The Frustrated Idealists: Cordell Hull, Anthony Eden and the Search for Anglo-American Cooperation, 1933-1938

by

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Dedicated to the memory of Professor Robert Vogel
Abstract

This study involves an examination of Anglo-American relations between the years 1933 and 1938 through the policies of U.S. Secretary of State, Cordell Hull, and British Foreign Secretary, Anthony Eden. It is based on the thesis that both of these foreign ministers believed strongly in the need to establish a “special relationship” between Great Britain and the United States as a means to counter the growing world economic and political crisis that developed during the 1930s, but that in spite of these sentiments, they failed in this effort. This work explores the reasons for this failure. It seeks to answer the question as to how it was that in a period of severe economic strife and rising international tension, the world’s two leading democracies were not able to overcome their differences and work more closely together, particularly at a time when the foreign policy-making apparatus of both governments was under the direction of two men who possessed great faith in the ability of the two powers to jointly bring about a new world economic and political order.

The study begins by noting the widespread expectation, following the 1932 election of Franklin D. Roosevelt, that the onset of a new American Administration under the leadership of Roosevelt and Hull would lead to closer transatlantic ties. It then goes on to explore Eden and Hull’s efforts to establish a new economic and security relationship between the two powers through the workings of the World Economic Conference, the Geneva Disarmament Talks, the London Naval Conference, and the negotiation of an Anglo-American trade agreement. In the process, the work reveals how issues such as the lingering problem of the war debts, stabilization, and Great Britain’s flirtation with a rapprochement with Japan rendered this impossible. It then traces Eden and Hull’s reaction to the outbreak of hostilities in Abyssinia, Spain and China, and notes how the increasing likelihood of a world war led to an intensification of their efforts to find a vehicle of cooperation. In Hull’s case, this meant a redoubling of his efforts to establish a new world economic order based on an Anglo-American trade agreement; in Eden’s it meant renewed emphasis on the establishment of “American goodwill” and cooperation in the Far East as a
means to encourage the Roosevelt Administration to take a greater interest in the security of Britain both in Europe and in Asia.

The work then closes by examining the circumstances which led to Eden’s resignation, and the successful negotiation of the Anglo-American Trade Agreement. In the latter case, however, it is argued that the trade agreement had little effect on the behavior of the fascist states, and hence proved ineffective as a means to stop the drift towards war. The study then concludes by reiterating the argument that both men shared in the belief that it was in their respective country’s best interests to pursue closer transatlantic ties. It also concludes that they each carried certain idealistic notions about the benefits which might accrue from such a pursuit, as each felt that even the mere appearance of Anglo-American solidarity would give serious pause to the dictators and thus further advance the cause of peace. This determination to bring about a greater measure of cooperation, however, set the two men apart from many of their colleagues, for the litany of problems which plagued the relations between London and Washington at the time convinced most British and American officials that a greater measure of cooperation would be impossible. Studying the nature of Anglo-American relations in the 1930s, therefore, provides an opportunity to gain a fuller understanding of what issues would need to be overcome if the two powers were indeed to establish a “special relationship.”
Cette étude porte sur les relations anglo-américaines de 1933 à 1938 en s’arrêtant aux politiques du Secrétaire d’État américain Cordell Hull et du Secrétaire au Foreign Office britannique, Anthony Eden. Elle est fondée sur l’hypothèse que ces deux ministres des affaires étrangères croyaient fermement qu’il fallait une “relation spécial” entre la Grande-Bretagne et les États-Unis afin de contrer la crise économique et politique mondiale croissante au cours des années 1930, mais que malgré cette conviction, leurs efforts n’ont pas été couronnés de succès. Ce travail examine les raisons de cet échec. Il tente de montrer pourquoi, au cours d’une période des graves conflits économiques et tensions internationales croissantes, les deux plus grande démocraties au monde n’ont pas réussi à vaincre leurs différences et à travailler ensemble, surtout à un moment où l’appareil de la politique étrangère des deux gouvernements était dirigé par deux hommes qui croyaient fermement à la capacité des deux puissances à travailler afin d’en arriver à un nouvel ordre économique et politique dans le monde.

L’étude commence en notant les attentes très répandues, suite à l’élection de Franklin Roosevelt en 1932, à l’effet que la nouvelle administration américaine sous Roosevelt et Hull formerait des liens transatlantique plus forts. Elle examine ensuite les efforts d’Eden et de Hull afin d’établir de nouvelles relations économique et de sécurité entre les deux puissances au cours de la Conférence économique mondiale, les Entretiens de Genève sur le désarmement, la Conférence navale de Londres et les négociations en vue d’un accord commercial anglo-américain. Ce faisant, l’étude démontre comment des questions tels le problème persistant des dettes de guerre, la stabilisation et l’idée que caressait la Grande-Bretagne d’un rapprochement avec le Japon rendaient impossibles de telles relations. On voit ensuite la réaction de Eden et Hull suite au début des hostilités en Abyssinie, en Espagne et en Chine et on note que la possibilité croissante d’une guerre mondiale a amené une augmentation de leurs efforts afin d’en arriver à trouver une façon de collaborer. Pour Hull, il fallait redoubler d’efforts afin de mettre sur pied un nouvel ordre économique mondial fondé sur un accord commercial anglo-américain; pour Eden, il fallait mettre à nouveau l’accent sur l’obtention de la “bonne volonté américaine” et sur la collaboration en
Extrême-Orient afin d’encourager l’administration Roosevelt à s’intéresser davantage à la sécurité de la Grande-Bretagne en Europe et en Asie.

L’auteur termine en examinant les circonstances qui ont conduit à la démission d’Eden et à la signature de l’accord commercial anglo-américain. On indique, cependant, que l’accord commercial a eu fort peu d’effets sur la façon d’agir des états fascistes et n’a donc pas pu freiner l’évolution vers la guerre. En conclusion, on reprend la thèse selon laquelle les deux hommes croyaient qu’il était du plus grand intérêt de leurs pays respectifs de former des liens transatlantiques plus forts. On conclut également que chacun avait des idées peu réalistes quant aux avantages d’un tel projet puisque chacun croyait que simplement l’apparence d’une solidarité anglo-américain ferait hésiter les dictateurs et ainsi aiderait la cause de la paix. Toutefois, cette détermination à augmenter la collaboration a fait que ces deux hommes étaient fort différents de leurs collègues puisque la litanie de problèmes qui avaient surgi à l’époque entre Londres et Washington avait convaincu la plupart des responsables britanniques et américains qu’une plus grande collaboration serait impossible. L’étude de la nature des relations anglo-américaines au cours des années 1930 offre l’occasion de mieux comprendre les difficultés qu’il aurait fallu surmonter afin que les deux puissances puissent en effet établir une “relation spéciale.”
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Introduction. Eden and Hull: The Early Years

Aside from British Prime Minister, Winston Churchill, and U.S. President, Franklin Roosevelt, perhaps the two most dominant figures in the history of twentieth century Anglo-American relations remain British Foreign Secretary, Anthony Eden, and U.S. Secretary of State, Cordell Hull. A quick glance at their respective careers illustrates why this is the case. Both men possessed a keen interest in the affairs of the other power and would hold high office throughout a critical period in the transatlantic relationship -- from the early 1930s through the desperate struggle of the Second World War. Furthermore, they also believed strongly in the innate ability of the Anglo-Saxon powers to shape a common destiny for the world and throughout their careers would work tirelessly to achieve a greater measure of cooperation between London and Washington. This was especially true during the inter-war years. Yet in spite of this, very little attention has been paid to the way in which each of them tried to bring these two nations closer together. Nor has there been any attempt to understand the ironic fact that despite their strong sentiments in favour of cooperation, the 1930s remained a time of lost opportunities, a time in which Great Britain and the United States failed jointly to meet the mutual threats posed to their security from both Europe and the Far East.

The lives of Anthony Eden and Cordell Hull began on opposite sides of the Atlantic in two very separate and distinct worlds. Eden, the product of the British Aristocracy, was born on June 12, 1897, in Windlestone Hall, a majestic English country house nestled on a 300 acre family estate near Bishop Auckland in County Durham. He was the fourth child and third son of Sir William Eden and his wife, Sybil Francis, daughter of Sir William Grey. On his father's side, Eden could trace his background in the county back as far as the twelfth century, and could count among his more illustrious ancestors William Eden, first Baron of Auckland, and Sir Robert Eden, the last colonial governor of Maryland. On his mother's side he was related to Earl Grey, Prime Minister of the famous Reform Bill, and
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Sir Edward Grey, the British Foreign Secretary in the years leading to the First World War.¹

Eden was educated at Eaton and Oxford but his attendance at the latter was postponed by the outbreak of the “Great War” where he served as an officer in the King’s Royal Rifle Corps. Eden lost two brothers in this conflict and there is no question that his experience in France, which included fighting in the battle of the Somme and in Passchendale, left him with a passionate hatred for war and marked him for life as part of the “lost generation” which sought to do all it could to avoid a repetition of the horrors they had endured.² In Eden’s case, however, this antipathy for the “death, muck, and misery” of life in the trenches did not lead him to become a pacifist. Eden was too much the realist for that and in the years following the slaughter in Flanders he frequently insisted that pacifism or unilateral disarmament would do nothing to prevent war and might in the long run serve rather to increase the possibility of its re-occurrence.³

Following his service in the army, Eden entered Oxford where he took a first class honours degree in oriental languages. As he notes in his memoirs, his field of study was determined by a desire to enter the diplomatic service, but after some consideration, Eden decided that it would be better for him to enter politics as “an alternative approach to foreign affairs” since his advancement through the civil service was bound to be painfully slow and he “should for ever be handing round teacups in Teheran.”⁴ In 1923, therefore, Eden stood as the conservative candidate for the constituency of Warwick and Leamington and won. Much as he had planned, Eden soon acquired a reputation as balanced and competent speaker in the House, particularly in the realm of foreign affairs. He thereafter rose quickly through the party ranks to become Parliamentary Private Secretary to the Foreign Secretary, Sir Austen Chamberlain, a post he would hold from 1926 to 1929. This brought Eden at

¹ Eden in fact was a great admirer of Edward Grey, whom he credited with bringing the Americans in on the “right side” in World War One. (Eden to Chamberlain, Sept. 9, 1937, Avon Papers, FO 954/7).
⁴ Ibid. 4.
the age of 29, and after serving less than three years in Parliament, to the inner circles of the Foreign Office where he was to remain for most of the rest of his career.5

Eden’s early years at the Foreign Office under the tutelage of Chamberlain did much to mold his style and thought both as a diplomat and politician. Chamberlain was a nineteenth century figure, whose views on British security remained rooted in the principles of traditional alliance diplomacy. He had little faith in the League, and sought to avoid open-ended international agreements which might prove to be detrimental to British interests.6 Eden was not nearly so pessimistic about the ability of the League to settle international disputes and, like many members of his generation, was far more willing to give the League the chance to prove itself. But under Chamberlain’s tutelage, Eden acquired a certain degree of skepticism about the organization which would serve to temper his support for the international body in the future. Chamberlain was also a firm believer in Anglo-French cooperation. Under this influence, Eden soon came round to the view that the best way to keep the peace in Europe was to maintain good relations with France and to move with her towards an understanding with Germany.7 This policy reached its zenith in the Treaty of Locarno, which, with its limited obligations and focus on the security of Western Europe, would serve as a model for Eden to follow in his later dealings with the Continent.8 Chamberlain also taught Eden a good deal about ‘old school’ diplomacy from which Eden acquired some of the finesse and personal charm that would become the hallmarks of his career as a diplomat. Finally, Eden’s rapid advance to a position of

5 Eden served in the Foreign Office for nearly twenty-four years. In the inter-war period his tenure there included the following positions: Parliamentary Private Secretary, 1926-29; Parliamentary Under Secretary, 1931-33; Lord Privy Seal, (seconded to the Foreign Office), January 1934-June 1935; Minister for League of Nations Affairs (a new post created specifically for Eden) June 1935 - December 1935. and finally, Foreign Secretary, December 1935 - February 1938.

6 Chamberlain’s rejection of the 1924 Geneva Protocol, which would have significantly expanded Great Britain’s responsibilities under the Covenant, is perhaps the best example of this determination. On this see C.L. Mowat, Britain between the Wars, 1919-1940, (London 1956). 197-99.

7 Avon, 11.

8 The Treaty of Locarno was signed on December 1, 1926. By its terms the inviolability of the Franco-Belgium and German frontiers was guaranteed by Great Britain and Italy. There were also a number of arbitration agreements signed between Germany and her neighbours, but there was no guarantee of Germany’s eastern or southern border, and hence no commitment by HMG to go to war over any violation of the frontier in these areas.
responsibility under Chamberlain also taught him the value of party loyalty and respect for his superiors which would characterize much of his later behavior in the Cabinet, both in the 1930s under Sir Stanley Baldwin and Sir Neville Chamberlain. Austen’s half-brother and in the 1940s and 1950s under Sir Winston Churchill. This tendency towards deference did not necessarily mean that Eden was afraid to disagree with his colleagues or to argue his case most vehemently when he felt strongly about a particular issue. But Eden was careful not to let his differences with the other members of the Cabinet show in public. Ironically, Eden’s loyalty would eventually become one of the great scourges of his career, for although this quality would serve him well early on, in his later years it would cause him a good deal of grief, particularly under Churchill, whose refusal to give up office would become a source of great frustration to Eden.9

Eden’s early views on Anglo-American cooperation are somewhat difficult to ascertain, as there is little in the way of documentary evidence from the 1920s to indicate his position on this question. In light of this, some historians have argued that Eden was not in fact an early supporter of close Anglo-American ties. Both David Carlton and A.R. Peters, for example, have taken Eden’s support for Chamberlain’s negotiation of an Anglo-French armament agreement in 1928 as evidence to suggest that Eden was not particularly pro-American.10 But given Eden’s youth, his penchant for loyalty, and the fact that it was certainly not the place of the Parliamentary Private Secretary to criticize openly his Minister, it is important not to read too much into this episode. Indeed, by the early 1930s, there is consistent evidence to show that Eden was a firm believer in Anglo-American cooperation and would, when given a position of responsibility, support efforts in that direction.11

10 This agreement was never ratified, but had it been accepted it would have undermined Anglo-American relations and put in jeopardy the entire program of naval limitation proposals put forward by U.S. President Coolidge in 1927. For further details see: A.R. Peters, Anthony Eden at the Foreign Office, 1931-1938, (New York, 1986). 12; and David Carlton, Anthony Eden: A Biography (London, 1981). 24-26.
11 Eden’s enthusiasm for closer relations with Washington would reach its peak in the 1930s. It would fall off considerably, however, during the course of the Second World War when Eden, like many of his colleagues, would began to fear the prospect of complete domination by the United States.
After a two year sojourn in opposition to the Labour Government elected in June 1929, Eden returned to the Foreign Office in August 1931 to serve as Parliamentary Under-Secretary of State to the Foreign Office in the newly-formed National Government of Ramsay MacDonald. This appointment represented a considerable step forward for Eden, who would now become the chief spokesman for the Foreign Office in the House of Commons, as the new Foreign Secretary, Lord Reading, was earmarked for the role of Government Leader in the House of Lords. It has been suggested that Austen Chamberlain played a decisive role in securing this appointment for Eden, but help also came from Baldwin, who by this point had become Eden's most powerful and influential advocate. In the fall of 1931, however, Eden's position as spokesman for the Foreign Office in the Commons came to an abrupt end when MacDonald restructured his Cabinet in the wake of the October election. Eden retained his post as Parliamentary Under-Secretary, but he was no longer required to speak for the Foreign Office in the House as Sir John Simon, a commoner, became Foreign Secretary.

By this point, Eden was beginning to acquire something of a reputation, both in Parliament and in the Foreign Office, as a handsome and ambitious young man who aspired to high office. His rapport with his colleagues, therefore, began to take on some of the shape and colour which would become more pronounced as the years went by. Eden's relationship with Simon, for example, soon became tainted by the former's exasperation with Simon's procrastination and attention to detail which seemed to render the Foreign Secretary incapable of decisive action. Moreover, Simon was undoubtedly jealous of Eden's youth and charm and the attention he was beginning to receive in the press. Sir Robert Vansittart, the powerful Permanent Under-Secretary at the Foreign Office, regarded Eden as something of a lightweight, "whose appearance went far to ensure that he would get what he wanted and that was a lot": while Leo Amery, M.P., Maurice Hankey, Secretary for the Committee of Imperial Defence, Sir Warren Fisher, Permanent Secretary

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12 Peters, Anthony Eden, 21.
13 Eden personally thanked Baldwin for this appointment. In his fascinating look at English society in the inter-war years, Robert Graves notes that it was said that Baldwin regarded Eden "as a sort of spiritual son." [See Eden to Baldwin, September 1, 1937, Baldwin Papers, Churchill College Cambridge; and R. Graves and A. Hodge, A. The Long Week-End (New York, 1940), 325].
of the British Treasury, and a number of other influential political figures of the time remained wary of Eden’s motives. Indeed, throughout the 1930s, there was a considerable body of opinion which seemed to feel that Eden was driven more by ambition than by principle and that his approach to British foreign policy suffered as a result.

There have been numerous biographies of Eden, some rather flattering, and others not so. Among those in the former category are those by Dennis Bardens, Lewis Broad, and Alan Campbell-Johnson. All of these works were written prior to the release of the relevant private and official documents and they tend to be too sympathetic to be of much value to the contemporary historian. Eden receives harsh treatment at the hands of Randolph Churchill and David Carlton, so much so that one is inclined to view both of these works with a certain element of suspicion. A more balanced approach is taken by Sidney Aster and Robert Rhodes James, while by far the best examination of Eden’s career in the inter-war period can be found in A.R. Peters’ *Anthony Eden at the Foreign Office*, which is based on a thorough examination of Foreign Office documents and other primary source material.

Eden’s treatment in the general historiography for this period (which is too massive to list here in detail) is mixed. There has been a great deal written about his handling of the Abyssinian crisis, his resignation, and his attitudes with regard to the policy of

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18 See: Sydney Aster, *Anthony Eden* (London) 1976; and R.R James, *Anthony Eden* (London, 1986). There have been other biographies, including a very recent work by Victor Rothwell, which reveals little in the way of new information. For a complete listing consult the present bibliography.
appeasement. It is now possible to discern two broad schools of thought with respect to these issues. The first group, led by A.R. Peters, D.C. Watt, David Reynolds and others, contends that Eden essentially supported the policy of appeasement and that his differences with Neville Chamberlain were on the whole somewhat minor. These writers insist that Eden's differences with Chamberlain centered more on questions of method, rather than policy, and that a large portion of the ill feeling which eventually became manifest between them can be attributed to Chamberlain's direct interference in Foreign Office affairs. A second group, however, has formed around those who argue that Eden's differences with Chamberlain were much more significant. Here, Neville Thompson, Robert Rhodes James, Malcolm Murfett, Richie Ovendale, and others argue that there was indeed a fundamental difference in outlook between the two men, particularly over the appeasement of Italy. There has been a tendency, however, for both of these groups to overlook the manner in which American foreign policy may have influenced Eden's actions. There has been little or nothing written on Eden's reaction to Hull's massive effort to realign Anglo-American economic relations, for example, and only scant attention paid to Eden's reaction to Roosevelt's repeated attempts to initiate some sort of coordinated 'peace drive' with London. These represent critical omissions, for Eden paid particular attention to Anglo-American relations during the 1930s, and while at the Foreign Office, he in fact developed an 'American policy' which would not only have a profound impact on his actions with respect to Europe and Asia, but would also play a critical role in his decision to resign as Foreign Secretary in February 1938.


21 See for instance: Thompson, Anti-Appeasers, 134-155; and Murfett, Relations, 155-61.
In sharp contrast to Eden, Cordell Hull’s origins were not nearly so illustrious. Hull was born in a rented log cabin in Overton County, Tennessee, in the foothills of the Cumberland Mountains on October 2, 1871. Hull was the third of five sons. born to William and Elizabeth Riley Hull. He could not count a Baron among his ancestors, but it seems that his forbearers, though poor, were all “law abiding and honest” and not afraid of hard work. Hull’s father also had a keen sense of justice, at least in the American sense of the word. In his memoirs, Hull recounts how William Hull had miraculously survived being shot through the head by a band of “Yankee guerrillas” who roamed the Cumberland hills during the American Civil War. Shortly after the conflict was over, William Hull somehow managed to ascertain the name of the man responsible, tracked him through portions of two states, and when he caught up with him “went straight to him without ceremony and shot him dead.” There was no prosecution.

In his early years, Hull was educated in part by his mother, and in part by an itinerate tutor who would spend two to three months during the winter teaching Hull and other neighborhood children. At fourteen, Hull went on to attend the Montvale Institute in Celina, Tennessee. This was followed by a stint in University and eventually Law School, which he finished in 1891. Hull’s association with politics began at the age of nineteen when he was elected chairman of the Democratic Committee for his county. At twenty-one, Hull entered the State Legislature while at the same time practicing law. After this, Hull served for a time as a judge, and then, in 1906, he was elected to a seat in the U.S. House of Representatives from the 4th District of Tennessee. Hull would keep this seat until 1920, when along with many of his other Democratic colleagues, he fell victim to the drive to unseat President Woodrow Wilson. Without a place in Congress, Hull jumped at

22 Cordell Hull, The Memoirs of Cordell Hull [hereafter cited as Hull] (New York, 1948), 3. In his Memoirs, Hull notes that he cannot remember if the cabin had glass in the windows during his early years, but he speculates that it probably did not as most of the neighboring cabins at the time lacked them.

23 Hull, 3-4.

24 In his memoirs, Hull notes that one of his first challenges as a political figure was to learn “good English” as the language then spoken by himself and his family was not what was commonly seen as correct speech. Indeed, Hull notes that although he could recognize good English in print, “he had few occasions to use it in speech” and therefore had to work hard in his early career as a politician to become fluent in proper English. (Hull, 16).
the chance to become the chairman of the Democratic National Committee. Hull kept this post until 1924, seeing to it that the party paid off its debts and traveling extensively in an effort to rebuild it in the wake of the 1920 defeat. This gave Hull his first real national exposure, which he used to regain his Congressional seat in the 1922 election. By 1928, Hull had enough of a national following to consider challenging Alfred Smith for the Democratic nomination for President. But in the end, he decided not to offer himself as a candidate and instead hoped that the party might decide to draft him if Smith’s nomination did not go ahead on the first ballot. This never happened. Hull’s ambition for higher office remained, however, and in 1930 he decided to run for a seat in the U.S. Senate representing Tennessee, which he won easily.

Hull had a fairly good reputation among his Congressional colleagues. Most regarded him as a moderate, hard-working Democrat, who had a knack for bringing antagonists together in a spirit of cooperation. If Hull did have a flaw, it was that he was too cautious. He rarely took a stand on difficult issues and in general sought to avoid controversy. Hull was also very sensitive about his own reputation and did not take well to unfavourable press. Some insisted that these characteristics meant that Hull would leave no lasting mark as a legislator, and he was criticized for it. But Hull’s moderation, and the broad support within the party that stemmed from it, also made him an asset. Franklin Roosevelt quickly recognized this. and when he decided to run for President in 1932, he sought Hull’s support. Initially, Hull was somewhat lukewarm on Roosevelt, but once he had determined that the latter had the best chance of winning the next election, he decided to lobby vigorously on his behalf. Roosevelt never forgot this, and after winning the White House in November 1932, he asked Hull to resign from the Senate and join his Cabinet as

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26 Ibid, 29.
27 Ibid.
Secretary of State. Hull agreed, unaware that he would retain this post until November 1944, making him the longest serving Secretary of State in U.S. history.29

Although Hull had little direct experience in foreign affairs, he nevertheless shared Eden's interest in the field. Unlike Eden, however, who tended to concentrate on strategic and political questions, Hull focused on economic issues. Indeed, throughout his tenure in Congress Hull fought again and again for a reduction in the ever-increasing U.S. tariffs, which he argued had done much to disrupt the world's trading patterns and bring on the Great Depression.30 In a broader sense, Hull was what one might call a Wilsonian internationalist. He possessed great sympathy for the League (although he was careful not to stress this too often in public), and saw universal disarmament, self-determination, respect for international law, and unhampered world trade as the foundations of universal peace.31 By the time Hull reached the State Department he had come round to the view that a restructuring of the world's trading system, coupled with a certain amount of American moral initiative, could arrest the slide towards international anarchy and restore world order.32 Hull's first aim as Secretary of State, therefore, was to establish a means by which he could engineer a reduction in the U.S. tariff, secure greater U.S. markets abroad, and establish the most-favoured-nation principle as an integral part of American trade policy. Hull was also a firm believer in Anglo-American cooperation, and he had great hopes that the British Government might join in his efforts to secure peace through prosperity. But his ability to secure closer transatlantic ties was hampered by American isolationism, and by the inability of the two nations to put aside a number of outstanding economic issues which stood in the way of better relations. Hull sought to counter the former by slowly educating

29 Ibid., ix.
31 Reynolds. Anglo-American Alliance, 1937-1941. 27.
32 Richard Dean Burns. 'Cordell Hull and American Inter-war Internationalism' in Norman A. Graebner ed., American Values Projected Abroad (New York, 1985). Hull was also a firm believer in the power of proclamation and would expend a great deal of energy while serving as Secretary of State sermonizing on the need for the nations of the world to uphold international standards of conduct. (Ibid).
the American public towards accepting a greater role for the United States abroad. The economic difficulties with the British would have to be overcome by persuasion and hard negotiation. It would not be until after December 1935, however, when Eden became Foreign Secretary, that Hull would find he had a truly sympathetic ear in London. In the meantime, both Eden and Hull would try in their separate ways to settle the major problems confronting the world: Hull, through his “crusade for economic sanity”; Eden, by the settlement of the major outstanding political grievances on the continent of Europe through the negotiation of a disarmament agreement.  

Hull has not received the same sort of attention as Eden among biographers. Indeed, there are at present only two biographies of Hull in existence and, of these, only the one by Julius W. Pratt merits mention. Hull’s policies in the 1930’s, however, have been the subject of numerous articles, and his economic policy for the same period has received a good deal of attention in a number of studies on Anglo-American economic relations in the 1930’s. Of the latter, by far the best is Negotiating Freer Trade: The United Kingdom, the United States, Canada, and the Trade Agreements of 1938, by I. M. Drummond and Norman Hillmer.

In general, the historiography of the 1930’s has not been kind to Hull. It is widely believed that the Secretary held little sway with Roosevelt and that the President never

33 Hull, 518.
34 See Harold Hinton, Cordell Hull: A Biography, (Garden City, NJ, 1942); and Julius Pratt, The American Secretaries of State and Their Diplomacy, Cordell Hull, 1933-1944, 2 Vols., (New York, 1964). Pratt’s biography is quite extensive and is well-documented, but his view of Hull is on the whole too sympathetic and in general lacks critical analysis. Although not a complete biography, Irwin Gellman’s Secret Affairs, offers a more critical look at Hull, particularly with respect to his relationship with Roosevelt.
intended for Hull to be anything more than a mere figurehead at the State Department.\textsuperscript{36} Certainly, Roosevelt's tendency to hand pick his own officials, both within the State Department and for key posts abroad, indicates that the President intended to play a paramount role in shaping U.S. foreign policy. But the notion that Hull was largely ignored is too extreme. Hull did have influence, particularly in the economic sphere, and one can find numerous occasions in the 1930's when Hull appears to have intervened effectively at the White House.\textsuperscript{37}

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It would seem, then, that it would be difficult to find two foreign ministers whose background and early life stood in sharper contrast than Eden and Hull. Yet there is no question that the two men did share some things in common. They both decided, for example, to pursue careers in public life from a very early age and would ultimately serve their respective countries in high political office during a period of great economic and political upheaval.\textsuperscript{38} They also shared the unfortunate circumstance of frequently being overshadowed by their masters. Hull under Roosevelt. Eden under Neville Chamberlain and Churchill.\textsuperscript{39} Perhaps the most significant attribute they shared, however, was their strong belief in the unity of purpose among what Churchill called the "English Speaking Peoples", and the almost unlimited military, economic, and political power that could be mustered should these two great nations join hands in common cause. Ultimately, then.

\textsuperscript{36} In a conversation with Sumner Welles, for example, Roosevelt once commented that he had chosen Hull to head the State Department because he "looked like a Secretary of State" and as such would garner a certain amount of respect from the American public. (Notes from a conversation between the author and Benjamin Welles, the son and biographer of Sumner Welles, held at the former's home in Washington D.C., December 5, 1994).

\textsuperscript{37} Secretary Hull, for example, was largely responsible for securing the President's support for the reciprocal trade agreements program (which a number of other officials within the Administration opposed). Hull was also responsible for the decision to present the so called Welles Peace Initiative before the British Government, a move which both the President and Welles initially opposed. For more on this see Chapters 2d) & 8a) below.

\textsuperscript{38} They also shared the unfortunate trait of suffering frequently from ill health. Eden was often bother by a duodenal ulcer and other problems, while Hull suffered from diabetes and tuberculosis. Hull kept the latter ailment a secret, however, fearing that the knowledge of it might bar him from holding high office. For more on this see: James, \textit{Anthony Eden}, 93, 103, 364-69; and Gellman, \textit{Secret Affairs}, 31, 160-62.

\textsuperscript{39} In fact, one colleague of mine, noting my interest in Eden and Hull suggested that I title this work "Shared Grief."
what Eden and Hull shared was a certain naive idealism which would drive both men to seek an improvement in Anglo-American relations at a time when, due to a number of seemingly intractable political and economic problems, most of their contemporaries had all but given up on such a notion. This study is about that quest, and the forlorn attempt each of them endeavored to make to marshal a greater measure of Anglo-American cooperation in a world on the brink of an untold catastrophe.
Part I: Strained Relations, 1933-1935

1. Inauspicious Beginnings. 1933

In their memoirs of the inter-war years, both Eden and Hull speak of their strong desire to maintain the closest possible ties between London and Washington. Hull notes, for example, that "good relations with Great Britain were more important to us than good relations with any other country," and he insists that he never varied from this view. ¹ Eden’s outlook on the importance of the transatlantic relationship is similar. He considered it vital that the British Government do all it could "to draw the United States back into the main current of European politics" and throughout his tenure at the Foreign Office he took "every opportunity to work closely with the Americans."² Both men shared in the conviction, then, that it was in their respective countries’ best interests to pursue Anglo-American cooperation in political, economic, and security matters, especially in a world threatened by the onset of German, Italian and Japanese fascism. Moreover, by December 1935, when Eden became Foreign Secretary, they both occupied positions of power which should have rendered Anglo-American collaboration in world affairs not only possible, but likely. Yet the relationship between the two powers did not significantly improve in the years when both men held high office. Indeed, if anything, the years between 1933 and 1938 are marked more by a failure to cooperate than by mutual collaboration, and this in spite of the ever-increasing threat of war in both Europe and the Far East which both men found so menacing. It seems reasonable, therefore, to ask how it was that in a period of critical international tension, when the world’s two greatest democracies found themselves debilitated economically and threatened by mutual adversaries, that a greater measure of cooperation was not achieved? What was it that rendered it impossible for the two great Anglo-Saxon powers, under the direction of two men, both of whom were strong believers in close Anglo-American ties, to work together to bring about a new world economic and political order?

¹ Hull, 385.
² Avon, 87.
War Debts and the Preliminaries to the World Economic Conference

Of course, it has become a staple of inter-war histories that this failure to cooperate had everything to do with American isolationism and the sensitivity of Franklin Roosevelt to the machinations of domestic American politics.\(^3\) This was the view put forth by Charles A. Beard, shortly after Roosevelt's death and taken up by A. J. P. Taylor, Arnold Offner and others, who subsequently argued that Roosevelt was essentially an isolationist with little interest in becoming involved the affairs of Europe.\(^4\) To be fair, there have been others, such as Arthur Schlesinger Jr. and Robert Dallek, who have argued that Roosevelt was not an "isolationist" but rather an "internationalist", who sought to educate the American public towards greater involvement in world affairs but was handicapped in this effort by the British policy of appeasement and by the fact that "American foreign policy can range only as far as domestic consent will allow."\(^5\) But an examination of American isolationism and its effect on the willingness of the United States to get involved in the vagaries of international politics does not tell the whole story. Indeed, the failure of Great Britain and the United States to cooperate stemmed from a number of factors, both political and economic. Any examination of the relations between the two states during these pivotal years, therefore, must take into account such factors as the long standing commercial

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rivalry that existed between these two great trading nations if a full understanding of their policies towards one another is to be achieved.6

Furthermore, the same need for a broader approach to the question of Anglo-American relations must be applied to the chief protagonists involved and to the time frame in which such a study is attempted. One common drawback of many of the more recent studies of Anglo-American relations in the 1930s, for example, has been the tendency for most of these works to focus on the period involving the latter stages of appeasement, the outbreak of the war, and the initial impact of the conflict on relations between the two powers -- from 1937 to 1941.7 A second common drawback has been the tendency for these same works to concentrate on the views of the President himself, as well as on the policies of the one British politician most closely associated with the policy of appeasement: Neville Chamberlain.8 The problem with these tendencies is that they not only ignore the critical developments which occurred in Anglo-American relations between the years 1933 and 1936, but also severely downplay the role of Eden and Hull in the development and formulation of transatlantic policy from 1933 to 1938. This is unfortunate, for the difficulties experienced by the two powers in the early stages of the Roosevelt Administration, particularly over the issues of economic recovery and arms limitation, would have a profound effect on the inability of the two Governments to cooperate later on. Moreover, the complexities of the issues which led to this failure become much easier to understand if one takes the time to examine the efforts of both Eden and Hull to go against the grain and seek an improvement in relations in spite of the many difficult problems which stood in the way. Indeed, both an understanding of what went on in the initial two


7 The 1937-41 period, for example, is the main focus of a number of recent studies, including: MacDonald, The United States, Britain and Appeasement; Ovendale, Appeasement and the English Speaking World; Reynolds, Anglo-American Alliance; and Rock, Chamberlain and Roosevelt.

8 It should be noted here, however, that both Ovendale and Rock do discuss Eden in the work cited above. Hull, however, is largely left out of the picture.
years of the Roosevelt Administration and an examination of the policies of Eden and Hull are critical to a full understanding of this failure to cooperate. Hence, this study begins in the pivotal year 1933, where Hull’s frustration over his inability to secure a new Anglo-American economic relationship through the deliberations of the World Economic Conference was matched by Eden’s frustration to secure a greater measure of collaboration in security matters through the proceedings of the Geneva Disarmament Talks.

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a) War Debts and the Preliminaries to the World Economic Conference

In the six months which proceeded the opening of the World Economic Conference, which began on June 12, 1933, there was great hope in London that the onset of a new Democratic administration under the leadership of Hull and Roosevelt would lead to better relations with the United Kingdom. The Manchurian crisis of 1931-32, which had severely tested the patience of officials on both sides of the Atlantic, was now over and the bitter 1927 naval dispute over the number and size of cruisers that each side would be allowed to build had been settled for the time being by the 1930 London Naval Agreement.

Indeed, with the world in the midst of the Great Depression, the most serious issues facing Anglo-American relations were not political or strategic, but economic. But even here there was room for optimism. In the wake of Roosevelt’s stunning victory at the polls in November 1932, for example, Lord Lothian. a former British Government official who was in Washington at the time, reported that he sensed a new mood in the U.S. capital. "Chastened by adversity and thinking far more about its future than it has ever done", the United States, he reported, "is steadily coming to the view that it cannot maintain its historic isolation, that its economic recovery depends on international action, and that the one power she wants, rather tentatively, to co-operate with in international affairs is Great Britain." These were welcome words in London, for by 1933, the depression which had begun with the great crash on Wall Street in October 1929.

9 Lord Lothian to Simon, Feb. 18, 1933, Simon Papers, FO 800/288.
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had reached world-wide crisis proportions. and the British, not unlike the rest of the world, looked to a recovery in America and an improvement in Anglo-American economic relations as perhaps the best means to pull the United Kingdom and the rest of the world out of the harsh reality of economic stagnation.12 Nevertheless, there remained a number of serious economic issues which had strained the relationship between the two countries since the onset of the Great Depression -- issues which would have to be resolved if there was to be an improvement in economic relations. Of these, there were three which had proven to be particularly troublesome: U.S. tariff policy. the instigation by the British Commonwealth of the Ottawa system of imperial preference in 1932. and the seemingly intractable problem of the war debts.

On March 4, 1933, when Cordell Hull took the oath of office to become the U.S. Secretary of State. he noted that “every blossom that unfolded in Washington” in the spring of that year “seemed to contain an economic problem.”13 The record high U.S. tariffs established under the 1930 Smoot-Hawley Act, for example, seriously disrupted the normal flow of international trade and by 1932 essentially closed the American market to a good many British and Commonwealth products.14 Hull wished to reverse this trend and favoured a reduction in U.S. tariff rates as part of an overall effort to stimulate trade. But he would face considerable opposition to this policy from the “New Dealers” in the White House, who would argue that the high rates were necessary, at least for the time being, to protect such programs as the Agricultural Adjustment Act, which had been put in place to generate a domestic recovery.15 Hull also faced opposition to his call for the expansion of trade abroad. The passage of the Smoot-Hawley Bill, for instance, had strengthened the desire among some British and Dominion leaders, such as Canadian Prime Minister. R.B.

12 Editorial from The Times, Thursday, Nov. 10, 1932.
13 Hull, 246.
14 Indeed, it should be noted here that of the total British exports in 1936, only 6.4% went to the United States, while 49.2% went to Canada and the rest of the British Empire. Drummond and Hillmer, Negotiating Freer Trade, 9-11.
15 Hoffmeich, 'The Roosevelt and Foreign Trade', 32. The Agricultural Adjustment Act was passed on May 12, 1933. It attempted to raise the price of farm commodities through a program of crop curtailment.
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Bennett, for greater inter-imperial trade, most often at the expense of American exports. This was especially true with respect to agricultural products, and in the two years immediately following the passage of Smoot-Hawley. Canada and the other Dominions frequently demanded that the British Government impose duties on foreign agricultural goods while allowing Empire foodstuffs to enter Britain duty free. Moreover, similar calls for the protection of the imperial market could now be heard in London, where under pressure from such organs as the Beavorbrook press, the movement for the abandonment of the traditional British policy of free trade continued to gain strength. Responding to this pressure, the British Government passed a series of measures in 1931 and 1932, such as the Import Duties Act, which raised the tariff on a wide variety of products, while allowing imperial imports in duty free. This trend towards "imperial preference" reached its zenith at the Ottawa Imperial Conference of August 1932, where the whole system of protection for the inter-imperial market was greatly strengthened, with the result that United States exports now faced a formidable tariff barrier not only in the United Kingdom but also in the Dominions and Commonwealth at large. Eden had consistently opposed this increasing international drive toward protectionism and on a number of occasions he spoke out against the so-called "Empire Free-Traders." But by the time Hull assumed office, it was already a well-established policy in both capitals. Economic nationalism in America, then, coupled with the establishment of the Ottawa system of imperial preference, represented a serious obstacle which both Hull and Eden would have to overcome if there was to be any improvement in Anglo-American economic relations.

16 For a further examination of Anglo-American-Canadian trade relations in the 1930's see: Allen, 'Cordell Hull and the Defense of the Trade Agreements', in de Conde, Isolation and Security; Drummond and Hillmer, Negotiating Freer Trade; Kottmann, Reciprocity and the North Atlantic Triangle; and Schatz, 'The Anglo-American Trade Agreement'.

17 In the 1929-31 period, when the Conservative Party sat in opposition, Beavorbrook began a concerted campaign in his newspapers advocating "Empire Free Trade" — which essentially meant protectionism by another name. Neville Chamberlain and Leo Amery supported this idea. But not all conservatives were in agreement and there were fears for a time that this would split the party and render its chances to return to power nil. In order to avoid this, Baldwin, with Eden's ardent support, pressed for a compromise between those in the party who supported protectionism, and those who advocated free trade. For more on this see: James, Anthony Eden, 102-03: Mowat, Britain Between the Wars, 366-72.

18 James, Anthony Eden, 103.
1a) War Debts and the Preliminaries to the World Economic Conference

Equally important, however, was the question of the war debts which, perhaps more than any other issue, served to inflame intense political passions on both sides of the Atlantic. The debts had their origins in the glut of borrowing that had gone on among the Allied and Associated powers during World War I. Following the war this issue became complicated by the fact that the payment of the debts became directly linked to the payment of German reparations, as the flow of compensation ran from Germany to the European Allies in the form of reparations, and thence from the Allies to the United States in the form of war debts payments. Moreover, in the decade following the war, the inability of the Allied powers to settle the final amount that Germany was expected to pay only served to heighten the emotions surrounding this issue and it was not until 1930, with the adoption of the Young Plan, that it finally looked as if the thorny issue of the war debts and reparations had finally been resolved. But the collapse of the Credit-Anstalt Bank of Austria in May 1931 quickly shattered this illusion. Within weeks all Europe found itself gripped in the throes of a financial crisis, which not only threatened the economic security of Britain and the Continent, but also threatened to bring about the political collapse of Germany. By late June, the situation had become so serious that U.S. President, Herbert Hoover, decided to propose a one year moratorium on the payment of all reparations and inter-governmental debt. This, it was hoped, would bolster the German currency and restore stability to the European financial system. But, in spite of the obvious ties between the twin issues of the reparations and the war debts, Hoover refused to acknowledge any link between them, and never contemplated outright cancellation of the war debts as an alternative solution to the political and economic problems caused by the payment of reparations.

In London, meanwhile, there was a growing consensus among a number of leading policy-makers (including Eden) that the only way to bring an end to the financial crisis

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19 It is important to note that the Americans themselves received no reparations payments from Germany and in fact had disassociated themselves from the Versailles Treaty largely over this question.

20 Here, it should be noted that Hoover much like Roosevelt after him, considered the possibility of lowering the war debts through negotiation, but insisted that cancellation was out of the question due to the feelings of Congress and the American public. On the whole issue of Hoover and the War debts see: Stimson, On Active Service, 190-220.
caused by the collapse of the Credit-Anstalt was to get rid of the problem of war debts and reparations once and for all.\textsuperscript{21} This attitude was further reinforced when it became clear that the Hoover Moratorium had come too late to prevent a general European collapse. In the fall of 1931, London found itself in a deep financial crisis necessitating the formation of a National Government and the removal of the Pound Sterling from the gold standard. By December, in fact, the British currency had lost 30\% of its value, which was a great blow to British prestige and caused a good deal of bitterness in Whitehall over the rather tardy response of the Americans to the crisis. Moreover, the worsening economic situation on the Continent had led to a widespread feeling in London that Germany could no longer afford to pay reparations on anything like the former scale. This meant that as the end of the Hoover Moratorium approached, leading members of the British policy-making elite, such as Eden, began to demand a permanent solution to the reparations issue as a first step toward economic recovery.\textsuperscript{22} There were two significant consequences which derived from this sentiment. The first was the convening of an international conference in Lausanne, Switzerland, in June 1932, for the purpose of solving the problem of reparations; and the second was a request by the British Government to the Americans for the convening of a "World Economic and Financial Conference" which would meet in London a year later to solve the "other economic and financial difficulties [i.e. non-reparations issues] which are responsible for ... the present world crisis."\textsuperscript{23} Due to the American refusal to associate themselves publicly with the issue of reparations or a reduction in the war debts, however, there would be no American participation at Lausanne and participation in the World Economic Conference only on the condition that the issue of the debts not be on the agenda.\textsuperscript{24}


\textsuperscript{22} James, \textit{Anthony Eden}, 103.


\textsuperscript{24} The Lausanne Conference took place between June 16 and July 9th, 1932 and included representatives from Germany, France, Belgium, Great Britain, Italy and Japan.
There isn’t time within the scope of the present study to examine the proceedings of the Lausanne Conference in detail, but its results greatly exceeded British expectations. German reparations payments, for example, were rendered almost nonexistent by an agreement which reduced her foreign obligations by over 90%. The delegates also endorsed the British call for the convening of a World Economic Conference under League of Nations auspices and established that a “Commission of Experts”, including representatives from the United States, should be set up under League direction to draft an agenda and fix the date.\(^{25}\) It is important to note, however, that the provisions on German reparations were adopted with the understanding that the principal powers involved should work to eliminate the need for these payments by negotiating a drastic reduction or even the complete elimination of the debts they owed to the United States.\(^{26}\)

Thus, by the time that Roosevelt and Hull had assumed office, eight months later, tremendous pressure had built up in London for a settlement of the American debt problem. Indeed, in the eyes of British policy-makers, HMG had responded to the crisis of 1931-32 as best it could, and if there were to be any fundamental altering of the prevailing international economic conditions, it would be up to the Americans to render them possible. As such, British expectations for the World Economic Conference were tempered by the realization that its success would depend to a large extent on the willingness of the new American administration to settle the chief problem which stood in the way of an improvement in commercial relations between the two states: the war debts. Almost immediately after the 1932 presidential elections, therefore, the British began a concerted effort to convince President-elect Roosevelt to do something about the debts. Initially, it appeared that Roosevelt might respond sympathetically to these overtures. Indeed, in late January 1933, he sent a message to London indicating that he was interested in opening discussions with HMG on the question of the debts: as a consequence, it was subsequently decided that MacDonald should visit Washington to discuss the debts and other economic


\(^{26}\) The powers involved included Belgium, Great Britain, France and Italy.
questions with the President shortly after his inauguration. In preparation for this, a number of preliminary conversations on the proposed visit were held between Roosevelt and Sir Ronald Lindsay, the British Ambassador in Washington. By early February, the Ambassador had returned to London to report on his findings and to receive further instructions from his Government.

In London, Lindsay did his best to explain the American position to key members of the Government. He indicated that part of the difficulty with the U.S. over the war debts issue stemmed from the “appalling economic conditions in America.” These made it difficult to convince the American public that a settlement of the debts issue, which might involve “making an unbalanced budget worse”, could ever improve their economic situation. Under the circumstances, Lindsay remained skeptical that a settlement could be reached in the near future. Perhaps the most that could be hoped for would be the instigation of another moratorium, preferably he noted, before the next debt payment was due on June 15. Lindsay’s skepticism was shared by Chamberlain, Vansittart, Fisher, and others, all of whom held out little hope for a settlement and could see no purpose in MacDonald paying a visit to Washington if all that could be obtained was another temporary suspension of Britain’s obligations. There was also concern about the need to secure the basis for an understanding with Washington before a visit was announced, so as to avoid a public relations fiasco if the talks failed. But in spite of these and other difficulties, Whitehall remained hopeful that the incoming Administration sought greater

27 Lindsay to Simon, Jan. 20, 1933, Documents on British Foreign Policy, Series II. Vol. V. [hereafter in the style DBFP 2nd Series, Vol. V] # 513. The initiative for the FDR invitation to discuss the debt problem with the British came from Stimson, who in a meeting with Roosevelt in early January, urged the President to solve this problem. (McCulloch, Economic Diplomacy, 39-40). It should also be noted that two days after Whitehall received this message, William C. Bullitt began an unofficial visit to London carrying messages of goodwill from FDR to MacDonald. On this see: O.H. Bullitt ed., For the President: Personal and Secret Correspondence between Franklin D. Roosevelt and William C. Bullitt (London 1972), 26.

28 Cabinet Committee on Imperial Economic Co-operation, Feb. 6, 1933. Cab. 27/548.

29 Note of conversation between Lindsay, Fisher, Vansittart, Leith-Ross et. al., February 8, 1933, Leith-Ross Papers. T/189. It should be noted here that under the terms of the debts agreement negotiated in 1923, the British Government was required to make two payments a year, one on December 15 and the other on June 15.

30 Ibid. Sir Warren Fisher was the Permanent Under-Secretary of the Treasury.
cooperation with Great Britain and as such decided to pursue the negotiations. In anticipation of Lindsay's return to Washington, the Treasury prepared a lengthy set of instructions and memoranda on British economic and financial policy that were to serve as the basis for further discussions with the Americans. In these documents, the British made it clear that they were in complete agreement with a statement issued by the Commission of Experts preparing for the World Economic Conference: this statement characterized war debts as "an insuperable barrier to economic and financial reconstruction" and insisted that their "disturbing effects" upon currency stability and other economic and financial problems must be solved if there was to be any hope of an economic recovery. Given this view, the British insisted that the two sides reach an agreement on these issues before the convening of the conference: there was simply no possibility of an improvement in trade relations or other matters until the debt issue was solved. Senior Treasury officials such as Sir Frederick Leith-Ross, therefore, urged Lindsay to make Roosevelt understand that Britain and the U.S. were "co-creditors of a bankrupt world," and that it was the President-elect's responsibility to tell Congress "that they must face a drastic debt reduction and must cooperate with us on economic matters if they wish to avoid economic disasters." Moreover, given the tremendous political upheaval which had occurred in Germany as a result of the reparations issue, the British also insisted that any accommodation reached with the new administration over the war debts must not in any way jeopardize the agreements already reached at Lausanne. Indeed, the MacDonald government viewed the Lausanne agreement as a critical political document, which had not only eased Europe's financial troubles, but had also made a great contribution to the "effort to obliterate the animosities engendered by the war and to restore an atmosphere of peaceful co-operation in Europe." In short, Lausanne was "in the nature of an armistice, which cannot be

31 This view was strongly endorsed by Lord Lothian, who, after a visit to the United States prepared a lengthy memorandum on the war debts issue for Simon. In it Lothian insisted that the U.S.A. was most anxious for Anglo-American cooperation. (Memorandum entitled "American Debt Negotiation" prepared by Lothian and presented to Simon. Feb. 18.1933. Simon Papers. FO 800/288).

32 Instructions to Ambassador Lindsay, Feb. 10. 1933; DBFP 2nd Series Vol., V., # 523.

33 Record of Conversation between Lindsay and Leith-Ross, Feb. 8. 1933. Leith-Ross Papers. T/188.
sacrificed and must become the basis of permanent European peace.” Hence, the terms of Lausanne, which reduced German foreign obligations by 90%, determined what the British and the other Allies would be willing to pay the Americans in any final war debt settlement. As such, Roosevelt was to be informed that the maximum amount that could be paid by the European powers was $715 million, or 50 annuities of $39 million: any higher amount would be unacceptable as it might threaten to bring about the destruction of the Lausanne accords and a resumption of calls for German reparations payments.34

Lindsay returned to New York on February 20 and set off immediately to see Roosevelt in Hyde Park to explain the British position. Roosevelt responded to the terms set out in Lindsay’s instructions by indicating that he sympathized with the British view and personally favoured cancellation of the debt. He also said that he understood the importance for the British of not doing anything that might imperil Lausanne. But he insisted that until the mood of Congress and the public changed, debt negotiations would be very difficult. Furthermore, based on what Lindsay had told him, it appeared that the two Governments were “in irreconcilable opposition to each other at present.” Perhaps it would be better to hold off on the visit of a Minister to America, “go slow” over the debts for two weeks or so, and concentrate instead on other economic issues due for discussion at the World Economic Conference. Roosevelt then suggested that Lindsay and the new Secretary of State, Cordell Hull, meet soon to begin this process. MacDonald’s proposed visit could then be arranged after sufficient progress had been made in the talks concerning other economic problems. In this improved milieu, created in part by the progress made on other economic matters and in part by the presence of a senior British official, it might then be possible to get Congress to accept the measures necessary to forestall a crisis over the debts.35

Lindsay agreed to meet with Hull. But he was disappointed that the President-elect had not taken a more forthcoming stand on the debts issue. Indeed, in reporting to Simon.

34 Instructions to His Majesty’s Ambassador at Washington, Feb. 10, 1933. DBFP 2nd Series Vol., V. # 523.
35 Lindsay to Simon. Feb. 21, 1933. Ibid., # 524.
Lindsay characterized the situation as "very depressing," noting that whatever hope there was for progress in the immediate future now seemed to rest with Hull.\textsuperscript{36}

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The news of Hull's appointment as Secretary of State created a good deal of interest in London, and the initial impression of the Secretary was on the whole somewhat favourable. According to Lindsay, Hull was "well spoken of by everybody" and was regarded as a "studious, retiring and thoughtful man who was reported to have an excellent mastery of economic questions."\textsuperscript{37} As noted earlier, Hull had long been an advocate of freer trade and the lowering of international trade barriers, which HMG favoured.\textsuperscript{38} But there is no evidence to suggest that Hull had been involved in the preliminary decisions that had taken place between Lindsay and Roosevelt on the debts. Indeed, Hull's acceptance of Roosevelt's offer of the Secretaryship was not given until late February, and although the President-elect had requested that Hull be kept fully informed of developments in foreign affairs, there was no attempt to seek his opinion.\textsuperscript{39} Hull's position on the debts, however, was well known. He had consistently maintained that there was a link between the problem of war debts and international commerce, for in his view it was the "strangulation of trade," caused by high tariffs, import quotas, clearing arrangements and other obstacles to the free exchange of goods, which had made it nearly impossible for the debtor countries to earn the dollars they needed to pay off their debts.\textsuperscript{40} Hull insisted, therefore, that the best means to eliminate the problem was to reduce international trade barriers, and he frequently argued that the Government should consider readjusting the debts in return for tariff concessions.\textsuperscript{41} Hull's attention, then, remained firmly focused on trade matters, and period leading to the opening of the World Economic Conference, he concentrated on

\textsuperscript{36} Ibid; and Record of Conversation between Lindsay and Stimson. Feb. 23, 1933 \textit{FRUS}, Vol. I 1933. 835-6.
\textsuperscript{37} Lindsay to Cragie, Feb. 24, 1933, FO 371/16599. Here, Lindsay commented that Hull was "as near to being a free trader as any American is, but that of course this should not be said [publicly as] this would only injure his position.
\textsuperscript{38} Ibid.
\textsuperscript{39} Pratt, \textit{Cordell Hull}, 34.
\textsuperscript{40} Ibid and \textit{The Times}. Feb. 20, 1933.
\textsuperscript{41} Hull, 247-8.
securing new legislation from Congress to grant the executive greater powers to negotiate trade agreements. Hull also sought to organize an international tariff truce that would remain in effect while the conference was in session. In fact, Hull was not much interested in the debts problem, which he called a "dead horse." In his initial conversations with Lindsay, Hull stressed the importance of improving Anglo-American commercial relations as the best means by which the two powers could lead the world towards the restoration of economic order. On specific issues, such as the war debts, however, Hull remained non-committal, and other than handing the newly-appointed Secretary a note on current British economic policy and concurring with the general views expressed by him. Lindsay felt that neither Roosevelt nor Hull had "brought things much forward."

Nor were subsequent events likely to improve matters. On March 3, just one day prior to the inauguration of the New Administration, the American banking system, which had been deteriorating steadily since February, finally collapsed. Hence, Roosevelt assumed office in the midst of a severe domestic crisis. This had serious consequences for Hull, the British, and the prospects for success at the World Economic Conference. It drew the President's attention away from the issues of international concern and greatly increased the influence of those individuals within the Administration who favoured domestic solutions to America's economic problems. It also tended to harden the President's and Congress's position on the debts, rendering the possibility of a negotiated settlement with the British far less likely.

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42 Ibid.
43 Lindsay to Simon Feb. 27, 1933. DBFP 2nd Series Vol. V. # 527.
44 When the banks finally closed, the British Ambassador found himself without any ready cash and as a result had to borrow $800 from the Butler and the Cook at the Embassy, who, after overhearing a conversation between the Ambassador and a leading American banker on the grave situation prevalent in the American banks some weeks before, decided to withdraw all of their money from their bank accounts for safe keeping! (Leith-Ross, Money Talks, 159).
46 Lindsay to Foreign Office, Mar. 9, 1933. FO 371/16599.
Thus, by the time MacDonald arrived in Washington for his much celebrated visit to the White House, there had been little if any progress made on the debts question. Moreover, the prospects for a further improvement in economic relations between the countries had now been complicated by a new development -- the removal of the U.S. dollar from the gold standard. The news that Roosevelt had dropped the gold standard came as something of a shock to the British Treasury as well as to the Prime Minister and his party, who received the news by wireless while en route across the Atlantic. Indeed, in the words of Leith-Ross, the removal of the U.S. from gold "threw everything into the melting pot" and meant that for the immediate future stabilization would hold equal footing with the war debts as the central issue in Anglo-American relations. To this point, British officials had no reason to suspect that America would go off gold. On the contrary, American representatives on the preparatory commission at the League had been pressing the British to return to gold, and it was widely believed in London and in Paris that in spite of recent pressure on the dollar the United States would maintain its adherence to the standard. America had ample gold reserves and could easily maintain its parity with only a relatively small loss of bullion. Under the circumstances, Roosevelt's move looked very suspicious. Some officials in Whitehall feared that the President was aiming at a competitive depreciation of the dollar with the pound. Equally disturbing was the fact that the dollar-gold parity was the standard by which all schemes for currency stabilization had been fixed. The sudden abandonment of gold by the United States, should it lead to wild fluctuations, could create a situation of great confusion among the currencies of Europe and make it extremely difficult, if not impossible, for the impending World Economic Conference to reach any sort of understanding on current economic issues.

Upon his arrival in Washington, then, MacDonald found himself burdened with the additional task of seeking an explanation as to why the United States had abandoned gold

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47 Sir Frederick Leith-Ross, *Money Talks*, 160-61. In fact, as the dollar continued to fall, British concern over stabilization would continue to grow, becoming the central issue of concern during the London Economic Conference. On this see section b.
48 The delegation which accompanied MacDonald included Vansittart and Leith-Ross.
49 Ibid. In fact, when MacDonald asked Leith-Ross what he thought the best course of action would be in reply to the President's move, Leith-Ross suggested that the Prime Minister and his party should simply turn around and go home.
and what the prospects were for avoiding competitive fluctuations between the dollar, the pound and the franc. In their first meeting, Roosevelt indicated that his abandonment of gold stemmed solely from domestic considerations. Congress was now demanding a policy of inflation and the President, not wanting to lose control of his leadership on the issue, had taken the dollar off gold in an effort to raise internal prices. In response to British concerns, Roosevelt insisted that he would use his powers in this sphere only as much as was necessary and that his policy was not intended to make American goods more competitive overseas.50

The Prime Minister tended to take Roosevelt’s professions of good faith on stabilization at face value and as the talks progressed the two sides found themselves able to agree on a number of basic questions with respect to monetary policy. These understandings were eventually incorporated into an Anglo-American financial memorandum that listed a number of common aims, including the need to raise world prices, the need to secure greater cooperation between the central banks, and the need to return to what was called “an improved international gold standard” once the former objectives had been achieved.51 The issuance of this memorandum created a good deal of satisfaction at the British Foreign and the Treasury. There was also satisfaction over the decision to maintain a tariff truce pending the outcome of the conference (which had been a chief aim of Hull and his economic advisors at the State Department).52 But on the question of the war debts, the results were far less satisfactory. Here, the most MacDonald had been able to secure was a “firm pledge” from Roosevelt to try and obtain Congressional approval for a measure granting the President the powers he needed to deal with the debts on his own. This would make it possible for Roosevelt to suspend the

50 McCulloch, Economic Diplomacy, 54; and Vansittart to Simon, Apr. 22, 1933, DBFP 2nd Series, Vol. V. # 545.
51 Anglo-American Financial Memorandum, Apr. 25, 1933: FRUS Vol. I. 1933, p. 452; and Raymond Moley, After Seven Years (New York 1939), 203-4. Here, Moley, Warburg and others within the Administration proposed an improvement in the gold standard by an international agreement which established a uniform bullion cover for all countries at a lower ratio than the average ratio that existed at the time. A figure of twenty five percent was floated by the Americans in these preliminary discussion, with the U.S. also suggesting that a small portion of silver might also be included in the Central Bank reserves --- a provision which the Administration included no doubt to assuage the powerful silver lobby in Congress.
52 Minute by Cragie, Apr. 25, 1933, FO 371/17305.
payment of the June 15th installment pending the outcome of the conference. In his report to the Cabinet, MacDonald indicated that he understood the President’s difficulty vis-à-vis Congress and remained satisfied that the President was sincere in his desire to achieve an accommodation on the debts. The Prime Minister was also encouraged by the frank nature of his conversations with the President, noting that he had stressed the importance of Lausanne throughout their talks and even gone so far as to warn the President that default by Great Britain on the next debt payment was possible should the two sides fail to reach an understanding. The President, according to MacDonald, seemed to understand fully the import of these remarks. He described Lausanne as “the finest thing done since [the] peace;” and he left the Prime Minister with the distinct impression that the two of them had achieved an understanding with respect to the debts. 53

After issuing a joint pronouncement on the frank and friendly nature of their exploratory conversations, and setting the date for the opening of Conference (June 12), MacDonald sailed for England satisfied that the President “was anxious for a complete understanding with us on everything.” 54 But other members of the Prime Minister’s party were less sanguine in their assessment of the visit’s achievements. Vansittart, for example, deplored the fact that the British delegation had not been informed that it was but one of many different foreign missions invited to Washington for preliminary discussions on the World Economic Conference. Indeed, in Vansittart’s view, the fact that there were eleven other delegations scheduled for discussions at the White House changed the character of MacDonald’s visit entirely: and it left the Permanent Under-Secretary with the distinct impression that the United States had “not played straight” with the British over U.S. motives for the invitation. 55

53 Vansittart to Simon, Apr. 25, 1933, DBFP 2nd Series, Vol. V. # 545; Cab 23/76 May 5, 1933. That the President had come to an “agreement” with MacDonald over the debt question was confirmed in a radio address issued by the Prime Minister on May 5th in which the latter indicated that he and the President had agreed “to use every means in our power to find a way to settle the debts.” This the American Embassy reported as being indicative of the widespread understanding in London that “some sort of an agreement had been reached to get relief on the debts from Congress...” Atherton to Hull May 6, 1933 FRUS 1933 Vol. I. 493-94.
54 Cab 23/76. 33(33) 2. May 5th. 1933; Pratt. Cordell Hull, 35-6.
55 Minute by Vansittart. Apr. 10. 1933 FO 371/17304.
Nor were the President’s public pronouncements on the debts any more encouraging. In the joint communiqué issued by the two leaders on April 25, for instance, and in numerous press conferences held at the White House both during and after the MacDonald visit, the President continued to insist that no agreement on the debts had been reached. On April 28, the day after MacDonald departed, the President sent the same message to Congress via his private Secretary, Stephen Early.  

On issues other than the debts, however, Roosevelt was more forthcoming, and in the weeks which followed, HMG could take heart in what appeared to be a clear desire on the part of the President for international economic cooperation. On May 7, Roosevelt gave a speech in which he again stated that the United States had gone off gold merely as a measure to combat deflation and raise commodity prices at home. He also remarked that he had great hopes for the up-coming World Economic and Geneva Disarmament Conferences where he was seeking four great objectives: a general reduction in armaments, the reduction of trade barriers, the setting up of a stabilization of currencies, and a re-establishment of friendly relations and greater confidence between all nations. On May 16, Roosevelt issued another appeal for international economic cooperation, calling on the “heads of all nations” to see to it that the World Economic Conference “establish order in place of the present chaos by a stabilization of currencies, by freeing the flow of world trade, and by international action to raise prices.” The Conference must, in short, “supplement individual domestic programs for economic recovery, by wise and considered international action.” Further encouragement came from Hull, who in a series of speeches made at the end of April and in early May, seconded the President’s call for international economic cooperation. Hull vigorously attacked economic nationalism, particularly in the U.S., noting that “years of disastrous experience” had utterly discredited the “narrow and blind policy of extreme economic isolation.” Such practices, he insisted.

57 The Geneva Disarmament talks will be discussed in a later chapter.
58 Hull, 246.
"ignored [America's] transformation from a debtor and underdeveloped country to the greatest creditor and surplus producing nation in history," took "no account" of the millions of dollars owed abroad to America, and were "blind to the fact that nations and individuals can only pay external indebtedness in gold or services or by the establishment of favourable trade balances." 60

British policy-makers appreciated Roosevelt's pronouncements and were encouraged by Hull's continued attack on economic nationalism, which, in the opinion of some Foreign Office officials, had had the effect of bringing an increasing number of Americans over to the internationalists camp. 61 But it was too early to judge whether Roosevelt would follow through on his pledge of international cooperation and, while there was universal gratitude for the line taken by Secretary Hull, there was also a sense of foreboding about his influence in the cabinet. Lindsay feared Hull was too "diffident and timid" to be an effective force within the Administration, and speculated that if Hull's goals were ever to be realized, it would be "due to the President rather than to himself." 62

Hopeful yet uncertain of Roosevelt's future intentions on the debts, tariffs and the dollar, HMG continued to encourage the Roosevelt Administration to act in a manner conducive to international economic cooperation. To that end Leith-Ross remained in Washington after the MacDonald visit to carry on with discussions over the war debts with Assistant Secretary of State, Raymond Moley, and his aide, James Warburg. It soon became apparent, however, that the two sides were still too far apart to reach a settlement. This led to renewed fears in London that the debts issue might seriously disrupt the upcoming economic conference, particularly as the next payment would fall due just three days after its official opening. Taking note of this, MacDonald wrote to the President, reiterating his earlier request that Roosevelt give serious consideration to a suspension of the June 15th payment. It would be a shame, he insisted, if "unforeseen difficulties" over the debts were to in any way jeopardize the outcome of the conference. 63 MacDonald also expressed the hope that the President would continue to support the idea of a tariff truce.

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60 Lindsay to Simcn. May 4, 1933, FO 371/16599.
61 Minute by Ashton-Gwatkin, May 18, 1933, FO 371/16605.
62 Lindsay to Vansittart, Mar. 30, 1933, FO 371/16599.
63 MacDonald to Roosevelt, May 8, 1933; FDR Papers, President's Secretary's File, (hereafter cited as PSF). Box 32, London Economic Conference.
But there was trouble brewing for the British in Washington, not only over the war debts and trade, but also over stabilization. Indeed by early May it was clear that the pressure from agricultural interests for currency inflation would continue. On May 12, Roosevelt signed the Thomas Amendment to the Agricultural Adjustment Act, which gave the President additional powers to encourage inflation, in part by further reducing the gold content of the dollar. The possibility that the President might be persuaded to use these powers to reduce the value of the dollar worried the British Treasury and the Board of Trade. This would threaten the understanding on monetary policy achieved earlier, greatly increase the difficulties of securing some sort of equilibrium on the international exchanges, and cause trouble for British exports. Nor was there any reason for optimism with respect to the debts issue. Concerned at the growing uncertainty over the President’s position on the matter, Lindsay (one day after the Thomas Amendment became Law) asked Hull point blank what the President’s intentions were with regard to the June installment. Hull responded by indicating that unfortunately the truculent mood of Congress remained and that the President was still waiting for a “favourable moment” to place the issue before the Legislature. One week later the British received a further blow to their hopes for Anglo-American economic cooperation when Moley, who was then vying for control over U.S. economic policy with Hull, gave a speech in which he stressed the importance of domestic recovery, belittled the importance of international trade, and cautioned against expecting too much from the World Economic Conference. Moley’s action infuriated Hull, who was just then preparing his first tariff reducing measures for Congress and was hopeful that the London Conference might provide him with his first opportunity to achieve an increase in international trade. In London, too, there was concern, and a growing fear that in spite of all of HMG’s efforts, the U.S. was “definitely going backward.”

On May 22, MacDonald received a reply to his most recent letter to Roosevelt. The

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64 Moley, *After Seven Years*, pp. 207-09. Moley had been hand-picked by Roosevelt to serve at the State Department under Hull. Moley, however, did not share in Hull’s belief in a multilateral approach to overseas trade and instead favoured bilateralism. Moley also tended to stress the need to secure domestic solutions to America’s economic problems. Hull soon tired of Moley, and following the World Economic Conference, he insisted that the President seek the latter’s resignation. See below pp.43-46.

65 Hull, p. 249.

66 Minute by Wilson-Young, May 25, 1933, FO 371/17306.
President concurred with the need to avoid difficulties concerning the debts the during the course of the Economic Conference. But he made no mention of a suspension of the June installment and, in the first indication that he had abandoned the idea of attempting to ask Congress for the powers needed to do so, suggested instead that HMG consider making a partial payment, perhaps in silver, as a means to placate the U.S. public and avoid default. This brought a prompt response from MacDonald, who noted that the idea of a partial payment was in his opinion the least attractive of three possible options, the first two being a permanent settlement or the suspension of the June 15th payment. MacDonald then repeated his earlier call for suspension, which, he noted, would establish an attitude of goodwill for the conference and provide British and American negotiators with time to reach a permanent settlement later in the year.67

But by the first week of June it had become apparent, however, that the temper of the Congress had deteriorated, and that the strength of the economic nationalists within the legislature would not only make it impossible for Roosevelt to secure the powers he needed to issue a moratorium on the debt, but would also make it impossible for him to submit Hull's tariff legislation to Congress.68 This came as a tremendous blow to Hull, and signaled continued difficulty in the weeks ahead for the adherents of economic internationalism within the Administration.69 On the 4th, Roosevelt instructed Moley to inform the State Department and the British Ambassador that he had definitely abandoned the idea of asking the Congress for special powers to suspend the next war debt payment. As an alternative, the President now felt that the British should make a partial payment of ten million dollars.70 On June 7th, Roosevelt presented this proposal to MacDonald. He also indicated that recent legislation had made it possible for him to accept a partial payment in silver and to apply the installment solely to the principal.71

MacDonald still opposed the idea of a partial payment. At a Cabinet meeting called on June 9, he complained that a partial payment in silver would be "undignified" and might

67 MacDonald to Roosevelt, June 4, 1933, PSF, Box 141. London Economic Conference.
68 Lindsay to Simon June 4 and 7, 1933, FO 371/16600.
69 Hull, 250-51. Secretary Hull received this news while on board ship en route to the conference. A further examination of his reaction follows in the next chapter.
70 Lindsay to Simon, June 4, 1933, DBFP, 2nd Series, V. # 561.
71 Lindsay to Simon, June 7, 1933, ibid., # 563.
even draw comparisons with the work of Judas. Walter Runciman, the President of the British Board of Trade, was of a similar mind. He argued for default. In Runciman's view HMG was in no better position than it had been the previous December when the same issues had been raised by the need to meet that month's installment. Indeed, if anything, it now appeared as if Roosevelt's attitude was hardening and in any case Congress was just as likely to object to a partial payment as it was to default. But Neville Chamberlain continued to argue in favour of payment and suggested that instead of the President's "partial payment", the British should offer a "token payment" of five million dollars on the understanding that Roosevelt provide a public assurance that he did not regard Britain as in default. This would enable the HMG to avoid the stigma of reneging on the loan, while at the same time ensuring that there would be no break with Roosevelt. 72

After receiving this proposal, the President agreed to issue a statement indicating that the token payment meant that HMG were not in default. But he still wanted London to pay ten million dollars, and as a consequence, the British Cabinet met again on the 13th to decide on what amount should be paid. Here, at the urging of MacDonald, Baldwin and Chamberlain, the Cabinet reluctantly agreed to pay ten million dollars in silver. 73 This cleared the way for an agreement, and the next day, the two Governments published simultaneous notes based on these terms. The British, in their statement, described the partial payment as "an acknowledgement of the debt pending a final settlement", while Roosevelt declared that he had "no personal hesitation in saying that I do not characterize the resultant situation as a default." The President also declared that he had agreed to further talks in Washington on a final war debt settlement. 74

And so, the problem of the war debts remained, in spite of all of the efforts of HMG to come to a settlement prior to the World Economic Conference. This led to a growing sense of frustration in London. Indeed, much of the Cabinet regarded the token payment as unsatisfactory, and in this milieu, with continued uncertainty over American intentions with respect to the debts, stabilization, and trade, support for Runciman's call for default gained considerably. But fear of alienating Roosevelt on the eve of the Economic

72 Cab 23/76 June 9, 1933.
73 Cab 23/76 June 13, 1933.
74 Lindsay to Simon, June 14, 1933. DBFP 2nd Series. V. 5. #581.
Conference, along with the stigma of default, persuaded Chamberlain, Eden and most of their colleagues that for the time being HMG had no choice but to continue cooperating with the President. Attention would now turn toward the conference itself, and the promise it held for an improvement in financial and trade relations, after which it was hoped, a debt settlement might finally be achieved.
b) Cordell Hull and the World Economic Conference

On May 31, 1933, Hull sailed for London as chairman of the American delegation to the World Monetary and Economic Conference scheduled to begin on June 12. Hull had with him a set of instructions that he had received from Roosevelt the day before, promising the President's "full support" and reminding him that while the agenda for the conference had been set forth in a report submitted by the League Preparatory Commission, the opinions contained therein were "in no way to be considered binding upon the American Government." Hull was also instructed that no member of the delegation was to carry on any discussion of the war debts, either formally or informally, and that any questions regarding them should be forwarded to the White House.

As to questions of policy, Roosevelt indicated that there were six major issues confronting the conference: the establishment of a tariff truce; the establishment of coordinated international monetary and fiscal policies for the purpose of raising prices; the removal of foreign exchange restrictions; establishing the groundwork for a new international monetary standard; the gradual removal of barriers to international trade; and the working out of a basic agreement for the control of production and distribution of certain basic commodities.

The American delegation comprised six members: Hull, the chairman; former Governor James M. Cox of Ohio, vice-chairman; Senator Key Pittman of Nevada, chairman of the Senate Foreign Relations Committee; Congressman Samuel D. McReynolds, chairman of the House Foreign Affairs Committee; Senator James M. Couzens, a progressive Republican; and Ralph W. Morrison, a Texas businessman and prominent member of the Democratic Party. The delegation was split between those such

1 Hull, 250.
2 Roosevelt to Hull, May 30, 1933, FRUS Vol. I, 1933, 620-27 The Preparatory Commission was established under League of Nations auspices at the Lausanne Conference a year before. It included representatives from the United States, and its purpose was prepare the agenda for the World Economic Conference.
3 Ibid.
4 Ibid.
as Hull, Cox and McReynolds, who favoured lower tariffs and sound money, and Pittman and Couzens, who favoured high tariffs and were less orthodox on monetary policy. Morrison’s views were somewhat obscure. On balance, however, it was clear that the six did not share any settled convictions as to what United States foreign economic policy should be, and Hull, who had had no say in the selection of the delegation, worried about his ability to maintain discipline. These fears were well founded, for it soon became clear that certain members of the delegation would not hesitate to disagree publicly with the Secretary, causing Hull no end of embarrassment.

Of the six issues listed by Roosevelt, the one that most concerned Hull involved the removal of barriers to international trade. Hull had great hopes that progress in this area could be achieved at the conference. In anticipation of the gathering, he had drafted a Bill for submission to Congress that would have authorized the President to negotiate multilateral reciprocal trade agreements without the need for formal ratification by a two-thirds majority in the Senate. This would have allowed the Secretary considerable latitude to negotiate trade agreements at the conference, and there is no question that armed with this legislation, Hull felt confident that he could do just that. But at the time of Hull’s departure, the President had still to submit the bill to Congress. Hull expected the President to do so soon, and he left Washington convinced that the bill would become law during the early phase of the conference. Shortly after embarking for England, however, Hull received the stunning news that the President had decided to drop his proposed legislation. “The situation in these closing days of session is so full of dynamite,” the president wired. “that immediate adjournment is necessary.” Otherwise, he explained, Congress was likely to push through all sorts of irresponsible measures aimed at encouraging inflation. Under


6 Hull, Memoirs, 248. The Legislation that Hull and his advisors within the State Department had drafted for Congress was quite similar to the Reciprocal Trade Agreements Act which Hull successfully steered through Congress in 1934. Both bills allowed the President on his own authority to negotiate a 50% reduction in existing tariffs without the need for Congressional approval. The 1933 proposal, however, contained the additional proviso that any tariff reducing measure entered into would be subject to a veto by Congress within sixty days but would become fully operative if Congress did not act within that time.

7 Ibid, 250-52.
the circumstances, the President continued, “the tariff legislation seems not only inadvisable, but impossible of achievement.”

In his memoirs, Hull notes that the President’s message came as a “terrific blow.” which in effect swept from under him one of the prime reasons he had for going to London. Indeed, upon arriving in Britain, Hull felt extremely bitter at the way he had been treated by the President. As he told Robert Bingham, the American Ambassador in London, “if he had had the faintest idea that he would not be in a position to deal with the tariff question at ... [the] Conference, he would not have come to the conference at all.” For his part, Roosevelt continued to insist that Hull had full authority to negotiate commercial treaties based on reciprocal tariff concessions but, as Hull noted later, these admonitions were meaningless because no American Senate had ever approved a trade treaty negotiated by the Executive that materially reduced tariffs, especially when negotiated without prior Congressional authority. Furthermore, as the President had publicly announced his decision to drop the tariff legislation, and as the record of the Senate was well-known, Hull soon found that the members of the other delegations shied away from engaging in any serious negotiations with him on possible tariff reductions, as they were well aware that any treaties which they signed would in all likelihood never make it through Congress. To make matters worse, it soon became known that Moley and other Presidential advisors had decided that some of the measures they had taken for domestic recovery might require either an actual tariff embargo or full discretionary authority vested in the President to increase tariffs. All of this, of course, stood in sharp contrast to Hull’s repeated calls for a reduction in tariffs and created a great deal of uncertainty in London as to the President’s intentions, not only among the representatives of the foreign governments, but also among the members of the American delegation. Indeed, within two days of his arrival Secretary Hull had concluded that there was no hope that anything

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8 Roosevelt to Hull, June 7, 1933, SDDF S1/916.
9 Hull, 251.
10 Record of Conversation between Bingham and Hull, June 12, 1933, Bingham Diaries, Box 1.
11 Hull, 252.
12 Lindsay to Simon, June 21, 1933, FO371/18598.
13 Hull, 252.
tangible could be attained with respect to tariff reduction at the conference. Discouraged and utterly disillusioned at the treatment he had been accorded, the Secretary turned down an opportunity to serve as the chairman for one of two main committees organized for the conference and even contemplated resignation.14

But whether the conference could have achieved meaningful reductions in international tariffs, even if Hull's legislation had been passed, is an open question. By the time the conference convened, both the British and the French Governments had become seriously alarmed at the continued fall in the value of the American currency, and as such, placed great emphasis on the achievement of a temporary stabilization agreement that would have established, for the duration of the conference at least, a fixed ratio among the pound, the franc and the dollar. That this was a major concern of the French became apparent even before the conference was set to begin, when the Quai d'Orsay began to intimate to the Foreign Office and the State Department their urgent desire for stabilization.15 Indeed, if anything, the situation created by the precipitous fall of the dollar was more critical for the French than it was for the British. Unlike the British, the French had insisted throughout this period on holding the value of their currency by adherence to the gold standard, thus making it impossible for them to adjust the value of the franc to the gyrations of the dollar. By the end of May, the situation in Paris became so critical that the Quai d'Orsay began to insist on "immediate conversations" between the British, French and American Governments so as to address the issue.16 The British to this point had been reluctant to contemplate a stabilization agreement, due to their concern over the war debts and their desire to engineer a rise in commodity prices. Moreover, Whitehall also felt that the French adherence to gold was unrealistic and that at some point Paris must agree to devalue the franc.17 But as the dollar continued to fall, the Treasury too began to worry about the difficulties depreciation might cause, particularly for British exports. Thus, by the end of

14 Bingham Diary, June 12 and 13, 1933. Bingham Papers, Box 1.
16 Record of Conversation between the French Ambassador and Simon, May 15, 1933, FO 371/17316
May. Whitehall had become more sympathetic to French concerns than it had been prior to April 20. On May 26, MacDonald sent a cable to Washington which expatiated on the impossibility of the conference making any progress on monetary agreements without a prior understanding as to how far the United States was prepared to let the dollar fall. As such, the Prime Minister felt that it would be best for all concerned if the Governments of Britain, France and the United States sent representatives to London to meet “apart from the Conference” to work out some sort of temporary stabilization agreement.

Meanwhile, in late May and early June, the dollar continued its tumble, with the result that stock and bond prices in the United States leapt ahead and commodity prices soared. Roosevelt began to take the position in private that his Administration should do nothing to stop this trend: higher commodity prices at home were well worth the risk of instability in the foreign exchanges abroad. The President, therefore, was in no hurry to stabilize the dollar, and appears to have been somewhat annoyed by MacDonald’s cable. But this was not the impression given to the French or the British at the time. Indeed, shortly after he had received the Prime Minister’s message, the President informed Whitehall that he had decided to go along with MacDonald’s suggestion and would arrange to send representatives from the U.S. Treasury and Federal Reserve Board to England to engage in separate discussions on temporary stabilization with their British and French counterparts. The President then asked O.M.W. Sprague, George Harrison and James Warburg to go to London to enter into these negotiations. At the same time, Kenneth Bewley, the Treasury official attached to the British Embassy in Washington, was told that the United States would do what it could to keep the dollar from fluctuating for the time being, although it would not be possible for the Americans to say anything definitive as yet.

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18 April 20, was the day that Roosevelt took the dollar off the gold standard.
19 Moley, Seven Years, 216; and Drummond, The Floating Pound, 150-57.
21 Drummond, The Floating Pound, 154. It should be noted that these three individuals were not officially part of the American delegation to the Economic Conference, and that the tripartite talks that they engaged in with the British and the French ran were regarded as separate from the conference itself.
22 O.M.W. Sprague served as an advisor to the Treasury Department, George Harrison was Governor of the Federal Reserve Bank of New York, and James Warburg was a financial advisor at the State Department, sent to London in the same capacity.
about their future monetary policy. In early June, the State Department issued a statement that reinforced the impression that the President concurred with the British and French desires for immediate stabilization. The "most pressing problem in connection with the Conference", noted the Department, "is that created by the present fluctuation in the value of various currencies." On June 11, one day prior to the opening of the conference, the *New York Times* reported that *de facto* stabilization was among the "first aims" for the Administration. All of this was welcome news to the British and the French. But it belied the truth. The President, in fact, had little interest in a temporary stabilization agreement and had sent the Treasury representatives to London in the hope that the talks themselves would produce sufficient stability in the exchange markets so as to allow the conference to proceed. Indeed, he gave his Treasury representatives no written instructions for the conference and told the leader of the delegation, O.M.W. Sprague, to shun a stabilization agreement "like the plague."

By mid-June, it was clear that the President had abandoned his commitment to an early stabilization of the dollar and had decided instead to concentrate on the domestic aspects of his recovery program. Unfortunately, neither Hull nor any other member of the official U.S. delegation to the conference was informed of this shift in the Roosevelt's position. The "official" U.S. delegation (which did not include the Treasury Representatives) had sailed to London under the erroneous impression that the President still stood by his earlier support for the immediate stabilization of currencies. Given the strong French and British desire for such a move, the prospects for progress at the World Economic Conference were bleak to say the least, and it would not be long before the

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23 Bewley to Treasury, May 30, 1933, FO371/16605.
26 It is important to note that the talks on temporary stabilization were not part of the formal agenda of the conference and in fact involved only three of the over sixty Governments represented in London (the British, French and American). As such, the discussions on temporary stabilization, although they had a direct bearing on the activities of the conference, were not considered as being part of the official agenda, but were regarded in stead as separate negotiations. This meant that the representatives sent from the Treasury and Federal Reserve Board, although they accompanied Hull, were not technically speaking part of the "official" U.S. delegation to the conference. Hull had no control over their activities and was not in fact authorized to take a direct part in the negotiations over temporary stabilization.
serious divisions between the President’s policies and the wishes of the British and French Government’s would make themselves known.

In keeping with these rather inauspicious beginnings, the conference itself got off to a fiery start on June 12 when MacDonald, as chairman, made the mistake (in American eyes) of alluding to the British desire for a reduction in the war debts in his opening address. MacDonald’s actions flew in the face of an understanding reached between the British and the Americans earlier in which both sides agreed to refrain from mentioning the war debts at the conference. In his memoirs, Hull tends to gloss over this incident, noting that in spite of the dismay the Prime Minister’s remarks caused among the American representatives, both he and the members of his delegation decided it would be best to ignore this transgression and get on with the conference. But contrary to Hull’s later assertions, MacDonald’s remarks greatly upset a number of the American representatives and brought protests from Bullitt the next day. Furthermore, Bingham reported that in the wake of the Prime Minister’s statement, the atmosphere in London deteriorated rapidly, leading to harsh words between British and American representatives, and causing a majority of both groups to question the wisdom of carrying on. Bingham feared that the injection of the war debts issue into the opening proceedings might have wrecked the conference and was greatly relieved when the simultaneous release of the British and American notes on the war debts (which had been under negotiation in Washington) cleared the air and allowed the conference to continue.

Following MacDonald’s remarks, a good share of the first week of the conference was taken up by speeches from the leading representatives of the various delegations present. Edouard Daladier, the head of the French delegation, argued in favour of immediate stabilization and, not surprisingly, called on those powers who had left the gold standard to return to it as the first step towards a durable economic settlement. On June

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27 Hull, 256.
28 Bingham Diary, June 13, 1933, Bingham Papers, Box 1. The ubiquitous William Bullitt attended the conference as Chief Executive Office to the American delegation.
29 Bingham to Roosevelt, June 16, 1933, PSF Box 141, London Economic Conference.
30 Minutes of Monetary and Economic Conference, week ending June 17, 1933, FO 371/17306. Daladier also hinted that he would support the American call for the establishment of public works programs to alleviate some of the hardship caused by the depression.
14. Neville Chamberlain addressed the conference and outlined the main aims of British economic policy, these included: a rise in wholesale commodity prices, the reduction of excessive tariffs, the resumption of international lending, and support for public works programs, if they were adopted according to each government's national interests. Chamberlain also favoured long term stabilization and called for an eventual return to the gold standard at times and parities to be determined separately by each country. Finally, the Chancellor also insisted that a final settlement of reparations and war debts, although not within the scope of the conference, was essential in the long run.\(^3\)\(^1\)

Hull had been scheduled to address the conference on June 13, the day before Chamberlain spoke. But owing to fatigue, and to some last minute changes to his remarks by the President. Hull had to postpone his opening remarks until the 14th, which unfortunately for the Secretary, led to widespread speculation in the press that Hull had delayed his remarks as a rebuke to MacDonald for his allusion to the taboo topic of the war debts.\(^3\)\(^2\) In his speech, Hull endorsed the British and French calls for monetary stability, noting that the "vexing problem of a permanent international monetary standard" was an issue which must be addressed. But Hull saved his most potent remarks for a renewed attack on economic nationalism, no doubt still thinking of the setbacks he had recently received at the hands of Moley and others in Washington. Here, the Secretary, in diplomatic obeisance to the New Dealers at home, conceded that it was possible for a nation "to moderate" the effects of the depression, as the Roosevelt Administration had done, by sound domestic measures. But in the long run it was impossible for individual states to lift themselves out of such a severe economic crisis by domestic measures alone. It was time, he insisted, for the world to recognize that economic nationalism was a "discredited policy" that must be turned aside in favour of international economic cooperation. Accordingly, Hull called for an immediate reduction in excessive trade barriers. This would relieve the suffering of "the millions of unemployed world-wide" by supplementing "efficient home markets" with capacious foreign ones.\(^3\)\(^3\)

\(^{31}\) Minutes of Monetary and Economic Conference, week ending June 17, 1933, FO 371/17306.
\(^{32}\) Pratt, Cordell Hull, 45.
\(^{33}\) ibid, 45-6; Hull, 256-57.
Taken together, the positions of the French, British and American delegations indicate that there were some areas of general agreement between the three main parties at the conference. They all agreed, for example, on the need to raise prices and endorsed the principle of public works. All three delegations also made pronouncements on the benefits that could be accrued by a reduction in international trade barriers. But there was little agreement on the means to achieve these ends. Furthermore, the Europeans remained unimpressed by Hull’s denunciation of economic nationalism as well as his pronouncements on trade. It was universally recognized, in fact, that Hull’s repeated demands for the lowering of tariffs had had little effect on U.S. trade policy. The high American tariffs remained. And with Roosevelt refusing to sponsor Hull’s trade legislation, there was little that Hull could offer in tariff concessions and no indication that the President or Congress would change their position any time soon.

In any case, both the British and the French felt that there was little point in discussing trade proposals until the thorny question of the stabilization was worked out. This meant that progress on all other matters would have to await the outcome of the parallel tripartite negotiations on the temporary stabilization of currencies. Hull had shown little interest in these discussions and had granted Cox the chief responsibility for keeping in touch with the American Treasury delegation and for dealing with monetary matters associated with the conference. By June 16, Chamberlain, Bonnet and Cox had reached a temporary accord on stabilization calling on each government and central bank to limit fluctuations in their currencies for the duration of the conference. Although not directly involved in these negotiations, Hull cabled this news to the President, noting that the Treasury experts in London had proposed a rate of four dollars to the pound with a three percent margin of variation. But Roosevelt, true to his earlier assertions, preferred to

34 Tyrrell to Foreign Office, June 22, 1933, FO371/17037.
35 It should be noted here that prior to the conference, it had been determined that the work of the gathering would be divided into two main committees: one on economic affairs and the other on monetary and financial affairs. Hull had wanted to serve as chairman of the economic committee (which would deal with the issue of tariffs) but decided to turn down the chairmanship after his tariff legislation had been dropped. At this point, Cox indicated a desire to serve as chairman of the monetary committee to which Hull and the other leading delegations agreed. This placed Cox in a position to become involved not only in the discussions over permanent stabilization (which fell within the mandate of the official delegation), but also over temporary stabilization, the details of which were handled by Sprague, Harrison and Warburg.
avoid even a tentative commitment and, in response to Hull's message, cabled London with
the view that "too much importance is attached to exchange stability and banker influenced
Cabinets." Hull was thus advised to avoid temporary agreements and work instead towards
a "larger and more permanent program." As to the pound-dollar rate, Roosevelt insisted
that should it become necessary to peg the dollar to sterling (which he still hoped to avoid),
he would prefer to see it at a rate of $4.20 to the pound. He also made no secret of the fact
that he was disappointed in the work of Sprague and Cox.37

By the 18th, the President's reservations, which had not yet been made public,
began to leak out. It was widely speculated in the press that Roosevelt intended to reject the
plan drawn up Chamberlain, Bonnet and Cox. Taking note of this, Cox feared that the
United States would be charged with backing down on its earlier commitment to temporary
stabilization. Furthermore, the continued slide of the dollar, coupled with the President's
lack of initiative to do anything to stop it, made it obvious that this was indeed true.
Anticipating an angry foreign reaction, the American representatives in London abandoned
their attempts to obtain a temporary monetary agreement and concentrated instead on
working to explain the President's position to the British and the French.38 On June 19,
Hull himself went to see MacDonald. Here, he informed the British Prime Minister that
due to domestic pressure in the United States it seemed doubtful that a temporary
stabilization of currencies could be achieved. MacDonald was incensed by this news,
particularly as it had been his understanding from his previous conversations at the White
House that Roosevelt favoured temporary stabilization as a first step towards world
recovery. It would be impossible to make progress on whole host of economic issues,
including trade, until the wild fluctuations in the dollar stopped. Hull concurred with this,
and agreed that progress towards the removal of trade restrictions depended to a large
extent upon an agreement for currency stabilization. but it was clear that the President had
rejected the idea for the time being.39

37 Drummond The Floating Pound. 164.
38 McCulloch Economic Diplomacy. 73.
39 Cab 29/142 June 19, 1933.
That this was indeed the case became "official" three days later, when the State Department issued a press release noting that while the U.S. would regard a temporary stabilization agreement to be "untimely", it nevertheless supported stabilization in the long term. Both London and Paris, however, refused to accept this rather oblique rejection of temporary stabilization, and shortly thereafter, MacDonald decided to reopen discussions on the matter with the American delegation in London. On June 27, MacDonald bluntly informed the U.S. representatives that the difficulties over stabilization were causing great difficulties in Europe and would probably result in the collapse of the conference. Indeed, in MacDonald's view, and in the view of "practically every important representative who came to see him," Roosevelt's actions with respect to the dollar now threatened to bring about a grave financial crisis on the Continent, especially among the nations that had remained on gold. Chamberlain agreed, observing that the continued decline in the value of the dollar had already resulted in a drive against the gold currencies. There was a real possibility that this might ultimately force a number of European countries off the gold standard. When that happened, there would be "complete chaos, stagnation of trade, and possibly grave political disorders and social unrest [on the Continent]." MacDonald then inquired as to whether it would not be possible for the United States to "move somewhat farther" toward establishing a fixed rate for the dollar. This would secure equilibrium in the European currency situation, restore confidence, and make it possible for the conference to proceed with some hope for progress in other areas, such as international trade.

It was immediately apparent, however, that MacDonald's plea had done nothing to alter the American position. It may have been possible for the two sides reach an accord on long term monetary policy, but a temporary stabilization agreement was another matter. There was no indication that the U.S. delegation had any intention of responding to the

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41 Minutes of the twelfth meeting of the United Kingdom delegation to the World Economic Conference, June 27, 1933 T172/1810 A.
42 Two days later, in fact, the dollar hit the unprecedented low of $4.42 to the Pound.
43 Minutes of the twelfth meeting of the United Kingdom delegation to the World Economic Conference, June 27, 1933 T172/1810 A.
44 Ibid.
British concerns. Indeed, U.S. Senator Pittman even went so far as to suggest that the American delegation had no authority to deal with this subject. Hull then reiterated what he had told MacDonald privately -- that the matter was regarded in America as one involving “internal political considerations of the first magnitude,” and that while the American delegation regarded the question with the most intense and sympathetic interest, they were unable to say anything more. The Secretary then asked whether the conference might press on with negotiations for a long term program of trade liberalization in the event that the “stabilization question might solve itself.” Scoffing at such a notion, the British delegates reminded Hull that the currency question could not be brushed aside so easily. In fact, it “constituted one of the greatest barriers to the resumption of international trade.” Progress on trade could only occur after the fear of what might happen as a result of excessive speculation on the currency market had been removed. At the very least, a declaration of some sort should be made to bring an end to speculation and establish stability in the markets.

The seriousness of the situation now prompted Hull to act, and following this meeting the Secretary broke with his instructions and decided to meet with MacDonald, Bonnet and a number of representatives from the European countries to discuss the impasse caused by the devaluation of the dollar. At these discussions, the Europeans confirmed what the British had stated earlier. Stabilization must occur before any progress could be made on trade or other matters. Moreover, recent pressures on the European currencies caused by the fall of the dollar were threatening to bring chaos and unrest to the Continent. In a shift away from his previous position, Hull now agreed to work with MacDonald and Bonnet in support of a “counter-speculation scheme,” which involved the circulation of a

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45 This comment reflected Roosevelt’s instructions, but was not exactly true. In fact, a number of the members of the official delegation, such as Hull, were kept fully abreast of the discussions between the Treasury officials and their European counterparts. Moreover, Governor Cox, as the official head of the Monetary Committee for the London Conference, soon became involved with the discussions on temporary stabilization even though these talks were supposed to be “independent” of the official proceedings. On this see Herbert Feis, 1933: Character's in Crisis (Boston. 1966). 179-87.

46 Minutes of the twelfth meeting of the United Kingdom delegation to the World Economic Conference, June 27. 1933 T172/1810 A.

47 ibid.
declaration drawn up by Bonnet calling for stability in the exchange markets. The latter, it was hoped, might bring an end to the excessive speculation and wild fluctuations that had so plagued the international currency exchange.48

Hull immediately informed Roosevelt of his decision to support the “counter-speculation scheme”, noting that the “gold standard situation” had become “very acute” and could no longer be ignored. There were indications, in fact, that Holland, France, Switzerland and Belgium would all be forced off gold as early as the following week if the situation on the international exchange continued.49 This had brought the World Economic Conference to the brink of collapse, and had produced a crisis atmosphere in London -- a crisis atmosphere made all the more intense by the continued fall of the dollar, which closed at $4.40 to the pound on June 28 and dropped another two cents the next day.

At this point, however, and before Bonnet had drawn up his draft declaration on excessive speculation, the attention of the conference began to shift to a new figure who arrived in London. That figure was Raymond Moley, who had been sent to England as a personal representative of the President to assess the situation and report back to the White House.50 Roosevelt also sent Moley to London because he wanted to make sure that Sprague and the other members of the American Treasury delegation understood his reluctance to enter into a temporary stabilization agreement.51 These decisions were confirmed in a dramatic meeting between Moley and Roosevelt, which took place on the Schooner Amberjack while the President was on a sailing holiday off the coast of New England. Moley had flown from Washington to Massachusetts and from there had traveled on a U.S. naval destroyer in order to catch up with the President’s schooner.52 The press had a field day with this, and it was soon being reported that Moley was being sent to London to deliver an “important message” from the President aimed at breaking the currency stabilization deadlock. Much to Hull’s displeasure, it was also being rumored that

48 Drummond, The Floating Pound, 167; and Moley, After Seven Years, 244-45.
49 Feis, Character’s in Crisis, 207-08.
50 Presidential Press Conference, June 16, 1933, Nixon, FDR and Foreign Affairs, 240.
51 Moley, After Seven Years, 230-31.
52 Pratt, Cordell Hull, 50-51. Not surprisingly, Secretary Hull was extremely upset at these reports and was none too pleased at the notion of Moley turning up in London (Hull, 259-60).
the President had lost faith in the Secretary and that Moley was coming to London to "take charge" of the American delegation.53

Moley arrived on June 27. The precise nature of his mission has never been entirely clear. He was not appointed as a delegate and had no instructions, except to avoid stabilization. The dramatic aura surrounding his mission to London, however, soon led the British and the French to assume that Moley was sent to break the impasse on the currencies and to supersede Hull. Moley denied this publicly, but in private he frequently referred to Hull as "the old man". and in a conversation with Bingham. Moley even went so far as to insist that part of the reason he had been sent to London was to straighten out the American delegation.54 Whatever his mandate, Moley wasted no time in asserting himself. He began by insisting that Hull exclude Warburg and Cox from any further negotiations on stabilization. Hull was also informed that from this point Moley and Sprague would carry on the counter-speculation discussions that MacDonald, Hull and Bonnet had initiated.55 Hull found this exceedingly humiliating and complained again to Bingham about his ill treatment by Roosevelt.56 In the meantime, both MacDonald and Bonnet began to look to Moley for a breakthrough on stabilization and, in spite of the President's instructions to the contrary, Moley soon found himself deeply involved in the discussions over the counter-speculation scheme. By June 30, after lengthy discussions, the three men had drawn up a satisfactory "counter-speculation" declaration, which Moley agreed to send to the President.57

The declaration, in Moley's words, was "wholly innocuous" and did not commit any of the Governments involved to anything but efforts to calm the currency markets.58 It called on each of the governments whose currencies were not on the gold standard to adopt appropriate measures to "limit exchange speculation...." It also stated that each government

54 Bingham Diary, June 29, 1933, Bingham Papers. Box 1.
55 Drummond The Floating Pound, 167.
56 Bingham Diary, July 8, 1933, Bingham Papers Box 1.
57 Conclusions of 18th Meeting of the United Kingdom Delegation to the World Economic Conference, July 2, 1933, T172/1801 A.
58 Bingham Diary, June 30, 1933, Bingham Papers. Box 1.
which was a party to the declaration would agree to “ask its central bank to cooperate with the central banks of the other signatory governments in limiting speculation in the exchanges and when the time comes in reestablishing a general international gold standard.”

Neither Moley or Chamberlain felt such pronouncements committed their governments in any way to a fixed rate of exchange and both seemed convinced that Roosevelt would have no difficulty accepting the declaration.

But the President was not pleased, and he promptly sent Hull a message that rejected Moley’s declaration on several grounds. Roosevelt insisted that he knew of “no appropriate means to limit exchange speculation by government action” and maintained that he could not assent to any private action “which might morally obligate our government now or later to approve the export of gold from the United States.” Moreover, exchange stabilization would not create “permanent stability”, first because government budgets might remain unbalanced and second because “any fixed formula for stabilization by agreement must necessarily be artificial and speculative.” The President, therefore, refused to agree to any stabilization proposal, no matter how mild, even if this meant that France or Britain would seek to break up the conference.

This reply reached London on July 1. Moley, in high spirits the evening before, was greatly disappointed by the President’s response and immediately sought out Hull for assistance and advice on how best to break the news to the British and the French. Hull had no quick answer — other than to suggest that the Assistant-Secretary “get back home” as he had “no business over here in the first place.” Bingham and Cox were also disappointed. They both felt that the counter-speculation statement was important because it would mark “some achievement” by the conference and would not in any way tie the President’s hands or interfere with his domestic program.

Moley, in spite of Hull’s admonitions, then began to search for a means to soften the President’s rejection of the declaration. Before he could do so, however, Roosevelt sent

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59 Hull to Phillips, July 1, 1933, Monetary Stabilization/63, SDDF 550.S1.
60 Conclusions of 18th Meeting of the United Kingdom Delegation to the World Economic Conference, July 2, 1933, T172/1810 A.
61 Roosevelt to Phillips July 1, FRUS Vol. I., 1933, 673-74.
62 Hull, 261.
a second message to London -- his so-called "bombshell message." This cable not only made it clear that he utterly rejected any and all efforts aimed at temporary stabilization, but it also publicly condemned the conference for allowing so much of its time and energy to be spent on such a "purely artificial and temporary expedient." Instead, Roosevelt urged the conference to turn away from the search for a stabilization accord and focus its attention instead on efforts to balance budgets, service debts, and restore international trade, after which the permanent stabilization of all currencies might then be attained.63

Roosevelt’s "bombshell" made it clear that he was deeply irritated with the British and the French for putting what he felt was undue pressure on him over stabilization. It is also likely that Moley was a target of the cable, for Roosevelt was no doubt annoyed at the fact that his special envoy had ignored his instructions and gone ahead with discussions on temporary stabilization. It is also likely that the President felt that Moley had been outwitted by the French and the British into discussing stabilization, in part as a means to handicap his efforts to raise American commodity prices.64

In any case, the chief beneficiary of the President’s discomfiture with Moley was Hull, who was delighted to see his arch rival’s wings clipped. Indeed, from the moment of the President’s rejection of the stabilization declaration, Hull seems to have gained in stature. Roosevelt, for example, gave Hull the responsibility to decide if the his statement should be released from Washington, as a White House document, or from London, as an official press release of the American delegation. Incensed at the treatment he had received at the hands of Moley in London, Hull chose the latter, no doubt in part out of a desire to see Moley humiliated. The President’s message was thus released to the press on the morning of July 2. 65

In London, the response of the French and British delegations to Roosevelt’s bombshell was one of shock and anger. In a meeting of the British delegation called in the wake of the President’s pronouncements, MacDonald indicated that there was no doubt that as a result of the President’s message, the conference was in danger of collapsing. At the

63 Roosevelt to Hull, July 2, 1933, FRUS Vol. I, 1933, 673-74; Roosevelt To Hull, July 2, 1933, PSF, Box 141, London Economic Conference.
64 McCulloch Economic Diplomacy, 79.
65 Hull, 261-62.
Hull and the World Economic Conference

same gathering. Neville Chamberlain remarked that the President had chosen to reject the stabilization agreement in language "which could not fail to give deep offense to almost every other delegation at the conference. Its tone," he continued, "was arrogant and it lectured the Conference in a manner and in circumstances which were hardly believable." Chamberlain went on to say that it seemed that the President still refused to recognize that the fall in the dollar had any connection with or influence on anyone outside of the United States. Indeed, from the substance of the message, it was clear that what the President really wanted was for the delegations in London to "get on with their Conference and leave his dollar alone." If this was the case, Chamberlain could not see how the powers represented could agree to any proposals with respect to monetary policy, stabilization, the removal of trade barriers, and so on, so long as they were faced with the possibility of further depreciation of the American currency. Chamberlain, therefore, was of the opinion that the conference might as well adjourn as he could see little possibility of progress.

That the conference should come to an abrupt end was a view held even more strongly by the French, who condemned Roosevelt's message in no uncertain terms. Indeed, almost immediately after the release of the President's statement, the French began to lobby the other delegations of the conference for adjournment -- with the blame for its failure being placed squarely on Roosevelt. Spokesmen for the other gold bloc countries echoed this sentiment, and it soon looked as if the conference would collapse.

On July 4, Hull was informed that the Steering Committee for the conference, comprised of the chief delegates from the sixteen leading countries would meet at 6:00 p.m. that day and that it was likely that a majority of the Committee would recommend adjournment on the basis that the President's message had rendered further discussions useless. Fearful of the damage such a move would inflict upon Roosevelt's reputation, Hull decided that he must do what he could to stop this effort by convincing the leading members of the committee that it was in their best interest to carry on. This would not be

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66 Conclusions of the nineteenth meeting of the World Economic Conference. July 3, 1933. T172/1810A.
67 Ibid.
68 Hull. 262.
69 Ibid.
an easy task. At the meeting, in a speech that echoed the sentiments of many of the
delegates, MacDonald lashed out at Roosevelt, noting that the President’s actions had
brought the conference to a “practical end.” This left the Steering Committee no choice but
to recommend that the conference adjourn pending a change in the President’s position on
currencies. Hull, for his part, was astonished at MacDonald’s bitter tone, and in an effort
to ameliorate the situation, the Secretary confronted the British Prime Minister with a
number of direct questions as to exactly which currency matters would have to be cleared
up before the conference could be reconvened. Fortunately for Hull, MacDonald was
unable to give a satisfactory answer, which allowed Hull the opportunity to suggest that the
Steering Committee recess so as to give the delegates more time to consider the merits of
carrying on. Much to the Secretary’s surprise, he was supported in this motion by Neville
Chamberlain, who rose from his chair to say that Hull “was right” and that it would be
best to defer the final decision until the morning of the 6th. This motion was
Hull was delighted at this initial success. But it was still far from certain that the
conference would continue, and when the Steering Committee met again on Thursday, July
6, the chances of preventing adjournment (with its implicit condemnation of Roosevelt)
were not much better than they had been two days earlier. The French delegation had
continued its lobbying effort and claimed to have secured the endorsement in favour of
adjournment of forty of the sixty-four delegations attending. In a desperate attempt to
thwart French designs, Hull addressed the committee for twenty minutes, arguing
passionately against adjournment, which he insisted, would amount to seizing upon a
comparatively minor incident to cover up for the failure of the conference to deal with the
world’s major economic problems. Much to Hull’s satisfaction, it soon became apparent
that he had gained the support of the Canadian Prime Minister, R. B. Bennett, of the
Swedish delegation and, most importantly, of Neville Chamberlain. Even MacDonald
seemed to soften his position under the sway of Hull’s arguments. After two hours of
arguing, the Committee agreed that the conference should continue, and it was universally
acclaimed that Hull’s persuasive speech that turned the tide. Hull was thus given the

70 ibid. It should be noted here that Hull also received strong support from the Swedish
delegation.
71 Bingham Diary, July 12, 1933. Bingham Papers, Box 1.
credit for saving the conference and shielding President Roosevelt from a stinging public rebuke. Hull’s stature as a statesman grew accordingly. “He really did a magnificent job”, wrote Bingham later, and he emerged as the “great figure of the Conference.”

Thanks to Hull, then, the conference continued, but to little practical purpose. Some technical items were discussed, such as production and marketing agreements, and Senator Pittman succeeded in obtaining what became known as the “London Silver Agreement,” which raised the price of silver, a key commodity in Pittman’s home state of Nevada. However, little else of significance was accomplished. On July 21, for instance, Hull introduced a plan that called for an extension of the tariff truce and further multilateral negotiations for the reduction in trade barriers. But with American tariffs at an all time high, and with no agreement on the currency question, there was little chance that his proposals would be adopted. By the end of July, it was clear that the conference was headed nowhere, and that it would fail to make any significant contribution to a world economic recovery. On July 27, therefore, the decision was finally made to adjourn.

Before leaving London, Hull received a message of congratulations on his conduct at the conference from the President. Hull returned to the United States to find his reputation intact and his position in the Administration strengthened. Moley was soon to leave the State Department, and in a meeting at Hyde Park, the President continued to praise Hull’s work. Roosevelt also exonerated Hull and castigated the Europeans in a statement he released to the press, where he insisted that the failure of the conference was directly attributable to the “rotten deal” and bad press meted out by the participants from London and the Continent. In light of the great difficulties that Hull had had with the President since his departure for London two months before, all of this must have been extremely gratifying. But it would not erase the tragic consequences which, in Hull’s view.

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72 ibid., and McCulloch, Economic Diplomacy, 81.
73 The idea that a tariff truce should be adopted for the duration of the conference was developed over the Spring and was formally adopted on May 12th 1933 (Freidel, Launching the New Deal, 388).
74 McCulloch, Economic Diplomacy, 81; Pratt, Cordell Hull, 66-68.
came as a result of the failure of the conference. The first of these was economic, where the Secretary remained convinced that the failure of the conference had greatly retarded a world economic recovery. The second was political, where in Hull's estimation the collapse of the conference had played right into the hands of the dictators who, unfortunately, had occupied "front row seats" at the spectacular battle of words on display in London between Britain, the United States and France. All of this, he noted later, gave great hope to the fascist leaders, and encouraged them to rearm and to strive for economic self-sufficiency in preparation for war. Most tragically of all, however, was the damage wrought to Anglo-American relations, for "the wound" left by the collapse of the conference, "took a long time to heal." Moreover, in London, as in Paris and the other European capitals, the failure of the conference was universally attributed to Roosevelt and there is no question that the acrimony generated by the former's behavior represented a significant setback to the hopes and aspirations of the British to establish closer and better relations with the newly-established Democratic Administration. Indeed, at the Foreign Office, Roosevelt's first and much publicized entry into the field of foreign affairs was characterized as "a fiasco." In Downing Street, MacDonald remained extremely bitter at the harm that he felt Roosevelt had done, not only with respect to transatlantic relations, but also to the Prime Minister's domestic political position, which he feared had been utterly destroyed by the shattering of the conference. Thus, the World Monetary and Economic Conference, which began in a spirit of hope, ended in mutual distrust and recrimination. It was an inauspicious beginning for the start of what many hoped would be a new era in Anglo-American cooperation, and it would have important ramifications for the future.

76 Hull. 268-69.
77 Ibid. 378.
78 Minute by Osborne. August 24. 1933. FO 371/16612; Hull. 265.
c) Eden, Hull, and the Geneva Disarmament Conference 1932-1933

While the proceedings of the World Economic Conference drew to their somewhat ignominious close, the attention of the international community turned to another equally significant though no less difficult gathering: the Geneva Disarmament Conference. The decision to hold arms limitation talks in 1932-33 stemmed from Article 8 of the Covenant of the League of Nations which called on its members “to recognize that the maintenance of peace requires the reduction of national armaments to the lowest point consistent with national safety.” 1 By 1925, the League had established a preparatory commission to look into the problem of disarmament and to prepare for an eventual conference. The preparatory commission would meet six times over the course of the next seven years before the formal arms limitation talks would get underway in Geneva, making the preparations for the Disarmament Conference some of the longest in the history of diplomatic gatherings. 2 The long-awaited conference finally began its formal proceedings on February 2, 1932, with representatives from sixty countries being present, including the United States. Not unlike the opening days of the World Economic Conference in London a year later, the opening sessions of the Geneva Disarmament Talks were accompanied by professions of great hope and promise for the future. Yet, in spite of all the preparatory work that had gone into ensuring the conference would be a success, a number of serious obstacles remained. Foremost among these was the question of how to reconcile the French demand for security with the German demand for equality in national armed strength. 3

Since the end of the First World War, the French had been obsessed with the possibility that the Germans might one day seek revenge for that conflict. Unable to secure strong military commitments from either the United States or Great Britain, the French, as

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an alternative, had sought military preponderance over Germany. This they had achieved by maintaining their own armed forces, and by the rigid enforcement of the military clauses of the Treaty of Versailles, which severely restricted Germany's military capability. Of course the military aspects of this policy stood in sharp contradiction to Article 8 of the Covenant, which called on all the Great Powers to disarm. They were also unpopular with a large section of the British and American public, who in the wake of the First World War, continued to believe that the mere possession of arms was a primary cause of war.\textsuperscript{4} The Germans, on the other hand, demanded equality of armaments, which, in the years leading up to the Disarmament Conference, they argued should be achieved by the disarmament of the other European powers.\textsuperscript{5} This was a position which placed German diplomacy much more in line with general public opinion, especially in Britain and the United States where the German demands seemed justified. But the fear of German militarism rooted in the French psyche was not something that could be brushed aside easily. The French consistently argued that there could be "no disarmament without security," meaning that there would be no French disarmament without significant pledges of military support from either the British or the Americans or both.\textsuperscript{6} In 1925, Austen Chamberlain responded to French fears by signing the Treaty of Locarno, which, in so far as the British were concerned, met the French demand for security. At roughly the same time, the Americans also committed themselves to the establishment of political and economic stability on the Continent by instigating the Dawes Plan.\textsuperscript{7} For a time, it looked as if a genuine rapprochement between France and Germany might be possible, particularly as Augustine

\textsuperscript{4} For the views of the British and American public towards disarmament see: Kyba, Covenants Without Swords; and W.S. Cole, Roosevelt and the Isolationists, 1932-1945 (London, 1983).

\textsuperscript{5} It should be noted here, that this demand was later modified by the Nazis and other extreme German nationalist to include the right of Germany to rearm up to the level of the other powers should the latter fail to disarm.

\textsuperscript{6} Hall, Arms Control, 120-21.

\textsuperscript{7} The Dawes Plan provided for a reorganization of the German Reichbank under Allied supervision. Germany was also to receive a loan of 800 million gold marks and her reparations payments set for five years at one million gold marks per year, and thereafter set at 2.5 million gold marks per year. For more on this and the negotiation of the Locarno Treaty see: B.J.C. McKercher, The Second Baldwin Government and the United States, 1924-1929 (New York, 1984); Jon Jacobson, 'Is there a New International History of the 1920s?', AHR, 88(1983). and idem, Locarno Diplomacy: Germany and the West, 1925-1929 (Princeton, NJ, 1972).
Briand, the French Foreign Minister, and Gustav Stresemann, his German counterpart, had both committed themselves to the fulfillment of this goal. But in any case, the establishment of a new system of European security and stability, based on the Dawes Plan and the Locarno Treaty, had led to a widespread feeling in both London and Washington that the French no longer had any reason not to disarm. Indeed, in the view of most British and American policy-makers, French disarmament represented the critical next step in the overall pacification of Europe, which would in turn clear the way for an improvement in Franco-German relations and ultimately remove the need for further military commitments to France.

But by the time that the Geneva Disarmament Conference began, both Briand and Stresemann were gone, and the key question as to how to induce France to disarm became complicated by the rise of German militarism and the election of a new and far more conservative French Government. This became all too clear when the head of the French delegation, Andre Tardieu, opened the conference by proposing a plan that in essence was designed to maintain the status quo ante. France would insist upon strong measures to ensure her security, including the creation of an international police force (composed primarily of the armed forces of victorious powers in World War I), compulsory arbitration for all disputes, and the instigation of automatic sanctions against any state defined as an aggressor by the League. Moreover, the French made no mention of the German demand for equality, instead insisting that Germany must remain strictly bound by the limitations imposed by the Treaty of Versailles. Needless to say, the French plan was strongly opposed by the British delegation, and it left a strong impression that France had put forward these proposals not with any hope that they might be carried out, but rather as justification for her determination to retain her own armaments and make no concessions to Germany. This was an ill omen, and from this point on, the chances for a successful conclusion to the conference declined steadily with no power willing to take the lead or address the fundamental issue of how to reconcile French and German demands.8

Eden, as he notes in his memoirs, watched the opening months of the conference with dismay. frustrated that the parties involved "choked themselves with minutely detailed

8 Walters, League of Nations, 502-3.
discussions about the size of aeroplanes or the tonnage of ships” without due regard for the overall direction or purpose of the conference. Here the British delegates were as guilty as any of the other parties, preferring to lose themselves in the proceedings of the technical discussions rather than address the general issue of overall disarmament. This may have been a reflection of the somewhat ambivalent position of the Cabinet where the question of further British disarmament was opposed by an influential bloc of key ministers, who felt that Britain had already taken considerable steps towards disarmament and that as such it was time for the other major powers to take the lead in this field. The British delegation, therefore, left for the conference at Geneva with “somewhat nebulous instructions upon the critical questions” and steadfastly refused to undertake the leadership of the conference. The result was deadlock, which the American President, Herbert Hoover, attempted to break in late June after months of frustration over the lack of progress. Hoover proposed a comprehensive plan that called for across the board cuts in air, land and naval forces by a third. In London, the Hoover plan was publicly welcomed. But in private, Whitehall, although anxious for American cooperation, received the plan with great misgiving. The Admiralty had strong reservations and refused to support the naval aspects of the proposal. On July 7, therefore, the British put forward a comprehensive set of proposals of their own designed to build on those aspects of the Hoover Plan that the Government could accept. But by this time, neither the Hoover Plan nor the British counter proposals had the force to break down the fundamental differences which had arisen between France and Germany over security versus equality. As a result, in mid-July the German representative to the talks informed Geneva that his country was withdrawing from the conference and would boycott its proceedings until the principle of equality of rights had been recognized.

At this point, Eden was not a member of the British delegation to the conference and hence, had little direct influence on the nature of the proceedings. Nevertheless, he was

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9 Avon. 24.
12 Hall, Arms Control, 126-28; DBFP, 2nd Series Vol. III Appendix VI.
interested in disarmament and was concerned about the possibility that the conference might collapse in the face of the German action. By October, as Parliamentary Under Secretary at the Foreign Office, Eden had concluded that British policy had to take account of certain "unpleasant realities." The first of these was that the western powers needed to recognize the German claim for equality of rights. Failure to do so would be counter-productive, as it was widely held that should the other European powers not disarm, Germany would press ahead with rearmament even if this meant contravening the military clauses of Versailles. The Geneva talks, therefore, represented the last hope for general European disarmament. The second unpleasant reality concerned what the collapse of the arms limitation talks would mean for the future of Europe and the world. Eden feared that should the Geneva talks fail, the result would be a renewed Franco-German arms race, leading to instability and perhaps even war. Moreover, the collapse of the conference would represent a severe blow to the League at a critical moment in its history. This would render unlikely any further U.S. involvement in questions of international security, and an American retreat from even this limited internationalism might make progress in Anglo-American economic relations all the more difficult.14

Eden articulated these concerns in a memorandum that he submitted to Simon in October 1932. In light of his fears, he implored the Foreign Secretary to do all he could to save the conference.15 The first problem that had to be confronted was how to get Germany back to the negotiating table. This had become all the more urgent due to the increasingly turbulent nature of German domestic politics, for the fall of 1932 had brought with it the fall of the Papen Government, the rise of von Schleicher, and the polarization of the Reichstag between the communists on the one hand, and the Nazis on the other. Eden hoped that success in Geneva might reverse this dangerous trend towards extremism in Germany and, shortly after he had presented his memorandum to Simon, he was pleased to learn that the British and French delegations to the conference had finally agreed to address the long standing German demand for equality. In early November, the French put forward a proposal which implied that Paris was now willing to consider granting Germany equality

14 Peters, Anthony Eden, 32-33.
15 Eden to Baldwin, October 20, 1932; Baldwin Papers. Vol. 118; DBFP II, III, Appendix I, "Foreign Office Memoranda Respecting Germany’s Claim to Equality of Rights."
of status within certain limitations, while Simon, after much prodding from both Eden and Vansittart, proposed in the House of Commons on November 10 that the British Government was now willing to accept that the disarmament sections of Versailles be replaced by a disarmament agreement in which Germany would eventually gain equality of status. These proposals were enough to bring the Germans back into direct discussions on disarmament with the British, French, Italian, and American representatives at Geneva. On December 11, these Powers decided to grant Germany equality of rights "in a system which would provide security for all nations." As a consequence, the Germans agreed to return to the negotiating table: two days later the conference reconvened only to adjourn for Christmas until January 31, 1933.

The year 1933 would of course bring a number of new players onto the international scene, including Franklin Roosevelt, Cordell Hull and Adolf Hitler. It would also be the year in which the young Eden would gain international recognition for his increasingly prominent role in the Geneva disarmament talks. The decision to send Eden to Geneva stemmed from MacDonald's conclusion that the British delegation at the Disarmament Conference was handicapped by the lack of a permanent delegate who did not have to divide his time between responsibilities at home with those at Geneva. It was also a reflection of Simon's growing isolation within the Cabinet and the increasing tendency among some leaders of the National Government, such as Baldwin and MacDonald, to bypass the Foreign Secretary and rely more on such figures as Eden and Vansittart for advice in international affairs. It was also widely understood that Simon was very tired and in need of a rest. The result was that from early 1933 onwards, the bulk of Simon's Geneva work was delegated to Eden.

Eden left for Geneva on January 17, 1933, with instructions to propose a "programme of work" which would enable the conference to embody in a convention the proposals made by various delegations since the opening of the arms limitation talks a year earlier. Eden was also informed that he should focus his attention on qualitative disarmament and maintain the principle agreed to in December of equality of status for Germany under any eventual agreement. Upon his arrival on the continent, however, Eden found that the rise of Nazism in Germany, which would soon culminate in the establishment of the Hitler regime, had placed the French in a very apprehensive state of mind. Under these circumstances, the French put forward a plan calling for the dismantling of European long-service professional armies, (meaning of course the destruction of the Reichswehr) as well as the creation of an international force at the disposal of the League, an item which they had proposed before. The French also continued to link security closely with a commitment to impose automatic sanctions against an aggressor under Article 16 of the Covenant. Well aware of the renewed emphasis of militarism in Germany, Eden sympathized with French fears. But he also knew that the most recent French proposals would be unacceptable to both London and Berlin as the British Cabinet would not agree to automatic sanctions in the case of aggression, while the German Government was bound to oppose any proposal that would result in the dismantling of the Reichswehr. In response to these difficulties, Eden did his best to move the conference forward by privately urging the French to reduce their security demands and by making various proposals, particularly with respect to air disarmament, that he hoped would encourage further agreement in other areas.

By the end of February, however, it was clear that no breakthrough was in sight. The French and the Germans were as far apart as ever, and the mood of pessimism at Geneva was so pervasive that Eden soon came to the conclusion that something drastic had
to be done if the Disarmament Conference was to be saved. 24 On February 22, Eden wrote to Baldwin proposing that the time had come for the British to draw up a formal draft convention that would be complete in all its details and would include limitations on men and material. This proposal would then be presented to the conference for acceptance, making it possible for the question of French security to be discussed in terms of reality. 25 The result was the drawing up of the so-called “MacDonald Plan”, which was prepared in Geneva at the end of February 1933 by Eden, Sir Alexander Cadogan, a senior Foreign Office official and Chief Adviser to the British Delegation, Sir William Malkin, Legal Adviser to the Foreign Office, and Major-General Temperley, Military Adviser to the British Delegation.

On March 2, Eden rushed back to London to present his proposal to Simon and MacDonald, both of whom agreed to present the plan immediately to the Cabinet Committee on Disarmament. To Eden’s relief, the committee concurred with the Under Secretary’s view that something radical had to be done if the conference was to avoid collapse, and shortly after hearing the proposal, the Cabinet agreed to send MacDonald and Simon to Geneva in an effort to give new life to the conference. There was no decision yet, however, on whether or not the two men should present Eden’s draft convention to the conference. This merely remained an option, which might be pursued once the Prime Minister and Foreign Secretary had had the opportunity to assess the situation. 26

On March 10, MacDonald and Simon left for Geneva, via Paris, where they held preliminary discussions on the British draft convention with Daladier, now the French Premier, and his Foreign Minister, Joseph Paul-Boncour. The prospects for French support for Eden’s convention did not look good. Daladier and Paul-Boncour began these discussions by insisting that while France remained profoundly attached to peace, she had to consider the changes which had occurred over the course of the last few months in

24 Carlton, Anthony Eden, 37-38.
26 Ibid, 32-33; Peters, Anthony Eden, 35; DBFP 2nd Series Vol. IV, # 285. This decision was also prompted by the widespread conviction that in the very near future, Arthur Henderson, the President of the conference, was likely to present a set of proposals involving acceptance of sanctions against any party disregarding its commitments under a disarmament agreement, an idea that was viewed with a distinct lack of enthusiasm by most members of the British Cabinet.
Germany. The recent incorporation of the Stahlhelm and Nazi formations into the armed forces under the guise of auxiliary police, for example, meant that Germany now actually possessed more men under arms than France. This radically altered the position of France vis-à-vis the disarmament talks and meant that France would only proceed with the discussions on materiel (in which France still possessed considerable superiority) after the question of manpower was sufficiently settled. German behavior had also seriously alarmed the French government and public, with the result that French desires for adequate guarantees of security were if anything strengthened.\textsuperscript{27}

MacDonald responded to these concerns by admitting that in view of the latest German moves, perhaps it was not the time to attempt a major new initiative in Geneva. In London, the Cabinet concurred: it now looked as if Eden’s efforts would come to nothing. But once in Geneva, MacDonald changed his mind, overrode the Cabinet’s advice, and decided to present the draft convention to the conference. There is no question that the Prime Minister was influenced in part by Eden, who insisted that the failure to present the proposal would be tantamount to an admission of failure and would probably result in the collapse of the conference.\textsuperscript{28}

The British Draft Convention was presented to the conference on March 16, 1933, and as Eden notes in his memoirs, it marked a revolutionary departure from previous initiatives. For the first time, the conference was presented with a proposal complete in every detail, including actual figures for the men and aircraft that would be allotted each country, as well as limitations on mobile guns by caliber and tanks by weight. Germany was to be allowed a short term service army of 200,000 men, equal to that of the French

\textsuperscript{27} DBFP 2nd Series Vol. IV, # 290.

\textsuperscript{28} Avon, 33-34; We should also note here that once in Geneva, MacDonald received an invitation from Mussolini to go to Rome to engage in four-power conversations with Italy, France and Germany. It is possible to speculate, therefore, that his decision to launch the MacDonald Plan, may also have been influenced by a desire to keep the conference going pending the results of his conversations in Rome. The Rome Conversations resulted in the signing of the “Four Power Pact” in June 1933, a largely meaningless document that in Eden’s view did little more than distract the attention of the European Powers at a critical juncture in the Geneva Disarmament Talks. See Peters, Anthony Eden, 35-36 and Avon, 35-36.
army at home.\textsuperscript{29} and she could look forward to equality in arms within a period of five years. Supervision of the terms of the treaty was to be entrusted to a Permanent Disarmament Commission, which would shoulder the responsibility for ensuring compliance. The Plan also attempted to satisfy the German demand for equality by including a provision stipulating that the new convention should take the place of the disarmament obligations of the treaty of Versailles. At the same time, Part I of the plan, labeled “Security” sought to give France something of the additional guarantees she required. The British proposed that the Pact of Paris form the basis of the new agreement. Signatories of the Pact, which had been promoted by the U.S. Secretary of State, Frank Kellogg, in 1928, had agreed to consult one another in the event of an actual or threatened act of international aggression. They were also called upon to determine the means of preventing a threatened violation of the Pact or fixing responsibility for it if it occurred. This would ensure U.S. involvement in any consultation that would take place after an act of aggression and, at the very least, would offer France the potential of collective action (with American acquiescence though not necessarily involvement) should a violation take place.\textsuperscript{30}

The plan was indeed a patchwork of policies advocated at one time or another by the various delegations at Geneva and its initial reception was favourable. Within a week, in fact, the conference had decided to accept the draft convention as the basis for further discussion. It then adjourned for one month to enable each delegation to consider what amendments, if any, it wished to propose. Eden would later argue that the decision to adjourn so soon after the presentation of the draft convention was a grave mistake that

\textsuperscript{29} Here it should be noted that under this proposal, the French would be allotted 200,000 troops for metropolitan France and an additional 200,000 troops for service overseas, meaning that the French would possess an army twice the size of Germany’s if the overseas forces were counted.

\textsuperscript{30} It is important to note that the terms of the Pact of Paris did not commit the United States to do more than consult with the other powers involved. There was no commitment to collective action. Hence, Part I of the MacDonald Plan, which stated that “in the event of a violation or threatened violation of the Kellogg-Briand Pact” a conference must be held to decide what steps should be taken and to determine the responsibility for the breach, was carefully worded so as to leave open the extent of U.S. involvement. By calling on the participants to take “steps”, however, it was clear that more than mere consultation was expected and there is no question that Eden had designed this clause in the firm hope that the United States would not only take part in determining what action might be taken, but might also agree to act in the same capacity herself. See: Walters, League of Nations, 542-43; and Peters, Anthony Eden, 34.
deprived the conference of the momentum which accompanied the initial reading of the proposal.31

In the meantime, the Roosevelt Administration had assumed power in Washington. With the new administration came renewed hope in Europe that the United States would seek greater involvement in world affairs and would pursue policies which would bring her closer to formal cooperation with the League.32 Hull supported this idea, and over time, he hoped he would be able to educate the American public into accepting a greater role for the United States abroad. Hull was also a strong supporter of disarmament, not only for security reasons, but also because of his belief that large military expenditures would thwart the economic recovery of post-war Europe. Indeed, the economic aspects of disarmament were very important to both Roosevelt and Hull, since they each adhered to the notion that the depravity caused by policies of economic nationalism were another cause of war. These beliefs, coupled with Hull’s desire to open up the British and European markets to American trade via agreements reached at the forthcoming London Economic Conference, encouraged the new Administration to seek limited cooperation with the British and to look with favour upon Eden’s efforts to break the deadlock at Geneva.33 They also led Roosevelt, who was anxious to see the Disarmament Talks “get moving”, to indicate to Lindsay shortly after the announcement of the MacDonald Plan that he was “quite inclined” to support it. In April, therefore, expectations in London over the possibility of American backing for the initiative began to increase, with Eden in particular hoping that American support would make it possible for him to bridge the gap between France and Germany.34 But in spite of Roosevelt’s initial outward enthusiasm for the proposal, it soon became clear that both the President and Hull would pursue a much more cautious line. Hull may have sympathized with Eden’s ultimate objective, but he worried that the security provisions under Part I of the plan implied more than mere consultation. Indeed, the Secretary feared that to agree in advance to consult with the other powers to

31 Avon, 35.
32 Moffat Diary, March 17, 1933, Moffat Papers.
34 See Peters, Anthony Eden, 36-37.
determine which party to a dispute should be labeled the aggressor might in the end see the United States "not as an associate but as an actual member of the peace-enforcing machinery." This, Hull believed, was clearly unacceptable in the current U.S. political climate.\footnote{FRUS Vol. I. 1933, 66-67. Here we should note that the Democratic Platform of 1933 stated that Roosevelt and Hull had promised not to go beyond mere consultation in their commitments overseas.}

Hull's instructions to the U.S. delegation in Geneva reflected his caution. In the wake of the MacDonald Plan, Hugh Gibson, the chief U.S. negotiator, was informed that he should avoid making any commitments while the implications of Part I were studied in Washington. At the same time, however, Gibson was also instructed to make sure that the British did not feel as if the United States were "unsympathetic or working against them."\footnote{FRUS Vol. I. 1933, 66.}

Over the course of the next few weeks, the State Department and White House determined that while the United States could offer general support for Parts II to V of the draft convention, it could not agree to sign a treaty embracing Part I. On April 25, this message was given to MacDonald, who was visiting the President in Washington chiefly over economic matters. Instead, the President (with Hull’s concurrence) suggested that he issue a unilateral declaration to the effect that in the event of a breach of the Paris Pact, the United States would "undertake to refrain from any action tending to defeat the collective effort" which the League chose to take against an aggressor. Roosevelt also insisted, however, that he would issue such a declaration only under the following two conditions: if the European powers at Geneva concluded a genuine disarmament agreement; and if the American Government concurred with their judgment that the penalized party was guilty of aggression.\footnote{DBFP 2nd Series Vol. V. # 86; and Patrick J. Hearden, Roosevelt Confronts Hitler, (Dekalb, IL, 1987), 55-56.} In Hull's eyes the President’s offer represented a major change in American foreign policy, particularly with respect to traditional U.S. rights to trade with belligerent nations and to maintain the freedom of the seas. This meant in effect that if the other powers were to impose sanctions against a nation that they deemed an aggressor, the United States would do nothing to interfere with such sanctions, if she agreed with the
Eden, Hull and the Geneva Disarmament Conference

determination of the conference as to the guilty party.\(^{38}\) Ironically, the decision to follow such a policy came from the State Department conviction that one of the primary reasons that the British refused to offer France further pledges of security stemmed from the fear that to do so might complicate British relations with the United States, particularly in the matter of neutral rights. Hence, the shift in U.S. policy on trading with belligerent powers was an indirect attempt to encourage the British to adopt a more forward policy with respect to French security, while leaving the U.S. out of the equation.\(^{39}\) Hull also hoped that such a move would encourage subsequent British cooperation at the London Economic Conference, where as noted, the Secretary hoped to make major gains in opening up the world’s trading system.\(^{40}\)

In the isolationist climate of the 20s and 30s such a statement may have represented a significant advance on the part of the United States towards the maintenance of peace, but there is no question that it fell far short of the positive commitment sought by Eden. Indeed, from late April onwards, Eden grew more and more exasperated by American behavior in Geneva, where he frequently complained of a total lack of American support for his initiative. If anything, the position taken by the United States with respect to the security provisions of the MacDonald Plan indicated to Eden and to other members of the Foreign Office that the United States was still averse to any positive form of international commitment and might even go so far as to obstruct those sections of the disarmament convention that sought automatic obligations on the part of the signatory powers vis à vis collective action against an aggressor.\(^{41}\)

In the meantime, while MacDonald and Roosevelt were meeting in Washington, in Geneva the conference had reconvened to begin its first formal reading of the MacDonald Plan. A major obstacle emerged when the Germans began to demand a series of amendments to the draft that would permit Germany to acquire any type of weapon held by

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\(^{38}\) Hull, 227-28.  
\(^{39}\) Memorandum of Disarmament and Security, PSF, Box 130, Disarmament Conference. As Eden’s policy was based in part on the need to secure a greater U.S. commitment to France, this determination represented the very antithesis of what he hoped to achieve through American adherence to the MacDonald Plan.  
\(^{40}\) Jablon, Crossroads, 72.  
\(^{41}\) DBFP 2nd Series Vol. V, #’s 93 and 119; Peters, Anthony Eden, 37.
the other states under the convention. In short, Germany wanted the right to possess arms previously banned to her under the provisions of the Versailles Treaty. Germany also continued to insist that the other European states should disarm, and if they refused, that she should be allowed to rearm immediately. By mid-May, the situation regarding Germany had become so serious that there were fears that Hitler would now doom the conference by announcing his intention to rearm in a speech he was scheduled to give to the Reichstag on May 17. In an effort to prevent this, Hull and Norman Davis, the head of the U.S. delegation to Geneva, urged the President to do something to “take the wind out of Hitler’s sails.”

Roosevelt responded on May 16 by issuing a message to the Heads of State of each nation represented at Geneva, urging support for the MacDonald Plan and the elimination of all offensive weapons, while warning that if any nation should seek to obstruct these great efforts, “the Civilized World will know where the responsibility lies.”

It is not clear whether Roosevelt’s address had any effect on Hitler, but in his speech the following day, the Führer’s tone was moderate; and three days later Germany announced that she too would accept the British draft as the basis for a further disarmament convention. This did much to remove the tension which had been mounting in Geneva over the recent German demands. In this more relaxed milieu, Hull authorized Davis to issue a comprehensive statement on U.S. disarmament policy to the Geneva Conference. In this statement, which was issued on May 22, Davis reaffirmed U.S. support for the disarmament proposals in the MacDonald Plan, but there was no shift in the U.S. position on security. The Administration would adhere to the line intimated to MacDonald in his meetings with Roosevelt a month earlier. The U.S. would agree to consult, and would do nothing to interfere with sanctions imposed on an aggressor by the international community on the condition that she concurred with the judgment that the penalized party was guilty.

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44 Hall, Arms Control, 138; Walters, League of Nations, 546-7.
Publicly, both the British and the French welcomed Davis's declaration. But privately there was great disappointment, particularly over the fact that the U.S. would continue to hold itself aloof from the deliberations for determining the aggressor, would demand the right to form a wholly independent opinion and, even if it agreed as to the judgment of the guilty party, would intervene only in a negative sense. Taking together, the British concluded that the "security" offered by the United States was "inadequate to enable France to move very far from her present position," making Eden's task of finding a compromise between the French and the Germans all the more difficult, if not impossible.

With the American position established, the Foreign Office concluded that the probability of any agreed measure of disarmament being concluded at Geneva was extremely remote. Moreover, the conference once again faced the prospect of an impending deadline which threatened to cut off further discussions. The London Economic Conference was scheduled to open on June 12, and as most of the leading delegates to the talks in Geneva would be required to go to London for the proceedings, it seemed logical to adjourn the Disarmament Talks until the fall. Eden hoped that the Economic Conference might provide an opportunity for private discussions on disarmament between the various Heads of Governments involved, inducing each of them to make some sacrifice for the sake of an agreement. From June 10 onwards, in fact, Eden advocated direct discussions among the great powers as perhaps the best means to achieve an agreement. Even after the failure of the London Economic Conference (where there was no progress made on any economic or political front) he continued to press for further direct talks. As a result, the Cabinet decided that Arthur Henderson, a former British Foreign Secretary who had been appointed by the League to serve as President of the Geneva Disarmament Conference, should visit the European capitals over the course of the summer for further

47 Ibid. Throughout this process, Eden entertained great hopes that a stronger American commitment to the security of Europe might be all that was needed to convince the French that it was safe for them to pursue an arms agreement with Germany.
49 Eden Memorandum of Disarmament, June 15th, 1933, Cab. 27/509.
private conversations in the hope of eliminating some of the points of disagreement among
the Great Powers. 50

By September, however, Henderson had made no progress. Moreover, it was now
clear that should the up-coming October session of the Geneva Disarmament Talks fail.
Germany would proceed to rearm. The western powers thus faced a serious dilemma.
Germany’s moral right to rearm, if the other major powers would not disarm, had been
widely accepted in the period before the Nazis came to power. Hence, there was very little
chance that Britain and France would use force to maintain the disarmament section of
Versailles. Under these circumstances, any reasonable agreement seemed better than none,
for the alternative was uncontrolled German rearmament.51 In light of these stark choices.
the British and French decided to hold direct negotiations with American representatives in
Paris in a last attempt to reach an accord between these three powers. The three
Governments could then present the Germans with a unified proposal when the
Disarmament Conference reconvened in October.52 In approaching the Paris discussions.
both London and Washington determined that the key to a successful outcome lay not with
the Germans, but with the French. Paris must agree to disarm. Without French
disarmament, there could be no agreement; and without an agreement, there was no chance
of limiting the German armed forces. As for the French demand for security. Roosevelt
pushed the idea of “thorough and constant inspection” of German compliance with the
terms of the treaty under the authority of the Permanent Disarmament Commission as a
reasonable and viable alternative.53 But the French, alarmed at German behavior under
Hitler, were not satisfied with such proposals and now demanded important modifications
of the MacDonald Plan. They suggested that while maintaining the obligation to disarm,
and so to reach a state of eventual equality with Germany, the process by which this result

50 Record of Conversation between Eden and Henderson, July 24, 1933, Cab. 27/509; Avon,
43
51 Walters. League of Nations. 548.
52 Memorandum by Eden. July 24, 1933, Cab 27/509; Avon. 44; Roosevelt to Davis, August 22.
1933, Davis Papers. Box 51. correspondence with Franklin Roosevelt.
53 Roosevelt to Davis, August 30. 1933, Davis Papers Box 51. Correspondence with Roosevelt;
Memorandum of Conversations held at the Foreign Office, London. Sept. 6 & 14. 1933. Davis
Papers. Box 41.
was to be reached should be extended to eight years instead of five. Moreover, the French argued that it should be divided into two four-year stages. In the first stage, there should be no actual reduction and no increase in German armaments. At the same time, a Permanent Disarmament Commission (which was called for by the terms of Eden’s convention) should undertake its obligations to prove itself capable of investigating and controlling the arms existing in all signatory states, including Germany. If it was clear that Germany had adhered to the conditions of the first trial period, she would then gradually be allowed to acquire the same weapons as France in the second trial period.54

German acquiescence to a proposal that would put off her demand for equality for at least another eight years was extremely unlikely and, as such, both Eden and Hull did their best to modify the French position on the trial period. But they were unsuccessful, and after prolonged discussions, the substance of the French proposals was finally accepted by the British and American Governments. On October 14, when the conference re-opened in Geneva, they were placed before the conference by Simon, who still held out hope that they might be accepted as the basis for an agreement with Germany. Minutes later, however, a telegram arrived from Berlin announcing the German intention to withdraw from the conference. Later the same day, Hitler also announced Germany’s intention to leave the League.55 In Geneva, there was shock and anger over Hitler’s moves, although a number of delegates expressed the conviction that in spite of this setback the conference should carry on. But the German moves rendered further discussion an exercise in futility, and for all intents and purposes, the Geneva Disarmament Talks were dead.

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Germany’s withdrawal from the conference effectively ended any serious hope of European disarmament. The Conference itself limped along for another eight months, but all sense of purpose had departed from its subsequent proceedings and in June 1934.

"sham", as Eden now called it, finally came to an end. In the meantime, in the wake of the German withdrawal, Hull decided that the time had come for the U.S. to pull away from Europe. The flurry of diplomatic activity in late September between the British, French and American delegations in Geneva had created the strong impression among the American public that the three powers were acting in concert. Such a possibility was extremely unpopular with the average American, and shortly after the German withdrawal, there was a backlash against further U.S. cooperation with Europe in the isolationist press. There were also a number of high officials within the State Department who remained suspicious of London’s motives. They viewed the recent arms negotiations as an attempt by the British to drag the United States into commitments she did not need or want, and as a consequence, Hull was advised to remain on his guard. To a certain extent, Hull shared in these anxieties about the “duplicity” of British diplomacy, and this, coupled with the negative reaction in the press, led the Secretary to conclude that he had better issue a statement clarifying the American position on disarmament. On October 17, 1933, just three days after the German withdrawal, Hull issued a press release aimed at proclaiming the aloofness of the United States from European political matters. The statement insisted that while the United States would welcome any further progress on disarmament, it was now up to the Europeans to decide whether or not such progress was possible, since the U.S. had no wish to play any further active role in the proceedings. Moreover, in an effort to quell any speculation that the United States had been acting throughout the conference in concert with the British, Hull stated categorically that the United States was in no way

56 Avon, 47. It should be noted that in February 1934, Eden undertook a mission to Paris, Berlin and Rome in a last desperate effort to try and get Germany to return to the conference, but his efforts were to no avail. It was during the course of this visit that Eden met Hitler for the first time, whom he found surprisingly charming. Eden also learned at this point that the Germans were determined to build an army of 300,000 men as well as an air force roughly 30% of the size of the combined strength of her neighbours. (Peters, Anthony Eden, 44-48).

57 Moffat Diary, Oct. 14, 15, & 16, 1933, in Nancy H. Hooker ed., The Moffat Papers, Selections from the Diplomatic Journals of Jay Pierrpoint Moffat 1919-1943 (Cambridge Mass., 1956). Here we should note that Secretary Hull himself contributed to this controversy by alluding to Hitler’s action as a “break-up of our team play,” a comment which was immediately interpreted by the isolationist press in the United States as proof that the U.S. was working in close collaboration with the British.

58 Moffat Diary, Oct. 16, 1933; Moffat Papers; Phillips Diary, October 16, 1933, Phillips Papers.
politically aligned with any European power and had no desire to become so in the future.\textsuperscript{59}

All of this represented a further blow to Anglo-American relations. The Geneva Conference had been an important medium of cooperation between the British and American Governments, especially at a time when economic relations between the two states had been deteriorating. The collapse of the conference and the American decision to withdraw from further direct participation meant that even limited cooperation would no longer be possible. Tied to Whitehall's disappointment over the failure of the London Economic Conference, as well as the disappointment over the U.S. response to the security provisions contained in the MacDonald Plan, Hull's statement led most British policy-makers to conclude that the Americans were reverting to a policy of strict isolationism. It would be best to count on little or nothing from the United States in the event of a crisis. To a large extent such an assessment was correct. This was a great disappointment to Eden, who from the outset of his involvement in the Geneva talks had hoped that a clear American commitment to the maintenance of European peace might make the French more inclined to accept some measure of German rearmament, and hence, render the possibility of a settlement much more likely. It was also a disappointment to Hull, who, after having led the fight within the new Administration for greater U.S. involvement overseas, had felt compelled by American isolationist sentiment to draw away from active participation in the effort to solve the issue of European security.

The year 1933, then, had not brought with it a new era of cooperation between London and Washington. On the contrary, the collapse of both the London and Geneva Conferences left a legacy of bitterness in both capitals which would have a profound effect on the relations between the two countries in the years to come. Perhaps the sentiments of Vansittart expressed at the close of the year over what to expect in the future from Anglo-American relations were correct. "We should expect nothing to come from the transatlantic relationship for the next five years", he penned; for as far as he could see, relations with the United States were "as good as that unreliable country will or can allow them to be."\textsuperscript{60}

\textsuperscript{60} Minute by Vansittart, Dec. 15, 1933, FO371/16612.
2. Recourse to Recriminations, 1933-1934

2a) The Leith-Ross Talks and the War Debts

As the year 1934 approached, both Eden and Hull continued to be frustrated by the lack of Anglo-American cooperation at the London and Geneva conferences and the inability of the two sides to settle the major outstanding political, economic and security issues which stood in the way of better relations. Eden, for example, found the American decision to pull away from direct participation in the discussions on European disarmament deeply disturbing. He also regarded the stated American position on security -- that "the policy of the United States is to keep out of war, but to help in every way to discourage and prevent war" -- as little more than a contradiction in terms which would do nothing to deter Hitler or the Japanese.1 By February 1934, in fact, Eden had come to the conclusion that there was little or no chance that the Geneva Disarmament Talks would produce a lasting settlement and he placed much of the blame for this squarely on American shoulders.2 Hull was also discouraged by the lack of progress in Anglo-American relations. In his memoirs, Hull attributes much of this to the acrimony generated by the collapse of the two conferences, which, he notes, rekindled latent American suspicions about British duplicity. It was widely assumed in Washington, for example, that both Chamberlain and MacDonald harbored anti-American sentiments.3 At the same time, Hull did not care for either Simon, who was suspected of being pro-Japanese, or Lindsay, who tended to confine his contacts with Americans to a "restricted set of the highest society, most of whom opposed the Roosevelt Administration."4 Nevertheless, both Eden and Hull still held out hope that the new year would produce better relations. Yet as subsequent events will show, they would be sadly disappointed.

The first issue which had to be resolved in order to place transatlantic relations on a better footing was of course the war debts. As noted earlier, the decision to reopen the

1 Avon, 92.
2 Eden to Simon, February 18, 1934, Simon Papers, FO/800.
3 Hull, 379.
discussions on the war debts in the fall of 1933 came in June of the same year, when it was decided to suspend these negotiations pending the outcome of the World Economic Conference. The renewed discussions were set to begin on October 5. But even before Leith-Ross set foot on American soil expectations about the likelihood of the two sides reaching an agreement started to fall. According to a report issued by the British Embassy in Washington at the end of September, Roosevelt continued to be preoccupied with U.S. domestic politics and the need to produce firm evidence of economic recovery before Congress reassembled in January 1934. Moreover, the rise in commodity prices which had coincided with the London Conference had ended. As a result, the President faced renewed discontent in the agricultural community. This meant that pursuing policies which would encourage inflation remained a political necessity for the President. Thus, the possibility of a satisfactory outcome from the Leith-Ross talks seemed unlikely at best. To make matters worse, both the Congress and the public continued to oppose any radical revision of the war debts, and viewed the British desire for cancellation as little more than a bold attempt to transfer a just European debt onto the shoulders of the American taxpayer. Given the President’s keen political instincts, and his fixation on domestic economic matters, it hardly seems surprising that just days before these discussions were to begin one senior British official concluded that it would require “enormous courage” on the part of the President to take the initiative in this matter.5

In London, meanwhile, Whitehall’s attitude towards the war debts issue was perhaps best reflected in the views of Sir Warren Fisher. Permanent Secretary to the Treasury. Fisher regarded American policy on the debt as “shamelessly immoral” and, like many of his colleagues, he favoured the immediate cancellation, or, at the very least, a radical reduction in Britain’s obligations. Chamberlain supported this view.6 Leith-Ross was therefore advised first to seek the outright cancellation of the debt, and, if this was not possible, a settlement based on far more reasonable terms. One such scheme was the so-

6 McCulloch, Economic Diplomacy, 92.
called Warburg Plan, which had been first proposed in May by American Financier, James Warburg. Warburg placed the total British war debt, excluding interest, at a figure of roughly 2.2 Billion dollars. On this basis, the British Treasury calculated annual payments of approximately twenty million dollars, a figure which reflected what Great Britain herself could reasonably hope to collect from French and Dominion war debts.

On October 4, Leith-Ross arrived in Washington where, after a brief meeting with Hull (who would not become directly involved in the debt negotiations), he went on to meet Dean Acheson, the Under-Secretary to the American Treasury and the chief American negotiator for the war debts discussions. From their preliminary conversations it became clear to Leith-Ross that Acheson was not in sympathy with Roosevelt's inflationary policies, that he was much more sympathetic to the British position on the war debts, and, as such, more inclined to be flexible. After it became clear that the cancellation of the debt was not possible, Leith-Ross put forward two proposals for a possible settlement. The first, based on the Warburg Plan, envisaged the scaling down of the original debt by eliminating all interest and by reducing the principal owed by applying the interest paid thus far against it. The balance due would then be repaid by an accumulating sinking fund, or trustee account, which would be established in the United States with British capital. This fund would receive annual British contributions which would in turn be invested in U.S. Government bonds at a rate of 3 1/2%. The fund would continue to accrue interest until (roughly fifty years later) the nominal value of the government bonds held in the account equaled the amount of the debts. The second scheme involved repayment by equal annuities over a fifty year period, with the original debt being drastically reduced by the deduction of the value of munitions expended by the British during the war, leaving a balance due of roughly 724 million dollars. In both schemes the British called for a three year moratorium on all payments and, in addition, insisted that the rates of interest must not exceed those extended to any other principal debtor power. Acheson clearly hoped a

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7 Memorandum of conversation between Hull, Lindsay and Leith-Ross, October 4, 1933. Hull Papers, Box 29.
8 Leith-Ross, Money Talks, 175.
9 Memorandum on British Debt Policy, Lindsay to Wellesley, October 12, 1933, DBFP 2nd Series Vol. V., #590.
permanent settlement might be achieved and indicated that he himself was not opposed to the idea that the debt might be scaled down by the deduction of the value of munitions or that the British should receive equal treatment in terms of interest rates. He was also optimistic that the President might be persuaded to accept the Warburg Plan and agreed to meet with Roosevelt as soon as possible to convey the British proposals to him.  

Five days later, Acheson reported the text of the British proposals to the U.S. Cabinet and urged his colleagues to accept a settlement based on either scheme. Hull supported him, but in the process the Secretary indicated that he favoured the idea of using the difficulties over the debt as a "club" to force the British to give the U.S. some reasonable trade concessions. Much to Acheson's annoyance, Hull's tirade against British trade practices had the opposite effect of the one intended and seemed if anything to harden the positions of his colleagues on the debts issue. It soon became clear that the President would reject both British schemes. The Warburg Plan, he indicated, was unacceptable because it required America to remit the interest due to her but to pay interest on what she received. The American public would view this as a fraud. Moreover, the President might agree to cancel the interest on the debt and apply all back payments against it, but he could not accept any remission of capital and therefore could not accept the proposed deduction of the value of munitions. Indeed, it would be useless to ask Congress to accept either proposal. Great Britain had always been a hard bargainer, and at this stage he suggested it would be far better to hold out for much more favorable terms. Acheson should therefore remain firm with the British and indicate that the utmost the President could do was to reduce the capital debt to 2.26 billion dollars and to spread the payments due in equal annuities over fifty years. This would mean provision of payments of approximately 40 million dollars annually, an amount which the President said it would be nonsense to say the British could not pay.

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10 Leith-Ross, Money Talks, 173-75.
11 Ickes Diary, October 12, 1933, and DBFP 2nd Series Vol. V., # 592.
12 Lindsay to Simon, October 17, 1933, DBFP 2nd Series Vol., V., # 592.
13 Ibid, and Ickes Diary, October 13, 1933. Ickes Diary, October 12, 1933, and DBFP 2nd Series Vol. V., # 592.
Acheson presented Leith-Ross with the President's views on October 17. Leith-Ross was greatly disappointed, noting that Roosevelt did not seem to realize the efforts the British Government had made or the "evil effects" of payment. Leith-Ross also noted that it seemed unfair that the President should dismiss the Warburg Plan, an American proposal, so lightly. It was now clear that the basic difference between the two sides was that the British Government would not consider a settlement higher than $20 million dollars per year, while Roosevelt insisted on twice that amount. For the remainder of October the two sides continued to talk, but no further progress was forthcoming and by the end of the month it was clear that a stalemate had been reached.

In the meantime, Roosevelt continued to pursue his inflationary policies. On October 22, the White House announced a new plan to raise commodity prices based on the theories of Professor George Warren. Warren's plans involved the purchase of gold on the open market in an effort to raise its value. Such a policy, Warren insisted, would have the secondary effect of raising the price of commodities, a key element in Roosevelt's domestic recovery policy. Leith-Ross dismissed this idea as naive "madness," and noted that the President's behavior on gold had created a great deal of confusion which made further negotiations on the war debt more difficult. By November, Leith-Ross concluded that the President was not really interested in a permanent settlement and he therefore recommended that the British Cabinet seek a temporary solution and meet to consider making another token payment along the lines of what had been done the previous June. On November 2, the Cabinet reluctantly agreed. Shortly thereafter, the President decided to accept a British token payment of 7 1/2 million dollars, rather than the 10 million as had

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14 Lindsay to Simon Oct. 17, 1933, Ibid.
15 Lindsay to Simon, Oct. 18, 1933, DBFP 2nd Series Vol. V., #593.
16 Memorandum of Conversation between Hull, Lindsay and Leith-Ross, October 27, 1933, Hull Papers.
17 McCulloch, Economic Diplomacy, 95 and Schlesinger, New Deal, 238.
18 Leith-Ross, Money Talks, 176.
19 Cab 23777, 59(33)6, Nov. 2, 1933.
2a) The Leith-Ross Talks and the War Debts

been paid the previous June. He also accepted the proposal for an exchange of notes between Lindsay and Hull which would serve to cover the failure of the two governments to come to an agreement. On November 6 this exchange took place as planned. The British once again indicated that the token payment was made "in acknowledgement of the debt pending a final settlement." while at the same time stating that HMG were "greatly disappointed that it has not been possible during the recent negotiations to reach an agreement for a final settlement." The following day, Roosevelt issued his own declaration on the debts. The President too had his regrets, but he insisted that the talks had been worthwhile if only to make clear "the great difficulty, if not impossibility of reaching sound conclusions" on the debts "in the face of the unprecedented state of world economic and financial conditions." The talks therefore would be adjourned until such time as the world economic situation improved. In the meantime, the British had agreed to make a further token payment as tangible acknowledgement of their responsibilities. In light of this, the President had no hesitation in saying, as he had the previous June, that he did not regard the British Government as in default.

Following the President’s declaration, Leith-Ross returned to London to report to the Cabinet on his discussions and to give his views of the political and economic situation in the United States. In his report, Leith-Ross remained very pessimistic that a settlement of the debt question could be reached in the near future. The best that HMG could do was to continue token payments for some time in the hope that American opinion would eventually become accustomed to payment on this scale. The President himself seemed an astute politician, but his abilities in financial and economic matters were "somewhat limited." Leith-Ross also characterized Roosevelt as a "bad judge of advisers," who tended to treat criticism as disloyalty. All in all the President seemed to have "no settled convictions" and

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20 In the same conversation, Roosevelt also informed Leith-Ross that he was becoming annoyed by implications in the British Press that a war debt settlement was up to him and, in an interview with Leith-Ross, he insisted that such reports were incorrect and could only serve to embarrass him with Congress. Leith-Ross to Fisher, Nov. 1, 1933, DBFP 2nd Series Vol. V., # 598.

21 Ibid.

22 Memorandum of Conversation between Hull and Lindsay, Nov. 6, 1933, Hull papers, Box 29.

23 Statement by Roosevelt on the British War Debt, Nov. 7, 1933, Nixon, FDR and Foreign Affairs, Vol. I.
often handled serious issues with surprising levity. He had treated Leith-Ross with a good deal of respect, and did not seem unfriendly to Great Britain, but was perhaps solely interested in domestic U.S. politics. 24

In London such views were hardly likely to encourage confidence for further Anglo-American cooperation. Indeed, British policy at this point seemed to be moving in the opposite direction. The tariff truce agreed to before the World Economic Conference, and valued so highly by Hull, was one of the first victims of this shift. It could no longer be justified in the eyes of British public opinion and in Runciman’s view should be canceled forthwith. The Cabinet agreed. Moreover, the Treasury, which like Leith-Ross, had been highly critical of the Roosevelt’s financial policies, continued to refuse to discuss stabilization with the Americans even though this subject had been broached in Washington during the course of the Leith-Ross negotiations. 25 Nor was the Board of Trade likely to seek further economic or political ties with Washington. Even the Foreign Office was becoming alarmed at the general tone of the new administration, which it was feared might be no better in its approach to relations with London than the previous one. These fears were heighten by the resignation of Dean Acheson from the U.S. Treasury following the collapse of the Leith-Ross discussions. The Foreign Office regarded Acheson as pro-British and there was disappointment over his decision to resign. Acheson had also given Lindsay a startling report on the atmosphere of the White House, which in the former’s view, was steeped in “almost unbelievable irresponsibility,” especially over financial matters. Moreover, Acheson described Roosevelt’s entourage as being animated mainly by hatreds, particularly of France and Wall Street. But Great Britain too had come in for its share of criticism. The chief Anglo-phobes were William Bullitt, who had just been appointed Ambassador to Russia, and Louis Howe, both of whom were relentless in their efforts to instill mistrust of HMG in the President. 26 Acheson was of course a conservative in financial matters, and therefore hardly likely to concur with the President’s current

24 Cab 23/77, 56(31)1, Nov. 29, 1933.
25 McCulloch, Economic Diplomacy, 98.
26 Lindsay to Simon, Nov. 15, 1933 FO371/1660.
inflationary policies. But this did not seem to lessen the impact of his observations, which aroused a good deal of concern at the Foreign Office.  

Overall, though, Whitehall still clung to the hope that relations with Washington might improve, particularly as the war debts issue no longer seemed so much of a problem. The expedient of token payments appeared to have been accepted. Indeed, according to Lindsay, the issuance of the recent partial payment had occasioned little comment in the American press. Perhaps the deadlock which had been reached during the course of the Leith-Ross discussions had been a blessing, for the token payment of 1.5 million dollars per year seemed a comfortable *via medias* between the demands of Congress and the ignominy of default. How long this situation could hold, Lindsay refused to speculate, but he hardly expected any change to be forthcoming from his side of the Atlantic, unless the "dynamic personality of the President produces some surprises." In the meantime, there seemed little else HMG could do except await further developments, and hope that the future would produce a Congress more amenable to British concerns.  

27 Ibid.

28 Lindsay to Simon. Dec. 27, 1933. DBFP 2nd Series Vol. V. #603.
2b) The Johnson Act.

The hopes of HMG that the war debts issue would somehow be settled were soon to receive a serious blow. for on January 11, 1934, Senator Hiram Johnson of California, an arch isolationist, introduced a Bill in the U.S. Senate aimed at prohibiting private American loans to foreign governments in whole or partial default of their debts to the United States. Under the terms of this legislation, no distinction was made between those governments (such as the French Government), which had failed to make any payments on their war debts since the lifting of the Hoover moratorium in 1931, and those governments (such as the British Government), which had tried to avoid the stigma of default by making partial or token payments. London considered this a grave insult, particularly as the President, on two previous occasions, had issued a statement expressing the opinion that he did not regard the British as being in default.

This contradiction between the attempts by the White House to reach a negotiated settlement of the debt question, and the clear desire of the isolationists in Congress to force the Administration into accepting nothing less than full repayment, embarrassed both Roosevelt and Hull. But Johnson's efforts had received a good deal of popular support and, as a consequence, neither figure had had much to say on the subject in public. In private, however, both men sought an amendment to the legislation which would have granted Roosevelt the discretionary authority he needed to determine when there was a default, and hence when the Bill should go into effect. This would have allowed the President to exempt Great Britain from its terms, and rendered the possibility for further negotiations on the question of the war debts much more likely. Hull was also alarmed at the effects the legislation would have on the countries of South America, most of whom were in default to private bondholders in the United States. Hull had great hopes of

1 For a further discussion of Johnson and his views on the war debts see Cole, Roosevelt and the Isolationists, Chapter 7.
2 As noted above, following the token payments of June and December 15, 1933, the President issued a statement affirming that he did not regard the British Government in default of their obligation. See supra, pp.27 & 69.
improving trade relations with South America. He wanted the language of the Bill altered to include only those governments which had defaulted on debts owed directly to the United States Government. Hull also wanted the legislation to permit the newly established Export-Import Bank to offer credits to the Soviet Union.

Johnson yielded to the Administration over the latter two concerns, but he refused to grant Roosevelt the discretionary power he wanted. He also refused to make any distinction between those countries which had made partial payments on their debts, such as Great Britain, and those which had clearly defaulted and had paid nothing. Roosevelt, not wanting a confrontation with the Congress over an issue that still inflamed the hearts of many Americans, chose not to object to Johnson's demands. On February 2, 1934, the Bill passed the Senate in its amended form, without dissent.

Lindsay was incensed at this, and on February 5, before the Bill moved on to the House of Representatives, he called on Hull to register his objections and to see if he could convince Hull to moderate its terms. Britain, he insisted, had gone to great lengths to keep the question of the debts open and to seek a negotiated settlement. If all these efforts were to be ignored, and HMG were to be "dubbed by Congress as defaulters just as if those efforts had never been made, the utmost resentment would be aroused in Great Britain." He was sure, in fact, that the end result would be default. Hull tried to avoid the issue by noting that there was some doubt as to whether the Bill applied to the war debts. But Lindsay scoffed at such a suggestion and insisted that "to the ordinary man" the language of the Bill indicated plainly that the Bill was intended to cover war debts. Alarmed at the vehemence of Lindsay's protests, Hull agreed to ask the Foreign Affairs Committee of the House to suspend any immediate action on the Bill so as to give the Secretary time to confer with the President on the matter.

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4 Cole. Roosevelt and the Isolationists, 91.
5 Lindsay to Simon. February 5, 1933, DBFP 2nd Series Vol. VI., #566.
6 Memorandum of Conversation between Hull and Lindsay, Feb. 5th. 1933. Hull Papers. Box 29.
7 Lindsay to Simon. February 5, 1933, DBFP 2nd Series Vol. VI., #566.
8 Ibid.
Following this interview, Hull went to see Roosevelt. Here he informed the President of the likelihood that the British would refuse all further payments in the event that Johnson’s legislation should become law. Arguing that this would solve nothing, and that it would be a further blow to Anglo-American relations, Hull suggested that the Administration offer the debtor governments a three year moratorium on all capital payments. In return each government would be expected to meet its interest payments by issuing to the U.S. Government short term negotiable bonds. This would allow time for a business recovery, which, in the long run, might make it possible for the debtors to meet their entire obligations. But Roosevelt was not interested in Hull’s ideas. The debts question was simply too politically charged for him to suggest such a plan to Congress. Moreover, as Lindsay later noted, the passage of the Johnson Bill offered him the opportunity to relieve himself of the responsibility of carrying single-handed the whole burden of the debt situation. It was far easier, and safer politically, to do nothing. One could always lay the blame for any consequences on the Congress.

In the meantime, London kept up its protests. At the Foreign Office it was generally held that the U.S. had placed itself “definitely in the wrong” by pursuing this legislation, and would place itself further in the wrong if it allowed the Bill to become law. As such, Lindsay was informed that any further approach by the U.S. Government on the Johnson Bill should be met with the line that “substantial damage” has already been done by the passage of the legislation in the Senate. Washington was also to be informed that the British were not prepared to continue interim payments on the debts if HMG was to be labeled a defaulter and that “we are quite indifferent” over the prospect that British Government securities will be made illegal after the passage of this legislation as there is “no prospect of our desiring to raise new loans in the United States.”

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9 Memorandum by Hull, March 5, 1934. Hull Papers, Box 29.
10 Hull, 382.
11 Lindsay to Simon, April 24, 1934. FO 371/17568.
12 Simon to Lindsay, February 7th, 1933. DBFP 2nd Series Vol., VI., # 567.
13 Ibid.
Roosevelt, however, remained unmoved. On April 4, the House of Representatives passed the legislation, and ten days later, the President signed it into law. Lindsay, as expected, was furious. But he still counseled his Government against default as the existence of an unsettled debt would, in his words, "always be a source of mischief in Anglo-American relations." It would be worthwhile, therefore, to meet the next payment pending the arrival of a time when both governments would be able to consider a war debt settlement "in a realistic spirit." To default now would be to risk further "bad blood" between the United States and Britain, and this, he concluded, would be inadvisable, especially at a time when HMG was faced with growing difficulties in the international arena. Lindsay's views received some sympathy at the Foreign Office. Eden, for example, who had taken very little part in the debate over the debts issue, concurred with the notion that it would be worthwhile to make one final effort at a settlement. But in general the passage of the Johnson Act had rendered a shift in attitude in London. The consensus now was that HMG had little choice but to cancel outright all further payments. Indeed, the token payments that had been made in the past were issued to Washington only on receipt of the President's personal assurance that he did not regard the British Government in default. The Johnson Act made a mockery of these arrangements, and would make it impossible for the President to issue any similar statement in the future. There was no point, therefore, in making any more partial payments, especially as the British public would not support the idea. On April 30, these views were cabled to Lindsay in Washington. There would be no more payments, and as to Lindsay's fears about the deterioration in relations which might stem from this decision, there was little that HMG could do. In any case, "such trouble as there may be is forced upon us by [the] impotence of the President and the obstinacy of Congress."

In spite of the clear stand now taken in London against further payment, Lindsay continued to try to persuade both the White House and Whitehall to come to some sort of

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14 Phillips to Moore, Mar. 21, 1934. Moore Papers, Box 8. FDR Library.
15 Lindsay to Simon. April 24, 1934. DBFP. 2nd Series Vol. VI. # 575.
16 Eden minute. April 27, 1934. FO371/17658.
17 Simon to Lindsay, April 30, 1934. FO371 17568.
The Johnson Act

arrangement. In mid-May, he spoke along these lines to the President. But Roosevelt, after expressing his desire for friendly relations with the British, refused to consider further talks. Instead, he suggested that HMG make another token payment, without any exchange of notes. This, he insisted, would make a very great impression on U.S. public opinion.

Lindsay passed this suggestion on to London. But it had little effect either at the Foreign Office, the Treasury, or the Board of Trade. The decision to default was now irrevocable, and at the end of the month Chamberlain prepared a memorandum which would be presented to the United States on the date the next installment came due.18

In the meantime, the President himself decided that the time had come for him to address the issue in Congress.19 On June 1, the President reiterated that the war debts had no relation whatsoever to reparations payments and that each debtor country was free to discuss the matter with the United States at any time. He then reminded the Allies of the "sacredness" of their obligations, noting that the final power on America's war debts policies lay with the Congress, which, he promised, would be kept informed of any new developments.20 Following this address, the American Treasury presented HMG with a bill for 262 million dollars, the total amount due for the two installments required in 1933, and the first in 1934.

On June 12, the British Government responded to the American Treasury's request by presenting the State Department with the note previously prepared by Chamberlain. Here, the latter noted that "recent legislation" in the United States had rendered token payments no longer possible, leaving HMG no choice but to suspend further payment pending the final revision of the debt settlement. "Deeply as they regret the circumstances which have forced them to take such a decision," the note went on. "HMG feel that they could not assume the responsibility of adopting a course which would revive the whole system of inter-governmental debt payments. This would "recreate the conditions which existed prior to the world crisis and were in large measure responsible for it." It would also "throw a bombshell into the European arena", and render further world wide economic

18 Simon to Lindsay, May 30, 1934, DBFP 2nd Series Vol., VI, # 594.
19 It should be noted here that the President had promised to speak to Congress on the issue during his State of the Union Address of January, 1934.
20 Cole, Roosevelt and the Isolationists, 93-94.
The Johnson Act

recovery impossible. Thus, the die was cast in favour of default and despite the British offer to discuss a final settlement, no further payments or discussions ever took place.

21 Simon to Lindsay, May 30, 1934, DBFP 2nd Series Vol., VI, # 594.
2c) **Naval Talks, the Amau Statement, and Renewed Troubles in the Far East**

By May of 1934, it seemed clear to many officials in London that the prospects for a significant improvement in Anglo-American relations under the Roosevelt Administration were a chimera hardly worth pursuing. Indeed, the passage of the Johnson Act seemed to many British statesmen little more than a “deliberate slap [in the face] by the Administration to Great Britain,” all of which created a great deal of hostility towards American economic policy in Parliament, the Treasury, and elsewhere in the Government.¹ Both Eden and Hull were disturbed by this, and from time to time each of them would attempt to ameliorate this unfortunate situation by publicly calling for better relations.² But for the most part, these efforts were in vain, for the difficulties over economic issues, coupled with the frustration over American behavior at the Geneva Disarmament Talks, left a legacy of bitterness which would soon begin to manifest itself in areas outside the realm of Anglo-American economic relations. Nowhere was this more apparent than in the preparatory negotiations leading to the 1936 London Naval Conference. Here the suspicion, frustration, and mistrust which characterized the attitudes of a good many officials on both sides of the Atlantic came very close to bringing about an open breach between London and Washington at the very time when there were ominous signs of trouble brewing in Europe and the Far East.

The London Naval Conference of 1936 was part of a series of conferences on Naval disarmament held in the inter-war years. The first, and most important, was the Washington Conference held in 1922-23.³ This conference established a ratio for capital ship tonnage for Great Britain, the United States, Japan, France and Italy set at 5-5-3-1.75-

¹ Davis to Roosevelt, Nov. 9, 1934, PSF Box 142, London Naval Conference.
² In the Spring of 1934, for example, Eden stressed the importance of good relations with Washington in a debate in the House of Commons. (Avon, 87).
The naval treaty was to last ten years, following which it would remain in force subject to the right of any of the contracting parties to termination upon two years notice. Complementing the treaty on naval disarmament were two other agreements: the Four Power Pact and the Nine Power Treaty, which were signed in Washington at the same time. The Four Power Pact guaranteed the insular rights of Great Britain, the United States, France and Japan in the Pacific region, and called on the signatory powers to consult in the event that their rights should be threatened. As a corollary to the Four Power Treaty, the Anglo-Japanese Alliance, which had long been opposed by the United States, came to an end. The Nine Power Treaty was designed to reduce great power competition in China by guaranteeing her territorial and administrative independence and by reiterating the principle of the "Open Door." In total, then, the Washington Conference resulted in the establishment of an elaborate system of security which was designed to reduce tensions and maintain the peace in the Far East.4

There were, however, some questions which the Washington Naval Treaty failed to address. The agreements on Naval limitation, for example, covered only ships over ten thousand tons and did not include any limitations on cruisers, destroyers and submarines. In 1927, U.S. President Coolidge, interested in controlling both armaments and budgets, sought to correct this oversight by inviting the world's major sea powers to convene once again, this time to discuss limitations on smaller vessels. These talks opened in Geneva in June 1927, but they failed, largely because of bitter Anglo-American disagreements over the size and number of cruisers allotted to each power. Here the Americans, worried about the potential Japanese threat to American interests in Asia, demanded twenty-five large cruisers, while the British, seeking to protect their overseas commerce and sprawling empire, demanded seventy smaller ones. Unable to agree, the conference broke up amid mutual recriminations less than three months after it had opened. Indeed, so intense was the hostility generated by this failure that it would take three years before the issue could be

settled satisfactorily to both powers.5 This came in January 1930, where at a new conference convened in London, the Great Powers agreed to apply the ratio established in 1922 for British, American and Japanese capital ships to cruisers as well. Additional restrictions were also placed on destroyers, submarines and aircraft carriers.6 The London Conference also decided that a further conference on naval disarmament would be held in 1935, to frame a new treaty prior to the termination of the 1930 London agreement, which was set to expire on December 31, 1936. Thus, the preparations for the London Naval Conference of 1936 differed from the previous naval discussions in that the date and the agenda of the impending conference were fixed by treaty, so that governmental attention was focused upon the conference long in advance. Indeed, the opening of preliminary negotiations in preparation for the 1936 Conference were scheduled to begin in October 1934.7

The American position with respect to the up-coming talks reflected the two-fold desire on the part of the Roosevelt Administration for disarmament and the maintenance of American superiority over the Japanese fleet. As such, both Roosevelt and Hull sought a simple platform based on the continuation of the ratio system with a possible reduction in over all tonnages of between a quarter and a fifth. Failing a reduction, the two men preferred the maintenance of the status quo and were flatly opposed to any increase in naval strength, particularly on the part of the Japanese. Indeed, this issue became all the more critical early in 1934 when the Administration learned that Japan had achieved approximate parity with the U.S. Navy simply by virtue of the fact that the Japanese had built up to their treaty limits, while the Americans had not. Roosevelt, in an effort to restore American superiority, obtained Congressional approval for a major new building program in January 1934 which would raise the U.S. Navy to treaty strength. This had involved considerable effort on the part of Hull and others within the Administration and if anything it made both

6 Dimbleby and Reynolds, An Ocean Apart, 92.
7 Hall, Arms Control, 143.
the President and the Secretary all the more determined to hold Japan to current treaty levels in the up-coming negotiations.8

While the United States was formulating a policy based on maintaining its own superiority over Japan, opinion in Tokyo was running in exactly the opposite direction. Indeed, by 1934 it was clear that the Japanese Government was becoming increasingly dominated by militarists who were opposed to the restrictions imposed on Japan under the Washington system and sought equal status for her among the world’s Great Powers. As such, it was widely anticipated that Japan, like Germany in Geneva, would demand “equality of armaments” in the up-coming naval conference and would settle for nothing less than either parity with the United States and Britain, or should this not be possible, an end to the treaty system.9

The British position with respect to the up-coming naval talks was rendered all the more complicated by the new strategic and political realities that Great Britain faced both in Europe and in Asia. Here, the deterioration of the situation in the Far East, which came as a result of the Manchurian Crisis of 1931-33, coupled with the final collapse of the Geneva Disarmament Talks in June, led to widespread fears that Britain might one day find herself confronted with a two front war in opposite corners of the world for which she was ill prepared.10 These fears were heightened by the release of the so called “Amau Statement” in April 1934. This declaration was issued by the Japanese in response to a League sponsored effort to assist China with her national reconstruction following the close of her hostilities with Japan over Manchuria. The international community hoped that such assistance would not only result in an improvement in the Chinese economy, but would also serve to render further Japanese aggression in China much more difficult. This effort was extremely unpopular in Japan and in response to it Ejii Amau, a spokesman for the Japanese Foreign Office, issued a declaration stating Japan’s special responsibilities in Asia

9 Borg, Far Eastern Crisis, 102; Hall Arms Control, 144-45.
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and her strong opposition to international technical or financial assistance to China. Amau also indicated that Japan, if necessary, would act alone to protect these "special responsibilities," a move which most observers interpreted as a veiled threat of renewed Japanese aggression in China should the West seek greater involvement in Chinese internal affairs.11

In Washington, the Amau statement brought widespread consternation and four days after its release Hull issued a statement condemning the Japanese move.12 The British also issued a note denouncing the declaration, but behind the scenes the reaction in London was quite different. Here, in fact, Neville Chamberlain, Sir Warren Fisher, and other influential members of the Government, began to advocate detente with Japan as a means of eliminating the strategic threat posed by Tokyo to British interests in Asia.13 This shift in approach towards the Japanese stemmed from a number of factors. In the first place, the deterioration of the situation both in Europe and in Asia had led to serious concerns in Whitehall about the possibility of Britain facing a two-front war against Germany and Japan. By late 1933, these concerns were serious enough to lead to the establishment of a special committee called the Defence Requirements Committee (DRC), which was set up by the Committee of Imperial Defence (CID) to examine the worst deficiencies in Britain's existing defence structure and to make recommendations as to how to redress them. The DRC was comprised of the three Chiefs of Staff, the permanent heads of the Foreign Office and the Treasury, (Vansittart and Fisher respectively) and the Cabinet Secretary, Sir Maurice Hankey, who acted as Chairman.14 The establishment of the DRC marked a significant turning point in British defence policy, for the deliberations of the Committee would spark an intense debate within the British Government as to how to meet the

11 Borg, Far Eastern Crisis, 57-80. For a further examination of the Amau Crisis see Borg, Far Eastern Crisis, Chapter II.
13 For a closer examination of this policy, especially from the British and Japanese perspectives see: Ann Trotter, 'Tentative Steps for an Anglo-Japanese Rapprochement in 1934', in Modern Asian Studies, 8 (1/1974), 59-83.
challenges posed to British security in Europe and Asia.15 In November 1933, when the DRC held its first meeting, imperial defence policy was based on the assumption that Japan represented a greater threat to British interests than Germany.16 But by March 1934, when the DRC issued its first report to the Cabinet, this order had been reversed. Germany was now thought to be the “ultimate potential enemy.” and given the long term potential of German capabilities, especially in the air. the DRC recommended that British air rearmament be given top priority in the future.17 It also recommended the establishment of an expeditionary force of five divisions backed up by fourteen territorial divisions. This would bolster the resolve of France and the lesser European powers to resist German expansion. It would also mean that in the event of a war with Germany, the British would possess a force capable of depriving Germany of airfields and bases in the Low Countries from which she could attack the British Isles.

Of course, the decision to re-orient British strategy on the basis that Germany posed a greater threat than Japan was something of a revolution, which would have enormous implications for British policy in the Far East. Britain had limited resources, and by placing Germany ahead of Japan, the DRC had established a clear priority for the allocation of funds. Moreover, in a move of equal significance, the Committee also determined (under the heavy influence of Fisher and the Treasury) that it would be impossible for HMG to rearm successfully against more than one potential enemy. This meant, in effect, that there would be scant funds for the defence of the Far East and although the report noted that it

15 For a more thorough examination of the DRC and its role in British foreign and defence policy see: W.K. Mark, The Ultimate Enemy: British Intelligence and Nazi Germany, 1933-1939 (London, 1985).

16 The focus on the need to defend the Empire against Japan was sparked in part by the 1931-33 Manchurian Crisis, which, among other things, had led the COS to recommend in March 1932, that the Ten Year Rule be abandoned and that work on British Military installations in Singapore, which had been suspended in the mid-1920's, be resumed. (French, The British Way in Warfare, 187).

17 It should be noted here that Vansittart played a decisive role in the decision to recognize Germany as the most serious threat to British security. It should also be noted that German rearmament was expected to take five years, hence the DRC based most of its calculations on filling the deficiencies in Britain's defence structure within this time frame. (Mark, The Ultimate Enemy, 30-1). For more on Vansittart's influential role in the DRC proceedings see: C. Morrissey and M.A. Ramsay, 'Giving a Lead in the Right Direction: Sir Robert Vansittart and the Defence Requirements Sub-Committee', DS, 6, 1. (March, 1995) 39-60.
would be wise to complete the Singapore base. It concluded by insisting that the best means to establish security for the Empire in the Pacific lay in a rapprochement with Japan.18

The deliberations which had led to these determinations had not been easy, and it is important to note that not everyone within the DRC was happy with these conclusions.19 The Committee, for example, had been unable to come to a decision on naval matters, and serious divisions remained as to how to respond to the Japanese threat, which in spite of the concerns about Germany, represented a more immediate problem.20 In response to this dilemma, the First Sea Lord, Admiral Sir Ernle Chatfield, issued a memorandum in the same month as the DRC issued its report which advocated that Great Britain adopt a modified Two Power Naval Standard by building a fleet equal to the combined strength of Japan plus the strongest European naval power.21 Chatfield based this proposal on the critical assumption that the Japanese and European fleets would remain at prescribed levels. The problem with this assumption was that it required close cooperation with the United States. For any increase in the size of the American fleet vis à vis that of the British would no doubt prompt the Japanese to build in reply. As Tokyo was determined to maintain the parity it had achieved between its own and the American navies. Hence, any increase in the American fleet would ultimately reduce the British margin over Japan. Chatfield’s proposals, therefore, could only work with American concurrence. And as such the First Sea Lord remained a staunch supporter of closer ties with Washington. But in light of previous American opposition to British naval expansion and Roosevelt’s strong opposition to any alteration in the ratio system, such a task would not be easy.22 Reflecting on this, and on the inconsistencies of American foreign policy, Vansittart cautioned against relying too much on the potential of American support in determining British defence

18 French, The British Way in Warfare, 188.
20 Records of the DRC, 3rd meeting Dec. 4, 1933, Cab 16/109.
21 Memorandum by the First Sea Lord, March 14, 1934, ADM 116/2999. It should be noted that Chatfield’s proposals included a provision calling for the construction of seventy cruisers, the very figure which was abandoned in 1927 in the face of American opposition.
22 Hall, Arms Control, 149.
policy. In fact, by the time Chatfield had finished his report, the DRC had concluded that it would be unwise to consider the United States as a factor in British defence planning.23

Furthermore, naval rearmament was expensive, and given the financial constraints under which Britain must operate due to the weakened state of her economy, there was considerable opposition to Chatfield's proposals in the Treasury. Chamberlain, in fact, totally rejected Chatfield's strategic outlook. In his view, the DRC was correct in assuming that Germany posed the most serious threat to British interests. It was also correct in its conclusion that HMG could not afford to rearm against two adversaries simultaneously. Indeed, from his perspective, the entire program recommended by the DRC was too expensive and would have to be re-worked. In light of this, Chamberlain advocated an even stronger emphasis on air rearmament than that proposed in the DRC's initial report. He also insisted that the Government abandon the idea of the proposed expeditionary force, and, in sharp contrast to Chatfield, recommended a reduction in the size of the Royal Navy and a rapprochement with Japan as a more efficient and inexpensive alternative to naval expansion.24

To this point, Eden had taken little part in the defence debate. But Chamberlain's call for a reduction in the size of the Royal Navy and detente with Japan rankled a number of leading British policy-makers, including Hankey, who argued that a reduction in the size of the fleet was incompatible with Great Britain's global interests. Eden was sympathetic to this view, and in June 1934, when it became clear that the Geneva Disarmament Talks were dead, he supported Hankey's attempt to counter Chamberlain's Euro-centric vision of defence by demanding an increase in Naval expenditure.25 At the same time, however, Eden also made it clear that he agreed with Chamberlain's emphasis on the need to expand the Royal Air Force. Overall then, Eden, like many of his Foreign Office colleagues, fell somewhere in the middle between the Treasury position in favour of detente with Japan and the Admiralty position in favour of naval rearmament. Eden also remained a strong supporter of Anglo-American cooperation and felt uncomfortable with the notion of a

23 Morrisey and Ramsay, 'Vansittart and the DRC', 52.
25 Ann Trotter, Britain and East Asia, 1933-1937 (Cambridge, 1975), 90.
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rapprochement with Tokyo on the grounds that it might cause further animosity between London and Washington.26

But both Fisher and Chamberlain continued to scoff at the latter notion.27 They argued that better relations with Japan were a necessity due to the German menace which should not be sacrificed merely because of possible American objections, particularly as the United States was "inherently unreliable" and would no doubt let Britain down in the event that war did break out.28 The Government had no choice therefore but to eliminate or reduce tensions in the Far East. This would require that HMG should demonstrate to Japan her independence from the United States. It also meant that London should avoid any activity vis-à-vis the up-coming Naval Conference which might be construed by Japan as Anglo-Saxon collaboration against her.29 Chamberlain and Fisher, then, formed the nucleus of a group within the British Government which would continue to press for an understanding with Japan as an alternative to a significant expansion of the Royal Navy, even at the expense of good relations with the United States.30

By May, however, the Cabinet had come to accept the need for some form of naval rearmament, and as a compromise between the Treasury position in favour of detente with Japan, and the Admiralty position in favour of large scale rearmament and cooperation with the United States, the Foreign Office, put forward a third alternative. Here, Sir Robert Craigie, head of the American Division and the chief spokesman for the Government in the naval discussions, suggested that Britain pursue a "middle course" in the up-coming naval negotiations by attempting to act as a mediator between the Japanese, who were expected to reject the ratio system, and Americans who were expected to defend it. This might make it possible for HMG to achieve some measure of naval expansion with Japanese and

26 James, Anthony Eden, 122.
27 Watt, Personalities, 86.
29 Bingham to Davis, May 2, 1934, PSF Box 32, Great Britain 1933-36.
30 Here they were supported by the Chief of the Imperial General Staff, who told the Secretary to the Cabinet that he "would rather fight the Americans than anybody else!" Imperial Defence Annual Review, letter from Hankey to Chamberlain, Oct. 30, 1933, Cab 21/369, quoted from Hall, Arms Control, 145.
American concurrence, although, as Eden and Vansittart cautioned, there was a risk in such a policy of alienating both sides. In an effort to avoid the latter possibility, the Foreign Office recommended that the Admiralty seek clarification of the American and Japanese positions before October, when the three parties were scheduled to begin preliminary conversations in preparation for the opening of the formal Conference in 1935. The Cabinet agreed, and on May 18 invitations for discussions on the matter were issued to both the American and Japanese Governments.

The British invitation was quickly accepted by the United States and in late June, Norman Davis, who was appointed by Roosevelt to assume responsibility for the talks, proceeded to London from Geneva accompanied by two technical advisors. As expected, Davis began these conversations by stating the American desire to maintain existing treaty ratios, with the possibility of an eventual reduction in overall tonnage. But Craigie quickly countered Davis’s recommendations by stressing the fact that in 1930, when the two powers last met to work out the terms of the London Agreement, “England and America faced a single problem, namely, the Japanese.” This situation still held for the Americans, but for the British, conditions had fundamentally altered. Indeed, Britain was now confronted with an acute problem in Europe as well as in the Far East. If England could count on American help in the Pacific she might feel quite differently. But all indications pointed to the fact that American policy in the region remained “uncertain.” As such, Britain must be prepared to meet the problem of dealing with the Japanese alone and this meant that HMG would require important modifications to the London Treaty, including a large increase in the number of British cruisers and destroyers.

Given the previous American opposition to such a policy, it is not surprising that Davis was taken aback by the British position. Indeed, in a letter to Hull shortly after this interview, Davis reported that the British stance was totally unacceptable, and that in light of this, he had come to the conclusion that “it would serve no useful purpose” to continue.

31 Hall, Arms Control, 150.
32 Ibid, 151.
33 Borg, Far Eastern Crisis, 103.
34 Davis to Roosevelt and Hull. June 27, 1934. PSF Box 18 London Naval Conference.
The discussions if the British persisted in this vein. Thus the Anglo-American preliminary talks had rapidly come to a standstill, and although Davis remained in London for another four weeks, no progress was made.

The Japanese also accepted the British invitation for preliminary talks, though they indicated that, due to the need to make the necessary preparations, they would prefer to defer such discussions until October, just prior to the opening of formal negotiations. In the meantime, Tokyo decided to send Captain Shosuke Shimomura to Washington and London to discuss the issues which were likely to arise at the conference. In these talks, Shimomura confirmed the worst fears of both London and Washington by intimating that the naval status quo was indeed unacceptable in Tokyo and that Japan intended to insist on her right for equal status.

In London, the end of preliminary conversations with their somewhat uncertain outcome, revived the debate over naval policy within the British Government. The Foreign Office continued to advocate the adoption of a middle position, and in addition suggested that the Royal Navy seek increasing cooperation with the French. The Admiralty still pressed for rearmament. Meanwhile, Chamberlain and the Treasury renewed their calls for a rapprochement with Japan and indicated in blunt terms that the Treasury was not prepared to support a policy of defence on two fronts. Instead, Chamberlain insisted that all thought of sending a fleet to the Far East to contain or defeat the Japanese fleet in battle must be dropped and in an effort to drive home this demand he began to advocate a reduction in the Admiralty’s budget. Near the end of the summer, Chamberlain was greatly encouraged in his views when he learned that the Foreign Office had received a telegram from the British Ambassador in Tokyo which quoted the Japanese Minister of Foreign Affairs as stating that Japan was most anxious to maintain the friendliest relations with Great Britain and would be only too happy to conclude a non-aggression pact with London.

Equally encouraging was a press report from Tokyo which suggested that the Japanese

36 Borg, Far Eastern Crisis, 103-04.
37 Hall, Arms Control, 156.
38 ibid., 158.
plans for the upcoming naval conversations included a proposal for the fixing of total tonnage allotments within which each nation would be free, subject to certain limits of size, to build whatever type of vessel it deemed necessary. Here was a framework which might allow for the expansion of the cruiser fleet so desired by the British Admiralty, while at the same time limiting the overall size of the Japanese Navy.\textsuperscript{40}

Chamberlain responded to this news by writing up a detailed memorandum on the desirability of concluding non-aggression pact with the Japanese which he eventually intended to present to the Cabinet. Here, he reiterated his view that due to the limitations of Britain’s financial and military resources, it was essential that the Government not be confronted simultaneously with a hostile Germany and an unfriendly Japan. One of these potential enemies would have to be eliminated and as all the evidence indicated that it would be far easier and simpler to come to an agreement with Japan than it would with Germany. An approach to the Japanese should be undertaken “at once.”\textsuperscript{41} Indeed, given Japan’s anxieties about having “Russia on her flank” it seemed to Chamberlain that Japan would “gladly see any accession of security in other directions.” As to American concerns, Chamberlain insisted that Britain should not be frightened out of the proposed non-aggression pact by any fear of American objection and he had this to say about recent trends in American foreign policy:

American representatives lay stress in private upon the immense advantages which would accrue to the world if we only worked together. In pursuance of this admirable sentiment they invite us to disclose our hand without disclosing their own. When we have laid all our cards on the table they shake their heads sadly and express their regretful conviction that Congress will have nothing to do with us unless we can make an offer that will suit them better. Congress (and in particular the Senate) are the Mr. Jorkins of American representatives.\textsuperscript{42}

Given this lamentable situation, Chamberlain could see no reason why Britain should not follow her own interests, particularly as in this respect she would only be following the American example. Moreover, while he acknowledged that any

\textsuperscript{40} Chamberlain to Simon, Sept. 1, 1934, \textit{DBFP} 2nd Series Vol. XIII # 14.
\textsuperscript{41} Draft memorandum by Chamberlain on the Naval Conference and relations with Japan, Sept. 1, 1934, \textit{DBFP} 2nd Series, Vol XIII # 14.
\textsuperscript{42} \textit{Ibid.}, Mr. Jorkins was a character out of Dickens’s novel \textit{David Copperfield}, who was frequently cited as being unmovable by his partner, Mr. Spenlow.
understanding with Japan which might involve British acquiescence in the scrapping of the Washington ratio would be particularly distasteful to America, he could foresee no reasonable basis for U.S. objections. Britain was only trying to secure her national and imperial safety, and not, as the Americans so often proposed, attempting to gain a preferential position for herself in the Far East.

Chamberlain therefore recommended that HMG propose a non-aggression pact with Tokyo which would guarantee the integrity of China and the protection of British interests in Asia in exchange for British recognition of Manchuko. Furthermore, Chamberlain also modified his earlier opposition to naval expansion by suggesting that the proposal for a non-aggression pact might also be used to Britain's advantage in the up-coming Naval conversations. Here he argued that any tacit agreement with the United States to oppose parity for Japan would be a colossal error, since London would be granting the Americans a concession for which Washington would offer nothing in return. The Japanese on the other hand might be willing to grant tangible concessions to London in exchange for an agreement, such as the dropping of their demand for parity. This would clear the way for a new naval treaty based on qualitative limits (separate limits based on classes of vessels), which would permit a modest expansion of the Royal Navy, especially in its fleet of cruisers.

The increasing vehemence with which Chamberlain pressed his argument in favour of detente with Japan did not go unnoticed at the Foreign Office. In the Far Eastern Department, for example, doubts were expressed about the willingness and ability of the Tokyo Government to hold to any agreement. Eden and Vansittart also expressed concerns about the potential harm which might result in British relations with China.

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43 Ibid. Referring to the Royal Navy's position in the Far East, Chamberlain remarked somewhat caustically that as Japan was America's only possible foe, it suited the United States very well to have some other country (i.e. the U.K.) to keep the claws of the animal well clipped, especially if she herself has nothing to pay for the service. (DBFP 2nd Series Vol. XII # 14).
45 Ibid.
46 Minute by Charles Orde, Head of Far Eastern Department, Sept., 4, 1934, F0371/F6189.
Nevertheless, on September 25, the Cabinet agreed to consider Chamberlain's proposals and as a preliminary step authorized the British Ambassador in Tokyo to sound out the Japanese Government on the possibility of the two sides concluding a non-aggression pact. In the meantime, the case for closer cooperation with the United States in the Far East received a boost from an article written by Lord Lothian appearing in The Round Table, an influential journal which carried some weight among British policy-makers. In this article, Lothian argued that the only effective deterrent against Japanese aggression in Asia was for the British and Americans to act in concert. Responding to Lothian's concerns, Vansittart suggested that Lothian himself should make a visit to Washington, and in early October the latter did so, meeting with the President on the 10th. In this conversation, Lothian tried his best to explain Britain's dilemma to Roosevelt, and in addition sought to ascertain the U.S. view on the possibility of closer Anglo-American cooperation in the Far East. But the results of the discussion were disappointing. The President flatly rejected any suggestion of an Anglo-American Alliance in the Pacific and insisted that any understanding between the two states in the region would simply have to rest on "the fundamental identity of their interests and ideals."

Six days after Lothian's conversations with the President the preliminary Naval Talks between Japan, Great Britain and the United States opened in London. Here Whitehall insisted that all discussions should be conducted on a bilateral basis, so that the representatives of no more than two nations were allowed to attend any one meeting. At the State Department, this procedure was deeply resented and it contributed to a widespread feeling among Hull and his advisors that the British were trying to engineer a deal with the

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48 Trotter. Britain and East Asia, 107-08. Lord Lothian (née Philip Kerr) served as Private Secretary to Lloyd George, 1916-1921, was appointed Secretary to the Rhodes Trust in 1925, and held a minor position in the National Government between 1931-1932. He was also the first editor of the Round Table and had been a consistent advocate of close ties between London and Washington. (Mowat. Britain between the Wars, 14).
50 Borg, Far Eastern Crisis, 106.
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Japanese behind their backs. In some respects these suspicions were correct, for by this point the Ministerial Committee in charge of overseeing the British disarmament negotiations had decided that if the Americans and the Japanese could not come to an understanding over the issue of parity, that the British in response should pursue the “middle position.” This would involve recognition by all the parties of the right to equal status, qualitative limits of new construction, and the separate and voluntary declaration by each power of its building plans. It was hoped that the recognition of the principle of equal status might be enough to satisfy the Japanese demand for parity, while the qualitative limits would satisfy the American call for some form of naval disarmament.

It soon became clear that London’s apprehension about the inability of the Americans and the Japanese to come to terms were correct, for there had been no change in the stance of either government. Moreover, it was also readily apparent that the Japanese were now fully prepared to exercise their right to terminate their adherence to the Washington Naval Treaty by giving formal notification of their intent to do so on 29 December. The chances of the two sides negotiating a new treaty, then, seemed slim at best and as such Britain now faced the very real possibility that the talks would fail. This would represent a severe blow to British foreign and defence policy as it was widely anticipated that the net result of such a failure would be a renewed naval arms race between the Japanese and the Americans. This would not only make it impossible for the British to pursue any sort of detente with Japan, as had been recommended by the Treasury and the DRC, but would also make it increasingly difficult for the Government to limit defence spending and maintain the priorities established by latter’s report. In an effort to stave off such an event, the Cabinet decided to go ahead and place the terms of the middle course

51 Ibid. 108.
52 Under the terms of the Washington Naval Treaty, Japan was required to give her notification of her intention to abrogate the treaty two years in advance. As these agreements were set to expire on December 31, 1936, this meant that she had to do so sometime before the close of December 1934. Furthermore, under the terms of the Treaty Japan was required to give her notification to the American Government which as host of the 1922-23 conversations, was charged with the responsibility for notifying the other signatory powers.
before the Japanese, backed up by a secret renewed offer for the conclusion of a possible non-aggression pact.53

In early November, Simon informed Davis, the Chief of the U.S. delegation to the Naval Talks, of his government's intentions, noting that in the absence of an American alliance it would now be necessary for Britain to try and act as a mediator and to attempt a compromise between the Americans and the Japanese. Simon also intimated that this might entail pursuing an accommodation with Japan that would require an increase in the Japanese ratio but he made no mention of the possibility of a non-aggression pact.54 Davis made no objections to this, for the most part because of his firm belief that the Japanese would reject any compromise and that as such the net result of the British effort would be that the latter would fall in line with the United States. But in Washington there was a great deal of apprehension and suspicion. Hull opposed the British moves, in part because he felt that it indicated weakness in the Western camp, and in part because of his firm belief that it was essential that the Japanese be held up in the public eye as the pariah who were responsible for any breakdown in the talks. This would assist Hull in his effort to educate the American public towards greater international cooperation.55 Prolonged discussions between London and Tokyo would only serve to confuse the issue. Hull also feared that Great Britain and Japan might actually reach an agreement, which would isolate the United States in the Pacific and increase the possibility of Japanese aggression in the region.56

On 7 November, the British proposals for a compromise were put to the Japanese representatives in London, while at the same time, and unbeknownst to the Americans, the British Ambassador in Tokyo went ahead with Chamberlain's suggestion and inquired whether Japan would consider a non-aggression pact in return for a naval agreement meeting Britain's requirements.57 Later on the same day however, word of the British approach to the Japanese in Tokyo was leaked to the British press in London. American suspicions about British duplicity now exploded into anger. Hull, for example, seriously

53 Borg, Far Eastern Crisis, 109.
54 Davis to Roosevelt, Oct. 31, PSF Box 8, London Naval Conference, 1934.
55 Moffat diary, Nov. 17, 1934.
56 Hull to Davis Nov. 21, 1934, FRUS Vol. I., 1934, 353-55.
57 Watt, Personalities and Policies, 94-99.
considered pulling the American delegation out of London. before, as he noted, the British and the Japanese concluded a political pact "right under our very eyes." Hull also opened up an attack against the British in the American press. On November 20, he called in his long-time friend and New York Times correspondent Arthur Krock, to inform him of his deep frustration with Simon and with the "failure of Great Britain to range herself on the naval disarmament question decisively with us against Japan." As expected, Hull’s frustration received ample coverage in Krock’s column of the following day. Roosevelt, who was equally upset with the British flirtation with Japan, responded in a similar fashion. Through the Times of London, he warned the British not to abandon cooperation with the United States for the mirage of an agreement with Japan. He also wrote to Davis indicating that the latter should "impress upon Simon and a few other Tories...the simple fact that if Great Britain is even suspected of preferring to play ball with Japan to playing with us, I shall be compelled in the interest of American security, to approach public sentiment in Canada, Australia, New Zealand and South Africa in a definite effort to make these Dominions understand...that their future security is linked with us in the United States."

There is no question that the vehemence of the American response to the British approach to Tokyo gave pause to some members of the British Cabinet, and aroused fears among Eden, Simon, MacDonald and other British officials about the possibility of an open breach with Washington. These same officials also expressed concern about the willingness of Japan to hold to an agreement, and hence the debate over the merits of the

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58 Hull to Davis Nov. 21, 1934, FRUS Vol. I, 1934, 355; Moffat Diary, November 22, 1937.
59 S.E. Pelz, Race to Pearl Harbor: The Failure of the Second London Naval Conference and the Onset of World War II (Cambridge, Mass., 1974) 142. Hull in fact, held Simon personally responsible for the British position at the London Naval Talks and by this point had clearly had had enough of him. Hull did not, however, inform his State Department colleagues of his reference to the British Foreign Secretary in his interview with Krock. In subsequent conversations, both Moffat and Phillips expressed regret at the reference to Simon in Krock’s piece, to which Hull concurred. (Moffat Diary, Nov. 21, 1934, Moffat Papers; Phillips Diary, Nov. 21, 1934. Phillips Papers).
60 Hull also passed a copy of the subsequent article on to Roosevelt, noting that he felt that it was time that things be "brought to a head with our British friends in London...." (Hull to Roosevelt, Nov. 26, 1934, PSF, Box 142, London Naval Conference).
61 Roosevelt to Davis, Nov. 9, 1934. PSF Box 142. London Naval Conference.
policy continued. In the end, however, it was the Japanese themselves who brought about the collapse of the “middle course” and the proposed non-aggression pact, for on November 19th the Japanese politely rejected the British proposals.62 This weakened the resolve of the pro-Japanese elements within the British Cabinet, and under the weight of the criticisms expressed by Eden and others, even Chamberlain himself began to admit that perhaps Japan could not be trusted and that for the time being it might be better for Britain and the U.S. to take a common stand.63 Davis confirmed this shift in attitude when he reported from London that the group within the Cabinet that had “favoured playing ball with Japan, and who were supported by commercial interests seeking trade advantages, have apparently been losing ground.” Moreover, Davis also insisted that there was a growing realization in London that Great Britain could not rely on Japan to protect her interests in the Far East, that to conclude an agreement with Japan would only serve to place HMG at her mercy, and that if the Dominions cannot look to Great Britain for protection they will inevitably look to the United States. Davis was now confident that Britain would ultimately return to a policy based on cooperation with the United States.64

In Washington, Hull did all he could to reinforce this sentiment by insisting that Davis inform the British that the Japanese desire to terminate the Washington Naval Treaty symbolized Japan’s determination to destroy the entire system of interdependent agreements which had been negotiated to maintain the peace in Asia. Hull advised that all further conversations of substance with the Japanese in London should cease and that the British and American delegations in London should work together to ensure that the Japanese returned home “empty handed.” This would place the onus for the collapse of the talks squarely upon the Japanese which would not only reinforce the high moral position of the Western Powers, but might also serve to drive the Japanese leaders to reconsider their decision to terminate their adherence to the Washington Treaty.65 Hull also recommended that the British and American delegations drag out their discussions with the Japanese until

62 Harrison, 'Neutralization'. 57.
61 Davis to FDR, Nov. 27, 1934, PSF Box 18. On the shift in Chamberlain’s attitude see also Richard Harrison, 'Neutralization'.
64 ibid.
65 Hull to Davis Nov. 17, 1934, PSF Box 18. London naval Conference.
December 19 or 20 in an effort to ensure that the final session of the London meetings be held as close as possible to the day (December 29) when Japan was scheduled to formally denounce the Washington Naval Treaty. This would make it clear to the public that the collapse of the talks was due to the actions of the Japanese.  

In London, meanwhile, both Simon and MacDonald countered Hull’s arguments by insisting that pinning the blame for the collapse of the London talks on the Japanese would have no appreciable effect on the Tokyo Government and that sending the Japanese representatives home empty handed would only result in their being acclaimed as heroes who had rid Japan of the hated ratio system. After considerable discussion, however, Whitehall finally accepted Hull’s recommendations, and agreed that the British and the Americans should work in concert to ensure that the blame for the collapse of the talks fell on the Japanese. On December 19, then, the three delegations met for the first time in a tripartite session to close the official negotiations. No date was set for their resumption.

As expected, on December 29, the official notifications of Japan’s abrogation of the Washington Treaty were delivered to the British and American Governments. Under the terms of Article XXIII of that agreement, naval limitation would come to an end on December 31, 1936.

Thus by the end of 1934 it appeared that HMG had decided to opt for cooperation with the United States rather than the pursuit of a rapprochement with Japan. This was welcome news for both Eden and Hull. But the British determination to drop all thought of an understanding with the Japanese did not necessarily mean that relations with Washington would improve, for as Davis made clear towards the close of the 1934 Naval discussions, the decision of the British Cabinet to drop detente with Japan came “not because of any increase in friendly sentiment towards the United States, but rather because of doubts [about] the Japanese themselves.” The collapse of the Washington system then, forced Britain to pursue cooperation with America in the Pacific out of sheer political

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67 Borg, Far Eastern Crisis, 111.
68 Notes of a Meeting between Representatives of the United Kingdom, United States, and Japan. Dec. 19, 1934. DBFP 2nd Series Vol. XIII #95.
69 Davis to Roosevelt Nov. 6, 1934. PSF Box 18. London Naval Conference.
and military necessity. This HMG would continue to do for the remainder of the 1930's with great tenacity and anguish, though with little success, until the Japanese themselves forced the American hand by washing the waters of Pearl Harbor with blood.
2d) Cordell Hull and the Reciprocal Trade Agreements Act, 1934

1934, then, had not been a good year for Anglo-American relations, and as has been noted, a number of issues contributed to the deterioration of the transatlantic relationship in the first eighteen months of the Roosevelt Administration. These included the collapse of the London Economic Conference, the failure to reach a settlement of the war debts, the acrimony generated by the passage of the Johnson Act, and finally, the suspicion and mistrust generated by Great Britain's flirtation with Japan. Indeed, viewed from London, the record of the new administration in the field of foreign affairs was hardly one to inspire confidence. In general, the Administration was regarded as "unreliable," and Roosevelt as mercurial. Moreover, given the tremendous difficulties that even Hull, as Secretary of State, had had in trying to assert his authority over the direction of the Administration's policies abroad, it is hardly surprising that Whitehall held out little hope for the emergence of any coherent and consistent foreign policy initiative from Washington as the year drew to a close.

There was, however, one area of foreign policy which began to show some promise of success in 1934: Hull's attempt to gain the President's support for his program of free trade. As noted in the first chapter, Hull had long been an advocate for the reduction of international trade barriers. As a Congressman, and later in his brief term in the Senate, Hull had consistently opposed the high tariff rates imposed by the Republican Congresses in 1909, 1922, and 1930. It came as no surprise, therefore, that one of Hull's highest priorities as Secretary of State was to immediately embark upon a program of trade liberalization by which the U.S. could set an example to the world. Almost immediately after assuming office, Hull authorized the State Department to draw up legislation aimed at granting the President the authority to negotiate trade agreements. It had been Hull's hope that this legislation would be passed in time for him to use it as a bargaining chip at the World Economic Conference. But the pressures for domestic economic measures had

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1 Osborne to Simon, 27 Aug., 1933, FO 371/16612.
2 Pratt, Cordell Hull, 107.
proven too much for Roosevelt, and on the eve of the London Conference, the President, as noted earlier, informed Hull that his cherished legislation would have to be withdrawn.

Hull was bitterly disappointed by this. But this did not mean that he would give up the fight for trade liberalization. Following the London Conference, Hull continued to urge the President to adopt measures aimed at reducing the high U.S. tariffs and at promoting the expansion of international commerce. By November, Hull had managed to gain the President's support for the establishment of the Interdepartmental Committee on Commercial Policy, which would look into ways the United States might expand her overseas trade. Shortly thereafter, Hull also gained Roosevelt's consent for the introduction of a resolution calling for the lowering of trade barriers at the forthcoming Seventh International Conference of American States held in Montevideo in December. Hull represented the United States at this conference, where he quickly established a reputation as a firm but fair-minded diplomat. Hull worked assiduously to win over the Latin American States to support his ideas on trade. In the process, he insisted that the days of heavy-handed American conduct in Latin America were over, and to prove it, he signed a non-intervention declaration which held that no American nation had the right to intervene in the affairs of another. This even-handed conduct soon paid off. His resolution calling for a reduction in trade barriers passed unanimously and by the time the conference had closed, Hull had received a great deal of praise from the Latin American representatives.

Hull returned home triumphant, declaring that a new era in hemispheric relations had been born based on what would subsequently be called the "Good Neighbor Policy." Indeed, Hull's achievements at Montevideo represented a significant personal victory which stood in sharp contrast to the humiliations he had suffered during the course of the London Economic Conference. Hull's prestige, both at home and abroad, improved, and as a result, Roosevelt began to look again with favor on the idea of legislation promoting freer trade. Hull jumped at this opportunity, and by February 1934, he had authorized the Committee on Commercial Policy to draw up a new Bill encompassing his ideas. Hull's

3 Gellman, Secret Affairs, 51.
5 Gellman, Secret Affairs, 53.
experience at the World Economic Conference, however, had convinced him that a multilateral approach to tariff reduction was no longer feasible. As a consequence, the 1934 legislation differed from the 1933 Bill in that it sought to establish a system of bilateral agreements by which the United States would seek reciprocal reductions in the duties on specific commodities with other interested governments. These reductions would then be generalized by the application of the most-favoured-nation principle, with the result that the reduction accorded to a commodity imported from one country with which the United States had concluded an agreement, would then be accorded to the same commodity when imported from other countries. Hull also insisted that the power to make these agreements must rest with the President alone, without the necessity of submitting them to the Senate for approval. The amount of reduction authorized was based on the Smoot-Hawley Tariff, passed by Congress in 1930. Under Hull’s Bill, the President would be granted the power to decrease or increase the Smoot-Hawley rates by as much as 50 per cent in return for adequate trade concessions from another country.

On March 2, 1934, Roosevelt announced his support for Hull’s legislation, which, as noted, was called the Reciprocal Trade Agreements Act. In urging its passage, the President stressed that the powers it granted the executive were necessary because other countries (such as Great Britain) were using reciprocal agreements to enlarge their international trade and there was a danger of the United States being excluded from foreign markets if she did not pursue the same policy. To back up his claim, Roosevelt cited the tremendous drop in U.S. exports, which in 1933 alone had fallen to a mere 52 per cent of the 1929 volume. He also made it plain that he regarded the legislation as part of his emergency economic program particularly because a “full and permanent domestic recovery” would not be possible without the revival of international trade.

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6 Hull, 356.
7 Pratt, Cordell Hull, 109-10. Under the “most-favoured-nation principle” (MNF) a tariff concession made to one country must be extended to all other nations who adhere to the same non-discriminatory practices. On the establishment and use of the MNF see: Robert Gilpin, The Political Economy of International Relations, (Princeton, 1987).
8 McCulloch, Economic Diplomacy, 124; and Hull, 357.
9 Hull Memoirs, 357.
Following the President's endorsement of the Bill, Hull made an appearance before the House Ways and Means Committee. Here he echoed Roosevelt's allusion to the emergency character of the Bill by emphasizing that the legislation was an integral part of the President's overall effort to alleviate the economic effects of the world crisis. Hull insisted, therefore, that the legislation was an "emergency remedy" designed to deal with "a dangerous and threatening emergency situation" which called for exceptional measures. He also stressed that the Administration did not intend to use the Act as a means to seek an immediate across the board cut in tariffs. It was a negotiating tool through which the government would seek to better U.S. commercial relations. Roosevelt and Hull designed these comments as a means of trying to draw attention away from the internationalist implications of the legislation. In doing so, they hoped to secure its passage without drawing fire from the leading isolationists in Congress. But here they were only partially successful.

The Bill passed the House without too much difficulty at the end of March, but it received a good deal of opposition in the Senate where the isolationists, under the leadership of Senators Borah and Johnson, opposed it. The result was that while the legislation was under discussion by the Senate Finance Committee in April, two amendments were attached to it. The first called for hearings of interested parties before a trade agreement could be negotiated; the second limited the scope of the legislation to three years, after which it would have to be renewed by Congress. These amendments were enough to undermine the opposition of a good many moderate Republicans and, with the support of most Democratic Senators, the legislation was passed by the Senate on June 4, 1934. On the 12th, the President signed it into law, with an elated Secretary Hull looking on.

Following the passage of the Trade Agreements Act, Roosevelt and Hull quickly established the necessary governmental apparatus to run the program within the State

10 Lindsay to Simon, May 11, 1934, FO 371/17589.
11 Hull, 358-59.
12 Cole, Roosevelt and the Isolationists, 102-03.
13 Hull, 357.
Cordell Hull and the Reciprocal Trade Agreements Act

Department. On June 27, the President established the Committee for Reciprocity Information to hear public representations on trade in accordance with the Senate amendments. On the following day, Roosevelt established the Committee on Trade Agreements, which was formed to administer the program. These committees consisted of members from the Departments of State, Commerce and Agriculture, as well as representatives from the National Recovery Administration (NRA), the Tariff Commission and the newly created Office of the Special Advisor on Foreign Trade. Assistant Secretary of State, Francis Sayre, became head of the Committee on Trade Agreements, while at Hull’s urging, Roosevelt appointed Henry Grady as the Secretary’s special advisor on trade. Following the establishment of the machinery necessary to run the program, the Committee on Trade Agreements soon began to survey the foreign trade field to see which countries offered the best prospects for negotiations. Under its aegis, a number of “country sub-committees” were formed to study the trade patterns with a specific nation and to ascertain which exports or imports might receive lower duties and the effects that such reductions might have on the domestic U.S. market.14

One such committee was the “British Empire Committee”, which was set up shortly after the passage of the Trade Agreements Act. to look into the prospects for a possible Anglo-American trade agreement. Hull was anxious to open trade negotiations with Great Britain for a number of reasons. In the first place, Hull considered Great Britain the world’s greatest trading nation and felt that the latter’s cooperation was vital to the future of his program. Moreover, for Hull’s act to succeed at home, he had to ensure that surplus American agricultural products found additional markets abroad and, in the early 1930’s, the U.K. represented the last remaining food importer of any size.15 Hull’s hopes for future Anglo-American collaboration on trade were complicated, however, by the existence of the Ottawa system of imperial preference, which since the summer of 1932, had granted preferential treatment to exporters from within the Empire. Of course, from the British perspective, the establishment of the Ottawa system had been rendered necessary by the instigation of the high U.S. tariffs under Smoot-Hawley. But Hull refused to recognize

Cordell Hull and the Reciprocal Trade Agreements Act

2d) Cordell Hull despised the Ottawa agreements, saw them as the very antithesis of his reciprocal trade program and claimed, incorrectly, that 40% of American trade with Great Britain had been adversely affected by these unfair practices. Hull was determined to break up the Ottawa System through the conclusion of an Anglo-American trade agreement, which, in his view, would not only serve to benefit both the British and American economies, but would also serve as example for the rest of the world to follow.

Over the summer and fall of 1934, Hull and Sayre had numerous conversations with British Ambassador Lindsay about the possibility of Britain and the United States pursuing trade negotiations. Lindsay favoured the idea, but in London the reaction was far less encouraging. Indeed, although the Foreign Office regarded the passage of the Reciprocal Trade Agreements Act as an important development, there was skepticism as to its effects in practice and no expectation that its passage would result in an improvement in Anglo-American economic relations. In fact, given the recent difficulties over war debts and other issues, there were many officials in the Foreign Office, Board of Trade and the Treasury who feared that the President's new trade agreement powers would be used as a means to cut into British markets. This was especially true in South America where the competition between British and American traders was intense. In general, London viewed the passage of the Bill with a good deal of antipathy. There was even some suspicion that the Act might be used to raise, rather than lower, the already high American tariffs.

Both Hull and Roosevelt were aware of these sentiments, yet in spite of Hull's consistent expressions to the contrary, there was no expectation in London that the passage of the Bill would lead to better transatlantic commercial relations in the near future.

In any case, the focus of Hull's attention in the months immediately following the passage of the Trade Agreements Act was South America, where the Secretary, following on the successful inauguration of the "Good Neighbor Policy" at the Montevideo Conference, vigorously campaigned for an improvement in U.S.-Latin American relations. Hull pursued these negotiations with a good deal of zeal, but in spite of his enthusiasm, the trade agreements program, which would become the central focus of Hull's foreign policy

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16 Memorandum by D.V. Kelly, March 28, 1934, FO 371/17579: Minute by P. Gore-Booth July 6, 1934, FO 371/17559.
for the remainder of the decade, made only modest progress in the latter half of 1934. Much of this was due to a bitter and sometimes personal dispute between George Peek and Hull. Peek was an economic nationalist who opposed the main tenets of Hull’s program, including reciprocity, the most favoured nation principle, and across the board tariff reductions. Peek was a champion of American agriculture: he argued that best way to expand American trade abroad was for the U.S. to conclude a series of bilateral commercial agreements on a quid pro quo basis without any adherence to the most-favoured-nation principle. In this way, Peek hoped to expand the foreign sale of American farm surpluses even if the tactics used did nothing to expand the overall volume of world trade. Peek’s ideas were an anathema to Hull, but in March 1934, Roosevelt appointed Peek to serve as his Special Advisor on Foreign Trade and as the head of the newly-created Export-Import Bank, which had been set up to foster an increase in American exports. Privately, Roosevelt insisted that Peek’s appointment was mere “window dressing”, designed to maintain the support of the midwestern farm community for the Administration’s upcoming trade legislation. But shortly after the passage of the Reciprocal Trade Agreement Act it became clear that Peek would actively seek to promote his own vision of how the Administration should approach trade policy and that in so doing he would urge the President to grant him full control over future trade negotiations, stripping the State Department and other interested agencies of any real voice in foreign commerce. Hull was infuriated by Peek’s activities, and soon found himself locked in a desperate struggle with him over the leadership of the Administration’s trade policy. Initially. Roosevelt seemed unperturbed by this. But once it became clear that he might lose Hull in the process, the President’s support for Peek faded. Hull was too valuable a political asset for him to risk Hull’s resignation. At the time, however. Hull remained largely unaware of this, and so the dispute with Peek dragged on into 1935. In the meantime, the acrimony

20 Hull, 370-71.
21 Gellman, Secret Affairs, 96.
22 Ibid, 151.
generated between Peek and Hull seriously distracted the Secretary’s attention and rendered progress on the conclusion of trade agreements much more difficult in months immediately following the passage of the legislation.

Hull’s efforts to expand American overseas trade, therefore, had made only modest progress by the end of 1934, and this, coupled with the President’s refusal to dismiss Peek, led to concern at the State Department about the future of the trade agreements program. Indeed, the consensus at the Department at the close of the year was that new agreements with the British Commonwealth or Europe must be reached soon if the program was to survive. In light of this, Hull’s efforts to “crack open the British oyster” and secure a trade agreement with London would continue.23

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As was noted in the last chapter, the differences between London and Washington over naval policy and the best means to confront the problem of Japanese expansionism in Asia had created a great deal of animosity in Washington. Hull, for example, had little sympathy for the British flirtation with Japan and, although he was greatly relieved at the close of 1934 that this dalliance appeared to be at an end, his suspicions about what he saw as the duplicity of Simon, MacDonald and a number of other leading British officials remained. Hull was also frustrated by the lack of interest in Whitehall for his trade agreements program. From his perspective it seemed that the sentiments in favour of an improvement in Anglo-American relations were far more genuine in Washington than they were in London. To a certain extent this was true. London was indeed reluctant to go “chasing after the Americans” for the simple reason that most of the efforts that had been expended in this direction over war debts, stabilization, arms limitation, and other issues had thus far resulted in failure.

The year 1935, however, would usher in a number of dramatic events in Europe which would ultimately force HMG to reconsider its relations with Washington and significantly enhance Eden’s arguments in favour of closer ties -- particularly with respect to Hull’s demand for trade talks. It would also bring about a restructuring of the National Government -- including the dismissal of Simon as Foreign Secretary and the promotion of Eden into the Cabinet -- which would render the possibility of an improvement in the transatlantic relationship far more likely. The first of the major crises which would confront Whitehall came in March, when Hitler announced that Germany was engaged in a major arms build-up that ran directly counter to the limitations imposed on her by Versailles. The second crisis came in October, when Mussolini unleashed a war of conquest against the independent state of Abyssinia -- in spite of the clear and unequivocal opposition of the League to such a move. Both Eden and Hull saw these actions as an open attack on the
postwar system of international order and the rule of law -- symbolized by Versailles and collective security -- that could not go unchallenged. Eden would attempt to counter the German threat by advocating the establishment of united diplomatic front between Great Britain, France, and Italy. This, he hoped, would not only convince Hitler that Germany was isolated politically, but would also lead him to conclude that it would be in her best interests to give up the drive for military power and concentrate instead on the peaceful settlement of her grievances. Eden followed much the same tactic later in the year with Mussolini. Here, however, he used the League, rather than traditional diplomacy, as the instrument to ostracize Italy. For the most part, Hull concurred with Eden’s ideas. In fact, Hull’s policies with respect to Germany and Italy mirrored the former’s. Hull too, for example, sought the isolation of Germany, particularly in an economic sense. This might make it plain to the German people that their best hope for future prosperity lay not in arms and autarky, but rather in pacific behavior and the reintegration of Germany into the new world economic system which Hull hoped to establish through his economic program. Hull also sought to make it plain to Mussolini that the United States stood with the League in disapproving his activities in East Africa. But there was no concerted attempt to co-ordinate the policies of the two Anglo-Saxon powers and in the long run neither of their efforts to subdue the dictators was very successful. This was in part due to Hitler’s lack of interest in peace or free trade, and in part due to the defiance of Mussolini, whose invasion of Abyssinia destroyed all immediate hope for a united Anglo-French-Italian front to the German problem.

Throughout 1935, then, both Eden and Hull found their governments on the defensive: fearful that war might break out at any moment and frustrated by their inability to bring about a peaceful change in the behavior of what Hull like to call the “bandit nations.” This fear and frustration would not lead to any immediate or dramatic change in the relationship between the two powers. But it would encourage the two men to keep trying, and would ultimately strengthen their arguments in favor of closer Anglo-American ties.

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4 Hull, 384.
While Hull concentrated his attention on the Reciprocal Trade Agreements Act, and while the Governments of the United States, Great Britain and Japan wrestled with the shifting balance of power in the Far East, Eden’s attention was riveted firmly on Europe and the risks posed to Continental stability created by Hitler’s Germany. As noted earlier, throughout 1933, and during the first half of 1934, Eden had worked hard to reach a negotiated settlement with Germany which would circumscribe her military power in a manner acceptable to France. This effort had failed, largely due to a breakdown in Anglo-French relations over the French demands for additional guarantees of security. By the summer of 1934, then, in the wake of the failed disarmament talks, the Cabinet decided to adopt a number of significant changes in British Defence Policy, including the decision to identify Germany as Britain’s ultimate potential enemy as well as the decision to strengthen Britain’s air defenses by adding forty-four squadrons to the Royal Air Force. Eden supported these measures. But this did not mean that he had entirely given up all hope of reaching a settlement with Germany. Indeed, like many of his colleagues, Eden still regarded Germany as relatively weak and isolated and felt that by supporting what he called a policy of “firmness” and by seeking renewed solidarity with France and Italy, it might still be possible to reach a settlement with the Nazi Regime. Of course, the first obstacle which had to be overcome if such a policy were to succeed would be the removal of Franco-Italian rivalry in the Eastern Mediterranean. But here the British received unexpected help from Hitler’s Austrian Nazis, who by their murder of the Austrian Chancellor Englebert Dollfuss in July of 1934, forced Mussolini to recognize the threat that a resurgent Germany posed to Italian aspirations in central and Southeastern Europe. Under these circumstances, Mussolini’s attitude toward France began to change and, from the summer of 1934 onwards, both the French and the Italians began to view the idea of a rapprochement with favour.

5 Conversation between Aubrey Leo Kennedy and Eden, Apr. 7, 1935, A.L. Kennedy Journal. As noted earlier, the DRC recommended that the Cabinet base British defence estimates on the assumption that Germany would not be prepared for a major confrontation with Great Britain until 1939. In the meantime, British commitments to continental security would continue to be guided by the Treaty of Locarno and the desire to seek solidarity with France and Italy. (McCulloch. Economic Diplomacy, 41-42).
Eden welcomed this shift in the attitude of the Mediterranean powers. Moreover, although he was still in a junior position in the Government and not as yet a member of the Cabinet, he would find himself increasingly at the centre of London’s efforts to reach a settlement with Germany based on Anglo-French-Italian diplomatic cooperation. The latter possibility received a further boost on January 7, 1935, when Italy and France formally put aside their differences by concluding two agreements which appeared to mark the start of a new Franco-Italian rapprochement. The first agreement settled a number of outstanding territorial disputes between the two countries in Africa. It also called on both signatories to cooperate in arms control. The second agreement called for the maintenance of the integrity of Austria. Here, in the wake of the Dollfuss murder, Paris and Rome agreed to consult one another in the event of any threat to Austrian security. They also proposed a convention for signature by Austria and her neighbors to guarantee reciprocal non-intervention. In return for this tacit anti-German alliance, Italy renounced her claim for the control of Tunis, and in a fateful move, set her sights instead on the hitherto French-supported Abyssinian Empire.

Meanwhile, the British Cabinet decided that in order to avoid the same scenario which had befallen the previous efforts to reach an arms agreement, Britain’s first priority must be the establishment of a common diplomatic front with France before any approach was made to Germany. This view was strongly supported by Eden, who remained cautiously optimistic that an arms limitation agreement might be possible in the New Year. On January 31, 1935, conversations to this end were opened with the French in London and, after three days of discussion, an agreement was reached as to how the two powers

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6 It is important to stress here that as of yet neither Eden nor any one else in the Cabinet contemplated further British military commitment to France or any other region of the continent. Locarno was as far as the British Cabinet was willing to go in this regard. It is also important to note that at this point the Cabinet had no wish to “encircle” Germany and that as such the cooperation sought with Italy and France was designed more to cajole Germany into an agreement rather than threaten her.

7 Aster, Eden, 31. Franco-Italian differences were long standing and involved disputes over naval matters as well as difficulties emerging from conflicting interests in South Eastern Europe, North Africa, and the Eastern Mediterranean.

8 Hall, Arms Control, 172: It should be noted that the proposed convention with Austria was often referred to as “the Central Pact.”

9 Campbell-Johnson, Sir Anthony Eden, 98.
might proceed. On February 3, the substance of this understanding was revealed in a joint communiqué. In it HMG made plain their satisfaction with the recent Franco-Italian rapprochement and their desire to collaborate with the French and the Italians "in a spirit of mutual trust...and peace." The communiqué then went on to propose the specifics of a general settlement with Germany, including: the conclusion of mutual assistance pacts in Eastern Europe aimed at securing the independence of Austria (which would not involve Great Britain, other than in the role of honest broker), an arms limitation agreement to replace Part V of the Treaty of Versailles, an "air pact" involving a pledge of mutual assistance in the event of an unprovoked air attack on any of the Locarno signatories, and finally, Germany’s return to the League.10

Hitler responded to the Anglo-French communiqué by inviting British representatives to Berlin for a direct exchange of views, so too did the Russians, the Poles and the Czechs. On March 4, MacDonald decided to send Simon and Eden to Berlin, with Eden then going on to Moscow, Warsaw and Prague.11 But on the following day, Hitler suddenly postponed the visit in response to the release of a British White Paper on Defence. This paper drew attention to German rearmament and the general feeling of insecurity which had been generated because of it. Due to these concerns, the paper proposed a modest increase in expenditures for the modernization of the army and the navy, and, in addition, declared that it would expedite the previously announced increases in the strength of the Royal Air Force.12 Hitler took strong exception to these measures, and in two separate announcements issued on March 9 and 16 respectively, he publicly declared the existence of a German Air Force and his intention to re-introduce conscription with the object of building a peace-time army of 550,000 men.

Hitler had now openly repudiated the military clauses of Versailles. Both the French and the Italians condemned this move and, in the wake of Hitler’s actions, it was generally assumed on the Continent that the British would cancel the proposed visit.13 But just two

   Eden. 31.
11 ibid. 31; Avon. 125-26.
12 ibid. 127.
days after the second of Hitler’s so-called “Saturday surprises” the British Cabinet endorsed a note drafted by Simon which, after denouncing Hitler’s moves, inquired whether the proposed visit to Berlin would still be welcomed by the Germans. Moreover, this note was delivered to the German Government without prior consultation with either Paris or Rome, which infuriated both. Simon later defended this decision on the grounds that prior consultation with the French and the Italians would have led to demands for the outright condemnation of the whole process of German remilitarization. This would have shattered any hope for an agreement, which the Cabinet was still determined to pursue. In any case, Hitler was delighted at the British response and quickly indicated his willingness to go ahead with the discussions.

There is little evidence to suggest whether Eden endorsed Simon’s view that consultation with the French and Italians would have destroyed all hope for an agreement with Germany: but two days after the delivery of the British note to Berlin, the task of explaining the British decision to go ahead with the visit fell to Eden. He was to proceed to Paris to reassure the French and Italian Governments that Britain intended to go no further in Berlin than the exploratory talks. Once in Paris, Eden held a series of trilateral meetings with representatives from both the French and Italian Governments. During these talks, Eden continued to stress the exploratory nature of the British mission to Berlin. He also learned that the French had lodged an official protest against the German action in Geneva and that the League had responded by calling for an extraordinary session to hear the French complaint. To prepare for this session, which was scheduled for mid-April, the three parties agreed to meet again, in Stresa, to consider a draft resolution being prepared by the French condemning Germany’s action for adoption by the League Council.

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14 Cab 23/81, March 18, 1935.
15 In a conversation with Italian Foreign Minister Suvich, American Ambassador to Italy, Breckinridge Long recorded this frustration and noted Suvich’s opinion that England had “broken its united front between Italy, France and England vis-à-vis Germany” by taking this unilateral action and by sending this communication direct to Berlin. (Long diary, March 20, 1935, Breckinridge Long Papers).
16 Peters, Anthony Eden, 87.
Following the Paris meetings, Eden joined Simon in Berlin for discussions with Hitler and other members of the Nazi Regime. These talks took place on March 25 and 26. In his memoirs, Eden notes that Hitler, unlike the man he had met a year before, now appeared "negative and shifty" and conspicuously hostile to the proposals contained in the London communiqué. Hitler rejected the call for a series of pacts of mutual assistance in Eastern Europe, would commit himself to nothing with respect to Austrian independence, and said that he would discuss the proposed Air Pact only on the condition these talks not be linked to naval discussions and other issues outlined in the London Communiqué. He also insisted that Germany would return to the League only after the return of her former colonies.

Hitler’s attitude greatly discouraged both Simon and Eden. There seemed little or no room for an agreement on any of the issues that the two men had come to discuss. Only on the question of naval armaments did Hitler appear to show a more responsive frame of mind. Simon had long had an interest in learning more about Germany’s naval plans, and he quickly jumped at this opportunity, suggesting to the Führer that it might be worthwhile for Britain and Germany to hold a general naval conference in the near future. Simon even proposed that preliminary naval discussions might take place in London soon. Hitler agreed, but not before indicating that Germany must be allowed to construct a Navy comprised of 35 per cent of the total strength of Great Britain's, a demand which at the time Simon insisted was unacceptable.

Aside from the vague promise of future naval conversations, then, the mission to Berlin had clearly been a failure. Moreover, it had been a failure achieved at the risk of alienating both Italy and France. Eden was well aware of this, and the experience seems to have strengthened his convictions about the need for diplomatic solidarity among Great Britain, France and Italy in the pursuit of a general settlement with Germany. But the Berlin conversations had left Eden with a profound sense of pessimism about the

20 Dutton, Simon, 199-200.
possibility of such a settlement. Hitler seemed to have little interest in returning to the League, and his demands about the return of the former German colonies in exchange for such a move clearly worried Eden. It would be “highly undesirable”, he wrote, “to establish a precedent that a bribe should be offered to any nation...to induce it to take its proper place as a good European at Geneva.” As to the future policy of HMG. Eden insisted that in light of the difficulty in achieving a settlement with Germany, it might be that the Government had only one course of action left:

to join with those Powers who are members of the League of Nations in re-affirming our faith in that institution and our determination to uphold the principles of the Covenant. It may be that the spectacle of the Great Powers of the League reaffirming their intention to collaborate more closely than ever is not only the sole means of bringing home to Germany that the inevitable effect of persisting in her present policy will be to consolidate against her all those nations which believe in [the] collective system, but will also tend to give confidence to those less powerful nations which through fear of Germany’s growing strength might otherwise be drawn into her orbit.22

After penning this memorandum, Eden went on to Moscow where his discussions centered on the proposed East-European Pact and the USSR’s position vis à vis collective security. The Soviets had joined the League in 1934, shortly after Germany’s withdrawal. This move was welcomed by the British left as a sign that the Russians were increasingly interested in cooperating with the collective system. But due to lingering suspicions in London especially among the higher ranks of the Tory party about the long-range intentions of the Soviet regime. Eden was instructed not to speak too openly about British intentions with respect to such issues as naval disarmament. Rather, he was to confine himself to questions concerning the Russian view of the possible establishment of a system of mutual assistant pacts in Eastern Europe.23 Eden soon discovered, however, that the feelings of mistrust and suspicion so prevalent in London were also shared by the Soviets. He therefore took some time to explain British policy to Stalin. Litinov and other members of the Soviet Government and, in so doing, felt that he had laid a solid foundation upon which future Anglo-Soviet cooperation could be built.24 Eden also learned that Stalin viewed the

23 Peters, Anthony Eden, 91.
24 Aster, Eden, 33.
establishment of a system of mutual assistant pacts for Eastern Europe with favour. The two men were thus able to release a joint Anglo-Soviet communiqué, which not only endorsed this idea in principle, but also indicated that there was no conflict of interest between the British and Soviet Governments “on any of the main areas of international policy.”

From Moscow, Eden traveled on to Warsaw and Prague, where he was told that Poland was not interested in signing a mutual assistant pact for Eastern Europe. Such an agreement, Poland feared, might antagonize one or both of her giant neighbors. Poland might, however, agree to sign a multilateral pact of non-aggression under which some but not necessarily all of the signatories would be bound by an agreement of mutual assistance. Following these discussions, Eden moved on to Prague, the last stop in his tour. Here, Eden found the Czech Foreign Minister, Benes, entirely in favour of the proposed mutual assistance pact. Benes also stressed the need to include Russia in any such arrangement and insisted that it was essential that some declaration should issue from the up-coming Stresa meeting which endorsed the idea of a security arrangement for Eastern Europe. Without it, he continued, Russia might make an agreement with Germany at the expense of others, leaving Poland and Czechoslovakia vulnerable to German ambitions.

Eden found himself in agreement with much of what Benes had to say, particularly with respect to the need for solidarity among the western powers at the up-coming Stresa Conference. Eden then flew home to London. En route, however, his plane flew into a violent snowstorm and was forced to make an emergency landing in Cologne. The stress of the flight left Eden severely exhausted and, upon examination by a German physician, he received the alarming news that he may have suffered a mild heart attack.

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25 Avon, 152-60.
27 Record of Anglo-Czech Conversation, April 4, 1935, DBFP, 2nd Series Vol. XII # 693.
28 Ibid.
29 According to Robert Rhodes James, this was a false diagnosis, and would not be the first time that Eden was ill-served by his doctors. See: James, Anthony Eden, 145-46.
proceeded home by train and boat whereupon his own physicians recommended that he take six weeks rest.

As a consequence of this unfortunate episode, Eden was restricted to issuing a written report about his discussions on the Continent to the Cabinet and would be unable to attend the Stresa Conference.30 This was regrettable, for in the wake of the Berlin conversations, Eden's attitude towards the problem of European security was undergoing a reassessment. Indeed, the growing evidence of German rearmament, coupled with the unfavourable impression left by Hitler at their most recent meetings, seems to have convinced Eden that the Nazi demands were no longer within the bounds of reason, and probably marked the beginning of a campaign to increase German influence in Eastern and Central Europe.31 In light of this, Eden concluded that the only means to contain Germany and limit her military build-up was for Britain to abandon her role as an honest broker and to stand firm with the French and the Italians, even at the expense of good Anglo-German relations. Eden insisted, therefore, that the Western Powers must adopt a common front at Stresa and should and seek an agreement about Continental security irrespective of the attitude of Berlin. This would isolate the Germans on the continent and encourage the smaller Continental states to resist the temptation of falling into the German orbit. Eden even suggested that HMG might consider making additional military commitments to France in the event that her existing obligations under Locarno proved insufficient to ensure the peace.32

These ideas were presented to the Cabinet in a written statement on April 7. But Eden's views were unpopular, and the report received little support.33 Simon, for example, refused to consider any policy which even hinted at expanding the British military commitments to the Continent. He also insisted that since Germany was "determined to go

30 Here there was some regret at the choice of MacDonald to replace Eden. MacDonald had not been well for some time and Chamberlain feared that he was in no position to represent Great Britain at such an important gathering. See Dutton, Simon, 202.
31 Peters, Anthony Eden, 99-100. Indeed, A.L. Kennedy, following a discussion with Eden over his recent visit to Berlin noted that Eden seemed "almost rabidly anti-German" after his meeting with Hitler. Kennedy Diary, April 8th, 1935. A.L. Kennedy Papers.
32 Notes of a Statement by the Lord Privy Seal to the Cabinet, Apr. 7, 1935. DBFP 2nd Series Vol., XII, # 701.
33 James, Anthony Eden, 146.
her own course in rearmament,” and did not fear isolation. There was no point in trying to bully or cajole her into a system of collective security. Indeed, to pursue Eden’s suggestions for a closer alignment of the western powers would be to risk replicating the situation that existed in 1914 by driving Europe into two armed camps. Simon strongly favoured keeping the door to Germany open and still hoped that some sort of agreement, particularly in areas of mutual interest to both Germany and England, might yet be possible. He wished to continue to explore the possibility of an Anglo-German naval agreement first mooted in Berlin, and, in addition, felt that the idea of an air pact should also be kept on the table.  

The Cabinet agreed, and Eden’s suggestion that Britain actively pursue Germany’s isolation by aligning herself more closely with France and Italy at Stresa was therefore rejected. Instead, HMG would continue to act in the role of honest broker: maintaining the confidence of Italy and France, while keeping Germany in play.

At the Stresa Conference, then, which took place between April 11-13, both Simon and MacDonald declined to endorse any suggestion of a European security agreement being established without German participation. They also refused to discuss any measures that went beyond the Anglo-French Communiqué of February 3. and for the most part, limited themselves to merely supporting the French resolution which called on the League to condemn Germany’s unilateral repudiation of Versailles.

Without a firm commitment on the part of the British to enhance their commitments to France and Italy, and with Simon seeking further bilateral discussions with the Germans, particularly over naval matters, the so-called “Stresa Front” was little more than a facade. This became clear almost immediately, for while Britain followed the conference by inviting the Germans to discuss naval matters in London, (which would culminate in the signing of the Anglo-German Naval Agreement on 18 June, 1935), France would pursue a policy which would move her in the opposite direction: signing the Franco-Soviet Pact of mutual assistance on 2 May.

34 Dutton, Simon, 201-02.
37 Hall, Arms Control, 175-76, Dutton Simon, 206-07.
Eden, resting in Trent Park, had not been a party to these developments, but it is clear that he was disappointed that Simon had not heeded his advice and adopted a more resolute line at Stresa. Indeed, shortly after the conference closed Eden recorded his frustration with Simon in his diary when he noted that the latter seemed uncertain as to which way to take British policy.\(^{38}\) Eden was not alone in these sentiments. An increasing number of officials in Whitehall had begun to complain about the lack of direction provided by Simon. There were also serious concerns about the health of MacDonald who, according to Chamberlain, was no longer capable of "decision or clear thought."\(^{39}\) By mid May, when Eden had returned to work, there was considerable pressure for the reconstruction of the National Government. By June, MacDonald had agreed to step down to allow Eden's mentor, Stanley Baldwin, to become Prime Minister. For a time, Eden entertained hopes that he might become the next Foreign Secretary. He had, after all, gained a considerable international reputation. But politics, his youth and his very reputation mitigated against him. Eden had received considerable criticism in the German and Italian Press. There were fears that this might place a strain on relations with these two powers. Under pressure from Chamberlain and other senior members of the Cabinet, Baldwin decided to appoint "the safe" if uninspiring, Sir Samuel Hoare.\(^{40}\) Nevertheless, Baldwin remained determined to keep Eden at the Foreign Office and following his decision to ask Hoare to serve as Foreign Secretary, he informed Eden that he intended to appoint him Minister for League of Nations Affairs with a seat in the Cabinet. Eden, although disappointed, accepted this somewhat cumbersome arrangement after receiving an assurance from Baldwin that it would make Eden's future claim to the post of Foreign Secretary almost undisputable.\(^{41}\)

Of course, Simon's absence from the Foreign Office, removed one of the chief obstacles standing in the way of Eden's hopes for a more resolute policy vis à vis Germany. Indeed, with a seat in the Cabinet, and with the cooperation of Sir Samuel

\(^{38}\) Avon, 87.

\(^{39}\) Chamberlain Diary, April 8, 1935, NC Papers.

\(^{40}\) Aster, Eden, 34; James, Anthony Eden, 148.

\(^{41}\) Peters, Anthony Eden, 103.
3a) Hoarse, Eden might now reasonably expect that his arguments in favour of solidarity with France and Italy and the adoption of a more firm line with Germany might finally receive a fair hearing. But by the time that Eden had finally received his long coveted seat in the Cabinet, a new crisis would emerge in Europe over Abyssinia which would not only render the pursuance of such a policy impossible, but would also deeply affect both the future of Europe and the career of the newly appointed Minister for League of Nations affairs.
3b) Cordell Hull, the Saturday Surprises, and the Reciprocal Trade Agreements Act, January-June 1935

The difficulties surrounding Eden and Simon's attempts to bring about a general settlement with Germany did not go unnoticed in Washington. Indeed, Hitler's unilateral repudiation of the arms provisions of the Treaty of Versailles also violated the separate American Peace Treaty with Germany and led to real concern among some American officials in Washington and elsewhere that Europe had now embarked along a path which must ultimately lead to war. Roosevelt viewed these developments with alarm, but refused to issue an official protest over the German action, even after receiving a message from Simon in which the latter indicated the "immense value" which would stem from such a protest. The general consensus at the White House was perhaps best reflected in a remark made by Norman Davis, who in a letter to the President insisted that "both sides" were to blame for the present predicament and that until the European situation became more clarified the United States should "make no move." As such, Washington made no effort to back up Simon's attempts at negotiation with the Nazi regime and confined itself to a remark approved by the President and issued by the State Department on the eve of Eden and Simon's departure for Berlin which stated that the American Government was following the European situation closely and which reiterated her sincere desire that all countries live up to existing treaties. Roosevelt, then, contemplated no immediate action in response to the breach of the 1921 Treaty, and remained committed to the policy of non-interference in European political questions, which the State Department had first enunciated in October 1933.

Roosevelt's caution no doubt stemmed in part from domestic U.S. politics, where the forces of isolationism had found renewed expression in the proceedings of the Nye Commission, and in the defeat of the Administration's campaign to secure American

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1 Long Diary, March 20, 1935, Breckenridge Long Papers, Box 4.
2 Simon to Lindsay, March 20, 1935, DBFP 2nd Series Vol. XII, # 620.
3 Davis to Roosevelt, March 22, 1935, PSF Box 130, Disarmament Conference.
4 Hull, Memoirs 243.
5 Offner, American Appeasement, 114.
3b) Cordell Hull, the Saturday Surprises, and the Reciprocal Trade Agreements Act, January - June 35

membership in the World Court, which had come as a severe blow to Hull and other internationalists in the State Department and elsewhere. But the President’s reticence to give further support to Simon also stemmed from his deep-seated mistrust of the British Foreign Secretary and his growing suspicion that London was not really sincere in its efforts to seek a limitation of the world’s armaments. These suspicions multiplied when the Stresa Conference failed to produce anything more than empty gestures and were even further enhanced by the conclusion of the Anglo-German Naval Accord which in effect ended Germany’s isolation and gave sanction to her unilateral repudiation of Versailles.

Hull shared many of Roosevelt’s apprehensions, (including his mistrust of Simon), but the Secretary’s response to Hitler’s unilateral declarations of rearmament was centered more on economic questions. Hull was convinced that a large part of the failure to achieve disarmament and general political stability in Europe was attributable to economic discontent. On April 6, he issued a press release in which he argued that the best way for Europe to achieve political stability was for each of the countries of the region to adopt “a sound and comprehensive economic programme” which would restore international trade and reduce unemployment. This response stemmed in part from Hull’s desire to expand the Reciprocal Trade Agreements Act, but it was also a reflection of his frustration over the inability of the Administration to make any headway in its political relations with Europe, where the recent defeat of the World Court initiative at the hands of the isolationist

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6 McCulloch, Economic Diplomacy, 144-47; Offner, American Appeasement, 108-110. The Nye Commission was established by the American Senate in order to investigate the manufacture and sale of arms. But under Senator Nye’s direction, the Committee soon embarked on an endeavor to prove that the United States had been drawn into the First World War by American Bankers and munitions manufacturers who sought to profit from the conflict. In his memoirs, Hull condemns the Nye Committee and insists that it is doubtful that any Congressional Committee has ever had a more unfortunate effect on American foreign relations, particularly with respect to relations with the British, who were suspected of complicity in the alleged attempt by American big business to draw the U.S. into the war. (Hull, 398-404).

7 Roosevelt to Hull, March 9, 1935. Roosevelt Papers, PSF Box 144.

8 Hearden, Roosevelt Confronts Hitler, 77; Offner, American Appeasement, 121–22; Long Diary, April 10, 1935, Long Papers, Box 4.

9 Memorandum of Press Conference called by Secretary Hull, March 22, 1935, SDDF 862.20/808.
3b) Cordell Hull, the Saturday Surprises, and the Reciprocal Trade Agreements Act, January - June 35 had made clear that the only avenue left for progress in U.S.- European relations lay in the economic sphere.10

In the case of Germany, however, any such progress would not be easy. Indeed Hull, like Eden, had had his share of difficulties with the Germans over the course of 1934-35 and soon found himself becoming increasingly exasperated at German behavior, particularly over economic matters. Under the leadership of Dr. Hjalmar Schacht, Hitler’s Minister of Economics, for example, the Nazi’s pursued policies that stood in sharp contrast to Hull’s. Hitler’s rearmament program depended to a large extent on Germany’s ability to purchase raw materials from abroad. This required foreign currency. In an effort to improve Germany’s balance of trade, Schacht instituted an exchange control program which was designed to force other countries to buy as much from Germany as they sold. Under this scheme, Schacht made sure that the amount of Reichsmarks released to pay for imports from any given nation would correspond with the quantity of merchandise purchased by that particular country. 11 Moreover, Schacht soon made it clear that Germany would embark on a policy which treated various national groups of creditors differently on the basis of the particular balance of trade between Germany and each respective country. Thus Schacht granted preferential treatment to creditors coming from countries which agreed to buy additional imports from Germany. Schacht had also instigated a system of bilateral barter in German trade which was based on the use of a special kind of currency called aski marks. Here, instead of paying for essential imports with regular Reichsmarks, which could be converted into gold and thereby used to obtain other currencies such as dollars or pounds for the purchase of American or British goods. Schacht hoped to pay for essential raw materials and foodstuffs with aski marks. These had no gold value and could only be used to buy specific German products. In 1934 Schacht took his new currency to South America, where he launched a major trade offensive.

10 Hull had long favoured American Membership in the World Court and had inserted a plank in the 1932 Democratic platform calling on the U.S. to join the body. As he notes in his memoirs, Hull saw the court as a valid medium for maintaining world adherence to international treaties, which Japan had shattered in 1931 and which Hitler and Mussolini would soon violate. Hull was gravely disappointed at the defeat of the measure, which he says rendered another “heavy blow” to the Administration’s efforts at international cooperation. (Hull, 367-89).

11 Hearden, Roosevelt Confronts Hitler, 60-61. Schacht was also President of the German Reichsbank, and hence in a strong position to dominate German economic policy.
Cordell Hull, the Saturday Surprises, and the Reciprocal Trade Agreements Act, January - June 35

offering the Latin American states large slices of the German market for their surplus commodities on the condition that they accept the aski marks for the purchase of German goods. This effort was highly successful. Brazil, Argentina, Chile and Uruguay all signed bilateral accords with the Germans with the result that between 1934 and 1936, German exports to Latin America more than doubled.12

Hull was incensed at German financial and commercial policy, and he refused to consider the German request for the renegotiation of the existing commercial treaty set to expire in the fall of 1935 until Germany gave up her discriminatory practices.13 Hull was also gravely alarmed at the German penetration of the South American market, which he viewed as a direct attack on the “Good Neighbor Policy” and his efforts to expand regional commerce. Indeed, by 1935, German policies seemed to pose a threat to the entire program of trade liberalization and there is no question that part of Hull’s response to Hitler’s Saturday Surprises stemmed from his desire to counter Germany economic policy. In the first half of 1935, therefore, Hull did his best to isolate Germany economically by refusing to negotiate a new trade agreement with her, and by attempting to secure a significant expansion of the trade agreements program. This led him to focus his attention in the spring of 1935 on Europe and especially the United Kingdom as areas of possible trade negotiation. By March, Hull had already concluded a trade agreement with Belgium, and had attempted to secure greater U.S. cooperation with the economic machinery of the League by sending Oscar Ryder, a member of the United States Tariff Commission, to Geneva to sit as the American representative on a new committee established by the League to look into clearing agreements.14 But the main focus of Hull’s attention for an improvement in U.S. trade relations with Europe remained centered on Great Britain.

12 Ibid. 68-69.
13 In 1923, Germany had signed a Treaty of Friendship, Commerce and Consular Rights with the United States which became effective in 1925 and was set to expire after ten years. Under the terms of this treaty each party was guaranteed most-favoured-nation status. In 1934-35, Schacht wanted to negotiate a new treaty based on bilateral agreements and without adherence to the m-f-n principle, something which Hull refused to do. (Offner, American Appeasement, 93-4).
14 McCulloch, Economic Diplomacy, 150-51. Here we should note that the League tended to sympathize with Hull’s views on trade liberalization, and that in these deliberations the League concluded that clearing agreements, by which one country’s exchange reserves were allocated to pay for imports from another were indeed harmful to international trade.
3b) Cordell Hull, the Saturday Surprises, and the Reciprocal Trade Agreements Act, January - June 35

Following the Geneva discussions, Ryder was instructed to go to London to explain Hull's program to the British and to see if there were possible grounds for the opening of Anglo-American trade negotiations.15

Thus Hull's frustration over German economic policies tended to increase his desire for an Anglo-American trade agreement. It also meant that Hull remained vehemently opposed to any economic activity on the part of the British which might set a bad example to the Germans and hence encourage them to persist in their bilateral commercial policies. Hull became incensed, for example, when he learned in June 1934, that London had reached an understanding with Berlin over the discharge of German interest payments due to British holders of Dawes and Young Bonds.16 In the wake of Hitler's "Saturday Surprises." then. Hull stepped up his effort, both in public and private, to convince HMG to embrace his program of freer trade. Hull's crusade in this regard greatly impressed Lindsay.17 In mid-April, he wrote to Vansittart, where he took note of Hull's interest in Anglo-American trade and his dogged courage and determination to convince his countrymen on the need for a relaxation of trade barriers. Lindsay felt sure that Hull's views must be shared by London. He therefore suggested that it might be a good idea for HMG "to lend a little power to Hull's elbow" and to encourage these "glimmerings of common sense" in the land of "ultra high tariffs," by having Chamberlain or Runciman speak publicly in support of Hull's policies.18 At the Foreign Office, the American Department was sympathetic to Lindsay's pleas, but as Vansittart pointed out in a letter to the Treasury on the matter, there were a number of "weighty reasons" which hindered the British from further economic cooperation with the Americans. These included, "1) currency instability; 2) the high tariffs of the United States -- which Mr. Hull affects to ignore; 3) Imperial Preference and 4) the ghost of war debts."19 Indeed, at both the Treasury and the Board of Trade there was a good deal of apprehension that any public announcement in support of Hull's policies might only serve to embarrass HMG, as such a

15 Ibid.
16 Hearden, Roosevelt Confronts Hitler, 58-9.
18 Lindsay to Vansittart, April 11, 1935, FO/371 18760.
19 Vansittart to Fisher, April 12, 1935, FO 371/18760.
move might lead to an invitation by the Americans to open trade talks, which in all likelihood would fail. The general consensus then, was that it would not be possible to take up Lindsay’s suggestion because “there were too many outstanding issues at present to risk opening negotiations with the U.S. on a trade agreement.”

It was against this somewhat pessimistic background that Oscar Ryder arrived in London to sound out the British on the possibility of future trade negotiations. These talks began on May 22, when Ryder met with Leith-Ross and a number of official from the Board of Trade. Not surprisingly, little progress was made, and although Ryder felt the discussions had been useful, the only concrete suggestion which emerged from the talks was a British recommendation that Ryder get in touch with Owen Chalkley, the British Commercial counselor in Washington, should he wish to pursue the matter further.

While Ryder pursued the possibility of a trade agreement with the British in London, the State Department was also trying to improve Anglo-American financial relations by seeing if the two governments might be able to reach an understanding on currency stabilization. But after a series of somewhat tentative inquiries as to the British view of the idea, it soon became clear that both Chamberlain, Leith-Ross and other members of the British financial community had not forgotten the events of July 1933 and remained skeptical of Roosevelt’s commitment to stabilization. Chamberlain, therefore, rejected the American overtures and refused to even consider the possibility of an exchange of information of the two governments’ equalization funds, leaving Lindsay to remark that he feared it would be “many a long day” before London would hear anything more from the Americans on the issue.

Whitehall’s indifference to the State Department’s economic overtures no doubt frustrated Hull, who now began to suspect a complete lack of interest on the part of the

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20 Ibid.
21 Memorandum on conversations with Oscar Ryder, FO 371/18759.
22 This was the month in which Roosevelt sent his so-called “Bombshell message” to the London Economic Conference rejecting any immediate plan to come to a stabilization agreement with the Britain and the other European powers. See Chapter 1 b above.
Cordell Hull, the Saturday Surprises, and the Reciprocal Trade Agreements Act, January - June 35

British for an improvement in Anglo-American relations.24 Hull attributed part of this to the attitude of Foreign Secretary Simon, who had proved to be a "frequent source of annoyance" to the Americans and was very unpopular in Washington.25 Nor did Hull expect much more from other leading members of the British Cabinet, such as MacDonald, Baldwin and Chamberlain, all of whom he had long suspected of being openly hostile to the United States.26 Thus Hull's efforts to secure British support for his trade agreements program had made little headway by the spring of 1935 and neither the Secretary nor Roosevelt seemed to hold out much hope for any immediate improvement in Anglo-American relations. Of course, from the British perspective, the latent anti-British sentiments contained in such provisions as the Johnson Act, coupled with Roosevelt's erratic behavior at the London Economic Conference, did little to encourage HMG to seek further economic arrangements with Washington. Indeed, it was clear that until there was a change in attitude on the part of both the British Treasury and the Board of Trade, there was little chance that Hull would make any progress in his effort to open trade negotiations. This was a great disappointment to the Secretary, particularly as he felt that Britain, as the traditional home of free trade, was his most likely ally in what he called his "crusade for economic sanity."27

24 Hull, Memoirs, 379.
27 Hull,518.
3c) **Eden, Hull and the Crisis over Abyssinia, 1935**

By mid 1935, then, there had been no significant improvement in Anglo-American relations. Secretary Hull’s efforts to arouse the interests of the British Government in his trade agreements program had gone nowhere; while at the same time, Eden’s early attempts to secure a greater measure of American support for French security in conjunction with an arms limitation agreement had brought nothing but further protestations of Washington’s indifference to European affairs. There had been some small progress with respect to Anglo-American naval relations. But as noted, this stemmed more from the intransigence of the Japanese, who by their rejection of the so called “middle course,” had left the British with few options but to follow the American lead in the upcoming Naval Conference. In short, the two sides remained as far apart as ever, and with no progress on any of the outstanding economic or political issues which had plagued the relationship between the two powers since the onset of the Roosevelt Administration, expectations for change were close to nil. In the summer of 1935, however, a new crisis would emerge in Europe over Italo-Abyssinian relations which would strengthen the hand of those individuals in London such as Eden, who had long argued in favour of closer ties between London and Washington. It would also present Eden — as the newly appointed Minister for League Affairs — with a challenge of the first order. a challenge which, in the long run, would not only have a profound effect on his career, but also on the future of Europe and indeed the world as a whole.

The crisis over Abyssinia, which would preoccupy the world’s attention for most of 1935 and 1936, began in a far flung oasis called Wal Wal in Southeastern Ethiopia, where troops under the control of Italy and Abyssinia clashed on December 5, 1934. The Italians, who held colonies to the north and south of Abyssinia in Eritrea and Somalia, had long had an interest in this region and under the fascist ambitions of Mussolini plans were laid as early as 1932 for a possible invasion of the country. The “Wal Wal” incident provided Mussolini with the pretext he needed for this action and over the course of the
next ten months the Italian dictator noisily assembled his forces in preparation for a
campaign set to coincide with the onset of the dry season in the fall of 1935.¹

In the month's immediately following the incident, however, Mussolini's intentions
were unclear, and in London the initial recommendation of the Foreign Office was that Italy
and Abyssinia seek a resolution of their differences through arbitration, without recourse to
the League of Nations. The chief proponent of this course of action was Simon, who
feared that the involvement of the League would merely serve to internationalize a local
boundary dispute, provoke Italian resentment, and render a quiet settlement of the issue
much more difficult.² There was also widespread concern that the controversy not become
an issue between London and Rome, particularly at a time when HMG was seeking
solidarity with Italy and France in her dealings with Germany.³ Under Simon's guidance
then, Whitehall's overall approach to the dispute was cautious. Britain would seek detente
between Italy and Abyssinia and would encourage both sides to seek a peaceful solution to
their differences through arbitration without allowing the present good relations between
London and Rome to be adversely affected.⁴ For the moment, therefore, London
recommended that the League not become involved but defer a request made by the
Ethiopian Emperor, Haile Selassie, to look into the matter until the results of the arbitration
were known.

Eden supported these measures and in fact was instrumental in getting Mussolini to
agree to sit at the negotiating table. But he was also concerned about the long term
consequences of Italy's actions and, in a minute on the subject written at the end of
January, he recommended that HMG maintain a "firm front towards the Italians about this

¹ For a more detailed analysis of the Italo-Abyssinian War and its international repercussions see et
al: G.W. Baer, Test Case: Italy, Ethiopia and the League of Nations (Stanford, 1976) and idem. The
Coming of the Italo-Ethiopian War (Cambridge Mass., 1967); Brice Harris, The United States
and the Italo-Ethiopian Crisis, (Stanford 1964); T. Verich European Powers and the Ethiopian War
² Barton to Simon, Dec. 13, 1934, DBFP 2nd Series Vol., XIV, # 47.
³ See supra pp. 101-20. Vansittart was particularly concerned not to drive Italy into the German
Camp.
⁴ Barton to Simon, Dec. 10, 1934, DBFP 2nd Series Vol., XIV # 41; and Peters, Anthony Eden,
115-16.
incident, lest it become a forerunner of others. Eden’s concerns were soon heightened by Rome’s reluctance to initiate the arbitration process, and by reports which suggested that Mussolini was preparing nothing less than a full scale invasion of Abyssinia. By the end of February, Eden began to take cognizance of this, noting that he found it hard to believe that Italian ambitions were limited to “a few wells.” Eden therefore recommended that Whitehall issue a “pretty strong hint” to the Italians that HMG would not view the dismemberment of Ethiopia with indifference and as a consequence of his recommendations a note was dispatched to Rome expressing Britain’s concern at the recent build-up of Italian forces in the region.

Even at this early stage, it was clear that Eden’s approach to the crisis differed somewhat from both Simon and Vansittart whose fear of driving Mussolini into the arms of Hitler led them to repeatedly stress the need for Britain not to alienate Italy in the pursuit of a resolution to the Abyssinian problem. Eden was much more willing to pressure Mussolini and frequently urged the Government to adopt a tougher line. Furthermore, as a firm supporter of the League and collective security, Eden was quite willing to advocate League involvement, and insisted that in any case it was indispensable that Mussolini understand that HMG had every intention of standing by the Covenant.

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9 Avon, 200. It should be noted here that Eden’s willingness to get tough with Mussolini did not necessarily mean that he was opposed to granting Italy concessions in an effort to resolve the crisis. But as a firm advocate for the League, Eden was well aware of the need for genuine compromise, and felt that it was imperative that any brokered settlement of the dispute must be sanctioned by the League.
before Eden would find himself at odds with his superior over the best means to handle the dispute.

This divergence of views became quite clear during the Stresa Conference where, as noted earlier, representatives from Britain, France and Italy met in order to discuss Hitler’s repudiation of the military clauses of the treaty of Versailles. Both Simon and MacDonald were scheduled to attend the conference, as was Mussolini, but Eden, for reasons of ill health, was not. Nevertheless, Eden had great hopes that progress on the Abyssinian question could be made at Stresa, and in the days leading up to the conference he urged Simon to bring up the issue during his meetings with Mussolini and to warn the Italian dictator about the consequences of a military attack in Africa. According to Eden, Simon promised that he would indeed speak to Mussolini about the problem, and indicated that he was taking an Abyssinian expert with him from the Foreign Office in order to engage the Italians in substantial discussions on the matter. But once in Stresa, Simon failed to fulfill this pledge and neither the Foreign Secretary nor MacDonald said anything to Mussolini about Britain’s growing concerns for the region, no doubt out of fear of alienating the Italians at the very time when Britain was hoping to establish a united front with respect to Germany. This came as a great disappointment to Eden who felt that Simon continually underestimated British influence with Mussolini and argued that pressure from Whitehall over Abyssinia would not in fact alter Mussolini’s desire for solidarity with Britain on the continent.

Shortly after the Stresa meetings, HMG received another ominous signal that war might be in the offing in East Africa when the Italian Ambassador in London, Dino Grandi, intimated to Simon that Mussolini was contemplating “a forward policy of the most serious dimensions.” Simon responded to this less than covert remark about Mussolini’s intentions by making references to British public opinion and the criticism which would be expressed if “a great power like Italy were engaged in aggressive action against a state like

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10 Avon, 179.
Eden, Hull and the Crisis over Abyssinia

13 Eden, upon reading Simon's account of this conversation, was appalled at the weakness of the Foreign Secretary's statement, in part because he viewed Grandi's remarks as constituting little more than a diplomatically phrased demand for a free hand in the region and in part because of the fact that the Foreign Secretary made no mention of the League and Britain's commitment to it. To Eden this was a critical omission, since in the event that Italy did indeed attack Abyssinia, Britain, under her pledge to the Covenant, would have little choice but to stand in opposition to Italy.

By mid May it was clear that Mussolini was indeed contemplating military action in Abyssinia for the coming dry season, which would commence in September or October. This brought a sense of crisis to the issue, and on May 15, a Cabinet meeting was called to discuss what lines of policy HMG should pursue in response. Simon continued to oppose any British sponsored action directed against Italy at the League, which he argued, would merely result in an Italian withdrawal from Geneva, leaving her free to possibly link-up with Germany. Hence, he recommended no change in British policy. The best means to settle the dispute was through direct negotiations, backed up by quiet warnings to Italy about the dangers of pursuing her existing policy. Eden, on the other hand, felt that it was imperative that Britain's commitment to the League be made clear to the Italians. He urged that the Cabinet now grant him the necessary authority to raise the issue at the next meeting of the League Council, scheduled for May 20. This would enable the League to act before September and the onset of the dry season. Eden hoped that League involvement would at the very least indicate the seriousness with which Great Britain and other Governments viewed the crisis and might even serve to deter Mussolini from taking further action. Given Eden's concerns, and the widespread popularity of the League among the British public, the Cabinet decided to heed Eden's advice and allow the Lord Privy Seal to travel to Geneva with the authority to insist that the League do what it could to bring the issue to a close before September. The Cabinet also decided to recall British Ambassador

13 Simon to Drummond, May 3, 1935, DBFP 2nd Series Vol., XIV # 244.
14 Avon, 204.
16 Ibid.
Drummond to register Britain’s displeasure with Rome and to try and ascertain the full scope of Italy’s intentions. In the meantime, Simon’s efforts at encouraging direct negotiations between the two parties would continue, and the lines of communication with Mussolini would remain open in the hope that an amicable settlement might somehow be achieved.

With the Cabinet’s backing, and with the support of the French Foreign Minister, Pierre Laval, Eden managed to secure a number of concessions from the Italians in Geneva. These included a proposal by which Rome agreed to accept arbitration for all Italo-Abyssinian incidents since November 1934: and another in which Rome agreed that the arbitration process must be monitored by the League and reviewed automatically by the League Council in September. In the interim, both sides also agreed not to resort to force of arms. Thus by the end of May Eden had managed to secure League involvement in the crisis, but his hope that this move would render a change in attitude on the part of Mussolini was short lived. Indeed, in the weeks immediately following the May session of the Council, it soon became apparent that Mussolini’s acceptance of the League resolution put forward by Eden was merely a stalling tactic, and that the Duce was quite intent to begin military operations in the fall. At the Foreign Office, Vansittart now began to assert that Eden’s policy of strong action against Italy at Geneva was a mistake which in the end might result in the destruction of the League and an alliance between Italy and Germany. As such, Vansittart recommended that Italy be “bought off” by an exchange of territory -- the so called “Zeila scheme” -- by which Britain would offer landlocked Abyssinia access to the sea and the port of Zeila in British Somaliland in exchange for the cession of Abyssinian territory in the Ogaden Province to Italy. On June 16, Vansittart put these proposals before Sir Samuel Hoare, the newly appointed Foreign Secretary who

17 Avon. 205.
21 Minute by Vansittart. June 8, 1935. DBFP 2nd Series Vol.. XIV # 301.
thereupon discussed them with Eden. Eden, for his part, remained skeptical that the plan would work, but agreed to support the scheme in Cabinet and to undertake a mission to Rome to present the proposals to the Italians if Drummond indicated that there was a reasonable chance that Mussolini would indeed accept the offer. Much to Eden’s surprise, the response from Rome was affirmative, and on 21 June Eden set off for Rome.

While in the Italian capital, Eden had two meetings with Mussolini, during the course of which no progress was made toward a settlement. Indeed, Mussolini rejected the British proposals with utter contempt, and reiterated his threat to settle the matter by force. Simply put, the Zeila scheme did not go far enough to satisfy the Italian dictator and, if anything, merely served to reinforce his suspicion that the real motive behind British policy was to acquire colonial influence in Ethiopia for herself, while denying it to Italy. The failure of Eden’s mission removed all doubts about the nature of Mussolini’s intentions and forced the British Cabinet to consider what course of action it should take in the event that Italy invaded Abyssinia. In a Cabinet meeting held on July 3, Eden stressed the seriousness of the situation by noting that such a move would not only involve a breach of the Treaty of 1906 which affirmed Abyssinia as an independent state but would also constitute an open violation of the Covenant of the League, leaving its members no choice but to fulfill their obligations under Article XVI, or, in Eden’s words “accept the collapse

22 Note by Vansittart for Hoare, June 16, 1935. DBFP 2nd Series Vol. XIV, # 308; & Viscount Templewood, (Sir S. Hoare) Nine Troubled Years, (London, 1954), 155. There is no question that Vansittart realized that there were risks in the Zeila scheme, particularly with respect to British public opinion, which at the moment stood fully behind the League and collective security. He understood, therefore, that his Government must proceed in this matter with extreme caution and should do all it could to avoid ranking domestic opinion. But his concerns about the breakdown of what he termed the “Stresa entente” and the long term consequences for the balance of power in Europe if the the estrangement of Italy from the western camp became permanent, led him to conclude that it was in HMG’s best interests to reach a settlement of the Abyssinian dispute with Italy as soon as possible. (Roi, ‘Immoral Attitude’, 335-40; 350-51).

23 Avon. 221.


25 There has been a great deal of speculation as to the tenor of these meetings. Eden, for his part, has insisted that his discussions with Mussolini were cordial, but other reports have characterized the discussions as a “disaster” animated by extreme dislike. See Avon. 322-29; Peters, Anthony Eden, 122; and Carlton, Anthony Eden, 48-9.

of the only organization through which collective security might be made to work." An Italian attack on Abyssinia, then, represented nothing less than a "test case" for the League, which would compel it to act. In all likelihood, this would mean the imposition of military and/or economic sanctions against Italy. Such a move would constitute a serious escalation of the crisis, with unknown consequences, and as such the Cabinet decided to establish a Subcommittee of the CID to consider the implications of sanctions from the point of view of HMG.

On the surface, the establishment of the Sanctions Subcommittee would appear to represent a victory for Eden, who still maintained that the best way for HMG to contain Mussolini's ambitions was through the mobilization of opinion in Geneva. But the Cabinet was still deeply divided on the issue. Both Hoare and Chamberlain, for example, may have agreed with Eden's assessment that the Abyssinian dispute had now become nothing less than a "test case" for the future of the League, but this did not necessarily mean that they approved of his desire to seek a solution in Geneva. Indeed, both men regarded the prospects for a resolution of the crisis via the League as extremely unlikely. Hence, they preferred a great power solution, preferably before the issue became too closely tied to the machinery of the League. This view was also endorsed by Drummond who telegraphed from Rome that increased pressure on Mussolini via the League was unlikely to alter his behavior. In the wake of the July 3 meeting therefore, both Hoare and Chamberlain advocated that HMG by-pass Geneva altogether and seek a compromise solution to the crisis through direct Anglo-French-Italian negotiation. On July 5, Hoare intimated to Eden his desire to call a meeting of the signatories of the 1906 Tripartite Agreement on Abyssinia in a effort to achieve a settlement acceptable to all three powers. Eden agreed to this, but

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27 Avon, 238. The 1906 Tripartite Pact on Ethiopia was signed by Great Britain, France and Italy. By its terms the three signatories agreed to recognize the independence of Ethiopia (Abyssinia) and in addition pledged not to interfere with her sovereignty. Nevertheless, the treaty also established spheres of influence for the three powers by which Italy secured colonial holdings in Eritrea and Italian Somaliland.


only on the condition that any solution arrived at be acceptable not only to the three powers, but also to Abyssinia and the League. 30

By early July, it was clear that Hoare’s approach to the Abyssinian problem was not unlike that of Simon. Both preferred quiet diplomacy and direct negotiation over League action, and both placed great hopes on the possibility that the French might be induced to lend considerable weight to the effort to pressure Mussolini into agreeing to a compromise solution. But unlike Simon, Hoare also sought the help of the United States in his efforts to pressure Mussolini, and in a move to gain American support for his policies. Hoare began a series of meetings with U.S. Ambassador Bingham in early July aimed at trying to persuade the United States Government “to impress upon Mussolini the inevitable tragedy which would result from his making war on Abyssinia.”31

As noted earlier, by May 1935, when the Abyssinian crisis began to take centre stage in the British Cabinet, Anglo-American relations had reached a low ebb. Both Roosevelt and Hull, for example, found themselves discouraged by the behavior of Simon at Stresa and were suspicious about the sincerity of HMG to seek a genuine arms agreement with Germany. In addition, Hull’s initial attempts to open economic discussions with Whitehall had failed to elicit much interest in London. As such, neither the President nor Hull held out much promise for an improvement in Anglo-American relations as the summer of 1935 approached. In London, the Foreign Office was well aware of these sentiments, so much so that some officials within the American Department began to express concern about the widespread impression in Washington that HMG remained “blatantly negative in all matters relating to the U.S.A.”32 But the crisis over Abyssinia, coupled with emergence of the newly constructed National Government under Prime

30 Peters, Anthony Eden, 124-25; Feiling, The Life of Neville Chamberlain (London, 1947), 264-65. It should be noted that in the early stages of the crisis, Chamberlain supported Eden’s efforts at Geneva, but remained guarded over the prospects of League success. Chamberlain was willing to support the League, but only on the important condition that France do the same. Indeed, Chamberlain saw the French attitude as the key to the whole crisis and insisted throughout that the ideal way to end it would be for the French and the British to act in concert. See ibid, 264-275.
31 Bingham Diary, July 9, 1935, Bingham Papers, Box 1.
32 Minute by R. Cragie, April 10 1935, FO/371 18759.
Minister Stanley Baldwin, would bring about a subtle shift in this persistently negative attitude. Indeed, as the Abyssinian dispute intensified, so too did the desire of HMG to seek better relations with the Americans.33

The first indication that there might be a shift in the attitude in London towards greater cooperation with the United States came in late May 1935, when Baldwin reflected in a widely reported speech that he had always believed that the “greatest security against war in any part of the world...would be the close collaboration of the British Empire with the United States of America.” Baldwin acknowledged that for reasons of “practical politics” it was impossible for the United States to take part in collective security at the present moment, yet he insisted that this situation could not last and indicated that he looked forward to the future when the peace of the world would be guaranteed by just such a union.34 Eden echoed these sentiments in a speech given the next day. “Friendship with the United States,” he insisted. “is of the first importance. It exists today, and it will grow: and everything that we can do to promote that friendship will be readily and eagerly done.” 35 Moreover, in a move designed to encourage cooperation between the League and America at a time when he was engaged in his first effort to secure League involvement in the Abyssinian crisis. Eden also noted that there was “nothing incompatible between friendship with the United States and membership in the League of Nations.”36 On the same day, Eden also intimated his faith in the League to Hugh Wilson, the American Ambassador to Switzerland and Official U.S. Observer at the League of Nations. The latter, Eden noted, remained the “best vehicle” for settling European problems. Indeed, “vigorous action on the part of the Council with respect to Italy...might have a beneficial

33 The subtle shift in the British attitude towards the United States was noted in a letter from Jay Pierrepont Moffat to Norman Davis in early May. Here Moffat, recording his observations on a recent conversation he had had with Walton Butterworth, noted the latter’s observation that although the British were still bitter towards the United States over U.S. monetary and economic policy, they were beginning to feel themselves “menaced from without” and as such would “endeavor to conciliate the United States, preferring to have what they call ’a man with one leg rather than no man at all.’” (Moffat to Davis, May 7, 1935, Davis Papers Box 41).
36 Ibid.
effect in demonstrating to Germany that the League intended to act in the case of any
delinquency and was not merely a body merely intent on punishing Germany alone.”

In Washington, Hull was greatly encouraged by these overt references to the need
for greater Anglo-American friendship. He had been disturbed by Hitler’s “Saturday
surprises” and felt that Mussolini’s intentions with respect to Abyssinia constituted a threat
to world peace. Under the circumstances, even the mere appearance of Anglo-American
solidarity might serve as a subtle warning to the dictators. In the wake of the comments
made by Baldwin and Eden, Hull quickly decided that he must “meet them halfway.”
Shortly thereafter, he issued a press release welcoming their remarks, stating that he was
happy to reciprocate these sentiments in full. The reorganization of the National
Government also pleased Hull, who was more than happy to see Hoare replace Simon as
Foreign Secretary and equally content to see Eden enter the Cabinet as the Minister for
League of Nations Affairs. Indeed, it now appeared that the prospects for a better working
arrangement with Great Britain had brightened considerably.

To this point, however, there had been no formal discussions on the Abyssinian
problem between the two Governments. This was due in part to the somewhat slow
response of HMG to the question in the months immediately following the Wal Wal
incident. There was also considerable reluctance on the part of the Roosevelt
Administration to get involved. Isolationist sentiments were running high, particularly
now that Europe seemed to be teetering towards war. In the Spring of 1935, for example, there
were growing calls from Congress and the public for the passage of a neutrality bill which
would ensure that the United States did not become involved in any foreign wars. Hull, as
will be noted, opposed this legislation as an infringement of the prerogative of the executive
to conduct foreign policy. But both he and the President were somewhat intimidated by the
intensity of the isolationists cause, and as a consequence, there was little desire among high

37 Wilson to Hull, May 29, 1935, Hugh Wilson Papers, Box 3, H. Hoover Presidential Library, West
Branch Iowa, quoted from M. L. Roi, "A Corridor for Camels: The Hoare-Laval Plan, Appeasement
and the British Foreign Office’s Perception of Anglo-American Cooperation" (unpublished MA
thesis, Queens University, Kingston, Ont.) 24, footnote 20.
38 Grew to Moffat, April 22, 1936, Moffat Papers, vol. 10.
39 Lindsay to Simon, June 7, 1935, FO/371 18760.
40 Hull, 384-85.
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officialdom in Washington to become embroiled in the early machinations of the Abyssian dispute. Hull may have deplored Mussolini's behavior and had every desire to lend a hand to any international effort to maintain world order, but at this stage he felt it would be better for the U.S. to stand aside and leave the Italo-Ethiopian problem in the hands of the League. Hence, in the wake of the Wal Wal incident, Washington remained determined to hold itself aloof from the crisis and it would not be until the first week of July that Lindsay and Hull would engage in a conversation on the issue.

The inspiration for this conversation came not from London, however, but from Addis Ababa, the capital of Abyssinia, where the American Minister reported a request by Haile Selassie for American assistance in securing a means by which Italy's observance of her responsibilities as a signatory of the Kellogg Pact might be assured. Hull had prepared a very careful response to this request, which in essence was negative. But before dispatching it to Addis Ababa, Hull called in the British Ambassador to ascertain his opinion. Lindsay, for his part, made no objection, and noted that he could see no reason why Hull's note should not be sent. But in London, there was disappointment, for the text of the note as well as the tenor of the conversation which Hull had had with Lindsay indicated quite clearly that the United States had little interest in becoming involved in the dispute. For Hoare, this came as no surprise. Indeed, in a letter to Lord Wigram, the King's Secretary, Hoare noted that the Ethiopian appeal to the United States had met with "the response which might be expected from that country, whose eyes are now more than ever turned inward to its own problems."

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41 Pratt, Cordell Hull, 198.
42 Offner, American Appeasement, 125.
43 Hull, 419.
44 Record of Conversation between Hull and Lindsay, July 5, 1935, Hull Papers Box 29.
45 Lindsay to Hoare, July 5, 1935, DBFP 2nd Series Vol. XIV, #345.
46 Hoare to Wigram, July 12, 1935, FO 800/295.
Nevertheless, Hoare remained determined to see if it might be possible for him to enlist American help in his efforts to persuade Mussolini to back down.\(^{47}\) Shortly after Lindsay’s conversation with Hull, therefore, Hoare spoke with U.S. Ambassador Bingham, noting the seriousness of the Abyssinian problem and his own determination “to make every possible effort to prevent the outbreak of this war.” In this regard, the Foreign Secretary indicated that he had already asked the French to bring pressure to bear on Mussolini. He now wished to enquire about the possibility that the Americans might make a similar effort. Bingham refused to answer this question. But three days later, Hull, in what would appear to be an echo to Hoare’s plea for assistance, called in the Italian Ambassador to inform him that the United States was deeply interested in the preservation of peace and “those international arrangements designed to affect the solution of controversies by peaceable means.”\(^{48}\) Hull then cabled the substance of this conversation to both London and Paris and issued a public statement in which he reasserted American faith in the Pact of Paris.

Not surprisingly, Hoare was quite pleased with Hull’s actions, and in a conversation with Bingham on July 16 he asked the Ambassador to convey his gratitude to the Secretary for the statements he had made. Hoare also reiterated his interest in eliciting American help in pressuring Mussolini and asked if the American Ambassador in Rome, Breckinridge Long, might convey a clear warning to Mussolini of the danger of his Abyssinian ambitions.\(^{49}\) Ever cautious, Hull took no action for the moment, however, and no warning was issued in Rome.

Meanwhile, in London, Hoare turned once again to the need to secure French cooperation and in a series of Cabinet meetings held on 22 and 24 July, the Foreign Secretary insisted that HMG must do all it could to get the two Governments to agree on a

\(^{47}\) There is some dispute as to how seriously Hoare pursued cooperation with the United States. Baer, for example, insists that Hoare, like many of his other Cabinet colleagues placed little if any faith in American cooperation. But Roi insists that until well into the fall of 1935, Hoare remained cautiously optimistic that it might in fact be possible to obtain American cooperation in HMG’s efforts to bring Mussolini to his senses. See: Baer, *Test Case*, 101-02 & Roi, *Corridor for Camels*, 73-74.

\(^{48}\) Hull, 420.

\(^{49}\) Bingham Diary, July 16, 1935, Bingham Papers, Box 1; & Hoare to Lindsay, July 16, 1935, DBFP 2nd Series Vol. XIV #369.
policy for averting war.50 But French support remained uncertain and Hoare’s policies were now complicated by the June 27 results of the “Peace Ballot” which showed overwhelming support among the British populace for the League of Nations and collective security.51 This placed the Foreign Secretary in a difficult position, for relations with Italy had been steadily deteriorating, and there was a growing fear among some members of the Government that the imposition of sanctions at the League might lead Mussolini to attack British positions in the Eastern Mediterranean. As a consequence, Hoare was all the more reluctant to see the League get involved, although for political reason he was unable to say this publicly. Eden, on the other hand, saw the results of the Peace Ballot as confirmation of his view that the proper course of action was for the Government to throw its weight behind the League and in the wake of the vote he reiterated his long held view that Britain should base her policies vis-à-vis Abyssinia on a firm commitment to Geneva. This would require that HMG make clear her intention to uphold her commitment to the Covenant, not only to the Italians, but also to the French, who, as a result, would have little choice but to follow the British lead in the matter.52

By mid August, it looked as if Eden would finally have the opportunity to put his ideas to the test, for on the 18th of that month, a tripartite meeting had been arranged in Paris between representatives of Britain, France and Italy in order to discuss the Abyssinian problem. Here it fell to Eden to represent the British Government. and in the days leading up to the conference Eden did his best to convince his colleagues that it would be in HMG best interests to warn the Italian delegation of the likelihood of League action in the event of an Italian attack on Abyssinia.53 But within the Cabinet, there remained a great deal of reluctance to support a policy based on adherence to the League and the imposition of sanctions. This was particularly true among the Service Ministers, who argued that Britain was in no way prepared for war and should do “everything possible ...

50 Cab 39 (35), July 22, 1935, Cab 23/83; & Cab 40 (35), July 24, 1935 Cab 23/82.
52 Avon, 242-43.
53 Ibid.
to avoid precipitating hostilities with Italy...” particularly in view of the uncertainty of French support.54

Prior to the Paris meetings, therefore, Eden was advised by Vansittart and the Chiefs of Staff to remain cautious and to avoid taking a strong line.55 This frustrated Eden, who in a conversation with Aubrey Leo Kennedy, the Diplomatic Editor for the Times of London, noted his disagreement with this assessment. Indeed, in this conversation, which took place on the eve of his departure for France, Eden insisted that the Paris conversations were probably “the last chance of an amicable solution” and that subsequent to a failure of these meetings the League machinery must take charge. Moreover, Eden also dismissed the fears of the Chiefs of Staff and insisted there was no chance at present that Mussolini would “run amuck in the Mediterranean.” The bellicose moves of the Italian fleet and Admiralty were in his view mere window dressing designed to impress London. Far more dangerous, in fact, was the danger posed to the League by Mussolini’s inability to see that Britain took her obligations under the covenant seriously. for if, as a result of the crisis, the League itself collapsed, then the British capacity to cooperate in Europe would be seriously impaired, with untold consequences for European security.56

In any case, due to the reservations of the Cabinet and the Chiefs of Staff, Eden’s meetings with the French in mid-August were handicapped from the outset. Eden was unable to give Laval any assurance of British military support in the event that sanctions led to war with Italy. This rendered the French very reluctant to commit themselves to unequivocal support for the Covenant and as such Eden was unable to convince Laval to harden his position with Mussolini. French policy therefore continued to drift. Furthermore, the Italian representatives in Paris were well aware of the vacillation in the

56 Memorandum on Conversation with Anthony Eden, Aug. 13, 1935. A.L. Kennedy Papers. 1/8. In this conversation, Eden also intimated his hope that Mussolini, under pressure from Great Britain and the League, would back down at the last minute as he did in the Corfu Crisis of 1923. Eden even noted that he has been reading up on the Corfu incident in preparation for the Paris meetings and informed Kennedy that anything The Times could do to impress Mussolini of the seriousness of Britain’s commitment to the League would be greatly appreciated.
British and French camps and, as a consequence, they rejected all attempts at a negotiated settlement. Mussolini, for his part, indicated that he now saw little option but to destroy the “Abyssinian menace,” and on 18 August the tripartite discussions collapsed in utter failure.57

Following the tripartite meetings in Paris, Eden returned to London where in an atmosphere of increasing tension he held a series of meetings about the Abyssinian dispute with a number of leading British political figures. It was now clear, in the wake of the Peace Ballot, that there was strong public support for the Covenant and the League. A consensus had therefore formed around the view that if the League chose to impose sanctions, Britain would have no choice but to follow suit, even if this led to war with Italy.58

This possibility led Hoare to once again consider the United States. Hoare had kept in close contact with Bingham, and in early August he intimated to the Ambassador that an Italian attack on Abyssinia would most likely lead to sanctions. Hoare wanted to know how the Americans might respond to this, and to the possibility of an Anglo-Italian war. 59 As noted, Hull had every desire to be helpful, and on August 12, Hoare received an encouraging telegram from Lindsay which reported that Washington was willing to exert its moral influence on the question and would support as far as possible any appeal for help from HMG.60 One week later, both Hoare and Eden were further encouraged by the news that Mussolini had received a personal message from Hull, on behalf of the President, which implored the Italian dictator to reach a peaceful solution to the crisis over Abyssinia.

58 Record of Conversation between Hoare, Eden, and Churchill, Aug. 21, 1935, from Martin Gilbert, Winston S. Churchill Vol. V, Companion Vol. 2 (Boston, 1981); Barnes, J. and Nicholson, D, eds. The Leo Amery Diaries, 1929-1945 (London 1968), 330-31; Peters, Anthony Eden, 127. It should be noted that the British public's support for the League and for sanctions against an aggressor did not necessarily mean that there was widespread support for military action. The public favoured sanctions, especially economic sanctions, and very often overlooked the possibility that the imposition of sanctions might lead to the very thing which above all else it wished to avoid: war.
59 Conversation between Hoare and Bingham, July 29, 1935, Bingham Diaries, Box 1.
60 Lindsay to Hoare, August 12, 1935, DBFP 2nd Series Vol. XIV # 438.
Abyssinia. On August 21, Hoare told a meeting of ministers that he had kept in close touch with the Americans on the Abyssinian question and that U.S. participation in limited economic sanctions did not appear inconceivable. Hoare had even instructed the Foreign Office to draw up a list of the most helpful measures Washington might take in the event that sanctions went ahead. This “wish list” included the hope that the Americans would agree to refuse or discourage the export of war materials to the aggressor, to refuse the grant of any financial facilities, to refrain from insistence on full neutral rights, to refrain from issuing a declaration of neutrality and to accord all facilities to the nations imposing sanctions.

But as noted previously, the question of the American response to the imposition of sanctions was complicated by U.S. domestic politics and the growing demand by the isolationists in Congress for a neutrality bill designed to keep the United States out of foreign entanglements. This legislation had its origins in the proceedings of the Nye Commission, which had been established by the Senate to investigate the manufacture and sale of arms. By the spring of 1935 the Nye Committee had extended its mandate to include the sponsorship of a neutrality bill. Initially, both Roosevelt and Hull had opposed this legislation, and in the spring of 1935 Hull worked hard to kill it. But the growing fear of a possible war breaking out in Europe in the wake of Hitler’s repudiation of Versailles in March, and the increasing concerns over Mussolini’s determination to seize Abyssinia, made Congress all the more determined to proceed. By June, it was clear that in spite of the Administration’s opposition, Congress would indeed press on with the bill. As a consequence, Hull shifted his tactics away from trying to kill the legislation and concentrated instead on redrafting the Bill in a form more acceptable to the Administration. Hull wanted the President to be invested with the authority to impose the legislation unequally. In this way, Roosevelt would be able to punish an aggressor and

61 Hull to Roosevelt, August 19, 1935, PSF Box 41, Italy. Here it should be noted that Eden was informed of the American message to Mussolini at the close of his tripartite meetings in Paris. Here, after receiving the substance of Roosevelt’s note, Eden conveyed his appreciation, and noted his hope that in spite of the breakdown of the Paris negotiations that there was still a chance that Rome might alter its program.

62 Roi, Corridor for Camels, 59.

63 Memorandum by Hull, PSF, Box 18, Neutrality, 1935.

64 Memorandum on Neutrality Bill by H. Feis, Sept. 4, 1935, Feis Papers, Box 124.
support the victim. But Congress would have none of this, and insisted that the provisions of the bill must apply equally to both parties in a conflict. Hull opposed this, and over the course of July and August he did his best to alter the proposed legislation in a manner more acceptable to both the State Department and the White House. But this effort failed. The best the Administration could do was to limit the term of the Legislation to six months. This meant that it would have to come up for renewal in February, 1936. On August 21, the bill passed the Senate, on the 23rd, the House. Shortly thereafter, the President sought Hull’s opinion on his signing the bill into law. Hull regarded the legislation as an invasion of the constitutional and traditional power of the Executive to conduct foreign policy. But in spite of this, he was unable to recommend that the President withhold his approval. To do so would be to provoke an open conflict with Congress. This might have dire consequences for the Administration, especially at a time when the tide of isolationism was growing in the country at large.

In London, the Foreign Office watched the neutrality debate with considerable interest. On the day the neutrality bill cleared the Congress, Francis Osborne, the acting Chargé d’Affair in Washington noted with some regret that the “present wave of anxiety sweeping Congress” and its resolve “to keep out of any war at any cost” had paralyzed the President’s influence and forced him to abandon his fight for discretionary powers as advocated by the State Department. Moreover, the fact that the Legislation said nothing about the embargo of non-military material and essential raw materials such as oil, led to great concern in Whitehall about the efficacy of any potential League sanctions. Hoare feared that the Bill might render League action futile. Given these concerns, Hoare would continue to converse with officials at the American Embassy in London about what

65 Hull, 410-14; Cole, Roosevelt and the Isolationists, 173-77.
66 Hull, 413-14.
actions the United States Government might be prepared to take and the need for American cooperation in limiting Italy's ability to wage a successful war in East Africa.69

In the meantime both Eden and the Foreign Secretary were now distracted by the more pressing need to prepare for the British stance at the upcoming meeting of the League Council scheduled for September. As has been noted, it was now clear that the British public would demand that Britain play its part in Geneva and in the days leading up to the opening of the conference the Cabinet wrestled with the need to adopt a settled policy on the key issue of sanctions. But even at this late date there remained great reluctance to face this issue squarely, particularly because of the fear that the imposition of sanctions might lead to an Anglo-Italian conflict. As such, Eden was once again cautioned that HMG should take no initiative on the question of sanctions without first securing the support of France. Eden, for his part, agreed with the assumption that French support for economic and military action against Italy was crucial, but he resented the fact that once again the Cabinet had surrendered the initiative on this question to France and felt that it would be far better for HMG to take the lead and in effect force the French to fall in line.70

In any case, Eden made no progress with the French in preparation for the Council meetings and it would not be until 10 September, when Hoare arrived in Paris, that the French position on the Abyssinian dispute finally became clear. Here in a meeting held between Hoare and Laval on the eve of Hoare's address to the League assembly, Laval agreed to moral condemnation of Italy, backed up by a possible trade embargo on war materials. But Laval insisted that French support for Britain in Geneva would only be given on the condition that war between Italy and the United Kingdom must be avoided and as a consequence both Hoare and the Chiefs of Staff continued to urge that HMG must proceed with great caution over the question of the imposition of sanctions.71

Given these views, Hoare's speech to the League Assembly, which was quite outspoken in its strong and unequivocal support for the League, must have come as

70 Avon, 255-57.
71 Goldman, 'Italian Cooperation against Hitler'. 117-19.
something of a shock for Eden and some other members of the Government. But Hoare’s
remarks did not indicate a change in his or the Government’s cautious position and in fact
the speech was carefully designed to achieve a number of specific aims. The first was to
attempt to tighten the Anglo-French front, and here there is no question that Hoare’s
reference to Britain’s commitment to “the maintenance of the covenant in its entirety” was
designed to reassure the French Government that Britain appreciated the dangers posed in
Europe by Germany and that her support of the Covenant was not limited to Africa. The
second aim was to apply more pressure on Mussolini in the hope that the facade of Anglo-
French resolution in the matter might force the Italians to back down. Equally important
was the speech’s appeal to British and international public opinion which for the most part
fully supported the League and expected HMG to do the same. Hoare also made
references to the economic causes of war, stemming from such factors as the unequal
distribution of raw materials around the world. These remarks were not only designed to
reassure Mussolini that Italy need not go to war to gain access to Ethiopia’s riches, they
were also directed to appeal to Hull who had long insisted that economic frustration was
one of the root causes of international conflict.73

In essence, then, Hoare’s speech was part of a concerted effort to rally world
opinion, secure French support, and isolate Mussolini in the hope that a settlement could be
reached prior to the outbreak of hostilities. It was also designed to convince world opinion
that Britain had exhausted her efforts to get the League to settle the dispute before HMG
resorted to other more traditional means. In this way Hoare still hoped that the issue of
sanctions might be avoided and in spite of the public impression that HMG had now turned
over the dispute to the League, private conversations with the Italians continued. In the
meantime, Eden was instructed to use his influence at the League to see to it that proposals
for a settlement were drawn up immediately. As a result, the so called “Committee of Five”
(of which Eden was a member) drew up a report which was subsequently submitted to the
two parties. Abyssinia accepted the Committee’s recommendations, but Italy rejected them
with the result that all hopes for a resolution of the question prior to the outbreak of

72 Peters, Anthony Eden, 131.
73 McCulloch, Economic Diplomacy, 169. The economic aspects of Hoare’s speech and his
subsequent efforts to appeal to Hull’s economic sensibilities will be discussed in the next chapter.
hostilities were dashed. On October 3, Italian mechanized forces attacked Abyssinia. Shortly thereafter, the League Council adopted a resolution, which was inspired by Eden, condemning the Italian move and labeling Italy the aggressor in violation of her obligations to the Covenant. For the first time in its history, the League had no choice but to apply sanctions.

Hoare’s desperate attempts to achieve a settlement before the actual outbreak of hostilities had thus failed. Sanctions were now inevitable, and in the weeks following the invasion, Eden emerged as the principal force behind the implementation of this policy. Here, driven by his own belief that Mussolini would back down under pressure, and by his conviction that the Italian threat to Britain’s position in the eastern Mediterranean was minimal. Eden pushed hard for a series of actions designed to make Italy feel the sting of the League’s wrath. By October 19, the League had introduced a number of measures intended to impair Italy’s ability to wage war, including a ban on all loans and credits to Rome; an arms embargo; an international boycott of Italian goods; and an embargo on rubber, tin, aluminum, manganese, nickel and several other items. The ban on credit and arms went into effect immediately, while the latter two sanctions were eventually scheduled to begin on 18 November, after which a ban on other items including oil and steel would be considered. The latter two sanctions represented a considerable threat to Mussolini’s ability to wage war. For Italy was a net importer of oil, and the imposition of these two sanctions would seriously disrupt her economy. Eden was quite pleased with this work, but in London the speed and intensity with which the Minister for League Affairs pursued the imposition of sanctions rankled isolationists at home and aroused some criticism among the more cautious members of the Cabinet that he was proceeding too far too fast. Indeed, as of mid-October, the Cabinet had still not decided on which sanctions, if any, Britain would support. Vansittart was especially annoyed at this and in a minute on the subject he noted that Eden’s instructions were to discuss no sanctions until HMG was sure of French

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74 Roi, Corridor for Camels, 64-65.
75 Aster, Eden, 8. Here we should note that following the invasion, the League established the so-called “Committee of Eighteen” or Sanctions Committee, which was set up to make recommendations on the implementation of sanctions against Italy to the League Council. Eden was the leading member of this committee.
76 Walters, League of Nations, 658-65.
support. "Now," he lamented, HMG was "in the thick of sanctions" with no assurance of material support from anyone, least of all the French.77

By this point, in fact, there were renewed fears that Mussolini might indeed attack British positions in the Eastern Mediterranean — fears which were heightened by Eden's very public role in taking over the leadership of the issue in Geneva and the subsequent charge by Mussolini that the quarrel over Abyssinia was really one between Great Britain and Italy. To make matters worse, there had been no indication that the French would support Britain militarily if war did in fact break out. Indeed, in his last statement on the matter, Laval had made it quite clear that France would throw its weight behind sanctions only on the condition that war with Italy was avoided. As a result, on October 16, Eden was informed by the Cabinet that there should be no further discussions of sanctions in Geneva beyond the measures already adopted until Laval's reservation on French military support was withdrawn. Much to the Cabinet's relief, this was accomplished two days later when a dispatch arrived from Paris which indicated a reversal of Laval's previous stand. But the reluctance of the Cabinet to engage in a further discussions on sanctions at Geneva continued and as a consequence British policy with respect to Abyssinia remained uncertain. It was at this point that Baldwin decided that it was time to call an election. which was subsequently scheduled for November 14. In its campaign, the Government (inspired by the results of the Peace Ballot) ran on a platform which included strong support for the League. Yet in spite of the clear impression given the public that HMG was deeply committed to the Covenant, the reticence of the Cabinet to impose further measure on Italy remained, and it would not be until the end of November that the Cabinet would once again discuss the critical issue of sanctions.78

In the meantime, while the Government was engaged in electioneering, the process of trying to reach a settlement through direct Anglo-French-Italian negotiations continued. This was inspired in part by the Italian Foreign Office which, even after to outbreak of hostilities, continued to intimate its willingness to discuss a resolution of the crisis based on an Italian mandate over the Non-Amharic areas of Abyssinia. It was also inspired by the

78 Peters, Anthony Eden, 134-36.
French, who were eager to pursue any overture from Rome which might offer the hope of a compromise solution. In late October, then, Whitehall decided to send Maurice Peterson, the head of the Western Department at the Foreign Office, to Paris to discuss the latest overtures from Rome and the French reaction to them. These talks took place on 25 and 26 October, but no progress was made and the discussions once again ended in deadlock.\textsuperscript{79}

Following the 14 November elections, the Cabinet’s attention once again turned to the question of Abyssinia and the need to reach a consensus on further sanctions. By this time, the Committee of Eighteen of the League (which was responsible for overseeing the sanctions policy) had recommended that oil, coal, steel and iron be added to the list of materials to be embargoed. In Geneva, a vote of the Committee on the matter was scheduled for 29 November. In London and Paris, however, there was widespread concern that the imposition of an oil embargo would be tantamount to a declaration of war and that Mussolini would respond accordingly. Taking stock of this possibility, Hankey, in his capacity as chairman of the Defence Requirements Committee, noted that the risks involved in imposing an oil embargo were in his view too great to justify such a move. HMG still had no firm assurances of French support; her defences in the Far East were incomplete and would in fact be left “powerless” if Britain had to concentrate her forces in the Mediterranean. Furthermore, even if Great Britain were to emerge from the conflict victorious, she would render Italy a permanent enemy. and the costs, both financial and material, would seriously set back the re-conditioning of Britain’s defences, leaving her all the more vulnerable in both Europe and Asia. In light of these concerns, Hankey urged extreme caution and implored the Cabinet to examine the overall military and political consequences of the proposed oil embargo before any policy was determined.\textsuperscript{80} Vansittart agreed with Hankey’s assessment and as such continued to urge the Foreign Secretary to avoid a confrontation with Italy by coming to terms with Rome before the proposed League action on oil.\textsuperscript{81} Heeding Vansittart’s advice, Hoare once again instructed Maurice Peterson

\textsuperscript{79} Avon. 285-86.
\textsuperscript{80} Memorandum for the Prime Minister by Hankey, Nov. 25, 1935. Hankey Papers. 8/33. Italy and Abyssinia.
\textsuperscript{81} Vansittart to Eden and Hoare, Nov., 24, 1935, \textit{DBFP} 2nd Series Vol., XV # 251.
to return to Paris in a further effort to reach a settlement acceptable to both London and Paris which would then be presented to Rome and Addis Ababa. Eden made no objection to this plan and prior to Peterson’s departure, met with him in order to draft his instructions. Peterson was informed that HMG would be willing to accept a settlement based on the Committee of Five’s report from September with the possible addition of putting Adowa and Adigrat “into the scale for Italy.”

On 25 November, Peterson, who was now in Paris for discussions with M. St. Quentin, his counterpart at the Quay d’Orsay, wired that the two men had achieved what appeared to be a settlement acceptable to all the parties involved. But the terms Peterson had negotiated included significant expansion of the territory to be ceded to Italy as proposed by Eden. In light of this, Eden remained cautious, and in reviewing the proposals he once again stressed the need to secure the agreement of the League Council before any scheme was put into place. Vansittart, however, was much more enthusiastic. He argued that it would be best for HMG to welcome the scheme as “the best we can hope for.” Hoare was inclined to agree with the Permanent Under Secretary, and in an effort to gain time to explore the proposals further, he readily agreed to Laval’s request to postpone the oil debate in Geneva until 12 December. Hoare also agreed to a French request to meet with Laval to discuss the Abyssinian problem in early December, and made arrangements to secure an appointment with him in Paris while he was en route to a holiday vacation in Switzerland.

In Whitehall, the proposal to delay the League discussion on oil in order to give the Foreign Secretary more time to discuss the issue with the French met with no concerted objections. Indeed, while the Cabinet agreed that HMG must be prepared to support a League embargo of oil if and when it was applied, there were still those members who hoped that this step could somehow be avoided. In fact, the Cabinet soon agreed to authorize an even longer delay than the one already proposed if the prospects for a

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82 Avon, 291.
85 Templewood, Nine Troubled Years, 177-78.
negotiated settlement appeared reasonable. But this did not necessarily mean that Whitehall expected Hoare to negotiate final terms while he was in Paris. Indeed, viewed from the long term, the visit appeared little more than part of the continuing effort to "bring Mussolini to heel" which had gone on since August, and in spite of the Cabinet's instructions for the Foreign Secretary to "press on by every useful means" with discussions aimed at achieving a possible peaceful settlement, there was little expectation that the talks would be successful or that the sanctioning of oil, when it came could be avoided.

The possibility of an oil embargo led to renewed concerns in London about the position of the United States, especially in regard to her willingness to cooperate in the imposition of this sanction. Indeed, following the outbreak of hostilities in early October, Whitehall had done what it could to encourage American cooperation with the League by keeping Bingham informed of the its activities and by intimating a guarded willingness to consider further discussions on commercial ties. On 15 October, Hoare even went so far as to address, via radio, the annual American Women's Conference on Current Problems in New York, which had gathered to discuss "Better Relations Through Sounder Trade..." Hull delivered the opening address to this conference, and in an echo to Hull's familiar call for the lowering of trade barriers Hoare referred to his Geneva speech and the need for a more equitable distribution of raw materials. Hoare also complimented Hull's efforts towards securing greater world wide trade and concurred with him on the need to lower trade barriers. Not surprisingly, Hull was quite pleased at Hoare's remarks, which were interpreted by the State Department as indicating a possible shift in London's attitude on trade talks.

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87 Ibid & Cab 50 (35) 2, Cab 23/82.
90 Phillips Diary, Oct. 15, 1935, Box 8, Houghton Library. Here it should be noted that this assessment of the situation was only partially correct. Whitehall was in fact interested in improving economic relations with the Americans, but there was still a great deal of skepticism that this could be accomplished and it was widely assumed that the first overtures would have to come from Washington. For a further discussion of this see the next chapter.
In the meantime, the President, with Hull’s support, had issued a proclamation declaring a U.S. embargo on arms, ammunition and implements of war as stipulated by the Neutrality Law passed at the end of August. This proclamation was released on 5 October, well in advance of the League’s decision to impose sanctions on Italy. Hull had insisted on this timing so as to make clear to the isolationists at home that Washington’s policies were in no way determined by the deliberations in Geneva. In London, the news of the American embargo was welcomed, particularly as it was widely assumed that these measures would be far more damaging to Italy, who had the capital to buy arms, than they would to Abyssinia, which was much poorer. In light of this, Hoare informed the Cabinet on October 9 that he found the American attitude towards the Abyssinian crisis “particularly satisfactory.” He was optimistic that the United States would try to co-operate as far as possible with the British Government in denying war supplies to Italy. Indeed, the imposition of League sanctions, including a ban on certain exports of raw materials, had led Roosevelt to express an interest in applying similar measures from Washington. Uncertain as to whether he had the authority to extend the U.S. embargo to include vital raw materials, Roosevelt wrote Hull with a request for the State Department’s opinion on the matter. But Hull’s answer was negative. In the Secretary’s view such a move would require additional legislation. This placed the Administration in a serious dilemma, for neither Roosevelt nor Hull wished to do anything which might impair the efforts of the League. Thus when it became clear that the League was intent on adding oil to the list of items under embargo, the President, in the absence of any real power to stop the flow of American oil to Italy, issued a “moral embargo” as an alternative. Here both Roosevelt and Hull called on U.S. companies, including oil producers, to refrain from shipping oil and

93 Cab 45 (35) 1, Oct. 9, 1935 Cab 23/82.
94 Nixon, FDR and Foreign Affairs, 17.
other materials to either belligerent -- again in the full knowledge that such a measure (if carried out) would be far more damaging to industrial Italy than it would to Abyssinia. 96

It was too early to tell if the President's moral embargo would be effective. but in London Hoare's optimism over possible American cooperation began to wane. In a conversation on the matter with Ivan Maisky, the Soviet Ambassador in London, for example, Hoare expressed grave doubts about the extent of American cooperation and indicated that he himself did not think that Roosevelt would be able to reduce the flow of American oil to Italy. 97 This view was echoed by Lindsay, who in a dispatch to Hoare at the beginning of December indicated that it would be overly optimistic for HMG to suppose that the imposition of the moral embargo and other "extra-legal" methods taken by the Administration would result in any significant reduction in U.S. exports of oil.98 Indeed. American oil exports over the course of October and November had in fact increased, and given the lack of Presidential authority to stop them there was no reason to suppose that the imposition of an embargo on oil in Geneva would alter American behavior.99

With the prospect of American shipments of oil rendering the League embargo futile, and with the fear of war breaking out as consequence of the League's stated aim of imposing just such a sanction. Hoare's doubts about the wisdom of pursuing such a policy continued.100 In fact. by December, when he was ready to leave for Paris to discuss the matter with Laval, his determination to avoid the imposition of an oil embargo had if

96 Hull, 434-35. In his memoirs, Eden notes that he welcomed these moves and that he did his best to urge the Foreign Office to encourage them. (Avon, 283-84).
97 Hoare to Chilston, Nov. 6, 1935, DBFP 2nd Series Vol. XV # 193.
98 Lindsay to Hoare, Nov. 18, 1935 FO 371/18772, & Lindsay to Hoare, Dec. 5, 1935, DBFP 2nd Series Vol. XV.
99 Hoare to Lindsay, Nov. 27 & Dec. 4, 1935, DBFP 2nd Series Vol. XV. # 268 & 301; Roi. Corridor for Camels, 72-74.
100 Reflecting on the mood of Hoare a month later, Thomas Jones, the Deputy Secretary to the Cabinet, noted that Hoare had become "obsessed with the fear of war" with Italy and that he had been strongly advised by Jones and other members of the Government to avoid a conflict at all costs. Jones Diary, Jan. 7. 1936, Thomas Jones, A Diary with Letters, 1931-1950, (London 1969)158-60.
anything increased.101 This placed the Secretary once again in a position some distance from Eden, who did not share Hoare’s anxieties about the consequences of such a move. This split between the two men over the efficacy of an oil embargo is clear from the tenor of two conversations they held just prior to Hoare’s departure for France. For while Eden continued to support the Foreign Secretary’s efforts at reaching a negotiated settlement he also continued to insist that should these efforts fail, an oil embargo must follow. Indeed in Eden’s view the very credibility of the League depended on it. Moreover, Eden still insisted that the dangers of war with Italy were remote and as such remained convinced that the imposition of an oil embargo would not lead to an Anglo-Italian conflict.102 Hoare, however, was unmoved by these arguments and departed for France with the conviction that the imposition of an oil embargo might very well lead to the opening of hostilities with Italy. Here there is no question that he was greatly influenced by Vansittart, Hankey and other key members of the Government who were gravely alarmed at the direction of British policy and feared that in the event of war Britain would get no help from France and thus would stand virtually alone in using her military power to uphold the principles of the League.103

Possessed by a sense of deep foreboding, then, Hoare and Vansittart arrived in Paris on December 7 to be met by Laval who made no secret of France’s reluctance and lack of preparedness to engage in a war with Italy. In light of this, Vansittart insisted that it would be “suicidal” for Britain to proceed with the proposed oil embargo and he thus worked diligently while in Paris to see to it that an agreement based on the earlier Peterson-St. Quentin proposals be achieved.104 Laval, who shared Vansittart’s reluctance to

101 Here we should note that over the course of late November and early December the British Chiefs of Staff had been engaged in a concerted effort to gain firm assurances of French support in the event of a war with Italy. Little was accomplished however, and by mid December the COS had concluded that “the situation as regards the military cooperation of France is at the present time profoundly unsatisfactory.” (COS minutes, 159th meeting, Dec. 13, 1935, quoted from Arthur Marder, ‘The Royal Navy and the Ethiopian Crisis, 1935-36’, AHR, 75 (1970) Vol. 1, 1327-1356.


104 Minute by Vansittart, Dec. 6, 1935, DBFP 2nd Series Vol., XV # 323.
Emblem oil, thereupon produced a plan which in the opinion of one official at the British Embassy, was so favourable to Mussolini that it was almost certain that he would accept it.\textsuperscript{105} The result was the so-called Hoare-Laval Plan, under which Italy was to be given not only the substance of the Peterson-St. Quentin proposals but also ceded three additional provinces totaling more than 60,000 square miles, plus a large zone of economic expansion in Southern Abyssinia.\textsuperscript{106} This proposal was agreed to by Hoare, who thereupon forwarded it to the Cabinet in London while he proceeded to Switzerland on holiday.

In London the Cabinet's initial response to the plan was positive, and although Eden expressed reservations and noted that some of the features of the proposals might be distasteful to the League and its members, he nevertheless supported the scheme.\textsuperscript{107} In a conversation about this meeting with Piers Dixon, years later, Eden insisted that he in fact abhorred the proposals and would have condemned them in Cabinet but for his loyalty to Hoare, who at the time was regarded as a great statesman.\textsuperscript{108} In any case, on the evening of 9 December, the terms of the plan were leaked to the French Press, to be passed on to London and the world the next day. In Britain and elsewhere there was a storm of protest, made all the more bitter in the United Kingdom by the fact that the Government had just won an election on a platform based on support for the League, which in the eyes of most, had been betrayed by the secret machinations of the British and French Foreign

\textsuperscript{105} Letter from Oliver Harvey, Paris Embassy, to Paul Emrys-Evans (MP for South Derbyshire), December 13, 1935, Harvey Papers, British Museum, London.
\textsuperscript{106} Peters, Anthony, \textit{Eden 1942-43}
\textsuperscript{107} Cab 52 (35) December 9, 1935, Cab 23/82.
\textsuperscript{108} Conversation between Eden and Piers Dixon, June 3, 1944, Piers Dixon Papers, a private collection held in the possession of Pierson Dixon, London. This view is supported by a conversation held between A.L. Kennedy and junior official from the Foreign Office which took place in July 1936. Here, reacting to the final lifting of sanctions against Italy, Kennedy noted that Eden expressed frustration at the fact that he did not have a free hand in the Cabinet: that he hadn't liked the Hoare-Laval proposals from the start; and that if he had had his way he (Eden) would "have gone right through with sanctions." A.L. Kennedy Diary, July 2, 1936, A.L. Kennedy Papers.
Indeed, the widespread condemnation of the plan shook the very foundations of the Government causing it to not only drop the proposals but also to insist on Hoare’s resignation, which followed on December 18.\textsuperscript{110} Eden, however, largely escaped from the wrath of the public, no doubt due to his firm reputation as a supporter of the League and because of the fortunate circumstance that he himself had not been a party to the Paris discussions. It was no surprise, therefore, that Eden upon his return from Geneva, where he had been sent by the Cabinet to to disassociate HMG’s from the Hoare-Laval debacle, would be asked by Baldwin to assume the post of Foreign Secretary. Indeed, given the great loss of prestige the Government had suffered as a result of the Hoare-Laval crisis the choice of Eden was an astute political move.\textsuperscript{111} Eden’s appointment was widely acclaimed in the British and international press as heralding “a sharp turn for both Britain and the League” which promised to give “new life” to the Covenant.\textsuperscript{112} But in private the story was not quite so celebratory. In fact, Eden, who had made no secret of his wish to become Foreign Secretary in a conversation with Baldwin six months before, now accepted the post with some reservation, noting in his memoirs that he was succeeding to a “wretchedly disorderly heritage.”\textsuperscript{113}

Certainly there was no question that the new Foreign Secretary faced considerable challenges ahead, particularly in light of the poor state of relations with France and the intransigence of Mussolini. There also remained the question of Germany, and the need to achieve an agreement with Hitler before his rearmament program rendered the Reich so strong that she lost all interest in a negotiated settlement of her grievances and turned instead to force or intimidation as the most expedient means to achieve her aims. To make

\begin{itemize}
\item \textsuperscript{109} Mowat. \textit{Britain between the Wars}, 559. Harold Nicholson, commenting on the Hoare-Laval proposals in his diary notes that there was great indignation in the House of Commons over the proposals, and consternation that after all the fuss over Abyssinia “we should be giving Italy more for breaking the Covenant than we offered her for keeping it.” (Nicholson diary. Dec. 10. 1935, in Nigel Nicholson, ed., \textit{Harold Nicholson Diaries, Vol. I} (London 1966), p. 224. For a more detailed examination of the public reaction to the Hoare-Laval Crisis see: Waley, \textit{British Public Opinion}, Chapter II.
\item \textsuperscript{110} Peters, \textit{Anthony Eden}, 146-7.
\item \textsuperscript{111} Broad, \textit{Sir Anthony Eden}, 63.
\item \textsuperscript{112} \textit{New York Times}, December 24, 1935, 1. In a similar vein, the \textit{New Statesman} described Baldwin’s appointment of Eden as the former’s “Christmas Present to the Nation.”
\item \textsuperscript{113} Avon. 316.
\end{itemize}
matters worse, relations with the United States, which had improved ever so slightly in the fall of 1935, had been seriously set back by the release of the Hoare-Laval plan. Indeed, to most Americans, the latter represented nothing less than the worst form of British duplicity. and in the wake of this debacle their tendency towards isolationism if anything increased. Eden, therefore, took up the reins of responsibility with a heavy burden on his shoulders, a burden which, as will be noted, would become all the more ponderous in the coming new year.
Part II: Seeking Closer Ties, 1936-1938

4. Reassessing the Relationship. 1936

The appointment of Anthony Eden as Foreign Secretary marked the beginning of a new period in Anglo-American relations, a period in which both Eden and Hull would attempt to overcome the considerable obstacles standing in the way of cooperation and seek closer ties. Eden was instrumental in leading to this shift in policies and from the outset of his tenure as head of the Foreign Office there is considerable evidence to support the idea that the new Foreign Secretary was determined to do what he could to improve Anglo-American relations. Eden pursued this goal out of the conviction that one of the primary objectives of the Western democracies must be to show solidarity in the face of adversity. He also firmly believed that in the event of war it would be vital for Britain and France to have obtained the economic backing of the United States. It was absolutely essential, therefore, for HMG to do what it could to meet Hull's demands for an improvement in trade relations. This is not to say that Eden was a blind Amerophile, or that his expectations for cooperation from the United States were not tempered by the realization that the pursuit of such an aim would be difficult. But unlike many of his contemporaries, such as Chamberlain and Vansittart, who had all but given up on the idea that the United States might move away from strict isolationism and once again play her part in world affairs, Eden remained hopeful that a change in attitude on the part of the Americans was possible.

Calculations of American military and economic power, therefore, were never far from Eden's mind when he pursued his policies. Still, it is rarely asserted that Eden had an American policy and although recent scholarship has paid considerable attention to the dispute which arose between Eden and Chamberlain over the Roosevelt peace initiative of January 1938, a careful study of Eden's views on British relations with the United States during his first tenure as Foreign Secretary has yet to be completed.¹ Yet there is no

¹ Some of the better works which address Eden's policies with respect to the United States include: Peters, Anthony Eden; Malcolm Murfett, *Fool Proof Relations: The Search for Anglo-American Naval Cooperation During the Chamberlain Years 1937-1940* (Singapore, 1984); Reynolds, *Anglo-American Alliance*, 16-23; and Ovendale, *Appeasement and the English Speaking World*, 115-16. Both Reynolds and Ovendale tend to play down the differences between Eden and Chamberlain over American policy, while Murfett and Peters suggest that the rift between the two men over relations with the Roosevelt Administration was significant.
question that Eden remained remarkably consistent in desire "to draw the United States back into the main current of European politics." He seems to have been sustained in his determination to achieve this aim by his strong belief that it was possible for the British to "educate" the American public, to convince both leader and layman alike that it was in their best interests to follow the British lead in foreign affairs. Professor D.C. Watt calls this classic "English pan-Anglo-Saxonism," a notion which he claims was based on the identification of British and American aims and "the naive assumption that British leadership would be welcome and acceptable [in America]..." Furthermore, Watt insists that Eden, like Churchill, equated the identification of Anglo-American aims with the achievement of universal peace: greatly exaggerating the influence of a united Anglo-American opinion as a deterrent against the use of force to upset the world status quo."

Throughout his tenure as Foreign Secretary, from December 1935 to February 1938, Eden did his best never to appear overtly negative when responding to any sort of American initiative, whether it came from President Roosevelt or Secretary Hull. The object here was "American goodwill." and as will be noted in the forthcoming chapters, throughout Eden's first 18 months as Foreign Secretary, in what might be called the first phase of his American policy, this meant applying pressure on the Board of Trade and within the Cabinet to accept Hull's call for the opening of trade negotiations with Washington. cooperation with the Americans in the 1936 London Naval Talks. and support for an oil embargo against Italy over her assault on Abyssinia. It also meant that Eden tended not to dismiss out of hand the many and rather unusual initiatives which emanated from the White House in 1936, such as Roosevelt's plan for the neutralization of the Pacific, his offer to have the British and American War Departments exchange their

2 Avon. p. 87.
4 ibid.
5 FO 371/19834 A2505/890/45; FO 371/19835 A1302/1293/45. As the records of the Foreign Office make clear, Eden was a strong supporter of this initiative, more for political than economic reasons. See also: Drummond and Hillmer, Negotiating Freer Trade; and Kottmann. Reciprocity.
plans for industrial mobilization, or his calls for an international peace conference. 6

Nevertheless, 1936 and the first half of 1937, remained a period in which the greater part of Eden's attention was still riveted on Europe and the quest for a Western Pact. It would not be until the latter half of 1937 -- with the outbreak of the Sino-Japanese war and Eden's disillusionment over détente with Mussolini -- that Eden shifted to the second phase of his policy with respect to the United States, a phase in which he would move from a policy of merely trying to secure American goodwill to one of seeking outright collaboration between Britain and the United States in world affairs.

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4a) Eden as Foreign Secretary: Abyssinia and the Rhineland, January -July 1936

Eden's appointment as Foreign Minister stemmed not only from his long experience and expertise in the field of foreign affairs, but also from political considerations. Eden's reputation as a champion of the League made him a real asset to the Government. His appointment, then, was part of a calculated move on the part of Baldwin to restore the prestige of his government and stem the tide of protest which had welled up both in Britain and abroad in reaction to the Hoare-Laval proposals. Indeed, support for the League among the British public was at an all time high in 1935, and given this fact, one of Eden's first tasks in the wake of the Hoare-Laval crisis was to re-establish Great Britain's credibility as a firm supporter of the League and unquestioned champion of collective security. 7 One obvious means of doing so would have been for the newly appointed Foreign Secretary to press hard in Geneva for the immediate imposition of the proposed oil embargo against Italy. Certainly, a number of the smaller but important states, such as Romania, would

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7 Eden's appointment was also calculated to shore up support for the Government among conservative back benchers who were severely shaken by the Hoare-Laval crisis, for as Harold Macmillian notes in his memoirs, the younger members of the party "had more faith in Eden than in any other member of the Government." [H. Macmillan, Winds of Change, (London 1966). 452]
have supported this move and by this point had indicated their willingness to follow the British lead in this matter.\(^8\) But in London the Cabinet remained divided over the issue. In fact, a number of key members of the Government, including Chamberlain, Vansittart and the service ministers, continued to oppose the imposition of an oil sanction, particularly because there still remained serious doubts about the willingness of the other League members to stand with Britain in the event that war with Italy was the result.\(^9\) The most significant factor in this calculation was the position taken by the French, who, following the debacle created by the publication of the Paris proposals, indicated quite clearly that they had no wish to even discuss the matter any further.\(^10\) Given these circumstances, it should come as no surprise that one of the Cabinet's first moves following the decision to ask Secretary Hoare to resign was to instruct Eden to seek an immediate postponement of the discussion of an oil embargo at the League.\(^11\) Eden supported this decision, noting in a meeting with the Dominion High Commissioners at the end of December that he felt “for the moment at any rate,” that it was “desirable to pause and take stock” of the situation before proceeding to further measures.\(^12\)

This still left open the question as to how to handle the British electorate, and the widespread belief that the Hoare-Laval proposals represented a betrayal of Baldwin's election promises in support of the League. Indeed, given the strength of feeling on the matter, it was imperative that the Government do all it could to persuade the British public that HMG was still committed to the Covenant — even though the Cabinet remained divided as to how it should be applied. A good share of this task fell to Eden. On January 17, for

\(^8\) Eden to Hoare, Dec. 9, 1935, DBFP 2nd Series Vol. XV # 344.
\(^9\) Extract from Cabinet Minutes, Cab 23/89 & cab 23/90B, Appendix III a) & b), DBFP 2nd Series Vol. XV
\(^10\) Chamberlain diary, Dec. 15, 1935, Chamberlain Papers 2/23A; & Thomas to Eden, Dec. 26, 1935, DBFP 2nd Series Vol. XV # 414. Here we should note that in a telegram issued to Eden from the Paris Embassy in late December, Thomas informed Eden that the French Foreign Office no longer supported the notion of an oil embargo against Italy and was content “to leave Italy strictly alone,” allowing the current sanctions to take their course.
\(^11\) Cab 52-55 (35), 9-17 Dec., 1935, Cab 23/82; Cab 56(35), Cab 23/90B.
\(^12\) DO 114/66. Eden also reiterated this opinion in a private conversation with Geoffrey Dawson, intimating to him that for the moment he thought it was time to “go slow” in bringing pressure to bear on Mussolini. [Dawson diary, Jan. 2, 1936. Quoted from M. Cowling, The Impact of Hitler, (London, 1975), 103]
example, in his first public address as Foreign Secretary, Eden reassured an audience in his home constituency of Warwick and Leamington that the British people "shall always be found arrayed on the side of the collective system against any Government or people who seek by a return to power politics to break up the peace...." Eden also reiterated his faith in the League, and the latter's ability "to bring home to any aggressor that peaceful negotiation was the only way to remove discontents." But in a veiled reference to HMG's recent frustrations over the vacillations of the French support for sanctions against Italy, he also insisted that: "Collective security will not be won easily. It will require work, and unremitting work, and it will require sacrifices from all those who are cooperating to achieve it", for it was ultimately dependent upon the "extent to which all members of the League, in accordance with their relative capacities, are prepared to play their part." In an editorial which followed the next day, The Times applauded Eden's support for the League and reported that "in tone and substance" his remarks mirrored the prevailing mood in the public exactly. Eden, it continued, offered the British public "no heroics," or "gestures," but rather "a settled foundation of sober and rational principle upon which alone a consistent foreign policy can be developed with security, efficacy and hope." This was all to the good, for "to profess the League as the mainspring of action is what every British Government since the war has done, and Mr. Eden starts again from that profession." 

Judging from the comments issued by The Times editorial, it seems clear that Eden's association in the public mind with the League and with the principle of collective security remained as strong as ever. But in private, Eden's support for the League was not nearly so monolithic. He understood its limitations, and realized full well, as his former mentor Austen Chamberlain had taught him, that Great Britain's support for the Covenant could not extend to any and all conflicts which might thrust themselves upon the world. But this is not to say that Eden had rejected the League as an instrument which could be used to establish the security of Western Europe. On the contrary, Eden firmly believed in collective action, but only when it served his country's best interests. The Abyssinian dispute provided just such a case. Indeed, to Eden, it furnished the perfect opportunity to

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13 The Times, Jan. 18, 1936, 8.
show the Germans and the Japanese that collective security under British leadership could work and it was for this reason that he fought so consistently for League involvement in this crisis. Eden’s faith in collective action, however, set him apart from many of his colleagues. Vansittart and a number of other high officials at the Foreign Office, for example, believed in maintaining the balance of power in Europe and the wider world. This required first and foremost the reconciliation of Italy and the maintenance of good relations with the United States over how to respond to the Japanese threat in the Pacific. Chamberlain and officials at the Treasury favoured accommodation -- what would later be called appeasement -- through bilateral negotiation (as evidenced by the attempt to reach a settlement with Japan in 1934) accompanied by deterrent rearmament. Chamberlain remained wary of the League, and rejected the notion of balance of power politics because of his fear that this would simply divide Europe into two armed camps -- as had been the case in 1914. He had also given up on the notion of a multilateral solutions since every major conference since 1933 had failed. There were, of course, areas of agreement that Eden, Vansittart and Chamberlain shared, but Eden’s strong faith in the ability of collective action to work in the case of Abyssinia clearly set him apart from most of his contemporaries.

Nevertheless, Eden was willing to go along with the wishes of his colleagues and postpone the decision on oil. Some historians have attacked Eden for this, arguing that it proves that he had no settled convictions. Others have insisted that this shows that the so-called dual policy -- public support for collective action proceeding simultaneously with back door diplomacy -- adopted by the Cabinet under Hoare lived on under Eden. The latter point is most certainly true. But this writer would argue that these comments reflect a somewhat superficial understanding of Eden’s relationship with the League. Eden never placed the interests of his country behind those of the collective will in Geneva. To him, the

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16 This is the view implied throughout David Carlton’s biography of Eden.

17 *Baer, Test Case*, 186-87.
Covenant was a means to an end, not an end in itself, and he was perfectly willing to pursue all avenues of diplomacy in the interest of preserving peace. In light of this, Eden’s willingness to go along with the decision to postpone the oil embargo should not be interpreted as indicating a lack of principle. Eden was also under considerable pressure from the Cabinet and, given his reputation for loyalty and the adherence to the party line, it hardly seems surprising that in his first weeks in office he should concur with the decision to delay taking any further action in Geneva. 18 Moreover, delay on the question of an oil embargo was further encouraged by the fact that the Italian campaign in East Africa had recently bogged down and by the need to establish what the position of the United States would be in the event that the League did in fact decide to impose such a sanction. 19

Indeed, as noted earlier, the question of what the United States would do in the event that the League pressed ahead with the oil embargo had been a concern in both London and Geneva from the moment the Committee of Eighteen first breached the subject in November. By the time Eden became Foreign Secretary, interest in the American position on the matter was heightened by the fact that the Roosevelt Administration was facing a critical vote on the matter soon, as the current neutrality law would be up for

18 There remains a good deal of historical debate as to Eden’s standing within the Cabinet. In his memoirs Eden himself implies that he was not always free to pursue his policies unimpeded, stressing for example that upon assuming office he was distinctly aware “...that my appointment was not welcome to all my elders in the Cabinet, where there was already no lack of former Foreign Secretaries and other aspirants to office.” In his biography of Eden, David Carlton (who, as noted, exhibits a certain harshness towards the former) dismisses this claim, noting that “the broad conduct of foreign policy remained firmly in Eden’s hands.” But Carlton’s view is by no means universal. George Baer notes that Simon, Chamberlain, and Halifax all treated Eden with some wariness, while D.C. Watt insists that Eden was in fact intimidated by Vansittart. Certainly Eden’s clash with Sir Warren Fisher over the latter’s insistence that he, as head of the civil service, should have the right to review all ambassadorial appointments, as well as the tendency of other members of the Cabinet to read and amend Foreign Office dispatches, suggests that Eden, upon assuming office, was not necessarily the master of his own house. So too do the subsequent and often bitter disagreements he had with the Chiefs of Staff and Chamberlain over British policy vis-à-vis Italy, where Eden’s call for “showing some tooth” in the Mediterranean was more or less ignored. On Eden’s position within the Cabinet see: Carlton, Anthony Eden, 71-73; Baer, Test Case, 186-87; Peters, Anthony Eden, 165-67; James, Anthony Eden, 156-62; and Watt, D.C. ‘Foreign Secretaries as Diplomats,’ in Roger Bullen ed., The Foreign Office 1782-1982 (New York, 1984). On Eden’s disagreements with the Chiefs of Staff and Chamberlain over Anglo-Italian relations see below p. 169 & p. 235.

19 In early January, there was even speculation among some military observers that the war in Abyssinia had reached a stalemate, and that the Italians would be unable to achieve any sort of decisive victory before the spring rains rendered further progress impossible. (Baer, Test Case, 185-86).
renewal by Congress at the end of February 1936. Eden, for his part, still held out some hope that the new law would be amended in such a way as to allow the Administration to place an embargo on critical raw materials such as oil. But in any case, until the U.S. position on the matter was clear, and the critical problem of securing the commitment of the French Government to an oil embargo was solved, Eden preferred to put off the decision on oil. In mid January, therefore, Eden recommended that HMG support the establishment of a committee of experts under the auspices of the League to look into the effectiveness of an oil embargo by League members, particularly in relation to “the intentions of non-member states.”

In Washington, meanwhile, the debate over the new neutrality legislation had intensified. Late in 1935, Secretary Hull had hoped that Congress would grant the President the power to discriminate between belligerents in imposing an arms embargo; the discretion to determine if and when to put the embargo into effect; and the power to restrict trade with any state at war to normal peacetime levels. The State Department also supported a measure aimed at forbidding U.S. loans to belligerents. These moves were designed with the Ethiopian conflict very much in mind, and there is no question that the Administration’s version of the Bill clearly favoured Abyssinia. By 1936, however, opposition in the Senate to granting the President the discretion to apply the arms embargo only against an aggressor rendered the pursuit of this aim an exercise in futility and it was dropped from the Bill proposed by the Administration. Hull still hoped that Congress could be persuaded to grant the latter two powers to the President, and in an effort to secure their passage, he appeared before the Senate Foreign Relations Committee no less than six times in the opening two weeks of its deliberations on the legislation in January. But in spite of

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20 Indeed, in a conversation with French Foreign Minister Flandin at the beginning of February, Eden indicated his own wish that any discussion on the oil embargo in Geneva be prolonged, so as to allow time for the American position to become clear. Notes on the 1936 U.S. Neutrality Policy, February 8, 1936. Feis Papers, Abyssinia File Box 124.
22 McCulloch, Economic Diplomacy, 177.
23 Extracts from Hearings before the Committee on Foreign Relations, U.S. Senate, 74th Congress, reported to the Foreign Office, FO 371/19827; & Feis diaries, Jan-Feb. 1936, Feis Papers, Box 124.
these efforts, it soon became apparent that even these more moderate measures would be too much for the Congress, and the State Department’s version of the legislation was cast aside in favour of a joint resolution which simply extended the life of the current legislation to May 1, 1937.

This measure was passed by the House on February 17, and by the Senate the following day. Three amendments were appended to the new legislation, however. The first, (supported by the State Department) banned U.S. loans to belligerent governments; the second, directed the President to extend the mandatory arms embargo required by the law to any new belligerent entering a war, so that should England have become involved in a war with Italy over Abyssinia, for example, the arms embargo would extend to her as well, and the third, exempted any American republic from the terms of the law should it become involved in a war with a non-American state.\(^2\) Hull was disappointed at the new neutrality Bill, which he later noted did not correspond to any of his “basic desires” with respect to neutrality.\(^2\) Lindsay too was discouraged. He regarded the defeat as a victory for Italian pressure groups, the isolationists and American export interests. He also felt that because 1936 was an election year, Congress wished to avoid any contentious issue and hence had decided to merely pass the existing legislation and adjourn early.\(^2\) Meanwhile, in London, reaction at the Foreign Office was mixed. On the one hand there was relief that the isolationists had not pushed through an even stronger measure, while at the same time there remained a great deal of concern as to the effect that the new law would have on any future war in which Britain might be involved -- particularly in the midst of the present crisis with Ethiopia.\(^2\)

In any case, by the third week of February, London was aware of the terms of the new neutrality bill and the American decision, reflected in the legislation, not to restrict

\(^2\) Pratt, Cordell Hull, 206.
\(^2\) Hull, 467.
\(^2\) Lindsay to Eden, Feb. 13, 1936, FO/371 19826.
\(^2\) McCulloch, Economic Diplomacy, 178-79. Following the passage of the 1936 Neutrality Bill, President Roosevelt reiterated his support for the moral embargo, but from this point on the Administration remained largely aloof from the events proceeding in Geneva and East Africa, although following the end of the conflict, Hull remained adamant that the United States should not grant recognition to the Mussolini’s conquered territories. On this see Hull, 467-74.
further the export of oil to Italy. This was of course a great blow to any prospective League effort to stop the war by economic means -- a blow made all the more pertinent by the release of the report of the Committee of Experts which concluded at roughly the same time that a decision by the Americans not to cooperate would seriously hamper any League effort to cut off Italy from her supplies of oil. In light of this, both Runciman and Eyres-Monsell once again urged the Government to oppose any call for an oil embargo, noting in the wake of the American decision that “no sanction ought to be imposed which was not likely to prove effective.” Eden agreed with his colleague’s assumption that the American stance with respect to oil would indeed render any League imposed embargo highly ineffective, but in spite of this determination, he had now come to the conclusion that HMG should press on with its support for the measure. There were a number of reasons for this. In the first place, Eden noted that it was now evident that the imposition of the oil embargo represented the only significant measure, short of war, that the League still possessed in her struggle against Italy. As such, any effort to avoid the issue, would represent a fatal blow to the League and the pursuit of collective security which would no doubt encourage aggression in other parts of the world. Furthermore, the risks involved in pursuing such a policy were now greatly diminished, particularly as Mussolini’s recent difficulties in overcoming Abyssinian resistance made the possibility of an Anglo-Italian war far less likely. In addition, the Foreign Secretary had just received a number of reports which indicated that Mussolini’s government was at present experiencing serious financial difficulties. These would no doubt be exasperated by the need to purchase higher priced oil from alternative sources once the embargo went into effect; hence, Eden reasoned that while the embargo itself may not be severe enough to bring Mussolini’s war machine to a halt, it would at least render the prosecution of the war more expensive and difficult. It might even make the Duce more inclined to negotiate an end to the crisis. But the most important factor in considering the imposition of the oil embargo was its symbolic value, not only at home, but also abroad, particularly in the United States where, as Eden noted.

28 Stevenson to Eden, Feb. 12, 1936, DBFP 2nd Series Vol. XV, # 514.
29 Cab 23/89 see in DBFP 2nd Series Vol. XV, # 545 footnote 3.
the prestige and credibility of HMG had suffered severely as a result of the disclosure of the Hoare-Laval Plan.\textsuperscript{31}

Indeed, by this point it was clear that Eden was seriously concerned about the impact of the Hoare-Laval crisis on both public and official opinion in the United States. In fact, prior to the publication of the Paris proposals, both Lindsay and Eden had been cautiously optimistic about the possibility of American cooperation vis-à-vis Abyssinia, particularly with respect to the will of the Administration to secure the power to embargo oil through the 1936 neutrality legislation. Here the attitude of Hull was a key factor. Throughout the fall of 1935, for example, Lindsay frequently reported on Hull’s determination to do all he could to reduce U.S. exports of oil to “normal levels” by “extra-legal” means under the auspices of the moral embargo. He had also indicated that he was “fairly confident” that the Administration would get its way in the up-coming neutrality debate, and as such was hopeful that the President would be granted the powers to extend the U.S. arms embargo to key commodities, such as oil.\textsuperscript{32} Moreover, in a conversation with Hull held the day before the Hoare-Laval plan became public, the Secretary informed the Ambassador in no uncertain terms that he himself was in favour of the League extending the embargo to oil. When Lindsay noted that the decision to proceed with an oil embargo was difficult, and that part of the reason the League had hesitated was due to the uncertain attitude of the United States, Hull insisted that he could not understand why Geneva should hesitate for a moment:

Here were nations assembled to do what they could in the cause of peace. Were they to ‘lie down and die’ without making an effort at the first difficulty? In his opinion ‘they should sweep right ahead at once.’ If it became clear that outside Powers by their action or inaction were defeating the League then it would also be clear that ‘they were crucifying peace.’\textsuperscript{33}

Comments such as these bolstered Lindsay’s optimism, and led him to conclude on the eve of the Hoare-Laval crisis that both the President and the Secretary were anxious to curtail the war in Abyssinia. Lindsay in fact insisted that both Roosevelt and Hull deeply resented

\textsuperscript{31} Eden to Clerk, Feb. 26, 1936, DBFP 2nd Series Vol. XV, # 545 footnote. 3.
\textsuperscript{32} Lindsay to Hoare, Dec. 5, 1935, DBFP 2nd Series Vol. XV, # 306 & Lindsay to Eden Dec. 8, 1935. ibid #’s 332 & 333. As noted in the previous Chapter, the 1935 Neutrality Law was set to expire on February 29, 1936.
\textsuperscript{33} Lindsay to Eden, Dec. 8, 1936, DBFP 2nd Series Vol. XV # 332.
the Italian action, which in their view had imperiled the world economic recovery, incited Japan to new aggressiveness, and hampered international trade and the negotiation of trade agreements which “are so near to Mr. Hull’s heart.” As such, Lindsay interpreted Hull’s remarks as an indication that if the League imposed an oil embargo the “United States will not be very far behind.” 34

But Lindsay’s confidence in American cooperation with the League was soon shattered by the publication of the Hoare-Laval Plan, which was universally condemned in the United States as an “international disgrace” and a staggering defeat of the League of Nations.35 Indeed, in a dispatch sent to the Foreign Office shortly after the publication of the proposals, Lindsay noted that opposition to the plan was “unanimous, complete and unequivocal.” It was “everywhere taken for granted” he continued. “that there is no more any question of an oil embargo” and he was thus “unable to forecast what Congress will do in regard to the neutrality legislation.” 36 In fact, the Hoare-Laval disclosures had a profound impact on the neutrality debate and were a potent factor in the defeat of the Administration’s version of the Bill.37

These reports disturbed Eden, who, as noted, took over the reins of the Foreign Office under the firm conviction that HMG must make a serious effort to improve Anglo-American relations. As such, Eden concluded that the recent determination of the Congress to reject cooperation in favour of rigid isolation if anything made it all the more imperative that HMG should proceed with the oil embargo, which as Lindsay noted would “do more than anything else” to restore the prestige of HMG and the League and to influence American opinion in favour of the collective peace system.38 That Eden agreed with this assumption was made very clear in a conversation he had with the French Ambassador a short time later. Here, after listening to M. Corbin express the conviction that there was little point in going ahead with the embargo in light of the American decision not to sanction

34 Lindsay to Eden, Dec. 8, 1936, DBFP 2nd Series Vol. XV # 333.
36 Ibid.
37 Lindsay to Eden, Feb. 21, 1936, DBFP 2nd Series Vol... XV, # 535: Quincy Wright to Arthur Sweetzer, January 29, 1936, Sweetzer Papers, Library of Congress.
38 Lindsay to Eden, Feb. 21, 1936, DBFP 2nd Series Vol... XV, # 535.
Eden countered that perhaps his colleague had not placed the matter in true perspective. For it was always possible for the League to say:

‘Though we do not control world supplies of oil we do control a considerable part of them, and we will do what we can by placing an embargo upon oil to make the war more expensive for Italy.’ Such an attitude would, amongst other results, certainly produce a good reaction in the United States. If I might speak frankly to the Ambassador I thought that one of the most unfortunate effects of the Paris proposals in December was the reaction produced on world opinion, and more particularly on United States opinion. If we took a long view we must both of us realize the importance to our countries of United States goodwill. What would have been our position today if we had not had goodwill, and ultimately the active support of the United States in the war years?’

In light of these views, Eden argued in the Cabinet that he should be granted the power to press for the imposition of an oil embargo in Geneva, and that he should endeavor to secure its application “at as early a date as other members of the Committee of Eighteen would agree to.” The Cabinet concurred, though on the condition that “the Secretary of State should as far as possible avoid taking the lead in this matter” and that “it should be left to his discretion to carry out the policy of the Government with as little publicity to himself as possible.”

On March 2, then, Eden returned to Geneva, where he once again tried to secure the cooperation of the French in private before engaging in the deliberations of the League. Here, however, it was immediately apparent that the French continued to be deeply uneasy about the prospects of an oil embargo. This was due to a number of factors, including France’s preoccupation with European security, her need to avoid any further deterioration in relations with Italy, and the conviction that the imposition of further sanctions would only result in a decision by Italy to leave the League and renounce her obligations under the Locarno agreement. The latter point was now of particular concern, as the French had recently received reports that the Germans were in fact contemplating making some move...

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39 Eden to Sir G. Clerk, Feb. 26, 1936. Ibid. # 545. Here we should note that French Foreign Minister Flandin was so struck by Eden’s emphasis on the need to keep the sympathy of American opinion that he cabled his ambassador in Washington, asking if in fact there was some development there that had caused the British to take such a resolute stand.

40 Cab 11(36) 1 March 26, 1936 cab 23/89. As noted earlier, the Committee of Eighteen was the body responsible for the development of sanctions policy at the League of Nations.

41 In fact, Flandin had run for office campaigning on a platform in which he call for the rebuilding of “the damn against Germany.” On this see Baer, Test Case, 221.
into the Rhineland. As such, French Foreign Minister Flandin suggested a delay on the question of oil so as to allow for a further attempt at mediation. He also indicated that his government was prepared to support the imposition of the oil sanction only on the condition that Great Britain offered France further guarantees of her commitments under Locarno, including a clear indication that HMG would “be ready to support France even alone in the defence of the demilitarized zone.”

Eden responded to Flandin’s request for a delay by agreeing to postpone the decision on oil for forty-eight hours, so that the Committee of Thirteen (which was responsible for the overall direction of League policy on the Abyssinian problem) could issue calls for a cease-fire and for the immediate opening of negotiations between the two parties. But Eden also stressed that if these efforts were unsuccessful, and it was clear that the appeal was going nowhere, that the question of further sanctions must then be reopened by the Committee of Eighteen. As to France’s desire for a link between support for the oil embargo and further guarantees on the Rhineland, Eden noted that he could say nothing without consulting the Cabinet, which he promised he would do “at the earliest possible moment.”

Based on these conversations, Flandin assumed that he had an understanding with Eden that there would be no discussion of the oil embargo during the course of the meeting held by the Committee of Eighteen held on March 2. Indeed, in response to a direct question by Flandin, Eden indicated his hope that it would not be necessary to bring up the subject of oil at the forthcoming meeting, as “it would be best to arrange matters privately in advance and not to have any difficulties in public.”

In accordance with this understanding, Flandin opened the sanctions meeting with the recommendation that the committee adjourn before considering the question of further measures. This would allow a short time for the Committee of Thirteen to issue a fresh and urgent appeal for peace. But for reasons that are still not entirely clear, Eden suddenly altered his earlier position and announced to a somewhat shocked delegation that Great Britain was now in favour of

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44 Record of Anglo-French Conversations, March 2, 1936, 11:00 a.m.: Ibid, # 3.
imposing an oil embargo on Italy.\textsuperscript{45} In fact, Eden insisted that the appeal procedure (which he had no objection to) need not cause any undue delay in the discussions on oil, and he wished to go on record as being in favour of "the early application of such a sanction if the other principle and supplying states who were members of the League were prepared to do likewise."\textsuperscript{46}

Eden’s sudden announcement, which stood in sharp contrast to the impression he had given the French delegation just a few hours earlier, angered Flandin, and left the other members of the Committee in a state of confusion as they had had no advance warning of it and hence had had no time to prepare position papers on the matter.\textsuperscript{47} It also stood in sharp contrast to the instructions he had received from the Cabinet in London advising him to take no initiative over oil. This left some of Eden’s colleagues to conclude that Eden had been carried away by the sanctionist atmosphere in Geneva and by his coterie of advisors who in the view of some of the senior members of the Cabinet were too young and inexperienced to be handling such an important endeavor.\textsuperscript{48} In a Cabinet meeting called a few days later. Eden undertook to explain his sudden action by insisting that the situation in Geneva was different from what it had been when he had first received his instructions. His discussions with other the members of the Committee, he noted, had led him to conclude that something had to be said about the League’s intentions on the subject of sanctions. To ignore the issue would be to further damage the reputation of HMG and the League in the eyes U.S. and World public opinion, and would lead Italy "to assume that the subject had been dropped."\textsuperscript{49} Eden then noted that it had eventually been decided in Geneva that if the Italians and Abyssinians had not responded affirmatively to Flandin’s

\textsuperscript{45} In the Foreign Office Minutes covering Eden’s conversations with Flandin, Mr. Peterson notes that until this point it appeared that "the Secretary of State was still following the lines of the Cabinet Conclusions [of February 26]..." But that it "was subsequently and apparently after telephonic communication with London that he [Eden] decided to come out in the open and propose the oil sanction." There is no mention in the minutes as to whom Eden may have spoken, or any record of the contents of this conversation. See: Edmond to Foreign Office, March 2, 1936, DBFF 2nd Series Vol. XVI, # 3, footnote 11. See also below p. 160.

\textsuperscript{46} League of Nations, \textit{Official Journal}, special supplement no. 149, 11-12; Gibbs, \textit{Grand Strategy}, 219

\textsuperscript{47} Baer, \textit{Test Case}, 225.


\textsuperscript{49} Cab 15(36) 1. March 5, 1936, Cab 23/89.
appeal by 10 March, the Committee of Eighteen would meet immediately thereafter in order to make a final decision on an oil embargo and to determine when and how this measure should be applied.\textsuperscript{50}

It would appear then, that by March, Eden had come around to the view that the only way to redeem the policy of collective security and to restore the prestige of his Government, was for him to press ahead with the embargo on oil. Eden was of course well aware that the effectiveness of this sanction would be greatly hampered by the activities of the U.S. oil producers, but the weight of world opinion, especially U.S. opinion, overrode these considerations and prompted him to act. This was by design. Eden considered it imperative that the United States maintain a friendly disposition towards HMG. Without this, collective security was doomed and the fate of the West's ability to wage a successful war against Germany and Italy on the continent, should war break out, would be seriously diminished.

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And so, it looked as if the long anticipated oil embargo might finally come into being, but on 7 March all concern about Abyssinia and oil suddenly and quite precipitously faded from view when Adolf Hitler ordered his forces to march into the Rhineland. Hitler's action constituted a flagrant violation of the Treaty of Versailles as well as a flagrant violation of the Treaty of Locarno. Yet the move was not entirely unexpected, although at the time, it caught both the British and the French Governments off guard. This was in part due to the preoccupation on the part of both Governments with the Abyssinian crisis, and in part due to Hitler, whose timing for such a \textit{coup de main} had become impeccable.

In any case, in order to fully appreciate Eden's response to the Rhineland incident, it is necessary to go back and examine his intentions with respect to Germany from the outset of his becoming Foreign Secretary. Here it is important to note that the whole question of an agreement with Germany was brought back to the forefront of the Cabinet's attention by the release of the Third Report of the Defence Requirements Committee (DRC), which was submitted to the Government on 21 November 1935. In the report, the

\textsuperscript{50} Baer \textit{Test Case}, 226.
DRC noted the many perils facing Britain in Europe, in Asia and in the Mediterranean, and strongly advised that due to these difficulties, the Government, among other things, should seek a rapprochement with Italy. But the main focus of concern for the Chiefs of Staff remained Germany and Japan and the threat that these two powers posed to British interest both near at home and in the Empire. Due to this dual threat to international stability, the DRC insisted that in the long term Britain had no choice but to rearm "to a far more effective level." and in addition, insisted that until HMG reached that goal it would be prudent for the Government do everything it could, in conjunction with France, "to promote and maintain friendly relations with Germany."^51

Similar sentiments were echoed in the Foreign Office where officials such as Ralph Wigram and Orme Sargent also argued that given the choice of choosing between a policy of doing nothing; a policy of attempting to thwart German ambitions by encirclement (which carried with it the very real danger of driving Europe into two armed camps); or a policy of coming to terms with Germany; that the latter was by far the best and in fact represented the only constructive course of action open to Europe.^52 Germany, then was very much on the minds of the Foreign Office and the Chiefs of Staff when Eden assumed the post of Foreign Secretary and it is not surprising that one of his first undertakings in office should be to engage in a thorough review of HMG relations with the Reich. On January 17, Eden circulated a memorandum entitled 'The German Danger' to his Cabinet colleagues. Here, he summed up German Foreign Policy as being bent on "the destruction of the peace settlement" and the "re-establishment of Germany as the dominant power in Europe." Eden also noted that the means by which Hitler hoped to achieve these aims were two-fold: first, internally through the remilitarization of the German state: and second, externally, by territorial and economic expansion "so as to absorb as far as possible all those of the German race who are at present citizens of neighboring States" and to acquire new markets and sources of raw materials for German industry. The Foreign Secretary then noted that the "form and direction of this expansion is the one still doubtful factor in Germany's plans for the future." In light of these observations, Eden then drew two

^51 DRC 37. Nov.21. 1936, quoted from Roskill, Man of Secrets. 192-93.
conclusions. The first, was that it was “vital to hasten and complete our own rearmament.” and the second was that “whilst pursuing our rearmament, it will be well to consider whether it is still possible to come to come to a modus vivendi ... with Hitler.” Based on Eden’s recommendations and the report of the DRC, then, the Cabinet thus embarked on a course which one historian claims “laid the foundation of a policy towards Germany that in essentials was to last until the outbreak of the war,” — rearmament and negotiation — and over the course of the next two months the Foreign Office expended a good deal of energy examining possible areas of agreement which might be pursued with Hitler’s Reich.

In fact, these deliberations represented an extension of the process that had been set in motion with the opening of the Disarmament Conference in 1932, and by the release of the joint Anglo-French Communiqué of February 3, 1935. As noted, both these efforts failed to result in the conclusion of an overall settlement. At the root of this failure had been the inability of the parties concerned to bring about any sort of Franco-German consensus on the size and material requirements of their respective armed forces. In an attempt to circumvent this problem, the British, in the Spring of 1935, had dropped their adherence to the demand, contained in the Anglo-French Communiqué, that naval and air limitations could only be secured as part of a comprehensive settlement. One result of this new and more flexible attitude had been the conclusion of the 1935 Anglo-German Naval Agreement (which greatly upset the French), but a second result, had been the parallel negotiations for the conclusion of a European Air Pact.

The dispute with Italy over Abyssinia, however, had rendered any progress on the Air Pact impossible, particularly as in the latter half of 1935. Hitler made it eminently clear that he had no interest in negotiating any sort of European settlement while this dispute was

54 Andrew J. Crozier, Appeasement and Germany’s Last Bid for Colonies (New York, 1988), 131. It was during this period that the Cabinet established, on Eden’s recommendation, the Cabinet Committee on Germany, which was set up in order to look into policies toward’s Germany. On this see memorandum by Eden on Policy towards Germany, Feb. 11, 1936, DBFP 2nd Series Vol. XV, # 509.
55 Peters, Anthony Eden, 169-70.
underway. But the renewed interest in coming to terms with Germany had given the Air Pact a new lease on life, and over the course of the first two months of 1936, the Foreign Office decided that the discussion of an Air Pact represented the best means to re-open negotiations with Germany. By the end of February, it was clear that the Government concurred with the Foreign Office's assessment and in consequence Eden informed his Ambassador in Berlin, Sir E. Phipps, of the Cabinet's decision. Eden also informed Phipps that he no longer felt that the negotiation of an Air Pact must be postponed until the end of the Abyssinian Affair as the Italian participation in the London Naval Conference indicated that the Abyssinian conflict need not rule out the possibility of Italian cooperation in a general European agreement. Moreover, it would be wise to make some diplomatic approach to Germany prior to the release of the Defence White Papers due in March. This document called for increased expenditures on defence to counter German ambitions and it was expected that Berlin would react negatively to it. An approach to Germany now might soften the blow, and render the prospects of a successful conclusion to the proposed agreement all the more likely.

Thus, at the very same time that Eden was advocating that the Cabinet come out in favour of an oil embargo against Italy, he was also preparing to reopen negotiations with Germany over the proposed Air Pact. As usual, the sticking point in the whole process remained the French, and their persistent requests for additional guarantees of security in return for their cooperation abroad. The whole issue had been further complicated by the recent and widespread speculation, in both Paris and London, that the Germans might make a move into the Rhineland. As early as 16 January, for example, the Foreign Office issued a memorandum declaring that the German reoccupation of the demilitarized zone was all but inevitable. The same memorandum recommended that thought should be given now as to how HMG might secure some quid pro quo in return for the "peaceful disappearance" of this issue. There was no inclination to fight for the zone and little anticipation that a German move was imminent. By March it was hoped that the surrender

57 Ibid.
58 DBFP Vol. XV # 455.
of the Rhineland to full German sovereignty might become an integral part of an overall settlement initiated by the conclusion of the Air Pact. In Paris, though, the possibility that the Germans might move into the Rhineland was not viewed with quite the same complacency and, while Whitehall did not anticipate that France would fight for the zone, the issue was not entirely clear. What was clear is that HMG certainly had no desire to do anything which might encourage the French to do so. Eden, therefore, faced a real dilemma when Flandin confronted him with a request for a British guarantee of the Rhineland in return for French support for an oil embargo against Italy. In his view, to refuse the French request would leave his League policies in shambles: while to endorse it, would be to commit Britain to a policy which would not only make France all the more reluctant to offer concessions to Germany, but might even lead to war. Under the circumstances, Eden had little choice but to try and put off Flandin’s request, without issuing an outright refusal. Hence, when the Cabinet met to consider the matter following Eden’s discussions with Flandin on March 2, the Foreign Secretary effectively stalled on the question by merely recommending the establishment of a Cabinet committee to examine the extent of British obligations under Locarno. In the meantime, Eden insisted that the proposed approach to Germany over the Air Pact should go ahead immediately. This, at the very least, would satisfy the French that HMG was doing everything in her power to render a settlement with Germany possible and might serve to mitigate her security fears for the future.

On March 6, then, Eden called in the German Ambassador. Herr von Hoesch, to reciprocate the “number of recent statements” issued by Hitler. “expressing hopes for an improvement of international relations in Western Europe.” Eden then asked the Ambassador directly about the possibility of opening “serious discussions” with the Reich for the conclusion of an Air Pact. Hoesch promised to forward Eden’s suggestion to Berlin immediately, but unfortunately Eden’s demarché came too late to have any significant impact on Hitler’s intention to re-occupy the Rhineland. By noon the next day word arrived from Berlin that “German armed military detachments had this morning entered the

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59 It should also be noted that most of the British public viewed the possibility of a German move into the Rhineland as little more than a move into their own “back garden.”

60 Eden to Phipps, March 6, 1936, DBFP 2nd Series, Vol. XVI, # 29, see also idem footnote 3.
Meanwhile, in London, Hoesch, once again called upon Eden, to inform the British Government of the German action. He also handed the Foreign Secretary a memorandum, which not only offered an explanation as to why the German Government felt justified in taking this step, but also offered a whole new series of measures which Germany was prepared to take in order to ensure the pacification of Europe. These included the establishment of a new demilitarized zone which would straddle both sides of the Franco-Belgian frontiers with Germany, the opening of negotiations for an Air Pact, the conclusion of a network of 25-year non-aggression pacts with Germany’s neighbours in both Western and Eastern Europe, and Germany’s eventual return to the League.

Hitler’s memorandum was a masterpiece of diplomacy. It appealed to the British public, who for the most part viewed the re-occupation of the Rhineland as little more than “going into their own back garden.” It also lured the Foreign Office into a false sense of security about the possibility of concluding a final comprehensive agreement with the Reich. Indeed, in a conversation with the French Ambassador immediately following his interview with Hoesch, Eden, after deploring the German action, emphasized that this “very important memorandum would require very careful consideration by the Cabinet.” Moreover, in a move to forestall any possible military move by the French, Eden also stressed HMG’s hope that “the French Government would not do anything to render the situation more difficult.” other than to join with the British in “a steady and calm examination of the situation between all those interested.” This was a clear warning that London had ruled out a military response and would expect the same from Paris. Eden then met with Baldwin, who fully concurred that “there would be no support in Britain for

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62 Middlemass & Barnes, Baldwin, 914; Peters Anthony Eden, 178; & DBFP 2nd Series Vol. XVI # 42. Hitler’s ostensible reason for re-occupying the demilitarized zone stemmed from his objections to the Franco-Soviet Pact, which was ratified by the French Senate a few weeks earlier. Hitler regarded the conclusion of the pact as a violation of the Locarno Agreement, and hence insisted he was justified in sending troops into the zone. For a more general discussion of the Rhineland incident see: J.T. Emmerson, The Rhineland Crisis, March 7, 1936; A Study in Multilateral Diplomacy (Ames, Iowa, 1977); & Thompson, Anti-Appeasers, 102-115.
63 Lothian, quoted from Thompson, Anti-Appeasers, 105.
64 Eden to Clerk, March 7, 1936, DBFP 2nd Series Vol. XVI., # 37.
military action by the French.” Shortly thereafter, word came from Paris that the French Government had agreed to assess the situation calmly and would not engage in any isolated military activity. Nevertheless, France was still appalled at the German move and fully expected that there should be a meeting of both the Locarno Powers and the League Council as soon as possible in order to discuss what should be done in response to the German coup.

With the receipt of this telegram, it was clear that the immediate crisis had passed and that Whitehall’s primary goal of avoiding a conflict with Germany over the issue had been achieved. Eden was thus free to prepare a detailed memorandum on the whole situation for the Cabinet. Here, not unlike his earlier assessment of the “German Danger” written at the outset of the year, Eden concluded:

The myth had been exploded that Herr Hitler only repudiates treaties imposed on Germany by force. We must be prepared for him to repudiate any treaty even if freely negotiated (a) when it become inconvenient; and (b) when Germany is sufficiently strong and the circumstances otherwise are favourable for doing so.

On the other hand owing to Germany’s material strength and power of mischief in Europe it is in our interest to conclude with her as far reaching and enduring a settlement as possible whilst Hitler is still in the mood to do so.

In essence, then, Eden contemplated no radical reassessment of British policy towards Germany in the wake of the Rhineland incident, and in fact was determined to engineer a response to it which was designed to keep the possibility of a negotiated settlement with her alive. In light of this, Eden’s chief concern in the days and weeks immediately following the Rhineland coup was not with the Germans, but rather with the French, who in their anger and frustration over Hitler’s move, might be tempted to press for the imposition of sanctions or other measures in an effort to get Germany to withdraw from the demilitarized zone. Such a move was viewed with alarm in London. In Whitehall’s assessment, it was highly unlikely that Hitler would withdraw under the pressure of sanctions. Moreover, any attempt to pressure Hitler in such a way would only serve to alienate him further and make the possibility of a negotiated settlement all but impossible. Indeed, given Hitler’s

65 Avon, 343-44.
66 Clerk to Eden DBFP Vol. XVI, # 39.
unstable personality, it might even result in a war. In light of these considerations, Eden was determined to do all he could to limit the response of both the League and the Locarno powers to the German move to a mere verbal condemnation, accompanied by a clear indication that the door to further negotiations remained open.67

With this object in mind, then, Eden traveled to Paris to meet with the other signatories of the Locarno powers. Here he argued in favour of pursuing what he called “a policy of conciliation.” It soon became apparent, however, that the French would refuse to negotiate with Germany so long as her forces remained in the Rhineland. Moreover, they insisted that the only course of action open to the Locarno powers would be to demand nothing less than the immediate withdrawal of all German forces from the demilitarized zone. They also made it plain that they were prepared to ask the League Council to impose financial, economic and even military sanctions against Germany in order to secure this object.68 When asked directly if the French Government was prepared to contemplate military action in the event that the proposed sanctions proved ineffective, Flandin answered in the affirmative.69

The French stance confirmed the worst fears of the Cabinet and led to renewed speculation about the possibility of war breaking out as a consequence of the Rhineland incident. This had to be avoided at all costs. As such, Eden, after returning to London to discuss the matter with his colleagues, recommended that HMG attempt to forestall the French drive towards sanctions by offering to the French some sort of alternative to Locarno (in the form of a general settlement), underwritten by the opening of General Staff Talks between the two powers. This, accompanied by a clear indication that HMG was not prepared to engage in a military operation against Germany, might be enough to persuade the French to open negotiations with the Germans and to drop the demand for sanctions.

Eden’s suggestions were accepted by the Cabinet, and over the course of the next few days a serious attempt was made to bring the French around to the British position. By 18 March the two Governments had reached an agreement. There would be no immediate

67 Peters, Anthony Eden, 178-182.
68 DBFP Vol. XVI # 61 & 63.
69 Ibid, #61.
call for sanctions, and in addition, no stipulation that the opening of negotiations with Germany be conditional on the evacuation of all German forces from the Rhineland. The policy of conciliation would go ahead. In return, the British General Staff would undertake technical discussions with its French counterpart, and the British Government would support calls for the placement of an international police force in the demilitarized zone pending the outcome of the proposed talks with the Germans. Having secured French cooperation, then, the League Council, under Eden's direction, confined itself to nothing more than a verbal condemnation of Germany's actions when it finally met to consider the matter. At the same time, the Locarno Powers also agreed to allow Eden to press on with his earlier proposal for the opening of negotiations on a general settlement with Germany. All Hitler had to do was agree to listen, and to promise in the interim that he would not increase the size of the forces he had so suddenly launched into the Rhineland.

There is no question that the French acceptance of this solution to the Rhineland crisis, and the subsequent limited action by the League, represented a significant personal achievement for Eden. He had succeeded in bringing Paris around to London's position without committing his Government to any significant increase in her military commitments to France. Indeed, in Whitehall, there was little expectation that the so called “technical staff talks” would amount to much and, in the event itself, the two parties simply offered an exchange of information on the co-ordination of defensive measures each would take in the event of an unprovoked German attack against the West. In the meantime however, Eden was able to use the prospective military conversations as an effective means to bring the French to heel. By doing so, he managed to wrestle the initiative with respect to Germany away from Paris and place it firmly in London, where it would remain for the foreseeable future. This was significant, for over the course of the subsequent discussions with Germany in the wake of the Rhineland crisis, Hitler would prove to be very uncooperative, and in fact would reject the various proposals put forward by the Locarno Powers for the resolution of the crisis. From this point on, however, Eden remained in effective control of Western policy, and in spite of occasional French protests at the Führer's actions, he was

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70 Peters, Anthony Eden, 187.
71 Aster, Eden, 41.
Eden as Foreign Secretary: Abyssinia and the Rhineland, 1936

able to insist that the policy of conciliation must continue. Over the course of April and May, then, Eden would contemplate various proposals for bringing Germany back to the negotiating table. These measures included colonial and economic concessions in return for German participation in arms limitation, the establishment of a network of European nonaggression pacts, and the submission of his so-called “questionnaire” to Hitler, through which Eden hoped to effect Germany’s return to the League and to draw forth her final position on European security.72

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In the meantime, while Eden pressed ahead with the policy of conciliation with Germany, his attention returned once more to the question of Abyssinia and the possibility that the League might wish to take further action against Italy. However, the German occupation of the Rhineland had a profound impact on the crisis over Abyssinia and the possibility that the League might impose an oil embargo on Italy. Eden’s rejection of the French suggestion about the possibility of using the League to impose sanctions on Germany as a consequence of Hitler’s invasion of the Rhineland, for example, further exacerbated Anglo-French relations, and rendered the possibility of concerted action with respect to League sanctions against Italy far less likely. By April, Flandin had made it quite clear to Eden that the French Government and public were opposed to further sanctions against Italy and found it difficult to support even the maintenance of the current sanctions “if they were not found to be applicable in present circumstances to Germany also.”73

Moreover, given France’s preoccupation with the German threat in the wake of the Rhineland coup there was little possibility that France would be willing to take any action in the Mediterranean which might provoke Italian retaliation. Indeed, with the Germans now on the Rhine, France’s chief interest vis-à-vis Abyssinia was to end the conflict as soon as possible so that she could get on with the far more important business of rebuilding the Stresa Front.74 For France, then, the Abyssinian question had become a dead issue. Thus, the most that Eden could hope for from Paris in the matter were more calls for negotiation.

72 On this see: Crozier, Germany’s Last Bid for Colonies; and Peters, Anthony Eden, 192-96.
73 Clerk to Eden, March 23 & 30, 1936, DBFP 2nd Series Vol. XVI., #s 159 & 182.
and reconciliation and little else. Under the circumstances, the prospects for the successful application of collective security were dim at best.

The Rhineland crisis also gave the service chiefs an unparalleled opportunity to press their case against the taking of further measures against Italy. Less than a week following Hitler's bold move, for example, the chiefs of staff reported that "any question of war with Germany while we are are at present heavily committed to the possibility of hostilities in the Mediterranean would be thoroughly dangerous" as "we should be perilously exposed in the air and completely open to attack at sea." As such the chiefs recommended that given even the slightest danger of a war with Germany HMG "ought at once" to disengage herself from her responsibilities in the Mediterranean, "which have exhausted practically the whole of our meager forces." Indeed the Rhineland crisis seemed to confirm what the chiefs had been advocating for quite some time, that Britain must recover her good relations with Italy, that she could not afford to face potential adversaries simultaneously in Europe, the Far East and the Mediterranean, and that for the security of Europe, Italy must be brought back into military alliance with France.

By April, it has also become apparent that the Italians had turned the tide on the field and that unless some sort of drastic action were taken immediately -- such as the closure of the Suez Canal -- the defeat of the Abyssinian forces must inevitably follow. This step was considered by some of the more vehement members of the sanctionists front in the Foreign Office, and was even considered for a time by Eden, but in the end the counsels of moderation prevailed and no attempt was made to persuade the Cabinet to adopt such a bold and provocative measure. Devoid of a means to stop the war, and unwilling

75 Chiefs of Staff Paper, #442, March 18, 1936, cab 27.
76 Ibid.
77 Third report of the Defence Requirements Committee, DRC 37, Nov. 21, 1936; Cab Conclusions 16 March and 1 April, 1936, cab 23/83; & Marder, A., "The Royal Navy and the Ethiopian Crisis of 1935-36' AHR, 1(1982). See also Roskill, Man of Secrets, 238-39 on need for rapprochement with Italy. Hankey, at the time, noted in a letter to a friend that "our enthusiasm for the covenant has led to our first antagonizing first Japan, second Italy, and last France without securing any compensation." (Ibid, 239).
78 Minute by Vansittart on position of sanctions and possibility of effectively closing the Suez Canal to Italian shipping, April 25, 1936, DBFP 2nd Series Vol. XVI, #273; L.R Pratt, East of Malta, 34.
and unable to press for an oil embargo due to the opposition of the French. The opponents of collective security began to advocate the lifting of sanctions against Italy as the best means to extricate HMG from the Mediterranean and from the strategic dilemma which the Abyssinian crisis had wrought. But Eden continued to insist that the sanctions imposed by the League had to be maintained -- to shore up public opinion at home and to keep the pressure on Italy -- if only to prevent the imposition of untenable terms on a vanquished Ethiopia. Eden also continued to flirt with the possibility of imposing further sanctions, and for a time entertained the hope that Mussolini could still be pressured into negotiating a settlement. But by mid-April it became clear that all attempts at direct negotiations between the two parties were pointless and that any move to press for additional sanctions in Geneva would have led to a serious quarrel with the French, who were vehemently opposed to the idea; it might even result in the collapse of the sanctions front in the League as a whole.

At the April 20th meeting of the League Council, then, a consensus had been reached that there was essentially nothing more the League could do to stop the Italian advance in East Africa and that the League was about to suffer a disastrous defeat. There were no calls for the intensification of sanctions, and no calls for the lifting of the current measures either. This paralysis in essence represented a kind of compromise between the French, who were more than willing to write off Ethiopia, and the British, who, in a meager effort to save face, refused to consider the lifting of sanctions until the situation in Abyssinia became clearer. On the latter point, HMG did not have to wait long. By the end of the month it was obvious that all organized resistance to the Italian forces would soon cease to exist. On May 2, Haile Selassie abandoned his country to its fate. Four days later, Italian radio announced that the Abyssinian capital of Addis Ababa had fallen, that "civilization had triumphed over barbarism," and that the war in Ethiopia had finally come to an end.

80 Cab 23(36) 1 April 6, 1936. Cab 23/83.
82 Walters, League of Nations, 681.
There is no question that the Italian victory in Abyssinia represented a severe blow to the League and to the whole principle of collective security. It was also a blow to Eden personally, whose faith in the League was severely shaken as a result. Indeed, in a discussion with Neville Chamberlain near the end of April, when it had become clear that the League was essentially powerless and would be unable to prevent the conquest of Abyssinia, Eden admitted the force of Chamberlain’s argument that the League had “failed to stop the war, or to protect the victim, and had thereby demonstrated the failure of collective security as now understood.”

In light of this, Eden began to give serious consideration to the idea of reforming the League and rewriting the covenant.

The collapse of Abyssinia also brought about renewed discussions on the question of sanctions and the policy which the League should endorse now that the war was essentially over. In Geneva, at a meeting of the League Council held just days after the Italian occupation of Addis Ababa, there were some representatives who argued in favour of the lifting the sanctions, as the end of the conflict had in their view rendered the maintenance of sanctions pointless. But a majority of the representatives present felt that to lift the sanctions at once would be to expose the League to further humiliation, so a decision was taken to postpone any discussion of the raising of sanctions until June. In the meantime, the existing measures would remain in force.

Eden supported this move, but the Cabinet and British public opinion remained divided over the issue. Here the arguments in favour of maintaining the existing sanctions mirrored the sentiments expressed in Geneva. Those in favour of maintaining sanctions argued that to lift sanctions now would be an act of humiliation which would only serve to discredit the League and render any further League influence over Italian behavior impossible. Countering these arguments, however, was a strong body of opinion which favoured their immediate cancellation. At the Board of Trade, for example, there was

83 Diary entry, April 27, 1936, Neville Chamberlain Papers, 2/23A. Eden admitted the same thing to M. Hankey, four days prior to his discussion with Chamberlain. Here, Eden confessed that collective security was “an illusion” which had failed in the perfect case of Italy, and that it would never work in the case of Germany. (Pownall diary, April 23, 1936, Bond, Pownall Diaries, 110).
84 Baer Test Case, 282.
85 ibid.
86 Feis to Hull, May 20, 1936, Feis Papers, Box 19.
great concern over the loss of coal exports to Italy which Runciman feared might become permanent should the sanctions continue. At the Admiralty, Chatfield began to express concern about the strain caused by trying to maintain the Royal Navy at such a high degree of readiness in the Mediterranean and in a somewhat bitter comment which reflected his own view of current Government policy he asked Vansittart, whether the Foreign Office intended “to pursue the Sanctionist front until, as Drummond foresees, it leads to inevitable hostilities. the hostilities that the Chiefs of Staff have always foretold.”

Meanwhile, at the Foreign Office, Vansittart and other officials began to express frustration at the effect that the continuation of sanctions was having on the conduct of foreign policy. Their main concern centered on the possibility that the maintenance of sanctions might lead to a permanent breach with Italy, a breach which in the long run would upset the European balance of power and lead to an Italo-German rapprochement, probably at the expense of Austria. But there was also concern about the effect that the present discord with Italy was having on the policy of conciliation and pursuit of a settlement with Germany, particularly as a consensus had formed around the view that Hitler was unlikely to accept any sort of European settlement as long as he was still able to exploit the continuing rift in Anglo-French relations with Italy.

Faced with these concerns, the momentum in favour of lifting sanctions grew steadily. By the end of May, when it became clear that Mussolini’s hold on Abyssinia was complete, and that the Duce himself was interested in a return to normal relations and the rebuilding of the Stresa front, the arguments in favour of dropping the sanctions became all but irresistible. Chamberlain now came out in favour of dropping the sanctions at once. But both Baldwin and Eden resisted this temptation, the former for domestic political reasons, the latter because it was imperative that HMG not let the League “peter out in disgrace.” Eden even suggested that it might still be possible to wrench some benefit from

88 For more on Vansittart’s view of the German threat see: M. Roi. ‘From the Stresa Front to the Triple Entente: Sir Robert Vansittart, the Abyssinian Crisis and the Containment of Germany’, DS, 6,1(March 1995).
89 Minute by Wigram, Phipps to Eden, May 28, 1936, DBFP 2nd Series Vol. XVI #343.
90 Peters, Anthony Eden, 201.
this all but discredited policy through the extraction of a *quid pro quo* from Italy in exchange for the lifting of sanctions. The core of this arrangement would form a general settlement with Rome. It would be based on a solemn declaration on the part of the Duce to maintain an “open door” economic policy in Abyssinia, not to raise a black army from the region, and to undertake to keep his obligations in the future.\(^1\) After considerable deliberation, the Cabinet somewhat reluctantly agreed to allow Eden to pursue the proposed negotiations with Italy, but only on the condition that the Foreign Secretary prepare a memorandum on the probable effect of maintaining sanctions for circulation to the Cabinet. By June 10, however, it was clear that Eden’s attempts at reaching an understanding with the Italians was going nowhere and, in a Cabinet meeting called to discuss the memorandum on sanctions which had been prepared in accordance with discussions made on May 29, Eden admitted that he was “not optimistic” about Mussolini’s willingness to acquiesce in the proposed terms for the lifting of sanctions. In light of this, Eden acknowledged that he himself was “veering toward the view that if sanctions were to be removed, there was something to be said for our taking the initiative.”\(^2\)

By this point, then, it seems clear that Eden agreed in principle with the removal of sanctions, and that the only real issue of contention between him and his colleagues on the matter was his desire to obtain a declaration of future intent on the part of Italy as compensation. To this end the Cabinet agreed once more to put off a final decision on sanctions. But the inability of the Government to come to a settled policy on the question had begun to exasperate a good many members of the Government, who, as Chamberlain noted, had become tired of the “waiting game.”\(^3\) Chamberlain, therefore, decided that the time had come for him to take matters into his own hands, and on the very same day that the Cabinet authorized further procrastination, he delivered a speech to the 1900 Club in which he characterized the continuation of sanctions as “the very midsummer of madness.”\(^4\)

\(^1\) Cab 40(36) 5, May 29, 1936, Cab 23/84; & Middlemass and Barnes, Baldwin, 938-39.
\(^2\) Cab 41(36) 1, June 10, 1936, Cab 23/84.
\(^3\) The Times, June 11, 1936.
\(^4\) Ibid.
Chamberlain, as noted, had not been authorized to make such a statement and made no attempt to consult Eden on its content. This was deliberate, for as the Chancellor recorded later, he felt convinced that the time had come to give the country a lead. It was time to stop the drift in the Government's policy, and although he believed that Eden would be "entirely in favour of what he had to say," he knew that if he asked him, he was "bound to bid me not to say it."95 Chamberlain later apologized to Eden for his actions, which Eden apparently received with grace. But there has been a good deal of speculation as to the extent that Eden felt aggrieved by this incursion of Chamberlain into the field of Foreign affairs: speculation spurred on by Eden's comment in his memoirs that Chamberlain's action came as a complete surprise "not least because his support of my arguments for maintaining sanctions had been so consistent and firm."96 This assessment, however, belies the reality of the situation, for as we have seen, Chamberlain by this point had come out firmly in favour of the lifting of sanctions and Eden's own adherence to the policy had quite clearly begun to wane. Indeed, as early as May 8, Eden, in a conversation with the Dominion High Commissioners, admitted that it was inevitable that at some point the sanctions "would have to be raised," though he preferred that no action be taken until June.97 Thus, the position of the two men over the question of removing the sanctions was not all that far apart, with the critical difference between them centered on the question of timing.98 Nevertheless, Baldwin still felt compelled to defend his Government, and in the aftermath of Chamberlain's comments he moved swiftly to deny that the Minister spoke for the Cabinet. But in spite of the Prime Minister's rebuttal, the effect of Chamberlain's comments, coming as they did from a senior member of the Government and Baldwin's obvious successor, were both immediate and profound. Whatever support there had been for the continuation of sanctions, or even the mere putting off of the decision on sanctions.

95 Chamberlain to his sister, Ida, June 14, 1936, & Chamberlain diary entry, June 17, 1936, NC 18/1 & NC2/23 A.
96 Avon, 384.
97 DO 114/68, quoted from Carlton, Anthony Eden, 84.
98 For a further examination of this issue see: Carlton, Anthony Eden, 83-85; & idem, "The Dominions and British Policy in the Abyssinian Crisis," JICH, 1(1972-73) 67-69; & James, Anthony Eden, 166-67.
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now melted away. Eden, in consequence, recommended to the Cabinet the day after Chamberlain's speech that while the League of Nations should be urged to continue its condemnation of the Italian act in Abyssinia, HMG must now be prepared to abandon sanctions. The policy no longer served any purpose. To this the Cabinet readily agreed, and on June 17, the Government decided to advocate the lifting of sanctions in Geneva. Three weeks later, 49 of the 50 Nations represented at the General Assembly concurred, and with this action, the long drawn out struggle between Italy and the League of Nations over Mussolini's military adventure in East Africa finally drew to its inglorious and ignominious close.

\[99\] Only Abyssinia voted against the measure.
4b) **Hull Makes his First Move, 1936**

The crises over Abyssinia and the Rhineland, then, created an atmosphere of increased tension and uncertainty in London that reinforced Eden's conviction that the maintenance of American goodwill was in HMG's best interests. As such, Eden was appalled at the damage which the Hoare-Laval had wrought to Great Britain's prestige in America and was determined to restore his Government's standing in this matter by not only pursuing an oil embargo against Italy (at a time when most of his colleagues had concluded that such a move would be largely ineffective), but also by seeking a large measure of cooperation with the U.S. delegation at the proceedings of the London Naval Conference. There is not time within the scope of the present study to examine the proceedings of the London Conference in great detail, but it should be noted that in the wake of the Japanese decision to renounce her adherence to the treaty limits imposed by Washington System, (which came at the close of 1934) the efforts of the British and American Governments to come an agreement on naval limitation with the Japanese continued.\(^1\) The ability of the three powers to come to a new agreement, however, was severely hampered by the Japanese demand for a "common upper limit" which in essence meant that Tokyo wanted nothing less than parity with the United States. Washington was vehemently opposed to this, and by the time the conference formally opened, on December 9, 1935, there was little expectation that the gap between the Americans and the Japanese could be bridged. After a few days of talks, the conference reached an impasse, and in an effort to break this deadlock, the British put forward various proposals, including a compromise solution, calling for voluntarily fixed limits on new construction and prior notification among the naval powers of each nation's building program. On a more ominous note, however, Cragie, who was still acting as the chief Foreign Office spokesman on naval matters, also resurrected the idea that the West pursue some sort of consultative or non-aggression pact with Japan as the best means of keeping the Japanese at

\(^1\) Hall *Arms Control*, 173-81.
the negotiating table. Hull was opposed to this, and in a despatch to Norman Davis, on January 8, 1936, the Secretary instructed the latter to make it clear to Eden that the United States would not look with favour on any attempt to reach a political detente with Japan. Furthermore, Hull also sensed that the Japanese were not really interested in arriving at any agreement, and in light of this, the Secretary suggested that:

If the Japanese are eventually to refuse any agreement which would not include recognition of their right to build to a “common upper limit”, I question the advisability of continuing to discuss ways and means of arriving at an agreement with them as the very fact of continuing to discuss such possibilities will, if continued beyond a reasonably short exploratory period, undoubtedly weaken the position which we must eventually take publicly. If the conference is to end on a note that the Japanese have made and insisted upon a demand which is entirely unacceptable to the British and ourselves, it would seem to be desirable that this should take place early rather than after a too long drawn out series of attempts to arrive at a conclusion which could have become evident in the early stages of the Conference. To continue discussion in such circumstances would only result in confusion in the public mind and may meanwhile offer an opportunity for the militarist element in Japan to use the news from London in a manner tending to justify their own aims and to intensify antagonism on the part of the Japanese people towards the United States.

Hull therefore insisted that it would be in the best interests of both the British and American Governments to bring matters to a head with Japan as soon as possible.

Eden agreed, and in sharp contrast to the policies advocated by Chamberlain in the fall of 1934, the newly appointed Foreign Secretary not only sought to reassure the Americans that there would be no attempt on the part of HMG to pursue a non-aggression pact with the Japanese, but also that he himself was most anxious “to do what was possible to maintain close and friendly relations with the United States.” As such Eden set out at once to inform the Japanese delegation that there could be no further discussion of parity between Washington and Tokyo. As expected, this brought a swift response from the Japanese Government. On January 15, the Japanese delegation withdrew from the

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4 Record of Conversation between Eden and Phillips, Jan. 8, 1936, DBFP 2nd Series Vol. XIII. # 615.
5 Record of a meeting between the British and Japanese Delegations to the London Naval Conference, Jan. 9, 1936, ibid, # 606; & Peitz, S.E., Race to Pearl Harbor, 163-4.
conference, leaving the other powers free to conclude a separate treaty, which was signed March 25, 1936.

The cooperative spirit which Eden exhibited at the London Naval Conference did not go unnoticed in Washington, and as a result of his efforts, Eden soon acquired a reputation within the confines of the State Department and the White House as a "true friend" of the United States. Hull was delighted at this. To him, Eden's pro-American sympathies stood in sharp contrast with those of his predecessor's, especially Simon, whom Hull had come to regard with contempt. With Eden at the helm, Hull regarded the prospects for better relations with the United Kingdom as being considerably improved. This was significant, for Hull shared many of Eden's somewhat idealistic sentiments about the benefits which would stem from even the mere appearance of Anglo-American solidarity. Hull also shared in Eden's belief that it would be possible to educate the American public towards accepting a greater role for the United States overseas, and over the course of Eden's first tenure in the Foreign Office, Hull too would do what he could to bring about a better working relationship with the British. In the wake of Hitler's seizure of the Rhineland, for example, Hull suggested to Eden that London and Washington speed up the announcement of the 1936 Naval Agreement. There was hope that this demonstration of Anglo-American cooperation would give pause to both the Germans and the Japanese and in addition would serve to calm tensions on the continent. Hull, however, still refused to allow the United States to become directly involved in European political or strategic questions and for the most part confined his efforts to improving Anglo-American economic relations. Hull pursued this path in part because he remained convinced that the American public would not support a more forward policy. But he also did so out of the sincere belief that such an effort would greatly enhance the prospects for peace, for as noted earlier, Hull was an internationalist of the Wilsonian

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6 Davis to Hull and Roosevelt, Jan. 30, 1936, PSF Box 142, London Naval Conference 1936.  
7 Hull, 385. Hull in fact was so pleased by Eden's behavior at the London Naval Conference that he arranged for a letter of thanks to be sent to the British Foreign Secretary for all of his efforts at the close of the conference. (Ibid., 454).  
8 Hull, however, would not have accepted Eden's assertion that ultimately the American public would be willing to follow British leadership on the world stage. (Ibid., supra p.156).  
9 Hull to Davis, March 9, 1936, FRUS 1936 vol. 1, 86-7; Davis to Hull, March 10, 1936, Ibid., 88-9.
Hull makes his First Move, 1936

school, and he remained convinced that economic rivalry was one of the chief causes of war. As a consequence, Hull tended to ignore military and strategic considerations in the execution of his policies and made little effort to integrate his policies with American military planners. This was a flaw which set him apart from Eden, who never lost sight of strategic matters. For Hull, however, economics remained the fundamental issue. By 1936, in fact, the crisis over Abyssinia, coupled with the increasingly aggressive behavior of Hitler, had left Hull convinced that the strangulation of trade caused by dictators' tendency towards autarky had created an international environment steeped in suffering, resentment, and an economic belligerence which had brought the world to the brink of a conflagration. In response to this, Hull began to speak repeatedly about the link between trade and peace. He also redoubled his efforts to expand his trade program and establish a new world order based on liberalized commerce and pacific conduct. This, he believed, would ultimately lead to the economic appeasement of Germany, Italy and Japan. For the time being, however, the bulk of Hull's attention remained focused on Great Britain, for in his view, it was the United Kingdom, with her prestige and empire which held the key to his success. In 1936, therefore, at the very moment when Eden became the newly appointed Secretary of State for Foreign Affairs, Hull decided to renew his efforts at obtaining a trade agreement with the British.

Getting the United Kingdom to open her markets to the U.S., however, was a difficult proposition. The high U.S. tariffs, established under Smoot-Hawley, had essentially closed the American market to British imports. and in light of this, there was strong support in the British Cabinet for the maintenance of the Ottawa System of Imperial

\[\text{10 For more on this see L.H. Brune, 'Considerations of Force in Cordell Hull's Diplomacy, July 26 to November 26, 1941', } \text{DH, 2(Summer 1978).}\]
\[\text{11 Memorandum from Lindsay to Eden, Feb. 5th, 1936. FO 371/19835.}\]
\[\text{12 See C.A. MacDonald, The United States, Britain, and Appeasement, 1936-1939 (New York, 1981)}\]
\[\text{13 Schatz, 'The Anglo-American Trade Agreement', 85-86; Hearden, Roosevelt Confronts Hitler, 85.}\]
\[\text{14 For a further examination of Hull's pursuit of a trade agreement with the British see: Allen, 'International Trade Philosophy'; Drummond and Hillmer, Negotiating Freer Trade; Kottmann, Reciprocity; and Schatz, 'The Anglo-American Trade Agreement'.}\]
Hull hoped to reduce the Smoot-Hawley margins through negotiation of concessions from London. Hull also hoped that in the process he would be able to destroy the preference system, which he loathed and viewed as perhaps the primary obstacle to the realization of his goals. Indeed, some historians have asserted that it is an open question as to whether Hull, in pursuing an Anglo-American trade agreement, was more interested in promoting peace, or the mere expansion of the American overseas market.\footnote{15 Drummond and Hillmer, Negotiating Freer Trade, Chapter 1.} Certainly, there seems to be little doubt that Hull was quite willing to use the growing crisis in Europe as a means to pressure the British into accepting his call for trade negotiations.\footnote{16 See for example Kimball’s ‘Lend Lease and the Open Door’, 232-259.} But this writer would argue that Hull made no such distinctions. To him peace and free trade were synonymous, and he firmly believed it was impossible to achieve one without the other. Nevertheless, whether one believes that Hull pursued his goals merely for crass commercial reasons, or for the more lofty goal of securing a safer world, the fact remains that this effort represented one of the most significant foreign policy initiatives put forward by the Roosevelt Administration. Eden was well aware of this, and given his growing sense of alarm at the deterioration of Great Britain’s strategic position vis-à-vis Germany, Italy and Japan, he felt that this was one initiative which HMG could ill afford to ignore.

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Hull’s initiative began in January 1936, just weeks after Secretary Eden assumed office. Hull proceeded in his attempt to open up the British Market on two levels. The first involved the continuation of exploratory trade conversations which had begun in 1935 between Oscar Ryder of the United States Tariff Commission and Chalkley, the British Commercial Counselor in Washington. These talks, which came in the wake of Ryder’s visit to London in May 1935, did not involve questions of policy, but were technical in nature, involving a detailed analysis of possible tariff concessions on the part of both parties.\footnote{17 Memorandum by J.M. Troutbeck, 18 Jan. 36, FO 371/19834; See supra p. 119 on the origins of these discussions.} They were pursued for the sole purpose of trying to determine whether there was sufficient grounds for opening formal Anglo-American trade talks, and they ran
paralleling Hull’s other major effort, which centered around the Secretary’s attempt to get the British Board of Trade to alter its economic policies; agree in principle with his goals; and issue a public statement endorsing his program. Hull pursued this aim because he was convinced that once the Board of Trade had publicly endorsed his efforts, an alteration in British trade practices would follow, leading to the negotiation of an Anglo-American Trade Agreement and the beginning of a new era based on trade and peace. But getting the Board of Trade to issue such a statement would not be easy. The Ministry was led by Walter Runciman, a staunch defender of British economic policy and one of the architects of the imperial preference system. Moreover, Hull also faced opposition from the British Treasury, where in the wake of the failed London Economic Conference, the Johnson Act, and the persistent problem of the war debts, both Chamberlain and Fisher remained pessimistic about the possibility of an improvement in Anglo-American relations, whether in the economic or political sphere. Faced with these realities, Hull turned to Eden and the Foreign Office, hoping that by playing on the pro-American sympathies of Eden and by reminding the Foreign Office of the political instability in the world, he could enlist their assistance in his efforts to pressure the Board of Trade into action.

Hull began this effort by making it clear to both Eden and Lindsay that there was a link between trade and peace. In numerous communications both with the British Ambassador in Washington, and with the Foreign Office directly, Hull drove home the message contained in his most recent slogan “...if goods cannot cross frontiers armies will.” He insisted that the “experience with Italy [in Abyssinia] should be a warning to all of our government’s alike,” for in his view, the driving force behind Italy’s invasion of Ethiopia was economic discontent. This was proof that without a revival of world trade and other measures to alleviate the worst aspects of the world wide depression, there was a real possibility that German military forces would soon be “on the march.” Indeed, Hull felt that the situation in Germany had reached a critical stage, in which there existed the

18 Kottmann, Reciprocity, 130-31.
19 Schatz, ‘Anglo-American Trade’. See also supra Chapter 2a & 2b.
20 Lindsay to Vansittart, April 11, 35. FO 371/18770; Hull, 384.
21 Lindsay to Eden, Jan. 22, 1936, FO 371/19835.
22 Record of Conversation between Lindsay and Hull, Jan. 22, 1936, Hull Papers, Box 30.
"extreme danger" of her "breaking forth in a military way" unless her unemployed people were put back to work immediately. Hull also insisted that it was up to Great Britain and the United States to take the lead in making sure that the world embarked on a concerted effort to break out of the depression. But unfortunately, it appeared to Hull that "Great Britain had not thus far cooperated in these respects," and that while the U.S. Government was "taking its political life in its hands" to hold up and carry forward an "urgent program for international economic recovery," the British Government had not indicated "any interest whatever" in following along similar lines. Indeed, there were recent indications that the British were moving in the opposite direction, and for Hull this was unacceptable. As such, Eden was cautioned through Ambassador Bingham in London that Hull was unhappy about the current British trend to drive trade into narrow, restrictive, bilateral channels, as was the case in the recently signed Anglo-Uruguayan and Anglo-Spanish trade agreements. These pacts, Hull insisted, might check the revival of world trade and thwart U.S. policy under the Trade Agreements Act. Hull expressed anxiety about what he called the "divergence" of policies between Britain and the United States, for if "the trade policies of our two countries should come into conflict...." he warned, the consequence might be that the two states would drift apart politically, "which would be a great misfortune to the world." Read from the British perspective, with the deteriorating situation in Europe. Hull's meaning was clear: cooperate on trade or face the prospect of a hostile American attitude toward HMG.

As noted above, in these initial efforts to get the British to pay more attention to his trade agreements program, Hull's aims were somewhat limited. Hull wanted the British to stop engaging in bilateral clearing arrangements (which ran directly counter to his multilateral approach to trade) and in addition hoped he could get the Board of Trade to

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23 Record of Conversation between Lindsay and Hull, Feb. 5, 1936, Hull Papers Box 30.
24 Ibid.
25 Lindsay to Eden, Jan 23, 36, FO 371/19834. Hull was also concerned about the example which these agreements were giving to the world and was particularly alarmed by the spread of these clear agreements to other countries, such as Germany and the Latin American states, all of which was having a detrimental effect on American Trade. (Memo on U.S. Trade Policy, April 30, 1936. Feis Papers, Box 96).
26 Record of Conversation between Eden and Atherton, Feb. 26, 1936, FO 371/19834.
issue a public endorsement of his policies. The negotiation of a possible trade agreement would follow later, after the establishment of a more favourable atmosphere for trade talks.27 In an effort to secure his initial objectives, Hull kept up the pressure at the Foreign Office by sending the American Chargé d’Affaires, Ray Atherton, to see Eden on a number of occasions. Hull wanted Eden to endorse an American memorandum on trade policy which the State Department was preparing to forward to the Board of Trade.28 He instructed Atherton to “spare no effort to bring our views to the attention of Mr. Eden.”

The Secretary then went on:

My thought is that it would be best for you to seek an interview with Mr. Eden and endeavor to obtain his interest and support without, however, burdening him with the technical details. You might say that I have learned with a great deal of pleasure and satisfaction of Mr. Eden’s cordiality to Mr. Phillips and of the desire which he expressed with regard to the relations of our two countries.29

Atherton followed up these instructions with a visit to Eden, in which he reiterated Hull’s concerns over recent British trade practices, and in addition noted Hull’s assertion that it in the interests of peace, it was essential for the “two great trading nations” to agree in principle to work for the abolition of trade barriers. Atherton then read out loud the memorandum which the State Department had prepared on British and American trade practices, in which special attention was drawn toward the tendency of the United Kingdom to persist in bilateral trading practices which were inimical to Hull’s efforts. The Chargé then asked Eden if it might be possible for him to have a word with Runciman on the matter. Eden made no objection, and in fact informed Atherton that he would take up the issue with Runciman within the next few days. Eden also noted that he appreciated Hull’s desire to improve Anglo-American relations and concurred in the Secretary’s opinion that “it was vital for the economic welfare of the world [that] we should endeavor to accord our two views [on trade].”30 This communication pleased Hull, but two days later came the disturbing news that Runciman had delivered a speech in which he defended Britain’s bilateral trading practices and denounced U.S. fiscal policy. Hull was very

27 Note on Hull’s trade policies by Feis, April 30, 1936, Feis Papers, Box 96.
28 Minute by Eden, Feb. 26, 36, FO 371/19834.
29 Hull to Atherton, FRUS 1936 Vol. 1, p. 635.
concerned about the tenor of these remarks, and in a despatch to Atherton, asked the Chargé if he thought that they had come in response to Eden’s promised discussion with Runciman.31 Atherton sought the answer to Hull’s query from Eden himself, who subsequently informed the Chargé that he had not had a conversation with Runciman prior to the speech, and due to pressing business in Geneva, was unlikely to do so until the following week. Eden also candidly admitted that owing to problems surrounding the question of sanctions against Italy, “his relations with Runciman are not too easy,” and, as Atherton observed, although he did not criticize Runciman’s remarks directly he was “obviously somewhat taken aback when they were first brought to his attention.”32

In spite of Eden’s promises to see Runciman soon, the political crisis which followed the German occupation of the Rhineland made it impossible for Eden to take up the question of Anglo-American trade relations until April.33 By this point, Hull had decided that he would go ahead and present the formal memorandum on trade which he had prepared in February to the British Ambassador in Washington. In this document, Hull specifically called on the Board of Trade to issue a public declaration indicating British willingness to act in accordance with his policies and to make plain that HMG’s long run objectives would include: “the lowering of trade barriers, the reestablishment of trade along non-discriminatory lines, and ... support for the general principles embodied in our trade agreements program.” In discussing the note with Lindsay, Hull also insisted that with various nations “feverishly rearming” and with “war threatening,” now was the time to act, for if steps were not taken immediately “the world would be completely discouraged and countries like the United States would lose interest in international relationships.”34

Lindsay, in his communication to the Foreign Office about this memo, indicated that he viewed it as a personal message from Hull to Eden and therefore suggested that Eden himself reply directly to the Secretary. Lindsay also took note of Hull’s increasing

33 The Rhineland Crisis served to confirm Hull’s fear about the growing belligerency of Germany, and as such, rendered the Secretary all the more determined to press on with his efforts to get the British to sign on to his trade agreements program. See Hull, 452-53.
34 Memorandum by Feis on Hull’s conversations with Lindsay, April 3, 1936, Feis Papers, Box 96.
prominence within the Administration. George Peek was now gone, and there were growing indications that Roosevelt was now "firmly behind Hull's trade policy." The latter's economic overture, therefore, had to be treated very carefully. Moreover, as Hull himself had indicated, there was no question that the present action had an importance far beyond the mere question of economics. For "at this moment," the Ambassador continued the political situation in Europe is one of utmost gravity. If the worst comes to the worst, it is quite certain that the United States will be neutral, but it is no less certain that the character of that neutrality will be of crucial importance to HMG, and it is clearly necessary... from now onwards, to do what ...[we] can to ensure that [that neutrality] ... will be of as a favorable a character as possible. In the field of international politics very little can be done with a country so isolationist as America... but it is always open to HMG. to approach America along lines of economic policy, and here we find the Secretary of State himself making an advance to HMG. If this advance were to meet with a negative or discouraging response, the fact, I fear, would soon become known to the public, and would have consequences far more than unfortunate.

Eden and and several Foreign Office officials were quite impressed by Lindsay's pleas. Indeed, in a conversation with Atherton on the memorandum a week later Eden insisted that despite the pressure upon him of European matters, he had given the matter of Anglo-American commercial relations much thought and was now glad to have the American view in writing before him. Moreover, Eden also insisted that while "he was not an expert on the technical side of this subject, he was fully aware of its importance and its political implications and that it was his intention to make every effort to avoid a conflict of trade policy between Great Britain and the United States." He also said that "he realized the importance of an expansion of international trade as a force in the direction of peace" and as such promised once again to take up the matter with Runciman as soon as possible.

By this point it was clear that the Eden had come around to the view that the Board of Trade should go as far as possible to meet Hull's requests. In a message to Runciman on the matter, Eden now insisted that it was imperative that the former bear in mind that

35 Lindsay to Eden April 2nd, 1936, FO 371/19834.
36 ibid.
37 Atherton to Hull April 7, 1936, FRUS 1936 Vol. I., 655.
a good deal more than commercial policy is at stake, and in view of the highly
critical situation in Europe at the moment... it is of the greatest importance not to
reject Mr. Hull’s appeal out of hand. The fact is that for political reasons we cannot
afford to antagonize the United States Government at the present juncture. 38

In considering the merits of Hull’s request, then, Eden and the Foreign Office insisted
above all else that the Board of Trade must take account of the “disastrous effect that a
negative attitude on our side would have on the sentiments of the United States
Government towards us,” which “in the present critical situation of the world we cannot
afford” 39

But the appeals of Eden and the Foreign Office had little effect on the Board of
Trade. Officials there characterized Hull’s new link between peace and trade as “official
propaganda” the sole purpose of which was to mask American commercial interests. This
is “the old American story,” minuted Lord Stanhope. “ of trying to have the best of both
worlds of which the latest instance is to propose extreme neutrality while hoping to reap
material advantages out of other people’s wars.” Indeed, Stanhope suggested that
perhaps the United Kingdom ought to move in the very opposite direction, extending the
benefits of Imperial Preference beyond the Empire to members of the League of Nations.
securing collective action in a time of crisis by offering collective benefits. 40 The
consensus at the Board of Trade, then, was that Hull’s rhetoric was motivated out of
the totally unacceptable desire to transform British trade policy, and that if this in fact was
to be the form that “economic co-operation” was to take, it was difficult to see how the
British Government could do more than “couch our refusal in particularly gentle terms.” 41

Over the course of May and June, a debate ensued between the Foreign Office and
the Board of Trade over how best to respond to Hull’s demands. Here, the Foreign Office
continued to stress the political importance of Hull’s initiative, while the Board of Trade
counteracted that, political implications or not, there was very little that Great Britain could do

38 Eden to Runciman, April 27, 1936, FO 371/19834.
39 Memorandum by Troutbeck, April 27, 1936, FO 371/19834; Foreign Office to Board of Trade,
March 19, 36. FO 371/19835.
40 Minute by Lord Stanhope, Board of Trade. FO 371/19835.
41 Minute by William Young Board of Trade. FO 371/19835.
to accommodate Hull since it was the high tariff policy of the United States which was really to blame for the current state of affairs in the British and world economies. Eden, in the meantime, did his best to keep Hull happy by issuing a interim personal reply to the memo which Hull had given Lindsay in early April.\textsuperscript{42}

By mid May, and in part due to Eden's growing impatience with the slow response of the Board of Trade,\textsuperscript{43} a compromise was worked out between the two departments in which a polite reply to Hull's inquiries was drawn up that was flattering to Hull, but which committed Britain to nothing. On May 26, this reply was presented to U.S. Ambassador Bingham in London. In essence, the memorandum justified the very policies that Hull sought to condemn by insisting that "abnormal conditions" had forced current British economic policy. The memorandum did point out, however, that HMG. would be prepared to issue a statement along the lines suggested by Hull if it would be regarded by the United States Government as "a useful contribution to the attainment of the objects sought by the Secretary of State."\textsuperscript{44}

Hull responded in the affirmative and was no doubt encouraged by a letter from Bingham in which the latter noted the "favourable attitude" of Eden towards Hull's trade initiative and the growing sympathy evident in London for the Secretary's economic policies.\textsuperscript{45} On June 19, Hull issued his formal response to the British memorandum of May 26. In it he reiterated his conviction that the issuance of a statement by the Board of Trade in favour of his policies would be of the greatest value in increasing international commerce and creating "new hope for a troubled world."\textsuperscript{46} Meanwhile, at the Foreign Office, Eden instructed his subordinates to draft a letter to Runciman immediately, noting

\textsuperscript{42} Memorandum by Eden, April 28, 36, FO 371/19834. Eden sought to reassure Hull by indicating to the Secretary through American Ambassador Bingham that he "should not draw any pessimistic conclusions" from the delay on the part of the British in responding to Hull's memorandum but that "... in the long run our reply would be all the better for the length of time spent upon it." (ibid).

\textsuperscript{43} Minute by Eden, May 18, 36. FO 371/19834.

\textsuperscript{44} Bingham diary, May 26, 1936, Bingham Papers, Box 1; & Bingham to Hull, May 26, 1936, FRUS, 1936 Vol. I, 663-666.

\textsuperscript{45} Bingham to Hull, May 8, 1936, Bingham Papers, Box 14.

\textsuperscript{46} Lindsay to Eden June 19, 1936. FO 371/19835.
that the sooner a statement was issued the better.\textsuperscript{47} But the Board of Trade was still reluctant to act. The Republicans had just denounced Hull's Trade policy as part of their Presidential campaign, and officials of the Board were concerned that as a result any statement issued at this moment might be construed as interference in U.S. domestic politics. At the Foreign Office, such excuses were highly suspect, prompting one official to minute that the truth of the matter was that the Board of Trade had an "uneasy conscience about the degree of enthusiasm with which to applaud Mr. Hull's free trade policy" and that what they really wanted was to get out of making a statement altogether.\textsuperscript{48}

At this point, the proposed declaration received another blow from Chamberlain, who was firmly opposed to making any accommodations on trade for Hull and objected to the issuing a public declaration on the grounds that it would be incompatible with the Treasury's efforts to secure the renewal of a series of clearing agreements with Scandinavia and Argentina.\textsuperscript{49} But Eden and the Foreign Office continued to insist that some response to Hull's queries had to be issued,\textsuperscript{50} and on July 15th, the long sought after statement was finally made by Runciman in the House of Commons. It was not an earth shattering pronouncement, and it reflected, perhaps more than anything else, the rather lukewarm attitude on the part of the Board of Trade for the whole enterprise. Moreover, Runciman issued the declaration at the end of a long parliamentary speech, with the result that the statement received very little publicity. The Board of Trade was now satisfied. But the lack of publicity came as a tremendous disappointment to Hull,\textsuperscript{51} who by September began the process all over again by presenting Whitehall with another memorandum, which not only requested that the Board of Trade issue a second public endorsement of his policies, but was also sharply critical of what Hull termed Britain's lack of leadership in the world and the narrowness of her trade practices.\textsuperscript{52} Needless to say, Hull's assertions were greeted

\begin{footnotesize}
\textsuperscript{47} Ibid, Minute by Craigie.
\textsuperscript{48} Minute by Gwatkin FO July 6, 36, FO 371/19835 1936.
\textsuperscript{49} Schatz, 'Anglo-American Trade', 93-94.
\textsuperscript{50} Minute by Gwatkin. July 6, FO 371/19835.
\textsuperscript{51} Notes on Trade Policies, July 21, 1936, Feis Papers, Box 96. Feis reported that Hull felt that Runciman's statement "did not go far enough" and that the Secretary received the news of this "utterance" with a "rather sourly feeling" (ibid).
\textsuperscript{52} Memorandum on Trade Policy, Sept. 5, 1936, Feis Papers, Box 125.
\end{footnotesize}
with disdain at the Board of Trade, and even some members of the Foreign Office found them disconcerting. Vansittart, for example, characterized Hull’s assertion that Britain was taking no responsibility for leadership in world affairs as “comic.” Furthermore he insisted that the State Department was now engaged in the very thing which he feared would happen when the Americans first called on the Board of Trade to issue the public declaration -- an attempt to try and embarrass the HMG with it and to push the British “from this statement into something detrimental to ourselves, not because it would suit the world so much as because it would suit them.”53 Undaunted, Hull continued to pepper Whitehall with requests for some sort of indication that the Board of Trade endorsed his policies. But by the end of October the Board of Trade had had enough, and the Foreign Office was told that the Board could no longer see any useful benefit to be derived from what is clearly “a barren correspondence” and that in light of this Mr. Hull must be politely but firmly told that this “correspondence must now cease.”54

In the meantime, while Hull had been engaged in his effort to get the British Board of Trade to endorse his trade program, some progress had been made between the British and American Treasuries over the question of currency stabilization. This issue had languished since the collapse of the London Economic Conference in 1933. But in September 1936, an agreement was finally reached between Britain, France and the United States that became known as the Tripartite Currency Agreement. This eased some of the tension which had marred the relationship between Treasury officials in all three capitals, but neither Hull or Eden had had much to do with these negotiations and in the short term they had little effect on Hull’s efforts to engineer a breakthrough on trade with the

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53 Minute by Vansittart, Sept., 19, 1936, FO 371/19834. In a conversation with Bingham on the memorandum, Eden intimated that he thought the language in it was indeed “very strong” but made no specific objection to it.

54 Letter from Mr. Overton at the Board of Trade to Mr. Troutbeck at the FO, October 30, 1936, FO371 19834. Eden, for his part, continued to receive these many messages from Hull with good grace and often promised to “look into” the Secretary’s concerns. Moreover, in spite of the evident frustration at Hull’s activities at the Board of Trade and among some members of the Foreign Office, Eden gave every indication of his desire to improve Anglo-American relations, telling Ambassador Bingham for example of his personal conviction that “in a mad world ... the only hope lay in cooperation between Great Britain and the U.S.” (Bingham Diary, October 26, 1936, Bingham Papers, Box 1).
British. Indeed, within weeks of its signature, the prospects for a trade agreement received a further blow when Whitehall received the so-called “essentials list” that the State Department had agreed to supply under the Ryder-Chalkley technical talks. Here, nearly all the items which the Americans targeted for tariff reduction were articles that had been fixed by Imperial Preference. This meant that concessions on them could only be granted at the expense of the Dominions.

In London, the Board of Trade viewed the list as a direct attack on imperial preference. There was concern that the concessions demanded by the Americans, should they be acted upon, would significantly harm intra-Imperial relations, and with the prospect of war looming on the horizon, this was not acceptable. Indeed, under the current U.S. law, Britain’s ability to acquire strategic exports was hampered by the restrictions placed on U.S. loans abroad, and in the current political climate there was no question that secure sources of strategic commodities were critical to British interests. This, if anything, made London’s dependence on the Empire all the more vital, and discouraged many officials at the Board of Trade and the Treasury from contemplating any move, such as the dubious notion of securing a trade agreement with the Americans, which might weaken Imperial ties. In short, the Empire was one of the “chief bulwarks of world peace” and it was generally held that “if economic concessions to the United States can only be bought at the expense of disunity within the Empire, the price would be too high a one to pay.”

At the close of 1936, then, the prospects for an Anglo-American rapprochement on trade seemed as remote as ever. Hull’s attempts to get the British Government to alter the thrust of her economic policies and to endorse publicly his own had failed. Indeed, even the exploratory technical talks, which had been launched in an effort to find common ground on tariff concessions had now reached a deadlock, as the American “essentials list”

57 Minute by Troutbeck, 24 Feb. 37. FO371/20659.
58 Minute by Troutbeck, FO 371/20659.
59 Minute by Cragie. FO 371/20659.
was seen in London as totally unworkable. At this point, Hull had little to show for his efforts. He may have been successful in convincing Eden of the importance of an understanding on trade, but Eden was preoccupied with events in Europe and his influence in the Cabinet was limited. Furthermore, within the Cabinet itself, there was still a tendency to see trade and politics as separate issues, making it more difficult for the Foreign Secretary to convince his fellow Cabinet members that pursuing economic policies at odds with the United States might prove detrimental to Anglo-American collaboration in the future.

5a) The Spanish Distraction and the Search for a European Settlement, June 1936 - March 1937

As we noted above, by the summer of 1936, Eden's attempts in the wake of the Rhineland Crisis to come to an understanding with Germany had failed. There had been no progress on the proposed negotiation for an Air Pact; no exchange of some sort of a quid pro quo in return for the tacit British acceptance of the German move into the demilitarized zone; and no response to Eden's questionnaire, through which the Foreign Secretary hoped he might be able to secure the return of Germany to a reformed League of Nations.\(^1\) In short, Eden's most recent attempts to break the deadlock in Anglo-German relations had proven no more successful than those which had been put forward in the previous two years. By the summer of 1936, then, both his German policy and his policy vis à vis the Abyssinian crisis lay in ruins.\(^2\) It might be expected that at this point Eden would have concluded that any further attempt to reach an understanding with Germany was pointless, but as he informed the Cabinet in a review of the European situation in early July, HMG had little choice but to carry on in her efforts to reach a settlement.

Indeed, with German rearmament pressing ahead, and with the League, France, Poland and Britain, all in a state of weakness, there was a real danger of war over some isolated incident in the present year. Eden then pointed out:

That the objects of British policy...were first to ensure peace in the world if possible and second to keep this country out of war. If Germany was seeking hegemony in Europe she would not want to fight the whole of Europe at once. If we had been strong enough and public opinion had been better instructed it might have been possible for us to guarantee peace in Europe both east and west.

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\(^1\) On this see supra pp. 170-71.

\(^2\) Taking note of this fact, Stephen Roskill has suggested that it would have been far more appropriate for Eden to resign from office at this point, than it was for him to do so two years later. See Roskill, Man of Secrets, 241.
At present, however, our defensive arrangements were inadequate and public opinion would not support a policy of this kind. Consequently, it was suggested our policy ought to be framed on the basis that we could not help Eastern Europe. We ought, however, to resist by force any attempt against our own Empire or Flanders.3

Given this rather gloomy scenario, Eden suggested that the best way forward was for HMG to concentrate on the maintenance of Britain's immediate interests in Western Europe. As such, the Foreign Secretary recommended that the Cabinet endorse a proposal which had recently been put to him in Geneva by the Prime Ministers of Belgium and France, calling for a meeting of the Locarno Powers in order to formulate jointly a new and constructive set of proposals for the security of Western Europe which would then be presented to Germany. 4 The Cabinet agreed, and with this fateful decision came the tacit acceptance that it was impossible for Great Britain to defend Eastern Europe and that she must instead concentrate on the defence of the Rhine.5

The idea that the Western powers should now co-ordinate their efforts vis à vis the negotiation of a settlement with the Reich had of course only recently become possible, as prior to the decision to drop the sanctions against Italy, Anglo-French relations were too strained to contemplate such a move. The decision to bring an end to sanctions, however, coupled with the election of Leon Blum as French Prime Minister, seemed to herald a new period of Anglo-French cooperation and as such Eden welcomed the idea of a joint approach to Berlin with a certain alacrity.6 It would also provide the Foreign Secretary with a badly needed boost at the very moment when he had had to undergo the somewhat humiliating exercise of calling for the lifting of sanctions against Italy -- a policy with which he was universally associated. Initially both Eden and Blum hoped that representatives from Germany and Italy would participate in the proposed meeting, but in the event neither the Italians nor the Germans agreed to attend. This led to some dissension

3 Cabinet Discussion of Plans for an Agreement with Germany, July 6, 1936, DBFP 2nd Series Vol. XVI, Appendix II.
5 Middlemass & Barnes, Baldwin, 958-59.
6 Eden was personally quite fond of Blum. Not only did the two men share a love of rare books, but in Eden's estimation Blum seemed quite sincere in his strong belief in Anglo-French cooperation and the need to secure a general European settlement. (Avon. 381).
within the British Government, and a number of calls for the postponement of the discussions, as some officials feared that the spectre of the two dictators remaining outside of the proceedings would only tend “to emphasize the division of Europe into two camps.”7 But in a Cabinet meeting to discuss the matter in mid July, Eden insisted that the conversations should go ahead, if only to show the world that “the Western democracies had views of their own and would like to make a contribution to the European settlement.”8 After a brief discussion, the Cabinet agreed, and it was thereafter arranged that representatives of the three remaining Locarno Powers should meet in London a week later.

On 23 July then, representatives of the British, French and Belgian Governments met to discuss what further steps might be taken in order to bring about a general European settlement. Here the three powers, under the guidance of Eden, Blum and van Zeeland, quickly reached a decision to issue joint invitations to Germany and Italy to attend a Five Power Conference in order to negotiate a new agreement which would take the place of the Locarno Treaty and to discuss other aspects of European security.9 Eden, for his part, seemed to hold out some optimism that this new approach would work, and in a conversation held with the Italian Chargé d’Affaires the following day, indicated that he could see no reason why the proposed conference should not take place soon.10 By the end of the month both Rome and Berlin had accepted the invitation. But in an ominous sign of things to come, the Foreign Office was informed that although the German Government agreed in principle with the idea of holding the conference, it would not be ready for it until the middle of October. This “temporizing” as Eden called it, was not received well in London where concerns about the sincerity of Berlin’s interest in the negotiations remained ever present in the minds of some British policy makers.11 By September, new concerns

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7 Conclusions of the Second Meeting of the Cabinet Committee on Foreign Policy, July 15, 1936, DBFP 2nd Series Vol. XVI # 454.
8 Ibid.
10 Eden to Ingram, July 24, 1936, DBFP 2nd Series vol. XVII # 16.
11 Avon. 390.
arose about the possibility that the Germans might expect economic and/or colonial concessions in return for their participation in the Five Power discussions.

These fears stemmed from a series of talks held in late August between Dr. Schacht, the German Minister for Economics, and French Prime Minister Blum. In these conversations, Schacht insisted that Germany was going through a period of severe economic strain. Under the circumstances, Hitler had indicated that Berlin might demand economic assistance and the restoration of her colonial empire (as a source for raw materials) as a *quid pro quo* for attending the proposed discussions. At the same time, however, Schacht also insisted that in light of Germany's troubles, Hitler was indeed anxious for a settlement and that if economic and other assistance were forthcoming, the Chancellor would, in Schacht's words, "go a long way to meet French views, and would even be prepared to discuss disarmament." The frank nature of Schacht's revelations made quite an impression on Blum who, in a subsequent conversation with Eden, indicated that Schacht's approach seemed genuine and that he himself was very reluctant to let this opportunity for a European settlement slip by. Eden, however, was not quite so taken with Schacht's appeal and remained skeptical about the sincerity of Hitler's intentions. As such, he insisted that until HMG was in a more informed position as to the attitude of the German Government towards the issue of an overall European settlement, there could be no concessions granted, either in the economic or colonial sphere. Furthermore, Eden expressed astonishment at the "method of procedure" which Schacht had adopted, and insisted that the best means to secure the true intentions of the German Government was through the normal diplomatic channels — all of which could best be facilitated through the

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12 Foreign Office Memorandum: "Background to Dr. Schacht's Conversations in Paris", Sept. 23, 1936. Avon Papers, FO 954/Reel 10, 'Germany'. Schacht told Blum that Hitler was quite concerned about Germany's economic situation and that the Chancellor was anxious to seek an alignment of currencies and help "as regards raw materials" in the form of a return of the German colonies lost in the Versailles settlement. Indeed, until Germany got this help, there was no possibility that she could cooperate on the question of disarmament, since the "rearmament programme provided so large a volume of employment." (Ibid) For a more detailed analysis of the colonial question in Anglo-German relations see: Crozier, *Germany's Last Bid for Colonies.*

13 Ibid.
preparations for the Five Power Conference which Eden had hoped would take place near
the end of October.14

Meanwhile, at the Foreign Office, reports continued to come in which suggested
that the Germans were in fact in no hurry to convene the proposed conference and that,
contrary to the impression given by Schacht in Paris, Hitler was not all that enthusiastic
about the idea. By October, Vansittart began to express doubts about the possibility that
the conference would ever materialize, while other officials within the department even
went so far as to question the value of the proposed meeting.15 Indeed, in a minute on the
issue written on 1 October, Ralph Wigram argued that he could see little “tangible
advantage” from the point of view of British interests to going ahead with the drive to come
to terms with Germany and he therefore suggested that HMG “leave the Germans to make
the running from now on.”16 Eden, however, refused to be discouraged by the obvious
German delaying tactics and, in response to the growing exasperation at the Foreign Office
over Berlin’s behavior, he insisted that HMG must continue to press on with the attempt to
get the latter to agree to a date and an agenda for the proposed conference. But little
progress was made and soon both October and November passed without any significant
indication that the Germans were in fact prepared to go ahead with the Five Power meeting.

By December, a split had emerged between Eden and a number of his senior
Foreign Office advisors over the future course of Anglo-German relations. Both Vansittart
and Wigram, for example, had all but given up on the prospect of coming to terms with
Germany. As such, both men opposed any suggestion that HMG should offer Hitler
concessions in the economic or colonial sphere as a quid pro quo in exchange for an
agreement. Indeed, in Vansittart’s view, Hitler had already achieved a great deal by
securing the tacit British acceptance of the Rhineland coup.17 Vansittart, therefore, placed
great emphasis on British rearmament and viewed the on-going attempts to negotiate with
Germany as merely a means of buying time while Britain gained strength militarily. In light

14 Eden to Clerk, Sept. 11, 1936; Eden to Vansittart, Sept. 20, 1936; & Eden to Delbos, Sept.
23, 1936, DBFP 2nd Series Vol. XVII #’s 184, 211 & 228 respectively.
15 Letter from Vansittart to Eden, Sept. 21, 1936, DBFP 2nd Series vol. XVII, # 220.
16 Minute by R. Wigram, October 1, 1936, DBFP 2nd Series Vol. XVII, # 248 footnote 3.
17 Crozier, Germany’s Last Bid for Colonies, 181-83.
of this, Vansittart now favoured dragging out the preparations for the Five Power Conference for as long as possible and was in no hurry to press Berlin to agree to a fixed date. Eden, however, still clung to the belief that it was possible to get an agreement with the Germans. Moreover, while he remained skeptical of Schacht’s methods, and refused to be drawn into granting Germany concessions without some concrete indication of what Germany would offer in exchange, he nevertheless found the reports indicating that the Germans were experiencing economic difficulties encouraging, and remained hopeful that Hitler would be forced by economic circumstances to come to terms with both Britain and France. As such, Eden not only insisted that the door to a new Locarno must remain open, but also insisted, as the year drew to a close, that HMG should keep up the pressure on Berlin in order to force the Germans to agree to an early date for the proposed Five Power meeting.

The year 1936, then, brought Europe no closer to a general settlement, and in consequence it might be argued that “no useful purpose” could possibly be served by looking into these protracted and ultimately unsuccessful negotiations. But quite apart from what the pursuit of the Western Pact can tell us about the difficulties faced in trying to secure an agreement with Germany, it should also be noted that the onset of these negotiations coincided with the outbreak of the Spanish Civil War, and in fact had a significant impact on Eden’s policy towards the conflagration in Spain.

The news that civil war had broken out in Spain reached London on July 18, 1936. In the days and weeks immediately following the outbreak of the conflict, the consensus in Britain was that it would be best for HMG, in conjunction with the other powers, to follow

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18 Minute by Eden, Oct. 18, 1936 FO 371/C6681/6026/18.
19 Minute by Eden, Nov. 16, 1936, footnote 6; Phipps to Eden, Nov. 4, 1936, DBFP 2nd Series vol. XVII, #350.
a policy of strict non-Intervention. This would leave it up to the Spaniards to decide their own fate and in addition would prevent the possibility of the war spilling over into Europe proper. Eden agreed with this analysis. Indeed, from the Foreign Secretary’s point of view, the Spanish Civil War, at least in its early stages, represented little more than a dangerous and untimely distraction, which threatened to further divide Europe and might very well serve to destroy any hope for a successful conclusion of the Five Power Conference. From the outset of the conflict, then, Eden remained determined to “localize” the war and to render its military and political implications for the rest of Europe as innocuous as possible.

On the continent, however, the ideological and strategic dimensions of the conflict made the pursuit of such a policy difficult. It was well known, for example, that the rebel Spanish leader, General Francisco Franco, had fascist leanings which made him popular with both Hitler and Mussolini. It was also understood that the Republican Government in Madrid was favoured by Moscow. To complicate matters even further, the recently elected ‘Popular Front’ Government of Leon Blum had come under immediate and intense pressure from both the French left and from her sister Government in Madrid to supply arms and other assistance to the Republicans. As early as July 22, in fact. Blum, with the support of his Ministers for War and Air, took the decision to comply with the Spanish

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22 Thompson, Anti-Appeasers, 117. Thompson notes that even the Labour Party was in favour of this course, since it was widely assumed that so long as the Spanish borders remained sealed, and the Spaniards were left alone to fight it out among themselves, that the Republican side would win. For different reasons, non-intervention was also popular among the more conservative anti-communist members of the Government. Here the object was to avoid doing anything to help the legitimate Government, which a good many members viewed as essentially a communist regime. On the vehemence of Anti-Communism within the British Government see: D. Lammers, ‘Fascism, Communism, and the Foreign Office. 1937-1939’, JCH, 6 (1971), 66-86; & Little, ‘Antibolshevism and Appeasement’, 21-50.

request for arms. This move, however, was not universally supported within the French Cabinet and three days later it was reported that the French Prime Minister had changed his mind, and in a sudden reversal of policy, had instructed his Government to issue a communiqué from Paris indicating that the French Government had unanimously decided to suspend the export of all war material to Spain.

Blum’s sudden reversal of policy, coming as it did, in the wake of his visit to London to attend the Three Power discussions for the formulation of a new Locarno, has led to a great deal of speculation as to the role that both Eden and Baldwin may have played in bringing about this sudden change in attitude. In the relevant volume of Documents on British Foreign Policy, published by Her Majesty’s Stationery Office in London, the editors take note of the controversy that surrounds this issue and insist that there is “no evidence” in the Foreign Office Archives or in Eden’s memoirs that the Spanish request for arms was discussed by Eden, Blum, or any other officials during the course of the French Prime Minister’s visit to London on 23 July. A number of historians have disputed this suggestion, however, including Professor Jill Edwards, who argues that Blum received at the very least three warnings while in London to the effect that HMG looked with disfavour on the possibility of France supplying arms to Spain. The first, she insists, came from Baldwin, who is reported to have informed Blum that Britain would remain neutral and would grant no help to France if French intervention in Spain provoked a conflict with Italy. The second came from the French journalist, André Géraud, who on a visit to Blum’s hotel room, is reported to have informed the French Prime Minister of British opposition to French support for Republican Spain. The third came from Eden, who is attributed with having remarked after learning of Blum’s intentions. “It’s your business.

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24 Edwards, Spanish Civil War, 16.
26 See DBFP 2nd Series Vol. XVII, p. xii; & idem, Clerk to Eden, July 25, 1936, # 19 footnote. 2. In his memoir’s, Eden makes no mention of this issue.
27 Edwards, Spanish Civil War, 16-17. For a further examination of this issue, see: Carlton, Anthony Eden, 88-89; Traina, American Diplomacy, 34; & M.D. Gallagher, ‘Leon Blum and the Spanish Civil War’, CH, 6 (1971).
28 This assertion is reinforced by Cordell Hull, who notes in his memoirs that Baldwin warned Blum that French intervention in Spain would result in an international crisis. (Hull, 476).
but I beg you to be careful." The possibility that both Eden and Baldwin may have pressured Blum into reversing his decision is also supported by the American documents covering this period, including a telegram sent by the U.S. Ambassador to France to Hull, in which the former reported that while in London, Eden "drew Blum's attention to the grave international consequences which might result from French active support of the Madrid Government." Whatever veracity may or may not be attributed to these comments, it would hardly seem surprising if the two men exchanged comments on the matter during the course of their meetings in London. And given the strong opposition in London to French intervention in the conflict, it would seem reasonable to assume that Blum must have been aware of the sentiments of both Eden and Baldwin on the issue. Yet the extent of Eden's influence on Blum in this matter should not be overstated, for as we noted earlier, the French Cabinet and public were themselves seriously divided on the question. Indeed, while in London, Blum continued to receive communications from Paris which emphasized the strong opposition to the policy from both the right wing of his Cabinet and from the French Chamber of Deputies. There were even some Ministers who feared that if Blum pressed ahead with his decision to support the Republicans openly that the end result would be the fall of the Government and civil war. Thus, it would appear that the main reason that Blum decided to reverse his earlier decision came from his concerns about the domestic reaction to such a policy, and that this, coupled with the clear indication that London was also opposed to French support for Republican Spain, was enough to tip the balance in favour of banning the export of arms.

29 Edwards, *Spanish Civil War*, 16-17.
30 Strauss to Hull, July 27, 1936, *FRUS* 1936 Vol. II, 447-49. Herbert Feis, in a memorandum on the Spanish situation at the time also takes notes of Eden's role, stating that the British Foreign Secretary, had "in the name of the British Government," warned Blum that French help for the Spanish Government "might lead to a grave European crisis because Germany and Italy might decide to help the revolutionaries [as a consequence]." (Feis Memorandum, July 30. 1936. Feis Papers, Box 96.
32 Gallagher, 'Blun and the Spanish Civil War', 59-63. Upon his return to Paris, Blum continued to receive messages from London which emphasized British opposition to the export of French Arms to Madrid. See, for example *Les événements survenus en France*, p. 217.
Meanwhile, in London, the Cabinet now faced the issue of how best to avoid British involvement in the conflict. Of immediate concern was the possibility that the duly recognized Government of Spain might approach Whitehall with a request to purchase arms. On July 29, Eden warned the Cabinet that in the absence of a formal embargo, there was no legal basis for refusing such a request. Moreover, it was also readily apparent that the imposition of an arms embargo would place HMG in an embarrassing position, as it would require granting belligerent rights to the rebel side — a move which would be widely interpreted abroad as an indication of British support for Franco. Eden therefore suggested that the best means of avoiding support for either side would be for HMG to impose what he termed an “informal embargo.” This could be effected by instructing the Service Ministries to lay prior claim to all British armament production under the pretext of accelerating the British rearmament program.  

The Cabinet agreed, and two days later, Eden instructed his subordinates at the Foreign Office to devise “some means or other” by which HMG could avoid supplying arms to either side in Spain.  

Satisfied that he had established a framework in which the Government could adhere to a policy of non-involvement, Eden left the day to day duties of the Foreign Office to Halifax and departed for a well deserved holiday in Yorkshire.

On the continent, however, the French decision to suspend arms exports to Spain had now come under pressure from the left, where mounting evidence of German and Italian intervention on the side of Franco had led to a public outcry on behalf of the Republican Government in the French press. By the end of the month, Blum felt compelled to announce that if Italy and Germany were to continue to supply arms openly to Spain, his Government would hereafter consider itself free to act in a similar fashion.  

By August 2, the British Ambassador in Paris was reporting that the French Government’s attitude towards civil war in Spain seemed to be “shifting away” from official neutrality. and that as a result of the dictators’ actions, Blum was indeed finding it more and more
difficult to defend the policy of non-involvement within his Government. In response to this dilemma, and in an effort to forestall further Italian intervention in support of Franco, the Ambassador noted that the French Government had decided to issue a communiqué calling upon the three principal powers concerned (Britain, France and Italy) to "agree upon and observe certain common rules of non-intervention in the affairs of Spain." In London, Halifax welcomed this proposal, but in his reply to a French inquiry on the British position on the matter he insisted that to be effective any such agreement must include the signatures of the other European powers, such as Germany, Portugal and the Soviet Union.

Meanwhile, in Paris, the British Ambassador took it upon himself to issue a warning to the French Government of the "danger of any action which might definitely commit the French Government to one side of the conflict," particularly as this would render close cooperation between the British and the French Governments on the Spanish crisis much more difficult. Strengthened by this clear indication that HMG continued to look with disfavour on any attempt by the French to intervene in Spain, and by the fact that London would welcome the French attempt to arrange a formal international agreement aimed at establishing certain common rules of non-intervention in the conflict. Blum was able to ward off the more extreme elements within his own Government who favoured open French support for the Republican cause. As a consequence, the French Government issued a further communiqué on 8 August, which announced that France was now prepared to impose a formal embargo on the export of arms to Spain, and in addition noted that the Quay d'Orsay had sent formal notes to Germany, Portugal, Belgium, Poland and the Soviet Union calling for an agreement on non-intervention. This was welcome news in London, where by the second week in August it was clear that the British and French Governments had reached a general consensus on the need to enshrine non-intervention in the form of an international agreement.

37 Clerk to Foreign Office, Aug. 2, 1936 DBFP 2nd Series Vol., XVII XVII #44.
38 ibid.
40 Peters, Anthony Eden, 229-30.
41 Clerk to Foreign Office, Aug. 8, 1936, DBFP 2nd Series Vol., XVII #72.
The French were now most anxious to enter into detailed discussions with the British on how to implement their proposal. But Halifax, ever wary of engaging in any move which might serve to alienate either Berlin or Rome, was reluctant to engage in any further conversations on the question until the views of both Germany and Italy were known.  

This somewhat laconic response on the part of HMG to France’s dramatic action resulted in a good deal of criticism being leveled against the Government in the British press. Eden found this unacceptable, and in a message sent to the Foreign Office from his holiday in Yorkshire, he insisted that HMG must do everything possible to support the French attempts to gain an agreement on non-intervention.  

On the following day, no doubt in part because of Eden’s prompting, the Foreign Office announced that Britain and France had issued an exchange of notes agreeing in principle to the prohibition of the export of arms to Spain, and that the two powers would undertake to enforce the ban as soon as the other powers concerned agreed to do so. Shortly thereafter, Eden returned to London, where after reviewing the situation, he promptly made the decision to announce that Britain would apply an arms embargo to Spain without waiting for the response of the other powers. In a letter to Baldwin, Eden explained that he had felt it was necessary to do this “even before we achieved international agreement in order that we might, by setting an example, do our best to induce others, more particularly Germany and Italy, to follow suit.”  

By the end of the month, word came from Paris of the encouraging news that both Italy and Germany had agreed to the French non-intervention proposals. In light of this, the French requested that an international committee be established in London in order to oversee the implementation of the arms embargo to Spain. Eden quickly agreed, and in a meeting of the Cabinet Committee on Foreign Policy held on 26 August he convinced

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42 Eden (Halifax) to Cambon, Aug. 4, 1936, DBFP 2nd Series vol. XVII # 52.
44 Foreign Office to Clerk, Aug. 14, 1936, DBFP 2nd Series vol. XVII # 94.
45 Avon. 403.
the leading members of the Government to endorse the French proposal, which would endeavor to make sure that the flow of arms to Spain would stop.46

Meanwhile, it should be noted that the activities in London and Paris concerning the outbreak of hostilities in Spain had not gone unnoticed on the other side of the Atlantic. Hull’s reaction to the outbreak of the Spanish Civil War mirrored his policies towards the Italo-Abyssinian crisis.47 Hull once again decided to pursue an independent but parallel policy which would in effect supplement the efforts of the British and the French to isolate the conflict. Through his ambassador in Paris, Hull had been kept fully informed of the efforts of these two powers to seek an agreement on non-intervention. As a consequence of the impending French announcement on the establishment of the London Committee, Hull once again decided to issue a statement of his own which aimed at clarifying the American position on Spain in advance of the actions of the European Powers.48 Here, Hull’s first aim was to make clear that United States would indeed adhere to a policy of non-interference and would do all it could to stop the flow of any arms from America to Spain. But there could be no proclamation of the Neutrality Act, since the provisions of this law did not apply to a civil war. Thus, the Secretary, as is made plain from the statement he issued in early August, was once again confined to the imposition of a moral embargo:

It is clear that our Neutrality Law with respect to embargo of arms, ammunition, and implements of war has no application in the present situation. Since that applies only in the event of war between or among nations. On the other hand, in conformity with its well established policy of non-interference in the internal affairs of other countries,...this Government will of course, scrupulously refrain from any interference whatsoever in the unfortunate Spanish situation. We believe that American citizens, both at home and abroad, are patriotically recognizing this well recognized American policy.49

American policy vis à vis Spain, then, rested on two essential foundations — non-interference and a voluntary embargo. This was the policy which Hull would adhere to for

46 Minutes of the Cabinet Committee on Foreign Policy, August 26, 1935, Cab 27/622.
47 For further detail on the U.S. reaction to the conflict see: Hull, Chapter 34; Jablon, Crossroads; F. Taylor, The United States and the Spanish Civil War (New York, 1956), & Traina, American Diplomacy.
49 Hull, 478.
the remainder of the 1936. Indeed, in Hull's view, "it would have been unthinkable for the United States to pursue any other course," particularly in light of the establishment of the Non-Intervention Committee, which as he notes in his memoirs, had welded all Europe around the concept of non-interference. Hull also shared in the British desire not to see the war escalate into a general European conflagration, and in addition, felt strongly that any effort on the part of the United States to ship arms to the Republican Government in Madrid might result in some sort of naval incident which had the potential to plunge the country into war. Moreover, although there were some officials within the State Department who sympathized with the plight of the Spanish Government, there were an equal number who felt that the Madrid regime was essentially dominated by communists, and that as such, a victory for the Government would only serve to stimulate the spread of communism in Europe. In any case, Non-Intervention was a convenient way to avoid becoming embroiled in what was essentially regarded as a European problem, and most of official Washington, including the President, endorsed it.

Because Hull's policies kept the United States roughly in step with the those of HMG in London, it should come as no surprise to learn that they were also welcomed at the Foreign Office. But in spite of the fact that there was broad agreement between the two states on the need to adhere to strict neutrality vis-à-vis the conflict in Spain, London made no attempt to invite the United States to become a member of the Non-Intervention Committee. To do so might be to provoke a strong reaction from the American isolationists, which could prove embarrassing for the President and Hull and render the pursuit of their essentially parallel but independent non-interventionist policies more difficult. As such, Whitehall confined itself to keeping the Americans informed of HMG's

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50 Ibid., 481-82.
51 Ibid., 482-83.
53 Moore to Roosevelt, November 27, 1936, Moore Papers, Box 17.
activities, and carefully avoided the subject of American participation in the Non-Intervention Committee. 54

Non-Intervention also met with widespread approval among the American public, where, unlike the situation that existed with respect to the export of commodities to Italy during the Abyssinian crisis, most of the interested business parties took it upon themselves to honour the moral embargo to Spain. Hull was quite pleased with this, and could note with satisfaction that throughout the opening months of the conflict the embargo had in fact worked surprisingly well. 55 But in December, a number of private American firms decided to challenge the Administration’s stated policy by applying to the State Department for licenses to export arms and aircraft to the Government in Madrid. Under current law, the Department had no choice but to issue the licenses. Hull was away from Washington returning by sea from the Buenos Aires Conference when he first learned of these developments, but was kept fully abreast of them by Acting Secretary of State, R. Walton Moore, who sent a number of reports to the Secretary by wireless. Both the President and Hull were upset by these activities, which the President characterized as “thoroughly unpatriotic.” 56 As a consequence, the President called a meeting with Moore and a number of key Congressional leaders on December 30 where it was quickly decided that it would be necessary for the Administration to pursue legislation aimed at banning the export of arms to either side in Spain. This legislation was introduced to the Congress on January 6, 1937, and was signed into law by the President two days later. 57

54 Cole, Roosevelt and the Isolationists, 224-25. In December, 1936, the Foreign Office sought to obtain direct U.S. support for an Anglo-French initiative which would be presented to the German, Italian, Portuguese and Soviet Governments calling for an end to shipments of arms to Spain and immediate mediation between the two parties. Hull refused to issue direct appeals to the Governments indicated above, but he did agree to support the initiative once it had been announced in the press. This was done on December 10, 1936. But the Anglo-French initiative came to nothing and the matter soon passed into oblivion. For further details on this see: Hull, 489-90; Jablon Crossroads, 124-25; and the relevant diplomatic correspondence in DBFP 2nd Series vol. XVII, Chapter VII & FRUS 1936 Vol. II, 587-613.

55 Hull, 490.


The passage of the Spanish Embargo Act of 1937, served to solidify the Administration's policies with respect to the war in Spain and meant in effect that there would be no deviation from Hull's stated aim of non-intervention for the remainder of the conflict -- even after it became clear, as it did in 1937, that the Italians and Germans had intervened massively on the side of Franco.\textsuperscript{58} This is not to say that there would be no criticism of the policy in the press and elsewhere, for as the evidence of Italian and German involvement in the war increased, so too did the calls for a change in the policy of non-intervention. But in the end, neither Roosevelt nor Hull was prepared to contemplate any such move.

In the meantime, while the Americans grappled with the need to establish their own independent brand of neutrality vis à vis the conflict in Spain, events in Europe were centered around the activities of the Non-Intervention Committee and its attempts to limit the extent of Foreign involvement in the Spanish conflagration. The Non-Intervention Committee was established in London, under British leadership. It was comprised of 26 nations, and it held its first meeting on September 9, 1936. The establishment of the Committee marks the beginning of a period, spanning two years, in which Eden and the Foreign Office would attempt to prevent or at the very least scale down the export of arms, men, and material to both the Republican and Rebel forces in Spain. From its very beginning, however, it was clear that this task would not be easy. Indeed, over the course of the last four months of 1936, a period in which the Committee met fourteen times, the evidence of German, Italian and Russian intervention in the conflict continued to grow. Eden, no doubt found all of this exasperating, but in the first few months following the establishment of the Committee, he nevertheless continued to argue that the pursuit of a policy of intervention was the only viable option open to HMG and her European partners, both in order to limit the scope of the war, and to keep the possibility of a European settlement via the Five Power Conference alive. Here, in response to his critics, who argued that non-intervention was little more than a farce. Eden argued:

\textsuperscript{58} Bowers to FDR, Feb. 16, 1937, PSF, Spain, Box 50. It should be noted that on May 1, 1937, the provisions of the Spanish Embargo Act banning the exports of arms to parties involved in civil strife were incorporated into the new neutrality law, which was signed on the same day.
Because some who should be firemen take a hand now and again in feeding the flames, that is no reason why the whole fire brigade should leave their posts and join in fanning Europe into a furnace. 59

Eden also hoped that the pursuit of non-intervention would make it impossible for either side to win a decisive victory and would in fact result in a political and military stalemate. This, it was argued, would prevent either extreme (the communists on the left, and the fascists on the right) from seizing power in Spain, and would ultimately lead to the establishment of a moderate, centrist regime, untainted by Italian, German or Russian domination, which would directly serve British interests. 60

By November, though, Eden's faith in non-intervention had become severely tested by the actions of the other European powers. Of particular concern for Eden was the behavior of Mussolini, whose Government was repeatedly cited as having violated the terms of the non-intervention agreement. 61 Indeed, prior to the onset of the Spanish conflict, Eden and a number of his colleagues at the Foreign Office had held out great hopes for the restoration of Anglo-Italian relations in the wake of the lifting of sanctions in Geneva. 62 But by this point it was clear that the actions of the Italian Government in Spain would render an Anglo-Italian rapprochement much more difficult. There were strong suspicions in Whitehall, for example, that Mussolini might try to exploit the Spanish conflict for his own ends by trying to use the cover of intervention as a means to extend Italian influence in the Western Mediterranean. Indeed, as early as August 24, a subcommittee of the Chiefs of Staff had expressed its apprehension about the possibility that the Italians might try to establish naval bases on the Baleric Islands, in Spanish Morocco, or even in Spain itself. This had to be avoided, first, because any such moves would constitute an unacceptable threat to Britain's control of the straits and hence to her imperial communications. and second, because competition with Italy for control of the Mediterranean ran counter to the expressed desire of the Chiefs for the restoration of

59 Avon, 416.
friendly relations with Rome and the pacification of the region. In light of this, Eden was called upon in September to issue a communiqué to the Italian Government which stressed that while HMG desired the warmest possible relations with Italy, she nevertheless would view any alteration in the status quo in the Western Mediterranean as a matter of deep concern. Mussolini, in response, denied that he had any aspirations in the region and insisted that it was his most sincere desire to improve Anglo-Italian relations. But the concerns in London about Mussolini’s intentions continued, no doubt made all the more menacing by the ever increasing signs of Italian intervention in Spain, by Ciano’s visit to Germany in late October, and by the announcement of the “Rome-Berlin Axis” on November 1.

It is important to note, however, that Mussolini’s dramatic proclamation of the “Axis” was accompanied by remarks which seemed to indicate a desire for an Anglo-Italian understanding vis-à-vis the Western Mediterranean. He insisted, for example, that he understood the mutual concern that both London and Rome shared for the region. He also suggested that the two powers could avoid any future difficulty in the region by coming to “a sincere, rapid and complete agreement based on the recognition of reciprocal interests.” In London, Mussolini’s statement brought about a good deal of discussion about the possibility of concluding an Anglo-Italian agreement for the maintenance of the status quo in the Western Mediterranean; it also led the Cabinet to respond to Mussolini’s gesture by authorizing Eden to issue a statement in the House of Commons which was designed to reciprocate the Duce’s pacific overture. But Eden was skeptical about the prospects for a formal agreement and in a minute issued the day following his statement in the Commons he insisted that HMG should make no move towards reaching an understanding with Italy in the Western Mediterranean until Mussolini had provided

63 Report by the Chiefs of Staff Sub-Committee on the Situation in the Western Mediterranean arising from the Spanish Civil War, Aug. 24, 1936, DBFP 2nd Series Vol. XVII # 126.
64 Eden to Ingram, Sept. 3, 1936, DBFP 2nd Series vol. XVII # 159.
London with a clearer picture of his intentions. Moreover, Eden also made it clear that his faith in Mussolini was at a low ebb by observing:

Does anyone in the Foreign Office really believe that Italy's Foreign Policy will at any time be other than opportunist? Any agreement with Italy will be kept as long as it suits Italy. Surely nobody can now place any faith in her promises. All this is not argument against seeking to improve Anglo-Italian relations, but against placing an exaggerated valuation on any such improvement if and when we get it.68

Nevertheless, in the wake of Eden's admonitions as to the limited value of any agreement with Rome, concern about Mussolini's intentions in the Western Mediterranean continued to mount. By mid November, there were a number of officials both within the Foreign Office and at the Admiralty who argued that it would be in HMG's best interest to try and achieve some sort of understanding with Italy for the maintenance of the territorial status quo.69 Eden remained skeptical about the value of any such agreement, but under pressure from Chiefs of Staff and the Admiralty, he eventually agreed to open negotiations. On 14 November, then, Eden sent Sir Eric Drummond, the British Ambassador in Rome, a telegram outlining the British terms for an understanding with Italy. Here Eden insisted, among other things, that Italy must be prepared to accept the Mediterranean status quo without qualification, that she must cease all "anti-British intrigue and propaganda in the Near East", and that she must resume effectual participation in the League of Nations. In exchange, HMG was prepared to agree that it too would do nothing to alter the territorial status quo in the Mediterranean, but there was to be no question of any limitation on British military forces in the region, nor any move toward British recognition of the Italian conquest of Abyssinia.70 From Rome, it soon became apparent that any progress towards the conclusion of an Anglo-Italian understanding would be slow. Mussolini viewed Eden's request that Italy return to full participation in the League, for example, as little more than a brazen attempt to undermine Italian-German relations, which had been improving due to their mutual interest in supporting Franco. The Duce also took exception to the British

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68 Minute by Eden, Nov. 5, 1936, DBFP 2nd Series vol. XVII, # 352.
69 Report by the Chiefs of Staff Sub-Committee, Nov. 9, 1936, C8049/4/18; & ADM 116/3302.
70 Eden to Drummond, Nov. 14, 1936, DBFP 2nd Series vol. XVII, # 377. Mussolini had been demanding international recognition of his conquest of Abyssinia from the moment the League had decided to drop its policy of sanctions. Eden found this demand particularly distasteful, and as time wore on, the issue would become increasingly irritating to both sides.
refusal to recognize the Italian conquest of Abyssinia, and there were serious differences between the two states over the virtual occupation of the Baleric Islands by troops of the Italian Foreign Legion and by the growing number of Italian “volunteers” which had been entering Spain. In response to this, Britain and France had urged that the London Committee adopt a resolution extending the non-intervention agreement of August to cover volunteers. But the Italians, who in fact had the greatest number of volunteers engaged in the fighting in Spain, refused to cooperate, and essentially stalled on the question while the negotiations for an Anglo-Italian understanding continued. Eden was not pleased by these developments and on December 16 he submitted a strongly worded memorandum to the Cabinet which urged his Government to take a firmer line with Italy over the increasing presence of Italian military forces in Majorca and the Spanish mainland. But the Cabinet remained cautious. There was no support for going beyond the present effort to secure the territorial integrity of Spain. In the interests of protecting the territorial status quo, therefore, and in achieving a lessening of tensions in the region, Eden agreed to overlook a number of the outstanding issues between London and Rome and to work for an understanding between the two powers based on “an exchange of purely general declarations,” hoping that this would lead to spontaneous acts by Italy calculated to produce confidence and goodwill all around. The result was the so-called “Gentleman’s Agreement” by which both signatories reaffirmed the compatibility of British and Italian interest in the Mediterranean, and agreed “not to alter the status quo as regards national sovereignty of territories in the Mediterranean area.” There was no direct reference to Italian intervention in Spain, but the two powers did agree “to use their best endeavors to discourage any activities liable to impair the good relations [between them].”

73 Memorandum by Eden on Spain and the Baleric Islands, Dec. 16, 1936 DBFP 2nd Series vol. XVII # 471.
74 Cab 23/85, Dec. 16, 1936.
Following the publication of the terms of the agreement there was talk at the Foreign Office of a “new relationship” with Italy and a general sense of satisfaction at the behavior of Mussolini and his Government. Taking note of this, Vansittart suggested that HMG should now “be on the look out to follow up this success,” by exploiting the further opportunities it provided for detaching Italy from Germany.77 Eden too was pleased, particularly with respect to the guarantees HMG had received with respect to Spain, although he cautioned his colleagues to bear in mind that the Italians had “at least as much to gain from this better state of affairs as we,” and that as such HMG “shall lose nothing in Italian eyes by continuing to ‘nous faire valoir.’”78 Indeed, from Eden’s perspective the “Gentleman’s Agreement” represented little more than a short term, limited detente, which was designed to lessen tension and maintain British interests. It may also have provided both sides with an opportunity to explore the possibility of a future long-term rapprochement but for Eden such a development remained unlikely. The Foreign Secretary’s skepticism about Italian ambitions in the region remained, and until Mussolini provided some tangible evidence that Italian interests in the Mediterranean were in no way inimical to those of HMG, Eden refused to alter his opinion.79

Eden’s caution was well founded. For on the very day that the signature of the Agreement was announced, he learned that 3,000 Italian troops had landed at Cadiz. By the end of the week, this number had grown to 8,000.80 Needless to say, Eden was less than pleased at these developments, and in a despatch to Rome on 7 January he instructed Drummond to inform the Italian Government forthwith of his disappointment.81 It was soon apparent, however, that Mussolini was unmoved by Eden’s pleas and that the scale of Italian and German intervention in Spain had now reached such a level that the war had "ceased to be an internal Spanish issue" and had instead become an

77 Minute by Sargent on the Anglo-Italian conversations in Rome, Jan. 1. 1937. DBFP 2nd Series vol. XVII # 527 footnote 5.
78 Ibid.
80 For estimates of Italian troop level see: DBFP 2nd Series vol. XVIII #’s 2 & 34.
"international battleground" which would play a vital part in determining the future format of German and Italian foreign policy. In light of this, Eden now urged the Cabinet to take a hard look at the implications of an outright Nationalist victory, particularly with respect to its effect on German ambitions in such areas as Memel, Danzig and Czechoslovakia. Here, he cautioned his colleagues that

If German interference is not checked in Spain, there will be no chance of moderating influences in that country checking any similar aggressive tendencies in respect of these three danger points. It is therefore my conviction that unless we cry a halt in Spain, we shall have trouble this year in one or other of the danger points I have referred to. It follows that to be firm in Spain is to gain time, and to gain time is what we want.

As such, Eden advocated a bold initiative envisaging not only an international agreement on the prohibition of the dispatch of volunteers to Spain but also a comprehensive "control scheme" involving a network of frontier and sea patrols to supervise the blockade of war materials to the Iberian Peninsula. Eden also suggested that the Royal Navy should establish an immediate naval patrol while international agreement was sought. But Eden's scheme was very unpopular in the Cabinet. Hoare, now First Lord of the Admiralty, for example, openly questioned whether it would be Britain interest to in effect "stop General Franco from winning." Indeed, in his view, that may have been the desire of "the Parliamentary Parties of the Left; but there were others, including perhaps some members of the Cabinet. who were very anxious that the Soviet should not win in Spain." Moreover it was widely held that a naval blockade could not be effective without the utilization of both the Home and Mediterranean fleets. a move which would not only place a great strain on the navy, but would also increase the likelihood of an expansion of the war due to some unforeseen incident on the high seas. Most of the Cabinet concurred with Hoare. Eden's scheme was therefore dropped. In its place the Cabinet decided to issue a declaration stating the intention of HMG to prohibit the flow of British

82 Cab 23/87 Jan. 8, 1937.
83 Memorandum by Eden on Spain, Jan. 8, 1937, DBFP 2nd Series vol. XVIII #379.
84 Peters, Anthony Eden, 245.
85 Cab 23/87 Jan. 8, 1937.
86 Ibid.
volunteers to Spain and to ask the other powers concerned merely to follow suit. Eden was bitterly disappointed, not only by this clear indication of his lack of influence on the Cabinet, but also by the loss of this unique opportunity to show both Hitler and Mussolini that Britain was determined to oppose the expansion of their influence in Europe and the Mediterranean. By February, an estimated 20,000 additional troops had been despatched from Italy to Spain. Shortly thereafter, Mussolini even went so far as to issue a public statement praising the efforts of his so-called volunteers in the battle for the capture of Malaga. This, coupled with a vitriolic anti-British propaganda campaign launched in the Italian press, convinced Eden that the Gentleman’s Agreement was in fact dead, and that it was pointless to pursue any further understanding with the Italian dictator, whom from this point on, Eden characterized as little more than a gangster unworthy of serious consideration.

In the meantime, Eden’s efforts to reach an understanding with Germany via the conclusion of a new Locarno continued, but here too, the Foreign Secretary was to meet with considerable frustration. It has been noted earlier that at the end of 1936 Eden had hoped that the continuation of Germany’s economic woes would ultimately force her to seek an understanding with the western powers. Moreover, by the beginning of 1937, Eden’s interest in coming to terms with Germany were if anything reinforced by his firm conviction that Mussolini’s ambitions in the Mediterranean now precluded any meaningful understanding between London and Rome. As such, Eden began the new year under the strong belief that Anglo-German negotiations represented the only viable option left open to HMG in her efforts to achieve general European stability. Eden placed considerable emphasis on reports emanating from his ambassador in Berlin which indicated that the balance of political power in Berlin lay delicately balanced between the so called “moderates” such as Dr. Schacht and the army hierarchy, and extremists within the Nazi

87 Ibid.
88 Avon. 436.
Eden argued that London’s first object must be to restrain the extremists, while giving hope to the moderates. This, he indicated, could best be achieved by “our present policy of being firm” in areas such as Spain, but “always ready to talk.” Eden insisted, therefore, that the efforts to convene the Five Power Conference must continue and over the course of the first two months of the new year there was no let up in the communications to Berlin stressing the need for the proposed meeting. But the attempts to convene the Five Power Conference continued to be blocked by German intransigence and by mid-March it was clear that the initiative was dead.

Thus, as the winter of 1936-37 drew to a close, Eden was no closer to a general European settlement than he had been when Blum first proposed a new approach to Germany. Moreover, it was now clear that his policies vis-à-vis Italy and Spain had been largely ineffective. In light of these difficulties, Eden’s faith in Britain’s ability to ever come to terms with the dictators in Berlin and Rome began to wane, and the possibility of seeking closer ties with Washington became increasingly important.

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91 On this see: C.A. MacDonald, “Economic Appeasement and the German “Moderates” 1937-1939., P0, 56(1972) 105-135.
92 Cab 1 (37) 2 cab 23/87, Jan. 13, 1937.
Hull and the Eden-Lindsay Initiative of March 1937

At the close of 1936, Hull’s attempt to broker an Anglo-American understanding on trade had reached a deadlock. There had been no progress in the Ryder-Chalkley technical discussions, and in spite of the prompting of Eden, little indication that the British Board of Trade would come around to a more sympathetic attitude towards Hull’s trade agreements program. This impasse was of great concern to Hull, not only because of its potential impact on the progress of his trade initiative, but also because of his growing fear that the inability of the world’s leading democracies to establish a new world economic order based on liberalized trade would ultimately lead to a conflagration between the “have” and “have not” nations. Indeed, throughout the fall of 1936, both the State Department and the White House had received a number of alarming reports from Berlin, indicating that the German economy was in trouble and that economic pressures might in fact push Hitler into war. Moreover, these anxieties had been heightened by the conclusion in November of the German-Japanese Anti-Comintern Pact, which was widely interpreted in Washington as an indication that Japan had now decided to join the Fascist bloc and would soon re-embark on a more aggressive policy in Asia.

In an effort to counter this disturbing drift towards war, Hull endeavored to set an example for the world to follow through the vigorous promotion of the “Good Neighbor Policy.” In December 1936, for example, Hull attended the “Inter-American Conference for the Maintenance of Peace” in Buenos Aires where he launched a major new initiative aimed at cultivating peace and strengthening hemispheric solidarity. Hull based this effort on his so called “Eight Pillars of Peace,” which among other things called on each of the American republics to: “educate and organize its people in opposition to war,”... to embrace “a liberal commercial policy,”... to adopt “a common policy of neutrality” in the event of war, and to maintain “the faithful observance of agreements between nations as the foundations of

1 Harrison, R., ‘Runciman visit’, 223-24; Drummond and Hillmer; *Negotiating Freer Trade*, 43-44.
Hull and the Eden-Lindsay Initiative of March, 1937

Hull was only partially successful in his effort to get the American States to embrace his principles, but his assertion of these ideas, coupled with his reiteration of the doctrine of non-interference among the nations of the Western Hemisphere, increased his prestige as an international statesman. With the important exception of Argentina, most of the Latin American States now looked upon Hull as a true friend; while at home, the Secretary was regarded with increasing reverence. Here was a man of peace, steeped in integrity, who advanced his goals with humility and passion.

By the onset of 1937, Hull’s concerns about the possibility of war breaking out in Europe had reached the point at which he felt that the time had come for him to find some way to pacify Europe, a move which, if successful, would not only lead to European peace, but would have the added benefit of allowing the United States to focus her security concerns more squarely on the Japanese in Asia. On January 18, Hull issued a memorandum outlining the various policies that the United States and other Governments might pursue in an effort to secure a general settlement in Europe. Taking note of the German problem, Hull suggested that:

...the general nature of the settlement should be such as a) to make it possible for Hitler to claim that he had obtained by peaceful negotiations the essence of what he has represented to the German people as possible of attainment by military action; and b) to represent for Great Britain and France a price which can be approved by public opinion in these countries as a worthwhile sacrifice in view of the benefits secured.

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4 Hull, 498.
5 Pratt, Cordell Hull, 169-72.
6 Ibid; and Gellman, Secret Affairs, 93. The Chief opposition to Hull’s initiative came from Argentina’s Foreign Minister, Saavedra Lamas. Lamas was a champion of the League, who had his own ambitions of greatness. He sought to promote his own program at the conference, which was based on establishing a direct link between the American States and the League. Lamas was well aware that Hull could not endorse such a proposal, but he went ahead with it anyway. In the process, he also attacked Hull ideas. Hull never forgave him for this, and as a consequence, relations between Argentina and the United States began to deteriorate. This ill-feeling, in fact, would continue into the war and beyond. For more on this see: Newton, Ronald C. ‘Disorderly Succession: Great Britain, the United States and the Nazi Menace in Argentina, 1938-47’, in Guido di Tella and D. Cameron Watt, eds., Argentina Between the Great Powers, 1939-46, (Basingstoke, 1989).
7 It should be noted that Japan always lingered in the back of Hull’s mind and as such was a major factor in the Secretary’s determination to seek the economic appeasement of Germany.
8 Hull Memorandum: “The Situation in Europe and our possible position with respect thereto.” Jan. 18, 1937, Feis Papers, Box 125.
Hull and the Eden-Lindsay Initiative of March, 1937

The Secretary then went on to insist:

the central objective of the settlement should be to lay the foundation for an expansion of economic activity, especially in the field of international trade, as a means of relieving the existing tension making for possible military conflict... 9

Hull also took note of a number the outstanding issues which would have to be resolved if any settlement were to be successful, and these included: arms limitation, political guarantees, colonial readjustments for Germany, financial assistance to both Germany and Italy, and finally, the all-round reduction of excessive and discriminatory trade barriers and "the ensuring of 'open door' access to colonial raw materials... accompanied by further steps in the direction of establishing stability in international monetary relations." 10

Reviewing these many difficulties, Hull took note of the fact that all of these problems were "closely interconnected." As such, he insisted that progress toward securing peace and toward the satisfactory solution of the armament question "depends in large measure upon the assurance of adequate improvement in the economic field," which is where the United States would be prepared to play a major role. Here, the Secretary suggested, for example, that the American Export-Import Bank might extend commercial credits to Berlin and grant loans to Germany to help her rebuild her economy. Hull also indicated that the United States would be prepared to conclude a trade treaty with the Reich, and in addition, would be willing to discuss the problem of equal access to raw materials. In return, Germany would of course have to abandon armaments and autarky, and put an end to her "obstructionist policies and tactics." With respect to the political aspects of a general European settlement, however, Hull was unequivocal. The United States, he insisted, would take no part in any political discussions. The Secretary then concluded his memorandum by noting that while the United States would be prepared to act along the lines indicated above, she would nevertheless expect that the British Government would assume the "principal initiative in bringing about European negotiations." In the meantime, Washington would be prepared to reinforce the position of HMG in every practical way.

9 ibid.
10 ibid.
and would welcome any suggestions from London "as to when we could most usefully inaugurate action on our part." 11

As had been the case in 1936, then, Hull once again looked to an improvement in the overall economic conditions in Europe as the central means by which he hoped to render a modification of German behavior. He also continued to hope that Great Britain would play a major role in securing this object, for it was an axiom of the State Department that it would be pointless to ask Germany to abandon her closed economic system unless Great Britain did likewise. 12 But there was no change in Hull's attitude towards security questions. He simply continued to ignore them and made no attempt to indicate to the British Government how far the United States might be prepared to go if these initiatives failed to keep the peace. Economic issues remained paramount in his mind and in spite of the recent setbacks in his discussions with London. Hull's efforts at securing a trade agreement with the British would continue.

Roosevelt shared Hull's concerns. He too feared the possibility of war breaking out in Europe as a result of economic discontent and, like the Secretary, was alarmed by reports emanating from Berlin in the fall of 1936 which indicated that economic pressures might indeed lead Germany to war. Responding to these fears, the President, without consulting Hull, decided in late October to sound out the British on the possibility that the two Governments exchange the details of English and American plans for industrial mobilization. At the Foreign Office. Roosevelt's sudden initiative was regarded as something of a breakthrough, and as such Eden recommended that the War Office move at once to accept the President's proposal. 13 But by mid December. American military leaders had concluded that their own plans for mobilization in the event of war must be

11 Ibid.
12 MacDonald, The United States, Britain and Appeasement.
13 Eden to Vansittart, Nov. 18, 1936, FO 371/19842.
revised, so the idea was dropped, much to the annoyance of a good many officials in Whitehall.\(^{14}\)

The decision to drop the exchange of plans for industrial mobilization, however, did not necessarily mean that the President’s concerns about the possibility of a European war coming as a result of economic discontent had abated. On January 15, 1937, for example, Roosevelt sent a letter to the American Ambassador in Poland in which he lamented the fact that as the “fundamental economic evils” of the European situation grew worse, so too did the prospect for the peaceful resolution of future crises.\(^{15}\) Indeed by this point it was clear that Roosevelt concurred with Hull on the need for the economic rehabilitation of Europe and fully supported Hull’s efforts to secure a trade agreement with London. The President and Hull were also of a similar mind when it came to expenditures on armaments, which both men felt were wasteful, and in part responsible for the present economic crisis. In light of this, Roosevelt was at this point also giving serious consideration to an idea which he had first mooted in August of the previous year: calling for a conference of world leaders in an attempt to achieve general disarmament, trade

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\(^{14}\)This proposal was highly secret, and as noted, Hull was unaware of it. Nor was it the only initiative forwarded to the British by the President in 1936. Roosevelt at one point also suggested that the two governments pursue a “neutralization plan” for the Pacific, by which Japan, the United States and Great Britain would agree not to fortify their possessions in the region. Eden for the most part tended to respond positively to Roosevelt’s initiatives, and in any case recommended that the Government do nothing to antagonize the President when considering the merits of his plans. For further details on both these episodes see: Harrison, R. A., “A Neutralization Plan for the Pacific: Roosevelt and Anglo-American Cooperation, 1934-1937,” \textit{PHR}, 57 (1988); & idem, “Testing the Water: A Secret Probe towards Anglo-American Military Cooperation in 1936,” \textit{WHR}, 7:2 (1985).

liberalization and peace. This proposal had received new life in January 1937, when the President received a report from his recently appointed Ambassador to the Soviet Union, Joseph E. Davies, who had stopped off in Berlin for conversations with German leaders while en route to his new post in Moscow. In his report, Davis indicated that Schacht had informed him that he had been authorized by Hitler to submit proposals to France and England which would, among other things, guarantee European Peace, reduce armaments, obtain colonies for Germany and establish a renewed and effective League of Nations.

Schacht also insisted that while France was agreeable to this scheme, Britain was not. In order to further this effort along, Schacht then suggested that the President call an international peace conference in Washington which would concentrate on disarmament and the economic aspects of these problems. Both Dodd and Hull were quite skeptical about the sincerity of Schacht’s proposals, but Roosevelt found them intriguing, and by the end of January he had decided to sound out London’s opinion on the possibility of his calling a conference. Indeed, there is no question that the President, in considering this scheme, placed particular emphasis on British participation and like Hull, felt that the

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16 Henry Morgenthau Diary, Jan. 4, 1937, Reel 14A. The notion that expenditures on arms were an unhealthy economic practice was deeply entrenched in the minds of American officials in late 1936 and 1937. The theory ran that money spent on arms diverted national resources away from normal trade, which curtailed exports and hence lead to a falling level of foreign exchange with which to purchase imports. This in turn necessitated the introduction of autarky. As such, both Roosevelt and Hull frequently suggested to Eden and other members of the British Government that Whitehall should give serious consideration to pursuing some attempt at slowing or reducing the build up of arms as one means of alleviating Europe’s economic ills. On this see: Memorandum by Feis, Jan. 18, 1937, Feis Papers Box 125; Department of Western European Affairs memorandum, Feb. 16, 1937, Davis Papers Box 24; Bingham to Hull, March 11 and 20, 1937, Davis Papers Box 55; Davis to Hull, April 9, 1937, Davis Papers Box 55; & MacDonald The United States, Britain and Appeasement, 1-15. Hull’s interest in disarmament fell off considerably by 1938, however, when Hull became convinced that the dictators were bent on military expansion.


18 There was a good deal of truth to this comment. Blum in fact was excited by the prospect of these conversations, while in London, Neville Chamberlain was cautiously optimistic. Eden, on the other hand, was not.

19 Crozier, Germany’s Last Bid for Colonies, 186-87.

20 Hull, 547; In his diary, Dodd insists that Davies was “captivated” by Schacht and hence had been taken in by his dubious proposals. See: Dodd diary, Jan. 27, 1937, in W.E. and M. Dodd eds., Ambassador Dodd’s Diary, 1933-1938 (New York, 1941) 380.
initiative for the convening of any such conference would best be timed in close coordination with Whitehall.

By the beginning of 1937, then, it was clear that both the President and the Secretary were quite anxious to explore the possibility of securing the economic appeasement of Germany. Moreover, while it is important to stress that the two of them did not always agree on the best means to secure this object, and that Secretary Hull was not always kept fully informed of the President's activities, it should also be pointed out that their broad objectives were essentially the same: Germany was to be wooed away from her present wasteful program of rearmament by the enticement of a new economic order based on free trade and equal access to raw materials. As was the case in 1936, however, both men felt that the key to the success of this effort lay in London. It was therefore of the utmost importance that HMG give some indication that Great Britain was prepared to endorse the American effort to open up the world's markets, and for both Hull and Roosevelt, the best means for securing this object would be the conclusion of an Anglo-American trade agreement.

The importance that both the President and Hull attached to improving Anglo-American relations no doubt pleased Eden, who as has been noted, fully endorsed Hull's efforts to come to an understanding on trade with the British. But Eden's task in this regard had not been easy and was further complicated by the somewhat erratic behavior of the President's personal diplomacy (as evidenced by his proposal with respect to industrial mobilization), by the Smoot-Hawley Tariff and by conclusion at the end of 1936 of a new Anglo-Canadian Trade Treaty. Canada, in fact, had played an integral part in Hull's plans to seek an opening on trade with the British. In 1935, the two countries signed their first full trade agreement, generating considerable hope in the State Department that a

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21 For a more detailed analysis of the American attempt to appease Germany see Offner, *American Appeasement*, and Hearden, *Roosevelt Confronts Hitler*. 
breakthrough with London would follow. But the new 1936 Anglo-Canadian agreement seemed to indicate the very opposite. Indeed, this agreement involved several agricultural items that Hull had hoped to include in an Anglo-American trade pact, and the Secretary of State was furious when he learned of its terms, which he regarded as a further extension of imperial preference and hostile to his trade program. Moreover, Hull’s protests soon reached London, where they were received with disquiet in the Cabinet, dismay in the Treasury, and disgust at the Board of Trade. Indeed, from Whitehall’s perspective there was very little if anything in the new treaty which could be construed as inimical to Washington’s desire for the liberalization of world trade and as such it seemed to many British policy makers that what the Secretary really wanted was nothing less than an end to the whole preference system.

Eden, therefore, faced an uphill struggle in his efforts to convince his colleagues that it was both possible and desirable to reach a trade agreement with the Americans. Indeed, this fact was confirmed by the visit of Walter Runciman to the White House in January. The arrangements for these discussions, which were at the time characterized as strictly private, are rather drawn out and complicated, and there is no need in the course of the present study to examine them in great detail. It should be pointed out, however, that the initiative for the Runciman visit came from Arthur Murray, a long time friend of the President who suggested the idea to Roosevelt during a private visit to the President in April 1936. Roosevelt, who had great faith in personal diplomacy, took to the notion immediately, in part because it might provide an opportunity to break the deadlock in the

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22 Kottmann, *Reciprocity*, 117. By 1937, it became clear that Canada’s position as a major trading partner for both the British and the Americans would mean that it would be necessary for Washington to conduct separate but simultaneous negotiations for a further trade agreement with Ottawa if there was to be any chance of an Anglo-American trade agreement. For more on this see: *ibid,* and Drummond and Hillmer, *Negotiating Freer Trade.*

23 Harrison, ‘Runciman’, 223.


26 Roosevelt to Murray, Dec. 25, 1936, Elibank Papers, Box 8808.

27 Roosevelt to Runciman, May 4, 1936, Runciman Papers, WR284; Runciman to Roosevelt, June 30, 1936, Runciman Papers, WR284; Roosevelt to Murray, Dec. 25, 1936, Elibank Papers, Box 8808.
preliminary Anglo-American discussions on trade, and in part because of his desire to explore what the British reaction might be to recent ideas concerning an American peace initiative. Due to the fear of a strong reaction against the visit by American isolationists, however, it was decided that it would be better for the President to meet with the British Minister after the 1936 elections, and so it was arranged that Runciman would come to Washington in January.

Not surprisingly, the prospect of a British Minister holding discussions with the American President generated a great deal of interest at the Foreign Office, where it was widely anticipated that the topics under review in these “strictly private” conversations would include such items as trade, the war debts, the new U.S. neutrality law and FDR’s renewed interest in calling for an international peace conference to iron out the world’s ills. In a meeting with Runciman just prior to his visit, Eden and other officials within his department reiterated the importance of maintaining America’s goodwill and interest in European affairs, and as such stressed the fact that it was all important not to discourage the President “if he wants to call a peace conference” or engage in any other activity which might bring the United States closer to Europe. But at the Board of Trade, there was little expectation that anything worthwhile could be accomplished in the area of commercial relations by the talks, particularly as there had been no progress in the preliminary discussions, which, as noted, had all but collapsed at the close of 1936.

Nor was Hull much more optimistic about the prospects of the talks resulting in any concrete gains in Anglo-American economic relations. Indeed, in a memorandum issued to the President on the eve of Runciman’s arrival, the Secretary characterized the British Minister as “extremely nationalistic,” as was clearly shown by his promotion of “policies

28 For details on this see Harrison, ‘Runciman’. 223-39.
30 On this see Harrison, ‘Runciman’. The 1936 Neutrality Legislation was due for renewal by Congress in May and that there was considerable interest at the Foreign Office and elsewhere in the possibility that a new law would emerge which gave the President more authority to assist America’s friends in time of crisis.
31 Record of Conversation between Eden and Runciman, Dec. 31, 1936, FO 371/20656; Memorandum by Troutbeck on the Runciman Visit, Jan. 5, 1937, FO371/20656.
32 Memorandum by Eden, Dec. 31, 1936, FO. 371/20656.
calculated to gain unfair advantage over American interests in many parts of the world." As such, the Secretary cautioned the President to remain on his guard as "Runciman would be a difficult person to deal with."³³

Runciman arrived in Washington on January 23, and in the course of his conversations with Roosevelt it became clear that the President in fact wished to discuss a wide range of issues. Indeed, the President immediately availed himself of the opportunity to stress his own desire for closer relations with Great Britain and in so doing insisted that he would, among other things, seek greater discretionary powers in the upcoming neutrality debate, work for a greater degree of cooperation in Anglo-American dealings with Japan, expand the communication that had now been established between the U.S. and British Treasuries and do his utmost to see to it that commercial relations between the two states were improved by the eventual completion of an Anglo-American trade agreement.³⁴ On the latter question, Runciman also held a number of meetings with Hull, who in a more vehement manner, seconded the President's endorsement of a transatlantic agreement on trade.³⁵ Indeed, in his conversations with the British Minister, Hull insisted that the only way to meet the growing crisis in Europe was for Great Britain to take the lead in proclaiming a program of liberal economic relations. If HMG were to do so, other nations would no doubt follow suit, with the result that soon "nearly forty nations would be marching across the Western World proclaiming a broad concrete basic program to restore international order and promote peace and preserve peace...."³⁶ Such a movement, moreover, would in all likelihood prove irresistible to recalcitrant nations like Germany and Italy, who in the end would be unable to withstand the moral and economic pressure exerted from such a bloc and would have little choice but to "join ranks." leaving the gate "wide open" for "a discussion of political problems."³⁷ Hull therefore implored the

³³ Hull to Roosevelt, SDDF 033.4111/13, Memorandum on the "Right Honourable Walter Runciman". Jan. 22, 1937.
³⁴ Runciman to Eden, Feb. 8, 1937, FO 371/20656/A1059/33/45.
³⁵ Hull to Atherton, Feb. 12, 1937. SDDF 033.4111; and Runciman to Eden, Feb. 8, 1937. FO371/20656.
³⁶ Hull, 524-25.
³⁷ Ibid.
Minister to give serious consideration to the possibility of an Anglo-American trade agreement, and to the need for London to contemplate the elimination of the Ottawa system of imperial preference and other recent economic arrangements which in his view stood in the way of its achievement. Runciman for his part, countered these arguments by observing that just as HMG had had to accept as:

an awkward fact the high tariff system of the USA even when it was the subject of modification by agreement, they in the US must accept the fact that we could not go back on the principles of preference which are embodied in the Ottawa Agreements even though the details were always capable of discussion and readjustment.

Following his conversation with Hull, Runciman went on to meet with other officials at the State Department, and in addition also held further talks with the President and Hull. It was soon clear, however, that in spite of Hull’s fervent sermons, the deadlock in the trade discussions would not be broken during the course of Runciman’s visit. As Hull recalled, later, ”Runciman listened attentively to my exposition(s), and occasionally nodded in the affirmative, but I was quite sure he was not with me as fully as I should have liked.” Nevertheless, the visit did provide Eden and the Foreign Office with a further indication that the President and Hull were concerned about affairs in Europe, and in addition also led to a softening in Runciman’s attitude about the possibility of negotiating a trade agreement. Indeed, in a conversation with Atherton following his return to London, Runciman insisted that although the conversations concerning a trade agreement had not gone as far as the Minister would have liked, they had still been of considerable value. if only because they had convinced him that “there must be a settlement of this problem between us.” Because of this, Runciman was now confident that “a way will be found [to settle the trade issue ] without asking Mr. Hull to renounce his policy and without Mr. Hull asking me to renounce mine.” This was significant, for it meant that Runciman would, in spite of his reluctance to modify the Ottawa system, eventually join Eden in the Cabinet.

38 Hull to Atherton, Feb.12, 1937. FRUS 1937 Vol., II, 11-12.
40 Hull, 525. Norman Davis, who also met with Runciman, concurred. In his view “the choice of Runciman [to visit the United States] had been a bad one.” (Jones Diary, April 20, 1937. Jones. A Diary with Letters, 330.
41 Atherton to Hull, Feb. 23, 1937 SDDF, 033.4111.
in the belief that an economic approach to the Washington was the best means to secure American friendship.\textsuperscript{42}

Over the course of January and February, then, little significant progress was made in the preliminary trade talks. In the meantime, Eden’s efforts to secure a general settlement in Europe had once again failed to produce any significant results. The prospects for a new Locarno were now all but dead, and the so called “Gentleman’s Agreement” concluded with Mussolini at the outset of the year had failed to stop Italian intervention in Spain. All of this deeply frustrated Eden, who as a consequence, began to see an improvement in Anglo-American relations as perhaps the most viable alternative to his failed policies in Europe.\textsuperscript{43}

By March, in fact, Eden had come to the conclusion that it was time he made a concerted effort to try and see if he could bring about a shift in Anglo-American relations. On the 10th he informed Lindsay that “the crucial importance of retaining the goodwill of the United States Government...in the event of major crisis in Europe” was a matter which was “keenly engaging” his attention. As such, Eden wanted the Ambassador to send him a report outlining what lines of policy the British Government might take in order to secure this object.\textsuperscript{44} Lindsay responded with a 22 page memorandum in which he discussed everything from the "psychological factors" involved in relations between the two countries to the "character of American neutrality", and for the first 15 pages or so the report presents a detailed and fascinating analysis on the nature of the relations between the two states. As to the critical question as to “how the United States can be favorably

\textsuperscript{42} Runciman to Baldwin, Feb. 8, 1937, FO 371/20656; McCulloch Economic Diplomacy, 237.
\textsuperscript{43} Memorandum of British Foreign Policy, March 7,1937, Harvey Diaries, # 56401. For more on Eden’s views of the United States see: Peters, Anthony Eden, 377-78; and Ovendale, Appeasement and the English Speaking World, 66-67, & 94-95. Both Ovendale and Peters suggest that Eden sought better relations with the U.S. as an alternative to appeasement in Europe, particularly after the outbreak of the Sino-Japanese war. See also: Reynolds, Anglo-American Alliance, 16-23; and Murfett, Fool Proof Relations, 58-59.
\textsuperscript{44} Eden to Lindsay, March 10, 37, FO 371/20651.
Hull and the Eden-Lindsay Initiative of March, 1937

predisposed towards us for the contingency of a major crisis arising in Europe." Lindsay was very specific: concentrate on Hull and trade.45

The issue of a trade agreement, of course, was not a new one. What was new, however, was the vehemence with which Lindsay argued his case, and his strong assertion that the conclusion of a trade agreement at the present time was particularly applicable to the question of securing an improvement in Anglo-American relations. Here, Lindsay was careful to point out that, as Great Britain was the chief importer of the world's agricultural produce, the major beneficiary of any trade agreement between Great Britain and the United States would be the midwestern farming community -- roughly 35% of the U.S. population. This was significant, for it was "an axiom of American political leaders not to take any decided step of importance until every part of the country is more or less in line" and Lindsay insisted that in the event of war in Europe, Roosevelt would not move without the support of this important section of the U.S. public.46

Furthermore, Lindsay insisted that Hull, who had played "a key role" in the re-election of the President in November 1936, now had the President and the public fully behind his program, but that in spite of this, Hull's movement for a further lowering of tariffs can only "live on successes" and that at present his "sails are flapping in the wind."47 In order "to keep his ship under way," the Ambassador continued, "Mr. Hull must now get the American farmer behind him." and here, at this crucial moment, Great Britain, as the chief importer of the world's agricultural produce, stood in the position to determine the success or failure of his entire program. It was absolutely imperative, therefore, that Hull succeed in his efforts to secure a trade agreement with the United Kingdom. In light of this, and in light of the great importance that the Foreign Secretary attached to securing better relations with the United States at the present juncture, Lindsay

45 Lindsay to Eden, March 22, 1937, FO 371/20651. It is interesting to note that in the entire 22 page report, Hull is the only official with in the FDR. administration, aside from the President, who is mentioned by name.
46 ibid.
47 In fact, shortly after the re-election of the FDR Administration in November, 1936, Lindsay concluded that Hull "was now the most powerful force in the Government after the President." Lindsay to Eden, November, 1936, FO 371/19829, A8766/170/45.
insisted that every effort should be extended to secure a trade agreement with the Americans and that the opportunity to do so should be seized without delay.48

Lindsay’s dispatch greatly impressed Eden, who responded to the report by undertaking a major effort to break the impasse on trade. But the Ambassador’s call for concessions on agricultural commodities brought the whole notion of an Anglo-American trade agreement face to face with the problem of the Dominions and imperial preference. As a result, the Foreign Office began to re-evaluate not only the possibility of approaching the Dominions for concessions under the Ottawa Agreements, but also the larger question of intra-Imperial relations generally, especially with respect to their impact on Anglo-American ties. Here, the Foreign Office concluded that it was becoming “increasingly evident that any rigidity in inter-Imperial relations is bound to affect adversely this country’s relations with the United States.” Indeed, this was now being manifested “in connection with the negotiations for a United Kingdom - United States Commercial agreement,” where it was evident that there was “little chance of an agreement being concluded without parallel negotiations being undertaken with the Dominions ... for a modification of the Ottawa fixed margins of preference.” Moreover, it was now felt that the Foreign Office should

> do what we reasonably can to meet the U.S. point of view in this matter, not only because H.M. Embassy at Washington have long been urging that the economic field at present offers the only feasible avenue of approach to the U.S., but also because the chief importance of an agreement rests with Mr. Hull, and his view is rapidly becoming that of the Administration as a whole, not so much in its economic aspect as in its political bearing on the question of world peace. 49

Bolstered by these arguments Eden and the Foreign Office concluded that it was time to ascertain whether “a sufficient elasticity” could be “introduced into the Ottawa arrangements to enable us to satisfy the American demands for the conclusion of a

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48 Lindsay to Eden, March 22, 1937. FO 371/20651. Lindsay’s assertion about Hull’s role in the 1936 election was only partially true. Hull himself did not engage in serious campaigning, but his increasing prestige with the public, as well as the growing success of his trade program, made him an asset to the President politically. As noted earlier, however, Hull did not seem to fully grasp this fact. This was unfortunate for Hull, for as I.F. Gellman asserts, had he known this, he probably could have exerted more pressure on the President over issues of concern to him. He might have also gained a greater measure of control over the appointment of high officials at the State Department and abroad. For more on this see: Gellman, Secret Affairs. 120-135, 151-52.

49 Minute by Allen, March 15, 1937. FO 371/20659.
commercial treaty." Eden therefore, instructed his subordinates to examine the possibility of a modification of imperial preference with the Dominions, and strongly endorsed the idea of using the upcoming Imperial Conference as a forum to discuss the issue—a position which the Cabinet had previously been reluctant to take because of the fear that simultaneous discussions with all the Dominions would place Whitehall at a disadvantage.

Following receipt of Lindsay's dispatch, Eden was further encouraged about the prospect of an improvement in Anglo-American relations by the intention of the Roosevelt Administration to include a cash and carry provision in the new U.S. neutrality legislation, which Eden viewed as a small but important improvement.

and by a series of conversations he held with American Ambassador Bingham in London. Bingham intimated that Roosevelt wanted Eden to be aware that HMG could count on his wholehearted support in any effort to secure the preservation of peace. Moreover, the President also reiterated his earlier interest in calling for an international conference to discuss disarmament and economic issues, and noted his own determination to act in close cooperation with the British if and when such a conference were convened. Bingham also stressed that the President wanted Eden personally to understand that he was "ready to move in this direction when the time seemed ripe" but that he would prefer to do so with British support and at a time which was deemed most appropriate by HMG. Eden was therefore invited not to hesitate to take the initiative in this matter whenever the moment seemed opportune.

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50 Minute by R. Cragie, March 15, 1937. FO 371/20659.
51 Minute by Troutbeck April 5 1937. FO 371/20659.
52 In general, Eden shared Ambassador Lindsay's optimistic view that in the event of war, Roosevelt would seek to apply the Act in a way that would be beneficial to the Democracies. Because of this, Eden also stressed that "any action which might have the effect of antagonizing the President and his Administration is to be avoided at all costs." Eden Minute, May 10, 1937. FO 371/20666.
53 Bingham to Hull, March 11 1937. FRUS Vol. I., 1937, 58. Here, in a related development, Bingham informed Hull that Eden had indicated that there would be no change in HMG's economic relations with Nigeria, i.e. no extension of imperial preference to Nigeria for her tobacco products. Eden also informed Bingham that Neville Chamberlain would be the next P.M. and that with respect to the European situation Eden "saw little prospect of a western Locarno pact in the near future..."
54 Bingham Diary, March 20, 1936, Bingham Papers; Eden to Lindsay March 20, 1937, FO 371/20651/A1925/38/45.
In response to Roosevelt’s message, Eden indicated his sincere hope “that the time would come when the U.S. and Britain would be able to cooperate in an effort to avoid a general war through an international conference.” but he insisted that the time for such a move had not yet arrived. In this respect, Eden noted that while his government’s attitude towards general disarmament had undergone no change, he was concerned that their rearmament program had “not advanced far enough for the British to risk participation in a disarmament conference because ... the dictators would look upon it as indicating weakness on the part of [HMG].” Indeed, the Foreign Secretary had come to the conclusion that “no argument appealed to Japan, Germany, or Italy but force.” and in spite of his sympathy with the American anxieties about the possibility that the drive to rearm might result in an economic breakdown among one or all of the fascist states and hence precipitate a war, Eden nevertheless insisted that British rearmament must press ahead. Moreover, it was not absolutely clear that the arms race would result in a conflict, for surely the lack of resources among the dictator states must ultimately convince them that they will be unable to compete successfully in this regard with Great Britain and the United States, which would no doubt “lead to action on their part tending to make a successful disarmament conference.”

Among other officials in Whitehall, meanwhile, the news that the Roosevelt Administration was showing an increased interest in the fate of Europe brought far more negative reactions. Chamberlain dismissed the new neutrality act as a disaster, and did not share Hull’s optimistic belief that the removal of economic discontent would lead to the pacification of the dictators. Vansittart characterized Roosevelt’s ramblings on the proposed peace conference as little more than “dangerous drivel.” But Eden was less critical and continued to hope for a breakthrough with the Americans. By April, Eden decided it was time for him to do what he could to convince his colleagues that it was in the best interest of the United Kingdom to press ahead with the one area which held the most promise for the

55 Ibid.
57 Minute by Vansittart, March 31, 37. FO 371/20670.
58 Minute by Eden. March 23, 37. FO 371/20670.
establishment of closer ties: the trade talks. Here he focused his attention squarely on Runciman and Chamberlain, the two Ministers whose support was critical if this effort was to be successful. On 9 April Eden intimated to Norman Davis, who was in London to represent the United States at the International Sugar Conference, that:

he had been giving considerable attention to the question of an Anglo-American trade agreement and had talked at length with Chamberlain and Runciman. He said that he could tell me in confidence that Chamberlain agreed with him fully that there were compelling reasons why our two countries should negotiate a commercial agreement for political as well as economic considerations and that Runciman was desirous of doing so but that in view of the Ottawa agreements there were considerable difficulties and limitations as to what could be done.

He [Eden] said that we would discuss this more fully within the next two to three weeks but that for the present he wanted me to tell you they have every desire and intention of doing everything possible but that it will require some little time to work this out. He also wanted to assure me positively that Chamberlain is as ardently desirous of Anglo-American economic collaboration and close friendship as he is which they deem vital to world peace and progress.59

That Eden had been successful in his effort to bring the two Ministers around to his view became clear one week later in a meeting of the Cabinet Committee on Trade and Agriculture. Eden managed to secure the support of both Runciman and Chamberlain to convince the British Secretary of Agriculture that concessions should be granted to the United States on farm products.60 Moreover, the strength with which the Foreign Secretary had advocated an economic rapprochement with Washington was now paying off in the Cabinet itself, where Chamberlain, in part due to Eden’s prompting,61 and in part due to the successful negotiation of the Tripartite Currency Agreement in the fall of the

59 Memorandum of Conversation between Eden and Davis, April 9, 1937, Davis Papers, Box 55.
60 Cab Committee on Trade and Agriculture, April 12, 37, Cab 27/619.
5b)  Hull and the Eden-Lindsay Initiative of March, 1937

previous year, now joined Eden in calling for an approach to the Americans based on trade.62

As a result, the Cabinet decided to adopt the Foreign Office stance and reverse its earlier opposition to pressuring the Dominions to grant trade concessions to the Americans. This meant that it would be necessary to alter the agenda of the up-coming Imperial Conference to include discussions on trade. In preparation for this, Eden circulated a memorandum to his colleagues which not only endorsed further trade talks with the Americans, but also recommended that in the pursuit of this aim “special attention should be given to the persistence with which Mr. Cordell Hull has for four years been pursuing his policy of breaking down the barriers to international trade.”63

Following the opening of the Imperial Conference on May 14, HMG announced that it had come around to the view that it was “all important” in the interest of peace that there should be closer economic linkage and cooperation with the Americans. As such the delegates were informed that it was time ... “to respond to the call which Cordell Hull has long been making ... to remove obstructions in the way of international trade....” In light of this, the Dominions were informed that they must be prepared “to make important sacrifices” of the privileges which they currently enjoyed under the Ottawa agreements.64 It soon became clear that Canada, as an emerging “middle power” linked to both London and

62 Davis to Roosevelt, April 13, 1937, Davis Papers, Box 55. Eden informed Davis that he and Chamberlain “now see eye to eye and are working harmoniously together,” and that if the United States would be patient and give the British some more time, “they will get into line with [the US] on economic policies.” See also Bingham to Secretary of State, No. 367, FRUS, 1937. Vol. II, 39-40. It should be noted here that for most of 1936, the Treasury Department, under Chamberlain, had little interest in the trade negotiations. This was in part due to the continuing impasse between London and Washington on the difficult question of currency stabilization, an issue which had remained unsettled since the collapse of the tentative agreements reached at the London Economic Conference in 1933. In September 1936, however, an agreement was finally reached on the issue between Britain, France and the United States, which became known as the Tripartite Currency Agreement. After the successful negotiation of this accord (which both Hull and Eden supported but had little to do with), Chamberlain’s views on the negotiation of an Anglo-American trade agreement began to change. For further details on this see above p. 195 and Schatz, ‘The Anglo-American Trade Agreement’, 93-4.


Washington by virtue of both history and geography, would play a key role in this effort. Indeed, within two months of the conclusion of the Imperial Conference, the Foreign Office had concluded that it in order for the proposed Anglo-American negotiations to go ahead, a separate but concurrent agreement on trade would have to be negotiated between the Americans and Canadians.\textsuperscript{65}

By the summer of 1937, then, a consensus had been reached between Eden, Runciman and other key members of the Cabinet, as to the necessity of negotiating a trade treaty with the Americans.\textsuperscript{66} Chamberlain, who became Prime Minister on May 27, also concurred with this consensus. This is not to say that there was no longer any opposition to the talks within the British Government, or that the Anglo-American efforts at achieving a basis for formal negotiations did not run into difficulty in the months following the Imperial Conference. On the contrary, many months of difficult negotiations lay ahead, but by this point there was no question of turning back, and in spite of the difficulties, a majority of the Cabinet remained determined to press on with the preliminary trade negotiations.\textsuperscript{67}

These were significant developments for they meant that for the remainder of 1937, Eden and the Foreign Office would continue to support the notion of trade talks, in spite of the many obstacles encountered in the summer and fall of that year. These difficulties, in fact, were severe enough at times to lead to fears at the Board of Trade that it would be impossible to open formal negotiations. But the announcement of the tripartite Anti-Comintern Pact on November 6 led Eden to conclude that the trade talks must open at once

\textsuperscript{65} For a further examination of the Canada-U.S. trade negotiations see Kottmann, \textit{Reciprocity}, and Drummond and Hillmer, \textit{Negotiating Freer Trade}.

\textsuperscript{66} Indeed, by the end of May, the Foreign Office had concluded “that almost any commercial sacrifice is worthwhile to get U.S. support to keep world peace, and should our efforts in that direction fail, to have the United States well disposed towards us in any war in which we might become involved.” Moreover, as there was little scope for a direct political approach to Washington, it would be “madness” to reject Washington’s approaches on trade “without going to the utmost limit of reasonable concession.” Memorandum by Troutbeck, May 24, 1937. FO 371/20660 A3936/22845.

\textsuperscript{67} In the summer of 1937, Whitehall determined that the only way that the proposed Anglo-American Trade Talks could get off the ground would be for the Americans to negotiate a parallel agreement with the Canadians. As a consequence, Canada-U.S. trade negotiations were also pursued in the fall of 1937. See Kottmann, \textit{Reciprocity}, and Drummond and Hillmer, \textit{Negotiating Freer Trade}. 
as a sign of transatlantic solidarity. He therefore suggested to Hull that the announcement of formal trade negotiations be made immediately, in part as a response to the actions of the dictators, and in part as a means to secure "stronger and more fruitful Anglo-American cooperation in the future." Hull, in spite of some lingering difficulties over the British list of concessions, agreed, and after canceling negotiations for an Italo-American trade treaty in protest over recent Italian policy, the long sought after Anglo-American trade negotiations were formally announced to the world.

Of course, there is no question that the announcement of formal trade talks and the subsequent negotiation of the Anglo-American Trade Agreement was in part due to the growing awareness within the British Government that the worsening situation in Europe demanded that Whitehall get on better terms with Washington. But the preliminary discussions leading up to the opening of formal negotiations were very difficult. The Americans, led by Hull, drove a hard bargain, and at the outset of 1937, neither the Treasury nor the Board of Trade had much faith in the possibility of coming to terms with Hull. Under the circumstances, the early and consistent support by Eden and the Foreign Office for an economic rapprochement with the Americans was a critical factor in getting the negotiations started. Moreover, the prestige that Hull had cultivated within the Foreign Office, meant that Eden and his colleagues would continue to show great sensitivity to Hull's desire to obtain an alteration in British economic policy. As a result, the Foreign Office would become the leading advocate within the Government for the adoption of less restrictive trade practices both with the Board of Trade and with other departments, thus reducing economic tensions, and greatly enhancing the possibility that the two sides would eventually come to an agreement.

68 Memorandum by Lindsay, Nov. 17, 1937 FO 371/20664.
70 Eden discussion with the Colonial Secretary on granting imperial preference to the Colonies, March 10, 37, Cab 23/88 11(37) 6; Eden to Chamberlain, discussion of "Open Door in the Colonies.", June 15th 37, PREM 1/227. see also supra, pp. 12 & 16.
6. Eden Confronts Mussolini, 1937

As noted in the last chapter, by the Spring of 1937, Eden found himself frustrated by the failure of his own policies. His Five-Power proposal for a “Western Pact” to replace the Locarno Treaty had been rejected by the Germans:1 the so-called “Gentleman’s Agreement” concluded with Italy earlier that year had failed to stop Italian intervention in Spain:2 Japan remained a threat in the Far East: and the British Chiefs of Staff had just issued a scathing report on the poor state of Britain's preparedness to meet these many challenges to her interests throughout the world.3 Given these many perils, and the fact that, as Cadogan put it, “diplomacy had failed in Europe,” Eden began to look to an improvement in British relations with the United States as a critical part of his efforts to ameliorate Britain's precarious position both in Europe and in Asia.4 Following the re-election of the Roosevelt Administration in November 1936, for example, Eden expressed the hope that “Mr. Franklin Roosevelt II” would not be the same man as “Mr. Franklin Roosevelt I.” He considered it to be of he utmost importance, therefore, that the British Government should “lose no opportunity of co-operating with Roosevelt II in any sphere.”5 As has been demonstrated in the previous chapters, Eden had done his best over his first eighteen months in office to follow this dictum. He had embraced Hull's trade program, cooperated with the American delegation at the London Naval Conference and in general had responded positively to Roosevelt's personal initiatives.

The first phase of Eden's American policy, then, was directed at maintaining "American goodwill" whilst trying to reach an overall settlement with the dictators in Europe. As such, the greater part of Eden's attention in 1936 and the first half of 1937 remained focused on the Continent and the quest for a Western Pact and it would not be

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1 Cabinet Committee on Foreign Policy, Cab 4/27.
2 DBFP., Vol. XIII, # 2; Cab 23/87, 8 Jan. 1937.
4 Conversation between Cadogan and A.L. Kennedy, October 22, 1936, Kennedy Journal 1/20.
5 Minute by Eden, 12 November 1936, FO 371/19836 A8677/3173/45.
until the latter half of 1937 -- with the outbreak of the Sino-Japanese war and Eden's disillusionment over détente with Mussolini -- that Eden shifted his policy with respect to the United States from that of trying to secure American goodwill to one of seeking outright collaboration between Britain and the United States in world affairs.

This shift to the second phase of Eden's American policy came as a result of two things: first, his fear of a single-handed war with Italy and the concomitant disillusionment with the pursuit of détente with Mussolini which came as a reaction to that threat, and second, the outbreak of the Sino-Japanese War. Any examination of Eden's policy in the second half of 1937 must be understood within the context of these two events. For the heightened tension in the Mediterranean and the outbreak of hostilities in the Far East meant that Britain was now very nearly caught in the strategic dilemma which the Chiefs of Staff most feared: the possibility of facing two or three adversaries at once. This was an intolerable situation, and its remedy would dominate the foreign policy of the Chamberlain Government throughout the latter half of 1937. Chamberlain's response was to follow the Chiefs of Staff's advice and seek a rapprochement with Italy. This was a policy which made a great deal of sense if one accepted the premise that Mussolini could be trusted to hold to an agreement. But if one felt, as Eden did, that Mussolini was little more than a gangster and that any agreement signed by the Duce was "worthless," then the merits of such a policy diminished considerably. Yet what was the alternative? An agreement with Germany though desirable had so far eluded all the best efforts of the Foreign Office, and a rapprochement with the Japanese was now ruled out by open warfare in China. The only other plausible alternative would be to seek American cooperation in the Far East, which would not only serve to reduce the threat from that theatre, but would also place HMG in a much stronger position with respect to the dictators in Europe. There is no question, of course, that both Chamberlain and the Chiefs of Staff scoffed at the idea of any meaningful help from the Americans in support of the British position in Asia. But Eden was not nearly so skeptical. In his view, closer ties with the Americans were a distinct possibility -- a


7 It was also ruled out by Roosevelt and Hull, who remained steadfastly opposed to the idea of the British pursuing a separate rapprochement with Japan. See, for example, p. 89 above.
distinct possibility somewhat ironically enhanced by the outbreak of hostilities in a country in which both the Americans and the British had strong interests. As such, the deterioration of the situation in China, though deplorable, nevertheless became a means by which Eden hoped to obtain closer ties with the Americans. Moreover, if such a policy were successful, the need to appease Mussolini would be diminished, and Britain's bargaining position in the Mediterranean would be enormously enhanced. But did Eden actually seek closer ties with the United States as an alternative to the appeasement of Mussolini? The answer is that as Eden's disillusionment with Chamberlain's efforts at the appeasement of Mussolini grew, so too did his determination to secure closer ties with the Americans, not only for the sake of containing Japanese aggression in China, but also as an eventual alternative to détente with Italy. Eden's confrontation with the Italian dictator, therefore, would have a profound effect on his subsequent actions, leading ultimately to the formation of a new policy which would bring Eden into sharp conflict with the Chiefs of Staff, the Treasury, and finally Chamberlain.

Eden's concern about the possibility of hostilities developing between Italy and Great Britain began in earnest in April 1937, when he circulated a minute to the Foreign Office which took note of the fact that it was no longer possible to view Italy as any less of a threat to Britain than Germany. By the 19th, in a meeting of the newly formed Defence

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8 On Eden's strong interest in improving Anglo-American cooperation in the Far East see: Murfett, Fool Proof Relations; and Pratt, East of Malta.

9 Eden's disillusionment with Mussolini and his differences with Chamberlain over the opening of talks aimed at appeasing the Italian dictator has been the subject of a number of studies. For the most part, two themes emerge from these works: 1) that the differences between Eden and his Chamberlain over the question of détente with Italy, while intense, were not all that great and 2) that the debate between them over how to handle Mussolini did not become acute until November of 1937. But there has been a tendency in all of these works to ignore Eden’s fear of a single-handed war with Italy and his reaction to that threat. See: Carleton, Anthony Eden; 106-08; W.C. Mills, 'The Nyon Conference: Neville Chamberlain, Anthony Eden, and the Appeasement of Italy,' IHR, 1 (1993); Roy Douglas, 'Chamberlain and Eden, 1937-38,' JCH, 13. (1978); and Norman Rose, 'The Resignation of Anthony Eden,' HJ, 25. 4 (1982).
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Plans Policy (D.P.P.) Sub Committee.\textsuperscript{10} Eden insisted that the "dangers to be apprehended from Italy required reassessment."\textsuperscript{11} At that time, the CID had based its assessments of the situation in the Mediterranean and the Red Sea on two assumptions: 1) "that the Mediterranean is a vital link for British imperial Communications," and 2) that "Italy cannot be counted on as a reliable friend, but in present circumstances need not be regarded as a probable enemy."\textsuperscript{12} Eden was not happy with the second assumption. Events over the previous three months, such as Mussolini's increasingly vocal demand for British recognition of the Italian conquest of Abyssinia, the vicious anti-British campaign in the Italian press, the dispute over the British invitation to Hailie Selassie to attend the Coronation of King George VI, and the signing of the Belgrade Pact between Italy and Yugoslavia, had all played a part in the deterioration of Anglo-Italian relations since the signing of the "Gentleman's Agreement" in January.\textsuperscript{13} So too had Mussolini's flagrant violation of the spirit of the agreement with respect to Spain, and his proclamation, while on a visit to Libya, that he was the "protector of Islam." Eden therefore recommended a review the CID assumptions with respect to Italy and by June the Foreign Office had prepared a report entitled "Memorandum on the probability of war with Italy."\textsuperscript{14}

In the report, Eden and the Foreign Office not only listed a number of issues which had arisen between the two powers in the wake of the Anglo-Italian Declaration, but also proposed that the whole basis of Italian Foreign Policy was designed in direct contradiction to British

\textsuperscript{10} The Defence Plans (Policy) Subcommittee [D.P.(P)].

\textsuperscript{11} Cab 16/181 D.P.(P.) Subcommittee, 1st meeting, 19 April, 37; DBFP Vol., XIX #615.


\textsuperscript{13} DBFP Vol. XVIII #292. Mussolini was in Libya from March 12-21, 1937. From the foreign Office records, it would appear that Eden was beginning to agree more and more with Mr. O'Malley of the Southern Section, who remained skeptical of Italian motives throughout this period. See DBFP. Vol. XVIII #5's 246, 248, 479.

\textsuperscript{14} CID. Papers, file 1332, Cab 4/26.
interests. Furthermore, the memorandum insisted that a single-handed war between Italy and the United Kingdom was possible. As such, Eden suggested that the Chiefs of Staff prepare a report on the alterations for the defence of the Mediterranean which would now be required to counter this new Italian threat. He also recommended that the assumptions which governed British policy and plans for defence in the Mediterranean be changed, on the basis that for an indefinite period Italy must be regarded as a “possible enemy, especially if she can count on the goodwill and potential support of Germany, or if the United Kingdom were involved in difficulties elsewhere.” In essence, what Eden wanted was a new policy with respect to Italy, one that took cognizance of Italian hostility and recognized that until Mussolini altered his behavior, or fell from power, there was little reason to expect a fundamental change in Anglo-Italian relations.

The Chiefs of Staff, in response to Eden's concerns, agreed to review the situation in the Mediterranean and in a meeting of the CID held on July 5th, a lengthy discussion took place over the merits of Eden's suggestions. The main opposition to Eden's proposals came from the new Prime Minister, Neville Chamberlain, who questioned the need to place on record and in specific terms that “Italy must for an indefinite period be regarded as a possible enemy.” Such a move, in his words, be “quite unprecedented.” Furthermore, Chamberlain also questioned the very idea that Italy might contemplate a single-handed attack on the British. He could see little possibility that Italy would undertake such a *coup de folie* by herself. In his view, the best way to counter Italy's belligerent

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15 *ibid.* Some British officials suggested that perhaps the best way to reverse the deterioration in Anglo-Italian relations would be for the British Government to extend unilateral recognition of the Italian conquest of Abyssinia to Rome. But Eden was deeply skeptical that this action would have the desired effect. In a minute issued on May 10th Eden concluded: "I have so long been promised that such and such action on our part would improve Anglo-Italian relations & so often been disappointed that I do not share these optimistic views of 'de jure' recognition. We proposed the withdrawal of sanctions, closed our Legation, withdrew our guard at Addis [Ababa], none of these things had more than an ephemeral effect. I fear that the cause is that Italy is determined to revive the Roman Empire, & we are in the way. (DBFP. Vol. XVIII No 479). In the formal memorandum, presented to the Cabinet on June 15, however, Eden was more circumspect. Here he suggested that Italian foreign policy was dominated by a desire to gain control of the gates of the Mediterranean, and that Mussolini was obsessed by the restraints upon Italy's freedom of action "implied by British control of ingress to and egress from the Mediterranean." Latter, Eden would also worry about Italian domination of Spain, and the threat to Egypt posed by the reinforcement of the Italian garrison in Libya.

16 *ibid.*
attitude was to cultivate better terms with Germany, since it was unlikely that Italy would undertake such a move without German support. The Prime Minister could see little reason, therefore, for HMG to prepare for a unilateral war with Italy by taking any special measures in the Mediterranean. The main strategic threat remained Germany, and as such there could be no question of a diversion of the forces needed at home to maintain the deterrence of the German threat to Britain. Eden agreed with Chamberlain's assertion that “priority in defensive preparations in Europe should be given to the provision of a deterrent to aggression by Germany,” but he was of a different mind when it came to the subject of a reinforcing Britain's military position in the Mediterranean. Here, Eden cautioned that there was a risk that:

...Italy might fire the train of the explosive material in Europe to-day, feeling that she would have Germany behind her. A situation might arise very much like that which had caused the Great War. In that case, Austria, secure in the knowledge that she would have Germany's support, had lit the match. It was for this reason that he felt that building up of a deterrent against Italy had a considerable secondary importance as a safeguard against the danger from Germany.\footnote{17 Cab 4/26 & DBFP Vol. XIX # 15.}

Chamberlain acknowledged that the possibility that Italy might start a war could not be excluded from the realm of possibility, but he insisted that a unilateral war with Italy was “unthinkable,” and reiterated that the best insurance against the possibility of Italy starting a war would be a friendly Germany. Furthermore, Britain could not afford to prepare for war in every quarter. She must therefore concentrate on the most likely contingency: Italy joining in a war started by Germany or Japan.

Swayed by these arguments, the Committee agreed to an alteration in the D.P.P. Sub-Committee assumptions on Italy suggested by the Prime Minister which were much milder than those prepared by Eden. It also agreed that no large expenditure should be incurred in increasing the defenses of the ports in the Mediterranean and Red Sea, but that some steps should be taken to bring them up to date and increase their efficiency.\footnote{18 Cab 4/26.}

And so, Eden lost on both counts. But this did not lessen his fear over the possibility of a single-handed war with Italy, and in fact relations with Rome continued to deteriorate. Indeed, within days of the CID meeting called to discuss Eden's proposals, the
Foreign Secretary was shown a letter which Vansittart had received from Drummond in which the latter passed along the disturbing news that Mussolini had launched another vitriolic anti-British press campaign aimed at “working up his public opinion” for an eventual war with Great Britain. Indeed, talk of war, the Ambassador continued, was “very prevalent” in Italian circles, prompting him to speculate that Mussolini may have concluded that it was “useless to try and be friends with us,” and that it was therefore “better to strike now” before the British grew “stronger militarily and Italy weaker economically.” War, no doubt, would be “an act of folly” as the Ambassador put it and he hoped that nothing more serious would develop, but with France and Russian weakened by internal strife and Italy in possession of naval and air bases in Spain, the possibility of war with Italy had to be taken seriously and he felt it his duty to point out that “a dangerous possibility does exist and that we should be prepared for it.”

Eden took Drummond’s warning seriously. and in a letter to Sir Thomas Inskip, noted his regret that he was not in possession of the letter at the the previous CID. meeting, where, he reminded Inskip, he had not been “altogether happy ... at our excluding from our hypothesis the possibility of a single-handed war with Italy.” Drummond’s communication only served to reinforce this view. and he therefore suggested that the Joint Planning Committee should not rule out the idea of reinforcing the British position in the Mediterranean. When Eden read the full letter to the Cabinet the following day. Chamberlain stuck to his view that Italy would not act without Germany and that the best way to counter Italy’s "disquieting attitude" was to get on better terms with the Reich. But

19 Avon Papers, FO 954/13 A; Vansittart to the C.I.G.S. (Chiefs of the Imperial General Staff) July 6th, 1937; Phipps Papers 2/18.
20 Sir Thomas Inskip was Minister for the Co-Ordination of Defence. A copy of this letter was also sent to the Prime Minister.
21 PREM 1/276.
22 Cab 29 (37) July 7. 1937, Cab 27/89. It should be noted that in June both Chamberlain and Eden were hopeful that a visit to London by the German Foreign Minister, von Neurath, might lead to a breakthrough in British relations with Germany. The von Neurath visit, however, was canceled, but Chamberlain seems at this point not to have lost hope that there was still a chance for an early agreement with Germany. It is also interesting to note that in his first 7 weeks as Prime Minister, Chamberlain showed little interest in an agreement with Mussolini. See Peters, Anthony Eden, 275-78; and Pratt, East of Malta, 79.
Mussolini's bellicose behavior continued, and Eden soon found that he was not alone in his apprehensions. Admiral Sir Ernle Chatfield, Chief of the Naval Staff, was now reporting that the Admiralty's Commander-in-Chief for the Mediterranean Fleet was alarmed "at recent menacing measures adopted by Italy," which included preparations for sending an additional 40,000 motorized troops to Libya, the reinforcement of Islands of Pantellaria and Leros, a southward repositioning of the Italian Air Force and the continuation of anti-British intrigue in the Mediterranean Basin. Other reports indicated that Mussolini was now convinced that the British program of rearmament was directed solely at Italy and that very soon Britain planned to seek her revenge for the Italian annexation of Abyssinia. Taking note of this, Vansittart worried that Mussolini had become paranoid, and might be about to undertake "a mad dog act." Eden agreed, and in a Cabinet meeting held on the 14th, suggested that it might be be advantageous if some sign could be shown in the Mediterranean of the progress of British rearmament. Chamberlain received this idea coolly but agreed to allow the Minister for the Co-ordination of Defence to look into Eden's suggestion.

By the 16th, Eden had reached the conclusion that tensions in the region had reached the point at which the time had come for him to try and diffuse the situation, and in a letter to the Prime Minister he passed along a suggestion made to him by Halifax that it might be a good idea for Eden himself, or even the Prime Minister, to address a personal letter to Mussolini. He also indicated that he had decided to make a statement on Italy in an up-coming House of Commons Debate on Foreign Affairs, in which he might stress that there was room for all in the Mediterranean and that HMG still stood by the Anglo-Italian Agreement of January. On the 19th, Eden went ahead with his speech in the House, which was firm in its insistence that British rights be respected in the Mediterranean, but

23 PREM 1/276.
24 Minute by Vansittart to Eden, July 12th 37, DBFP, Vol. XVIII # 32.
25 Ibid.
26 Cab 30 (37) July 14, 37, Cab 23/89.
27 PREM 1/276 Letter from Eden to the Prime Minister, July 16th 37. Lord Halifax at this point served as Lord Privy Seal.
28 Ibid.
also conciliatory in its assertion that Britain harbored no aggressive tendencies or desires for revenge towards any other country in the region.  

Drummond reported that Eden's remarks were well received in Rome. And, as a result of the more favourable atmosphere which immediately followed, the Italian Ambassador in London, Count Grandi, went to see the Foreign Secretary with a message for the Prime Minister from Mussolini. Here, Mussolini, reciprocating the even handed tone of Eden's statement in the House of Commons, indicated his desire for “permanent friendship” with Great Britain. He also noted that he too stood by the agreement of January and expressed the hope that the two states might work to build on that understanding and further improve their relations. At the close of the interview, the Ambassador then added that he would be very pleased to deliver Mussolini’s message to the Prime Minister in person, preferably before the end of the month, when he was scheduled to return to Italy. Eden had no objection to the Ambassador’s request, and arranged for Grandi to meet with Chamberlain on the 27th. In the interim, Count Grandi made a further attempt to lessen Anglo-Italian tension by paying a visit to Leslie Hore-Belisha, Chamberlain’s Secretary for War where he delivered a second message from Mussolini, in which the Duce insisted that Italy was building up her defenses in the Mediterranean not for aggressive purposes, but rather because she feared Britain was preparing to attack her.

Following Grandi’s interview with Hoare-Belisha, and in anticipation of the upcoming interview between the Italian Ambassador and the Prime Minister, Eden undertook to prepare Chamberlain for what would no doubt be an important conversation. Here, Eden, as evidenced by his earlier conversation with Count Grandi, and by his letter to the Prime Minister on July 16, made it clear that he had no objection to Chamberlain meeting with the Italian Ambassador, or to the Prime Minister reciprocating Mussolini’s gesture by writing a personal letter to him. But it is important to remember that Eden’s motivations at

29 Avon, 449-50.
30 Avon, 450-51; R.J. Minney The Private Papers of Hore-Belisha, (London 1960) 101-2. In this rather curious episode, Mussolini also suggested that the British and Italian Chiefs of Staff exchange confidential information on their military dispositions in the Mediterranean as a means to avert a possible conflict. Eden saw this as a shallow ploy; an effort by the Italians to gain the upper hand militarily. Vansittart characterized it as "plain unadulterated rubbish." Avon, 450: DBFP. Vol. XIX #58 footnote 2.
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this point differed considerably from those of Chamberlain. Eden supported a direct approach because it was widely held that the Duce was an isolated, somewhat paranoid individual, who rarely saw his fellow Italians, let alone foreign representatives. As such, Eden hoped that a direct appeal might draw Mussolini back from his alleged paranoia and make possible a temporary lessening of tensions. Long term detente was another matter.

Chamberlain, however, was beginning to go after something quite different, for by this time the Mediterranean had ceased to be the only area of the world in which the British had cause for alarm. Japanese forces had invaded China south of the Great Wall, and this, coupled with the deterioration in relations with Italy, had profound strategic and political implications on the conduct of British foreign policy. It meant, as Sir Maurice Hankey, the Secretary to the Committee of Defence minuted to the Prime Minister, that Britain had:

almost reached the position against which the Chiefs of Staff have uttered so many warnings, where we have potential enemies in the West, the Far East, and athwart the main line of Imperial communication between the two. Our potential enemies are the best armed nations in the world, and France, our only 'reliable friend', is very weak. We ourselves require two years before our armaments are in any way satisfactory.

Given the Chief's of Staff's view that Britain was not strong enough to face any two of her potential adversaries simultaneously, as well as their fear that war with one of Britain's potential enemies would lead to a conflagration with the others, Hankey implored the Prime Minister to act swiftly to reduce the potential number of enemies Britain faced by seeking an immediate rapprochement with Italy.

Chamberlain concurred in this assessment of the international situation. He too saw Britain in a precarious position, with only a weak France to support her on the continent and in the Mediterranean. Until this point, he had shown little interest in the appeasement of Italy and had generally held that the solution to Britain's strategic problems lay in seeking

31 DBFP. Vol. XIX #32; PREM 1/276.
32 This technique was not new. On numerous occasions since the outbreak of the Abyssinian war, Eden and the Foreign Office opted for temporary tension-reducing exchanges with Italy, including the "Gentleman’s Agreement" of January 3197, the immediate purpose of which was to keep the Italians out of the Balearic Islands. See supra pp. 204-06; & Pratt. East of Malta, 41.
33 PREM 1/276.
34 Ibid; On the Chief's of Staff long term desire to get on better terms with Italy see also CID Paper #1347-B. Cab 4/26; and Gibbs. Grand Strategy, Vol. 1. 400-01.
an agreement with Germany. Indeed, in his first month as Prime Minister, both he and the Foreign Secretary had placed great hope that the deadlock in Anglo-German relations might be broken by the visit of the German Foreign Minister, von Neurath to London. But Chamberlain’s hopes were dashed when Hitler canceled the visit and pulled out of the international patrol scheme for Spain in response to the alleged Republican attack on the German cruiser Leipzig. Now, with a looming crisis in the Far East, and the Chiefs of Staff demanding that conciliation with Italy was vital for the defence of the Empire, he shifted his attention to Italy, not, as Eden had, in an attempt to arrange a short term lessening of tensions, but rather to secure a broad and comprehensive settlement of all of the outstanding issues between the two countries. In short, what the Prime Minister hoped to do was to fulfill the Chief’s of Staff most urgent demand: to solve Britain’s strategic dilemma by removing Italy from the list of her potential enemies.

Given the considerable effort that Eden had recently put into making sure that Italy was specifically placed on that list, it is not surprising that the two men would soon part company over relations with Italy. For while Eden sought to work toward reducing the immediate tensions in the Mediterranean, there is no evidence to support the notion that at this point he contemplated a comprehensive settlement with Italy. On the contrary, what Eden wanted was not appeasement, but evidence that Mussolini was prepared to honour the terms and the spirit of the Gentleman’s Agreement. Until he had that evidence, Eden could see no hope for a breakthrough in Anglo-Italian relations. Eden refused to place any trust in Mussolini and he regarded overtures of friendship from Rome with deep suspicion. Hence, Eden rejected Mussolini’s claim, made on July 22 via Grandi’s conversation with Hore-Belisha, that Italy was merely building up her defenses because she feared Britain

35 Indeed, it could be argued that until late July, 1937. Chamberlain had shown little interest in the appeasement of Mussolini.
36 Cab 23/89. The International Control Scheme was established by the London Non-intervention Committee in April 1937. Here, the major powers agreed to enforce a system of supervision, both on land and by sea, which was designed to stop the flow of men, arms and war materiel into Spain. For more on this see: Edwards, The British Government and the Spanish Civil War.
37 DBFP Vol. XIX, no 54, footnote 4.
was preparing to attack her. Indeed, in a letter to the Prime Minister on the subject of Chamberlain's impending interview with Grandi, Eden cautioned that the position put forward by Mussolini was just the sort of idea "which they would wish to impress on the world in general in order to justify an attack upon us," and he warned the Prime Minister to remain on his guard. Eden also enclosed a brief which he had asked Vansittart to prepare to serve as a basis for the conversations. Here, Vansittart recommended that the Prime Minister insist that the Italians not reinforce their position in Libya and cease their propaganda as a means of showing their goodwill.

But Chamberlain had other ideas, and at the urging of his most trusted advisor in Downing Street, Horace Wilson, the Prime Minister decided to adopt a more conciliatory tone during the course of his conversation with Grandi. Thus, although Chamberlain questioned Grandi about HMG's concerns vis à vis Libya, Spain, and Italian propaganda, he made no specific demands with respect to their resolution. Chamberlain then concluded the interview by asking the Italian Ambassador if he thought a personal letter from himself to Mussolini might facilitate a better understanding between the two powers. Grandi replied in the affirmative. And so the Prime Minister drew out a pen and paper and proceeded to write an appeal to Mussolini, which was given to Grandi to deliver to the Duce. To the Italian Ambassador, it must have looked as if Chamberlain penned his remarks spontaneously, but it has now been established that Chamberlain in fact prepared his remarks beforehand. Moreover, in spite of this, and in spite of the fact that it was Eden who first proposed the idea to the Prime Minister, Chamberlain made no attempt to consult Eden on the letter, as he was unconcerned about what the latter might think about its contents.

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38 Avon, 450-51; Minney Papers of Hore-Belisha, 101-2; DBFP, Vol. XIX #58 footnote 2.
40 PREM 1/276.
42 It was Grandi's intention to return to Rome at the end of the month.
43 DBFP, Vol. XIX #65; Feiling, Neville Chamberlain, 330; Chamberlain to his sister, Ida, Aug.1, 1937, Chamberlain Papers Papers, 18/1.
Eden apparently raised no objection when he learned that Chamberlain had gone ahead on his own and sent a personal letter to Mussolini. Indeed, two days after the interview, Eden seconded Chamberlain's overture by suggesting to Grandi that it would be most helpful if Mussolini himself or Ciano would reciprocate the sentiments which Eden had expressed in his speech on the 19th by making some sort of public statement. But this did not mean that Eden had abandoned his view that a display of British resolve was an essential element in any effort to get Mussolini to behave. On the contrary, in a meeting of the CID called in response to Eden's earlier suggestion to "show some tooth" in the Mediterranean, Eden strongly endorsed a proposal that the Admiralty reinforce the British position in that theatre by sending three cruisers to Gibraltar for an extended work up -- a move which both the Prime Minister and the Chiefs of Staff opposed as being too provocative while attempts were being made by the Prime Minister to communicate with Mussolini. Instead, the Committee agreed to reinforce the British garrison in Egypt by the unobtrusive despatch of certain supplies that might be needed in the event of trouble with Italy. It also decided that the Royal Navy cruisers which were scheduled to sail for China, South America and South Africa in August, should not be sent via Gibraltar, as Eden wanted, but rather might have their sailing dates temporarily postponed, with arrangements made for the ships to "dawdle" en route.

In spite of Eden's continued fears that Mussolini's long term aspirations were inimical to British interests, by the end of July, it appears that Eden was satisfied that the diplomatic efforts both he and the Prime Minister had undertaken for reducing the overall tension between the two states had been effective. Eden, therefore, contemplated no new initiative vis à vis Italy, and in fact continued to advocate that HMG should "go slow" on the notion of an Anglo-Italian rapprochement. Moreover, regardless of the fact that the Prime Minister had not as yet received any reply to the letter he had addressed to Mussolini.

44 Avon. 452-3.
45 DBFP, Vol. XIX # 77.
47 Here it was decided that these supplies should sail not through the Mediterranean, but rather around the Cape. DBFP, Vol. XIX # 74.
earlier, Eden recommended that the Government should "lay off" discussion of Anglo-Italian relations for the present "except for an occasional hint that the presence of 50,000 Italians in Spain is a shadow over them that we should like to see removed."\textsuperscript{48} Eden then departed for a well deserved holiday on the south coast of England, content that the threat of war which had loomed so large in early July had been removed.\textsuperscript{49} But the tranquility which the Foreign Secretary sought at his country home in Fawley would not last, for the month of August would bring with it new and equally difficult trials with Mussolini. trials which would not only bring about a new crisis in Anglo-Italian relations, but which would also initiate a rift between the Foreign Secretary and the Prime Minister that would ultimately lead to Eden's resignation.

\textsuperscript{49} A.L. Kennedy Journal, July 28, 1937. A.L. Kennedy Papers; Avon. 454.
Two things happened which would prove most disruptive to Eden's holidays. The first was the prompt and friendly reply of Mussolini to Chamberlain's letter of July 27 (which arrived on 2 August), and the second was the decision taken by Franco the very next day to ask Mussolini for the opening of an Italian submarine campaign against merchant shipping headed for Republican Spain.

Mussolini responded to Chamberlain's overture by indicating that he too believed it was both possible and desirable to "bring back the relations between our two countries on the basis of a cordial and far reaching collaboration." Moreover, he also indicated that he fully agreed with Chamberlain's suggestion that conversations between London and Rome be entered upon to reestablish the understanding "we desire...between our two countries."¹ In a conversation held with Grandi about this communication, however, the Prime Minister learned that there was one condition which Rome insisted would have to be met before any such negotiations were to take place: British and League de jure recognition of the Italian conquest of Abyssinia.² Indeed it was the sincere hope of the Italian Government that this issue would be raised and subsequently settled in Geneva at the General Assembly meeting in September.³

The question of de jure recognition of the Italian conquest of Abyssinia had of course been a thorn in the side of Anglo-Italian relations for some time. Eden was very

² Record of Conversation between Chamberlain and Grandi, Aug. 2, FO 371/R5313/1/22. Mussolini's desire for formal recognition of his conquest of Abyssinia was confirmed by U.S. Ambassador Phillips, who noted in a despatch at the time that "cordial or non-cordial relations of Italy with other powers is determined by recognition or non-recognition of Ethiopia..." (Phillips to FDR, July 30, 1937. PSF, Box 10 Phillips File).
³ ibid. Here we should note that in his conversation with the P.M. about this matter, Grandi expressed the fear that as it was unlikely that the Abyssinians themselves would send a delegation to Geneva, it was possible that the question of recognition might not be raised. This would be most unfortunate, for it would put off all prospects of Anglo-Italian negotiations for at least a year. As such the Ambassador strongly hinted that he hoped HMG would take it upon themselves to ensure the issue was brought before the Assembly. Chamberlain made no reply, other than to indicate that it was a matter for the Foreign Secretary to look into.
reluctant to grant this request without some concrete evidence of an alteration in Italian behavior. But Chamberlain was not nearly so hesitant. Indeed, Chamberlain was delighted at Mussolini’s message, and in a letter to Halifax (who had taken over the Foreign Office in Eden’s absence), the Prime Minister enthusiastically noted that

the possibility of success [in the proposed negotiations with Rome] turns on *de jure* recognition. I myself feel that (1) we can’t go on indefinitely denying it (2) it has now some marketable value which will continually diminish as time goes on (3) we should therefore be prepared to give it now. Moreover, Chamberlain also noted:

It is very necessary to remember that these dictators are men of moods. Catch them in the right mood and they will give you anything you ask for. But if the mood changes, they may shut up like an oyster. The moral of which is that we must make Mussolini feel that things are moving all the time.

Chamberlain, therefore, favoured “striking while the iron is hot” and as such expressed the hope that negotiations with Rome could be opened as early as the end of August. Moreover, he also made it clear that the ultimate aim of these discussions should be “the full return of the Italian attitude to the pre-Abyssinian position when we could exclude her from the list of possible enemies.”

But Eden, who had been kept fully informed of these developments, was not nearly so enthusiastic. Indeed, after learning that the Foreign Office, in response to the Prime Minister’s prodding, was now giving serious consideration to the possibility that HMG should take the initiative in Geneva in raising the question of the recognition of the Italian position in Abyssinia, Eden noted that he was “very reluctant to recognize [the] *de jure* conquest of Abyssinia and really do not think I could bring myself to any kind of approval of what Italy has done....” Moreover, although Eden shared his colleague’s desire to be realistic and to lessen the current tension with Rome, he was clearly alarmed at the pace and direction of the recent flurry of activity and therefore insisted that “there will be no further correspondence between No. 10 and Rome without my seeing it.” Furthermore, Eden

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4 Chamberlain to Halifax, Aug. 7, 1937, Avon Papers FO 954/13A.
5 Vansittart to Eden, Aug. 4, 1937, Avon Papers FO954/13A.
6 Chamberlain to Halifax, Aug. 7, 1937, Avon Papers, FO954/13A.
7 Eden to Halifax, Aug. 11, 1937, Avon Papers, FO954/13A.
remained emphatic that Mussolini must be prepared to offer an adequate *quid pro quo* in exchange for better relations:

No doubt Mussolini wants recognition of Abyssinia, but so do we. We want the Italians out of Majorca, mechanized divisions out of Libya, explanation of fortified islands in the Mediterranean and Red Sea etc. It would be the height of folly to concede in fact what the Italians want, in return for mere promises.  

By the middle of August, then, it had become apparent that Eden was in fact determined to block any attempt to engineer an opening of negotiations with Mussolini and that in so doing he was pursuing a path which ran directly counter to that of the Prime Minister. This disturbed Halifax, who in a letter to Vansittart noted that Eden's attitude was "dangerously divergent from what the P.M. contemplated and what he has been trying to do."  

These differences became all the more critical in the latter half of August when the whole question of Anglo-Italian relations became further clouded by the outbreak of submarine warfare in the Mediterranean. These attacks were directed against merchant ships headed for Republican Spain, and for the most part they were carried out by Italian submarines, although at the time, the Italian Government denied any involvement. They were ordered by Mussolini, who in early August had received an urgent request from Franco for assistance in stopping a massive build-up in Russian aide bound for the Government in Madrid. At first, the victims of these acts of piracy were confined to ships flying the flag of Republican Spain, but the list of vessels lost soon included ships registered to France, Russia and even Great Britain.  

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8 Eden to Drummond, Aug. 4, 1937. FO 954/13A.
10 Halifax to Vansittart, Aug. 15, 1937, Avon Papers, FO 954/13A.
11 For further details on the Italian submarine campaign see: Gretton, P. 'The Nyon Conference - the naval aspect,' *EHR*, 1(1975).
12 By this point the Admiralty had broken Italian cypher codes and so knew definitively that the Italians were responsible. The British press also assumed that the Italians were responsible. See Gretton, 'Nyon'.
13 Gretton, 'Nyon', 104-05.
14 Ibid, 105.
There is no question that the news of these attacks tended to shift the focus of the Government away from Chamberlain's attempts to achieve detente with Italy. They also lent credibility to Eden's claim that concessions offered to Mussolini were a waste of time. and no doubt served to reinforce the Secretary's stated reluctance to open new negotiations with the Italian dictator. Nevertheless, the Admiralty, which had been arguing for more than a year on the need to pacify the Mediterranean, was reluctant to take firm action against Italy, even in the face of hard evidence that the Italian Navy was behind the attacks.15

There was concern about the possibility that some incident in the region might precipitate an Anglo-Italian conflict. As such, Chatfield (whose sympathies were with Franco) would have preferred to settle the issue by the simple extension of belligerent rights to both sides, which would have enabled the Royal Navy to steer clear of the Spanish coast and, as he put it, allowed the two factions "to get on with the war."16 But Eden opposed such a move, on the grounds that the granting of belligerent rights would confer de facto recognition on Franco's government -- a move which the British public would deplore.17 True to his conviction that Mussolini was little more than a gangster and only understood the language of force, Eden even went so far as to suggest that the Royal Navy retaliate for the attacks by hunting down and sinking the Cruiser, Canarias. Franco's largest and most deadly vessel, a suggestion that the Royal Navy quickly dismissed as a plain act of war.18 In the absence of granting belligerent rights, the Admiralty suggested the far less bellicose

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15 In a report issued on August 12, the Chiefs of Staff stressed that "better Relations with Italy should be our constant aim." (Report on Anglo-Italian Relations, Aug. 12, 1937, CID Paper 1347-B, Cab 4/26).

16 Roskill, Man of Secrets, 380. The one main advantage which would have stemmed from the granting of belligerent rights would have been that it would have allowed the Nationalist forces the right to stop and search British vessels sailing toward Republican ports to ascertain their true identity. This would in turn mean that the Nationalist Forces would no longer have any excuse to attack British Merchantmen, thus relieving the Royal Navy of the onerous burden of trying to protect them. (Mills, 'Chamberlain, Eden, and the Nyon Conference', 8-9). For details of Chatfield's sympathies with the Nationalist cause see: Sir E. Chatfield, It Might Happen Again, Vol. II, (London, 1947) 92-94.


18 Roskill, Man of Secrets, 384.
solution of a modest increase in the scope of the patrols now being carried out in the regions where British merchant ships had been attacked.19

Eden's inability to gain the Admiralty's support for a firmer line against the Italians frustrated him, and rendered his attempt to thwart Chamberlain's drive towards an Anglo-Italian détente all the more difficult. But at the close of the summer, he was helped along in this regard by two Italian blunders which aroused great indignation among the British and French public. The first was committed by Mussolini, who on August 27, had the audacity to offer public congratulations to Franco "and the Italian legionary troops" which had recently captured the Spanish city of Santander.20 The second was committed by the Italian Navy whose submarine Tride launched an unsuccessful torpedo attack on the British destroyer Havock on September 2.21 Both these incidents produced a wave of public outrage and led the French Government to call for a conference of Mediterranean and Black Sea powers to discuss what measures might be taken to protect the air and sea routes throughout the Mediterranean.22 Eden supported this idea. In a meeting of Ministers called to discuss the French proposal, he recommended that the French suggestion be adopted as the best means to secure the protection of Mediterranean shipping.23 He also suggested that the Royal Navy despatch extra warships to the region, and sought permission to issue further protests to Rome regarding the continuation of the attacks. Much to the Foreign Secretary's satisfaction, the Ministers agreed that something had to be done to bring an end to the piracy in the Mediterranean. All of Eden's recommendations were adopted.24

19 In spite of the Admiralty's reluctance to get into a further tangle with the Italians, there was firm support for the right of the Royal Navy to defend itself, as well as ships of the British Merchant Marine. As such, the Royal Navy fully supported the government's announcement on August 17 that any attacks against British shipping would be met with force. Moreover, there was general agreement among Chatfield and other Commanders that the sinking of one of the offending submarines (a move which was not viewed as involving the same sort of risks of war that Eden's suggestion about the Canarias carried) would probably bring an end to the attacks. On this see Extract from notes of a meeting of Ministers, August 17, 1937, DBFP 2nd Series Vol., XIX # 94; & Gretton, 'Nyon', 105-06.
20 Quoted from Avon, 457.
21 Gretton, 'Nyon', 105.
23 By this point Eden had returned to his duties at the Foreign Office.
It was clear from this meeting (chaired by Simon in Chamberlain's absence) that by September, Eden (aided by Italian behavior) was beginning to recapture the initiative with respect to the direction of British policy vis-à-vis Italy. In the week which followed, Eden, in consultation with the French, successfully determined who should be invited to the conference (which would be held in the French city of Nyon) and the format of a Mediterranean patrol scheme which would be put forward for approval by the powers in attendance. With respect to the former question, Eden overrode French objections and insisted that the Italians must be invited to attend. This move was designed "to give Italy a dignified means of retreat from her previous policy." It was also designed to placate Chamberlain, whose desire for detente with Italy had not waned, even in the wake of the submarine attacks.25

Indeed the differences of opinion between Eden and Chamberlain on the question of policy toward Italy would soon become all too clear. On September 8, in a Cabinet meeting called to discuss the agenda for the Nyon Conference and the state of Anglo-Italian relations, the two men clashed openly when the subject of the possible recognition of the Italian conquest of Abyssinia was discussed. Eden rejected the notion of a further bilateral arrangement between London and Rome, and insisted that any move towards de jure recognition should only be considered as part of an overall European settlement. To do otherwise, he continued, would be to expose the Government to the criticism that she was pursuing "a nefarious bargain by which Italy gains our assent to her wrong-doing in return for material advantages to ourselves."26 It would also be necessary to secure the support of France, and given the present mood of the Blum Government, which was deeply upset by the recent Italian activities in the Mediterranean and in Spain, this was unlikely. There could be no question of considering the question of detente with Italy therefore until after the results of the Nyon Conference were known.27

26 Ibid.
27 Ibid.
Chamberlain acknowledged the need to secure French support for recognition, but noted that if HMG wished to maintain the present “good atmosphere” with Italy, which he insisted had been established by his exchange of letters with Mussolini, then it was imperative that the Government “not let the Italians think that the proposed Anglo-Italian conversations were dead.” Indeed, he was convinced that the recent exchange of messages between London and Rome had created “a very deep impression of rejoicing and relief throughout Italy” and that the opportunity for an immediate improvement in relations “should not be lost.” The Prime Minister then reminded the Cabinet of the Chiefs of Staff view that “a return to normal friendly relations between ourselves and Italy” was most desirable, not only as a means to lessen the burdens of responsibility faced by the Royal Navy in the Mediterranean, but also as a means of weakening the Rome-Berlin Axis. As such, he hoped that the Government would consider sending a note to Rome which made it clear that “we ourselves would do our best” to clear up the situation regarding Abyssinia. Moreover, in response to Eden’s claim that Italy was “unstable and untrustworthy” the Prime Minister noted that:

He knew that the Secretary of State for Foreign Affairs found difficulty in going quite so far as he (the Prime Minister) would like to go, but he hoped that we should be able to do everything we possibly could to recover the better atmosphere of the early summer.

Eden opposed giving Mussolini any indication that HMG was considering its policy with respect to Abyssinia, and in the face of his resolve, the Cabinet decided not to mention the question of in any new communication with Rome. Instead the Cabinet confined itself to the simple extension of a renewed invitation for full Italian participation in the Nyon discussions, coupled with the warning that recent Italian activities in the Mediterranean had complicated Anglo-Italian relations.

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28 Cab 34(37) 8, Sept. 8, 1937 Cab 23/89. Here Chamberlain also suggested that if necessary HMG might call a special session of the League General Assembly to deal with the question should it not be possible to come to terms with it in September.

29 Ibid.

30 Ibid & Eden to Ingram Sept. 8, 1937, DBFP 2nd Series vol. XIX, # 140.
Having triumphed in securing the support of the Cabinet for his policy, Eden left for the Nyon Conference "once more the personification of British diplomacy." But Chamberlain's determination to secure a detente with Italy remained. In a letter addressed to his sister less than a week later, the Prime Minister noted that he was

[none] too happy about the F. O. [Foreign Office] who seem to have no imagination or courage. I must say that A.E. is awfully good in accepting my suggestions without grumbling but it is wearying to have always to begin at the beginning again...I am terribly afraid lest we should let the Anglo-Italian situation slip back to where it was before I intervened. The F.O. persist in seeing Musso only as a sort of Machiavelli putting on a false mask of friendship in order to further nefarious ambitions. If we treat him like that we shall get nowhere with him and we shall have to pay for our mistrust by appallingly costly defences in the Mediterranean.32

In the meantime, the Nyon Conference opened on September 10. It was attended by 14 nations. Both Italy and Germany were invited to participate, but each declined to attend. In any event, the lack of Italian participation hardly mattered, for on the very day the conference began the Admiralty learned, through the interception and breaking of Italian ciphers, that Mussolini had ordered his submarines to break off all offensive action.33 Almost before it had begun, then, the conference had achieved its purpose. Only Eden and Chatfield, however, were let into the secret and in an effort to conceal the fact that the Admiralty had broken the Italian naval codes, the conference went ahead as planned. It was remarkably successful. Within two days the conference had agreed to a comprehensive Anglo-French Patrol scheme, involving the six zones, and the participation of naval forces from Britain, France, the Eastern Mediterranean states, and even the Soviet Union.34 Moreover, in an effort to conciliate Rome, the Italians were invited to participate in patrols limited to the Tyrrhenian Sea.35

32 Chamberlain to his sister Hilda, Sept. 12, 1937, Chamberlain Papers 1/18
33 Gretton, 'Nyon'. 107.
34 The question of Soviet participation in the Nyon patrol scheme was very controversial. Chamberlain was opposed to it, but the French insisted that the Russians must be brought into the Nyon discussions. Eventually a compromise was reached which confined Soviet participation to the Aegean Sea. See: Cab 34(37)3 Sept. 8, 1937, Cab 29/89; & Mills ‘Chamberlain, Eden and the Nyon Conference’. 20.
Eden was remarkably pleased at all this. In a letter to Winston Churchill, written shortly after the conference closed, he noted his satisfaction at the remarkable degree of cooperation which had existed between Britain and France both during and leading up to the Nyon discussions. This proved, among other things, that “the two Western democracies can still play a decisive part in European Affairs.”

Moreover in a further letter to Churchill ten days later Eden also noted that:

Mussolini has been unwise enough to overstep the limits and he has had to pay the penalty. There is no doubt that the spectacle of eighty Anglo-French destroyers patrolling in the Mediterranean assisted by a considerable force of aircraft has made a profound impression on opinion in Europe. From reports which I have received Germany herself has not been slow to take note of this fact. It was a great relief both to Delbos and me to be able to assert the position of our respective countries in this way in the autumn of a year in which we have inevitably had to be so much on the defensive. There is plenty of trouble ahead and we are not yet, of course, anything like as strong in the military sense as I would wish. but Nyon has allowed us to improve our position and gain more time.

Thus, Eden derived a number of lessons from Nyon. The first was that Great Britain must continue to co-ordinate her policies closely with France, a second was that a firm stance could be successful in forcing a modification of the behavior of the dictators, particularly when it was taken in concert with Paris. These conclusions were confirmed in a letter he addressed to Chamberlain. Here, taking note of the successful result of the Nyon Conference, and the fact that Mussolini had indeed been forced to put an end to the attacks on merchant shipping in the Mediterranean, Eden observed that although the Duce “may be very angry for a while, he is likely to respect us all the more in the end.” All of which merely confirmed to Eden that HMG had no alternative but to stand firmly and quietly by her policies.

Indeed, in the weeks following the Nyon Conference, the Italians not only agreed to accept the invitation to patrol the Tyrrhenian zone, but also indicated informally to both the British and the French Governments that they were prepared to halt the flow of

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36 Eden to Churchill, Sept. 14, 1937. FO954/13A.
37 Eden to Churchill, Sept. 25, 1937, Personal Papers of Lord Avon. AP20/5/ Italy. (It should be noted that this collection of Eden’s Personal Papers represents a separate holding from those held in the FO954 series held in the Public Records Office in London.
38 Eden to Chamberlain, Sept. 14, 1937, FO954/13A.
volunteers to Spain. 39 Eden was pleased at this, but he nevertheless refused to alter his fundamental position that there could be no change in HMG position until Rome provided firm evidence of her good faith. Moreover, Eden also reasserted his earlier position that the question of Abyssinia was purely a matter for the League to decide and in a series of conversations held with French officials in November, managed to obtain the agreement of both Chamberlain and Delbos that this issue should not become a subject for Anglo-French-Italian negotiations. 40

For the time being, it would appear that Eden had once again regained control of British policy with respect to Italy. Indeed some historians have argued that the Nyon period represents the high point of Eden’s career as Chamberlain’s Foreign Secretary. 41 But it soon became apparent that Chamberlain did not entirely share Eden’s confidence in the ultimate success of a policy based on “standing firm,” and as relations between the two states continued to languish. Chamberlain’s patience with Eden and the Foreign Office in general began to wear thin. Chamberlain, in fact, refused to give up on the idea of trying to resurrect and build upon the atmosphere of goodwill which he felt he had established earlier in the summer, and he remained ever vigilant for any opening which might provide the opportunity for an improvement in relations. 42 He also sought to prevent any further deterioration of those relations and became increasingly exasperated at the so-called “negative policies” which both Eden and the Foreign Office continued to pursue in the fall of 1937. 43 Chamberlain, for example, was greatly annoyed at a speech which Eden delivered in the House of Commons on November 6, in which the Foreign Secretary responded to a statement by Mussolini in which the latter condoned the use of aggression.

39 The Italian reference to a halt in volunteers came to nothing and in October the flow of volunteers from Italy to Spain once again increased to the point at which the French Government threatened to pull out of the Non-intervention Committee and open her southern border with Spain. (Harvey diary, Oct. 5th, 1937, Harvey, Diplomatic Diaries, 49).
40 Conversations between British and French Ministers, Nov. 29/30th. 1937, DBFP 2nd Series Vol., XIX # 354.
42 Peters, Anthony Eden, 294.
43 For examples of Chamberlain’s growing exasperation with Eden and the Foreign Office see: Harvey diary, Sept. 22: Oct. 15; Nov. 3: 8 & 17; 1937; see also Jones diary, Oct. 17, 1937.
Eden openly criticized this, but in a letter to his sister, the Prime Minister noted that Eden’s speech:

shows again the characteristic of the F.O. mind which I have frequently noticed before. They never can keep the major objects of foreign policy in mind with the result that they make obstructions for themselves by endeavoring to give smart answers to some provocative foreign statement.  

Moreover, the “object” which Chamberlain had in mind was nothing less than the separation of Rome from Berlin. which the Prime Minister was convinced he could obtain through a policy of detente with Italy. This would not only have the added benefit of allowing for a relaxation of defensive measure in the Mediterranean, but would also serve to strengthen Britain’s position in any further negotiations with her number one enemy: Germany. This policy was strongly endorsed by the British Chiefs of Staff. who on numerous occasions implored the Prime Minister to do what he could to ameliorate Britain strategic position by reducing through diplomatic action the number of potential enemies. The most obvious choice in this regard was of course Italy. But Eden questioned the assumption that an Anglo-Italian agreement would in any way weaken the Rome-Berlin Axis. alter Mussolini’s expansionist ambitions, or even result in a significant lessening of tensions. Moreover, he insisted that the best way to strengthen HMG’s position in any future negotiations with the Reich was to use a policy of firmness with Italy as an example of Britain’s resolve. To do otherwise. by offering concessions without reciprocation. was to show weakness and to court the possibility that Hitler would dismiss the efforts of HMG to rearm and face up to her responsibilities as a world power as little more than window dressing.

There is no question, then, that by the fall of 1937, Eden’s policies vis à vis Italy and Germany were based on two fundamental points: That it was always best for HMG to pursue any negotiations with the dictators from a position of strength, and that there should

be no concessions granted to the dictators without adequate compensation. Eden therefore, continued to press for an acceleration of Great Britain’s rearmament program, and insisted that any further agreements with either Berlin or Rome over such items as the return of Germany’s colonies or the recognition of the Italian conquest of Abyssinia, should only be granted as part of an overall European settlement. By December, in fact, it was clear that Eden had abandoned collective security and had reached the point at which he openly admitted that until the British rearmament program was complete there was little that could be done to restrain the dictators. Eden, therefore, recommended that the Government pursue a new course: the so-called “unheroic policy of cunctation” -- which in essence meant stalling for time, greater expenditures on arms than that recommended by the Treasury, and cooperation with the United States in the Far East as a means to demonstrate to the dictators in both Europe and Asia that the democracies had the means and the will to look after their self interests.

The pursuit of these policies, however, would bring Eden into serious conflict with the Prime Minister and the Chiefs of Staff, for they had not given up their argument that it was vital for HMG to reduce her number of potential enemies through the establishment of a rapprochement with Italy. Moreover, Chamberlain disagreed with Eden’s call for further expenditures on arms and, in the months which followed, he would find himself more and more at odds with his Foreign Secretary over how to address this issue. He also felt that Eden’s decision to use the crisis in the Far East as a means to engineer closer

47 Peters, Anthony Eden, 304-05: 307-08.
48 Memorandum by Eden on strength of Great Britain and of certain other nations as on January 1938, Circulated as CI D paper No 1373-B, November 26, 1937, Cab 27/4, Carlton. Anthony Eden, 115-16: Roskill Man of Secrets, 295. ‘Cunctation’ is defined by the O.E.D. as ‘the action of delaying.’ It is derived from Quintus Fabius Maximus, nicknamed the ‘Cunctator’ for his cautious, though effective tactics in the war against Hannibal in 217 B.C.
49 It should be noted here that Eden did not per se oppose the policy of appeasement, on the contrary, he was an integral part of it. But Eden’s insistence on adequate compensation brought him into severe conflict with Chamberlain, who was much more willing to give the dictators the benefit of the doubt. Hence this writer would argue that the tendency of some historians to play down the differences between Eden and Chamberlain as minor, and based merely on disagreements over method, entirely misses the point of principle involved, which is critical to understanding the issue. Indeed, the differences in method here are extremely important, for there is a vast difference between granting concessions on the basis of mere promises and granting them in return for tangible action.
cooperation with the United States was both risky and naive. Indeed, there is no question that Eden’s flirtation with Washington would result in further and more profound differences between the two men -- differences which would ultimately make it impossible for Eden to continue to serve as Chamberlain’s Foreign Secretary.
Eden's decision to formulate the policy of cunctation was intimately connected with the so called "China Incident" that began on July 7, 1937. Indeed, the outbreak of war in the Far East seemed to indicate that the world was disintegrating into anarchy. Eden had responded to this deteriorating situation by coming to the decision that his Government must now stand firm against the dictators in Europe. But he had also come to the conclusion that it was time for him to make a concerted effort to improve London's ties with Washington. In his view, the pursuit of such a policy was vital. With HMG preoccupied with the continuing threat posed to British security by the Germans and the Italians on the continent, her capacity to defend her interests in the Far East had been diminished. It was of the utmost importance, therefore, for the Government to pursue Anglo-American cooperation in the Pacific. This would significantly enhance the ability of both powers to contain Japanese aggression in Asia and would serve as a strong warning to both Hitler and Mussolini that the democracies were willing and able to look after their interests abroad. Almost from the moment that fighting in China began, therefore, Eden did everything he could to secure a joint policy with the Americans.

In Washington, meanwhile, it was clear that Secretary Hull shared many of Eden's concerns about the breakdown of order in the world. Hull too feared the spread of fascism and considered it vital for the democracies to do what they could to halt the seemingly inexorable drift towards war. As such, Hull fully concurred with Eden's policy with respect to the Italian conquest of Abyssinia and like Eden refused to recognize it on the grounds that to do so would be "to condone recourse to arms in violation of treaties." Hull also repeatedly called on the nations of the world to adhere to the principles of international law and tried to set an example for others to follow by his championship of the "Good

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1 Hull, 580.
Eden, Hull and the China Incident

Neighbor Policy" in the Western Hemisphere. But aside from these efforts, and the promotion of his economic program, Hull had thus far offered little tangible support to those such as Eden who wished to secure a greater measure of American cooperation in the fight to maintain international order.

There were a number of reasons for this. Hull remained convinced, for example, that the American public would not support any measure which went beyond the mere denunciation of lawlessness. A good many Americans may have abhorred the carnage wrought by Mussolini's troops in Abyssinia, or sympathized with the plight of the Republican Government in Spain, but in general the isolationist sentiment in the country remained strong. The demand for the neutrality laws proved this. Hull also harbored a semi-secret ambition to run for the Presidency in the next election and, like Roosevelt, possessed keen political instincts about the whims of American public opinion. As a consequence, Hull tended to be extremely sensitive about his own reputation, which he guarded with a vengeance, and remained ever-cautious in his approach to foreign policy.

Hull's conservative outlook, in fact, had important ramifications for Eden, for it meant that Hull rarely contemplated the possibility that he might one day be compelled to use force in the defence of American interests. Eden's supposition, therefore, that the growing crisis in the Far East might lead to Anglo-American military collaboration stood on somewhat shaky ground. Indeed, throughout the crisis in the Far East, Hull's diplomacy remained largely divorced from American military planning.

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2 As noted previously, the "Good Neighbor Policy" was designed to promote international cooperation between the United States and Latin America. Through it, the United States promoted freer trade in the region, refrained from military intervention, and in general sought to avoid being heavy-handed in her relations with her neighbors south of the U.S. border. Both Hull and Assistant Secretary of State, Sumner Welles, were strong supporters of this policy. See supra p. 101.


4 The most stunning example of this flaw in Hull's character can be found in his handling of the Japanese in the period leading up to the attack on Pearl Harbor. Here, in November 1941, Hull rejected a modus vivendi with the Japanese which would have lasted for three months, exactly the same length of time which American military planners said they needed to complete their reinforcement of the Philippines.
Unlike the situation which held with respect to affairs in Europe, Roosevelt allowed his Secretary of State to more or less set U.S. policy in Asia. Hull's goals were straightforward: the preservation of peace, the maintenance of Chinese sovereignty and the "Open Door", and the discouragement of Japanese expansion. Hull favoured a strong U.S. Navy as the best means to give credence to American policy in the Pacific, but as noted, he rarely thought about the actual exercise of military power in the region. On the contrary, Hull believed that the best means for him to preserve order there was through moral persuasion and the strict adherence on the part of his own government to the rules of international law. Hull also had little interest in pursuing joint action with the British, or any other Pacific power. In general, he preferred to follow what he liked to call "independent but parallel action" in the pursuit of his Far Eastern policies, all of which stood in sharp contrast to Eden's view that the war in China might provide an opportunity for the two powers to work more closely together.

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7a)  Eden, Hull and the China Incident, July-December 1937

The war that would ravage China from 1937 to 1945, began on the night of July 7, 1937, when fighting broke out between Chinese and Japanese troops along the Yungting Ho river bank adjacent the Marco Polo Bridge in a place called Lukouchiao near Peking. In London, Whitehall reacted to this news by making representations to the Japanese Government expressing HMG's hope that what appeared to be a serious but minor clash would not be allowed to escalate further. It soon became clear, however, that open warfare had broken out in North China. Eden now began to look for ways to restore the status quo ante. Here, however, he did not turn to the League, which had been largely discredited due to its failure in Abyssinia, but rather turned toward Washington, in the hope that the Americans might be willing to act in concert with London to try and stop the expansion of Japanese power in Asia. On July 12, Eden sent a telegram to Lindsay inquiring about the American view of the situation in China. Eden also wanted to know whether Hull would

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5 For further details on this see Louis, British Strategy, 242-43. Louis says that HMG wanted to avoid action by the League so as to avoid a confrontation with Japan, he also insists that Chamberlain supported this.
consider making a joint *demarché* to Tokyo. The next day, Eden further informed Lindsay that he had been asked by the Chinese Ambassador if HMG, in conjunction with the U.S., French, and Soviet Governments, might be disposed to use their good offices in an attempt to preserve the peace between China and Japan. Eden responded to this request by suggesting to Lindsay that perhaps the best way to end the dispute was for Washington and London to issue a joint approach to both the Chinese and Japanese Governments requesting a suspension of all further troop movements pending the achievement of a negotiated settlement. Due to the urgency of the situation, it was of extreme importance to act quickly, and Eden therefore was most anxious to obtain Hull’s opinion. The reply from Lindsay was not encouraging. Indeed, Lindsay soon discovered that although Hull and the State Department would be more than happy to cooperate with the British in exchanging information and views, there was no desire to issue joint or identical representations. The State Department in fact preferred to take what it called independent but “parallel action,” which in the view of Stanley Hornbeck, the Department’s Far Eastern Advisor, would prove to be more effective with the Government in Tokyo.

Eden was disappointed by this polite rebuff, but he nevertheless remained undeterred and less than a week later he sent another cable to Washington with a formal request that the American Government join London in issuing a common appeal for the suspension of all troop movements and a negotiated end to the conflict. Eden also called in U.S. Ambassador Bingham for a further discussion on the matter. Here, after noting the ever worsening situation in China, Eden reiterated his earlier assertion that HMG would be quite willing “to co-operate with the United States Government in any step which they might think fit to take.” Furthermore, Eden also indicated that while he understood that Hull preferred parallel to joint action, there were now indications that the Japanese Government had gained the impression that HMG “were rather more interested [in the crisis] than the United States.” Eden thought this deplorable, and it was for this reason that

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6 Eden to Lindsay, July 12, 1937, *DBFP 2nd Series* Vol. XXI, # 100.
8 Lindsay to Eden, July 14, 1937, *DBFP 2nd Series* Vol. XXI, # 110.
9 Eden to Lindsay, July 20, 1937, *DBFP 2nd Series* Vol. XXI, # 135.
he attached such "great importance to joint action in any further steps we might agree to take." 10

Bingham's response no doubt encouraged Eden to believe that joint action was possible. for the Ambassador not only insisted that the British point of view on this subject was fully understood in Washington, but also insisted that "the collaboration of the U.S. Government would be easier to obtain in respect of Far Eastern issues than it was in respect of Europe." 11 Indeed, in a further conversation held with Eden the next day, Bingham even went so far as to suggest on his own authority that perhaps the two Governments ought to consider the possibility of a joint embargo on Japanese trade. 12 Eden was intrigued by such a notion, but he noted that before it could be considered it would be necessary to obtain a favourable response to his request for a joint Anglo-American approach to China and Japan. 13 Following these conversations, Eden went to see Chamberlain, who quickly dismissed the notion of a trade embargo as being too risky. In the Prime Minister's view, the end result of such a move would merely be to antagonize Japan. This would cost HMG millions in defensive measures in the Far East. Chamberlain, therefore, made it clear that he hoped the Ambassador's suggestion would go no further. 14

Chamberlain need not have worried, for the reply from Washington soon made it clear that Hull's opposition to a joint demarché remained unchanged, for three fundamental reasons. First, because he feared that such a move would give the impression in Tokyo that the Western Powers were ganging up on Japan, which would accentuate the crisis and strengthen the hand of the militarists within the Japanese Government; second, because he felt that an Anglo-American approach was too limited, and that it would be better if a large number of other nations were involved; and third, because he remained convinced that anything resembling joint action with Britain would arouse the passions of the isolationists.

10 Eden to Lindsay, July 20, 1937, DBFP 2nd Series Vol., XXI # 136.
11 Ibid.
13 Ibid.
14 Minute by Chamberlain, July 21, 1937, Avon Papers, FO 954/6. We might also note here that Lindsay called the idea of a trade embargo a "fantastic scheme" and said he was shocked to learn that Bingham would talk such nonsense. (Lindsay to Eden, July 22, 1937, DBFP XXI # 143).
at home, which would only serve to make the State Department’s attempts to deal with the crisis in the Far East all the more difficult.15 Eden’s suggestion for joint action was therefore once again rejected. Indeed, by this point there were signs that Washington had come to view London’s recent policies in China rather poorly. Joseph Grew, the American Ambassador in Tokyo, for example, characterized British diplomacy in Japan as being both naive and inept, while Pierrepont Moffat, the State Department’s Chief of the Division of Western European Affairs, consistently suspected that the British were attempting to thrust the United States into a forward position in Asia merely as a means to get the American Navy to protect British interests.16

It was clear, then, that for the immediate future, there was little possibility that Washington would alter its opposition to undertaking joint action with the British. and as such, a further request for cooperation issued by Eden on July 28 was also politely but firmly refused.17 One would have thought that Eden would have subsequently given up on American cooperation, but in mid-August the crisis in China took a decided turn for the worse when the international settlements in Shanghai came under the direct threat of the Japanese Army. In response to this new danger, Eden once again approached Washington, this time with a request that the United States support a British proposal to neutralize the city. Again Hull refused, on the grounds that such a plan was both impractical and unenforceable. Moreover, the Secretary’s response made it clear that unless the Japanese were prepared to withdraw from the city voluntarily, the Americans had no intention of attempting to force them to do so. Hull also indicated that he was beginning to tire of Eden’s repeated attempts to secure joint action, and he warned the British Foreign Secretary

15 Hull, 538.
16 Murfett, *Fool Proof Relations*, 44; Moffat Diary, August 27 & 31, 1937.
17 Eden to Lindsay, July 28, 1937, *DBFP* 2nd Series Vol. XXI, # 152.
not to make constant demands for cooperation which the United States would be unable to fulfill.\textsuperscript{18}

Hull’s message indicated that for the time being the U.S. Government was not interested in pursuing any policy in the Far East other than one based on non-confrontation. It also served as a warning to London not to attempt to pressure the Americans into a more forward position.\textsuperscript{19} Meanwhile, the situation in China continued to deteriorate. On August 26, the British Ambassador to China was seriously wounded when his car, which was plainly marked by a large Union Jack, was attacked by Japanese aircraft. Shortly thereafter, the Japanese indicated that it might be necessary for them to impose a blockade of the China coast. In London, Eden responded to the first incident by suggesting that HMG recall her Ambassador to Tokyo in protest. He also sent a note to Washington with respect to the proposed blockade in which he once again stressed the need for Anglo-American cooperation.\textsuperscript{20} Chamberlain made no objection to the latter move, but he vetoed the idea of recalling HMG’s Ambassador to Tokyo on the grounds that it was too provocative, particularly in the absence of American support. Indeed, by this point it was clear that Chamberlain, who had not opposed Eden’s initial overtures to Washington in July and early August, was becoming disillusioned with the United States. In a letter to his sister written near the end of the month, for example, Chamberlain noted that “the Americans still had a long way to go before they could become helpful partners ... in world affairs” and that they were “too frightened of their own people” to play a significant part in HMG’s attempts to bring an early end to the hostilities in China.\textsuperscript{21}

\textsuperscript{18} Hull to British Embassy. August 18, 1937. FRUS 1937. Vol., III. 444-45 & 449-50. In a clarifying memorandum on this Mallet reported that Hull was not so much embarrassed by the general enquiries issued by Eden and the Foreign Office calling for cooperation, but rather by specific requests for action such as the one Eden had made with respect to the neutralization of Shanghai. Here Mallet indicated that the State Department “didn’t like being faced with a decision taken by us...and then [being] asked to cooperate. (Mallet to Eden, Sept. 15, 1937, FO 371/20s67).

\textsuperscript{19} Murfett, Fool Proof Relations, 46.

\textsuperscript{20} Moffat Diary, Sept. 1, 1937. Moffat Papers.

\textsuperscript{21} In the same letter Chamberlain made it clear that he blamed the Americans for the failure of these efforts to stop the spread of hostilities. Chamberlain to his Sister, Hilda, August 29, 1937. Chamberlain Papers 18/1/1018.
Chamberlain, therefore, had come to the conclusion that the United States would not alter her polices in the Pacific as a result of the war and that there was little point in expecting them to take a more active role in the region. This, of course, had important ramifications for British policy, for it meant that in the event of a war with Japan, HMG could count on nothing from the Americans. As such, it was imperative that Great Britain not do anything to provoke the Japanese, particularly at a time when there was a significant danger of war in Europe. Thus, Chamberlain consistently preferred to take a more moderate tack when dealing with incidents such as the Japanese attack on the British Ambassador, and would not be taken in by optimistic and unsubstantiated speculations on the inevitability of Anglo-American cooperation. Eden, on the other hand, was not nearly so pragmatic, and despite his repeated failures to secure joint cooperation with the Americans in the Pacific, he nevertheless remained convinced that his efforts in this regard should continue.

Eden and Chamberlain, then, differed in their expectations with respect to American policy. This divergence can be clearly seen in the manner in which the two men responded to a conversation which Eden had with American financier and presidential advisor, Bernard Baruch on August 31. a mere two days after Chamberlain had penned his caustic remarks on U.S. conduct to his sister. In this conversation, Baruch spoke at length about the dismal state of world affairs and "the need for Anglo-American co-operation if Armageddon was to be averted." He also indicated that both Roosevelt and Hull shared this view and then made a number of proposals as to how such cooperation could be achieved. These suggestions included: renewed conversations on the war debts, the linking of the pound and the dollar, and the negotiation of a trade agreement. Baruch also suggested that the two governments should:

jointly make it plain that we were prepared to enter into an arms agreement, failing which we should proceed with our own re-armament to any degree which each of us considered necessary, but we should accompany this with a declaration that in no circumstances would the arms of either nation be used against the other.22

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With respect to the Far East, Baruch indicated that he fully expected that Hull would ultimately support British policy in Asia. Eden, after listening to these ideas, responded sympathetically by insisting that HMG attached the greatest importance to Anglo-American relations at this time. It was indeed almost impossible to exaggerate their significance to world peace. That was why we were making such efforts to meet Mr. Hull in the matter of the trade agreement because we realized that it would have a significance far beyond its immediate value in commerce. We should ourselves always be ready to listen to any proposals the United States had put forward for bettering Anglo-American relations. There was certainly much attraction on the face of it in a more comprehensive agreement than in one limited to trade matters only. The importance of the political understanding between our two countries, which Mr. Baruch had explained would be open to the world, and the declaration that our arms would not be used against each other must surely be considerable. At any rate we would be ready to listen to anything that was said to us. Personally, I hoped that during these next very difficult months [the] exchange of views between the two countries would become increasingly cordial and frank.  

Not surprisingly, this discussion generated a good deal of comment at the Foreign Office, where one official, commenting on Baruch’s suggestion that the two Governments issue a statement renouncing the use of force within the context of Anglo-American relations, noted that

a declaration that in no circumstances would we and the U.S. Government use our arms against each other has a lot to be said for it. From the U.S. point of view it would have the merit of leaving the U.S. free to keep their whole fleet in the Pacific. From our point of view it would have the merit of showing a common Anglo-American front to the dictator powers, who would doubtless read far more into the agreement than was actually said.

In a minute penned in the margin of this memorandum, Eden concurred with this assessment, and shortly after his discussion with Baruch, he instructed the Foreign Office to send a note on the conversation to the Prime Minister. But Chamberlain was not impressed. In his view Baruch was merely “another of the unofficial Ambassadors who so frequently come over here from the U.S.A. with proposals of their own devising but without any official authority for them.” Moreover, the Prime Minister insisted that if HMG were trapped into accepting any of these proposals “we should [soon] find that they were only the starting point for fresh demands with nothing given in return.” In any case, further discussions of the war debts and exchange rates were for the moment “entirely

23 ibid.
24 Minute by Troutbeck, Sept. 3, 1937, FO 371/20663.
unacceptable,” while the suggestion for a declaration denouncing force had, in his view, “no practical meaning.” Indeed, of the suggestions made, only the trade talks held out any realistic promise of success, but even here “great difficulties” remained.25

By the end of the summer, then, it was clear that the opinions of Eden and Chamberlain vis-à-vis the possibility of Anglo-American cooperation in the Pacific had begun to diverge in a manner not unlike their growing difference over the possibility of detente with Mussolini. In the meantime, the Far Eastern crisis now became further complicated by the decision of the Chinese to seek action by the Council of the League of Nations as a means of bringing international pressure to bear on Tokyo to end the war. This placed London in an awkward position, for the Prime Minister and other members of the Cabinet clearly opposed League involvement in the dispute on the grounds that it might lead to an attempt to apply sanctions, as had been the case during the Abyssinia dispute. In their view, this would merely serve to escalate the present crisis, and so they remained wary of League involvement. Eden shared these concerns, but he was not necessarily opposed to sanctions, and hence was less concerned by the prospect that the League might take up the dispute. Still, he much preferred to act in concert with the United States, and as such was against the matter being taken up by the League Council, since this would exclude American participation. Eden therefore suggested that the matter be transferred from the Council to the long since moribund Far Eastern Advisory Committee. This Committee had been established in Geneva during the latter stages of the Manchurian Crisis and although it had not met since 1934, it included an American representative. By late September, Eden had managed (with the help of his Under-Secretary for Foreign Affairs, Lord Cranborne) to secure the agreement of the Council to transfer the whole question to the Far Eastern Advisory Committee, which would now be resurrected to make recommendations to the Assembly as to how to proceed with China’s request for a review of the conflict.26

In spite of the fact that Eden’s behind the scenes moves in Geneva were clearly designed to secure American participation, Eden did his best to reassure the State

26 Borg, Far Eastern Crisis, 355-65.
Department that he had no intention of doing anything which might embarrass the United States, and that he was committed to keep in step with Hull on the Far Eastern crisis. At the State Department, however, Eden's discreet machinations in Geneva caused some unease. Moffat, for example, feared that the decision to move the question of the Sino-Japanese dispute to the Advisory Committee was little more than an attempt to force the United States into acting in concert with the League, while Secretary Hull expressed concern that the British might be attempting "to get us committed to a certain course and then use our commitment as a lever to move other League states into position."27

In the meantime, a new element of danger crept into the picture when it was learned the Mussolini would visit Berlin in September. This, coupled with the devastating Japanese attack on Nanking which came in the third week of that month, convinced Eden that more stringent measures would be necessary if the Western Powers were going to be successful in stopping the spread of fascism worldwide. As a result Eden decided that in addition to his efforts to try and secure American cooperation in Geneva through the resurrection of the Far Eastern Advisory Committee, he would also take up Bingham's earlier suggestion, and examine the possibility of laying sanctions against Japan.28 In mid September, therefore, the Foreign Office began to look into the possible effectiveness of an international embargo of Japanese goods. Of course, the pursuit of such a policy was fraught with danger, and involved a number of serious and daunting complexities, not the least of which was the likelihood that the Americans would refuse to go along.29 There was also the additional problem that both Chamberlain and the Chiefs of Staff remained opposed to sanctions. But Eden was quite clearly in a new mood following the Nyon Conference, which had convinced him that resolute action on the part of the democracies could be effective.30

28 The idea of imposing economic sanctions against Japan, (which had first been suggested by Bingham), was also mooted by Cadogan, who in a minute of 23 September, concluded that perhaps the only way to deal effectively with the crisis in China would be for Washington and London to impose an economic embargo against Japan. (Minute by Cadogan. Sept. 23, 1937, FO371/20956).
29 In a further minute on the subject, Cadogan himself readily admitted to this difficulty when he noted the probability that "the Americans would refuse to do anything." (Minute by Cadogan. Sept. 29, 1937, FO371/20667).
30 Harvey Diary. Sept. 22. 1937. Harvey, Diplomatic Diaries, 47.
Moreover, Eden had greater faith in Britain’s strategic capabilities than either the Chiefs of Staff or the Prime Minister. He also felt that his colleagues were too pessimistic about the effectiveness of France as an ally. As such, Eden did not consider the risks involved in an embargo in quite the same light as either Chamberlain or the Service Chiefs and he therefore refused to rule out the possibility. On September 29, Eden informed the Cabinet that he was giving serious consideration to approaching the United States Government on the question of an embargo. Chamberlain immediately expressed his opposition to the idea, but shortly thereafter Eden made up his mind to act. He drew up a telegram for despatch to Washington in which he indicated that perhaps the time had come for London and Washington to take the lead in attempting to bring an end to the Sino-Japanese conflict by instigating “some form of economic boycott on Japan.” The Foreign Secretary then asked for Hull’s opinion on the matter, and noted that London was now “ready to consider this or any other action likely to curtail the present conflict.” After drawing up the draft, Eden gave it to Vansittart, and departed for a long weekend in Yorkshire. Vansittart thereupon showed it to Chamberlain, who rewrote the final paragraph to the effect that the British Government was not in fact convinced that “any such action would be effective.” The telegraph was then sent as amended to Washington. Eden was

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31 Eden to Chamberlain. Sept. 9, 1937. Avon Papers, FO 954/37/11. In this letter Eden noted that:

From time to time remarks have been made in the Cabinet, naturally enough in the main by Service Ministers which emphasize that our foreign policy must be dictated by the state of our defences and it is sometimes added that our position in this respect, in particular at sea, is worse than in 1914. While it may be true that our navy today is not as strong as it was in 1914, that is not I think, the proper basis of comparison. Our Navy today is relatively much stronger than in 1914; the German Navy of today bears no comparison to that of prewar days, the French Navy is stronger than that of 1914, and relative to the German Navy, very much stronger. It is quite true that Italy remains an uncertain factor, but she was that in 1914, in fact she was officially tied by treaty to Germany in those days. Therefore in Europe surely our position is much better than it was in 1914.

32 Ibid. For a further examination of Great Britain’s strength, relative to that of other powers see: B.J.C. McKercher. “Our Most Dangerous Enemy”: Great Britain Pre-eminent in the 1930’s. IHR, 13(1991).

33 Cab 35(37), Sept. 29, 1937, Cab 23/89.

34 Eden to Lindsay, Sept. 30, 1937. DBFP 2nd Series Vol. XXI, # 272.

35 Ibid.

36 Harvey Diary, October 2, 1937, Harvey, Diplomatic Diaries, 48-9.
not consulted, and was furious when he returned to London, noting to his personal private Secretary that Chamberlain’s alterations had virtually given the Americans an open invitation to reject the idea. Disgusted, Eden telephoned Washington at once in an effort to cancel the despatch. But it was too late, the message had already been communicated to the State Department. In his diary, Harvey then notes that the Foreign Secretary...

...decided to send a second telegram instructing Mallet to go again to the State Department under pretext of impressing them with urgency for an early reply and to say that ‘whether or not action would be effective was obviously a matter for examination and we should be very glad to join in such examination with U.S. Government if they felt able to do so.’ In other words, to emphasize that the British attitude was an open and unprejudiced one on the subject and that we really were anxious to examine possibilities with the U.S.

The truth is that here again there is a divergence between A.E. [Eden] and P.M. as latter is strongly opposed to any sort of economic boycott in the Far East even with U.S.A. A.E., on the other hand, would welcome joint action with the U.S.A.37

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In the meantime, Washington’s reaction to the intensification of the war, coupled with the ominous gesture of Mussolini’s visit to Berlin, had convinced Hull and other members of his department that a united front of dissatisfied powers was emerging which would threaten the democracies on a world wide scale. Hull was now certain that the Japanese intended to dominate all of China and that the “net result” of this activity would be that Germany and Italy would be encouraged to go on pursuing hostile policies “indefinitely.”38 Hull had tried to reverse this unfortunate trend in world affairs earlier in the summer by issuing his “Statement on Fundamental Principles of International Policy” in which he called for the universal adherence to the maintenance of international law, but the continued slide toward world anarchy had forced him to consider, however tentatively, that additional measures might be necessary.39 As such the State Department now decided that

37 ibid. It should be noted here that the COS also opposed the notion of a boycott. See Murfett, Fool Proof Relations, 61 & DBFP 2nd Series Vol. XXI # 283.

38 Record of Conversation between Hull, Davis, Bingham and Berle, Sept. 17, 1937. Berle Papers.

39 ibid. For Hull’s Statement see: FRUS 1937 Vol. 1, 697-700. This declaration was based on Hull’s “Eight Pillars of Peace” which the Secretary first proposed at the Buenos Aires Conference in December, 1936. Hull delivered this latest declaration, on July 16, 1937, and after doing so forwarded a copy of his address to “all the leaders of the world” Hull anxiously awaited their reply. Much to Hull’s satisfaction, sixty nations soon responded. For more see ibid; and Hull, 535-37.
it had no choice but to agree to participate in the proceedings of the Far Eastern Advisory Committee which had been set up in Geneva to make recommendations as to how to proceed with the Chinese request for a review of her dispute with Japan.\footnote{Moffat Diary, Sept. 17, 1937. There was considerable discussion at the time as to whether the United States should sit merely as an observer, or become a full participant (Ibid).} In addition, Hull began to search for some other means to issue a warning to Tokyo, for as he noted to his colleagues:

there came a point at which the failure to be willing to fight led literally to more fighting. The impression he wanted to convey was that America could not absolutely be counted out as a military force under all circumstances.\footnote{Record of Conversation between Hull, Davis, Bingham and Berle, Sept. 17, 1937. Berle Papers.}

The Secretary was willing to consider a naval demonstration as one means to convey this message, but this would require cooperation with the British, and the American public was not as yet ready for such a move.\footnote{Ibid.} So Hull once again turned to the mere expression of words, asking the President if he might be willing to issue a “strong statement” on the need for international cooperation among the world’s democracies to “uphold the laws and principles” without which peace could not exist.\footnote{Davis Papers, Box 55: Hull, 544-45. As was often the case it appears that the President at this point had been thinking along much the same lines as Hull, and had himself been contemplating the possibility of making a major address on Foreign Policy. (See Borg, Far Eastern Crisis, 379-81).} Roosevelt, who at the time had been planning a tour of the strongly isolationist heartland of the country, agreed. The result was that over the course of the next two weeks, Hull, Davis and the President would begin working on the draft of an address which would culminate in Roosevelt’s so-called “quarantine speech” in Chicago on October 5.

In the interim, Hull and the Department would not only have to deal with Eden’s request for the consideration of an embargo against the Japanese, but would also receive word from Europe which indicated that the British were moving behind the scenes in Geneva in an effort to ensure that the recommendations issued by the Far Eastern Advisory Committee included a call for a meeting of the signatories of the Nine Power Treaty. Indeed, on October 5, the very day Roosevelt gave the quarantine speech, the Advisory
Committee passed this suggestion on to the League Assembly for a vote. On the following morning it passed without discussion, and thus it was determined that the President of the League would now issue invitations to those members of the League who were also signatories of the Nine Power Pact to convene a conference designed to reach a negotiated settlement of the crisis in China. As the United States was not a member of the League, there would be no direct invitation despatched from Geneva to Washington. But it was widely understood that the League expected all parties to the Pact to agree to take part. Moreover, under the circumstances of the time, with an American representative sitting on the committee which had made the recommendation for the convening of such a conference, and with President Roosevelt having just made a powerful speech condemning aggression, there was little possibility that the United States could refuse to participate. Eden was delighted by this and, in a despatch to Washington immediately following the decision by the League, he even went so far as to suggest that the Americans themselves officially call the conference and that perhaps the best venue for the meeting would be in the U.S. capital. This, however, was too much for Roosevelt, who, after agreeing to send a representative to the meeting, suggested that the best place to hold the conference would be a small European capital. Eventually it was decided that the discussions should take place in Brussels.

It is important to pause here, and note that this flurry of activity coincided with the President's quarantine speech, which created quite a stir, not only in the United States, but also in London and Geneva. Indeed, in the address, Roosevelt noted that a "reign of terror had broken out in the world" which the United States and other democracies would not be able to avoid "through mere isolation or neutrality." As such, the peace-loving nations of the world had no choice but to "make a concerted effort" to oppose those who are today "creating a state of international anarchy." Roosevelt then noted:

*When an epidemic of physical disease starts to spread, the community approves and joins in a quarantine of the patients in order to protect the health of the community against the spread of the disease.*

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Not surprisingly, the President’s remarks led to widespread speculation that the United States Government was contemplating some sort of economic or military sanctions against Japan. And in the wake of the speech Roosevelt was deluged by questions from reporters on the intent of his remarks. The President, however, insisted that he had “never suggested sanctions” and was still looking for some means to put his ideas into practice. In the press coverage that followed, this explanation was accepted by a good many papers, such as the New York Times, which ran the headline “Roosevelt’s Speech Widely Approved.” But the isolationist press was not nearly so impressed, and papers such as the Chicago Tribune attacked the speech as an indication that Roosevelt had decided to get involved in “Britain’s War.”

Hull’s initial reaction to the speech was positive. This was the very medicine he had called for in his conversation with the President some weeks before. But as it became clearer that the speech had aroused the wrath of the isolationists at home, his opinions on it began to change. By the end of the month, in fact, he had come to the conclusion that the President’s remarks had been too strong, and that they “had the unfortunate effect of setting back for at least six months our constant educational campaign intended to create and strengthen public opinion toward international cooperation.” As a consequence, Hull reverted to his cautious approach to foreign policy. This was significant, for it meant that Hull’s opposition to taking stronger measures against the Japanese would continue. There would be no sanctions or embargo, and no attempt by the United States to take any sort of lead at the up-coming Brussels Conference.

In London, meanwhile, the reaction to Roosevelt’s quarantine speech was mixed. Chamberlain, who had been consistently opposed to the imposition of sanctions against Japan, was clearly alarmed at the wide spread speculation in the press that the President’s use of the word “quarantine” implied that the White House was now giving serious thought to a trade embargo. He also feared that even if this was not the President’s intent, the speech would be used by the opposition as a means to try and embarrass the

47 Berg, Far Eastern Crisis, 386-98.
48 Hull, 545; Moffat Diary, Oct. 5, 1937.
49 For details on the public reaction to the Quarantine speech, see Ibid, 386-98.
Government, and in a Cabinet meeting called on October 6 he warned his colleagues not to allow HMG to be "maneuvered into a position [by the opposition parties] in which it could be said that the United States had offered to co-operate in economic sanctions if the United Kingdom would join them and that we were standing in the way of such action."  

The Prime Minister then went on to note that he himself sincerely doubted that Roosevelt had any sort of concrete action in mind. Sanctions involved the risk of war, and he did not think that the United States was in fact prepared to take that risk at present. Three days later, Chamberlain reiterated these points in a letter to his sister when he remarked that although the speech sounded "very fierce," it was nevertheless contradictory in parts and vague in essentials. Indeed, his own view was that the President's pronouncement:

> was intended to sound out the ground and see how far his public opinion was prepared to go but that he himself had thought nothing out and in any case had no present intention of doing anything that wasn't perfectly safe. Now in the present state of European Affairs with the two dictators in a thoroughly nasty temper we simply cannot afford to quarrel with Japan and I very much fear therefore that after a lot of ballyhoo the Americans will somehow fade out & leave us to carry all the blame and the odium. It is not a pleasant prospect, but I am setting my mind now to see how we can avoid it and I think some straight speaking to the U.S.A. (in private) before they go any further will be necessary.

In contrast to Chamberlain's negative reaction, however, Eden welcomed Roosevelt's address. Indeed, in the same Cabinet meeting in which the Prime Minister expressed doubt about Roosevelt's willingness to take concrete action, Eden reminded his colleagues

> ...that the British Chargé d'Affaires at Washington had been asked to make some enquiries as to the American attitude towards the idea of action to bring an end to the conflict in China. As yet he [Eden] had received no reply. It was not unlikely that the American Secretary of State would intimate that the President had given the answer in his speech.

Eden insisted therefore that the Foreign Office immediately sound out the State Department as to the meaning of the speech. Eden also noted with evident satisfaction that the
address would mean that the United States would now have no choice but to attend the meeting of the signatories of the Nine Power Treaty which had just been called for by the League's Advisory Committee.\textsuperscript{55} Chamberlain concurred, but his unease with the pursuit of sanctions continued. He therefore insisted that HMG "could not go into sanctions...without a guarantee from the United States of America that they would be prepared to face up to all the consequences which might fall on the nations which had large interests in the Far East."\textsuperscript{56}

By mid October, then, London had issued a series of communications to Washington designed to clarify the American position on a number of issues, including Washington's views on the imposition of economic sanctions against Japan, and their expectations with respect to the Brussels meeting. In response to these inquiries, Whitehall was informed that the State Department did not intend to pursue the possibility of sanctions in the immediate future and that there was no anticipation that the question would even be discussed at Brussels.\textsuperscript{57} Indeed, from the instructions Davis received prior to his departure, it was clear that neither the President nor Hull had any wish to go beyond the use of moral persuasion to bring an end to the conflict and that they would reject any attempt to thrust the United States into the forefront of the proceedings.\textsuperscript{58} Chamberlain, taking note of the Administration's stance, informed the Cabinet on October 20 that it was now clear that the United States Government had no intention of pursuing a decisive policy in the Far East. This meant that the possibility of the Americans recommending sanctions could now be dismissed. He therefore suggested that the British delegation pursue a cautious role at the Brussels Conference, that it take no unilateral action, and that it base its policies on the course taken by the American representatives.\textsuperscript{59}

\textsuperscript{55} Ibid.
\textsuperscript{56} Cab 37(37) 5, October 13, 1937, Cab 23/89.
\textsuperscript{57} Mallet to Eden, Oct. 14, 1937, DBFP 2nd Series Vol. XXI # 313.
\textsuperscript{58} Borg, \textit{Far Eastern Crisis}, 405-07. In his instructions Davis was in fact repeatedly informed that he should resist any and all attempts to force the United States into a position of leadership with respect to the crisis in China. As an alternative both the President and Hull suggested that it would be far better for the conference to follow the example set by the recent Montevideo Conference, in which the smaller Latin American Republics carried the same weight as the larger powers.
\textsuperscript{59} Cab 38(37) October 20, 1937, Cab 23/89.
Eden did not disagree with these recommendations, but as his subsequent actions would show, his expectations with respect to what might come out of the Brussels Conference differed sharply from those of the Prime Minister. Chamberlain clearly held out little hope that the conference would accomplish anything of significance, and he had no desire to see the question of sanctions re-opened during the course of the discussions. Eden, by contrast, looked forward to the prospect that he might be able to achieve a breakthrough with the Americans over cooperation in the Far East, and in spite of Chamberlain’s opposition, refused even at this late date to rule out the possibility that this effort might include sanctions. The two British leaders, then, approached the Brussels Conference with vastly different expectations, and it is hardly surprising that within a week of its opening they should clash bitterly over the tenor of the deliberations.

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Indeed, the fact that Eden would pursue an independent course in his discussions with the Americans at the Brussels meeting became apparent almost immediately following the opening of the conference on 2 November 1937. Here, in the first meeting between the American and British delegations, Davis began the discussions by saying that he supposed Great Britain had had enough of sanctions. But Eden, ever anxious to pursue any move which might result in concerted Anglo-American action, refused to rule out this possibility. He therefore avoided a direct answer to this question and instead diplomatically noted that while the business of the conference was mediation, the United States delegation should not think that HMG was unwilling to take part in any international action. Indeed, Eden insisted that:

Great Britain was seriously worried over the course of events in the Far East; at the same time she felt herself threatened in Europe as well as the Far East and did not see any lifting of the clouds in the near future. The more she examined the question of lawlessness in the world the more she reached the conclusion that only by Great Britain and America standing shoulder to shoulder could the present threats be dispelled. He had no doubt that eventually the democracies would wake up but whether or not it would be in time was a question that was preoccupying him. In the circumstances he stated that Great Britain would be willing to go just as

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far in the way of positive action in the Far East as the United States but no farther. For obvious reasons the British Government has been playing down its willingness to assume so strong a position particularly as it could not judge how far America would be willing to go. He added, however, that the assurance he had given us was not given lightly and represented the considered view of the British Government.61

Davis, as per his instructions from Hull, responded to Eden's remarks by cautioning that although the United States Government shared his concerns, there was no desire in Washington for the Americans to take the lead at the conference. In his view it would be far better for all of the powers at the conference, including the smaller ones, to participate actively and work for peace by agreement. Davis also insisted that the Roosevelt Administration remained opposed to joint action, in part because a large body of opinion in the United States felt that American interests in Asia were much smaller than Great Britain's and that "the latter being unable to protect her own interests was trying to maneuver us into pulling her chestnuts out of the fire for her."62 Moreover, in the event that the two powers should pursue policies which provoked Japanese retaliation "it seemed that the United States would have to bear the brunt." Eden denied this and insisted that in the event of trouble "Britain could and would send some ships to Far Eastern waters...." He also thought that the "moving around of a few ships" would have a good effect on the efforts to reach a peaceful solution and insisted that the British Admiralty felt that the power and effectiveness of the Japanese Navy was greatly exaggerated. He then summed up the British position by indicating that HMG would neither attempt to take the lead nor push America out in front, but if constructive efforts failed "he would be willing to join fully in direct pressure on Japan although he would not embarrass us by advocating it if the idea was unwelcome."63

Eden's offer to send ships to the Far East ran bluntly counter to the Cabinet's recommendation to take no initiative at the conference. So too did his refusal to rule out the possibility of sanctions. The Foreign Secretary was no doubt aware of this, but he probably hoped that by opening a broad discussion of the situation in the Far East he could

62 Ibid.
63 Ibid.
engineer the United States into some sort of joint action. This tendency to exceed his instructions was shared by Davis. Indeed, once it became clear that the Japanese were in fact intent on refusing any and all proposals for mediation from the conference, Davis began to hint that stronger action might be needed. Eden immediately raised the question of sanctions: indicating that there were two types, effective and ineffective: “to apply the latter was provocative and useless....To apply the former meant some risk of war; we were prepared to examine this, but if so we must share the risks.” Davis did not discount this possibility, but from his response it was clear that for the moment he did not contemplate, as Eden noted. “anything approaching what we would regard as effective sanctions.”

Two days later, in fact, Davis suggested that the most that he would be willing to offer was a possible boycott of Japanese goods, if the present diplomatic effort failed. Davis, for his part, firmly believed that such a move would be effective and would not result in a violent reaction on the part of the Japanese. Eden did not share this view, and in fact regarded a boycott as being within the realm of the “ineffective sanctions” that he had cautioned Davis about earlier. But he made no effort to inform Davis of this opinion. To do so would be to risk throwing cold water on what appeared to be a growing desire on the part of the Roosevelt Administration to take action in the Far East. As Eden noted to Lindsay

Having in mind the vital importance for the future of maintaining and developing the present trend of Anglo-American relations, I naturally wish to take all possible steps which may lead to closer Anglo-American co-operation, whether in Europe or in the Far East. Any suggestion that we are lukewarm in the matter of joint action might fatally impair the good will of President Roosevelt, and we should be made to appear once more as having rebuffed an American offer of co-operation as in the case of Manchukuo.

In light of this, Eden was fully prepared to support a boycott, even though he was convinced it would be ineffective, for in his view such “joint action might be the foundation for later co-operation in Europe and it might be a capital error to discourage it.”

65 Harvey, Diplomatic Diaries, 56.
66 Eden to Lindsay, Nov. 10, 1937, DBFP 2nd Series Vol. XXI # 346.
67 Ibid. Eden did not want this telegram to be seen by Chamberlain or the Cabinet and in fact restricted its distribution to Vansittart and a few other officials within the Foreign Office.
Eden was clearly encouraged by Davis's indiscretions into believing that a more vigorous American policy was a real possibility and when he returned to London to report to the Cabinet on the progress of the conference, he made a special effort to inform Chamberlain about Davis's proposal. But Chamberlain once again dismissed the idea of a boycott or any other economic measures out of hand. Indeed from the tone of their discussion it was clear that Chamberlain was intensely annoyed that the issue of sanctions had been raised at the conference. This placed Eden in an awkward position, for he had repeatedly stated to Davis that HMG would be prepared to go as far as Washington in the Far East. It would be most damaging and embarrassing if London should now refuse to cooperate in the event that the Americans actually went ahead with the boycott. Eden, therefore, insisted that Davis should not as yet be informed of the Prime Minister's opposition to sanctions. Chamberlain reluctantly agreed. This would at least allow Eden the opportunity of seeing what might develop after his return to the conference.

Shortly thereafter, Eden returned to Brussels, where despite Chamberlain’s clear opposition to any sort of forceful activity, he continued to probe the Americans on possible joint Anglo-American action in the Pacific. In his next meeting with Davis, for example, Eden offered to send British warships to the Pacific as a show of force if the Americans thought that sanctions were impractical. Here, Eden was no doubt thinking as much about Europe as he was about the Far East. For on 6 November Italy announced that it was joining the Anti-Comintern Pact. Eden wished to counter Mussolini’s move with one of his own and he remained convinced that a strong Anglo-American stand in the Pacific would have a salutary effect on the behavior of the dictators in Europe.

By this point, however, it was clear that Hull, Welles and other officials within the Roosevelt Administration were becoming concerned about Davis’s behavior at the conference. In a conversation with Lindsay on November 13, for example, Welles insisted that the British must regard their discussions with the American “Ambassador-at-Large” as

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68 Harvey Diary, Nov. 8, 1937, Harvey, Diplomatic Diaries, 58. In the same conversation, Eden also reiterated his plea for a more rapid and vigorous program of rearmament, including the purchase of anti-aircraft weapons from abroad.
69 Harvey Diary, Nov. 9, 1937, Harvey, Diplomatic Diaries, 58.
70 MacDonald, The United States, Britain and Appeasement, 47.
merely exploratory. Shortly thereafter, Davis also received instructions from Hull to the
effect that he should "initiate nothing more than platitudes" while at the conference and
should make no promises as to possible future action. With his wings thus severely
cropped, Davis's activities in Brussels assumed a much more modest tone, and it soon
became apparent that there was little chance that the conference would do more than issue
an empty declaration on the need for the peace loving nations of the world to uphold the
principles of international law. Eden, in a final effort to resurrect something positive from
the gathering, supported a move by MacDonald to extend Anglo-American good offices to
the belligerents in the hope that they would both accept this type of mediation. But both
Tokyo and Washington rejected this suggestion. On 24 November, then, the Brussels
Conference drew to a close without having accomplished anything of real value.

In the wake of the conference, it was clear that the traditional tools of diplomacy
would prove ineffective in bringing about an end to the conflict in China. This left the
democracies with two options: either they could leave well enough alone and accept the
apparently inevitable domination of China by Japan, or they could attempt to apply direct
pressure on the Japanese in an effort to bring Tokyo to heel. The latter option, however,
required American participation, and as of yet there were few signs that such cooperation
would be forthcoming. Eden was well aware of this, and he understood that in the present
international environment HMG would find it impossible to act alone in the Far East. Yet
in spite of the failure of Brussels, he refused to rule out the possibility of joint Anglo-
American action, and as events in the coming weeks and months would show, his efforts at
achieving this goal would continue.

71 Moffat Diary, Nov. 13, 1937.
72 Borg, Far Eastern Crisis, 429.
73 Hull, 555. Hull notes that the State Department rejected this idea because it would
"undoubtedly involve our transmitting from Japan to China terms of peace inconsistent with the
provisions of the Nine Power Treaty" which would "lend color to the belief that we were
recommending and even pressing such terms on China. (Ibid)
7b) The Panay Incident and the Ingersoll Talks, November 1937-January 1938

One might assume that the failure of the Brussels Conference to do more than merely issue an empty declaration condemning aggression might have moved Eden to conclude that there was little possibility that the Americans and the British would cooperate in the Far East. But the cooperation between Eden and Davis during the conference itself had been excellent and this encouraged Eden to remain hopeful that at some point a breakthrough between the two powers on the issue might yet occur. Moreover, the announcement in early November that Italy had formally joined the Anti-Comintern Pact aroused considerable anxiety in both London and Washington where there were fears that the pact included arrangements for “a secret offensive and defensive alliance between Japan, Germany and Italy.”¹ Eden saw the pact as further evidence of Mussolini’s duplicity. He was also concerned about the continued involvement of the Italians in Spain and the possibility of the establishment of a fascist regime in Madrid which might potentially handicap the position of the Royal Navy in the Western Mediterranean.

In light of these difficulties, Eden’s determination to maintain a firm line with Mussolini, as evidenced by the Nyon Conference, remained. So too did his desire for closer ties to the Americans and in the wake of the announcement of the Italian adherence to the Anti-Comintern Pact, Eden strongly urged that Washington and London issue a reply in the form of the immediate announcement of the opening of formal trade negotiations. Such a move he argued would have a steadying effect on the dictators and as Lindsay noted, hold out the prospect of “further, stronger and more fruitful Anglo-American co-operation in the future.”² Hull agreed, and the trade talks were announced simultaneously in both London and Washington on November 20, 1937.³

Shortly after this announcement Eden began to re-iterate his desire for Anglo-American cooperation in the Far East and in a Cabinet meeting called in the wake of the

¹ Ickes diary, Dec. 17. 1937. Ickes Secret Diary, Vol. II., 275
² Lindsay to Eden. Nov. 16, 1937. FO 371/20664.
³ It should be noted here that at the same time the negotiations for an Italo-American Trade Agreement were postponed in protest over the Italian decision to join the Anti-Comintern Pact. (MacDonald, The United States, Britain and Appeasement, 51-52).
Brussels Conference he began to push his colleagues towards taking a more definite course of action in the region. Indeed, in Eden's opinion, the situation in the Far East had continued to deteriorate, as evidenced by the latest difficulties which had cropped up concerning the Chinese Maritime customs at Shanghai and Tientsin. Eden thought that the time had come when HMG should do something to try and bring the Japanese to order. and after noting that it was highly difficult to consider such a notion without the active support of Washington, he suggested that Whitehall "approach the United States Government and ask if they would send ships to the Far East if we would do the same." 4 Chamberlain concurred with the notion that it would be impossible to put forceful pressure on the Japanese without the cooperation of the United States, and while he had no objection to the Foreign Secretary making an approach to Washington. "he felt sure that the reply would be that American interests were not sufficient to justify the despatch of ships and that American public opinion was not much concerned." 5 Following this discussion the Cabinet agreed to allow Eden to proceed with his suggestion, and a telegram was prepared at the Foreign Office for despatch to Lindsay stating that in view of the Japanese disregard for international interests, HMG have reached the conclusion that the Japanese Government are unlikely to be effectively deterred by mere representations from damaging seriously the international interests represented by Chinese customs. Moreover, general Japanese attitude shows signs of increasing disregard for rights of third parties...In the circumstances, His Majesty's Government would seriously consider increasing their naval forces in the Far East with the object of demonstrating to the Japanese Government that they are prepared in the last resort to support these representations by a display of force, provided that the United States Government are willing to take similar action. Please therefore inform the United States Government that if they are ready to consider such action, we should be willing to enter into staff conversations with the United States authorities with a view to consider appropriate and adequate combined steps. 6

After receiving this telegram, Lindsay arranged an immediate interview with Under Secretary Welles. who informed the Ambassador that he would pass his message onto the President. In the same conversation, however, Welles also noted that the State Department had the impression that owing to the situation in Europe HMG would be unable to

4 Cab 43(37) Nov. 4, 1937, Cab 23/89
5 ibid.
6 Eden to Lindsay, Nov. 30, 1937, FO 371/20959.
concentrate very great naval forces in the Far East. Lindsay admitted "that this impression might exist" and then advised that the elucidation of each side's naval position could be had through the suggested naval conversations.7

The possibility that the British might launch a naval demonstration in the Pacific clearly aroused the interest of Hull, who, on the day following Lindsay's conversation with Welles, instructed Admiral Leahy, Roosevelt's Chief of Naval Operations, to engage in an informal, unofficial talk with the British Naval attaché in Washington about British intentions vis à vis a naval demonstration in Asiatic waters.8 But at this point, the British Naval Attaché had not as yet been informed of Eden's highly secret inquiry, and thus he was unable to provide Leahy with any additional information.9 This inability of HMG to be very specific about their naval plans in the Far East did little to encourage American cooperation, and in a conversation held between Hull and Lindsay at the end of the month, the Secretary indicated that for the time being the British offer of joint staff discussions on naval policy would be declined.10

In the meantime, Eden had instructed Sir Alexander Cadogan, his Deputy Under-Secretary at the Foreign Office, to meet with Lord Chatfield in order to discuss the question of sending the fleet to the Far East. Here, Chatfield insisted that it would be useless and unwise to send a token force of say, two capital ships, into the Pacific as these would be unable to affect the naval balance of power in the region, and in addition might prove a tempting target for over zealous Japanese commanders. Indeed, in Chatfield's opinion, any fleet sent must be capable of dealing with the whole of the Japanese Navy. As such, Cadogan was informed that "unless American co-operation were secured, it would be necessary to use every commissioned ship in order to send a sufficient naval force to the Far East." This would mean, among other things, that it would be necessary to denude the Mediterranean and other stations of their naval forces. Even then, the Admiral continued, "only defensive measures could be undertaken," and as such there was little likelihood that

7 Lindsay to Eden, Nov. 27, 1937, DBFP 2nd Series Vol. XXI # 394.
8 Leahy diary, Nov. 28, 1937, Leahy Papers.
9 Leahy to Roosevelt, Nov. 30, 1937, PSF , Navy, Box 57.
10 Lindsay to Eden, Nov. 30, 1937, FO 371/20960.
the force would be effective in compelling the Japanese to do as the British wished in
China. In view of this, it would seem advisable that “HMG should be careful not to
threaten or provoke the Japanese, as such threats, which could not be carried out, would
only make the situation worse.”

From the conversations held with the First Sea Lord it was clear that any
undertaking to send a fleet to the Far East without full American support would be quite
dangerous. It was also equally clear that neither official expected any help from
Washington. Cadogan therefore strongly recommended that the Cabinet reach an early
decision as to what policy the Government was going to adopt in dealing with the
Japanese. Chamberlain, having learned of the American refusal to engage in naval staff
talks, now concluded that there was little point in relying on any help from the Americans.
But Eden still refused to give up on the idea and in a meeting of the Committee of Imperial
Defence held in early December the differences between the two men with respect to the
thrust of British foreign policy once again broke out into the open. Eden also summed up
the British situation by noting that it was very important to maintain close relations with the
French and to co-ordinate efforts between London and Paris on the security of Europe and
the Mediterranean. Moreover, the Foreign Secretary also insisted that it was of equal
importance:

so to conduct our relations with the U.S. Government that the latter shall raise as
few obstacles as possible, in case of grave emergency, either to the use of our naval
power in exercise of economic pressure or, in spite of present neutrality legislation,
to the grant of financial accommodation and the supply of munitions to this country
and her allies from the United States. To go further, it must always be our constant
aim in peacetime to increase as far as possible the likelihood of the U.S. giving us
armed support in case of war.

Eden then recommended that HMG accelerate her program of rearmament (particularly in
the construction of bombers) and insisted that it was:

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11 Memorandum by Cadogan. FO 371/20960.
12 ibid.
a mistake to try and detach any one member of the German-Italian-Japanese bloc by offers of support or acquiescence in the fulfillment of their objects. The aims of all three are in varying degrees inimical to British interests and a surrender to one might well be the signal for further concentrated action on the part of all three powers.¹⁴

Chamberlain, not surprisingly, disputed this. In his view it would be a grave mistake to count on too much assistance from either France or the United States. The French army was strong, but her air force was deplorable. He conceded that America might come into a war on the side of the British eventually, but this would only happen when it was too late to change the outcome. He therefore strongly urged that the Government follow the advice of the Chiefs of Staff and do all it could to avoid the prospect of a three front war by pursuing policies designed to reduce the number of Britain’s potential enemies.¹⁵ The emphasis of HMG’s foreign policy, then, should remain focused on the attempt to open negotiations for a settlement with both Italy and Germany.

Eden, was willing to support Chamberlain’s call for renewed negotiations with the dictators. But his adherence to this policy was based on the condition that Britain receive substantial concessions in return. Moreover, it is quite clear that Eden remained skeptical that any adequate quid pro quo would in fact be forthcoming, particularly from Rome.¹⁶ In light of this, Eden was most anxious to keep the door open to Washington and in the wake of another minor incident perpetrated by the Japanese against British shipping in China, he once again sent off a telegram to Washington, urging that the two powers work together in an effort to bring an end to the excesses of the Japanese military. Eden began by granting the Americans the substance of Chatfield’s assessment of the Royal Navy’s capabilities in the Far East, noting for example that any force sent into the region must be able to cope with the possibility of an attack by the Japanese Navy. This meant of course that HMG would have to send out a large force which would seriously denude “all our other stations.” Even so, he went on, such a force could do little except stand on the defensive and “could not easily engage in any action that would bring direct pressure to bear on Japan.”

¹⁴ ibid.
¹⁵ ibid.
¹⁶ Harvey Diary, Dec. 5, 7, & 18, Harvey, Diplomatic Diaries, 62-64.
Moreover, the despatch of such a fleet would:

expose us to risk of complications nearer home owing to depletion of our home forces. Decision to send it could therefore only be taken after most serious consideration and in circumstances where our vital interests seemed to require it.\textsuperscript{17}

Eden, then noted, however, that if the U.S. Government were disposed to take similar action, the problem would be very different. HMG would still have to send a considerable force, but with American help it would be much easier for both powers to establish clear superiority over the Japanese, making it far easier for them to bring pressure to bear on Tokyo. It was with this idea in mind that HMG had suggested staff conversations, so that in the event that both Governments were ready to act, each would be made aware of the forces they were prepared to send, as well as how their cooperation could be effected. Eden then intimated that if the Roosevelt Administration were prepared to despatch an adequate fleet:

I should be prepared to recommend to His Majesty’s Government that they should send a proportionate force to act in conjunction with them, and I have good reason to believe that they would seriously consider it.\textsuperscript{18}

It is interesting to note that Eden had no authority from the Cabinet to do anything more than “recommend” the proposed action, for the Government had as yet come to no decision with respect to the issue of sending warships to the Far East. It is also interesting to note that Eden had marked this despatch “no distribution” and had not undertaken to show the telegram to the Prime Minister, whose opposition to a forward policy in the Far East was well established. It would appear, then, that Eden still felt he might be able to secure American cooperation, and that once having done so, he would be able to persuade the Cabinet to go along with his proposals.

In Washington, meanwhile, American exasperation with Japanese behavior had led both Roosevelt and Hull to come out in favour of naval rearmament. Indeed, in a Cabinet meeting held on December 10, the President indicated that he now intended to ask for appropriations for two new battleships in his regularly scheduled message to Congress, and that he would ask for a third in a special message later. The idea of splitting the request

\textsuperscript{17} Eden to Lindsay, Dec. 6, 1937. FO 371/20959.

\textsuperscript{18} ibid
for new vessels in such a fashion had in fact first been mooted by Hull in September and was now being taken up in order to create the right "psychological effect" on Japanese opinion. But there was no change in the Administration's stance with respect to the proposed staff talks or any other joint action with the British. As Lindsay had noted in an earlier despatch, American public opinion was still too strongly isolationist in temperament for the White House to contemplate any such proposal. It would appear then, that Neville Chamberlain was indeed correct when he remarked in a Cabinet meeting held on 8 December that when considering British policy in the Far East it would be "a rash man who based his calculations on receiving help from the United States."

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On December 12, however, an incident in China severely tested American nerves. and once again provided Eden with a pretext for further requests for Anglo-American cooperation. This was the so-called Panay incident, in which Japanese planes and artillery pieces attacked and sank the U.S.S. Panay, destroyed three American tankers, and shelled the British vessels HMS Bee and HMS Ladybird in the Yangtse basin. Eden responded to this crisis by immediately summoning the American Chargé d’Affaires, Herschel Johnson to the Foreign Office. Seizing the opportunity provided by Japanese belligerence. Eden insisted that the repeated failure of the western powers to put pressure on Japan had contributed to the existing state of affairs. He then asked the Chargé to suggest to his Government that the American response to the crisis be delayed long enough for two Governments to consider taking joint action. In a further despatch on the matter sent to Lindsay, Eden reiterated these points, and in addition noted that no doubt the United States will be contemplating the presentation of a series of "stiffly worded demands." to the

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20 Lindsay to Eden, Dec. 1, 1937, FO 371/20959
21 Cab 46 (37), Dec. 8, 1937, Cab 23/90A
22 Marquart to Leahy, Dec. 12, 1937, FRUS 1937 Vol. IV, 488; Chief of Staff, HMS Bee to Admiralty, Dec. 12, 1937, DBFP 2nd Series Vol. XXI, # 407 & # 40.8
23 Johnson to Hull, Dec. 13, 1937, PSF Great Britain, Box 32.
Government in Tokyo. He then informed the Ambassador that it would be most helpful if the State Department were to send these along to London immediately, so that HMG could act in a similar fashion. More important, however, was the question as to whether or not the U.S. Government was contemplating "simultaneous action of a more menacing character, such as the mobilization of their fleet... pending the receipt of the Japanese reply." For if anything of the kind were contemplated, HMG "should wish to know as soon as possible as in that case we should probably desire to take similar action although of course our ships could not reach Eastern waters as soon as United States ships."24

In Washington, there were those, such as Admiral Leahy, who were now in favour of taking joint action with the British in the Far East, but Hull remained opposed to the idea.25 Indeed, in a conversation with the President at the White House, Hull argued that at the present time, the United States was in no position to send sufficient naval forces to the Far East to compel the Japanese to behave. He therefore recommended that the most the Government could do was to issue a strong note of protest to the Government in Tokyo, demanding an apology, indemnities, punishment of the officers involved, and assurances that similar incidents would not happen again.26 Moreover, in a move that would greatly disappoint Eden, Hull advised that the State Department issue the note to the Japanese immediately so as to anticipate a Japanese note of apology which his Department had learned would soon be forthcoming. The President agreed, and within a matter of hours Hull had called in the Japanese Ambassador in order to hand him the American note of protest.27

The State Department did send an advance copy of this memorandum to the Foreign Office in London, but no effort was made to seek consultation on its content and as expected, Eden was severely disappointed by this move. Indeed, after learning of Hull's decision to once again act independently, Eden instructed Lindsay to inform Hull that he

25 Leahy Diary, Dec. 13, 1937. Leahy Papers; Ickes Diary, Dec. 18, 1937, Ickes, Secret Diary, 274. In his diary, Ickes noted that Swanson and other members of the Navy Department were of the opinion that the United States should go to war with Japan, as it would be easy to beat the latter while she was preoccupied in China. (ibid)
26 Hull,560
27 ibid.
could not hide his regret at the Secretary's actions. From Eden's perspective an opportunity had been missed for taking measures which might have had what he called a "preventative character." Moreover, it was now apparent that the Japanese had come to think that nothing would make the democracies defend their interests. This was a dangerous precedent, particularly as the "predatory powers" (who had received great comfort and encouragement from the recent Japanese behavior) might now find it within their will to take some intolerable action which would demand a drastic response. Under these circumstances, surely it was advisable to do something to show the Japanese and the rest of the world that "we are determined to protect our nationals and interests." Eden therefore reiterated his earlier call for either a demonstration of naval power, or some measure of mobilization as perhaps being the best means to "uphold the authority of the Western nations in the East."

In discussing these comments with Lindsay, Hull noted that he had been working "day and night to educate the American public on the dangers of isolation." Moreover, he insisted that "no one appreciated more than he did that Great Britain and the United States must co-operate and he was putting [it] around everywhere that the two Governments always sought to consult each other, ...and were habitually conducting their business along parallel lines." He would not, however, commit his Government to joint action. The American public was still not as yet aroused enough to contemplate it, and in any case, the U.S. Navy was not at present in a position to undertake a show of force on a large scale.

Before Hull's opinions reached London, however, the Cabinet met to discuss how best to respond to the recent incidents. It was now clear that in the face of such blatant attacks, even the Prime Minister and the Service Chiefs favoured doing something to indicate Great Britain's displeasure with the Japanese military in China. But in spite of the new found desire for action, the Cabinet remained unanimous in its opinion that nothing

29 Lindsay to Hull. Dec. 14, 1937. DBFP 2nd Series Vol. XXI # 421
could be done without the cooperation of the United States. As such the whole question of some sort of joint naval demonstration, either through the despatch of ships to the Far East, or through the full or partial mobilization of both the American and British Navies was once again contemplated. During the course of this discussion, a record of Lindsay’s latest conversation with Hull arrived. After reading it, Eden concluded that it appeared that some other event would have to happen before the American Government would be prepared to send naval forces to the Far East. The Cabinet, therefore, decided to once again sound out the Americans as to how far they were prepared to go, and in addition, decided to suggest that in light of Washington’s reluctance to despatch her fleet to the Far East, that some less drastic steps be considered, such as measures to put both Fleets in a higher state of readiness and/or Naval Staff conversations.

Shortly after the conclusion of this Cabinet meeting, Eden sent a telegram off to Washington along the lines indicated. This communication, however, crossed lines with an urgent telegram sent to London by Lindsay, which brought the sudden and somewhat unexpected news that the President had finally indicated a willingness to consider naval staff conversations and that he wished to discuss the matter with Lindsay forthwith. Eden was delighted at this, and he immediately sent a telegram to Lindsay giving the Ambassador broad authority to say whatever he felt was appropriate about British policy in the Far East in his discussion with the President. Here, however, he stressed that it might be wise to indicate to the President, “a fairly definite idea of the degree of effort we should be prepared to make” and to stress that it appeared that the moment had now come when it was necessary for the democracies “to meet the rising criticism of inaction and

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32 Cab. 47 (37) Dec. 15, 1937. Cab 23/90A. Here, Chamberlain in particular was adamant that in any communication with Washington there should be no impression conveyed that HMG were at this moment contemplating unilateral action.” (Ibid)
33 ibid.
34 Eden to Lindsay, Dec. 15, 1937, Avon Papers, FO 954/29. It is interesting to note that even in this despatch, it is clear that Eden had not yet given up hope on the possibility of the two Governments sending a fleet to the Far East. For in the telegram Eden once again reiterated the fact that HMG was considering sending eight or nine capital ships to the Pacific, if the U.S. Government was prepared to do the same. Lindsay was thereupon advised that in the event that it was clear that the Americans were not prepared to send an equivalent force to the Far East, that he should go ahead and approach the Americans about staff talks and/or partial mobilization.
35 Lindsay to Eden, Dec. 15, 1937, DBFP 2nd Series Vol. XXI, # 424
helplessness” and to do something “to restore our damaged prestige.” Moreover, Eden insisted that firm action “would have its effect not only in the Far East but in Europe and would give notice to the Dictators that democratic Governments are as jealous of their authority as they are, and as willing and as able to maintain it.”

In the course of his discussion with the President, Lindsay learned that Roosevelt had indeed given considerable thought to the situation in the Far East, and that as a result of these meditations the President was now prepared to go ahead with the proposed Anglo-American Naval Staff Conversations. Lindsay was also informed that, in the President’s opinion, the primary object of the conversations should be to arrange for the imposition of an economic blockade of Japan in response to any future acts of aggression. Indeed, the President appeared to reject any suggestion of joint fleet movements or mobilization, although he did indicate a willingness to send a squadron of American cruisers to pay a courtesy visit to Singapore and thought that he might be able to bring the U.S. naval manoeuvres, scheduled for late March, ahead by a month or two.

In London, news of the President’s ideas brought a somewhat bemused reaction from many officials within the Foreign Office. But Eden was greatly encouraged and on 20 December he sent a telegram to Washington urging the President to agree to the immediate opening of the naval conversations. Shortly thereafter, Eden learned that Captain R.E. Ingersoll, the head of the United States Navy Department’s War Plans Division, would be sent to London to open the discussions on January 1, 1938. Eden had planned to be away on a holiday in Maderia at this time, but as Oliver Harvey noted in his diary:

A.E. began to doubt [the] wisdom of going so far away as Maderia in view of [the] forthcoming conversations with U.S. over joint action in [the] Far East. I felt bound to agree with him that it was essential that he should be in London when U.S. naval representative arrived... As he said, this development of Anglo-American relations was the most important thing that had happened and what he had

36 Eden to Lindsay. Dec. 16. 1937. DBFP 2nd Series Vol. XXI # 431
37 Lindsay to Eden. Dec. 16. 1937. DBFP 2nd Series Vol. XXI # 432
38 N. Ronald. of the American Department at the Foreign Office, for example, called FDR’s ideas a “fantastic chimaera” which nevertheless might be transformed with care and patience by HMG into something congruous and constructive. (Minute by Ronald. Dec. 19. 1937. FO 371/20961.)
been working for years. The P.M. is heavy-handed and has no touch for dealing with delicate situations and might easily upset the Americans for good. A.E. has a natural ‘flair’ which enables him to say and do exactly what is needed. It is a great bore as he is very tired and badly needs a holiday, but he proposes to go to the South of France instead.40

Shortly after Eden had learned that Captain Ingersoll was set to visit London, the Cabinet convened to discuss the latest developments from Washington. Eden made it clear that he was very pleased by the decision of the President to open staff conversations, and by his apparent willingness to send a squadron of cruisers to Singapore as well as to advance the date of the American naval manoeuvres. In his opinion, in fact, it was now clear that the Roosevelt and Hull favoured Anglo-American cooperation in the Far East. Chamberlain also indicated that he welcomed the idea of an American naval visit to Singapore, particularly as he felt that this would have a sobering effect on the Japanese, but he was of a different mind when it came to the President’s vague remarks about the imposition of a blockade against Japan. He expressed anxiety about the inability of the President to understand the implications of such a move. Roosevelt seemed to suffer from the illusion that sanctions could be imposed without the risk of war. Chamberlain did not share this view and he thought it was of the utmost importance to ensure that the realities of the strategical situation be brought home to the Americans during the course of the naval conversations. Moreover, although it was true that British prestige was suffering in the Far East, he still felt that it would be a mistake to send ships into the region, and as such he much preferred the more moderate step of joint mobilization.41

Chamberlain, then, still had his eye on Europe, and he remained convinced that any weakening of British forces for home and Mediterranean defence would be a mistake. This is not to say, however, that he had ruled out all hope that some degree of cooperation between the U.S. and Great Britain might yet emerge from the Panay crisis. Indeed, as he noted in a letter to his at the time

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40 Harvey Diary, Dec. 19-23, Harvey, Diplomatic Diaries, 65.
41 Cab 49 (37) Dec. 22, 1937, Cab 23/90A.
The fortunate misfortune on the Yangtse has stirred up the Americans properly... It seems to me just a heaven sent opportunity and you can bet your bottom dollar I am making the most of it. It is always best and safest to count on nothing from the Americans except words but at this moment they are nearer to doing something than I have ever known them and I can’t altogether repress hopes. But Chamberlain’s optimism, as he noted to his sister, was tempered by realism. He remained wary of Roosevelt’s initiatives and was careful not to allow HMG to become caught up in a joint Anglo-American confrontation with Japan only to find that the President would back down under pressure from the isolationists, leaving Britain to face the fury of the Japanese alone.

Eden on the other hand, felt that any concrete expression of Anglo-American solidarity was worth some risk and, as such, he was willing to follow the American lead. even if it meant the imposition of economic sanctions against Japan. Eden was also much more confident about the ability of HMG to send a substantial naval force to the Far East and in the course of his communications with Lindsay, he did all he could to encourage the Roosevelt Administration to consider taking such a step. Indeed. Eden remained convinced that a substantial naval demonstration in the Pacific would have a tremendous impact not only on the policies of Japan, but also those of Germany and Italy. As Eden commented at the time, what HMG needed was “a Nyon in the Far East, Anglo-U.S. instead of Anglo-French,” and he was prepared to go to great lengths to get it. By Christmas, however, the possibility that the U.S. would undertake some action as a direct result of the Panay attack became much more remote. On December 23. Eden learned that the Tokyo Government had sent a formal apology to Washington, had agreed to pay an indemnity, and had given the Roosevelt Administration assurances about the protection of American nationals and interests in the future. This action, as far as the President and Hull were concerned, effectively closed the Panay incident. Eden, nevertheless, still held out...
The Panay Incident and the Ingersoll Talks

hope that the Ingersoll discussions would ultimately result in a joint Anglo-American naval demonstration in the Pacific. He also remained committed to the pursuit of Anglo-American solidarity, and in a letter written to the Prime Minister on the eve of the new year, he noted that in spite of the fact that 1938 was going to be “a very difficult year internationally,” he was encouraged by the fact that cooperation with the United States, though slow and difficult to foster, was now making “real progress,” as evidenced by the forthcoming naval staff talks.46

But the results of Eden’s interview with Ingersoll held on January 1, 1938, were very disappointing. Indeed, it soon became clear that the Captain’s brief was strictly limited to the exchange of technical information on the disposition of the two fleets. Ingersoll did not turn out to have any definite plans or proposals to submit for the despatch of U.S. ships to the Far East, or for mobilization. Furthermore, over the course of the conversation, it became clear that Washington had no immediate interest in taking any sort of concrete action unless and until another serious incident were to occur.47 Eden, in response to this, urged at the very least, that the Americans agree that the token force of U.S. cruisers which Roosevelt had mentioned should indeed pay a courtesy visit to the British Base in Singapore.48 But he was also clearly disturbed by the lack of American initiative, and following the discussion he hastily sent off another telegram to Washington in a further effort to try and convince the Roosevelt Administration that it would be in their best interest to undertake a naval demonstration, and to do so “now.” 49

47 Harvey Diary, January 1-13, 1938, Harvey, Diplomatic Diaries, 66-67.

8a) The Roosevelt Peace Plan and Eden’s Resignation January-February 1938

By January 1938, then, it was clear that the Panay incident and other Japanese transgressions would not prompt Secretary Hull to take joint action with the British in the Pacific. One reason for this was Hull’s deep conviction that the American public remained fundamentally isolationist and would have rejected such a move. Hull’s instincts were probably correct. On December 14, a mere two days following the Japanese attack on the Panay, Democratic Representative Louis Ludlow introduced a resolution calling for an amendment to the U.S. Constitution whereby the the authority of Congress to declare war would not become effective until confirmed by a national plebiscite. Hull regarded the Ludlow Resolution as a “disastrous move toward the most rigid form of isolationism” and both he and Roosevelt campaigned vigorously against it. In spite of this, the bill aroused considerable support and was only narrowly defeated when it came to a vote on January 10. This “striking indication of the strength of isolationist sentiment in the United States” had led Hull to counsel caution when the subject of the proposed naval staff talks had emerged in late December. Roosevelt was therefore advised that overt collaboration with the British remained unacceptable. The political risks at home were simply too high. Furthermore, Hull’s State Department advisors had for some time insisted that the Japanese Cabinet was divided between the so called “moderates,” who favoured accommodation with the West, and the “extreme Army faction.” who demanded that the Government pursue an expansionist policy on the Asian mainland. To engage in a naval demonstration or other potentially provocative acts might only serve to strengthen the hand of the latter faction, and hence prove counter-productive in the long run. This sense that the Japanese Cabinet was divided between extremists and moderates had in fact been prevalent in the State Department from the onset of the Manchurian crisis. It was embraced by a good many of Hull’s senior advisors, including Moffat and Phillips, who as early as the Spring of

1 Hull. 563.
2 Ibid. 564.
3 Pratt. ‘American Naval Conversations’, 750.
1934, had advised the Secretary of the split in Tokyo between the "civilian party" and the "war party."

It had also been given added emphasis by Hull's ambassador in Tokyo, Joseph Grew, who held that the Roosevelt Administration should do all it could to encourage the moderate wing of the Japanese Government to check the ambitions of the military. For the most part, all of these individuals counseled Hull to follow a balanced policy with respect to Japan -- urging him to remain firm without being provocative. Perhaps the one figure within the State Department who was willing to consider taking a harder line was Stanley Hornbeck, Head of the Far Eastern Division. Hornbeck felt that the Japanese incursion into China meant that the former was in no position to contemplate the risk of war with Great Britain and the United States. Under these circumstances, added pressure from Washington might prove effective. But even Hornbeck urged the Secretary "not to move to hastily" and recommended that the Administration refrain from taking stronger action until Tokyo had reached a point of exhaustion through protracted fighting in China. There was thus little possibility that Hull would push for a more vigorous policy in the Pacific, and after flirting for a time with the possibility of an economic blockade or sanctions, Roosevelt decided to heed Hull's advice and maintain the status quo. The President would do no more than he had promised in his earlier conversations with Lindsay: a squadron of U.S. cruisers would pay a courtesy visit to Singapore, the vessels of the U.S. fleet were to have their hulls scraped in readiness to put to sea, and the U.S. naval manoeuvres scheduled for March would be advanced by three weeks to the end of February.

It would appear, then, that Eden had seriously misread the mood in Washington over Far Eastern policy. One would have thought that this would have become obvious in the wake of his talks with Captain Ingersol. But in spite of his disappointment over the fact that his discussions with the American naval officer had not resulted in any significant

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4 Phillips Diary, April 5, 1934, Phillips Papers.
action. Eden nevertheless remained convinced that he could achieve a breakthrough with the Americans. Indeed, after arriving in Provence for his holiday, Eden happened to meet Churchill, who was also vacationing in the South of France. In a luncheon with his friend, Eden enthusiastically recounted his recent efforts to ensure cooperation with the U.S., all of which seemed to greatly impress the vociferous back bencher. Four days later, Eden returned to this theme in a letter to Cadogan, who had now replaced Vansittart as Permanent Under-Secretary at the Foreign Office.

It looks from here as though the moment was fast approaching when, if we are to retain our position as a world power, we shall be compelled to move the larger part of our fleet to Singapore. We should not, I think, then overlook the possibility of the following procedure with the U.S. Say to them: 'The limit has been reached & we have decided to mobilize our ships and move such and such a proportion to Singapore -- We shall announce this (say) today week or in 48 hours.' This would give the U.S. time to take parallel action if they so wished, & they probably would. In any event I do not believe that they would sit with folded hands & watch British Empire in jeopardy, if it really came to that.

In London, meanwhile, word soon arrived that the President had decided to announce that he would go ahead with the proposed visit of American cruisers to Singapore, and the other measures just mentioned. Eden, upon learning of this decision, subsequently remarked that all of this, "though not decisive, was helpful and encouraging to me in my pursuit of closer Anglo-American co-operation" both as a deterrent to Japan in the Pacific and Hitler and Mussolini in Europe. From the sunny perspective of Provence, then, it looked as if all was not lost, and that the possibility that the Americans and the British would start showing some tooth in the Pacific had inched ever so slightly forward.

The tranquility of Eden's holiday was suddenly shattered however by an urgent request from Cadogan that he return to London immediately. Having failed to receive a diplomatic pouch despatched to Marseilles, it would not be until Eden set foot in Folkstone that he would learn of the reason for his recall. On January 11, in Eden's absence, Cadogan had received a highly confidential and important message directed to the Prime Minister from the White House. The message described how the President, "deeply
impressed by [the] progressive deterioration of ...[the] situation of the world” had decided to launch an effort to try and wrest the march toward “a general conflagration” by issuing a peace initiative. The President hoped to announce his plan at an address he was scheduled to give to the Washington diplomatic corps on January 22, but before he did so, he urgently required Chamberlain’s opinion. If the British Prime Minister did not approve of the plan within five days, the President would abandon it.9 The telegram (which was forwarded to the Foreign Office through Lindsay) then went on to discuss the substance of the President’s proposal, which essentially involved the convening of a peace conference in Washington, composed of representatives from a number of the less powerful nations, who would draft a set of recommendations on security, disarmament, and access to raw materials which might then form the basis for a wider international agreement.10

Although this program is most commonly referred to as the Roosevelt Peace Initiative, its principal author was Assistant Secretary of State Sumner Welles. Welles was a close confidant of Roosevelt’s, who had been personally appointed by the President to serve as an Assistant Secretary in April 1933. His speciality was Latin American affairs, but his interests and ambitions ranged much further afield and he frequently advised Roosevelt on other matters.11 The peace initiative was one such item. Welles, in fact, had been working on the plan for some time, and originally hoped to launch it on Armistice Day (November 11), 1937. The Decision to hold the Brussels Conference, as well as opposition from Hull, however, delayed the launching of the scheme until January 1938. Hull, noting the failure of the London Economic Conference and the Geneva Disarmament Talks, was skeptical that another conference would work. Hull also feared that the convening of a peace conference might lull the democracies into a false state of security, leading them to disarm at the very time when the fascist states had begun to reach the point

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9 Lindsay to the Foreign Office, Jan. 11, 1938, FO 371/21526. It should be noted that Roosevelt did not view his initiative as a joint Anglo-American effort, but rather as a “valuable parallel action” taken alongside British efforts to secure the Peace. (Lindsay to Foreign Office, Jan. 12, 1938, FO 371/21526).
10 Peters, Anthony Eden, 326. For further details on the origins of the Welles plan see: The Berle Diary, October and November 1937, Berle Papers; and MacDonald, The United States, Britain and Appeasement, Chapter 3.
at which they could contemplate offensive action. The Secretary was also jealous of Welles and for some time had been rankled by the former’s close friendship with the President. But by the end of the year Hull agreed to drop his opposition on the condition that the British be consulted before the scheme was launched.

In the meantime, upon receiving this rather surprising message, Cadogan immediately forwarded it to the Prime Minister, with the recommendation that the plan, although somewhat vague and hastily presented, should be approved. Indeed, in Cadogan’s view, Roosevelt’s readiness to enter the international arena was “a fact of first importance” and HMG should not risk alienating the President by rejecting it. Lindsay also strongly urged London to welcome the initiative. But Chamberlain viewed the whole proposal with “gravest concern.” for he feared that any attempt by Roosevelt to enter the international arena would merely serve to complicate his own long held desire to open negotiations with Italy and Germany. Indeed, over the course of the preceding two months, while Eden had been engaged in a concerted effort to court cooperation with the Americans, Chamberlain’s interest in achieving a breakthrough with the European dictators had if anything intensified. Near the end of November, for example, Chamberlain enthusiastically welcomed the extension of an invitation to Lord Halifax to visit Germany, which he hoped would result in a new round of negotiations between London and Berlin aimed at achieving

12 Hull, 546-47.
13 The friction between Hull and Welles would continue during the war and was further exasperated by Roosevelt’s tendency to rely on Welles for advice in foreign policy matters. Roosevelt, for example, asked Welles rather than his Secretary of State to accompany him to the Atlantic Charter Conference. When asked why he had chosen to bring Welles instead of Hull, the President replied: “Because I trust him, because he doesn’t argue with me, and because he gets things done.” By August 1943, however, Hull had had enough of Welles, and with the help of William Bullitt and other officials, he managed to force him out of office. (Conversation between the author and Ben Welles, December 5, 1994, Washington D.C.) For more on the bitter rivalry between these two men see: Gellman, Secret Affairs, 302-17.
14 Gellman, Secret Affairs, 149.
15 Cadogan to Chamberlain, Jan. 12, 1938, FO 371/21526.
16 Lindsay to Foreign Office, Jan. 11, 1938, FO 371/21526.
a general settlement. Shortly thereafter, he had also succeeded in gaining the Cabinet’s support for an effort to reopen negotiations with Italy. During the first week of December, both he and Eden had also moved to oust Vansittart from his powerful position as Permanent Under-Secretary at the Foreign Office by promoting him to the largely meaningless post of “Chief Diplomatic Advisor.” Eden did so because he resented Vansittart’s influence, felt he was a barrier to his own authority at the Foreign Office, and wanted to bring his trusted advisor Cadogan into position as Permanent Under-Secretary. Chamberlain, however, disagreed with Vansittart’s whole strategic outlook, which was based on maintaining Britain’s global balance of power. He also viewed Vansittart as being too anti-German, and hence an obstacle to his hopes to achieve a breakthrough with Berlin. By the onset of the new year, in fact, Chamberlain had great hopes that he could render a fundamental shift in the overall strategic situation in Europe by bargaining colonial concessions to Germany and de jure recognition of the Italian conquest of Abyssinia to Italy, in return for arms limitation and an overall European political settlement.

Moreover, Chamberlain had been further propelled along this path by the fact that Britain had entered a recession at the end of 1937, and now faced a balance of payments deficit of £ 56 million. Indeed, fears of an economic downturn had prompted the Government to initiate a review of defence spending in the fall of 1937 under the aegis of the Minister for the Co-ordination of Defence, Sir Thomas Inskip. Inskip’s interim report, which came out on December 22, 1937, argued that mounting defence expenditures had sapped the country of its economic vitality and hence were detrimental to its overall security. Indeed, in his view, economic stability was the “fourth arm of defence,” since it would be vital for Britain in the event of a war with Germany to maintain her industrial staying power. Inskip, therefore, (with the full support of the Treasury) advocated budget

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17 This initiative came while Eden was away attending the Brussels Conference. Initially, Eden opposed the move, on the grounds that it would do nothing except produce exaggerated expectations which in the long run would come to nothing. For further details see Cowling, *The Impact of Hitler*, 168; Harvey diary, Nov. 7, 9, and 11, and 16, Harvey, *Diplomatic Diaries*; and Avon, 508-516.

18 Cab 43 (37) Dec. 1, 1937 Cab 29/90A.

Dashed hopes for Eden, Hull Carries on restraint when it came to the rearmament program. Chamberlain concurred with this position. He too felt that the rearmament program had indeed been a factor in the recent economic downturn, and he therefore wished to do something to try an end the arms race as soon as possible. The most obvious means of doing so was to achieve a settlement with either Germany or Italy or both. This would not only eliminate the need for heavy expenditures in arms, but would also allow for the reintegration of the German economy into the world trading system, all of which would no doubt serve to improve Britain’s own economic position.

Eden, for his part, did not openly oppose these most recent efforts to achieve a settlement with Germany and Italy. But he continued to insist that HMG must receive a substantial *quid pro quo* from the dictators in exchange for any concessions. Moreover, after years of failed negotiations, his expectations with respect to the possibility of a successful outcome, were much smaller than those of the Prime Minister, particularly with respect to negotiations with Rome. As such, Eden, in sharp contrast to the report released by Inskip, advised that HMG increase her expenditure in arms and even advocated the purchase of certain war materiel, such as anti-aircraft weapons, from abroad. Indeed, by this point, Eden had already begun to advocate his so called “policy of cunctation.” He insisted, therefore, that HMG had little choice but to press ahead as quickly as possible with the program of rearmament, as this, rather than diplomacy, was far more likely to render a change in the behavior of her adversaries.

Chamberlain however, refused to consider the possibility of an increase in arms expenditure. and continued to insist that appeasement offered the best chance of breaking up the apparent alignment of the fascist states, and of alleviating the threat posed to the British Empire by the “world triangle of dissatisfied powers.”

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20 For more on the Inskip report see: Shay, *British Rearmament in the Thirties*, 159-93.
22 For a description of this policy see: supra p. 259.
now plagued by the increasing belligerence of the Japanese. Chamberlain considered it essential that his efforts to reach a settlement in Europe begin immediately, and he had by this point already established a number of official and unofficial contacts with both Rome and Berlin in an effort get things moving.\textsuperscript{25} Much to his satisfaction, there appeared to be an interest on the part of the Italians to reciprocate.\textsuperscript{26} Chamberlain was in no mood, therefore, to allow the President to side track his efforts by the promotion of his "fantastic" proposal. Hence, he concluded that the best course of action would be to advise the President, politely but firmly, that he should defer his scheme so as not to 'cut across' Chamberlain’s own attempts at the achievement of a negotiated settlement with Italy and Germany.\textsuperscript{27} In an effort to soften the impact of this news, however, Chamberlain decided that it would be wise to inform Roosevelt of the full scope and intent of his purpose. Hence, in his reply to the White House, he elaborated considerably on the efforts that had recently been made to achieve a breakthrough with the dictators. Here, for example.

Chamberlain noted that the President:

\begin{quote}
will be interested to know that recently HMG received an inquiry from the Italian Government as to when conversations could be reopened with HMG and that in the last few days I have agreed with the Secretary of State that the latter should, on January 16th, discuss with [the] French Minister of Foreign Affairs in Geneva, the possibility of making a fresh approach towards a reconciliation with Italy that might bring appeasement to the Mediterranean region at least.\textsuperscript{28}
\end{quote}

The Prime Minister then went on to note that in the case of Italy:

\begin{quote}
HMG would be prepared for their part, if possible with the authority of the League of Nations, to recognize \textit{de jure} the Italian conquest of Abyssinia (by which Senior Mussolini sets great store) and to take certain other action if they found that the Italian Government, ...were ready to give evidence of their desire to contribute to the restoration of confidence and friendly relations.\textsuperscript{29}
\end{quote}

\textsuperscript{25} Aster, \textit{Eden}, 49.

\textsuperscript{26} On December 15, 1937, for example, London received a communication from Chamberlain's sister-in-law, Lady Ivy Chamberlain, that Mussolini had expressed a desire for friendship with HMG. (Lady Ivy Chamberlain to Eden, Avon Papers, FO 954/13 A).

\textsuperscript{27} Chamberlain to Lindsay, Jan. 13, 1938, FO371/21526.

\textsuperscript{28} Chamberlain to Lindsay, Jan. 13, 1938, DBFP 2nd Series Vol., XIX, \# 430. It should be noted here that Eden’s conversations with the French were put off shortly after this message was sent by the fall of the French Government.

\textsuperscript{29} Ibid.
With respect to Germany, the President was informed that HMG were:

about to embark on a study of the situation revealed by Lord Halifax’s visit to Berlin with a view of seeing in what measure German aspirations might be satisfied so that they too could make their contribution to general appeasement, and although this is a very difficult and complicated subject I trust that before long we may be able to begin our conversations with Germany.30

He then asked the President whether, in light of these facts, it might not be better to consider “holding his hand for a short while” so as to avoid any possibility that the German and Italian Governments might use the President’s proposal as an excuse to put off the proposed negotiations with Great Britain. The Prime Minister then concluded by assuring Roosevelt that he would hold himself “in readiness to consider immediately any observations which the President may make on the foregoing”, and that he would do his utmost “to reply to him without delay.”31

It is important to remember that Chamberlain, who had assumed control over the Foreign Office in Eden’s absence, sent this communication to Washington without consulting his Foreign Secretary. Indeed, it was not until the day following the despatch of this letter that Cadogan made the decision to ask Eden to return to London. Not surprisingly, news of the Prime Minister’s action infuriated Eden who, upon reaching Whitehall, noted that he was “outraged and uneasy at the way this opportunity had been handled.” In the first place, Eden was adamant that he should have been consulted by telegraph before the reply was sent.32 He also feared that Chamberlain’s telegram was “much too chilling and unjustifiably optimistic about the prospects of our own efforts.” Indeed, from his perspective, it appeared that Chamberlain was running the risk of losing “all that we had gained in the last two years in our relations with the United States.”33 Eden therefore insisted that both Cadogan and Lindsay had been correct in advising that the Prime Minister should endorse the President’s proposal, and he remained deeply concerned.

30 ibid.
31 Cadogan to Eden, Jan. 13, 1938, FO 371/21526.
32 Avon, 552-3.
that the Prime Minister’s polite but firm rebuttal might have seriously damaged the relations between the two powers.34

This impression was soon to be reinforced by a despatch from Lindsay, who, after noting that Roosevelt had received the Prime Minister’s letter, reported that he had received a telephone call from Under Secretary Welles, who observed:

the President will send the Prime Minister a written reply [to his letter] on Monday. He will indicate his willingness to postpone his scheme ‘for a while’ but Welles says he [the President] feels a little disappointed.35

Eden was greatly disturbed by this report, and at once decided that he must do what he could to retrieve the situation. He therefore immediately sent a telegram to Lindsay in which he noted that he was sure that the Prime Minister will be very grateful for the President’s message and for his willingness to postpone his scheme for a little while. Eden then noted that the mention of a written reply made him fear that “the President may be registering disappointment at finding what he considers to be a negative attitude on our part. That. I am convinced, was not the impression which ...[we] intended to convey.”36

On the following day, Eden had an interview with Chamberlain. Here he protested vigorously at the Prime Minister’s decision to put off the President’s proposal, and to do so without consulting him. Moreover. Eden did not agree that the President’s initiative need necessarily injure the attempts HMG were making to improve relations with Germany, nor “even have any repercussions on the conversations which I know you are so anxious to start with Italy.” But, he continued, it was imperative not to offend the Americans for “it was almost impossible to exaggerate the effect which an indication of United States interest in European Affairs may be calculated to produce.” As such, Eden insisted that HMG “shall have committed the greatest mistake. if, as a result of any action of ours. President Roosevelt is deterred from launching his appeal.”37 He therefore strongly urged that the Prime Minister reinforce his own efforts to rectify the situation by sending another message to Washington indicating that London did indeed approve of the President’s action.

34 Avon. 552-3.
35 Lindsay to Eden, Jan. 14, 1937 Avon Papers FO954/30.
36 Eden to Lindsay, Jan. 16, 1938. FO 371/21526.
Chamberlain, however, flatly refused to do this, and clearly resented this attempt by his Foreign Secretary to get him to reverse his position on the matter.38

Following this somewhat stormy interview, Harvey, taking note Eden's disappointment in Chamberlain's reaction to the Roosevelt proposal and of the marked differences between them, remarked in his diary that Eden would now:

have to consider his position very carefully, for he obviously cannot remain responsible for Foreign policy if the P.M. persists in such a line. He cannot accept responsibility for a policy which will antagonize America.

The P.M. is being advised in this folly by Horace Wilson who knows nothing about Foreign Affairs. He, the P.M., is temperamentally anti-America, but he is also. I'm afraid moved by some vanity over his own ventures with Hitler and Muss. If Roosevelt's letter isn't too bad, we may still perhaps retrieve [the] situation, but I'm very much afraid the first shock will have been too much for him. 39

On 18 January Whitehall received Roosevelt's reply to Chamberlain's letter. In it, the President agreed, as expected, to delay launching his scheme. He also noted that the full and detailed information which the Prime Minister had provided in his message had proved helpful in making this decision. But he then went on to express concern about certain aspects of Chamberlain's plans. Here, he was particularly concerned about the dangers inherent in granting de jure recognition to the Italian position in Abyssinia at the very time when the Japanese were attempting to consolidate their control over China. Indeed, the President continued:

At a moment when respect for treaty obligations would seem to be of such vital importance in international relations. ...and at a time when our two Governments have been giving consideration to measures of co-operation in support of international law and order in the Far East.... I cannot help but feel all repercussions of the step contemplated by His Majesty's Government should be most carefully considered. A surrender by HMG of principle of non-recognition at this time would have a serious effect upon public opinion in this country.40

Moreover, Roosevelt was not the only high official in Washington who expressed opposition to de jure recognition. Welles noted that it would "rouse feelings of disgust; would revive and multiply all feeling of pulling the chestnuts out of the fire: and ...would be represented as a corrupt bargain completed in Europe at the expense of [U.S.] interests

38 ibid.

39 Harvey Diary, Jan. 16, 1938. Harvey, Diplomatic Diaries, 71.

40 Lindsay to Eden, Jan. 18, 1938. FC 371/21526.
in the Far East." Hull was also strongly opposed to it. Indeed, in a report sent to the
Foreign Office on January 12 it was learned that the Secretary had suspended negotiations
for a commercial treaty between Italy and the United States owing to his refusal to comply
with the Italian request that the new treaty should be signed in the name of "The King of
Italy Emperor of Ethiopia." The Foreign Office also had possession of a record of a
recent conversation which Hull had had with the editor of the Chicago Herald Tribune in
which the Secretary expounded at length about the European situation, and the role of
Anglo-American relations in it. Here, among other things Hull noted:

that in the event of a European conflagration, the State Department had come to the
conclusion that it would be impossible for the United States not to be drawn in. In
these circumstances the Administration was therefore much exercised as to how
such a conflict could be prevented and were turning over a number of ideas in their
minds with a view to propounding at some future date, if the situation in Europe
permitted it, some scheme [for peace].

In these circumstances, he continued:

...the attitude of the British Government towards Germany and Italy was of
considerable importance...Germany, [however] was of less importance than Italy.
since conversations with the German Government...must clearly be dragged out
over a very long period. But Italy was a different matter. Once conversations with
Italy were begun, it was assumed that the _de jure_ recognition of the Italian conquest
of Ethiopia would take place at a very early date. Whilst it was true that vast
numbers of American citizens had hardly heard of Ethiopia, that part of the
American public which was instructed, and which, believing in Anglo-American
co-operation, was the principal counterpoise to the isolationist section of American
opinion, would receive a most serious set back. If _de jure_ recognition were
contemplated, such recognition would be regarded as yet another manifestation of
defeatism. and of kow-towing democracy to dictatorship.

Hull then concluded by noting that there had been of late a definite advance towards U.S.
cooperation with the British. and he felt it was "vital to do nothing at the moment to harm
this."4

In light of these reports, Eden concluded that HMG faced a stark choice between a
risky detente with Italy versus cooperation with the United States. As such it seemed clear

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41 Lindsay to Eden. Jan. 18, 1938. FO 371/21526.
42 Foreign Office to Lindsay. Jan. 12, 1938. DBFP 2nd Series Vol. XXI # 426; Extract from
Evening Standard. FO 371/21526.
44 Ibid.
to the Foreign Secretary that “we must on this decide to drop any proceeding with \textit{de jure} recognition in deference to Roosevelt and we must tell him that we would back his initiative in the fullest possible measure.”\footnote{Harvey Diary, Jan. 18, 1938, Harvey, \textit{Diplomatic Diaries}, 72. In a later communication, Eden also took note of Hull’s opposition to \textit{de jure} recognition. (Eden to Chamberlain, Jan. 18, 1938, FO 371/21525)} Eden then went to see Chamberlain in a vain attempt to bring the Prime Minister around to this point of view. But Chamberlain refused to alter his position. He would not endorse Roosevelt’s proposal and had no interest in delaying the opening of Anglo-Italian negotiations.\footnote{Chamberlain Diary, February 19, 1938, Chamberlain Papers 2/24A; Harvey Diary, Jan. 18, 1938, Harvey, \textit{Diplomatic Diaries}, 73.} It was apparent then, that an impasse had been reached. In an effort to break it, the two of them, after hours of “wrangling,” decided to refer the matter to the Cabinet Committee on Foreign Policy. Eden then left the meeting with his convictions still intact, and with the strong feeling that he should resign if his view was not accepted.\footnote{Harvey Diary, Jan. 18, 1938, Harvey, \textit{Diplomatic Diaries}, 73. In his diary entry, Harvey notes that even Chamberlain at this point admitted that there was “a fundamental difference” between them.}

The Cabinet Committee on Foreign Policy met no less than four times between 19-21 January to discuss this issue. At the opening meeting, Eden maintained that it was imperative to endorse Roosevelt’s initiative and that, in view of both the President’s, and the Secretary of State’s opposition, the question of \textit{de jure} recognition of Abyssinia would have to be excluded from any immediate negotiations with Rome. Eden, however, received very little support within the Committee for this position. The senior members, in fact, gave his ideas “a rough passage.”\footnote{Cadogan Diary, Jan. 19, 1938, Dilks, \textit{Cadogan Diaries}, 39.} The Prime Minister was right. Roosevelt’s plan was vague and of little value. It made far more sense to pursue an agreement with Italy.\footnote{Cab 1(38) 1. Jan. 24. 1938, Cab 23/52.} Eden however, fought bravely for his position and at the end of three day’s debate he won a victory of sorts when (under the threat of his resignation) the Committee agreed to allow Eden to draft a series of telegrams to Washington both endorsing the President’s scheme and indicating that, while still considering the possibility of recognizing Abyssinia, an
immediate decision would not be taken until further comments were received from the President on the subject. 50

For the time being at least, Eden had carried the day. Chamberlain thereafter sent a message to the President indicating that he "warmly welcomed the President’s initiative" and would do his best "to contribute to the success of his scheme whenever he decides to launch it." 51 Eden was no doubt extremely pleased at this. But in the end, his triumph over the Prime Minister and the other senior members of the Cabinet would be rendered pointless by the confusing and contradictory messages Whitehall would thereafter receive from Washington, both on the question of Abyssinia and the President’s plan. Indeed, on January 24, word arrived from the State Department that the President had not yet decided when to announce his proposal. A similar message followed a week later. 52 On February 16, however, it was learned that the President intended to launch his plan "soon after the 23rd" but shortly thereafter, it became clear that Roosevelt’s enthusiasm for his peace initiative had fallen off considerably, and that for the time being he would hold it in abeyance. 53

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The compromise between Eden and Chamberlain, achieved in the Cabinet Committee on Foreign Policy, appears to have restored their relationship. Indeed by mid February 1938. Chamberlain even went so far as to remark to his sister that the two of


51 Chamberlain to Roosevelt, Jan. 21, 1938, FO 371/21526 PRO. Chamberlain’s private thoughts, however, remained unchanged. On January 30, for example, he wrote to his sister that he hoped to surround the President’s "bombshell [message] with blankets sufficient to prevent it doing any harm." (Chamberlain to his sister, Hilda. Jan. 30. 1938, Chamberlain Papers 18/1.

52 Lindsay to Eden, Jan. 24, 1938, & February 2, 1938, FO 371/21526.

53 Lindsay to Eden. February 16, 1938; & Lindsay to Halifax. February 23. 1938, FO371/21526. It should be noted here that Roosevelt’s decision to postpone his plan was in part due to his concern over a crisis which was brewing at the time in Germany, which reached its climax on February 5, 1938. On that date, Hitler announced the resignation of: his War Minister, Field Marshall von Blomberg; of the Commander and Chief of the German Army. General von Fritsch: and of his Foreign Minister, Baron von Neurath. Hitler himself now took over the War Ministry and the Supreme Command of the Armed Forces. (Henderson to Eden. February 5. 1938, DBFP 2nd Series Vol. XIX, # 492).
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them were getting along very well, better in fact than they had been for some time. In truth, however, Chamberlain's comments masked a number of lingering differences between them, differences which would once again soon come out into the open. In the first place, the Roosevelt Administration's decision to postpone the consideration of the President's peace proposal, coupled with the somewhat ambivalent response to Eden's inquiry on the question of de jure recognition of Abyssinia, convinced Chamberlain that he should press ahead with his efforts to reopen conversations with the dictators. By 9 February, in fact, Chamberlain had secured the Cabinet's approval to instruct Neville Henderson, the British Ambassador in Berlin, to broach the subject of colonial restitution with the German Foreign Minister at any opportunity that seemed suitable. Indeed, by this point there was growing evidence that Hitler was once again seeking to expand his influence in central Europe, most likely at the expense of Austria, and in this milieu both London and Paris felt that it was imperative to open conversations with the Germans soon, if only to forestall a German move towards Vienna. Eden supported the reopening of discussions with Germany, but he was of a different mind when it came to the negotiations with Italy. As he noted to the Prime Minister in a letter addressed to him earlier in the year:

there seems to be a certain difference between Italian and German position in that an agreement with the latter might have some chance of reasonable life, especially if Hitler's own position were engaged, whereas Mussolini is, I fear, the complete gangster and his pledged word means nothing.

Indeed it seems to me that the big issues of this year are Anglo-American co-operation, the chance of asserting white race authority in the Far East,

56 On 2 February, the Foreign Office received a communication from Lindsay which appeared to indicate a willingness on the part of the President for the opening of Anglo-Italian conversations, and for the eventual de jure recognition of the Italian position in Abyssinia, provided that the settlement "form part of the measure of world appeasement." Chamberlain interpreted this message as a green light to go ahead with the talks, while Eden remained unconvincéd and in response rushed off another telegram to Lindsay asking for a further clarification of the President's position on the question of Abyssinia. (Lindsay to Eden, Feb. 2, 1938. FO 371/21526; & Harvey Diary, Feb. 6, 1937, Harvey, Diplomatic Diaries, 83-4).  
57 Cab 4 (38) . Feb. 9, 1938 Cab 23/92.  
58 Peters, Anthony Eden, 339-40.
and relations with Germany. To all this Mussolini is really secondary and because he makes more noise we must not, to quieten him, take any step which will create discord among friends.\textsuperscript{59}

Eden therefore remained convinced that there was little point in pursuing an agreement with Mussolini if HMG relations with the United States were to suffer as a result. Indeed, in his view, it was essential that HMG secure an adequate \textit{quid quo pro} from Mussolini before any talks took place. To do otherwise would be to run the risk of gravely insulting not only the Americans, but also the French, whose relations with the Italians were at a low ebb due to Mussolini's active support of Franco. In light of this, Eden insisted that there should be no initiation of talks with Rome unless Mussolini concurred that the resulting agreement would incorporate the withdrawal of Italian assistance to the Nationalist forces in Spain, for as Harvey noted in his diary on 31 January:

A.E. is now convinced that conversations with Italy must include Spain, if \textit{de jure} recognition is to be given. If foreign troops could be withdrawn from Spain as part of an agreement, everybody would welcome it as a real appeasement. A purely Anglo-Italian settlement of Anglo-Italian questions would be regarded as a shady bargain and would not be acceptable either to Geneva or to Roosevelt.\textsuperscript{60}

Eden, then, was determined to secure an agreement on the withdrawal of Italian volunteers from Spain, before he would agree to consider \textit{de jure} recognition of the Italian position in Abyssinia. It was also clear that Eden was well aware of Hull's position on the matter and that the attitude of the United States still figured prominently in his thinking. On February 4, Eden received strong support for these views in a memorandum written by his Under-Secretary, Lord Cranborne, who had just returned to London from Geneva. In this memo, Cranborne argued strongly against any precipitous action on the part of HMG with respect to the question of \textit{de jure} recognition, first because a consensus had formed at the League around the position that Britain should assume a tough attitude in her dealings with Mussolini on this question, and second, because of the of the harm it would do to Anglo-American relations. Cranborne also insisted that Mussolini was at present in weakened position, in large part because his adventures in Spain were wreaking havoc on the Italian

\textsuperscript{59}Eden to Chamberlain. Jan. 8, 1938. FO 954 6A.
Eden was greatly impressed by this document, so much so in fact that he immediately passed it along to the Prime Minister, and in an echo of Cranborne's comments he noted in a letter to Chamberlain:

As I see it the position is now this. Mussolini is in an extremely uncomfortable position. He has commitments in Abyssinia and Spain, neither of which is turning out well. He now sees a Government in power in Berlin, which, it is quite true, is comparatively enthusiastic for the Rome-Berlin axis, but which is also apparently determined to pursue a more active foreign policy in Europe, with Austria as the first item on the list of intended victims. In such a position we have nothing to gain by showing ourselves over-eager. If Mussolini is really anxious to reach a settlement with us, then the opportunity we are affording him of liquidating his commitments in Spain gives him an excellent chance of proving his sincerity.62

Eden, therefore, strongly urged the Prime Minister to remain cautious in his dealing with Mussolini. But Chamberlain was skeptical that Mussolini would agree to the withdrawal of Italian volunteers from Spain before the question of British recognition of the Italian position in Abyssinia was discussed.63 He also felt that the initial objections which Roosevelt and Hull had expressed with respect to de jure recognition of the Italian position in Abyssinia had now been cast aside and as such he no longer felt any constraint in the matter so far as the Americans were concerned. But his sharpest differences with Eden centered on the question of Austria. Indeed, by mid February, the situation in Austria appeared to be reaching a critical stage. On 12 February, for example, the Austrian

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61 Cranborne to Eden. February 4, 1938. PREM 1/276. Italy. Cranborne had this to say about the effect that British de jure recognition of the Italian position in Abyssinia would have on Anglo-American relations:

It will be generally agreed that in the present anxious and uncertain situation of the world, the strongest factor for stability and peace is ever closer cooperation between the United States and Great Britain. But it must be remembered that both these nations are democracies. The practical application of such a policy depends not, as in totalitarian States, merely on the decision of a few political chiefs: it depends on a common sympathy and understanding linking the people of the two countries. A platform must be constructed on which these two countries can stand side by side. What is that platform to be? To my mind, at the present time, it can only be a common interest in the maintenance of international obligations and of a high standard of decency in international life. It is because it would have involved a departure from these standards that the United States Government refused to sign a trade agreement with Italy. They stood firmly by the principle of non-recognition of changes brought about by force. If His Majesty's Government today, unilaterally and not in conjunction with the United States, grant de jure recognition of Italy's title to Abyssinia, they will go far to destroy the foundation of the only platform on which Anglo-American co-operation can at present be based (ibid).

62 Eden to Chamberlain, Feb. 8, 1938, Quoted from Dilks, Cadogan Diaries, 45.

63 Cab 4(38) Feb. 9, 1938, Cab 23/92.
Chancellor, von Schuschnigg was brow beaten in a meeting with Hitler into accepting Nazi's into key positions in his Cabinet. Chamberlain saw Hitler's ambitions with respect to Austria as a direct challenge to Italian interests and was convinced that, in light of Hitler's recent rumblings, Mussolini would in fact be most anxious to reach an agreement with HMG. Certainly, as the month progressed there were growing indications both from Rome, and from discussions with the Italian Ambassador in London, that the Italians did in fact wish to open formal negotiations. In light of this, Chamberlain felt that it was imperative to act, and as his diary makes clear, he was determined not to allow his Foreign Secretary any further opportunity to stall on the matter:

In my view to intimate now to Grandi that this was not the moment for conversations would be to convince Musso that he must consider talks with us 'off' and act accordingly...

There might indeed be some overt act of hostility, and in any case the dictatorships would be driven closer together, the last shred of Austrian independence would be lost, the Balkan countries would feel compelled towards their powerful neighbors. Czechoslovakia would be swallowed. France would have to either submit to German domination or fight, in which case we should almost certainly be drawn in. I could not face the responsibility for allowing such a series of catastrophes.

Eden did not share Chamberlain's concern with respect to Austria. Indeed, Eden had for some time suspected that Mussolini had tacitly accepted the idea that Austria would come under the sway of Germany. He could see little point, therefore, in trying to use the Austrian question as a means to break up the Rome-Berlin Axis. Chamberlain, however, refused to accept Eden's interpretation of the relations between Italy and Germany and remained determined to press ahead with the opening of formal talks. On 17 February the Prime Minister's was reinforced in this view by a message from Drummond.

64 On February 12, 1938, Schuschnigg traveled to Berchtesgaden in Bavaria to meet with Hitler. Hitler subjected the Austrian Chancellor to intense pressure, and demanded for example that Arthur Seyss-Inquart, a Nazi puppet, become the Austrian Minister of the Interior with control over the police. [Kurt von Schuschnigg, Austrian Requiem, the Memoirs of Kurt von Schuschnigg (New York, 1946), 11-27].

65 See for example conversations between Eden and Grandi, Feb. 10, 1938, (Eden to Perth, PREM 1/276); and communication between Perth and Eden, Feb. 16 & 17, 1938, DBFP 2nd Series Vol. XIX, # 532, and # 538.

66 Neville Chamberlain Diary, Feb. 19-21, 1938, Chamberlain Papers 2/24A.

67 Eden came to this conclusion following Mussolini's much publicized visit to Berlin in September. 1937.
now Lord Perth, in Rome in which the Ambassador noted that Grandi had now been instructed by his Government to urge the immediate opening of formal Anglo-Italian conversations. On the same day, Chamberlain received a further indication of Rome’s desire for talks from his sister-in-law, Lady Ivy Chamberlain, who had taken up residence in the Italian capital. In the letter, Lady Ivy reported that she had spoken to Count Ciano and that the latter had “begged me to let you know that time is everything. Today an agreement will be easy, but things are happening in Europe which will make it impossible tomorrow.”  

Chamberlain interpreted this message as a clear indication that if Britain rejected the present Italian advances for an agreement, Mussolini would have no choice but to move into even closer collusion with Hitler.

Chamberlain was now determined to act. As such, a meeting was arranged between Eden, Grandi, and himself on 18 February. But Eden’s suspicions with respect to Mussolini remained. The Foreign Secretary in fact feared that an agreement between Mussolini and Hitler may have already been reached by which Germany would acquire control of Austria in return for Italy receiving a free hand in the Mediterranean. Eden still preferred to put off the opening of formal negotiations, at least until HMG had received some concrete evidence of Italian goodwill. for as the Foreign Secretary noted in a letter written to the Prime Minister on the eve of the meeting:

Such information as we have here [at the Foreign Office] tends to strengthen the view that there is some kind of arrangement between Rome and Berlin and that Mussolini had, or thinks he has, some kind of quid pro quo from Berlin in return for his acquiescence in Austrian events.

My position, therefore, is that whatever Grandi says to us tomorrow we should content ourselves with saying that we will carefully consider it and send for him again.  

In the meeting with Grandi, Chamberlain decided to take up Eden’s concerns, and hence asked the Ambassador directly if in fact the recent German agitation with respect to Austria had come about as a result of an agreement between Berlin and Rome. Grandi

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68 Lady Ivy Chamberlain to Neville Chamberlain, Chamberlain Papers 1/171-10. It should be noted that Eden was somewhat embarrassed by Lady Chamberlain’s forays into diplomacy and in a letter to the Prime Minister earlier in the month sought assurances that Lady Chamberlain’s activities in this regard would cease. (Eden to Chamberlain Feb. 8, 1938, PREM 1/276 Italy).

69 Eden to Chamberlain, Feb. 18, 1938, Avon Papers. FO 954/13 A.
replied that it had not, and insisted that there was no agreement on the matter between the two powers. Moreover the Ambassador also insisted that:

Senior Mussolini did not know where he stood or whether he was to regard the United Kingdom as a potential enemy and consequently could not take a firm line with Herr Hitler. Until he was satisfied on the point, he had no alternative but to continue in agreement with Hitler, which would eventually make an agreement with us impossible.70

Eden then brought up the Spanish problem, and inquired as to the likelihood that the Italian Government would be prepared to accept the proposed formula for the withdrawal of foreign volunteers from Spain. But here Grandi could give no firm assurances, and in fact indicated that he had been instructed by his Government to ask for certain clarifications on the matter.71 Up to this point, Chamberlain had given the Ambassador no indication as to whether he would actually propose the formal opening of Anglo-Italian conversations. Chamberlain then suggested that the meeting adjourn until 3:00 pm later that day in order that he and the Foreign Secretary might have an opportunity to discuss the matter in private.72

In the ensuing discussion, between Eden and the Prime Minister, it soon became apparent that Chamberlain had made up his mind as to the course of action HMG should now take. As Eden noted in his diary,

N.C. made it clear that he knew exactly what he wanted to do. He wanted to tell Grandi at 3 o'clock that we would open conversations at once, send for Perth and announce that he was coming home in order to prepare for opening conversations in Rome.

I demurred pointing out that we had still made very little progress with the Spanish affair and that I was frankly suspicious of the ‘now or never’ attitude or ‘last chance’ atmosphere of the telegram [reporting Count Ciano’s remarks to Lady Chamberlain].

Upon this N.C. became very vehement, more vehement than I have ever seen him, and strode up and down the room saying with great emphasis ‘Anthony, you have missed chance after chance. You simply cannot go on like this.’ I said, ‘Your methods are right if you have faith in the man you are negotiating with.’ N.C. replied, ‘I have.’73

71 Ibid.
72 Ibid.
73 Avon Diary, Feb. 18, 1938, Personal Papers of Lord Avon.
Having reached an impasse, the two men then agreed that Grandi should be informed upon his return that no decision would be taken on the matter until after the Cabinet had been consulted. Eden quite clearly wanted a further clarification of the Italian position on Spain before he would proceed and following his meeting with Chamberlain informed Cadogan that he was determined to stick to this position. A Cabinet was called for the next day. In the meeting Chamberlain insisted that the failure of HMG to improve Anglo-Italian relations over the course of the last twelve months had been instrumental in forcing the Italians to look to Berlin. The events in Austria, however, had forced Mussolini to reconsider his position. Indeed, it was now clear that in light of Hitler’s machinations with respect to Austria, Mussolini was quite anxious to open early and wide ranging discussions with HMG. Chamberlain, then insisted that if HMG rejected this latest offer:

it would be taken [by the Italians] as a final rebuff and as confirmation of the suspicions that the Italians had long harboured that we were postponing [our discussions with] them until we were strong enough to impose our own conditions. 

To put off the Italians, then, would be a grave error for this was an opportunity which “might never occur again, and not to embrace it would be not only unwise but criminal.”

Eden disagreed. In his view it was far more likely that Mussolini had in fact already achieved an understanding with Hitler over Austria and was pursuing talks with HMG merely as a means to increase his own prestige in the wake of the harm done to his stature by the somewhat humiliating events in Vienna. Mussolini’s recent efforts at opening conversations then, were nothing more than sheer “political blackmail.” Indeed, the Foreign Secretary was convinced that once the talks were opened, the Italians would follow their usual practices, drag out the conversations, and ultimately blame HMG for their unsuccessful conclusion.

From every point of view, it was a bad moment for the conversations. Europe would treat it as though we were running after Rome. Berlin would regard

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74 Cadogan Diary, Feb. 18, 1938. Dilks, Cadogan Diaries, 49-50. Eden also insisted that this “was not the moment to crawl to Italy, of all countries.” (ibid).
75 Cab 6(38) Feb. 19, 1938. Cab 23/92.
76 ibid.
77 ibid.
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it of proof of the value of Italian friendship,... and there would be an impression of scuttle in England and alienation of public opinion in the United States.\(^78\)

Eden therefore insisted that he could not agree to the opening of formal negotiations without a prior indication of Italian good faith, which could most easily be manifested by the immediate commencement of the withdrawal of Italian volunteers from Spain.

After further discussion, in which it became apparent that Eden’s views were supported openly by only two other members of the Cabinet, Chamberlain announced that the Italian Ambassador would be informed on February 21 that HMG was ready to open immediate negotiations in Rome. Moreover, Chamberlain also made it clear that this decision would be taken, irrespective of the Italian position of the proposed formula for the withdrawal of volunteers from Spain. Eden then informed the Cabinet that he felt bound to say that he could not recommend this policy to the House of Commons, and if his colleagues had definitively decided against his view, that “he hoped they would find someone else to help them to carry through this decision.” Chamberlain then closed the meeting by recommending that the discussion on the matter be taken up again the next day, but not before noting that Eden’s position had placed the Cabinet in a distressing situation, the more so because “he himself held the opposite view so strongly that he could not accept any other decision.”\(^79\)

By this point it was clear to all concerned that Eden and Chamberlain had reached an impasse that would not easily be breached and that the most likely outcome of the dispute would be the resignation of the Foreign Secretary. In an effort to avoid this, Lord Halifax attempted to formulate a compromise between the two positions by suggesting that formal Anglo-Italian conversations be opened immediately, but with the proviso that no agreement would be signed until the issue of Italian support for the Nationalist forces in Spain was addressed.\(^80\) A number of Eden’s closest advisors urged him to accept this formula, but as Eden noted to Harvey, he now felt that there really was a profound gulf...
between himself and the Prime Minister and that it would be better for all concerned for him to resign.\textsuperscript{81}

Chamberlain shared this view, and in a meeting held between the two men at noon the next day it was agreed that Eden should announce his resignation to the Cabinet later that afternoon.\textsuperscript{82} At 3:00 p.m., Eden did so, pointing out to the Cabinet that he could no longer support the Government's policy and that there was a difference of outlook on foreign affairs generally between himself and the Prime Minister.\textsuperscript{83} Eden had decided, therefore, to tender his resignation. Instead of immediately accepting this decision, however, the Cabinet elected to appoint an emergency sub-committee in a further attempt to arrive at a compromise solution. At 6:00 p.m., when the Cabinet reassembled, the sub-committee proposed that formal negotiations with Italy be opened at once. but that this should be done only on the condition that the Italian Government agreed to accept the British formula with regard to Spain; and in addition, also agreed that there would be no \textit{de jure} recognition of the Italian position in Abyssinia until all the Italian volunteers in Spain were indeed withdrawn. Eden asked for time to consider this proposal, and for a time he appears to have wavered in his decision. But later that evening Eden informed a Committee of Ministers that his position had not changed. He remained adamant that negotiations with Mussolini should not begin until it was clear that the Italians had actually commenced pulling their volunteers out of Spain. To pursue a gratuitous agreement with Mussolini was simply not worth it, particularly in light of the harm it would do to HMG relations with the United States. Eden, therefore, would submit his letter of resignation to the Prime Minister forthwith.\textsuperscript{84} Here, he noted that:

\begin{quote}
The events of the last few days have made plain a difference between us on a decision of great importance...I cannot recommend to Parliament a policy with which I am not in agreement. Apart from this, I have become increasingly conscious, as I know you have also, of a difference in outlook between us in respect to the international problems of the day and also as to the methods by which we should seek to resolve them. It cannot be in the country’s interest that those who
\end{quote}

\textsuperscript{81} Harvey diary, Feb. 19, 1938, Harvey, \textit{Diplomatic Diaries}, 95.
\textsuperscript{82} Harvey Diary, Feb. 20, 1938, ibid.
\textsuperscript{83} Cab 7(38) Feb. 20, 1938, Cab 23/93.
\textsuperscript{84} Cab 7(38), Feb. 20, 1938, Cab 23/92.
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are called upon to direct its affairs should work in an uneasy partnership... This applies with special force to the relationship between the PM and Foreign Secretary. It is for these reasons that with very deep regret I have decided that I must leave you and your colleagues with whom I have been associated during years of great difficulty and stress.85

Eden then retired to his home to dine with Cranborne, utterly relieved that the tensions and arguments of these last days and hours were finally over. At midnight, word arrived from the Prime Minister's Office that his resignation had been accepted.86 The Foreign Secretary had become a member of the back benches, where with M.P.'s MacMillan, Churchill, Nicholson, and others, he would await the chance to serve HMG again, under circumstances, however, which would prove far more arduous and trying than anything any of them had ever known.

85 Cab 8 (38) Feb. 20, 1938, Cab 23/92.
86 Ibid; James, Anthony Eden, 195.
Eden's resignation had an immediate impact in Washington, for it was well known by this point that the British Foreign Secretary was in an isolated position in the Cabinet and that he had been instrumental in bringing about the reversal of Chamberlain's initial decision to ask the President to delay his peace initiative. It was also widely assumed that Eden had been opposed to the idea of de jure recognition of the Italian position in Abyssinia and would not in fact give his consent on the matter until a number of preconditions were met, such as an understanding on Spain, Libya and other matters. By mid February, in fact, Hull and the State Department had begun to receive detailed information on the differences between Chamberlain and Eden. It was understood that the Prime Minister and the Chiefs of Staff had been pressing the Cabinet to endorse an immediate and direct approach to Italy, without reference to the issues of concern to the Foreign Secretary. Moreover, there was also a good deal of speculation that Chamberlain had been seeking an agreement with Germany at the behest of "selfish City interests" where it was maintained that an understanding with Berlin would benefit Britain both financially and commercially. Such an agreement would see Great Britain acquiesce in the German domination of central Europe in return for a pacific policy in the West. The British Empire would thus be secure and the threat of communism contained. Eden, however, was reported to be opposed to any such accommodation on the grounds that it might ultimately place Hitler in an even stronger position than he was in at the moment and because "no possible credence can be given to any promise made by Italy or Germany." In light of this, Eden's sudden resignation was viewed with considerable alarm among some officials at the State Department. Indeed, in a memorandum written at the time Moffat noted:

For two years Anthony Eden has been subordinating his own convictions to Cabinet decisions. He believes in the right of Cabinet as a body to determine policy and has accepted on several occasions an overruling which would have

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1 Memorandum by Feis, Jan. 24, 1938, Feis Papers.
4 MacDonald, The United States, Britain and Appeasement, 72; Thompson, The Anti-Appeasers, 33-4.
forced another man to resign long ago. Chamberlain...has for many months been out of sympathy with Eden’s ideas, but being an astute politician [he] knew that Eden’s strength in the country was so great as to make it inadvisable to drop him. For Eden to have considered that the time had come when he could no longer stay, and for Chamberlain to have decided that the time had come when he must risk the threat to his Government by letting him go, leads to one inescapable conclusion, that the decision of Chamberlain to ‘play ball with Hitler and Mussolini’ has reached a concrete stage and is no longer a mere abstraction.

The British were well aware of these sentiments. Indeed, on the day following Eden’s resignation, the Foreign Office received a communication from Lindsay noting a report in the American press which indicated that HMG, in the wake of Eden’s departure, was now ready “to come to an agreement with the dictators at any cost.” In an effort to counter this speculation, Cadogan went to see the American Chargé in London. In this conversation, the Permanent Under Secretary insisted that Eden’s resignation did not imply any fundamental change in British policy, that the differences between the two men involved “tactics” rather than “strategy” and that any rumours to the effect that Great Britain would now pursue an agreement with Hitler and Mussolini on any terms were “absolutely nonsensical.” But Washington’s concerns remained. Indeed, Hull feared that Eden’s resignation might make the attainment of his economic program all the more difficult, and when Lindsay informed the State Department that Chamberlain had decided that the time had come to make “concrete concessions” to Hitler and Mussolini, and that these arrangements might include “regional agreements,” the suspicion quickly arose that what HMG really intended were spheres of influence and preferential trading arrangements which would discriminate against American commerce.

This anxiety over the direction of British policy was heightened by recent events in Germany. Hitler’s purge of his Foreign Minister, Constantin von Neurath, and his Minister of Defence, Werner von Blomberg, as well as other so-called “moderates” within the Nazi regime, coupled with the subsequent invasion of Austria, had led to wide-spread

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6 Memorandum by Moffat, Feb. 20, 1938, Moffat Papers.
7 Lindsay to Halifax, Feb. 21, 1938, FO371/21547.
8 Memorandum by Cadogan, Feb. 23, 1938, FO 371/21547.
9 Moffat Diary, Feb. 22, 1938, Moffat Papers; MacDonald, The United States, Britain and Appeasement, 73-75.
speculation within the Roosevelt Administration that "extremists" were now in control of German policy and that Czechoslovakia would be the next victim of Nazi aggression. To many American officials, in fact, there now seemed little point to any further attempt to appease Germany, by economic or any other means. Roosevelt's peace plan, therefore, had little or no chance of resurrection, and in the wake of the German move, the President decided to adopt a wait and see attitude with respect to events in Europe. Chamberlain, however, after condemning the invasion, nevertheless elected to proceed with his efforts to come to some sort of an agreement with Hitler. This, if anything, merely added to the uneasiness brought about by Eden's resignation, and led some American officials to conclude that "Britain's interest in principles, and in democracy was [only] skin deep, something to be played up when it coincided with Britain's material interests and to be discarded as soon as it no longer served a useful purpose." 11

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In the absence of the attempt to secure greater cooperation with Britain through the Roosevelt initiative, and having given up on the idea of joint naval demonstration in the Far East, the possibility of Anglo-American collaboration for peace once again reverted to economic diplomacy and the long awaited trade negotiations. As noted, the announcement of the opening of formal trade negotiations in November 1937 had been greeted with considerable relief and anticipation in both London and Washington, as well as in Ottawa, and there were great hopes that once the formal negotiations were underway an agreement between all three parties would quickly come to fore.12

It would not be until late February, however, before the formal negotiations, which were held in Washington, would begin. The British delegation was led by A.E. Overton of the Board of Trade, while the two main American negotiators were John Hickerson and Harry Hawkins of the State Department. Initially, Hull kept somewhat aloof from the

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10 For a more detailed discussion of these issues see: C.A. MacDonald, 'Economic Appeasement and the German 'Moderates' 1937-1939., PP. 56(1972) 105-135.  
11 Moffat Diary, Feb. 20, 1938, Moffat Papers.  
12 As noted above, in the summer of 1937 it was agreed that the negotiation of a Canada-U.S. trade agreement would greatly facilitate the efforts of both London and Washington to reach a commercial accord, and hence, negotiations were soon put in train to seek a separate but concurrent trade pact between Ottawa and Washington.
deliberations -- allowing his subordinates to handle the details. Overton met with Hickerson and Hawkins for the first time on 24 February, where he made it clear that he wished to begin detailed discussions on the so called “essentials list” as soon as possible. But as an omen of things to come, he was somewhat surprised to learn that the Americans would not be able to discuss any matters of substance until after the Committee on Reciprocity Information had completed its hearings in late March. In the interim, Hawkins suggested that the two sides concern themselves with general clauses, as that was all that could be done for the moment.

It would not be until the end of April, then, that the British delegation would receive the first substantial indication of what the Americans were prepared to offer. This indication came in the form of a draft agreement, which Hickerson handed to Overton in a meeting held on the 26th. Overton was shocked at the American proposals, for the draft gave every indication that Washington intended to retain a substantial number of protective tariffs and had little interest in cutting their rates to the levels allowed under the Trade Agreements Act. To the British, this was unacceptable, and Overton immediately responded by insisting that the draft was wholly inadequate and completely out of character with the understanding reached between the two sides in November. It appeared, however, that the onset of a recession in the U.S. economy, coupled with the fact that it was a Congressional election year, had brought about a substantial shift in the domestic political climate. Lindsay feared that as a consequence, the Administration had begun to shy away from the idea of a concluding a sweeping agreement and had decided instead to pursue a much more modest pact, which would be safer politically. Overton speculated that perhaps the U.S. delegation had put forward the draft merely to establish a strong

13 The “essentials lists” were drawn up by each party. They were composed of the lists of goods or commodities that each side had targeted for possible tariff reduction, both within their own markets, as well as within the market of the other party. Over the course of the negotiations, both the British and the American negotiators passed these lists back and forth on numerous occasions, where they were subsequently reviewed and modified in an effort to achieve a reduction in a particular tariff which was acceptable to both sides.

14 Under the terms of the Reciprocal Trade Agreements Act, hearings by interested parties (such as the domestic producers of whatever goods or commodities were under review for tariff reduction) were required before the negotiation of any new agreement. See supra pp. 96-7.

15 The Reciprocal Trade Agreements Act allowed for a 50% reduction in U.S. tariffs without the need for Congressional approval. See supra pp. 95-7.
bargaining position, but whatever the case, it was now clear to him, and to the other
officials of the British delegation, that the trade talks would not be easy, and that an
agreement would come only after some hard and serious negotiating.

These fears were confirmed over the course of the next two months. On May 19,
for example, Hickerson proposed that the British counter the American proposal of April
with a detailed list of their own. This, Overton promptly provided, only to have the
American delegation dismiss it as “very disappointing.” In June, there was no
improvement, in spite of the fact that the two sides had begun to meet on a daily basis. By
July in looked as if the talks were headed for a deadlock. On the 16th, Hawkins informed
the British that their negotiating position remained unsatisfactory, and that Hull was
beginning to tire of their interminable stalling. On July 25, Lindsay cabled London with the
news that there was a real possibility that the State Department might break off
negotiations, which in the Ambassador’s opinion would be “calamitous for Britain’s
position in Europe.” Indeed, he went on:

Let it be remembered that from the first, political motives connected with the
European situation have had a highly important part in actuating HMG to negotiate.
It is we who are trying to woo the United States away from isolation not the United
States who desire to involve themselves in non-American entanglements. We thus
stand to lose far more from a breakdown than the United States Government.

Two days later, Hull decided it was time for him to step in and move the talks
forward. In a conversation with the British Ambassador, therefore, Hull echoed Lindsay’s
earlier sentiments and stressed the importance of the trade talks from the perspective of the
world political situation. On July 28, Hull instructed Joseph Kennedy, the newly
appointed American Ambassador in London, to appeal directly to Chamberlain in an effort
to expedite the negotiations. Here, in a somewhat less than subtle attempt to bring political
pressure to bear on the British Prime Minister, Hull noted that Washington sought the
agreement because

we see it as a powerful initiative to help rectify the present unstable political and
economic situation everywhere...In our judgment, no single act would contribute
so much to quieting the threats to world political and economic stability, not only in
Europe but in other parts of the world, as the announcement that these two great
countries have come together with a broad, basic agreement which might well be

16 Lindsay to Halifax, July 25, 1938, FO 371/21501.
17 Lindsay to Foreign Office, July 28, 1938, FO 371/21501.
regarded as a foundation for a restored structure of world order. That is the big objective as we see it, and unless we can get Mr. Chamberlain and the British Government to accept this view and to approach this problem on a broader front, it might well be charged in Germany, Italy and Japan...that our two countries are utterly incapable of sitting down and making simple, mutually profitable trade arrangements with one another. I have not the slightest doubt that these negotiations are being watched by those countries...and I think that it would greatly harm not only our two countries but also the whole outlook for peace and economic improvement if we, after months of haggling, should turn out a little, narrow, picayunish trade agreement.  

Shortly after receiving this communication Kennedy met with the Prime Minister, and with Oliver Stanley, the President of the Board of Trade in order to discuss Hull’s concerns. Stanley told Kennedy that he though the British delegation had granted numerous concessions and had moved considerably in their efforts to accommodate Washington. Chamberlain concurred in this view. But he also agreed with the Foreign Office position that the conclusion of a trade pact at the earliest possible date would be a “definite factor in favour of peace (and [the] maintenance of British prestige) during the very anxious period ahead of us.” In light of this, Chamberlain decided to call a Cabinet meeting on the subject. Stanley thereupon made it clear that there was at present great uncertainty as to whether an agreement could ever be achieved, particularly as the Americans had placed some very high demands for a reduction in the tariffs applied to certain British agricultural commodities. In an effort to break this impasse, the Cabinet decided to offer domestic subsidies to the local producers of these items. This would make it possible for the British delegation to offer further concessions, which, it was hoped, would enable the two sides to get the talks moving again.

Although Stanley noted that Hull “was very gloomy about the State of Anglo-American relations.” there was no mention in the Cabinet discussions of the possibility that Hull might be attempting to use the worsening situation in Europe as a lever with which to prod the British towards making greater concessions in the trade talks. But it is hard to believe that this possibility did not cross the minds of some of the Ministers involved, particularly as the mounting crisis over Czechoslovakia continued to auger the possibility of

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18 Hull to Kennedy, July 28, 1938, SDDF 611.4131/1681.
19 Minute by Gwatkin, July, 26, 1938 FO 371/21501.
20 Cab July 28, 1938, 23/94.
Hull and the conclusion of the 1938 Trade Agreement

war. The Cabinet did take note, however, of the the importance it attached to the conclusion of a successful agreement, in light of the present international circumstances. It then concluded by granting Stanley the authority to sign an agreement during the August recess if the terms were such that he felt it would not require further consultation.21

But the Board of Trade was to have no such good fortune. There was no progress in August, and equally little in September. Indeed, on September 7, the Foreign Office noted that the present position of HMG with respect to the trade negotiations “was not one which can be regarded with any equanimity.”22 Domestic American politics were still rendering the Americans extremely difficult to deal with, and with an election coming in roughly two months time, there seemed to be little prospect for an improvement in the situation. Hull was adamant, in fact, that without further concessions on agricultural items (a key item in the election campaign), it would be impossible for him to sign an agreement.23 This stance created resentment in London. Nevertheless, with a deepening crisis brewing in Czechoslovakia, and with war in the near future a real possibility, the Foreign Office considered that “on no account must the negotiations be allowed to break down.”24 Indeed, at this point, even the President of the Board of Trade acknowledged that, if it proved impossible to move the Americans any further, it might be necessary for HMG to give way on political grounds. But there was growing bitterness in London over the possibility that Whitehall might have to cave in to American demands under the pressure of international events, and a strong feeling that Hull and company should be told in no uncertain terms that any agreement signed under such duress was bound to create a certain amount of bad feeling among the British people.25

In response to the charge issued by some members of the Board of Trade that the Americans were engaged in a game of political “blackmail”, Francis Sayre, in a meeting with Lindsay, promised that the American Government would not use the Czech crisis to

21 Ibid.
22 Minute by Gwatkin, Sept. 7, 1938, FO 371/21504.
23 McCulloch, Economic Diplomacy, 308. Hull campaigned vigorously for the President, and because of his popularity, was a real asset to the Administration.
24 Minute by Gwatkin, Sept. 7, 1938, FO 371/21504.
force an unfair agreement on the British. At the end of the month Hull reiterated this by stating that, in the awful event of a war in Europe, he wanted the British to know "that this Government and nation would have no policy or purpose to displace and supplant existing, established, British trade in various parts of the world." In the event, however, the Czech crisis passed without the advent of war, settled by the frantic and desperate diplomacy of Munich, and for the moment, at least, an uneasy peace settled over the Continent. But from Washington, no progress was reported in the trade negotiations, and there was little expectation that the situation would improve any time soon.

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There isn't time within the scope of the present narrative to go into detail about Hull's reaction to the Munich crisis, but it is important to note that Hull viewed the worsening European situation with deep alarm. To him, the Czech crisis seemed to indicate that the Nazi's were indeed bent on expansion. In the long run, this could only mean war. Nevertheless, Hull did not think the United States should become deeply embroiled in the controversy, and when William Bullitt, the American Ambassador to France, recommended that Roosevelt assume the role of arbitrator in the dispute, Hull quickly vetoed the idea. Once again, the perils of American isolationism convinced Hull that the Administration should limit its response to mere exhortation and the promotion of his economic program. In the wake of the Munich Agreement, therefore, Hull decided to engage in a serious review of the Anglo-American trade talks, and to consider whether he himself should try to engineer a breakthrough.

By the first week of October, Hull had completed this effort. His conclusions, however, would prove very annoying in London, for after reviewing the positions of both sides. Hull came to the decision that the British had still not moved far enough. In a letter to Lindsay, sent on October 6, Hull insisted that he was not prepared to sign any settlement

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26 Record of Conversation between Sayre and Lindsay, SDDF 611.4131/1792.
28 Pratt, Cordell Hull, 295-96. Roosevelt did eventually issue an appeal to the Heads of State involved for a negotiated end to the crisis, but under pressure from Hull, Bullitt's idea for the President to serve as a mediator was dropped.
29 Drummond and Hillmer, Negotiating Freer Trade, 137.
which "does not include more comprehensive concessions on the part of your Government." The Hull then presented Lindsay with the draft of a new agreement, which contained a number of new U.S. demands, governed, as the Ambassador was informed, by "American political requirements." Lindsay, in forwarding these documents to London, reported that "the negotiations had reached the point where [the] concessions demanded of us represent the absolute limit of American requests and would if granted lead immediately to signature." He himself still had some reservations, but in spite of this, he recommended that his government accept it.

In Whitehall, however, the State Department's latest offer was regarded as little more than an ultimatum. Stanley was now reported as being in favour of breaking off the negotiations. He had had enough of granting concessions, and promptly informed Kennedy that to go further would only lead Parliament to regard the trade negotiations as little more than "a complete sell out." Shortly thereafter Stanley informed the Cabinet Committee on Trade and Agriculture that he regarded the latest U.S. offer as "quite unacceptable." Indeed, the President of the Board of Trade could find only two items contained in Hull's list in which he himself might be willing to offer a further reduction. He then noted, that

Experience over the last three months has shown that the grant of a concession by us has been followed, not by the display of a reasonable spirit of a withdrawal of other demands, but by a flood of further demands. I have no doubt therefore that we should regard this consolidated list of demands as a final list and should answer by the offer of what we can concede and a definite intimation that that is the full extent of our concessions. If the United States are not willing to conclude an agreement on the basis thus reached, we must, with great regret, recall our Delegation and announce the breakdown of the negotiations.

In light of the seriousness of the situation, Stanley urged that a full Cabinet be called in

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30 Lindsay to Foreign Office, Oct. 6, 1938, FO 371/21506.
31 Ibid.
32 Ibid.
33 Kennedy to Hull, Oct. 7, 1938, SD 611.4131/1805.
34 Note by the President of the Board of Trade, submitted to the Cabinet Committee on Trade and Agriculture, Oct. 10, 1938, FO 371/21506.
order that the Government might come to a final decision on whether to proceed as the
Minister recommended. The Committee agreed.

On October 19, the Cabinet met to consider Hull’s latest proposals. Not
surprisingly, Stanley argued that the Government should decide on what final concessions
it could offer, adopt a firm stand, and reject all of the other new U.S. requests, even at the
risk of having to terminate the negotiations. With the Czech crisis now behind them, and
with growing exasperation at the manner in which the Americans had handled the
negotiations from the start, most of the Cabinet decided to support this view. Indeed, even
Lord Halifax, who had previously been a strong advocate for the talks, thought that it was
“impossible to make concessions in regard to some of these requests.”35 But Chamberlain
was of a different mind. He argued that a breakdown would be very serious. Indeed, he
...had never hoped that we should obtain any great economic or political support
from the United States as a result of making this agreement. The advantages to be
derived were of a somewhat negative kind. It was clear that if after months of
negotiations no Agreement was reached, hard things would be said.36

After some further discussion, the Cabinet eventually decided to issue a final offer directly
to Hull, which allowed further concessions on two agricultural items but which stood firm
on the rest of the latest American demands.37

On October 25, Lindsay gave Hull the British reply to the latest American proposal.
making it clear that this was “virtually the last word” by the British Government. Hull
expressed disappointment at this, but then noted that he would consider the British counter-
offers carefully.38 By this point, Hull had been briefed by Kennedy and others that opinion
in London had hardened against an agreement and that only Chamberlain remained in
favour of it.39 He was also aware that it was quite possible that the British might indeed
break off the talks if this latest offer should be rejected. In light of this, the Secretary, with
the President’s approval, decided “to accept the British offers (slightly modified in several

35 Cab 49 (38) Oct. 19, 1938, Cab 23/96.
36 ibid.
37 ibid.
38 Record of Conversation between Hull and Lindsay, Oct. 25, 1938, FRUS 1938 Vol. II, 67-8.
As Hull noted in a telegram to Kennedy at the time, he would have liked to have some further concessions from the British, but he had "reached the conclusion that the present offers represent the ultimate limit to which the British are prepared to go," and thus he had concluded that the time had come to bring the long, difficult, and protracted negotiations to a close.41

Two weeks later, in the East Room of the White House, the long fought for Anglo-American Trade Agreement was finally signed. Among those participating were the President, Lindsay, Hull, Mackenzie King, (who signed the Canadian-American Agreement which was concluded in tandem with the Anglo-American Agreement) and Arnold Overton, the head of the British Delegation. Hull was of course delighted, for as Moffat noted in his diary, the signing represented one of the biggest days in the Secretary's career.42

40 Hull to Kennedy, November 3, 1938, FRUS Vol., ii., 60-70.
41 Ibid.
42 Moffat Diary, Nov. 17, 1938, Moffat Papers.
Epilogue: The Legacy of Eden and Hull for the Prewar Period

On September 1, 1939, the war which both Eden and Hull sought to avoid erupted on the European continent when Hitler unleashed the fury of the German Wehrmacht against the hapless Poles. The efforts of both men, therefore, to somehow prevent this calamity by the just exercise of power, including Anglo-American military and economic power, had failed. The reasons for this failure were many. Roosevelt’s torpedoing of the World Economic Conference in 1933, for example, left a legacy of bitterness in London that rendered Chamberlain and other important figures among the British foreign policy making elite skeptical of American intentions in the economic sphere. A similar reaction followed the American refusal to be more forthcoming with regard to the question of European security in the 1933 Geneva Disarmament Talks. Taken together, these two issues, coupled with the problems of the war debts, stabilization, the high U.S. tariffs, and the passage of the Johnson Act, convinced many British statesmen that it would be best to ignore the United States as a factor in British economic and security policy. By 1934, in fact, this determination became a semi-official rule, not only in the DRC (where this stance was written into its first official report), but also in a number of other important branches of the British Government. As a consequence, a good many officials at the Treasury, the Board of Trade, and even at the Foreign Office, began to advocate polices which were fundamentally inimical to American interests, such as the pursuit of a rapprochement with Japan and the maintenance of a strong Empire trading bloc through the Ottawa system of imperial preference.

In Washington, meanwhile, such actions as these led to charges of British duplicity in the Far East and the suspicion that London sought to use the Empire as a weapon to gain unfair economic advantage over American business interests. At the State Department, high officials such as Moffat, consistently argued that British financial and commercial policy was in essence “bitterly hostile” to the United States. Indeed, feelings in this direction

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1 DRC 11th Meeting, Feb. 19, 1934, Cab 16/109.
2 Moffat to Davis, June 19, 1936, Davis Papers Box 41.
ran so high that even as late as 1938, there were fears that Chamberlain’s attempt to appease Germany was in reality little more than a shady business deal, designed to secure British markets in central Europe.³ In short, there was no shortage of ill feeling on both sides of the Atlantic and in this milieu, the pursuit of better Anglo-American relations was difficult to say the least.

To a certain extent, both Eden and Hull shared in some of these prejudices. But their conviction that Anglo-American solidarity might somehow prove to be a vital factor in the West’s effort to save the world from catastrophe caused them to press on with their attempts to establish closer ties between the two Governments. Eden, for example, remained undeterred by the lack of American cooperation at the Geneva Disarmament Conference and, upon becoming Foreign Secretary in 1935, engaged in a concerted effort to improve Anglo-American relations. One consequence of this effort was a complete change in attitude by the British delegation to the London Naval Conference. Davis noticed this immediately. From the moment Eden assumed control of the Foreign Office, all talk of a reconcilement with Japan was dropped and there were no further efforts on the part of the British to act as “broker” between the U.S. and Japan.⁴ A second consequence was Eden’s unexpected announcement in Geneva of Great Britain’s intention to support the imposition of an oil embargo against Italy. Eden made this decision with American public opinion very much in mind. The Hoare-Laval Plan had been universally unpopular in the United States. Eden saw support for the principle of an embargo as the best means to restore the prestige of his Government. He was well aware that the effectiveness of this measure would be severely limited by the lack of American participation, but to him this had become a secondary concern. It was far more important for HMG to secure “American goodwill.” This would be critical in the event of war. The most significant consequence of Eden’s determination to improve relations, however, came in the economic sector. Eden was determined that HMG must go as far as possible to meet Hull’s demand for an improvement in Anglo-American trade. He became the chief spokesman for such an effort in the Cabinet, and by the spring of 1937, had succeeded in winning over most of his

³ MacDonald, The United States, Britain, and Appeasement, 76.
⁴ Davis to Moffat, April 27, 1936, Davis Papers Box 41.
Hull heartily approved of Eden’s actions, particularly with respect to his efforts to open trade talks. He also reciprocated Eden’s desire to improve Anglo-American relations. In essence, Hull was a Wilsonian internationalist. He had great sympathy for the League, and for Eden’s attempts to use collective security as a means to thwart the ambitions of the dictators. As such, he remained determined to offer Eden what support he could by promoting policies that ran parallel to those Eden pursued in Geneva. Hull saw the application of the U.S. neutrality laws over Abyssinia, his "moral embargo" on the export of oil, and the policy of non-interference in Spanish civil war as examples of this. So too was his decision not to recognize the Italian conquest of Abyssinia, which for Hull was closely linked with U.S. policy over Manchuria.

Hull’s political instincts however, would render him extremely cautious in the exercise of his policies. He was keenly aware of the strength of isolationism among the American body politic, and drew back from the pursuit of stronger measures whenever he sensed that the application of a particular policy might result in a domestic backlash. Indeed, in this respect, it can be argued that Hull served as a restraining influence on Roosevelt, who, on various occasions, flirted with the idea of playing a more interventionist role in world affairs. Hull rejected Roosevelt’s suggestion of an economic blockade against Japan, and he remained wary of the so called Welles/Roosevelt peace initiative, arguing that it might actually encourage isolationist sentiments at home. In general, Hull’s foreign policy was based essentially on rhetoric, backed up by a marginally stronger U.S. navy. Hull exerted a tremendous amount of energy expounding his ideas on the moral principles of international law, both in public and in his private conversations with various diplomatic representatives. Furthermore, he firmly believed that this constant sermonizing had a positive effect on the behavior of his often unwilling victims. The mere expression of Hull’s ideas and opinions thus came to represent “a policy” -- an end in itself rather than a means to convey what the United States might do if her interests were not respected. Considerations of force rarely if ever entered Hull’s thinking, and he had few

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5 Hull, 547.
ideas on how U.S. military power might be used, either in conjunction with his diplomacy, or in an actual war.

The one area where Hull did pursue a more activist foreign policy was of course in the pursuit of his economic program. Hull sincerely believed that the establishment of a new world economic order based on freer trade could prevent the outbreak of war and he pursued this goal with ever increasing ardor as the international situation deteriorated. In this respect, the “Good Neighbor Policy” with Latin America served as an example for the world to follow. In the long run, however, Hull felt that the cooperation of Great Britain would be essential to the ultimate success of his effort. Hence, the signing of the Anglo-American Trade Agreement, which brought one of the longest and most significant American foreign policy initiatives of the 1930s to a close, represented a tremendous victory for Hull, who had set his sights on the attainment of this goal almost from the moment he had assumed office. But in many respects Hull’s victory was pyrrhic, for although the agreement did provide for a reduction (and in some cases the elimination) of the duties applied to a number of goods and commodities, its overall effect on Anglo-American, and Anglo-Canadian trade was not as substantial as Hull and his officials had originally envisioned.6 Indeed, by the time the various parties got down to serious negotiating, the tendency of each to seek gains designed to promote national economic interests became more pronounced, with the result that little progress was made in a number of key areas. British duties on U.S. lumber and tobacco exports, for example, remained high, as did the U.S. tariff on certain textiles.7 The terms of the two pacts also had little effect on the Ottawa system of imperial preference, and in the end were too compartmentalized to make it easy for the signatories involved to extend the benefits to

6 As a result of the Trade Agreements, Great Britain abolished her duties on wheat and lard; reduced them on rice, apples, tools, tractors, and some pieces of machinery, and in addition, also increased her quota on U.S. hams. In return, the United States lowered her tariffs on some textiles, metals and metal manufactures. Canada lowered its duties on fruit, vegetables, fish, paper, wood, iron, steel products and certain chemicals; while the United States granted free entry for a number of Canadian goods and reduced the the duties on cattle, hogs, cheese, eggs, potatoes and pork. (Kottmann, Reciprocity, 266-7; and Drummond and Hillmer, Negotiating Freer Trade, 148-9).

7 Kottmann, Reciprocity, 266; Drummond and Hillmer, Negotiating Freer Trade, 49.
third parties such as Germany through the most-favoured-nation principle. It would appear then that "economic appeasement" had little to do with the actual negotiations, and if Hull expected that HMG would henceforth refrain from making bilateral arrangements detrimental to American interests, he was soon to be disappointed. Within six months, in fact, industrialists from the United Kingdom and Germany had reached an agreement designed to improve German foreign exchange holdings, and shortly thereafter, Whitehall concluded a similar bilateral arrangement with the Balkan states.

The most serious disappointment, however, was the fact that the conclusion of the trade agreement did little to alter the behavior of either Hitler, Mussolini, or the fascist leaders of Japan. All of this of course stood in sharp contrast to Hull's rhetoric, which for years had insisted that British adherence to his program of liberalized trade would result in a miraculous change of heart among the "bandit nations," who would not be able to resist the temptation to reintegrate their own economies with those of the rest of the world, leading to peace and prosperity both in Europe and in Asia. In his memoirs, Hull attributes this failure to the fact that the Anglo-American agreement came too late to quell the climate of "fear and turmoil" which now gripped Europe and the Far East, and he insists that had the talks produced an accord in 1934, 1935, or even 1936, that the results would have been different. But it is hard to see in today's light how Hull's convictions can be justified. Economic discontent may have been a factor in the rise of Nazism, but it was not the driving force behind Hitler's perverse ideology, and once the latter had established himself in power it was already too late. Force, not economics, was the only language that the German dictator understood. Moreover, the same argument can be applied to fascist Italy and Japan. Fascism was a movement, guided as much by emotion as by reason, and there is little evidence to suggest from the behavior of Mussolini in response to the Abyssinian crisis of 1935-36, or from the actions of the Japanese in 1940 and 1941, that the possibility of a greater measure of international trade would have altered the

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8 Drummond and Hillmer, Negotiating Freer Trade, 156.
9 Kottmann, Reciprocity, 272.
10 Hull, 524-25.
11 ibid.
conduct of either power. Had this been the case, one would assume that the reactions of both these regimes to the imposition of economic sanctions (which came in the wake of the Abyssinian crisis and the China incident) would have been quite different. But in the former example, it merely increased the likelihood of war, and in the latter, it actually led to it.

Still, it should be noted that Hull’s beliefs in the civilizing qualities of increased international commerce were shared by a great many statesmen of his day, including President Roosevelt, Canadian Prime Minister, Mackenzie King, and many others. The conclusion of the trade agreements therefore had a significant impact on the tenor of Anglo-American as well as Canadian-American relations and they were widely heralded at the time in the press and elsewhere as significant achievements, which might help wash away the storm clouds of war that seemed to be gathering with ever increasing intensity on the horizon. The signing of the pacts was also seen as evidence of growing solidarity among the Anglo-Saxon powers, and to a certain extent both London and Washington hoped that this display of economic unity might serve as a warning to the dictators of further cooperation to come in the event that war should in fact break out. Indeed, given the somewhat narrow scope of the economic benefits which accrued from the trade

12 The Japanese extended their influence on the Asian mainland by moving troops into Northern and then Southern Indochina, in July 1940 and 1941 respectively. In September 1940, Tokyo also became a signatory to the Tripartite Pact, which linked the foreign policies of Germany, Italy and Japan. The Roosevelt Administration responded to these moves by instigating a series of economic measures designed to pressure the Japanese into reversing their moves into Indochina and China. This policy reached its climax in the fall of 1941 with the U.S. embargo of oil. It is generally held that the oil embargo led to the fateful Japanese decision to go to war with the British, the Dutch and the Americans.

13 An argument could be made, however, that Hull’s efforts to expand international trade might have worked with the Japanese in the 1920’s, when the Tokyo Government was composed of a much more moderate regime.

14 In the summer of 1936, for example, Roosevelt expressed the conviction to Lord Tweedsmuir, (the British Governor General of Canada) that fundamental economic problems were behind all the political unrest in Europe, and that if the United States and United Kingdom could reach an economic accord as Hull had suggested, that it might go a long way towards restoring international stability and order. (Tweedsmuir to Baldwin, April 8, 1937, Buchan (Tweedsmuir) Papers, Box 8.

15 London’s Daily Telegraph, for example, expressed the view that the trade agreement was first and foremost an “outward and visible expression of solidarity” between Great Britain and the United States which would benefit the entire world. (Daily Telegraph, November 18, 1938, London, 1).
agreements, it seems safe to assume that it was in the realm of the political sphere rather than the economic sphere in which the real import of the trade agreements can be found. For in spite of the acrimony which the negotiations generated, their successful conclusion did in fact lead to better transatlantic relations at a critical juncture in the history of both powers. This was significant, for it was an important factor in the decision of both Roosevelt and Hull to offer growing economic support to London in the early stages of the war. The 1930s negotiations, then, established a precedent for further economic cooperation, albeit on American terms, which would ultimately lead to the signing of the Lend-Lease Agreement, the establishment of the GATT (General Agreement on Tariffs and Trade), and the Bretton Woods Accords. They also served as a warning to London that American impatience over imperial preference and bilateral exchange agreements was not likely to disappear merely because London was now shrouded in the dirt and dust produced by the falling bombs of the Luftwaffe. Indeed, if anything, Hull’s obsession with the need to destroy Imperial Preference increased as the war went on, and it hardly seems surprising that elimination of the Ottawa Agreements would serve as the primary “pound of flesh” which the Secretary would demand in exchange for his signature on the 1942 Lend-Lease Consideration Agreement.

From the British perspective, then, it can be argued that the trade agreement did establish better Anglo-American relations and hence made war time collaboration much more likely. Eden’s argument, therefore, that the pursuit of the agreement was necessary as a means by which HMG might purchase American goodwill was no doubt sound. So too was Eden’s belief in the ultimate unity of purpose which the two powers shared with regard to their mutual respect for Western liberal democracy. But Eden overestimated the extent to which both Roosevelt and Hull would be willing to collaborate with the British Government in support of the liberal tradition. Moreover, his conviction that the United

\[16\text{It should be noted here, however, that the 1938 agreements, did not serve as a model for the latter accords mentioned above, and should not necessarily be viewed as a link in the same chain. On this see Drummond and Hillmer Negotiating Freer Trade, 165-66.}\]

\[17\text{Under the terms of Article VII of the 1942 Lend-Lease Consideration Agreement, the British and American Governments agreed to eliminate “all forms of discriminatory treatment in international commerce,” and to seek the “reduction of tariffs and other trade barriers...” following the war. For more on this see: A.P. Dobson, U.S. Wartime Aid to Britain 1940-1946 (London, 1986); and W.F. Kimball, The Most Unsordid Act: Lend-Lease 1939-194 (Baltimore, 1969).}\]
States would not "sit with folded hands and watch" while the British Empire disintegrated under pressure from the Germans and the Japanese had a significant impact on the conduct of his Foreign policy, for it led him, with ever increasing intensity, to seek Anglo-American cooperation as an alternative to his failed policies in Europe.\textsuperscript{18} Eden's frustration, then, with his own inability to come to a settlement with Germany, coupled with his firm belief that any understanding with Mussolini would not be worth the paper it was written on, led him, by the fall of 1937, to seek a solution to HMG's strategic dilemma not in Berlin or Rome, as the Chiefs of Staff recommended, but rather in Washington. Indeed, following the successful conclusion of the Nyon Conference (where Eden's policy of "standing firm" in Europe was finally put to the test) Eden's foreign policy underwent a fundamental change. Further and more rapid rearmament, coupled with increased cooperation with the United States, now took precedence over any renewed effort at achieving a diplomatic settlement in Europe. This was the so-called "unheroic policy of cunctation," and in line with this new course, Eden began to shift the bulk of his attention to the Far East where the possibility of coordinated Anglo-American action was far greater. Eden's primary goal was to use the crisis in China as a means to engineer some sort of joint demonstration of Anglo-American military and economic power. This would not only serve to quell Japanese ambitions in Asia, but would also serve as a strong warning to both Hitler and Mussolini that the western democracies would not stand idly by while the dictators pursued their expansionist dreams.\textsuperscript{19} Moreover, the experience of Anglo-American cooperation in Asia might subsequently result in greater American interest and involvement in the affairs of Europe, which Eden would have welcomed with open arms.

It was for these reasons, then, that Eden repeatedly called for the imposition of an Anglo-American economic blockade of Japan, and/or for the despatch of substantial Anglo-American naval forces to the Far East. But in advocating these policies, Eden ran considerable risks, for there was a real possibility that the imposition of these measures

\textsuperscript{18} Eden to Cadogan, Jan. 9, 1938, FO 371/22106.

\textsuperscript{19} In late December, 1937, for example, Eden sent a message to Lindsay in which he noted that joint Anglo-American naval manoeuvres in the Far East would, among other things, show "the rest of the world that we [the U.S. and the U.K.] were not so unable -- as they are beginning to say we are -- to defend our legitimate interests." (Eden to Lindsay, Dec. 14, 1937, Avon Papers, FO 954/29).
might result in a war in Asia. This placed the Foreign Secretary in an extremely isolated position within the Cabinet. Indeed, neither the Chiefs of Staff, nor the Prime Minister could see the logic in pursuing any policy which might incur the wrath of Japan at a time when HMG was preoccupied with the German threat on the continent and the Italian threat in the Mediterranean. Furthermore, they also found Eden’s faith in the willingness of the Roosevelt Administration to support such a forward policy in Asia dangerously naive. In their view, the Americans had shown themselves to be far too inconsistent and unreliable for HMG to contemplate any policy based on the support of Washington.

And so, by the beginning of 1938, Eden’s policies had taken a turn which ran directly counter to the sentiments of a majority of the Cabinet, including his calls for further expenditures on armaments (which Chamberlain, Inskip and the Treasury vehemently opposed), and his emphasis on Anglo-American cooperation in the Far East, which the Chiefs of Staff viewed as nothing less than sheer folly. Eden had also, by this point, lost a good deal of faith in the value of pursuing further negotiations with Mussolini, whom he had come to regard with complete and utter contempt. In light of this, it seems obvious that Eden’s differences with Chamberlain over the substance and direction of British foreign policy involved far more than mere questions of procedure, and that Eden had little choice but to do as he did on February 20, 1938, and resign.

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In his book, Fool Proof Relations: The Search for Anglo-American Naval Co-operation during the Chamberlain Years, Malcolm Murfett argues that Eden was well aware of this danger, but that he continued to press for joint Anglo-American action in the Far East out the conviction that the Americans and British together could easily defeat the Royal Japanese Navy, if war were in fact to break out. Murfett also insists that while Eden did not court war with Japan, he nevertheless remained aware that the defeat of the Japanese Navy would “at a stroke completely alter the whole strategic situation”, allowing Britain for example, to concentrate all her efforts on the threat posed by the Germans and the Italians in Europe. There is, however, little evidence to support Murfett’s argument that Eden was willing to risk a war with Japan in order to achieve his aims. As such, this writer is more inclined to the view that Eden wanted no more than a demonstration of Anglo-American power in the Far East which would intimidate Japan (without the need for a military confrontation) and do much to support Eden’s “policy of cunctation” — by which the latter hoped to mark time; hold the dictators in check; and gain strength through rearmament; all of which would ultimately place the democracies in the position to demand their own terms of settlement with the dictators. (On this see: Murfett, Fool Proof Relations, 158-59).

21 As Chamberlain noted in a Cabinet meeting called on December 18, 1937 “It would be rash man who would count on help from the United States.” (Cab 23/90, Dec. 18, 1937).
In retrospect, it is now clear that Anthony Eden and Cordell Hull sought to prevent the outbreak of the war in Europe by the indirect manifestation of Anglo-American power -- Hull through the conclusion of the trade agreement; Eden through the establishment of American goodwill and collaboration in the Far East. In pursuing these goals, however, each of them made a number of critical miscalculations. Secretary Hull, for example, greatly overestimated the political and economic impact of the trade treaty, particularly with respect to its effect on the behavior of Germany and Japan. Hull also overestimated the extent to which the British Government would be willing to follow his lead in pursuing a multilateral approach to trade and would soon find himself locked in a further struggle to seek the breakup of the sterling bloc and the Ottawa system of imperial preference. Eden, on the other hand, seemed unable to grasp the extent to which the policies of Hull and the President were circumscribed by American isolationism. He also remained largely unaware of the fundamental characteristics of Hull's foreign policy -- his timidity, his complete lack of a strategic vision, and the fact that the American Secretary of State rarely had any notion of how to back up his rhetoric with force. Nevertheless, in the face of the ever-increasing threat of German, Japanese and Italian aggression, Eden began to pursue policies based on the assumption that Washington's antipathy to fascism would ultimately compel the United States to act in concert with London. Eden may have been right in the long run, but in the late 1930s, before the fall of France and the Japanese attack on Pearl Harbor, such a possibility was extremely remote. The threat to the Western Hemisphere was simply not strong enough in 1937 or 1938 to force Washington to seek a "special relationship" with London. Thus, Eden had seriously misread the mood in Washington and had little understanding of the intentions of his American counterpart. In light of this, his growing reliance on the mere possibility of American help in the event that HMG should suddenly find herself at war with one or more of the fascist states was indeed dangerously naive, and seems to this writer to indicate a tendency towards impulsive behavior on the part of Eden.
which would manifest itself again in the Suez Crisis. Chamberlain was right. In the late 1930s, as Hull had made eminently clear, it was always best to count on nothing from the Americans “except words,” and there is no question that Eden was running considerable risks when he began to pursue policies based on the assumption of American cooperation.

It would appear, then, that both Eden and Hull suffered from certain idealistic notions about the extent to which Washington and London might be able to cooperate, and the impact that that cooperation (however limited) might have had on the behavior of the fascist states. Perhaps they can be forgiven for this, for in later years, under far more arduous circumstances, the “special relationship” which both men sought would indeed come to pass. The tragedy is that it did not come soon enough to prevent the outbreak of the war that both men sought to avoid.

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22 In the fall of 1956, frustrated by Colonel Gamal Abdel Nasser’s growing determination to thwart western influence in Egypt, Eden agreed to support an Israeli move into the Sinai Peninsula as a pretext for Anglo-French intervention in the former. But Eden undertook this action without proper consultation with his own Cabinet and in defiance of the opinion of the United States Government, who opposed the move. As a result, Eden soon found himself in the midst of a major domestic and international political crisis which would eventually lead to his resignation from Office after serving less than two years as Prime Minister. For more on this crisis see: Selwyn Lloyd, *Suez, 1956: A Personal Account* (London, 1978); and Kenneth Love, *Suez: The Twice Fought War* (London, 1969).

Abbreviations

ADM    Admiralty
AER    *American Economic Review*
AHR    *American Historical Review*
BT     Board of Trade
CAB    Cabinet
CH     *Contemporary History*
CID    Committee of Imperial Defence
CJH    *Canadian Journal of History*
COS    Chiefs of Staff
DBFP   Documents on British Foreign Policy
DH     *Diplomatic History*
DO     Dominions Office
DP(P)  Defence Plans (Policy) Committee
DRC    Defence Requirements Committee
DS     *Diplomacy and Statecraft*
EHR    *English Historical Review*
FDR    Franklin Delano Roosevelt
FO     Foreign Office
FRUS   *Papers Relating to the Foreign Relations of the United States*
HMG    His Majesty's Government
HJ     *Historical Journal*
IHR    *International History Review*
JAH    *Journal of American History*
JCH    *Journal of Contemporary History*
JICH   *Journal of Imperial and Commonwealth History*
OF     Official Files (President Roosevelt)
PREM   Prime Minister's Office
PPF    President's Personal File
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