roosevelt's foreign policy which was really opposition to him as a politician, and the situation might thus present a certain analogy with that of 1919, when partisan opposition to Mr. Wilson played a part in the defeat of the Covenant. But the comparison holds good only to a minor degree. The foreign problem in the period under review was not such a clear-cut party issue as it was in 1919 and succeeding years. Above all, in 1919 political division could make sport because a war was just over and peace seemed assured, but twenty years later the danger of war was darkening again the national horizon. In 1919 the parties could afford to differ over a dream of the future; in 1939 they were face to face with the problem of the nation's immediate existence.

### (ii) The Lima Conference

#### (*a*) The Situation before the Lima Conference

'. . . To-day the United States is practically sovereign on this Continent . . .' (Richard Olney, Secretary of State under Cleveland, in a Note to Great Britain on the Venezuelan dispute, July 1895.)[1]

[1] It is true that Olney probably had no proper ground for taking this attitude and rushed ahead of the slow-thinking Cleveland; but his assertion did represent a certain trend of opinion.

> In the field of world policy I would dedicate this nation to the policy of the good neighbour—the neighbour who resolutely respects himself and, because he does so, respects the rights of others—the neighbour who respects his obligations and respects the sanctity of his agreements in and with the world of neighbours.' (From President Roosevelt's Inaugural Speech, 4th March, 1933.)

Between the two views expressed in these two quotations, a period short in time but pregnant with change had elapsed, and much of it had been violent change through war and revolution. Their repercussions affected the United States as much as any other country, both materially and in outlook; and in that way affected her view of her own part in world politics, and especially in the Western Hemisphere. The call of 'manifest destiny' had sounded insistently in the ears of the first Roosevelt. With the coming of Wilson it had subsided to a mere echo;[1] but it was the War of 1914–18 which sped the change along, and still more in a way its aftermath. The coming of the League of Nations established a doctrine and a system which, in general, opened for the small states for the first time the way to a position of genuine equality. What is more, it gave them a platform and an actual voice in international affairs; and whatever the former nominal relationship—one of formal independence in one case, of formal dependence in the other—membership of the League did for the states of Latin America very much what it did for the British Dominions. In both cases the actual dependence on a much greater and stronger partner or neighbour was in a sense dissolved in the new and wider group. In the case of the Americas that effect was sharpened by two special circumstances. When the United States insisted upon a reservation which excluded the sphere of the Monroe Doctrine from the working of the Covenant, she acted in accordance with her own tradition, but she also touched the traditional dislike of the Latin-American states for that attitude. To them the Monroe Doctrine, rightly or wrongly, still carried with it an undertone of Yankee imperialism. And, secondly, the absence of the United States from the League, where she would inevitably have had a preponderant voice, and where the Latin-American states soon acquired a very audible voice of their own, gave the latter a still greater start in detachment from what had been a relationship of tacit supremacy.

From then on only a minor school stood by the older idea of a Pan-American League.[2] The current was set rather towards some kind

[1] See Charles P. Howland: *Survey of American Foreign Relations, 1928*, pp. 53–4. (New Haven, 1928, Yale University Press for the Council on Foreign Relations.)

[2] *Op. cit.*, pp. 52–3, reference to doctrine put forward by Dr. Baltasar Brum, in 1921.

of universal league. The United States discovered this at a succession of Pan-American Conferences when, despite her willingness to make concessions, proposals for inter-American co-operation came from the once dominant member and rebuffs from the once subdued Republics of Latin America. President Roosevelt, seconded by Secretary Hull, set himself from the outset to the task of convincing the other American states that the Monroe Doctrine was to have a truly different meaning under the new dispensation.[1] What had been a one-sided declaration of policy, amounting in effect to a self-proclaimed benevolent protectorate, was to become a joint policy of common solidarity and protection. The Monroe Doctrine, so to speak, was to be 'collectivized'. After laying the groundwork at the Montevideo Conference in 1933, the new policy was formally presented at Buenos Aires in 1936—a Conference which in a way symbolized the two attitudes which faced one another in the Americas. The Conference was held in the capital of the country which remained most obdurate to the attractions of Pan-Americanism, and it was attended—a signal step—by the President of the United States in person.[2] There was no doubt that the President's and Mr. Hull's goodwill were accepted in all sincerity, and that the feeling of Pan-American solidarity was growing fast—but not so fast that the time was ripe for a policy of continental isolation, and that was what the United States' proposals really amounted to in 1936. It is instructive to reflect that while in general the President and Mr. Hull stood for international co-operation, their proposals in 1936 came in effect all too close to the policy instilled by Congress into the Neutrality Act of 1937, to which the two statesmen were opposed. The isolationists in and out of Congress wanted the United States to remain neutral, except when her own security was directly involved, but they would no doubt include the Americas as a whole as forming strategically the zone of American security. The proposals made to the Buenos Aires Conference, if accepted, would have brought about a continental system of security isolated in fact from the rest of the world.[3] For a number of reasons, mentioned later on, the policy of neutralizing

[1] A whole series of acts were to prove this. In August 1933 the United States marines were withdrawn from Nicaragua, and in October 1934 from Haiti; the Platt amendment relating to the right of intervention in Cuba was abandoned in 1934; and this was followed by abandonment of financial intervention in Nicaragua, Haiti and Salvador. (See the *Survey for 1933*, Part III, sections (i), (ii) and (iii).)

[2] Mr. Herbert Hoover, as President-Elect, had made a trip of goodwill to South America before his inauguration and so had played his part in the new policy.

[3] The restrictions laid down in the Neutrality Act of May 1937 were in general not to apply to the states of Latin America; but they were to apply to

and isolating the American continent was disliked by a sufficient number of Latin-American states to cause it to be shelved for the time being. The most that could be secured at that first attempt was an agreement for mutual and general consultation if a conflict should threaten between any American states, or if any of them should be in danger from outside.

In passing it must be noted that even these vague beginnings were contradicted by the Neutrality Act adopted by Congress in the following year. Its provisions were to apply to civil war as definitely as to inter-state war; that meant that in the case of a civil war in Latin America the United States Government would have to treat existing authorities and those rebelling against them alike, refusing supplies to both or allowing both to buy supplies on equal terms. That is how the policy worked in the case of Spain. Moreover, all the provisions of the Pan-American agreement for immediate consultation, presumably with a view to, or in any case before, action, were in effect nullified by the Neutrality Act, which was designed to lay down a policy to which the Executive would be bound in advance and apparently without any latitude. That consequence was so obvious that on the 8th July, 1938, the chairman of the House Committee on Foreign Affairs submitted an amendment to Section 4 of the Neutrality Act exempting the states of Latin America from the operation of the law, unless the President should find, after consultation, that the application of the law, in full or in part, would tend 'to the restoration of peace or the protection of interests, commercial or otherwise, of the United States and its nationals'. The proposal did not reach the stage of open discussion.

As a corollary to this agreement to consult together, the American states also undertook at Buenos Aires not to intervene in each other's internal affairs—a pledge which affected the United States almost exclusively. It was on her part a declaration of self-denial, meant to allay the fear of American imperialism which still lingered in many a Latin-American mind. That promise was made at a trying time. The good-neighbour temper of Mr. Roosevelt's Administration was being sorely tried both in the economic and the political spheres, alike by the actions of some American states and by that of certain non-American Powers; and most sorely tried when the two happened to work together. Mexico's expropriation policy was the hardest of these trials. There had on the whole been little outcry against the

them also if any of them, in case of war, co-operated with non-American states —which inevitably would be the case if, as members of the League, they participated in the application of sanctions.

expropriation of the big landed estates; many American owners had indeed given up their estates before then, to escape the increasingly heavy taxation, and the only point at issue was that of compensation, which was not forthcoming, though the Mexican Constitution provided for it. At any rate, rural expropriation was a policy applied all round, and the pressing need for land among the peons was recognized. But whatever sympathy many people may have felt for Señor Cardenas' efforts towards improving the lot of his people, his ways and methods were too drastic to be accepted without demur by the Government of the United States. It was the principle and the manner which were hard to accept, rather than the substance of the policy. Default after default from several Latin-American states had been allowed to pass with hardly a complaint, but expropriation attacked the system itself; it meant the cutting of the tree at the roots, not merely the occasional pinching of its fruit.

The Roosevelt Administration was under great pressure from the victimized interests to protect American property and rights, and in the circumstances its restraint was all the more characteristic as means for retaliation lay ready to its hand. Even accepting the view of the Mexican Government that the oil companies had laid themselves open to punishment because they had disregarded the labour legislation of Mexico, that Government's refusal to accept arbitration in this matter, as in the matter of the expropriation of landed estates, did not give Mr. Hull a chance to solve the problem in a formally acceptable manner. The temporary suspension of silver purchases from the Mexican Government in July caused Señor Cardenas some embarrassment, but it was not regarded as a measure that was likely to be permanent. The fact that Mr. Roosevelt and Mr. Hull hesitated to take such action, in spite of much pressure from private persons as well as from some official quarters, suggests that their determination to establish a solid policy of goodwill and co-operation with the Latin-American states was more important to them even than serious material losses. Their notes and statements were markedly milder than those of the British Government. Mr. Hull in his official statement in April 1938 emphasized that in seizing the properties the Mexican Government had exercised a right of expropriation which belonged to any sovereign Government. At the same time President Roosevelt made it clear that Washington was not disposed to consider that the American and British owners of the seized properties were entitled to compensation at their own valuation, but that it would be willing to ask for compensation on the basis of the original price paid by the owners. The worst blow came when the Mexican

Government actually sold oil from the expropriated companies to the German and Italian Governments, on a barter basis. It was, as far as American interests were concerned, a triple offence: the Mexican Government were giving away American property; they were obtaining in return goods which Mexico otherwise would probably have bought from the United States; and in this way they were opening another door to the intrusion of those very countries with which the United States was preparing to wage a war of influence in Latin America.

Moreover, as was expected, the movement, begun with impunity by Mexico, was taken up, in various degrees, by Venezuela and subsequently by Bolivia.[1] The Bolivian case was characteristic. The oil industry in that country was still in its beginnings and had been developed so far wholly with American capital—though, according to some reports, very inadequately. The Government now decided that the oil-supply was to be sold to Germany and, under special agreements, to neighbouring Latin-American countries, with the aid of transport and other facilities organized with materials and cash to be furnished by Germany.[2] This diversion of considerable oil-supplies served perhaps more than anything else to draw attention to the penetration of Latin America by the totalitarian states, who were tending to become in that region the chief customers for a product vital in modern warfare.[3]

[1] In Chile a law empowering the Government to expropriate the property of oil companies and to establish a state monopoly had been on the statute books since 1932; it now seemed likely to be enforced. In the meantime the United States and British oil companies had been informed that a Government monopoly for the sale and distribution of oil products in Chile would be set up by the 3rd September, 1939 (*The New York Times*, 28th May, 1939).

[2] Some local observers believed that Bolivia was really acting at the instigation and for the benefit of Argentina. They saw many indications that Argentina had ambitions in regard to Bolivia. Her borders were closed to Bolivian oil until the expropriation; after that an Argentine-Bolivian oil commission controlled the trade.

[3] Most Americans who knew the country would feel that Mexico stood by herself, since expropriation of foreign properties there was but one side of a long social struggle and of a broad and genuine programme of social reform. The situation was much like that which was created by the agrarian reforms introduced in some of the countries of South-Eastern Europe after the War of 1914–18. Some of the facts involved in the Mexican oil expropriation, together with the correspondence between Mexico and the United States, will be found in *International Conciliation* (published by the Carnegie Endowment for International Peace), December 1938. See also *Mexico and the United States*: Proceedings of the Fifth Annual Conference, Institute of Public Affairs, Arnold Foundation (1938, Southern Methodist University). For a discussion of the wider issues of Mexico's social policy based on exceptional knowledge and understanding, see Eyler N. Simpson: *The Ejido: Mexico's Way Out*, University of North Carolina Press, 1937, Chapel Hill.

### (*b*) The Totalitarian Intrusion

There were a number of reasons why the states of Latin America still fought shy of Pan-Americanism. The oldest and most widespread has already been mentioned, namely, fear of domination by a very powerful neighbour. Perhaps the most effective reason in the year 1938 was the economic one. Some of the Latin-American countries had closer economic ties with Europe than with the United States, ties which they could not afford to abandon or even curtail, unless forcibly interrupted. Nor were these relations easy to readjust, since the products which made up South American exports largely overlapped the products of United States agriculture. These circumstances were of course old and well known. If that economic situation had recently become the cause of strong feeling and comment in the United States, it was mainly because of the direction which Latin-American trade had taken and the consequent political implications. As exports from Latin-America consisted of foodstuffs and raw materials (93·7 per cent. of foodstuffs, for instance, in the case of Argentina), which in price had long been at a disadvantage, apart from the general fall in demand, those countries had, like all the agrarian countries, suffered from a shortage of foreign exchange. That was true also of states like Mexico and Venezuela which had much wealth in oil, since that industry was under foreign control, mainly British and American. To these countries the new German method of barter trade at high prices offered for the moment considerable relief and even advantage, and they took to it gladly. Tempted by still more advantageous offers, with part of the payment in cash, the oil producing countries were then obliged to take over control of the oil industry, since they could not otherwise have diverted that trade to their new totalitarian customers. (A general nationalistic trend also played its part in this.)

It was curious that there was no agreement among American experts as to the state of trade with Latin America. They agreed that Germany, Italy and Japan had increased their own trade with that region in the last few years. Some writers described these gains as considerable and even sensational.[1] Others maintained that Germany's gains were on the whole not remarkable: in some countries she had merely got back her pre-war position.[2] (It has been pointed

[1] See for instance Carlton Beals: *The Coming Struggle for Latin America* (Philadelphia, 1938, Lippincott; London, 1939, Cape); the other aspects of totalitarian intrusion are also discussed in a somewhat alarmist vein.

[2] Percy W. Bidwell: 'Latin America, Germany and the Hull Program', in *Foreign Affairs*, January 1939.

out that ordinary trade statistics were apt to give a false picture; they were calculated on the basis of old Reichsmarks, whereas transactions actually were made on the basis of depreciated marks.) Italy's trade was nothing like so important as that of Germany nor was it rising so quickly; it was most flourishing where there were large Italian colonies, as in Argentina and Uruguay. Japan's trade had risen in a spectacular way, but here again percentages were misleading, since her trade did not exist at all twenty-five years earlier. Again, while some writers regarded these gains as a blow to American trade, most of the experts contended that they had been made mainly at the expense of Great Britain, France and some of the smaller European countries. Trade between the United States and most of the Latin-American countries had actually increased during the same period; she was still ahead of other countries, and looking over any length of years it was not possible to say that her position had deteriorated. Moreover, in some cases losses were due to her own policy; trade with Chile had gone down because American purchases of copper and nitrate had gone down. The same was true of American trade with Brazil and Argentina. If, in spite of that, feeling was strong and was rising, it was due largely to the methods that were now being employed by some competitors. The totalitarian states had pushed their trade by means of specific bilateral and barter arrangements, and by the use of special export currencies. They were thus not only cutting into trade, they were cutting into the fair-trade policy which was the cornerstone of Mr. Hull's general foreign policy. The principle was in a way more important than the immediate material problem. Moreover, even if the immediate losses were not great, these methods and their effects might influence the potential trade of the United States with Latin America, just as Japan's invasion of China forestalled the development of a great potential trade in the future. The well-known liberal newspaper publisher, Mr. William Allen White, said to an interviewer shortly before the Lima Conference:

> The Monroe Doctrine has been an academic matter till now. If Germany can rob us of South American trade quite outside economic laws by the mandate of a controlled totalitarian industry, and if in grabbing that trade Germany or perhaps Italy can make treaties that will crowd us off this hemisphere commercially, what are we going to do about the Monroe Doctrine?[1]

As one speaker put it at a conference in Philadelphia in the Spring of 1939,[2] economic intrusion into Latin America is like 'poaching in our

[1] *New York Times Magazine*, 11th November, 1938. [2] See also p. 675, below.

own back-yard'. And another speaker, with an eye on what was happening in Europe and even more in the Far East, declared that 'America's economic destiny lies in the Americas'.[1]

Since the Buenos Aires Conference the United States had indeed been at pains to strengthen her economic and other ties with Latin America, and not wholly for economic reasons. Trade agreements had been concluded with Brazil, Colombia, Costa Rica, Guatemala, Haiti, Honduras, Nicaragua, and Salvador. Towards the end of 1938, after the visit of Señor Batista, a new trade treaty was signed with Cuba which, in return for concessions for rice from Louisiana and other American products, granted favourable quotas for Cuban sugar, tobacco, potatoes and rum. Here was illustrated one of the difficulties with which the United States Government had to contend. Congress had previously, in the so-called Jones Act, sought to reduce the quota for refined sugar from Cuba and other Latin-American states. President Roosevelt and Mr. Hull opposed that action on principle, because it interfered with their 'good neighbour' policy. It was the same with other imports, with Argentine meat, for instance. Argentina was offended by the Sanitary Convention (reminiscent of the old Austro-Serbian 'pig war'), believing that its provisions were really nothing but protection in disguise; while later the 'cow country' was 'thrown into a fine dither', as a newspaper correspondent put it, because the President had approved the purchase of 48,000 lb. of tinned corned beef for the American Navy from Argentina. More important was the agreement concluded with Brazil after the Lima Conference, on the 9th March, 1939, during the visit to the United States of Señor Aranha, the Brazilian Minister of Foreign Affairs. The United States was to grant credits amounting to $19,200,000 so as to enable Brazil to unfreeze trade balances and to pay off by June 1941 debts outstanding to American firms. The United States Treasury further agreed, if approved by Congress, to provide up to $50,000,000 in gold to enable the Brazilian Government to establish a Central Reserve Bank. The Brazilian Government undertook in return to lift restrictions on foreign exchanges, to resume the debt service on Brazil's dollar bonds, and to treat United States investors on the same footing as Brazilian investors. All these arrangements were, of course, intended to allow wider and freer economic relations with the United States, and to check the influence of the German blocked mark system. There was a further and significant point in the agreement, namely that in co-operation with

[1] See *Annals of the American Academy of Political Science*, Philadelphia July 1939.

experts from the United States the Department of Agriculture of Brazil should endeavour to develop the raising of non-competing products upon which the United States could depend in wartime.

Whether the loss in trade was not so serious as was sometimes assumed, or whether Americans in general did not care very much about the commercial aspect, it was the political implications of the intrusion which seemed to rouse American opinion. Hence, no doubt, the over-sensitive way—since dictatorships as such were no new things in Latin America—in which that opinion reacted when Señor Vargas assumed dictatorial powers in November 1937. The immediate belief was that it meant the establishment in the Western hemisphere of a first totalitarian régime leaning towards, if not actually working with, the totalitarian states of Europe. Equally great was the relief, therefore, when it was realized that Señor Vargas was actually opposing that current, as he proved by crushing the Fascist *integralistas*, and still more when he informed the German Ambassador that he was no longer *persona grata* and recalled his own Ambassador from Berlin, in October 1938. About half-way between the two incidents, moreover, American imports into Brazil passed the total of German imports. Still, there was real uneasiness in the United States over totalitarian activities in Latin America, as could be seen from the continuous stream of articles on the subject in the daily papers and in periodicals, apart from pamphlets and books.[1] Nor was that uneasiness ill grounded. During the last two years, especially, the Axis Powers had joined in a concerted attack on the friendly life and outlook of Latin America. These activities seem to have been sufficiently irritating to have caused the American Ambassador in Berlin to give Germany a blunt warning. Speaking at the dinner of the American Chamber of Commerce in Berlin (3rd April, 1938) Mr. Hugh Wilson refuted the charge that the United States had no foreign policy. 'President Roosevelt and Mr. Hull have created something new on the American Continents . . . that is, a brotherhood among the American nations, a friendship and recognized community of interests—a direct outgrowth of the "good neighbour" policy.' He told Germany that the United States was not 'absolutely pacifist', that there were things for which she would fight, and pointedly warned her to keep her hands off South America.

There was no aspect of North American life and interest which was

[1] Besides the book by Mr. Carlton Beals already mentioned, there is interesting material in the pamphlet *Hitler over Latin America*, published by the strongly anti-fascist Lawyers' Committee on American Relations with Spain, New York, January 1939.

not being offended or interfered with by the activities of Germany, Italy and Japan during the period under review. These states were by no means satisfied with developing their trade relations. Their efforts to give a bias to the public mind seemed no less insidious, and they did not hesitate to take a hand in the internal politics of the Latin-American countries. They found an entry for the most part through their local colonists—there were more Germans than North Americans in most Latin-American countries, and one-third of Argentina's population was of Italian origin—whom they were sedulously educating and organizing in the mentality of their home creeds. But, as elsewhere, they did not hesitate to give material and other support also to national Fascist groups; Nazi and Fascist agents co-operated freely in the 'integralist' in *coup* Peru, in May 1937; and the German representatives were alleged to have worked with the *integralistas* in Brazil. In the South American countries the propertied groups and the vested interests had shown pro-Fascist leanings, openly sympathizing, for instance, with the Nationalist side in the Spanish conflict; and as these circles controlled all the important papers, the Press, too, showed the same leanings. On the whole the Church also belonged to that group. That was why so many Americans expected the victory of General Franco to open up a fresh channel for the activities of the totalitarian countries. Their political propaganda was widespread and unblushing. Diplomatic and consular agents, newspaper correspondents and business representatives, all played their part in these activities, a part carefully planned and centrally directed. On the whole the Italian efforts were the more successful, even where there were no large Italian colonies. The mentality and manners of Italians adapted themselves more easily to the ways of Latin Americans, whereas the Germans, though generally respected and sometimes feared, were always disliked, because of their unimaginative discipline and tactless conduct. The greater solidarity of the Germans, both amongst themselves and with the mother country, also served them ill. Local groups of Germans proved all too amenable to the new arrogant German creed and anti-Semitic intolerance, and also allowed themselves to be led astray by ignorant instructions from home into demanding in some places local autonomy and other special rights. The inevitable reaction was beginning to make itself felt. Some of the leading countries like Argentina, Brazil and Chile were taking steps to control the activities of foreign residents, and to nationalize the German and Italian schools, which hitherto had enjoyed full freedom both as to the language used for tuition and as to the matter taught. In Argentina, which had opposed a policy of American co-operation

against European dictatorships, Nazi activities were brought to light which led to demands in Parliament for further inquiry and strong action. Documents were found which showed that Nazi agents were guided in their insidious activities by definite and comprehensive instructions from Berlin. Even if the rumours of a German plan to seize Patagonia were exaggerated,[1] there was sufficient reason apparently for the authorities to prohibit political activities by organizations of foreign residents.

It was not easy for the United States to counter even in part these activities, especially since any action on her part was as likely as not to be at first received with suspicion. During 1938 the American broadcasting companies, with the approval of the Department of State, organized educational programmes in English, Spanish, Portuguese and French. The creation of a Government broadcasting station was even suggested, but Congress objected to it, as infringing the policy of freedom and official non-interference. In May 1938 the President requested that an inter-departmental committee should study the problem of co-operation with the other American Republics; their report was ready before the Lima Conference met.[2] During 1938 a new Division of Cultural Relations was created in the State Department. It was to have general charge of all official international activities of the State Department in cultural matters, such as exchanges of students and professors, library relations, international broadcasts, and it was to encourage unofficial cultural relations generally. The Department was at pains to emphasize that these activities would be of a reciprocal character and would not be made an instrument of policy. It was also indicated that there were no geographical restrictions to the work of the new division, though its first activities would naturally be in the Western Hemisphere.[3]

There was no doubt that the most serious aspect of the totalitarian activities was the military. All the writers who reported on the situation in Latin America spoke of the great efforts which Germany and Italy were making to gain influence in the military establishments of that region. They did so by selling arms and munitions and aeroplanes, and by establishing munition and aeroplane factories in some of the countries concerned—all on a barter basis. They also exercised influence through the display of their military power by visiting aircraft and battleships, through military

[1] The Counsellor of the German Embassy was alleged to have had a hand in this, but an investigation formally exculpated him.

[2] Text in *International Conciliation*, January 1939, pp. 5–29.

[3] See an article by Hubert Herring on 'The Department of State in Latin America' in *Harper's Magazine*, February 1937.

missions, and by arranging visits from leading military men from Latin America to Germany and Italy and by training South American young men, especially in aviation. The United States as far as possible replied in kind.[1] Towards the end of 1937 the curious proposal was even put forward, and explained as an extension of the 'good neighbour' policy, that destroyers not required for active service might be leased to Brazil, but an Argentine protest put an end to that; and severe criticism, especially in Argentina and in Uruguay, met Senator Pittman's project in March 1939 that warships and munitions might be sold on credit to the South American states. South American papers accused the United States of ignorance of their countries' needs, which were for markets, not for battleships, and some even wondered whether it was not an attempt to foster trouble between Argentina and Brazil, as no one could seriously believe that South America was in real danger of invasion.[2]

At the meeting of the American Academy of Social and Political Sciences at Philadelphia (April 1939), a speaker from South America maintained that the Peruvian port of Malabrigo, on the Pacific, which had long been under German control as an economic concession, was now in fact a German naval base. It was also known that Japan had made a somewhat unfortunate effort to secure control of a harbour on the west coast of Mexico. Already during the Spanish conflict those concerned with problems of American strategy were beginning to worry over the possibility that Germany might again acquire bases on the west coast of Africa or in the Atlantic. *The New York Herald Tribune* reported from London (29th November, 1938) that the United States was asking informally whether Great Britain and France knew the extent to which Germany was using the Canary Islands as a submarine base. It is not necessary to emphasize how gravely American strategy was affected by all these incidents and activities. The possible threat from the Atlantic, by air or by sea, was the least part of it. Very serious, however, was the threat to which the Panamá Canal was exposed from even small flying and other units, perhaps already located in South America.[3] Inter-state

[1] In the early part of 1939 the United States had naval missions in Brazil, Colombia and Peru; three naval officers were serving as advisers in the Argentine War College. Military missions were stationed in Brazil, Colombia and Haiti, with individual officers in Guatemala and Nicaragua. Eight United States officers were in Argentina as advisers to the Air Corps, and two in Colombia.

[2] See *The New York Times*, 27th March, 1939.

[3] In 1939 Congress authorized the building of a third set of locks at the Panamá Canal which would, it was supposed, make the canal much less vulnerable.

commercial flying in South America was to a large extent controlled by German companies, using German machines and German pilots.[1] When he testified before the Senate Military Affairs Committee, Major-General Arnold, chief of the Army Air Corps, said:

> In my opinion, the only way the Germans could attack us or do any great damage to us would be by going to South America, where there are German sympathisers who might establish airdromes and who might have bombs and gasoline waiting for them when they came there and then take over a certain section of South America.[2]

And the ablest of America's living writers on military affairs said in a book published in 1939 that America would be safe from 'international blackmail' only for so long as she could keep 'the whole Western Hemisphere and its approaches free of the air bases of such foes, in whatsoever guise these bases may be sought to be established'.[3] The German plan, as revealed in the so-called Zimmermann note, to bring about an alliance with Mexico during the World War (with the promise of the eventual retrocession to Mexico of Texas, New Mexico, Arizona, &c.), was not forgotten, and brought to mind how seriously

[1] If any interstate company owned, operated, managed or otherwise controlled by Germans was to be considered as a German company, then the German national airlines, with their affiliations with national lines operating in South America, had a total route mileage of approximately 23,750 miles. This was the largest route mileage flown by any foreign-owned group of companies in interstate commercial flying in South America in the year 1939. The German operating company was Lufthansa, and this company had affiliates such as the Sociedad Ecuadoriana de Transportes Aereos based in Ecuador, Lloyd Aereo Boliviano based in Bolivia, Syndicato Condor based in Brazil, and certain other lines.

The total mileage of United States international airlines in South America was approximately 21,300 route miles. The United States international airlines were Pan American Airways and Pan American Grace Airways. In addition to these lines, French airlines flew a total of approximately 3,400 route miles, and the Italian airlines a total of approximately 1,900 route miles. Trans-Atlantic airlines were being operated by German and by French companies. Italian and British companies had recently taken preliminary steps to establish trans-Atlantic services.

This statement of mileage, however, hardly presents an accurate picture, since Pan American Airways was the outstanding airline in South America. Much of the mileage included in the German network consisted of small lines operating on infrequent schedules, often to inaccessible and distant points. All the principal cities were served by Pan American Airways or Pan American Grace Airways, whereas many of these cities had no service from the German, French, Italian or other foreign-owned lines.

[2] *Evening Public Ledger*, 24th February, 1939.

[3] George Fielding Eliot: *Bombs Bursting in Air*, New York, 1939. Early in June 1939 it was learnt that Germany had acquired 'one of the most important air bases in South America', at Trinidad, on the Marmore river, one of the headwaters of the Amazon, in exchange for re-arming Bolivia. (*The New York Times*, 4th June, 1939.)

the United States might be hampered in a war by disturbances or seditious activities in Central and South America.

### (c) The Conference at Lima

It has been said already that opinion in the United States was unanimous in realizing that American security now implied the security of the whole American hemisphere. In deciding to face the new wave of aggression in the world by strong rearmament, the United States, while contemplating isolation in general, was clearly building her defence arrangements upon that strategical conception.[1] There was no secret in this, at most only a certain reticence, so as not to hurt the feelings of Latin-American states. When Señor Batista visited the United States at the end of 1938, the Under-Secretary of State, Mr. Welles, speaking for the Administration, said that 'the United States re-armed will ensure the entire Western Hemisphere from foreign aggression'. The obvious complement of this policy was to bring if possible all the American states into some common arrangement for the defence of the American continent as a whole. At his press conference on the 15th November, 1938, President Roosevelt spoke openly of the need for some system of continental defence; and Washington reports credited the Administration with the hope of bringing back from Lima some defensive union of the American nations against external aggression. The results of the Conference fell far short of this, and there was no discussion of the military aspect of a Pan-American policy.

One peculiar difficulty which the United States had to face was that her attitude and policy were firmly wedded to the democratic ideal. It was the one justification given for America's rearmament and strong international views, since in other respects she had declared herself to be wholly disinterested. It was the main argument for a common bond put forward by President Roosevelt in his speech at the opening of the Buenos Aires Conference, in 1936, and the argument which had dominated all American pronouncements ever since. But that was an initial handicap in a gathering of states many of which were accustomed to, or in the last year or two had adopted, dictatorial forms of government.[2] The remaining exceptions were

[1] 'The defence problem of the United States has become one of "Hemisphere defence". Latin America and Canada must be protected from European or Asiatic encroachment not merely because the United States is committed to upholding the Monroe Doctrine but in our own interest.' (Editorial in *The Evening Public Ledger*, 24th February, 1939.)

[2] President Roosevelt was not likely to be helped in his immediate aims by the enthusiastic support which he and his policies received at the International

Costa Rica, Colombia, Mexico and Chile with a Popular Front Government, with Uruguay and Argentina showing tendencies towards dictatorship. In most of the other countries government was in the hands of small groups which, while they still professed the ideal of democracy, in practice often showed contempt for it (though this does not mean that they were ready to follow Hitler or Mussolini). Did not the Conference meet in the Peruvian Hall of Congress which had been closed for three years and which had to be dusted and aired for the occasion, while, as far as was known, many Peruvian opposition leaders belonging to the *Apristas* group were still in gaol? Such was the temper and so great the fears of these ruling groups that the Conference, it seems, was hampered and surrounded by a vigilant censorship. The correspondent of *The New York Times*, as soon as he left the Conference, sent from beyond the Peruvian borders a vitriolic despatch in which he recounted various incidents supposed to have taken place during the Conference—such as the rifling of the desks of the American delegation—and asserted that 'the Conference functioned under a dictatorial régime of censorship'. These assertions were declared by others to be unfounded or grossly exaggerated, and the State Department formally contradicted them. There was no such disagreement as to the efforts of Italian and German agents to thwart the ends of the meeting. It is not easy to say if they were in any way responsible for the difference between the reported hopes of the United States and the actual results of the Conference; the shadow of the Fascist menace which hung over the meeting may have been responsible for the desire to show unity.

There was significance also in the composition of the delegations. The United States sent an impressive group headed by her Secretary of State, and including, as second delegate, the ex-Presidential candidate and nominal leader of the Republican Party, Mr. Alfred Landon; his presence was a practical demonstration both of the democratic attitude and also of national solidarity in general matters of foreign policy. By contrast, few of the Latin-American countries sent their best men, with the exception of Mexico and Brazil; Argentina some-

Congress of American Democracies at Montevideo in March 1939. The Conference even decided to meet in Washington in the following September in the hope that this would help to elect Mr. Roosevelt for a third term. The Conference took steps to further the organization of a militant inter-American Popular Front, similar to that which had recently won the elections in Chile, with the object (1) of fighting Fascist intrusion into the Americas; (2) of ousting the Conservative land-owning class from the control of Latin-American Governments. A resolution was passed in praise and support of President Roosevelt, and a similar resolution in praise of President Cardeñas of Mexico. (*The New York Times*, 26th March, 1939.)

what pointedly sent a weak delegation without authority in the eyes of the people, while at the same time her Foreign Minister, Señor Cantilo, paid a brief visit at the opening of the Conference to start the uncooperative trend which the official delegation had neither the power nor the standing to alter. As things stood, most of the Governments and the men in control had for reasons of their own to maintain good relations with the United States, but that was an unstable foundation on which to build a grand American design.

The final result of the Conference was, on the whole, in line with the trends of thought and feeling which were already known to exist in the Americas.[1] Though no league came into being at Lima, the debate was more frank than it had ever been at earlier Conferences, and there is no doubt that both sides moved nearer towards each other. What was left unsaid or undone was sufficiently explained by the general economic and political conditions to which reference has been made before. The United States' theme was peace and democracy. Mr. Cordell Hull announced it in his opening address, when he said that 'an ominous shadow falls athwart our own continent'; therefore 'there must not be a shadow of doubt anywhere as to the determination of the American nations not to permit the invasion of this hemisphere by the armed forces of any Power or any possible combination of Powers'. He went on to denounce doctrines and activities 'utilized for the purpose of undermining and destroying in other nations established institutions of government and basic social order'. His attitude received general support from the Caribbean countries, namely Mexico, the Central American countries, Panamá, Colombia, Venezuela and the three West Indian republics. The opposition was led by Argentina, sometimes supported by Brazil (who at Buenos Aires had stood firmly behind the United States), almost always by Uruguay, Paraguay and Chile.

Press comments hinted that democratic countries also could be imperialistic; and that in spite of his obvious goodwill President Roosevelt was still tied to the Monroe Doctrine, in that he considered it natural for North America to dictate the function of the whole continent. The theme of the opposition was put frankly and comprehensively by Señor Cantilo in the speech which he delivered before the Conference, at its invitation, on the 10th December. All the points of difference between Latin America and the United States

[1] See a useful summary of the work of the Conference by Mr. Charles A. Thomson in *Results of the Lima Conference* (*Foreign Policy Reports*, 15th March, 1939). For the texts of the various resolutions and documents see *International Conciliation*, April 1939.

could be found in it. He began by saying that the first call to solidarity was amongst themselves, that is among the countries of Latin America, and then with those parts of Europe from which they had their origin. He went on to speak of the economic ties which bound them to certain European countries, and pointed out that the United States in seeking markets in the Far East and elsewhere had also found economic needs more compelling than geographical accidents. He then took a very reserved position towards Mr. Hull's main theme, with all the consequences that followed from it. Where Mr. Hull had spoken of the fatal signs around them, Señor Cantilo said that Argentina did not see those signs, or only saw them as dim and distant. His Government, he said, shared the antipathy of Washington 'against the fanaticisms which can prosper under the American sky'. But whereas Washington thought that action was needed, Argentina did not think so and would not wish to take action which might be thought hostile by certain countries with which she was on good terms. Señor Cantilo circumvented the idea of any specific plan by declaring that American solidarity

> is a fact which no one does or can place in doubt. All and each one of us are disposed to sustain and to prove such solidarity in the face of any danger, come whence it may, which might threaten the independence or the sovereignty of any state in this part of the world. For that we do not need special pacts. The pact is already made in our history.

They were obviously reluctant, for more than one reason, to take up an attitude of ideological hostility—in spite of reiterated professions of faith in democracy—preferring to assert that every country must be free to choose whatever form of government it pleased. Newspaper comment also showed that there was some fear that any formal and especially any military arrangement would in effect place the Latin-American states under the tutelage of the United States. Despite the new dangers, Argentina, and presumably others, was 'not inclined to follow a policy that does not permit us to assert our own personality'. They were more afraid of tying themselves to the United States and thus becoming involved in economic and other rivalries in which they had no direct concern, and from which they would not derive any benefit. Who knows, wrote several Argentine papers, what will be Washington's international policy to-morrow, and who can assure us that the relations between the two great English-speaking peoples will remain as cordial as they are now?[1]

[1] Some American observers at Lima came away with the impression that English influence had played a part in the opposition of Argentina; they were even more certain that Mexico, for obvious reasons, had pushed Argentina in that direction.

As things were, the relatively weak South American states still had a chance to keep out of the game of great world alliances, into which the United States as a great naval and military Power seemed already to be drawn. For all these reasons, and because Argentina and some of her friends still inclined towards a universalist rather than towards a continental attitude in her foreign outlook, the Latin-American states, in contrast with the increasingly firm attitude of the United States, favoured a cautious reserve. The upshot was that most of the states preferred a declaration of principles to a formal alliance; and they took it that Señor Cantilo's statement had determined the present limits of any active continental solidarity. On his part Mr. Hull chose to remain as inconspicuous as possible, and to make or press no proposal unless he was sure that it would be supported by all the other delegations. On the 26th November, while the United States delegation was still on the high seas, Argentina had forwarded a draft which proposed that consultation be also extended to questions other than the threats to peace specified in the Consultative Pact signed at Buenos Aires. It further suggested general or regional meetings of the Ministers for Foreign Affairs of the American Republics, 'when they deem it advisable'. But there was in it nothing about any pre-arranged common action against aggression. As soon as he arrived at Lima Mr. Hull discussed with Señor Cantilo a revision of the Argentine draft, so that it might express the common concern in opposing subversive movements. They agreed that any final act should take the form of a declaration rather than of a treaty, and that questions of solidarity and consultation should, in the first place, be considered separately. Señor Cantilo having left Lima on the 12th December, he sent from Chile a second draft which Brazil, Cuba and Mexico considered not strong enough. A third formula was worked out by the chief delegates of the Peruvian, Brazilian and Argentine delegations, but that was rejected by Señor Cantilo. Discussion was then resumed substantially on the basis of the second Argentine draft, and unanimity seemed assured at last, when the Brazilian delegation received instructions to withhold its approval for the time being; so that it was not until the 24th December that all were ready to sign. Thus came into being the Declaration of Lima, the outstanding achievement of the Conference.

The Preamble of the Declaration stated the principles for which the American Republics stood—seven fundamental principles, all of a democratic character—while the Declaration itself stated what they were prepared to do for the sake of those principles. 'Considering that the peoples of America' had 'achieved spiritual unity', they

reaffirmed their 'continental solidarity', their determination to maintain jointly the principles upon which it rested and defend them 'against all foreign intervention or activity that may threaten them'. It proclaimed their common concern in the security of any and every American Republic, and their intent to co-ordinate 'their respective sovereign wills by means of the procedure of consultation . . . using the measures which in each case the circumstances may make advisable. It is understood that the Governments of the American Republics will act independently in their individual capacity, recognizing fully their juridical equality as sovereign states.' The declaration of solidarity already made in 1936 was in this way made more explicit, and at the same time an instrument was provided for implementing it. It was laid down that, to facilitate consultation in case of need, 'the Ministers for Foreign Affairs of the American Republics, when deemed desirable and at the initiative of any one of them, will meet in their several capitals by rotation and without protocolary character'. It should be noted that this informal arrangement for collective security did not apply to inter-American disputes and conflicts; Brazil would have wished it to do so, but the United States and others held that the existing extensive arrangements for arbitration, etc., were sufficient to deal with any inter-American issues.

A second proposal approved by the Conference provided also for eventual consultation on economic, cultural and other questions. Various proposals were put forward for dealing with subversive propaganda. Brazil found support for a resolution which stated that in the American Republics 'residents who, according to domestic law, are considered aliens, cannot claim collectively the condition of minorities'. Uruguay had a proposal on the status of foreigners which condemned any legal, political or economic control of colonists by their countries of origin. Señor Cantilo having already declared his country's detestation of propagandist activities, the Argentine delegation submitted a resolution which, as a retort to the plebiscite of German residents held in Latin-American countries not long before, declared against the collective exercise by foreigners of political rights granted by the laws of their native country. The last two proposals were embodied in one joint recommendation. A Cuban resolution denouncing all collective persecution 'for racial and religious motives' met with opposition as it was too pointedly aimed at Germany, but it was passed in the form of a declaration that such persecution was 'contrary to the political and juridical systems of America'. Another resolution on immigration urged that no distinction be made on the ground of 'nationality, creed or race'.

The Conference, officially known as the Eighth International Conference of American States, had sat from the 9th to the 27th December, and occupied itself with a good many other problems. Its work was divided into seven parts, with as many corresponding Commissions:

1. Organization of Peace.
2. International Law.
3. Economic Problems.
4. Political and Civil Rights of Women.
5. Intellectual Co-operation and Moral Disarmament.
6. The Pan-American Union and the International Conferences of American States.
7. Reports.

There was also a Commission on Co-ordination. The Conference approved 110 resolutions, recommendations and agreements, and chose the city of Bogota, Colombia, as the seat for the next general Pan-American Conference, to be held within five years.

Pan-American organization being still in its preliminary stage it was natural that much attention should be given to various problems of a legal or formal character. One such problem was the co-ordination of the many American arrangements for the maintenance of peace. At Montevideo, in 1933, the Mexican delegation had offered a so-called Peace Code, which, after being considered by the several Governments, came in a revised form before the Buenos Aires Conference in 1936. Its purpose was to unify the existing agreements for inquiry, conciliation and arbitration, and add to them a definition of aggression, a procedure for sanctions, and provisions for an inter-American Court of Justice. At Lima a draft treaty with a similar purpose was submitted by the United States delegation. As time was too short for the discussion of such a code during the Conference, and because it was felt that a new comprehensive agreement must try also to fill existing gaps in the peace organization of the Americas, the Conference decided that the two projects, together with any others on the same subject, should be referred to the Pan-American Union for classification, and then transmitted to the several Governments. Thereafter the various projects together with the comments of the Governments were to be handed over to the International Conference of American Jurists, who were expected to draft a Peace Code in time for the next Pan-American Conference.

On the questions of the definition of an aggressor and of sanctions the Conference had before it a critical report from the Committee of Experts on Codification of International Law; in the end it decided

that as a satisfactory definition of aggression was still lacking, and as neither that nor provision for sanctions was urgent in the Americas, the matter should be referred to the International Conference of American Jurists who should study it in relation to 'a general plan for continental juridical organization'. The procedure for consultation could in the meantime be used to deal with any crisis in which these issues might become urgent. On the other hand, the Conference re-affirmed the doctrine of 'non-recognition' of forcible territorial acquisitions as 'a fundamental principle of the Public Law of America'. 'The pledge of non-recognition of situations arising from the foregoing conditions is an obligation which cannot be avoided either unilaterally or collectively.'[1]

The Governments of Colombia and of the Dominican Republic submitted a joint project for the setting up of a league of American nations, and this also was referred to the International Conference of American Jurists for further study and report to the next Pan-American Conference. The idea of an inter-American Court of Justice had been discussed at every Pan-American Conference since 1923, and the 1936 Conference had asked the Pan-American Union to study the various proposals and to submit a report. The Lima Conference did not find it possible to make progress on this question either, but merely declared that the creation of such 'judicial organization meets with sympathetic consideration on the part of nearly all of the states of this Hemisphere, notwithstanding that the majority of these states continue to be members of the Permanent Court of International Justice at The Hague, which has a more extensive jurisdiction'.[2] It is unlikely that any steps were contemplated to give practical effect to that expression of goodwill.

Like former Pan-American Conferences, the Conference at Lima paid much attention to the codification of international law. In order to advance the work it decided that national committees should make preliminary studies and then send their findings to three permanent committees at Rio de Janeiro, Montevideo and Havana, which were to deal respectively with public international law, private international law, and comparative legislation and the unification of legislation. After further revision by the Committee of Experts, the drafts were to be finally considered by the International Conference of American Jurists before transmission to the several Governments.

[1] These details are summarized from the useful report on the Conference issued by the Foreign Policy Association.

[2] Details of the various earlier projects are given in the *Special Handbook for the Use of Delegates*, prepared by the Pan-American Union, Washington, 1938.

Among the many other topics of a formal nature, one which created much interest and some anxiety was that relating to money claims arising out of debts or other occasions. The expropriation of landed and oil properties by Mexico and Bolivia had made the subject both urgent and delicate. It had been considered already at the first five Pan-American Conferences, when two doctrines formulated by Latin-American jurists had met with much support. In 1902 Argentina's Foreign Minister, Señor Drago, had condemned the use of armed force for the collection of public debts; while a number of Latin-American countries had included in contracts and other documents the so-called Calvo clause which required foreign creditors to forgo the right to diplomatic protection. In 1936 Argentina had submitted a proposal which linked the two doctrines in one formal document, but the Conference referred it to the Committee of Experts for further study and report. At Lima the experts brought forward a draft convention which proposed, first, that no armed force should be used for the collection of public or private debts; second, that there should be no diplomatic intervention for claims arising out of contract unless there had been a denial of justice or an infraction of a recognized international duty; third, in such cases, and failing settlement by negotiation, either party might demand arbitration of the issues of unjustified repudiation or violation, of denial of justice or of infraction of a generally recognized international duty. On the general sense of these proposals there was unanimity; but the Chilean member of the Committee of Experts had made the reservation that in no case should foreigners be granted greater rights than those enjoyed by nationals, to which the American member had retorted that there was a minimum standard of rights which no nation could deny to foreigners, even if it did deny them to its own nationals. Besides the draft of the experts, the Conference had before it several other proposals on the subject. Mexico urged that the 1907 Hague Convention should be denounced by American states because it contained a limited permission for the use of force; and she also proposed a convention by which American Governments would recognize as valid the renunciation by their nationals of the right to diplomatic protection. Argentina also had two proposals, one denying the right to use either force or diplomatic intervention in exclusively financial claims, and the other supporting the Chilean view that diplomatic protection should in any case be limited by the principle that 'the foreigner cannot aspire to a more favourable treatment than the national'. Because of the threatening international situation, both Mexico and the United States were anxious to avoid a controversy

which would mar the chances of a common display of inter-American solidarity; they together with the other countries therefore preferred to send the report, together with the other proposals, back to the Committee of Experts for further study.

Two other decisions might be mentioned—one of international importance, the other on a question which had given rise to many awkward debates in the past. As a reply to the methods now used by the totalitarian states for increasing their trade with Latin America, Mr. Hull secured unanimous support for a resolution similar to one adopted in 1936 which recommended 'reasonable tariffs in lieu of other forms of trade restrictions' and 'the negotiation of trade agreements embodying the principle of non-discrimination'. In connexion with this another resolution recommended periodical meetings of representatives of the Treasuries of the American States.

The Lima Conference was able to adopt certain compromise proposals on the question of women's rights, which had previously given rise to much controversy between those who advocated equal rights as against those who preferred protective legislation for women. A Declaration of Women's Rights adopted at Lima declared that women were entitled not only to equal political and civil status, but also 'to the most ample opportunities for work and to be protected therein' and 'to the most ample protection as mothers'. The Inter-American Commission of Women, first established by the Havana Conference in 1928 as an autonomous body, was made an official consultative body; each American Government was to appoint one member and a chairman was to be chosen from this group by the Pan-American Union. It is unlikely that these formal arrangements foreshadowed any substantial action.

### (*d*) Conclusion

Such as they were, the achievements of the Lima Conference appear to have been sufficiently impressive. The political aspect was perhaps outstanding, with the Declaration of Lima as a *Magna Carta* of American solidarity; it may be said to have transformed in principle the Monroe Doctrine from a unilateral doctrine into a multilateral and collective policy—a truly fundamental change in the relations of the United States to the states of Latin America. In the economic sphere it was agreed that freedom of economic intercourse was essential to the maintenance of peace. Mr. Hull would have wished to have a declaration also on the principle of equality of treatment, but Latin-

American countries could not afford to lose certain foreign trade connexions; and it is not unlikely that they would still have hesitated to see the United States acquire a dominant part in their trade.[1] Thirdly, in the more general social and cultural sphere—which had been used for their propaganda by anti-democratic movements—much was done towards laying foundations for a greatly needed better understanding. Out of 110 resolutions adopted at Lima about 70 related to 'moral disarmament', to the destruction of prejudices and the promotion of better understanding by means of mutual knowledge and contact. At Montevideo, Brazil and Argentina had undertaken to have text-books used in their schools purged so as to clear them of any unfairness. Similar action was under consideration in most American countries in 1939, and much had been done, for instance in Mexico, to eliminate from text-books the old attacks against the United States.

If the Latin-American states would not follow the lead of the United States in matters of common defence, it was largely for the same reasons which were given in the United States for American isolation. The United States refused to enter into collective agreements with the democratic countries of other continents so as to keep herself free from entanglements; the Latin-American states for their part did not want to run the risk, through any formal agreement, of entanglement in the foreign problems of the United States. Again, many of those who wrote on American strategy said quite frankly that the United States could afford to practise isolation because the British fleet still provided her with a first line of defence. In their turn the Latin-American Republics could afford to trade and even to play with the European dictatorships and at the same time to indulge in military isolation, because they knew that the United States Navy remained their first and best line of defence. Argentina's attitude towards a pan-American league was but a replica of the United States' attitude towards the League of Nations.

It was fairly safe to conclude that pan-American relations were still in a fluid state. The Declaration of Lima and the general results of the Conference represented no doubt a great advance on what had gone before, but it would be easy to put too much weight on formal agreements which for the moment had little more than good intentions behind them. Account must also be taken of the fact that such changes of opinion as had taken place recently in Latin America were to a large extent a tribute to the confidence which President

[1] The Conference instructed the Pan-American Union to study the possibility of convening a World Economic Conference.

Roosevelt and Mr. Cordell Hull personally inspired. During the Lima Conference the Press of Latin America gratefully remembered that Mr. Roosevelt had already expounded in an article in *Foreign Affairs*[1] in 1928 the policy which he had followed since coming into power. The personal factor played a great part emotionally in the Latin-American outlook. Hitler and Mussolini impressed the Latin-American public, while the statesmen of the European democracies stood low in prestige; the rulers of the United States fortunately redressed the balance of that democratic deficiency. At the same time, six years of 'good neighbour' policy were beginning to bear fruit. But just as opinion in the United States was now shaped in some degree by a dislike of what the dictatorships were doing rather than by a liking for what the democracies were doing, so in Latin America it was the misdeeds of the totalitarian countries that had forged a strong momentary link for pan-American solidarity.[2] A change in their conduct, or a change in the temper of United States policy, might alter all that; while a continuation of the existing state of affairs in Europe and in Asia would speed the trend towards American co-operation. The economic aspect was difficult, but not incapable of readjustment under the pressure of necessity. Some American experts held that in a way the Western Hemisphere was the most truly self-sufficient economic unit in the world—it has been said that it possessed everything except three things : Kings, Kangaroos and Kaviar. The difficulty seemed to lie less in what it lacked than in what it had in excess. But even conservative Americans were beginning to play with the idea of a continental trade

[1] July 1928, pp. 573–86.

[2] General Franco's attitude was already beginning to cause misgivings. In an interview given to the Associated Press on the 4th December, 1938, he had himself spoken of 'dreams of universality'; and one of his Cabinet Ministers, José Pemartin, National Chief of University and Secondary Education, wrote of 'the magnificence of the German National Socialist Movement' (in *What is the New Spirit?*, Burgos, 1938), and then went on to state what in his view was an imperative condition of Spanish existence: 'To extend and expand our great Latin Christian Hispanic culture and our political jurisdiction, above all, over the South American countries, of Hispanic soul and language.' (*Hitler over Latin America*, New York, 1939, p. 6.)—The official programme of the Falangists also hinted at a revival of empire in South America.

A new warning to the totalitarian intruders was contained in President Roosevelt's Pan-America Day message to the Pan-American Union on the 14th April, 1939. 'American peace which we celebrate to-day has no quality of weakness in it. We are prepared to . . . defend it to the fullest extent of our strength, matching force to force if any attempt is made to subvert our institutions. Should the method of attack be that of economic pressure, I pledge that my own country will also give economic support so that no American nation need surrender any fraction of its sovereign freedom to maintain its economic welfare' (*Time*, New York, 24th April, 1939).

system;[1] while progressive and younger groups everywhere were hankering after the fulfilment of an American ideal.[2] At Lima Señor Cantilo had deprecated Mr. Hull's fear of aggression from without; but at the same time it must be remembered that he spoke feelingly of the work that could and should be done from within, from which might spring a finer life in the Americas.

[1] A prominent Republican, Colonel Frank Knox (publisher of *The Chicago Daily News*), after an extended tour of South America, spoke on the 10th April, 1939, in favour of making 'the whole Western Hemisphere an economic unit, secure against the encroachment of totalitarian ideas, whether from Europe or from Asia'. He suggested that the time had come to abandon in the relations with South American countries the 'most-favoured-nation' treatment and make instead special arrangements with them. At the other end of the journalistic scale, an article by Eliot Laneway in the New York *Nation*, 4th March, 1939, on 'America in the Post-Munich World' put forward much the same argument, and advocated a 'hemispheric All-American Clearing-House' to handle multilateral trade. (*The New York Times*, 11th April, 1939.)

[2] A *Quarterly Journal of Inter-American Relations* was launched during the spring of 1939 from Cambridge, Mass. In some ways the problem of cultural relations was the most difficult: the Latin-American peoples were linked much more closely to European than to American culture, and that not only by language and origin and tradition, but also in their general outlook and temperament, as in their ways of living. Nor had the peoples of the United States shown so far any close interest in Latin America, curious though this might seem. It was almost impossible, for example, to find professors capable of lecturing in Spanish on visits to Latin-American Universities.

# APPENDIX

## CHRONOLOGY OF EVENTS, 1938

N.B. The following abbreviations are used in references to the published texts of treaties and documents: *A.J.I.L.* = *American Journal of International Law; Cmd.* = *British Parliamentary Paper*; *L.N.M.S.* = *League of Nations Monthly Summary*; *L.N.O.J.* = *League of Nations Official Journal*; *L.N.T.S.* = *League of Nations Treaty Series*; *R.* = *Reichsgesetzblatt.*

*Abyssinia*

1938, April 9. British Government asked League Council to discuss 'consequences arising out of the military situation in Ethiopia'.

April 16. Signing of Anglo-Italian agreement, including British promise to recognize Italian Empire. Ratifications exchanged Nov. 16.

May 9–10 and 12. League Council discussed Abyssinian question. The representatives of Great Britain and of nine other countries were of the opinion that each state member was free to make its own decision with regard to recognition.

Nov. 16. British Ambassador in Rome presented letters of credence recognizing Italian Empire.

Nov. 19. French Ambassador in Rome presented letters of credence recognizing Italian Empire.

During 1938 the Italian Empire in Abyssinia was also recognized by Afghanistan, Australia, Belgium, Brazil, Bulgaria, Canada, Costa Rica, Czechoslovakia, Denmark, Egypt, Estonia, Finland, Greece, Iceland, Latvia, Lithuania, Manchukuo, Norway, Peru, Poland, Portugal, Rumania, Siam, South Africa, Sweden, Turkey, Uruguay.

*Afghanistan*

1938, June 24. Waziristan insurgents defeated.

June 25. Pact of Friendship between Afghanistan, Īrān, 'Irāq and Turkey ratified.

See also under *Abyssinia.*

*Albania*

1938, April 27. King Zog married.

*Argentina*

1938, Jan. 13. Agreement signed with Uruguay regarding islands in the Rio Uruguay.

Oct. 11. Boundary Treaty of 1925 with Bolivia ratified.

*Australia*

1938, April 28. Delegation arrived in London to discuss Ottawa trade agreements.

Oct. 25. Duke of Kent appointed future Governor.

See also under *Abyssinia.*

*Austria*

1938, Jan. 1. M. Darányi visited Vienna.
Jan. 2. M. de Kanya, Hungarian Foreign Minister, arrived in Vienna.
Jan. 10–12. Budapest Conference of Protocol States.
Jan. 25–7. Nazi head-quarters in Vienna searched. Dr. Tavs arrested and office closed.
Feb. 6. Herr von Papen interviewed by Herr Hitler.
Feb. 7. Herr von Papen had interviews with Drs. von Schuschnigg and Schmidt.
Feb. 11. Period of military service extended.
Feb. 12. Dr. von Schuschnigg summoned to Berchtesgaden.
Feb. 16. *Communiqué* issued regarding results of Berchtesgaden meeting. Constitution of reconstructed Cabinet announced including Dr. Seyss-Inquart as Minister of Interior and Security. Dr. Seyss-Inquart summoned to Berlin.
Feb. 18. *Communiqué* issued announcing concessions to Austrian National Socialists.
Feb. 19. Nazi demonstration at Gratz.
Feb. 20. Herr Hitler in Reichstag speech spoke on relations between Germany and Austria.
Feb. 21. Government prohibited all meetings and processions except those arranged by Fatherland Front.
Feb. 24. Dr. von Schuschnigg spoke on Berchtesgaden agreement.
March 1. Dr. Seyss-Inquart arrived in Gratz and attended Nazi demonstration. Dr. Seyss-Inquart reached an agreement with Professor Dadieu, Styrian Nazi leader. March 3, Cabinet refused to ratify terms of agreement.
March 5. Dr. Seyss-Inquart spoke in Linz.
March 9. Dr. von Schuschnigg announced intention of holding a plebiscite on March 13.
March 10. Herr Hitler sent Dr. Keppler to confer with Dr. Seyss-Inquart.
March 11. Plebiscite abandoned on receipt of ultimatum from Germany. Dr. von Schuschnigg resigned and was succeeded by Dr. Seyss-Inquart. German troops entered Austria.
March 12. An all-Nazi Government was formed. Herr Hitler arrived in Linz. Herr Hitler's proclamation broadcast by Dr. Goebbels.
March 13. President Miklas resigned. Decree laws promulgated declaring Austria a part of the German Reich and announcing a plebiscite. Herr Bürckel put in charge of reorganization of National Socialist party and the plebiscite.
March 14. Herr Hitler arrived in Vienna.
March 18. Herr Hitler addressed Reichstag.
March 26. Herr Hitler opened plebiscite campaign with a speech in Königsberg.
March 27. Declaration of Cardinal Innitzer and Catholic Bishops supporting *Anschluss*.
April 1. Vatican denied responsibility for Innitzer declaration.
April 6. Cardinal Innitzer summoned to Rome by the Pope.

*Austria*: cont.

April 9. Herr Hitler made final election speech on 'Day of the Great German Empire'.

April 9. Cardinal Innitzer had an interview with Herr Hitler.

April 10. Plebiscite on *Anschluss* held.

April 25. Decree published officially appointing Herr Bürckel Reich Commissioner for the Ostmark.

May 24. Austria divided into seven provinces. Announcement that Nuremberg racial laws were to be applied to Austria.

July 24–5. Memorial ceremonies for Planetta and his companions held.

Aug. 1. Nuremberg Laws come into force in Austria.

Aug. 22. Decree published authorizing trial of former members of Austrian Government.

Sept. 2. Pastoral letter issued protesting against Nazi laws.

Oct. 8. Cardinal Innitzer's palace wrecked by Nazis.

Oct. 13. Herr Bürckel announced anti-Catholic measures.

See also under *League of Nations*, March 18; *Spain*, Jan. 12.

*Balkan Entente*

1938, Feb. 26. Permanent Council met at Angora.

Feb. 27. Council decided to send representatives to General Franco.

July 31. Treaty of non-aggression signed with Bulgaria including cancellation of the military clauses of the Treaty of Neuilly (*Cmd.* 5954).

*Baltic States*

1938, Nov. 2–3. Representatives of the Baltic States met at Reval to discuss passing of neutrality legislation.

Nov. 18. Protocol signed giving effect to neutrality decision.

*Belgium*

1938, Jan. 26. Belgian Government instituted proceedings before the Permanent Court of International Justice in case of Electricity Company of Sofia and Bulgaria.

April 30. Permanent Court of International Justice recorded discontinuance of proceedings by Belgium and Spain in the Borchgrave case, and removed case from list.

May 5. Proceedings instituted against Greek Government in Permanent Court of International Justice in the case concerning the Société Commerciale de Belgique.

May 13. Jansen Cabinet resigned on financial measures and M. Spaak undertook formation of new Cabinet. May 15, new Cabinet formed by M. Spaak.

Oct. 10. Rexist Party heavily defeated at municipal elections.

Nov. 21. King Leopold arrived in Holland on state visit.

See also under *Abyssinia*; *Denmark*, July 23–4; *Rumania*, Nov. 15; *Spain*, Nov. 29.

*Bolivia*

1938, Feb. 25. Oil and railway agreements concluded with Brazil.

May 25. Letter urging acceptance of peace proposals sent by six

*Bolivia*: cont.

Powers engaged in mediation on the Chaco dispute. July 9, Paraguay and Bolivia signed agreement submitting dispute to arbitration. July 21, Peace Treaty settling dispute signed with Paraguay (*L.N.O.J.*, Aug.–Sept. 1938). Aug. 11, Peace Treaty ratified. Nov. 26, diplomatic relations with Paraguay resumed.

Nov. 25. Martial Law declared.

See also under *Argentina*, Oct. 11.

*Brazil*

1938, Jan. 22. Brazilian-American Trade Committee appointed.

March 7. Conference summoned to consider external debt service.

May 23. Exchange restrictions on United States imports lifted.

June 22. Bank of Brazil stopped purchase of German clearing marks. July 12, Germany announced suspension of all purchases from Brazil. July 20, Brazil announced acceptance of barter marks for certain goods only. Oct. 21, Brazilian Ambassador withdrawn from Berlin. Nov. 14, trade barriers against Germany raised.

Dec. 22. New immigration law became effective.

See also under *Abyssinia*; *Bolivia*, Feb. 25.

*Bulgaria*

1938, May 22. Parliament met for the first time since 1934.

Nov. 9. Government defeated. Nov. 14, new Cabinet formed.

See also under *Abyssinia*; *Belgium*, Jan. 26; *Germany*, Sept. 17.

*Burma*

1938, July 26. Racial and religious rioting broke out in Rangoon. Sept. 9, Governor of Burma put into force Rangoon Emergency Security Act. Dec. 22, state of emergency declared in Rangoon to combat civil disobedience campaign.

*Canada*

1938, Aug. 18. President Roosevelt on a visit to Canada stated in a speech that the United States would defend Canada in the event of an attack.

See also under *Abyssinia*.

*Chile*

1938, Sept. 5. *Nacista* uprising in favour of General Ibanez.

Oct. 25. Señor Pedro Aguirre Cerda, leader of the Popular Front Party, elected President.

See also under *League of Nations*, Jan. 31.

*China*

1938, Jan.–Feb. Fighting in northern Anhui and in Shantung.

Feb. 21. Cultivation of poppy forbidden by Chiang Kai-shek in Five Provinces.

March 14. New Japanese offensive began in Shantung along Tientsin–Pukow Railway.

April 7. Japanese driven back at Taierchuang.

*China*: cont.

May 5 and 9. Chinese communications addressed to League of Nations regarding bombing and killing of non-combatants and alleged use of poison gas by Japanese.

May 10–11. Japanese naval forces occupied Amoy.

May 14. League Council adopted resolution expressing sympathy with China and condemning use of poison gas.

May 19–20. Japanese occupied Suchow.

June 12. Japanese force advancing up Yangtse reached Anking.

July 26. Japanese reached Kiukiang.

Aug. 27. New Japanese offensive began on Yangtse.

Sept. 11. Chinese Government requested Council to give immediate effect to Art. 17 of Covenant (*L.N.O.J.* Nov. 1938).

Sept. 19. League Council decided to invite Japan to comply with the obligations devolving on states members for the settlement of disputes.

Sept. 22. Japanese refused invitation (*L.N.O.J.* Nov. 1938).

Sept. 30. Council adopted report concerning individual sympathy and help for China and resolution for the investigation of alleged cases of the use of poison gas.

Sept. 28. Japanese took Tenchiacheng.

Oct. 12. Japanese landing at Bias Bay.

Oct. 21. Japanese entered Canton.

Oct. 25. Japanese entered Hankow.

Dec. 22. Japanese Prime Minister issued statement about peace terms.

Dec. 30. Wang Ching-wei, Chairman of Chinese Central Political Council, issued statement in favour of peace negotiations.

*Colombia*

1938, May 1. Dr. Eduardo Santos elected President.

June 17. Notes exchanged with Panamá agreeing to boundary delimitation in execution of Treaty of Aug. 20, 1924.

*Costa Rica*

1938, Oct. 4. Boundary agreement with Panamá signed. Oct. 8, President withdrew boundary treaty after opposition from Congress.

See also under *Abyssinia*.

*Czechoslovakia*

1938, Feb. 20. Herr Hitler in Reichstag speech referred to '10 million Germans outside the Reich'.

March 4. Dr. Hodža spoke in Parliament on the Sudeten question.

March 17. M. Litvinov proposed a conference of European powers.

March 24. Mr. Chamberlain in the House of Commons spoke on Czechoslovakia.

March 28. Dr. Hodža announced preparation of a new Minorities Statute.

March 29. Slovak Clerical, Hungarian and Polish deputies in the Chamber demanded autonomy.

April 1. Government prohibited public meetings.

*Czechoslovakia* : cont.

April 16. Amnesty proclaimed for political and other offenders. Dr. Beneš spoke on the international situation.

April 22. Government announced holding of municipal elections and lifted the ban on public meetings.

April 24. Herr Henlein at Nazi party conference at Carlsbad enumerated Sudeten demands.

May 7. British and French Ministers in Prague began efforts to mediate.

May 11. Polish minority demanded autonomy.

May 12–15. Herr Henlein visited London and Berlin.

May 20. British Ambassador in Berlin called at Foreign Office to inquire into reported German troop movements. Sudeten Party refused to continue negotiations unless peace and order were restored in Sudetenland.

May 21. Government announced calling up of reservists. Two Germans were shot at Eger. President Beneš speaking at Tabor appealed for co-operation.

May 22, May 29 and June 12. Communal elections took place.

May 22. Herr Hitler held a conference with heads of foreign affairs and armed forces to consider situation.

May 23. Conversations between Dr. Hodža and Herr Henlein began.

May 26–31. Mr. Strang visited Prague, Berlin and Paris.

June 4–5. Autonomist demonstration held in Bratislava by the Hlinka party.

June 6. Dr. Hodža addressed a meeting in Bratislava appealing for unity.

June 7. Sudeten Party presented a memorandum to Dr. Hodža on the line of the Carlsbad demands.

June 15. *Communiqués* issued by Government and Sudeten Party on bases of negotiations.

June 17–18. Reservists demobilized.

June 23. Conference held between Government and Sudeten representatives to discuss Nationalities Statute.

June 29. Hungarian minority leaders met Dr. Hodža to discuss memorandum on autonomy.

July 22–3. British Minister in Prague visited President Beneš and Dr. Hodža to urge concessions.

Aug. 3. Lord Runciman sent to Prague as mediator.

Aug. 16. Father Hlinka died.

Aug. 17. Government and Sudeten leaders had a further conference on Nationalities Statute. Statement read by Herr Kundt.

Aug. 22. German Ambassador had an interview with M. Litvinov.

Aug. 26. Declaration by Sudeten Party on right of self-defence. Hungarian minority replying to Dr. Hodža demanded autonomy.

Aug. 27. Sir Nevile Henderson returned to London to report on situation. Sir John Simon speaking at Lanark said British Government's position unchanged since Mr. Chamberlain's speech on March 24.

Sept. 2. Herr Henlein visited Herr Hitler at Berchtesgaden. Third plan (cantonal) discussed by Government and Sudeten leaders.

*Czechoslovakia*: cont.

Sept. 4. M. Bonnet speaking at Bordeaux reaffirmed French pledge to Czechoslovakia.

Sept. 5. Sudeten Party met at Eger and issued a memorandum demanding immediate realization of Carlsbad points. Lord Runciman and President Beneš met. Government drew up a new plan. France sent reservists to north-eastern frontier.

Sept. 6. Fourth plan submitted to Sudeten Party by Government.

Sept. 6–7. Herr Henlein attended Nuremberg Conference.

Sept. 7. Sudeten Party broke off negotiations as a protest against Märisch Ostrau incident. *The Times* leader on partition published.

Sept. 9. Sudeten Party agreed to resume negotiations. Text of new proposals published.

Sept. 12. Herr Hitler spoke at Nuremberg.

Sept. 13. Special measures to preserve order in Sudetenland taken by Government. Sudeten Party issued ultimatum. Government refused ultimatum. Herr Henlein broke off negotiations.

Sept. 15. Herr Henlein demanded cession of Sudetenland to Germany. Mr. Chamberlain flew to Berchtesgaden. Sudeten Deutsche Partei suspended.

Sept. 16. Mr. Chamberlain returned to London after seeing Herr Hitler. Polish Government Press demanded return of Teschen. U.S.S.R. troop concentration in Ukraine reported. Lord Runciman returned to London.

Sept. 18. MM. Daladier and Bonnet visited Downing Street. Dr. Hodža broadcast refusal to hold a plebiscite. State of Emergency declared.

Sept. 19. Franco-British plan handed to Czech Government by British Minister. Polish Government-controlled Press announced reinforcement of frontier forces.

Sept. 20. Czech Government accepted Franco-British plan with reservations. Dr. Imredy and M. de Kánya visited Herr Hitler to urge plebiscite for Hungarian minority in Czechoslovakia.

Sept. 21. Czech Government accepted Franco-British plan. Poland presented note to Czech Government demanding cession of Teschen.

Sept. 22. Mr. Chamberlain flew to Godesberg to confer with Herr Hitler. Dr. Hodža's Cabinet resigned. New Cabinet formed by General Syrovy. Concentration of Polish troops on Czechoslovakian frontier reported. Hungarian Minister in Prague presented a note demanding same treatment for Hungarian as for Sudeten minority. Sept. 26 and Oct. 2, further notes sent.

Sept. 22–3. M. Litvinov at Geneva stated readiness of U.S.S.R. to support Czechoslovakia if France did so.

Sept. 23. President Beneš ordered general mobilization. U.S.S.R. presented warning note to Polish Government.

Sept. 24. Mr. Chamberlain returned to London. Godesberg terms sent to Prague. Further class of French reservists called up.

Sept. 25. MM. Daladier and Bonnet arrived in London. Czech Government in reply to Godesberg memorandum stated terms were unacceptable. Czech reply sent to Poland agreeing to negotiate on Teschen.

*Czechoslovakia*: cont.

Sept. 26. President Roosevelt sent notes to Herr Hitler and President Beneš urging them to come to terms. Herr Hitler in speech at Sports Palace threatened use of force unless the Sudetenland were immediately ceded. Sir Horace Wilson was sent to Berlin to explain British attitude to Herr Hitler.

Sept. 27. Herr Hitler refused to moderate terms and announced mobilization and entry of German troops into Czechoslovakia would take place on Sept. 28. Note sent by Poland to Czech Government with plan for the cession of Teschen.

Sept. 28. Mr. Chamberlain made a statement on the situation in the House of Commons. Herr Hitler invited Mr. Chamberlain, Signor Mussolini and M. Daladier to confer with him in Munich on Sept. 29. British Fleet mobilized.

Sept. 29. Four Power Conference in Munich. Munich agreement signed by France, Germany, Italy and Great Britain (*R.* Nov. 30, 1938).

Sept. 30. Ultimatum sent by Poland to Czech Government.

Oct. 1. German troops entered Sudetenland. Herr Henlein appointed Commissioner. Czechs accepted Polish terms.

Oct. 2. Hungarian Government accepted Czech offer of a mixed commission to deal with territorial revision. Polish troops entered Teschen.

Oct. 3. Herr Hitler entered Sudetenland. Slovak Autonomist party presented ultimatum to Czech Government demanding full autonomy.

Oct. 4. List of members of new Czech Government announced.

Oct. 5. President Beneš resigned.

Oct. 6. Slovak Congress at Zilina declared in favour of remaining in Czechoslovakia in a federally organized state. Five zones of occupation fixed by International Commission.

Oct. 8. Carpatho-Russians declared in favour of autonomous state within Czechoslovakia. Czech Government promised autonomy to Slovakia and Ruthenia.

Oct. 9. Negotiations with Hungary began at Komarom.

Oct. 10. Germans completed occupation of 5th zone.

Oct. 13. Negotiations with Hungary broken off.

Oct. 14. Hungarian envoys sent to Rome and Munich.

Oct. 19. Colonel Beck visited Rumania to discuss Hungarian settlement.

Oct. 20. Communist party in Czechoslovakia proscribed. Slovak and Carpathian ministers interviewed in Munich by Herr von Ribbentrop.

Oct. 26. Czech Government agreed to submit Hungarian claims to arbitration by Germany and Italy.

Oct. 27–30. Herr von Ribbentrop visited Signor Mussolini.

Oct. 30. Herr Henlein appointed Gauleiter of Sudetenland.

Nov. 1. Agreement *re* border settlement signed by Poland and Czechoslovakia.

Nov. 2. Germano-Italian arbitration award on Hungarian claims announced after Vienna meeting.

*Czechoslovakia*: cont.

Nov. 8. M. Tiso announced formation of a single party in Slovakia.
Nov. 13. Coalition Parties united to form National Party.
Nov. 19. Bills granting autonomy to Slovakia and Ruthenia passed by Czech Parliament.
Nov. 30. Dr. Hacha elected President.
Dec. 2. Herr Hitler spoke at Reichenberg before Reichstag elections.
Dec. 3. M. Beran as new Prime Minister of Czech Parliament broadcast a statement on foreign and domestic policy.
Dec. 11. First Congress of new National Labour Party (official opposition).
Dec. 14. Parliament passed Plenary Powers Bill.
Dec. 15. Customs agreement with Germany announced.

See also under *Abyssinia*; *Hungary*, Aug. 23; *Little Entente*.

*Danzig*

1938, Aug. 21. Polish Commissioner-General reported to have protested against treatment of Poles in Free City and alleged attack by Nazis on station-master of Gdynia. Anti-German demonstrations held in Gdynia and in Pomerania.
Nov. 23. Entry into force of decree applying 'Nuremberg Laws' to Danzig Jews. Dec. 19, Announcement made that all Jews would be deprived of their property and must leave Danzig before April 1.

*Denmark*

1938, July 23–4. Signatory powers of Oslo Convention met at Copenhagen. Pronouncement issued on neutrality and declaring sanctions not obligatory.
Oct. 14. Dr. Munch spoke on Danish determination to maintain neutrality.
Nov. 22. Espionage plot revealed by Dr. Munch.

See also under *Abyssinia*; *Naval Armaments*, Dec. 21; *Scandinavia*.

*Dominican Republic*

1938, Jan. 31. Frontier agreement signed with Haiti. Feb. 26, Agreement ratified (*L.N.T.S.* 187). May 17, Dr. Peynado elected President.

See also under *League of Nations*, Sept. 12–30.

*Ecuador*

1938, June 2. Frontier incident occurred on Peruvian border. June 7, official statement published accusing Peruvian troops of violating frontier. June 16, incident amicably settled.
June 12. Political amnesty decreed.
Aug. 10. Dr. Manuel Borrero elected provisional President on the resignation of General Enriquez.
Oct. 3. Suspension of Boundary Conference at Washington by Peru reported by Ecuador. Oct. 12, Ecuador Government appealed to arbiters in Chaco War to mediate in dispute.
Dec. 1. Dr. Manuel Berrero resigned. Dec. 2, Dr. Narvaez elected President.

*Ecuador*: cont.

Dec. 14. President dissolved Constituent Assembly and outlawed its members.

See also under *League of Nations*, Sept. 12–30.

*Egypt*

1938, Jan. 20. King Farouk I married.

Feb. 2. Parliament dissolved.

March 31–April 2. Elections held and resulted in victory of Mahmūd Pasha.

April 6. Turkish Foreign Minister visited Egypt. April 11, ratifications of Turco-Egyptian Pact were exchanged.

April 16. *Bon voisinage* agreement with Great Britain and Italy signed (*Cmd.* 5726).

July 20. Mahmūd Pasha arrived in London. Aug. 4, agreement on details of Treaty of Alliance of 1936 was initialed.

See also under *Abyssinia*; *Palestine*, Oct. 7, Nov. 22.

*Eire*

1938, April 25. Anglo-Irish Agreements signed.

May 4. Dr. Hyde elected President.

June 21. Fianna Fail returned in General Election with increased strength.

See also under *Northern Ireland*, Feb. 9.

*Estonia*

1938, Jan. 1. New Constitution came into force.

Jan. 20. Frontier incident reported on Russian border.

April 24. M. Konstantin Paets elected President under new Constitution.

June 13. Colonel Beck visited Estonia.

Sept. 10. Martial Law prolonged for a further year.

See also under *Abyssinia*; *Baltic States*.

*Finland*

1938, Nov. 6. Discussions held with Sweden on defence of the Åland Isles. Committee appointed to study question.

Nov. 16. Dr. Holsti, Foreign Minister, resigned.

Nov. 22. Fascist Party dissolved by Minister of Interior. Ban on Party disallowed by Courts.

See also under *Abyssinia*; *Denmark*, July 23–4; *Naval Armaments*, Dec. 21.

*France*

1938, Jan. 12. Industrial Conference called by M. Chautemps.

Jan. 14. Front Populaire Government led by M. Chautemps resigned. Jan. 18, M. Chautemps formed new Cabinet after the failure of MM. Bonnet and Blum to do so.

March 10. M. Chautemps's Government resigned.

March 13. M. Blum formed a Cabinet.

*France*: cont.

April 8. Blum Government resigned. April 10, M. Daladier formed a Cabinet.

April 13. M. Daladier granted plenary powers for financial and economic measures.

April 15. Stay-in strikers in metal and aeroplane industries evacuated factories and agreed to arbitration. April 19, arbitral award delivered. May 5, convention signed by employers and employees.

April 28–9. MM. Daladier and Bonnet had consultations with Mr. Chamberlain and Lord Halifax in London. Statement issued.

May 5. Franc devalued to 179 to the £.

May 12. Minister of Marine made a statement on increased naval programme including two new battleships.

June 1. M. La Chambre gave particulars of programme for increased air force which aimed at a first-line strength of 2,600 machines by 1940.

June 14. Permanent Court of International Justice delivered judgment against the Italian Government in case concerning phosphates in Morocco.

June 17. Parliament prorogued.

July 19. King and Queen of Great Britain, accompanied by Lord Halifax, arrived in Paris.

Sept. 7. Military control of Port of Marseilles instituted to deal with strike. Sept. 13, agreement settling dispute signed.

Oct. 6. Law passed renewing plenary powers of Government.

Oct. 23. Senatorial elections resulted in increasing representation of the Right.

Oct. 27. M. Daladier outlined foreign and domestic policies at the Radical Socialist Congress and attacked Communist Party.

Nov. 12. Decree laws on hours and conditions of work, finance, and economics adopted by Cabinet.

Nov. 15. Trade mission left for Balkan States.

Nov. 23–6. Mr. Chamberlain and Lord Halifax in Paris.

Nov. 25. Twenty-four hours general strike fixed by the C.G.T. for Nov. 30.

Dec. 6–8. Herr von Ribbentrop in Paris. Franco-German declaration signed on Dec. 6 (*R.* Jan. 25, 1939).

Dec. 17. Italy denounced Franco-Italian Treaty of Jan. 7, 1935.

See also under *Abyssinia*; *Czechoslovakia*; *Jugoslavia*, Dec. 7; *Naval Armaments*; *Rumania*, Jan. 6, Nov. 15; *Spain*, May 4, June (early); *Syria*.

*Germany*

1938, Jan. 13. Colonel Beck visited Berlin.

Feb. 4. *Communiqué* issued regarding changes in German Army and Government. Herr Hitler assumed supreme command of armed forces. Herr von Ribbentrop succeeded Herr von Neurath as Foreign Minister.

Feb. 20. Herr Hitler addressed Reichstag on home and foreign affairs. Strengthening of armed forces announced and recognition of Manchukuo.

*Germany*: cont.

March 10. Herr von Ribbentrop had an interview with Lord Halifax.
April 27. Decree issued ordering a census of all Jewish property.
May 3–9. Herr Hitler paid a state visit to Italy. May 7, Herr Hitler and Signor Mussolini spoke at state banquet in Rome. Herr Hitler announced the recognition of the Brenner Frontier for all time.
May 12. Treaty concluded establishing recognition of Manchukuo (*R.* July 30, 1938).
June 14–18. General Keitel, Chief of Army, visited Hungary.
Aug. 9–14. Air Marshal Balbo visited Germany.
Aug. 15. Army manœuvres began.
Aug. 17. German naval programme including two new battleships published in *Wehrmacht*.
Aug. 20–9. Admiral Horthy visited Germany.
Sept. 17–Oct. 15. Herr Funk visited Jugoslavia, Turkey and Bulgaria.
Sept. 30. Herr Hitler and Mr. Chamberlain signed Anglo-German declaration.
Oct. 7. Agreement concluded regarding German loan to Turkey.
Oct. 20. The Pope speaking at Castel Gandolfo condemned persecution of Catholics.
Oct. 25. *National Zeitung* quoted figures given by Signor Muratori for German Air Force placing current front-line strength at 3,000 machines, to reach 6,000 in 1940–1.
Oct. 28. Polish Jews deported.
Nov. 7. Herr von Ribbentrop spoke on the return of the Sudetenland at Foreign Press dinner. Herr vom Rath shot in Paris Embassy by Polish Jew.
Nov. 10. Pogrom occurred. Jewish property wrecked and many Jews arrested.
Nov. 12. Retaliatory decrees against Jews issued.
Nov. 14. American Ambassador to Berlin summoned home as protest against Jewish persecution. Nov. 18, German Ambassador to U.S.A. recalled.
Nov. 22–7. King Carol visited Germany.
Nov. 29. Army Year Book published giving German forces as 51 divisions.
Dec. 5. Decrees issued regulating disposal of Jewish property.
Dec. 14. Dr. Schacht arrived in London.

See also under *Austria*; *Brazil*, June 22, Nov. 14; *Czechoslovakia*; *Danzig*; *France*, Dec. 6–8; *League of Nations*, March 18; *Memel*; *Naval Armaments*, June 30, Dec. 29–31; *Refugees*; *U.S.A.*, June 20.

*Great Britain*

1938, Feb. 20. Mr. Eden resigned Foreign Secretaryship.
Feb. 14. Singapore naval base opened.
Feb. 25. Lord Halifax appointed Foreign Secretary.
March 2. White Paper on increased armaments issued. Naval programme included two new battleships.
March 10. Mr. Hore-Belisha spoke on scheme for Army reorganization.

*Great Britain*: cont.

May 12. Lord Winterton in speech on air expansion announced a first-line strength of 3,500 machines to be reached by 1940.

May 26. Government food-storage plans for national defence published.

Nov. 10. Sir Kingsley Wood announced further 30 per cent. increase in Air Force to be completed by 1941.

See also under *Abyssinia*, March 9, April 9, April 16, Nov. 16; *Australia*, April 28; *Czechoslovakia*; *Egypt*, April 16, July 20; *Eire*, April 25; *France*, April 28–9, July 19, Nov. 23–6; *Germany*, March 10, Sept. 30, Dec. 14; *Greece*, Oct. 30; *Italy*, Feb. 18, March 8, April 16; *Jugoslavia*, Nov. 21, Dec. 6; *Malta*, July 29; *Mexico*, March 19–May 13; *Naval Armaments*; *Palestine*; *Portugal*, Feb. 21; *Rumania*, Jan. 6, Nov. 15; *Spain*, April 16, June 14, 28, July 5, Aug. 16, 18, Nov. 2, Dec. 19; *U.S.S.R.*, Aug. 16; *West Indies*, July 28.

*Greece*

1938, April 27. *Bon Voisinage* Treaty signed with Turkey.

Oct. 30. King of Greece arrived in London.

See also under *Abyssinia*; *Balkan Entente*, Feb. 26, July 31; *Belgium*, May 5; *League of Nations*, Sept. 12–30.

*Guatemala*

1938, April 9. Boundary Treaty concluded with Salvador. April 27, Treaty ratified.

See also under *League of Nations*, May 25.

*Haiti*

See under *Dominican Republic*, Jan. 31.

*Honduras*

See under *League of Nations*, July 10.

*Hungary*

1938, Feb. 5–9. Admiral Horthy and M. de Kánya visited Poland.

March 31. Representative of League Financial Committee withdrawn from Hungary.

April 3. Admiral Horthy broadcast a speech to the nation.

May 13. Jewish Restriction Bill passed by House of Deputies.

May 18. Darányi Cabinet resigned. New Cabinet formed by Dr. Imredy.

June 2. Major Szalasi, leader of Nazi party, sentenced to imprisonment.

July 18–24. Dr. Imredy and M. de Kánya visited Rome.

Aug. 1. Szalasi and Festetic Nazi parties united.

Aug. 23. Permanent Council of Little Entente announced agreement with Hungary had been reached.

Nov. 24. Dr. Imredy resigned after his defeat in the House. Nov. 27, Admiral Horthy refused to accept his resignation.

Dec. 11. Count Stephen Csáky appointed Foreign Minister in succession to M. de Kánya.

*Hungary*: cont.

Dec. 19–22. Count Ciano visited Hungary.

Dec. 26. Goodwill telegram sent by Rumanian Foreign Minister to Count Csáky.

Dec. 27. Further Jewish Restriction Bill introduced in House of Deputies.

See also under *Austria*, Jan. 1–2, 10–12; *Czechoslovakia*, Sept. 20–2, Oct. 2, 9, 13, 14, 26, 27, Nov. 2; *Germany*, June 14–18, Aug. 20–9; *Spain*, Jan. 12.

*Iceland*

See under *Abyssinia*; *Scandinavia*.

*India*

1938, Feb. 15. Congress ministers in Bihar and the United Provinces resigned as a protest against the Governor's exercise of special powers. Feb. 25, settlement arrived at in United Provinces. Feb. 26, settlement arrived at in Bihar.

*Īrān*

1938, June 20. Friendship, Arbitration and Frontier Treaties with 'Irāq ratified.

Aug. 28. Trans-Iranian Railway completed.

See also under *Afghanistan*, June 25.

*'Irāq*

1938, May 19. Frontier agreements with Sa'ūdī Arabia signed.

Aug. 1. Conscription came into force.

See also under *Afghanistan*, June 25; *Īrān*, June 20; *Palestine*, Oct. 7, Nov. 22; *Permanent Court of International Justice*, Sept. 22.

*Italy*

1938, Jan. 7. New naval programme of greatly increased size, including two new battleships, made public.

Jan. 15. Soviet Government suspended commercial payments.

Jan. 21. Decree of previous July doubling Libyan forces published. March 16, reduction of garrison announced. May 24, Libyan Army manœuvres ended.

Feb. 18. Count Grandi had an interview with Mr. Chamberlain and Mr. Eden.

March 7–10. Colonel Beck visited Rome.

March 8. Count Ciano and Lord Perth started conversations with view to an Anglo-Italian agreement.

March 30. Signor Mussolini addressed the Senate on armaments.

April 16. Anglo-Italian Agreement signed (*Cmd.* 5726). Nov. 16, declaration bringing agreement into force signed (*Cmd.* 5923).

May 2. Italy adhered to Montreux Straits Conventions.

May 14. Signor Mussolini spoke in Genoa on foreign relations.

June 2. Count Ciano spoke in Milan on foreign policy.

June 5. General Valle, Under Secretary for Air, arrived in Bucarest.

June 16–18. M. Stojadinović met Count Ciano in Venice.

*Italy*: cont.

July 5. Friendship Treaty with Manchukuo signed.

July 29. The Pope denounced racial policy.

Aug. 3. Signor Mussolini held a consultation with army chiefs and Finance Minister on measures to strengthen armed forces. First anti-Semitic decree published.

Aug. 6. Concordat of 1929 with the Vatican renewed for three years.

Oct. 7. Fascist Grand Council issued racial code.

Oct. 8. Fascist Grand Council approved Draft Bill for the new Chamber of Fascios and Corporations. Dec. 14, Chamber of Deputies dissolved.

Nov. 3. Italian economic delegation arrived in Bucarest.

See also under *Abyssinia*; *Austria*, Jan. 10–12; *Czechoslovakia*, Sept. 28, 29, Oct. 14, 26, 27–30, Nov. 2; *Egypt*, April 16; *France*, June 14, Dec. 17; *Germany*, May 3–9, Aug. 9–14; *Hungary*, July 18–24, Dec. 19–22; *Naval Armaments*, Dec. 2; *Spain*, April 16, Aug. 18, Oct. 9, 17.

*Jamaica*

1938, May 23. Disturbances broke out.

*Japan*

1938, Nov. 3. Prince Konoe broadcast speech about Japanese policy in East Asia and collaboration with foreign Powers.

Nov. 4. Japanese Foreign Office stated that Nine Power Treaty was now considered to be obsolete.

Nov. 18 and Dec. 18. Statements by Mr. Arita regarding 'Open Door'.

Nov. 30. Emperor and Government reported to have decided on policy regarding 'new order in East Asia'.

See also under *China*; *League of Nations*, Nov. 2; *Naval Armaments*, Feb. 5.

*Jugoslavia*

1938, Nov. 4–7. Prince Paul visited Rumania. Nov. 21–Dec. 6, Prince Paul visited England. Dec. 7, Prince Paul arrived in Paris.

See also under *Balkan Entente*, Feb. 26, July 31; *Germany*, Sept. 17; *Hungary*, Aug. 23; *Italy*, June 16–18; *League of Nations*, Sept. 12–30; *Little Entente*.

*Latvia*

1938, Jan. 25. Additional convention to 1922 Concordat concluded. March 26, convention ratified (*L.N.T.S.* 186).

Feb. 15. Martial law withdrawn.

July 13–15. Colonel Beck visited Latvia.

Dec. 14. Government issued a Neutrality Law.

See also under *Abyssinia*; *Baltic States*.

*League of Nations*

1938, Jan. 26–Feb. 2. One hundredth session of Council.

Jan. 31–Feb. 2. Meeting of special committee for the Application of the Principles of the Covenant. May 11–14, Council considered

*League of Nations*; cont.

committee's report. Chilean representative announced his Government's dissatisfaction with it and gave notice of the withdrawal of Chile from the League.

March 18. Germany notified withdrawal of Austria from the League.

May 9–14. One hundred and first session of Council.

May 25. Guatemala gave notice of withdrawal.

June 2–22. Twenty-fourth session of International Labour Conference. Draft convention adopted regarding statistics of hours of work and wages.

June 8–23. Thirty-fourth ordinary session of Permanent Mandates Commission.

July 10. Withdrawal of Honduras became effective.

July 11. Venezuela gave notice of withdrawal.

Sept. 9–19. One hundred and second session of Council

Sept. 12–30. Nineteenth ordinary session of Assembly. Dominican Republic, Greece and Jugoslavia elected to succeed Ecuador, Poland and Rumania on the Council. Sept. 29, Draft Resolutions agreed to on (1) Article XI; (2) Separation of the Covenant from Peace Treaties; (3) Article XVI (Sanctions). Sept. 30, protocol opened for signature amending Articles I, IV and V and the Annex to the Covenant in order to separate the Covenant from the Peace Treaties (*L.N.M.S.*, Sept. 1938).

Sept. 26–30. One hundred and third session of Council.

Oct. 24–Nov. 8. Thirty-fifth session of Permanent Mandates Commission.

Nov. 2. Japan withdrew from technical bodies of the League.

See also under *Abyssinia*, May 9; *China*, May 14, Sept. 4, 11, 19, 22–30; *Hungary*, March 31; *Spain*, May 11–13, Sept. 19, Oct. 9–27; *Switzerland*, April 29; *Syria*.

*Liechtenstein*

1938, March 30. Prince Franz renounced the throne in favour of his heir. July 25, death of Prince Franz.

*Lithuania*

1938, March 10. Frontier incident occurred on Polish border. March 15, Poland refused Lithuanian offer for mixed commission to inquire into incident. March 17, Poland sent a note demanding re-establishment of normal relations. March 19, Lithuania accepted Polish terms.

March 24. Cabinet resigned. Provisional Government formed by Father Mironas.

May 2. Agreement with Poland on traffic questions signed. June 27, Ratifications exchanged.

May 12. New Constitution adopted.

Nov. 14. M. Antonas Smetona re-elected President.

Nov. 21. Press truce signed with Poland.

Nov. 28. Dissolution of Association for Liberation of Vilna by Lithuanian Government reported.

Dec. 11. Emergency law proclaimed in Kaunas and district.

See also under *Abyssinia*; *Baltic States*; *Memel*.

*Little Entente*

1938, Jan. 11. M. Micescu visited Prague and Belgrade.
May 4–5. Permanent Council met at Sinaia.
Aug. 21–3. Permanent Council met at Bled.

*Luxembourg*

See under *Denmark*, July 23–4.

*Malta*

1938, July 29. Mr. MacDonald on new Constitution.

*Manchuria*

1938, July 11. Russian troops occupied Changhufeng Hill on Manchurian border. July 31, Japanese retook Changhufeng Hill. Aug. 10, truce signed and mixed commission agreed on to discuss frontier question.
Oct. 9. Poland signed Treaty of Amity recognizing Manchukuo.
See also under *Abyssinia*; *Germany*, Feb. 20, May 12; *Italy*, July 5.

*Memel*

1938, Oct. 26. German leaders in Memel Diet demanded full autonomy.
Dec. 11. Germans polled 87 per cent. in 'Back to the Reich' elections.

*Mexico*

1938, March 19. Mexican Government expropriated American and British oil properties. March 21 and April 21, notes protesting against expropriation sent by British Government. March 28, protest lodged by United States. May 13, Mexico broke off diplomatic relations with Great Britain. May 26, compensation offer submitted to United States. June 26, President cancelled bond issue for compensation for expropriated oil properties.
July 21. United States sent a note proposing international arbitration on expropriated land. Aug. 3, arbitration offer refused by Mexican Government. Sept. 2, further American proposals rejected by Mexico. Nov. 12, agreement reached with the U.S.A. on compensation.
Oct. 27. Holland addressed her fourth note to Mexico on expropriation.

*Naval Armaments*

1938, Feb. 5. Note sent to Japan by France, Great Britain and the U.S.A. requesting information on Japanese naval building programme. Feb. 12, information refused by Japanese Government. March 1, meeting of three Powers to discuss situation arising from the Japanese refusal. April 1, notes invoking Escalator Clause of London Naval Treaty of 1936 exchanged by France, Great Britain and the U.S.A.
April 27. Agreement for limitation of naval armament signed by Great Britain and Poland (*Cmd.* 5916). July 22, protocol modifying agreement signed (*Cmd.* 5917).

*Naval Armaments*: cont.

June 30. Protocol to 1936 agreement signed by France, Great Britain and U.S.A. increasing maximum size allowed for battleships.

June 30. Protocol signed by Germany and Great Britain modifying naval armaments agreement of 1937 (*Cmd.* 5834).

July 6. Protocol modifying 1937 agreement signed by U.S.S.R. and Great Britain.

Dec. 2. Italy acceded to London Naval Treaty.

Dec. 21. Agreement signed by Great Britain and Scandinavian countries.

Dec. 29–31. British Admiralty delegation visited Berlin to discuss increase in German fleet allowed for in 1935 and 1937 agreements.

*Netherlands*

1938, March 15. Duration of period of military service extended.

See also under *Belgium*, Nov. 21; *Denmark*, July 23–4; *Mexico*, Oct. 27.

*New Zealand*

1938, Oct. 15. General election returned Labour Government with a large majority.

*Northern Ireland*

1938, Feb. 9. General election on partition issue returned a majority hostile to union with Southern Ireland.

*Norway*

1938, May 31. Parliament passed a declaration on Norwegian right to maintain neutrality.

See also under *Abyssinia*; *Denmark*, July 23–4; *Naval Armaments*, Dec. 21; *Poland*, Aug. 1–3; *Scandinavia*, May 27.

*Palestine*

1938, Jan. 5. Terms of reference of Palestine Commission published. April 27, Commission arrived in Jerusalem. Aug. 3, Commission left for England. Nov. 9, Commission's report published. Nov. 9, Jewish Agency issued a statement rejecting report as a basis of discussion.

March 1. Sir Arthur Wauchope resigned his office as High Commissioner. March 3, Sir Harold MacMichael arrived in Palestine to take up his duties as High Commissioner.

July 4. Terrorist activities increased in violence.

July 11–13. Extra troops sent to Palestine.

Aug. 6. Mr. Macdonald arrived in Palestine.

Oct. 6–13. Sir H. MacMichael returned to London to discuss measures for dealing with revolt.

Oct. 7–11. Arab Congress to discuss situation in Palestine held in Cairo.

Oct. 9. Colonial Office announced despatch of further reinforcements.

Oct. 18. Emergency Regulations issued virtually imposing martial law.

Oct. 19. British troops entered Old City of Jerusalem.

*Palestine*: cont.

Oct. 20. Palestine placed under military governors.
Oct. 31. British troops occupied Jaffa.
Nov. 1. Arabs began a three days' strike.
Nov. 9. British Government announced abandonment of Partition Plan and intention of summoning a Conference.
Nov. 22. Invitations sent to Arab countries to attend Round Table Conference on Palestine.

*America*

1938, April 11. Representatives of Brazil, Argentine, U.S.A., Chile and Peru met at Rio de Janeiro to discuss Chaco dispute and other subjects.
Nov. 14. First Pan American congress of municipalities opened at Havana.
Nov. 15. President Roosevelt speaking in Washington announced arms expansion necessary to safeguard Western Hemisphere.
Dec. 9–24. Conference held at Lima. Dec. 16, Trade Resolution adopted. Resolutions passed: Dec. 22, condemning racial persecution; Dec. 23, condemning collective political activity of alien groups; Dec. 24, declaration of American solidarity signed.

*Panamá*

See under *Colombia*, June 17; *Costa Rica*, Oct. 4.

*Paraguay*

1938, Oct. 11. Dr. Felix Paiva elected Constitutional President by National Congress.
See also under *Bolivia*, May 25–Nov. 26; *Permanent Court of International Justice*, May 27.

*Permanent Court of International Justice*

1938, May 27. Paraguay notified the Secretary-General of her resignation from the Permanent Court.
Sept. 22. Signature by 'Irāq of Protocol of Signature and Optional Clause of Statute with reservations.
See also under *Belgium*; *France*, June 14.

*Peru*

See under *Abyssinia*; *Ecuador*, June 2, Oct. 3.

*Poland*

1938, May 5. Senator Hasbruch, leader of the German minority, informed the Prime Minister of decision to form a united German Minority Organization. May 20, Patriarch of Rumania arrived in Warsaw.
May 25–8. Colonel Beck visited Stockholm.
May 30. Rumanian military mission arrived in Warsaw for staff talks.
Aug. 1–3. Colonel Beck visited Norway.
Nov. 24. Special decrees introduced for Defence of the Realm.
Nov. 27. Polish-Russian declaration on mutual relations.

*Poland*: cont.

Nov. 28. New Parliament met.

Dec. 3. Leader of principal Ukrainian Party speaking in the Sejm demanded autonomy for Ukraine. Dec. 9, Autonomy Bill introduced in Diet by Ukrainian members. Dec. 21, Bill rejected by Speaker.

Dec. 14. Papal Nuncio at Lwow appealed to Poles and Ukrainians to come to terms.

Dec. 15. Polish trade delegation arrived in Moscow and reached an agreement on Dec. 20.

Dec. 18. Municipal elections resulted in increased representation for opposition parties.

See also under *Abyssinia*; *Czechoslovakia*, Sept. 16, 19, 21, 22 3, 25, 27, 30, Oct. 1, 2, 19, Nov. 1; *Danzig*; *Estonia*, June 13; *Germany*, Jan. 13, Oct. 28; *Hungary*, Feb. 5-9; *Italy*, March 7-10, *Latvia*, July 13-15; *League of Nations*, Sept. 12-30; *Lithuania*, March 10, May 2, Nov. 21; *Manchuria*, Oct. 9; *Naval Armaments*, April 27.

*Portugal*

1938, Jan. 4. Decrees regarding army reform measures published.

Feb. 21. British Services mission arrived in Lisbon.

See also under *Abyssinia*; *Spain*, May 12.

*Refugees*

1938, Feb. 7-10. League of Nations Conference on the status of refugees coming from Germany. Feb. 10, convention signed replacing provisional arrangement of July 4, 1936 (*L.N.O.J.*, March–April 1938).

July 4-15. Inter-Governmental Committee met at Évian (*L.N.M.S.*, July 1938).

*Rumania*

1938, Jan. 5. Government appointed three Committees to supervise anti-Jewish legislation.

Jan. 6. British and French Governments reminded Rumania of her obligations under the Minorities Treaty.

Feb. 6. M. Batenko, Russian *chargé d'affaires*, disappeared. Feb. 10, Russian Government sent note of protest. Feb. 16, M. Butenko discovered in Rome.

Feb. 10-11. King Carol formed Coalition Government under leadership of the Patriarch. Martial Law declared and elections abandoned.

Feb. 10. M. Goga resigned.

Feb. 16. M. Tatarescu made a statement on foreign policy.

Feb. 20. New dictatorial constitution proclaimed.

Feb. 21. M. Codreanu announced dissolution of Iron Guard.

April 15. Laws for protection of the state promulgated includi dissolution of political parties.

April 17. Codreanu and members of Iron Guard arrested. April 18, number of arrests put at 2,000. May 27, Codreanu sentenced to ten years' imprisonment. Nov. 30, Codreanu and thirteen other prisoners shot while attempting escape.

*Rumania*: cont.

April 19. Five years' economic plan came into force.
June 19. King Carol and Kemāl Atatürk met in the Bosphorus.
Aug. 4. Government issued new Nationalities Statute.
Nov. 15–28. King Carol visited England, Belgium and France.
Dec. 15. Decree law issued announcing the formation of a single party called the National Renaissance Front.
Dec. 21. M. Gafencu appointed Foreign Secretary.
See also under *Abyssinia*; *Balkan Entente*, Feb. 26, July 31; *Czechoslovakia*, Oct. 19; *Germany*, Nov. 22–7; *Hungary*, Aug. 23, Dec. 26; *Italy*, June 5, Nov. 3; *Jugoslavia*, Nov. 4–7; *League of Nations*, Sept. 12–30; *Little Entente*; *Poland*, May 20, 30.

*Salvador*

See under *Guatemala*, April 9.

*Sa'ūdī Arabia*

See under *'Irāq*, May 19; *Palestine*, Nov. 22.

*Scandinavia*

1938, April 4. Herr Sandler, Swedish Foreign Minister, broadcast on Scandinavian attitude to international affairs.
April 5–6. Conference of Foreign Ministers held in Oslo.
May 27. Declaration on Neutrality signed by Denmark, Finland, Iceland, Norway and Sweden (*A.J.I.L.*, Oct.–Dec. 1938).

*Siam*

1938, Dec. 16. Colonel Songgram appointed Premier.
See also under *Abyssinia*.

*Spain*

1938, Jan. 8. Surrender of last Nationalist garrison in Teruel.
Jan. 11. Non-Intervention Committee authorized its chairman to begin private negotiations with Powers on the withdrawal of volunteers.
Jan. 12. Austria and Hungary announced decision to recognize Nationalist Government.
Feb. 21. Nationalists re-occupied Teruel.
March 6. Nationalist cruiser *Baleares* sunk by Republican destroyers.
March 9. Beginning of Nationalist offensive west of River Ebro.
March 9. Nationalist Government issued Labour Charter.
March 16–18. Worst air bombardment of Barcelona during war.
March 22. Beginning of Nationalist offensive on Huesca front and on left bank of Ebro.
April 3. Nationalists entered Lérida.
April 5. Reconstruction of Dr. Negrin's Government, including Anarcho-Syndicalists and excluding Señor Indalecio Prieto.
April 15. Nationalists reached Mediterranean coast at Viñaroz.
April 16. Exchange of notes regarding Spain concluded as part of Anglo-Italian agreement.
April–July. Nationalists advanced towards Sagunto and Valencia.

*Spain*: cont.

May 1. Dr. Negrin issued thirteen-point statement of policy.

May 4. French Government accepted proposal regarding supervision of land frontiers of Spain.

May 11 and 13. League Council discussed an appeal by Republican Government and rejected a draft resolution inviting states members to end policy of non-intervention.

May 12. Portugal recognized Nationalist Government.

May 13. U.S. Secretary of State advised Senate Foreign Relations Committee not to adopt resolution calling for repeal of arms embargo.

June (early). Franco-Spanish frontier closed to transit of war material.

June 14. Statement by Mr. Chamberlain concerning attacks on British shipping in Republican ports.

June 15. Nationalists occupied Castellón de la Plana.

June 28. British Ambassador in Rome made representations about Nationalist attacks on British ships.

July 5. Non-Intervention Committee adopted British plan for withdrawing volunteers and granting belligerent rights. July 23, Republican Government decided to accept British plan.

July 24–5. Republican forces crossed River Ebro.

Aug. 16. Nationalist reply to British withdrawal plan handed to British Agent in Burgos.

Aug. 16–17. Further reconstruction of Dr. Negrin's Government.

Aug. 18. British *chargé d'affaires* in Rome made inquiries about Italian intervention.

Sept. 19. Señor Álvarez del Vayo told League Assembly of his Government's decision to withdraw all non-Spanish combatants at once. Sept. 30, League Council decided to send International Military Commission which would report on withdrawal, and also to arrange an inquiry into the feeding of refugees.

Sept. 27. General Franco announced that his Government wished to remain neutral in the event of war.

Oct. 9–27. Sir Denys Bray and Mr. Webster visited Spain on behalf of the League Council to inquire into the feeding of refugees (*L.N.O.J.*, Dec. 1938).

Oct. 9. Fascist Grand Council announced that 10,000 Italians would be evacuated from Spain. Oct. 15, Italian troops left Cádiz for Italy.

Oct. 17. International Military Commission reached Barcelona.

Nov. 2. Nationalist auxiliary cruiser captured merchant ship *Calabria*.

Nov. 2 and Dec. 19. Statements made by Lord Halifax and Mr. Chamberlain regarding belligerent rights.

Nov. 13. First detachment of foreign volunteers withdrawn from Republican army crossed Franco-Spanish frontier.

Nov. 16. Republicans finally withdrew from right bank of Ebro.

Nov. 29. Belgian Government announced their intention of leaving the Non-Intervention Committee and of sending a representative to Burgos.

Dec. 23. Beginning of Nationalist offensive on River Segre.

See also under *Belgium*, April 30.

*South Africa*

See under *Abyssinia.*

*Sweden*

See under *Abyssinia*; *Denmark,* July 23–4; *Finland,* Nov. 6; *Naval Armaments,* Dec. 21; *Poland,* May 25–8; *Scandinavia.*

*Switzerland*

1938, Jan. 26. Parliament recognized Romansch as a fourth national language.

April 29. Memorandum presented to the League of Nations regarding inability of Switzerland to accept a system of optional sanctions. May 11, League Council adopted a resolution taking note of this decision.

Dec. 13. Decrees passed extending period of military service.

Dec. 15. Decree against intrigue and in defence of the Constitution came into force.

*Syria* (Sanjāq of Alexandretta)

1938, Jan. 13–14. Preliminary meeting of Sanjāq Electoral Commission in Brussels.

March 7–19. League Committee met at Geneva to draft amended electoral regulations (*L.N.O.J.*, July 1938). March 26, Committee's report accepted by League Electoral Commission. Commission to proceed to Sanjāq in April.

May 22. Turkish Government protested to League regarding French propaganda.

May 30. Antioch occupied by French troops following Turkish demonstration.

May 31. Registrations for election suspended. June 6, registrations resumed after concessions to Turks. June 23, suspended. July 22, resumed under Franco-Turkish Commission.

June 3. Martial law declared and Governor recalled.

June 13. French and Turkish military missions opened negotiations in Antioch.

June 22. Turkish Government demanded recall of Electoral Commission. June 23, France informed the League of her agreement.

July 1. Agreement reached in Paris.

July 3. Franco-Turkish Military Conventions signed.

July 4. Treaty of Friendship signed (*O.M.* July 1938).

Aug. 21. Result of elections declared.

Sept. 2. First sitting of Assembly. Announcement that in future the Sanjāq was to be known as the Hatay.

*Transjordan*

See under *Palestine,* Oct. 7, Nov. 22.

*Trinidad*

Feb. 1. Report of Royal Commission sent to inquire into conditions leading to riots published.

*Turkey*

1938, Feb. 25. Kemāl Atatürk approved extensive five-year rearmament plan.

Sept. 6. Turkey appointed an Ambassador to Latin America.

Nov. 10. Kemāl Atatürk died.

Nov. 11. General Ismet Inönü was elected President.

See also under *Abyssinia*; *Afghanistan*, June 25; *Balkan Entente*, Feb. 26, July 31; *Egypt*, April 6; *Germany*, Sept. 17, Oct. 7; *Greece*, April 27; *Rumania*, June 19; *Syria*.

*United States of America*

1938, Jan. 3. President Roosevelt addressed Congress on home and foreign affairs and compared the democratic and totalitarian states.

Jan. 10. Ludlow War Referendum resolution defeated.

Jan. 28. President Roosevelt asked Congress for a large increase in armaments. March 29, increased estimates for War Department passed by House of Representatives. May 17, President Roosevelt approved naval expansion bill.

June 20. Eighteen persons indicted in German espionage trial. Oct. 14, trial of the four prisoners arrested in America began.

Aug. 16. Mr. Cordell Hull broadcast on foreign policy.

Oct. 26. President Roosevelt broadcast on war and peace.

Nov. 8. Elections resulted in return of Democratic Party with a reduced majority.

See also under *Brazil*, Jan. 22-3; *Canada*, Aug. 18; *Czechoslovakia*, Sept. 26; *Germany*, Sept. 26, Nov. 14; *Mexico*; *Naval Armaments*; *Pan America*.

*U.S.S.R.*

1938, Jan. 11. First Soviet Parliament comprising the Council of the Union and the Council of Nationalities met.

Jan. 19. M. Molotov's new Government announced.

Jan. 19. Resolution published by Central Committee of Communists calling for a halt in party purges.

Feb. 14. M. Stalin published a statement in *Pravda* on home and foreign affairs.

Feb. 22. Marshal Voroshilov, speaking in Moscow, announced names of Generals and Admirals executed.

March 2. Trial of twenty-one Soviet leaders for treason opened. Accused included Bukharin, Rykov, Rakovsky and Yagoda. March 13, eighteen of the prisoners were condemned to death.

April 24. Archbishop and numerous priests arrested.

June 12, 24, 26. Parliamentary elections held.

July 27. Purge of Pacific Fleet officers reported.

Aug. 16. New Judicature Act adopted. Sir William Seeds appointed British Ambassador in Moscow.

Aug. 28. Naval paper, *The Red Fleet*, outlined new naval programme concentrating on capital ships.

Aug. 30. Naval Ministry announced that Admiral Orlov and a number of naval officers had been executed.

*U.S.S.R.* : cont.

Nov. 23. Purge of leaders of Komsomol announced.

Dec. 8. Yezhov resigned his position as Commissar of Internal Affairs.

See also under *Czechoslovakia*, March 17, Aug. 22, Sept. 16, 22–3; *Estonia*, Jan. 20; *Italy*, Jan. 15; *Manchuria*, July 11; *Naval Armaments*, July 6; *Poland*, Nov. 27, Dec. 15; *Rumania*, Feb. 6.

*Uruguay*

1938, March 27. General Baldomir elected President.

See also under *Abyssinia; Argentina*, Jan. 13.

*Vatican*

See under *Austria*, April 1, 6; *Italy*, July 29, Aug. 6; *Germany*, Oct. 20; *Latvia*, Jan. 25; *Poland*, Dec. 14.

*Venezuela*

1938, June. The President explained Government's Three Year Plan.

See also under *League of Nations*, July 11.

*West Indies*

1938, July 28. Royal Commission appointed to study unrest in West Indies.

Oct. 13. Departure of Commission.

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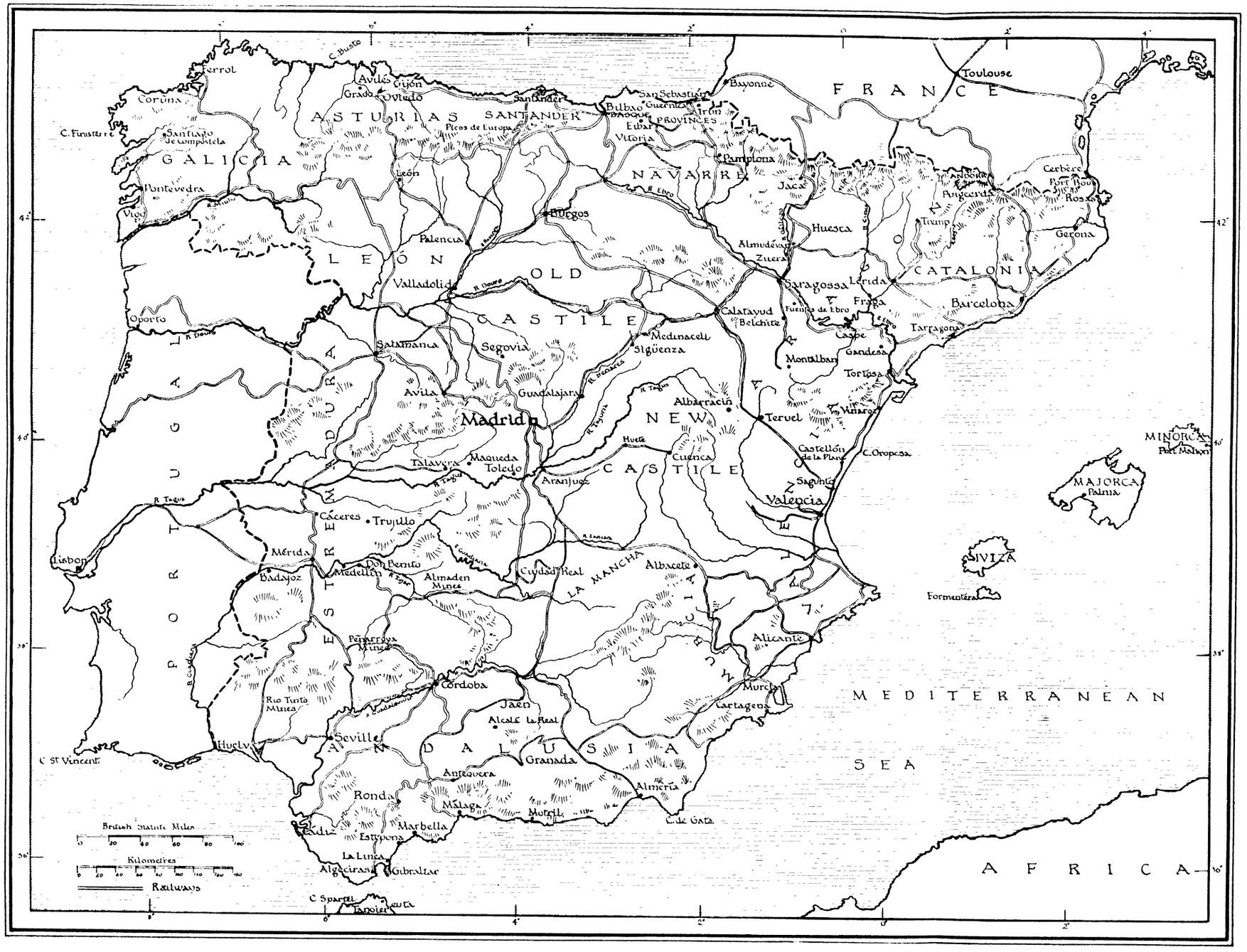
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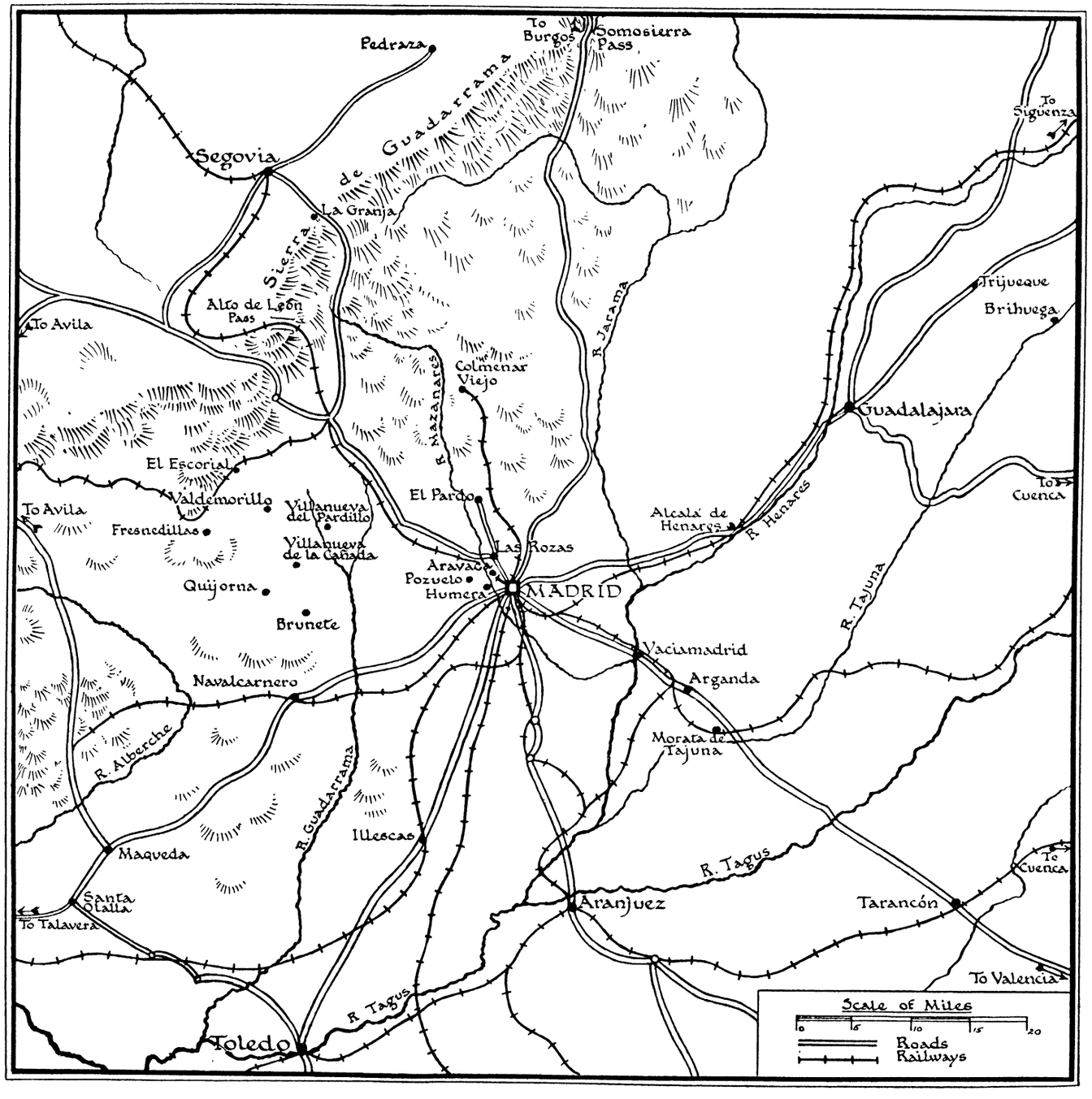

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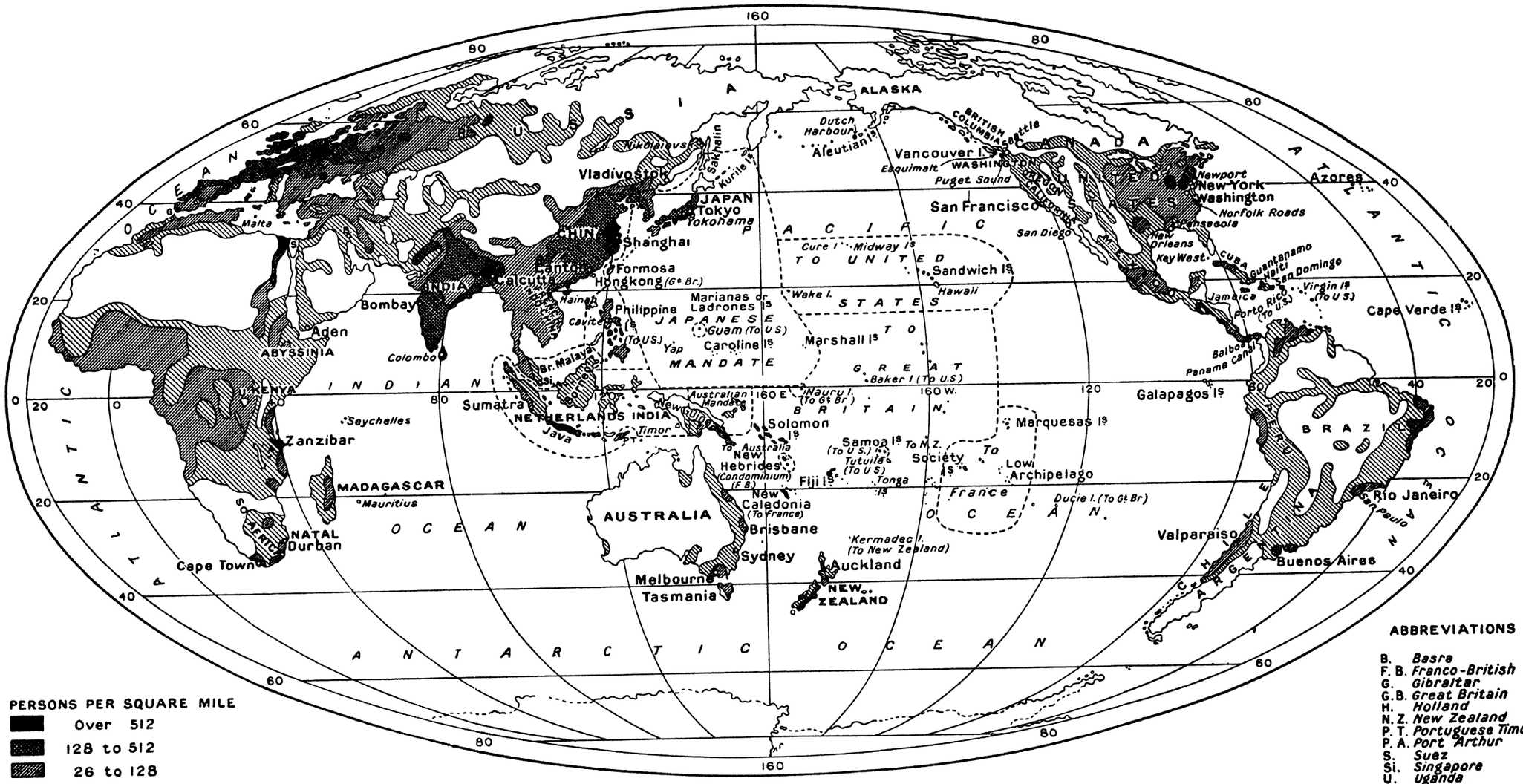
Tsaidam
Hami
Kalgan
Chihfeng
Jehol (Chengteh)
Paotowchen
Kuchuanchen
Siling
Taiyuan
Lanchow
Tsinghwachen
Tungkwan
Kaifeng
Taierhchwang
Hsipkow
Tsinan
Tsingtao
Weihaiwei
Chefoo
Darien
Ryojun (Port Arthur)
Chinnampo
Newchwang (Yingkow)
Chinchow
Mukden (Shenyang)
Changchun (Hsinking)
Kirin
Harbin
Tsitsihar
Halungerhshan
Manchuli
Hailuh
Nonni
Peian
Taheiho
Blagoveshchensk
Innokentievka
Khabarovsk
Nikolaevsk
Vladivostok
Suchan
Wikolsk-Ussurisk
Ningkuta
Tsitsihar
Hanking
Lingo
Chihfeng
Kweichuanchen
Siling
Taiyuan
Kalgan
Jehol
Chengteh
Newchwang
Chinchow
Mukden
Changchun
Kirin
Harbin
Tsitsihar
Halungerhshan
Manchuli
Hailuh
Nonni
Peian
Taheiho
Blagoveshchensk
Innokentievka
Khabarovsk
Nikolaevsk
Vladivostok
Suchan
Wikolsk-Ussurisk
Ningkuta
Hanking
Lingo
Chihfeng
Kweichuanchen
Siling
Taiyuan
Kalgan
Jehol
Chengteh
Paotowchen

# THE WORLD




PERSONS PER SQUARE MILE

- Over 512
- 128 to 512
- 26 to 128
- 2 to 26
- Under 2

MOLLWEIDE'S PROJECTION (EQUAL AREA)

ABBREVIATIONS

- B. *Basra*
- F. B. *Franco-British*
- G. *Gibraltar*
- G.B. *Great Britain*
- H. *Holland*
- N. Z. *New Zealand*
- P. T. *Portuguese Timor*
- P. A. *Port Arthur*
- S. *Suez*
- Si. *Singapore*
- U. *Uganda*
- U. S. *United States*