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LONDRES

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ABR.-JUN

1937

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

NP

Londres, 7 de Maio de 1937.

Nº160

O bombardeio de Guernica.
Pedido de inquerito por
parte do Governo hespanhol.

601.3(8H)
P/L

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Comunicações
24 MAIO 1937
Nº 05895

Senhor Ministro,

A destruição da cidade de Guernica, mais antiga das povoações vasconsas e centro tradicional da cultura desse povo do norte da peninsula iberica, suscitou grande indignação neste paiz cujas sympathias, desde o inicio da guerra civil hespanhola, se inclinam francamente para o lado do Governo de Valencia e que não pode, de modo algum, desejar a victoria das forças nacionalistas, apoiadas como ellas estão pela Italia e Allemanha.

2. O correspondente do "Times" em Bilbao enviou longa reportagem (Annexo I) sobre o assumpto, relatando o bombardeio aereo soffrido pela cidade de Guernica, bombardeio effectuado, ao que consta, por aviões de fabricação allemã. Parece, ainda, que as bombas explosivas e incendiarias usadas pelos aviões eram tambem de origem allemã. Segundo narra o correspondente do "Times" o ataque aereo não se limitou á destruição dos edificios publicos e outros, mas tambem attingiu a população civil, mulheres e crianças tendo sido metralhadas.

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão.
Ministro de Estado das Relações Exteriores.

metralhadas.

3. Os communicados do quartel geral das forças nacionalistas desmentiram energicamente a versão espalhada pelo "Times", allegando que o incendio e a subsequente destruição de Guernica foram obra das proprias forças vasconsas que, affirmam os nacionalistas, procederal de identico modo ao evacuarem a cidade de Eibar.

4. A reportagem do "Times" de 28 de abril ultimo, e outras subsequentes, suscitaram violentos protestos na imprensa allemã - toda ella officiosa, se não official, já que nenhuma folha allemã pode imprimir uma linha sequer sem o beneplacit das autoridades nazistas.

5. O bombardeio deu ensejo a varias e seguidas interpellações e discussões no seio das duas Camaras do Parlamento britannico, aventando-se, entre outras, a ideia de levar o assumpto á Sociedade das Nações afim de que o instituto genebrino se esforçasse para evitar futuramente a repetição de occorrencias semelhantes, ideia, aliás, que não logrou echo favoravel.

6. As noticias publicadas pelo "Times" e as discussões parlamentares motivaram finalmente uma demarche do Embaixador allemão nesta capital, Senhor von Ribbentrop, junto ao Foreign Office, chamando a attenção para as " allegações incorrectas e tendenciosas de certa parte da imprensa britannica e na Camara dos Communs sobre a allegada destruição da cidade hespanhola de Guernica". O Embaixador ter-se-ia referido na mesma occasião a noticias de certas agencias de jornaes estrangeiros baseadas sobre testemunho ocular confirmando que Guernica foi incendiada pelas proprias forças do Governo.

7. O correspondente diplomatico do "Times" noticiou na edição de hoje uma suggestão do Governo britannico aventada no seio da Sub-Commissão de Não-Intervenção para formular um appello aos dois belligerantes hespanhões no sentido de evi-

evitar o bombardeio de cidades abertas. O Foreign Office considera actualmente uma nota do Governo de Valencia pedindo ao Governo britannico propôr na Commissão de Não-Intervenção um inquerito internacional sobre o bombardeio e a destruição de Guernica.

8. Tendo em conta os multiplos interesses em jogo na horrivel guerra civil que está assolando a Hespanha, interesses oppostos e irreconciliaveis, será muito interessante acompanhar o desenvolvimento que possivelmente terá esse triste episodio do conflicto hespanhol.

Tenho a honra de renovar a Vossa Excellencia, Senhor Ministro, as seguranças da minha respeitosa consideração

Régio de Oliveira

Emb.Londres/160/1937/Annexo

"THE TIME"S

Londres, 30 de Abril de 1937.

THE DESTRUCTION OF GUERNICA

PROTEST IN THE LORDS

WESTMINSTER, THURSDAY

LORD CECIL asked in the House of Lords to-night whether the Government knew who were responsible for the bombing of Guernica which had been described by a Special Correspondent of *The Times*.

If the report was accurate, he said, the bombing of that small open town, which was of no military value, was one of the most horrible things ever done, and was without precedent in the history of civilized nations. He urged the Government to enlist the cooperation of other Governments to have the matter brought before the League of Nations. People capable of bombing Guernica would be deaf to remonstrance, but might be touched by self-interest and the possibility of future consequences.

LORD PLYMOUTH could neither confirm nor deny the reports, nor say who ordered the attack. He repeated the substance of what MR. EDEN had told the Commons: the Government deplored the bombing of civilian populations, of which both sides in the Spanish civil war had been guilty, and would do all they could to prevent such attacks, but they could not agree that the League of Nations was the best means to that end.

The BISHOP of WINCHESTER appealed to the Government to express the nation's abhorrence if the reports of the bombing of Guernica were officially confirmed.

Emb.Londres/160/1937/Annexo

"THE TIMES"

Londres, 4 de Maio de 1937.

EVACUATION OF BILBAO

GENERAL FRANCO'S REPLY

SIR A. KNOX (Wycombe, U.) asked the Secretary of State for Foreign Affairs if he would give the substance of General Franco's reply to the request for acquiescence in the project of evacuating the civil population of Bilbao and of the alternative proposals for safeguarding non-combatants' lives put forward by General Franco.

VISCOUNT CRANBORNE, Under-Secretary, Foreign Office (Dorset, S., U.).—Yes, Sir. The following is a summary of the reply received from the insurgent authorities on this subject:—

While expressing appreciation of the humanitarian spirit and the impartiality of his Majesty's Government, the message, after adducing certain complaints against the Spanish and Basque Governments, pointed out that Bilbao was subject to a blockade and that the air action being taken against the traffic in the port and neighbouring military objectives made it impossible to guarantee the safety of operations in the port. The message added that it was unnecessary to evacuate the civil population through a foreign country.

As an alternative a safety zone in territory between Bilbao and Santander was proposed, provided that the International Red Cross Committee could guarantee that the zone would not be used for military purposes. The insurgent authorities, the message added, would also be willing to admit women, children, and old people to insurgent territory without distinction of political creed, with the exception of those who might be found guilty of crimes.

Emb.Londres/160/1937/Annexo

"THE TIMES"

Londres, 30 de Abril de 1937.

BOMBING OF GUERNICA

LORD CECIL'S PROTEST

On the motion for the adjournment,

VISCOUNT CECIL called attention to the subject of the reported bombing and destruction of the Basque town of Guernica. He said that this act appeared to have been very deliberately planned. The time selected, they were told by the well-informed Correspondent of *The Times*, was the market day, when the largest number of people from the country round were present in the town. The attack appeared to have been made by a considerable number of bombing machines, and both explosive and incendiary bombs were used. The result was that the whole town was set on fire. He understood that the town contained two or three hospitals and that these were burned to the ground and that all the patients in them perished. One detail mentioned in the account was that a body of women and children who sought refuge in some building or other found themselves trapped and unable to escape and were roasted alive.

The unhappy inhabitants who tried to escape by running away were shot down by machine-guns. He did not gather that there were any soldiers there but that the great majority of the fugitives were women and children. Not content with shooting fugitives, according to the same account, the airmen also destroyed neighbouring farmhouses, presumably with their inhabitants as well. It was, if the report was accurate, one of the most horrible things ever done.

There were rumours that it was to be followed by another similar attack on Bilbao itself. Had the Government any idea as to who was actually responsible ? General Franco had repudiated responsibility. What was the position of the foreign States ? According to the statement all the machines used were German, and the Correspondent of *The Times* said that he picked up an incendiary bomb which had not exploded and found that it had a mark of German manufacture. It was only an inference that the machines were manned by German pilots, but it seemed an inference with a great deal of probability.

As far as he knew, there was no precedent for anything of that kind in the history of civilized nations. It was done on a small town of 10,000 inhabitants which was not of military value at all, and the barracks were some miles from the town. It was said that the operation was simply designed as a piece of terrorism, to frighten the opposing party from further resisting the attack of the insurgents. There should be a very strong protest by the British Government, and they should do their best to secure the support of other Governments in their protest and should raise the matter at the earliest possible moment in the only international body that existed, the Council of the League of Nations. It might be asked what could be expected from such a protest. He recognized that people who did the kind of thing in question were not likely to be moved by a mere remonstrance, but it was possible that self-interest would cause them to refrain from repeating it. The matter might have serious consequences for other nations.

The Government should make it clear that this country and others did not recognize what had happened as a legitimate operation of war. It was important, if they could, to put every obstacle to the execution of operations of that kind which, apart from their horror and gross cruelty, might inflict injuries which it would

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had happened as a legitimate operation of war. It was important, if they could, to put every obstacle to the execution of operations of that kind which, apart from their horror and gross cruelty, might inflict injuries which it would be impossible to recover from. He was anxious to be reassured that the Government would take every possible action to protest with their utmost strength against that kind of thing and use every possible international machinery they had to make that protest effective.

GOVERNMENT REPLY

The EARL of PLYMOUTH, Parliamentary Under-Secretary, Foreign Office, said he was afraid he had little or nothing to add to what was said by the Secretary of State for Foreign Affairs in the House of Commons yesterday. The Government had no official information regarding the bombing of Guernica. He was therefore not in a position to confirm or otherwise the accounts of it given by Viscount Cecil. Neither was he in a position to say who actually ordered the attack or what machines were used. The Secretary of State for Foreign Affairs explained yesterday that, of course, the Government deeply deplored the bombing of the civil population in the Spanish civil war wherever it might occur and [illegible] responsible. Responsibility for such actions in the past did not rest upon one side in the struggle alone.

VISCOUNT CECIL said that surely that made the thing far more serious from an international point of view.

The EARL of PLYMOUTH said he was not suggesting that it made the matter less serious, but some people were trying to draw conclusions from what had happened and give the impression that one side alone were concerned in the question of the bombing of the civil population. The British Government had in the past taken such steps as they thought were open to them to make their attitude on the subject clear to both parties and to the world at large. They had, to the best of their endeavours, attempted to promote agreements which would be calculated to safeguard the civil population.

So far as the question of the use of gas was concerned, which some people thought to be imminent, they were successful in seeing that an agreement not to use gas was reached. In so far as the question of the bombing of the civil populatioo was concerned, the British Government would continue to examine the position from every angle to see whether further steps were possible to prevent the recurrence of what were deplorable events, if the description of them received from various quarters was correct. If there was anything that the Government could usefully do they would do it. With regard to the threatened bombardment of Bilbao, the Government had no official information. Concerning the question of raising the matter referred to under the Covenant of the League of Nations, the British Government did not think it would be the best way to reach the object they had in view—to prevent the recurrence of that sort of thing and to safeguard the civil population. What had been said would be reported to the Secretary of State, and if he thought that anything could be done it certainly would be done.

WORK OF THE NAVY

LORD STRABOLGI said it had been reported in the newspapers that preparations were being made for the evacuation of women and children from Bilbao, and that his Majesty's ships would be utilized to assist in this task. They all admired the great work done by the Navy in this respect during the terrible upheaval in Spain, and the House would be glad of an assurance that this report was true. He hoped that the British Consul would not be withdrawn from Bilbao if the advance on that town continued. The presence of a British official always had a calming effect on bloodthirsty and victorious soldiery.

Whatever might be thought about the rest of the population of Spain, the Basques were a pious, ancient, courageous, and altogether admirable people. They helped us when we needed help during the War, when much of Spain was hostile, and they were deserving of all the assistance we could give them within the limits of the Non-Intervention Agreement. He knew that this agreement was sacred and that it must not be broken—unless we weighed down the scales a little in favour of the other side.

"A WORD OF CAUTION"

LORD NEWTON said he wished to utter a word of caution. Everybody knew that news from the Government side in Spain reached this country far in advance of news from the insurgent side. Up to now we had heard only one side of the story, and it was quite possible that before many hours had elapsed we should hear something quite different. He interposed this word of caution because he observed a disposition on the part of Lord Cecil and noble lords on the Opposition benches to stampede the Government into espousing the cause of the Caballero Government. He sincerely

had happened as a legitimate operation of war. It was important, if they could, to put every obstacle to the execution of operations of that kind which, apart from their horror and gross cruelty, might inflict injuries which it would be impossible to recover from. He was anxious to be reassured that the Government would take every possible action to protest with their utmost strength against that kind of thing and use every possible international machinery they had to make that protest effective.

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The BISHOP of WINCHESTER said that if the statements in *The Times* were corroborated by official information he hoped that the Government would then be able to make some very strong protest against what, if correctly reported, was an appalling outrage against all the laws of civilization and humanity. (Cheers.) He did not want the Government to take sides in this matter, or to rush in in such a way that greater trouble would be caused, with danger perhaps to the whole peace of Europe. Horror had been piled on horror in this war, but if this horror was true, this continuous cold-blooded bombardment for hours of an unprotected town and the shooting down from aeroplanes of the people who fled into the fields—if the Government found that the facts were true as reported in *The Times*, then he hoped that the Government would in some way express the abhorrence which the whole country felt, irrespective of views about the struggle in Spain, about an outrage of this kind. (Cheers.)

Their lordships rose at nine minutes to 6 o'clock.

Est.Londres/160/1937/Annexo

"THE TIMES"

Londres, 5 de Maio de 1937.

"'The Times' Bombs Guernica"

It was under this title that the official German News Agency gave the state-controlled Nazi Press its cue for a violent outburst against Great Britain, the British Press, and this journal in particular. Official Germany now alleges that *The Times*, selecting a town of which not one Englishman in a hundred had ever heard before, fabricated a circumstantial account of its bombardment from the air in circumstances of peculiarly cold-blooded brutality. It was left to the ingenuity of individual German newspapers to provide the motives for such singular conduct on the part of *The Times*. This was a formidable task; and the allegation, fantastic in itself, was rendered doubly so by various divergent efforts to convince the German public of its truth. The whole episode illustrates most poignantly the difficulties which beset international relations in our time. The bombing of Guernica, which can have been foreseen by no one in this country, was reported by our Special Correspondent on the spot, and by his colleagues of other newspapers, as part of their ordinary journalistic duties. Since it was carried out by planes of German type, the publication of the news embarrassed Germany. But where is the wisdom, from Germany's point of view, in allowing her embarrassment to inspire a Press campaign which is calculated to damage her relations with Great Britain and which, consisting as it does of a series of chimerical accusations, intemperately made, can only discredit her powers of self-control and—incidentally—arouse suspicions of her complicity in the bombardment? What is the destiny of a world in which no responsible organ of the Press can tell the simple truth without incurring charges of Machiavellian villainy?

Responsibility for the destruction of Guernica, and of some hundreds of its civilian population, has not yet been definitely brought home to anyone. But the truth is beginning to emerge. In an official *communiqué* from Salamanca, published in *The Times* yesterday, insurgent headquarters had noticeably shifted their ground. The *communiqué* dismissed the bombardment as "a comparatively minor event"; but it did not repeat GENERAL FRANCO's original assertions that, owing to rain and mist, no Nationalist aircraft left the ground on the northern front during the afternoon of the bombardment. It did repeat former denials that the town was ever bombed at all; but these can hardly have been meant to be taken seriously. This morning comes a dispatch from our Special Correspondent with the insurgent forces (who, it should be remembered, is working, like all correspondents in Spain, under a political and military censorship) in which he describes a visit to the ravaged town. From his observations it does indeed appear possible that some part of the conflagration after the bombardment may have been the work of incendiaries. But for Nationalist headquarters

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...Londres/160/1937/Annexo

"THE TIMES"

Londres, 5 de Maio de 1937.

THE RUINS OF GUERNICA

A RIVAL VIEW

NATIONALISTS TO HOLD INQUIRY

From Our Special Correspondent

VITORIA, MAY 4

Public opinion here (with the Nationalist forces) is still disturbed by the allegations abroad that the beautiful Basque town of Guernica was destroyed by incendiary bombs dropped by Nationalist aircraft, and a commission of civilian engineers has been appointed to investigate the causes of the fire which swept the town. It is feared that the conflagration destroyed much of the evidence of its origin, but it is felt here that enough remains to support the Nationalist contention that incendiaries on the Basque side had more to do with the razing of Guernica than General Franco's aircraft.

A visit to Guernica shows that of the main part of the town consisting of large blocks of four and five storey buildings, little remains but a few ragged portions of wall. A few public buildings, including that housing the Basque archives, and some villas not in the crowded centre, where fire has made a clean sweep, have escaped.

There is nothing to compare with the havoc wrought in Guernica except in Eibar, 80 per cent. of which was destroyed by bombardment and fire, and in that part of Irun where the shells of large buildings stand—monuments of proved incendiarism. Durango also is largely demolished but, having escaped fire, gives the impression of a town badly needing repairs rather than rebuilding.

EXAMPLE OF DURANGO

That Guernica after a week's bombardment by artillery and aircraft should not have shown signs of fire supports the Nationalist contention that aircraft were not responsible for the burning of the town, which was bombed intermittently over a period of three hours. There is the case of the village of Elgueta, which was levelled by bombs and shells but which also did not go up in flames, while in Eibar, which had been a target for bombardment since September, there was no fire until the Basques were evacuating the town.

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It has been asserted that Guernica was subjected to bombing of exceptional intensity, but the distinctive marks of an aerial bombardment are not numerous. In Durango explosions blew great pieces of the walls of buildings out into the streets, exposing the interiors of houses, and outside walls were indented by flying fragments of shells and bombs—there are pieces of shells and bombs to be found among the wreckage and in the streets, while in the main square are bomb-holes full of muddy water.

In Guernica, on the other hand, few fragments of bombs have been recovered, the façades of buildings still standing are unmarked, and the few craters I inspected were larger than anything hitherto made by a bomb in Spain. From their positions it is a fair inference that these craters were caused by exploding mines which were unscientifically laid to cut roads.

BOMBING AND FIRES

There was a bomb hole in the roof of a large church, but this church was one of the buildings not burned. A works foreman at Guernica who witnessed the air raid said the first few bombs dropped on the Educational Institute and on two convents on the outskirts of the town. These buildings did not burn. Lining one of the roads leading into the town is a row of villas. Three or four have been destroyed by fire but they show no sign of having been touched by bombs. Next door is one house demolished by a bomb, but untouched by fire.

In view of these circumstances it is difficult to believe that Guernica was the target of a bombardment of exceptional intensity or was selected by the Nationalists for an experiment with incendiary bombs, as is alleged by the Basques.

In the investigators' opinion it will be difficult to establish exactly how the fire started.

MAYOR OF GUERNICA REPLIES

"BOMBING BY GERMAN AEROPLANES"

FROM OUR SPECIAL CORRESPONDENT

BILBAO, MAY 4

The Mayor of Guernica, a priest named Aronategui, whose brother died in the bombardment, broadcast from the Bilbao wireless station to-night an answer to the allegations of Salamanca. He said:—

As I stand before this microphone to tell the world what my eyes have seen in what was once Guernica, I call God to witness that I speak the absolute truth, which, in shame before the monstrous crime which they have committed, the rebels appeal to falsehood to subvert—yes, to deny the vilest deed known to history, the total and absolute destruction of the town of Guernica. . . .

That fatal day, April 26, was market day, when the town was crowded. On that day were gathered at Guernica thousands of peasants from the whole neighbourhood—there was a cordial atmosphere of Basque *camaraderie*, and nobody could suspect the tragedy which was coming to Guernica.

Just after 4 p.m. aeroplanes threw nine bombs in the centre of the town. We were looking after the wounded when more aeroplanes appeared, which began to drop all kinds of bombs, incendiary and explosive.

The wild beasts who piloted those aeroplanes, whenever they saw in the streets or outside the town a human figure, turned their machine-guns on it, sowing terror and death and killing not a few, among whom were women, children, and old people. Such was the tragedy of Guernica, the truth of which I, Mayor of Guernica, affirm before the whole world.

The militia in Guernica on that day were exactly the same who had fraternized all those months with the people of Guernica and won their affection. They were the first to give aid to the authorities in those terrible moments. It was not our militia who set fire to Guernica, and if the oath of a Christian and a Basque *alcalde* has any value, I swear before God and history that German aeroplanes bombed viciously and cruelly our beloved town of Guernica until they had wiped it from the earth.

Guernica has been burnt, but Guernica will not die. The tree will put out new green leaves every spring; her sons will return to her once more; once more her houses will be rebuilt, her churches hear again their hymns and prayers, and happy life abound in her streets. Guernica, the symbol of our national liberties, and the symbol too of the ferocity of international Fascism, cannot die, for Euzkadi will not die.

Emb.Londres/160/1937/Annexo

"THE TIMES"

Londres, 5 de Maio de 1937.

GUERNICA AND ELSEWHERE

THE TESTIMONY OF EYE-WITNESSES

TO THE EDITOR OF THE TIMES

Sir,—It is interesting to contrast the indignation which General Mola's reported threat to "rase Bilbao to the ground" has evoked with the complete apathy with which not the threat, but the fact, of the destruction of the ancient and notable city of Oviedo by "Government" forces has been received in this country. To the almost complete silence on this subject *The Times* has formed a notable exception, and some weeks ago you published a harrowing account by a British eye-witness of the martyrdom of the civil population of Oviedo. But this account evoked no letters of reprobation from distinguished correspondents, nor did Archbishops and Bishops find it necessary to express their indignation. The fate of Oviedo is peculiarly significant since the first step in its destruction by the Left was taken as long ago as October, 1934, when the Spanish Left in the name of the class war and armed revolution rose in rebellion against a Radical and Moderate Conservative Government. There were no German or Italian aircraft in Spain in those days! It should never be forgotten that the parties responsible for the rebellion and outrages of 1934 are those now in control of the Valencia Government. It is their leaders whom the British public is taught to regard as the champions of liberty and democracy and who receive the gracious patronage of the Duchess of Atholl while engaged in the cold-blooded extermination of Liberals, Radicals, and Moderate Conservatives, an extermination to which one of your Special Correspondents in Spain has borne abundant witness and which is surely, in the words of the Bishop of Winchester reported in your to-day's issue, as much a "cruel, deliberate, cold-blooded act against the laws of God and against every law of civilization and of man," as the bombardment of Guernica.

Yours, &c.,

May 3. J. A. S.

TO THE EDITOR OF THE TIMES

Sir,—I see in *The Times* of to-day the statement of General Queipo de Llano, in which he says, "Let the Dean of Canterbury come to Spain and widely tour both sides without wearing blinkers."

I think it should be known that, while the Spanish Government itself had invited us to

destruction by the Left was significant since the Spanish Left in the name of the class war and armed revolution rose in rebellion against a Radical and Moderate Conservative Government. There were no German or Italian aircraft in Spain in those days! It should never be forgotten that the parties responsible for the rebellion and outrages of 1934 are those now in control of the Valencia Government. It is their leaders whom the British public is taught to regard as the champions of liberty and democracy and who receive the gracious patronage of the Duchess of Atholl while engaged in the cold-blooded extermination of Liberals, Radicals, and Moderate Conservatives, an extermination to which one of your Special Correspondents in Spain has borne abundant witness and which is surely, in the words of the Bishop of Winchester reported in your to-day's issue, as much a "cruel, deliberate, cold-blooded act against the laws of God and against every law of civilization and of man," as the bombardment of Guernica.

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I think it should be known that, while the Spanish Government itself had invited us to inspect the religious and social situation in Government territory, we received no similar invitation from the insurgents. But we have already stated publicly and have informed the insurgent authorities that we are willing to visit their territory on the same terms—namely, that facilities are provided for a free investigation of social, political, and religious conditions, with the object of making a report on our return.

I would add that the Spanish Government gave us the widest and most singular facilities for investigation wherever we went. We were admitted to every place and person we wished to see. We were permitted to visit the front line trenches in the Basque country and view the front line in Madrid. We were admitted to the big prisons and allowed to talk privately with the political prisoners: I spoke with men and women of various kinds, with Germans, Swiss, and with priests. We were encouraged to travel throughout the whole length of country from Toulouse to Barcelona, Gerona, Tarragona, Tortosa, Castellon to Valencia, and on to Madrid; staying quite unexpectedly here and there for meals or for the night, eating unannounced in restaurants, and sleeping where we had never been expected, even in private bourgeois houses.

Throughout this journey of more than 1,000 miles by road we were enabled to see the ordinary processes of life proceeding in the well-cultivated countryside with an order and calmness that made it often difficult to imagine that a war was raging. Nothing that we asked for was refused, and I can think of no country that would have allowed us to approach so closely to military secrets as we were allowed in Government territory.

General Queipo de Llano cannot complain if, after seeing with my own eyes the Franco bombardment of Durango and after entering the city to find that among the many nuns slain was the sister of my chauffeur, I was so filled with indignation at his broadcast charge that the nunnery and the church had been burnt down by the "Reds" that I seized the opportunity immediately upon my return to Bilbao of speaking of the things that I had seen and refuting a mean and terrible slander. I suffered similar indignation, but felt no surprise that the same lie has been uttered about Guernica. My thankfulness in this case is deep that your own heroic and extremely able Correspondent, whom I had the privilege of meeting in Bilbao as the only British journalist at that time in that city, and in whose company I watched the last aerial bombardment before I left, was present on the scene last Tuesday, and could give, in inimitable language, the moving account that you published in last Wednesday's issue of *The Times*.

Yours sincerely,

HEWLETT JOHNSON.

The Deanery, Canterbury, May 3.

TO THE EDITOR OF THE TIMES

Sir,—The multiplication of excuses nearly always weakens a case. General Franco declares that Guernica was not bombed (for that the Basques, with matchless ingenuity and cunning, destroyed it themselves); Major Hugh Pollard, in to-day's issue, assumes that it was bombed, but contends that such bombing was a praiseworthy act, inasmuch as Guernica was an arms-manufacturing centre. One wonders why, if this were even in part true, General Franco did not boast of the brilliant feat of arms on the part of his air fleet instead of issuing the unconvincing denials and alternative explanations which have recently appeared.

The original description by your Correspondent of the destruction of the town made one nearly physically sick. But Major Pollard thinks "there need be little sentiment" for the victims. His argument appears to be that because certain Basque industrialists have manufactured armaments for profit (depraved and original creatures!) it serves the priests and peasants of Vizcaya right if they are burnt alive in their homes or machine-gunned in their fields.

If it should ever happen (which heaven forbid) that the little town of Billingshurst should be razed to the ground and the excuse be given that certain persons in that part of Sussex were Communists, I hope that, as the avenging bombs fall on his house, Major Pollard will remember to take a realistic and not a sentimental view of the situation.

Yours faithfully,

FRANK MILTON.

Reform Club, Pall Mall, S.W.1, May 3.

Emb.Londres/160/1937/Annexo

"THE TIMES"

Londres, 6 de Maio de 1937.

Imperial and Foreign

BOMBING OF GUERNICA

FRESH EVIDENCE

From Our Special Correspondent

BILBAO, MAY 5

The statement issued from Salamanca that Guernica was destroyed by "Red" incendiaries is false.

I personally talked with over 20 refugees from Guernica in the outskirts of the town on the night of its destruction. Except for minor details about the number of aeroplanes which destroyed Guernica, their stories agreed on every point. Between 4.30 and 7.45 that evening Guernica was destroyed by aircraft which most of them could distinguish as belonging to the insurgents, while priests were able to describe the well-known Junkers type which was responsible for the heaviest bombing.

That afternoon at about 4.30 I was myself machine-gunned by six German Heinkel 51 fighters in the village of Arbacegui, eight miles south-west of Guernica. This village had just been bombed heavily by Junkers 52 and Heinkel 111 machines. After machine-gunning me they flew off in the direction of Guernica. Later I saw single bombers of the Heinkel 111 type also flying in the direction of Guernica and heard the distant sound of bombing. Since that afternoon aircraft had been bombing all the villages between Guernica and Marquina, including Arbacegui, Guerricaiz, Bolivar, Arteaga, Cortezubi, and Mendata, and the roads were being machine-gunned. I returned home as soon as the adventure was over.

COMMUNICATIONS CUT

At Bilbao I first heard that Guernica had been bombed at about 7 o'clock. There were no details, as communications had been cut early in the bombardment, and for some time the seriousness of it was unknown here. Only when the flames were mounting well over every other house were urgent appeals received in Bilbao for ambulances and fire-engines. All the transport in the town had been wrecked by the bombardment and the local police had to walk to the nearest telephone post to speak to Bilbao. This was about 9 o'clock. The Press representatives heard th[illegible] at about 10 [illegible]

of Euzkadi eat the bitter bread of affliction and suffering, raise their voice to the Father and, imitating Him who died craving pardon for His enemies, we pray for the destroyers of Guernica that they may not continue to destroy defenceless towns, machine-gun women and children, and load hundreds of hearths with misery. Father, forgive them, for they know not what they do.

"INCORRECT PRESS REPORTS"

GERMAN AMBASSADOR'S PROTEST

It was announced from German diplomatic quarters in London yesterday that when Herr von Ribbentrop, the German Ambassador, called at the Foreign Office he drew the attention of Mr. Eden to what he described as "the incorrect and tendentious allegations made in parts of the British Press and in the House of Commons with reference to the alleged destruction of the Spanish town of Guernica."

The German Ambassador is understood to have referred to the reports of certain foreign news agencies and newspapers, said to have been based on the testimony of eye-witnesses, and alleged to confirm that Guernica had been set on fire by the Government forces. He is understood to have expressed to Mr. Eden his regret at the "incorrect and tendentious method of reporting, which, if continued, was bound to have a most unfortunate effect."

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The direct evidence that Guernica had been destroyed by aerial bombardment was as follows :—

The town and the roofs that were still unburnt were a mass of bomb-holes, which were not there when I visited Guernica the day before. Trees were also snapped off at the stem or the foliage torn away by bomb-splinters. Of these bomb-splinters I collected several. They are of exactly the same metal as the bombs lately used by General Mola's German aircraft on the front. Of incendiary bombs a journalist with me picked up three, all German, dated 1936.

TRAPPED IN A REFUGE

Everyone in the town knew that a number of women and children had been trapped in a bomb refuge in a certain street below the Casa de Juntas, and it is obvious that women and children do not enter bomb refuges under houses which are being burnt down by "Reds." A church which was burning fiercely had a hole in the roof through which a bomb had entered, but the priest who was helping to evacuate the poor who had lost their homes forgot to tell me that his church had been wrecked from that peculiar angle by Anarchists.

I was in Guernica until 1.30 in the morning, but, sniff where I might, could catch no odour of petrol. Nor were the houses merely burnt, as I saw Irun burnt. They were shattered through the roof and walls before being burnt. That is why large parts of Guernica are not a shell but an ash-heap.

Next day I returned to visit the ruined hospital, which was surrounded by bomb-holes. There were 40 dead here, of whom I saw 14 laid out. They were mostly women, freshly dead, and known by name to the Guernicans who were with me. They had not been killed by petrol but by bomb wounds, except two by bullets. On the same day Bilbao published a list of over 50 people from Guernica who were being treated for bomb wounds in Bilbao.

Before journalists are led in by the insurgents on a conducted tour, tell-tale holes in the streets may be filled in, obliging witnesses provided, and even the smell of petrol propagated. But the fact remains that General Franco's aeroplanes burnt Guernica and the Basques will never forget.

A PRIEST'S TESTIMONY

Father Aronategui, a priest of Guernica [not the same person as the Mayor of Guernica, whose statement was reported in the later editions of *The Times* yesterday] also spoke on the Bilbao wireless last night of the bombardment. He took as his text: "Father, forgive them, for they know not what they do."

It was midnight on Monday, April 26 [he said], and the people of Guernica, before the lurid light of the enormous flames which greedily ate their town away, raised their hands to the Cross, thinking of the bitter sorrows that sinful humanity was loading upon the Martyr of Golgotha. Guernica has ceased to exist. The Biblical image of Rachel, who mourns and will not be comforted, rises before my imagination.

But the Basque knows how to overcome fright. Only that is certain, after the fearful cruelty of the Fascist aeroplanes, who for several hours tortured our city, flying at the very level of our roofs and throwing thousands of incendiary and hundreds of explosive bombs. What fearful moments of anguish and pain! The Church of San Juan crashed in and the rooftrees were shattered. Hundreds of Basques were there practising their cult to the death. And when the women and children fled, mad and terrified, the machine-guns of the aeroplanes came down to cut short their lives.

The Basque clergy knew in that moment of anguish how to raise themselves above the level of human pain, and strengthening their hearts went through the town with the balsam of Holy Oil to anoint the unhappy ones who fought with death.

Guernica has ceased to exist. The Church of San Juan has been eaten by the flames. The Church of Andra Mari, loved of all the people of Guernica, will hear no more the gentle supplication of the innumerable souls who have clustered round her feet. Guernica's weekly fair is finished. This is what I have seen with my eyes in our beloved Guernica. The Basque clergy, at this terrible moment, when so many old men, women, and children

Emb.Londres/160/1937/Annexo

"THE TIMES"

Londres, 7 de Maio de 1937.

THE SPANISH WAR

BOMBING OF GUERNICA

On the motion for the adjournment,

Mr. GRENFELL (Gower, Lab.) said that he shared the disappointment of a large number of members in the House and an increasing number of persons outside with the results of the pact of non-intervention in Spain. That disappointment was due to the repeated repudiations and evasions of the pact by its signatories. If the pact was not to be worked and observed, and if it was to be simply an elaborate system of camouflage, then it was a highly dangerous thing and much more dangerous to the peace of Europe and detrimental to the cause of Spain than if no such pact existed.

Referring to the bombing of Guernica, the hon. gentleman said that this ancient capital of the ancient and independent Basque race was not a military centre, and there appeared to have been no military reason for the attack. This city had been destroyed from the air, and fugitives who fled from their homes to the countryside were pursued by aeroplanes and attacked with machine-guns. It was a terrible thing of overwhelming significance that happened that day, and we should be false to the best interests of our own country and to our place in the world if we allowed the incident of Guernica to pass unnoticed.

It was certainly an act of frightfulness. It was said that the Germans were very sensitive about this, and that they had protested against the allegation that the aeroplanes concerned were identified as German machines, and that they had German pilots. But there could be no doubt that the bombs were dropped, and the nationality of the pilots was a question to be decided by further evidence. The auspices under which the attack was made were not fully known.

He asked the Foreign Secretary whether in view of these denials and the counter-allegation that it was a journalist who conceived this dastardly act, and that no such thing happened—that there was no air raid on that day—some steps could be taken to establish the facts beyond dispute. The damage was done to Guernica, and it stood to be witnessed by anybody who cared to go there. Was there any reason why this peculiar example of frightfulness should not be the subject of an impartial investigation ? Was there any obstacle in the way of the dispatch of persons representing neutral States, or the League of Nations, or of the appointment of representatives of both sides in this dispute, to examine the evidence on the spot ? (Opposition cheers.) He (Mr. Grenfell) would hesitate to add to the responsibilities of Germany in this matter of intervention in Spain, and since this case of the destruction of Guernica was a thing that stood alone, he would like to have the matter investigated on the spot by some impartial Committee so that this country might [illegible] truth.

Emb.Londres/160/1937/Annexo

"THE TIMES"

Londres, 6 de Maio de 1937.

THE GUERNICA BOMBING

EFFORTS TO PREVENT RECURRENCE

Mr. A. HENDERSON (Kingswinford, Lab.) asked the Secretary of State for Foreign Affairs whether, in view of the declared intention of the Spanish insurgent authorities to raze Bilbao to the ground and destroy its inhabitants, and in consequence of such declaration following the destruction of Guernica by bombing and machine-gunning from the air, he would ask for an immediate meeting of the League Council with a view to action by the League in order to avert this threat being carried out.

Mr. EDEN (Warwick and Leamington, U.).—So far as the reference of any aspect of the Spanish conflict to the Council of the League is concerned, this is clearly in the first instance a matter for the Spanish Government. The Non-Intervention Committee, on the initiative of his Majesty's Government, are, however, at present considering the possibility of an approach to the contending parties in the Spanish civil war with a view to preventing the recurrence of the bombardment of the civilian population.

Mr. HENDERSON.—Is the Foreign Secretary aware of the report that it is intended to make air attacks on Bilbao and Madrid on an overwhelming and unprecedented scale, and, in view of the fact that to-morrow the House is adjourning for nearly three weeks, will the right hon. gentleman give an assurance that, in the event of the Non-Intervention Committee failing to arrive at an agreement to take effective action, he will undertake to raise the matter at the forthcoming meeting of the Council of the League ?

Mr. EDEN.—The hon. member will realize from the answer I have already given the importance we attach to this matter. That is why we have raised it in this way in the Non-Intervention Committee, which is to meet again on Friday. I am afraid that I cannot give an undertaking as to what I might or might not do at the Council meeting of the League. Clearly, in the first instance, that would be a matter for the Spanish Government.

Mr. HENDERSON.—Will he concede that, in the event of the Non-Intervention Committee failing to take action, there is a possibility of this situation developing into a worse situation and it would be a matter for the League under Article XI of the Covenant ?

Mr. EDEN.—I am conscious, and the Government are conscious, of the gravity of the events. That is why we have taken the initiative ourselves.

CAPTAIN CAZALET (Chippenham, U.).—Has the Foreign Secretary seen the account of the bombing of Guernica in *The Times* to-day, and does that not show that the original account was entirely inaccurate ?

No reply was given.

EC

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 10 de Maio de 1937.

No.161

Conferencia Internacional de Carne.

845.73(60)/00 Nadeje

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
-8 JUN. 1937
Nº 06679

Senhor Ministro,

Tenho a honra de passar ás mãos de Vossa Excellencia o relatorio apresentado pelo Consul Alfredo Polzin sobre a reunião da Conferencia Internacional de Carne, que se realizou a 6 do corrente, e á qual elle compareceu em substituição do Secretario Commercial Decio Coimbra, que se achava nesse dia occupado com a Conferencia do Assucar.

2. O relatorio do Consul Alfredo Polzin presta informações detalhadas sobre os diversos assumptos discutidos nessa reunião, referindo-se principalmente ao fornecimento de 20.000 cwts. de carne desossada, extra-quota, de que me occupei em telegrammas anteriores.

3. Autorizei o Consul Alfredo Polzin a comparecer ás reuniões da Conferencia da Carne, juntamente com o Secretario Commercial Decio Coimbra, ambos acompanhando os trabalhos desse organismo, para, em caso de ausencia de um, o outro estar plenamente

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

Emb.Londres/161/1937/2.

plenamente informado dos assumptos em estudo.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rejis de Oliveira

Emb.Londres/161/1937/Annexo

Londres, 8 de Maio de 1937.

Senhor Embaixador,

Tenho a honra de levar ao conhecimento de Vossa Excellencia que, cumprindo as determinações telegraphicas da Secretaria de Estado das Relações Exteriores que Vossa Excellencia se dignou transmittir-me por intermedio do Secretario Commercial Senhor Decio Coimbra, assisti, em 6 do corrente mez, a Reunião preliminar da Conferencia Internacional de Carnes.

2. AGENDA I. Presentes todos os Delegados interessados, entrou, segundo a Agenda, lógo em discussão o fornecimento a titulo de extra quota no presente anno de 20.000 cwt. (1.016 toneladas) de carne desossada destinada ao consumo em Glasgow. Consultados os Delegados da Argentina e do Uruguay, declararam logo haverem recebido dos seus respectivos Governos informações no sentido de que se acham em condições ambos de fornecerem immediatamente as 1.000 toneladas em questão, sendo que o Delegado do Brasil ainda aguardava resposta definitiva do seu Governo.

3. Consultados os Delegados do Imperio Britannico, declararam-se de accôrdo com que esse fornecimento fôsse feito pelas supra ditas tres nações sul-americanas. Ficou, outrosim, assentado que, quanto á repartição proporcional desse forneci-

A Sua Excellencia o Senhor Dr. RAUL RÉGIS DE OLIVEIRA,
Embaixador do Brasil na Grã-Bretanha.

M.J.F.

fornecimento previsto, fôsse resolvido inteiramente entre os tres delegados interessados e isto fóra da alçada da Conferencia.

4. A carne, composta de "lower grade of boneless beef", appropriada ao consumo do mercado de Glasgow, deve ser entregue, até fins de Junho, de preferencia no porto de Liverpool, caso seja de todo impossivel fazel-o no de Glasgow.

5. O Delegado do Uruguay consultou ainda se seria levantada qualquer objecção quanto á eventualidade do fornecimento por intermedio de Instituição Official da quota que compete ao seu paiz, recebendo resposta de que essa questão, caso fôsse necessaria, seria opportunamente ventilada.

6. AGENDA II. Encontrando-se alguns dos Delegados dos Dominios sem informações precisas sobre a sua capacidade fornecedora de carnes congeladas durante o 3º trimestre, ficou seu debate adiado para depois de Pentecoste. O Delegado da Australia, Senhor Mac Carthy, desejava, todavia, desde já chamar a attenção da Conferencia para a situação excepcional que entre os paizes britannicos occupava a Australia, no que se refere á exportação de carnes congeladas, sendo que dependia quasi exclusivamente da estação do 3º quartel para effectivar seus embarques. Suggeria que paizes taes como a Argentina, e possivelmente o Uruguay, afrouxassem o envio de carnes congeladas para a Inglaterra durante essa época, para reforçal-o durante o 4º trimestre. Inutil accrescentar que é justamente durante o 3º trimestre que o Brasil leva a effeito seus principaes embarques. O Delegado da Argentina, apoiado pelos do Brasil e Uruguay, afim de evitar a immediata discussão desse assumpto, por motivos obvios, pediu e obteve que a questão fôsse apresentada mais tarde pela Australia, por escripto, afim de então ser estudada e discutida. A these australiana fortalece,

M.J.F.

fortalece, sob o ponto de vista theorico, tambem a do Brasil, visto a tendencia, por parte da Inglaterra, de vêr a quota annual brasileira distribuida em 12 partes iguaes por anno, o que é contrario aos nossos interesses, pois os fornecimentos do Brasil, tanto nos ultimos mezes quanto no principio do anno, são praticamente nullos.

7. AGENDA III. Esta com relação a estatisticas, de levantamento ainda incompleto, nada apresentou de extraordinario, sendo que tambem sua discussão foi adiada para momento mais opportuno.

8. AGENDA IV. Apresentou-se, fóra do quadro previsto, uma proposta de augmento de quota de importação de carne enlatada para o 3º trimestre do corrente anno. Os dados fornecidos aos Delegados pelo Board of Trade accusam grande alta no consumo desse producto durante os ultimos cinco trimestres, acompanhada de sensivel elevação de preço por atacado. A proposta da Commissão previa a quota de 230.000 cwts. para o 3º trimestre, contra 200.000 no 1º trimestre e, igualmente, 230.000 no segundo. Havendo o Delegado Brasileiro opinado pela insufficiencia do augmento de quota previsto, attendendo ás estatisticas correspondentes ao 3º quartel de 1936, que accusam um consumo de 251.000 cwts. e no 2º trimestre 225.268 cwts., foi seu ponto de vista decididamente apoiado pelos Delegados argentino e uruguayo, resolvendo finalmente a Conferencia, após discussões, em que participaram, principalmente o Senhor Mc Dougall (Australia), Carlisle (Inglaterra), esses contrarios, e Sir Henry Fountain (Presidente), este durante toda a sessão dando as maiores provas de deferencia para com as tres nações sul-americanas, fixar a quota de carnes enlatadas para o 3º trimestre do corrente anno em 240.000 cwts.

9. A proxima sessão deverá ter lugar em 18 do corrente

M.J.F.

corrente mez, ás 3 horas da tarde.

10. Finda a reunião acima alludida demoraram-se os tres Delegados sul-americanos em conferencia sobre a repartição entre seus respectivos paizes, das 20.000 cwts., extra quota, de carne desossada. Desde o inicio apercebeu-se o Delegado brasileiro das difficuldades que haviam de apresentar uma solução rapida e satisfatoria. O Uruguay, instando por uma quota correspondente á percentagem do anno estatistico de Ottawa; a Argentina, pelo cumprimento das vantagens ou favôres assegurados no recente Accôrdo Commercial Anglo-Argentino, emquanto o Delegado do Brasil se esforçava por achar uma soluçãõ acceitavel a todos os tres, propondo, de um lado, basear a distribuição na media annual dos ultimos tres annos (correspondendo respectivamente á Argentina 53.69%, ou sejam 10.738 cwts., ao Brasil 29.73%, ou 5.946 cwts. e ao Uruguay 16.58%, ou sejam 3.316 cwts.) ou, alternativamente, referir o caso ás tres respectivas Chancellarias, para que ellas entre si resolvessem o assumpto, o que ficou assentado.

É o que me cumpre levar ao conhecimento de Vossa Excellencia, e, aproveitando o ensejo, tenho a honra de renovar a Vossa Excellencia, Senhor Embaixador, os protestos de minha respeitosa consideração.

EC

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 14 de Maio de 1937.

No.162

A Conferencia Internacional de Carne.

845.73(60)/00) Nadeje

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
- 8 JUN. 1937
No 06679

Senhor Ministro,

Na questão da repartição da importação extra-quota, de 20.000 cwts. de carne congelada desossada, proposta pela Conferencia Internacional de Carne, surgiram entre os representantes da Argentina e do Uruguay as divergencias de que dei conhecimento a Vossa Excellencia em meu telegramma nº 38, de 14 do corrente.

2. Conforme informei nesse telegramma, a Argentina accedeu em fazer a distribuição de accordo com as porcentagens do anno de Ottawa, tomado como anno basico pelo accordo anglo-argentino. O delegado argentino declarou, porém, que acceitava essas porcentagens unicamente como criterio de emergencia para não retardar os carregamentos, mas que não o considerava como precedente para soluções futuras, confiando ao Governo Britannico a interpretação do accordo anglo-argentino.

3. A Argentina reclamava 60,6%, baseada no accordo anglo-argentino. O Uruguay sustentava que essa porcentagem referia-se á

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

á classe toda das carnes congeladas, mas não a cada uma das descripções da classe, pois que a Argentina que tinha fornecido, naquelle anno, 38,1% da carne desossada importada de paizes estrangeiros, concorrera com 67,8% de quartos e lados - o total é que dava a porcentagem de 60,6% inscripto no tratado.

4. As porcentagens do anno de Ottawa foram , por fim, apos prolongados entendimentos, tomadas como base para a repartição desses 20.000 cwts. de carne desossada, mas a Argentina se reservou o direito de levantar, na proxima reunião da Conferencia de Carne, a 18 do corrente, a questão de saber si a porcentagem se refere ou não, pelo tratado, a cada uma das descripções da classe "carnes congeladas". O criterio adoptado favoreceu-nos consideravelmente, pois que passamos a fornecer 33,3%, em vez de 27,1% em 1936.

5. As porcentagens do anno de Ottawa são, em geral, bem superiores as de 1936, conforme Vossa Excellencia terá a bondade de verificar do quadro estatistico annexo. Parece-me, em conclusão, que devemos envidar esforços para que vingue a idéa das quotas baseadas nas porcentagens do anno de Ottawa, quer quanto ao total de cada classe, quer quanto a cada uma das descripções componentes dessas classes. As vantagens seriam multiplas, não só salvaguardando os nossos interesses contra surprezas desagradaveis, como tambem por estabelecer, de ante-mão, as partes que correspondem ao Brasil e ao Uruguay na repartição das importações procedentes de paizes estrangeiros.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Raul de Lima

Emb. Londres/162/1937/Annexo.

IMPORTAÇÕES DE CARNES DE VACCA, PROCEDENTES DE PAIZES ESTRANGEIROS.

- CARNE CONGELADA -

Quartos e lados:

	Anno de Ottawa		1936	
	Mil cwts	%	Mil cwts	%
Argentina	162,4	67,8	113,7	74,3
Brasil	12,7	5,3	3,4	2,2
Uruguay	63,1	26,3	35,9	23,5
Outros paizes	1,2	0,6	-	-

Desossada:

Argentina	29,3	38,1	29,2	55,0
Brasil	25,6	33,3	14,4	27,1
Uruguay	21,0	27,3	9,5	17,9
Outros paizes	0,9	1,3	-	-

Total:

Argentina	191,7	60,6	142,9	69,3
Brasil	38,3	12,1	17,8	8,6
Uruguay	84,1	26,6	45,4	22,1
Outros paizes	2,1	0,7	-	-

- CARNE RESFRIADA -

Argentina	7.685,9	86,6	7.109,1	87,1
Brasil	550,5	6,4	508,7	6,2
Uruguay	609,0	7,0	544,9	6,7

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 14 de Maio de 1937.

E.C.

No.163

Aproveitamento das
jazidas de ferro do Brasil.

563.51
W3

S. de C. das Relações Exteriores
-8 JUN. 1937
No 06679

Senhor Ministro,

Cabe-me remetter a Vossa Excellencia o recorte annexo do jornal "Financial News", de 4 do corrente, contendo uma noticia relativa ás possibilidades do aproveitamento das nossas jazidas de ferro.

2. Salientando a importancia dos depositos brasileiros de minerio, localizados especialmente no Estado de Minas Geraes, aponta o correspondente da folha financeira ingleza não possuir o Brasil, entretanto, uma industria de aço correspondente á sua importancia, nem figurando tampouco entre os grandes exportadores de minerio. O desenvolvimento das minas soffre as consequencias da deficiencia das vias de communicação e da falta de carvão.

3. Relatando as actividades da Companhia Franco-Belga Arbed, proprietaria de grandes concessões, que está construindo novos altos fornos com capacidade para uma producção annual de 150 mil toneladas, commenta o correspondente o famoso contracto da Itabira

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

RS

Emb.Londres/163/1937/2.

Itabira Iron Ore Company, alludindo aos obstaculos encontrados pela mesma devido á opinião publica brasileira ser contraria á concessão. Termina o correspondente referindo-se ás discussões no Parlamento brasileiro da questão da Itabira. Desejando o Governo brasileiro desenvolver a industria siderurgica com capitaes brasileiros, affirma a esse proposito que não se encontrarão no Brasil as £10.000.000 necessarias para tal fim.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rejis dos Santos

Emb.Londres/163/1937/Annexo

"FINANCIAL NEWS"

Londres, 4 de Maio de 1937

BRAZIL'S IRON MINES

BRITISH CO.'S PLANS FOR DEVELOPMENT

GOVT. CONTROVERSY

FROM A CORRESPONDENT

The question of the exploitation of the important Brazilian iron ore deposits is once more of topical interest.

The Brazilian iron ore deposits are among the largest in the world, but Brazil has not a corresponding steel production, neither is she among the leading exporters of iron ores. The development of the mines, which are situated mainly in the State of Minas Geraes, is greatly handicapped by poor transport facilities and the shortage of coal.

The French-Belgian Arbed concern controls a large part of the iron ore mining industry and steel production, and is building new blast-furnaces with an annual capacity of 150,000 tons. The smelting is undertaken by the primitive charcoal process, since there is an abundance of wood in the neighbourhood.

SUGGESTED REORGANISATION

Many years ago suggestions were made to the Brazilian Government for a reorganisation and modernisation of the iron mining industry. As early as 1917 the Itabira Iron Ore Co., a British company with a capital of £2,000,000, which owns mines in Minas Geraes containing approximately 500 million tons of hematite ore, submitted plans to the Brazilian Government for the formation of a new concession.

On the basis of these suggestions no decision was reached. At the end of 1935 new proposals were put forward, which provided for the building of a railway line and the provision of shipping facilities in Santa Cruz, the utilisation of which should be extended to other companies and to passenger traffic.

These proposals, after having been the subject of deliberations by a Government Commission for more than a year, have now come before Parliament, where they are the subject of a lively controversy. The opposition, under the leadership of the former President Arthur Bernades, is demanding greater consideration for the national interests. But the Government is unable to procure the necessary money of about £10,000,000 for the realisation of the building plans.

NP

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 14 de Maio de 1937.

No.164

Processo implicados
revolta Novembro 1935.

500.1
Br3

S. E. DAS RELAÇÕES EXTERIORES
Serviço de Comunicações
- 8 JUN. 1937
No 06679

Senhor Ministro,

Tenho a honra de passar ás mãos de Vossa Excellencia os recortes annexos, extrahidos de varios jornaes londrinos, relativos á condemnação dos presos implicados na revolta de Novembro de 1935.

./5 Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rajo de Oliveira

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

MGRS

Emb.Londres/164/1937/Annexo

"EVENING NEWS"

Londres, 8 de Maio de 1937.

RED LEADER GAOLED

Police With Machine-Guns Guard Court

RIO DE JANEIRO, Saturday.

Luis Carlos Prestes, leader of the revolt in Brazil in 1935 and head of the Brazilian Communist Party, has been sentenced to 16 years' and 8 months' imprisonment by the Brazilian National Security Court.

Prestes was not in court but in prison, where he has been kept in solitary confinement since his arrest in March 1936.

Squads of special police armed with machine guns and tear gas guarded the court while it deliberated its verdict on 35 men accused of leading the rising of 1935.

All 35 were sentenced.—British United Press.

Emb.Londres/164/1937/Annexo

"DAILY HERALD"

Londres, 10 de Maio de 1937.

"ROBIN HOOD" OF BRAZIL SENT TO JAIL

From Our Own Correspondent

RIO DE JANEIRO, Sunday.

Luis Carlos Prestes, the Communist leader who is known as the "Robin Hood of Brazil," has been sentenced here to 16 years and eight months' imprisonment.

Police with machine-guns and gas bombs guarded the court while the judges considered their verdict, for a popular rising to free the imprisoned hero of the masses was feared by the authorities.

Prestes was tried with 34 others accused of leading the Communist rising of 1935.

Senhor Berger, one of the chief helpers of Prestes, was sentenced to 13 years and four months' imprisonment.

Emb.Londres/164/1937/Annexo

"EVENING STANDARD"

Londres, 8 de Maio de 1937.

RIO DE JANEIRO, Saturday.

LUIS CARLOS PRESTES, leader of the revolt in Brazil, and of the Brazilian Communist Party, and famous for his three years' march at the head of his followers, pursued but never captured by Government troops, was sentenced to 16 years and eight months' imprisonment by the Brazilian National Security Court last night.

Prestes was not in court but in prison, where he has been kept in solitary confinement since his arrest in March last year.

Squads of special police armed with machine-guns and tear gas guarded the court, which was composed of five judges, while it deliberated its verdict on the 35 men accused of leading the Communist rising of 1935.

All 35 accused were sentenced, the sentences ranging from 27 years' imprisonment to a few months. The military men received the highest sentences.

DR. BAPTISTA

Judge Machedo read a long summary of the charges against the accused, and of the arguments for the defence made during the long preliminary hearings.

One of the Prestes' chief lieutenants, Harry Berger, was sentenced to 13 years' and four months' imprisonment.

Rudolfo Ghioldi, founder of the Argentine Communist Party, was sentenced to 4 years and 4 months.

Leon Jules Vallee, French treasurer of the revolutionary organisation, who was betrayed by a servant of Berger's, was also sentenced to 4 years and 4 months.

Dr. Pedro Ernesto Baptista, the former Mayor of Rio de Janeiro and friend of President Vargas, one of the most popular men in the capital, whose arrest in connection with the rising caused a sensation throughout the country, was sentenced to 3 years and 4 months.—British United Press.

AN ARMY OFFICER

Prestes was a former captain in the Brazilian Army. He was recognised as an excellent soldier and began his revolutionary career in 1924, when revolt broke out in Sao Paulo.

After the failure of this revolt Prestes formed the famous "Prestes Column," composed of soldiers, revolutionaries, adventurers and peasants.

For three years, and over thousands of miles, Prestes was pursued as eh passed through the towns and villages of Brazil inciting the people to revolt.

By forced marches Prestes and his ragged army contrived to evade the well-armed Government forces.

Although there was a price on his head he was never betrayed. He ended up in Bolivia, but in 1926 dissolved his "army" and went to the Argentine.

He refused to take part in the Vargas revolution of 1930 and to explain his position he published a manifesto advocating Communism.

Later Prestes was elected a member of the executive committee of the Communist International and through his supporters founded the Brazil Freedom Alliance, which became prominent in 1935.

At this time the Vargas Government outlawed the Communist Party and banned the Alliance.

HOUSE SURROUNDED

In April, 1935, Prestes, with a passport in the name of Antonio Villar, arrived in Brazil and in December the revolt broke out in Natal and in the garrison at Rio de Janeiro.

It failed, and Prestes went into hiding in the capital.

After several months of house-to-house searches he was captured. A ring was drawn round the house in which he was staying and the police chief, with drawn revolver, entered.

"Captain," he said, "you are under arrest."

"I am your prisoner," replied Prestes. "There is not need for violence."

P

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 14 de Maio de 1937.

No.165

Coroação de Sua Majestade
Jorge VI.

601.H(60)
P/Le

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Comunicações
- 8 JUN. 1937
No 06679

Senhor Ministro,

Pela primeira vez na historia da Inglaterra, graças a difusão por intermedio da televisão e do radio, o povo de Londres e os povos de todo o imperio britannico, de instante a instante, tiveram a impressão de seguir as ceremonias da coroação de Sua Majestade Jorge VI, nellas participando intimamente. ./1

2. Como Vossa Excellencia não ignora, o ritual da ceremonia da coroação dos reis da Inglaterra foi estabelecido ha seculos, tendo soffrido modificações apenas na Reforma ou durante a revolução de 1688. Nas mais antigas coroações, antes da conquista da Inglaterra pelos normandos, tratava-se antes de representar um gesto de uncção, gesto inspirado no ritual dos reis de Israel. Depois da conquista por Guilhermo o bastardo, em certos casos os reis normandos se faziam coroar mais de uma vez e em outros coroavam os seus successores em vida, isso com o intuito de garantir a successão. A pressa com que foi effectuada mais de

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

MGRS

de uma das antigas coroações, demonstra que a unção era uma garantia contra as contestações possiveis ao titulo do monarcha a reinar. D'ahi ficou o uso do desafio lançado pelo "Campião do rei", a todos os que duvidavam da validade do titulo do novo monarcha, desafio feito durante o banquete da coroação. Entretanto, devo accrescentar que tal ceremonia é uma das poucas actualmente abolidas.

5. É certo ainda que, o sentimento mystico e feudal que antigamente revestia a coroação, desappareceu. Foi elle actualmente substituido por uma nova concepção: a da offerenda do rei e da rainha ao serviço dos seus subditos. De maneira inversa, porém, tambem os subditos offerecem ao rei a homenagem de fidelidade aos principios soberanos: clero e nobreza na abbadia de Westminster e os povos nas ruas de Londres, e na forma de acclamações, durante a passagem do cortejo real. Para a coroação de Jorge VI a mais larga participação foi reservada ás diversas partes do imperio britannico, afim de associal-as o mais possivel á essa festa antiga da corôa, symbolo visivel da solidariedade de um imperio que engloba um quarto da terra habitada.

4. Vossa Excellencia terá a bondade de verificar, pelo volume annexo, "The ceremonies to be observed at the Royal Coronation", a disposição do cortejo dos representantes estrangeiros, cortejo no qual, representando Sua Excellencia o Senhor Presidente da Republica, tive a honra de passar em primeiro lugar, logo após os principes de sangue, representantes de soberanos estrangeiros. Como ficou decidido pelo protocollo da coroação, fui apenas acompanhado pelo General Leite de Castro, tendo o segundo representante brasileiro, o Senhor Capitão de Fragata Sylvio Weguelin de Abreu, como aconteceu com todos os demais segundos representantes estrangeiros, ficado á espera na Abbadia de Westminster, onde tambem se encontravam presentes a Senhora Embaixatriz do Brasil e o Senhor Conselhei-

Conselheiro desta Embaixada, Doutor Caio de Mello Franco.

5. Das figuras reaes, depois dos cortejos dos Duques e da Rainha Mary, a Rainha Elizabeth foi a primeira do cortejo real a entrar na Abbadia, seguida pelas damas de honra. A longa cauda monumental, em seda fabricada inteiramente na Inglaterra, onde não ha muito a cultura do bicho de seda foi introduzida, era sustida por oito damas da Corte. O rei vinha depois, seguido por oito pagens que carregavam o manto real. Vinham após as pessoas do cortejo e os nobres designados, para assistir, nas diversas phases, a ceremonia da coroação. Quando o rei e a rainha chegaram ao côro, subiram primeiro sobre o "theatro" ou plataforma da coroação e recolheram-se em oração sobre os "faldstools", tomando depois os lugares reservados. Seguiu-se então a apresentação ou reconhecimento dos soberanos. O arcebispo de Cantuaria (Canterbury), precedido do rei de armas e da jarreteira, acompanhado pelo Lord-Chambellão e o Lord Gran-Chambellão, o Alto Condestavel e o Earl-Marshal, proclamou successivamente a Este, ao Sul, a Oeste e ao Norte do "theatro" a formula seguinte: "Senhores, eu vos apresento aqui o Rei Jorge, vosso soberano incontestado: vós que viestes prestar-lhe homenagem e serviço, estais dispostos a fazel-o?" O rei, durante esse tempo, conservou-se de pé junto á cadeira e voltou-se para os quatro pontos cardeaes, a medida que a formula foi repetida. A assembléa quatro vezes respondeu a pergunta do arcebispo: "Viva o Rei Jorge", e os estudantes da escola de Westminster ajuntaram vivas em latim emquanto as trombetas soavam.

6. Os bispos trouxeram então a Biblia, a Pátera e o Calice para a comunhão, depositando-os sobre o altar. O arcebispo iniciou a administração do juramento. De pé diante do rei, elle pergunta: "Sire, Vossa Majestade deseja prestar juramento?" "Eu desejo", responde o rei. Então o arcebispo lhe pede para prometter governar segundo as leis e costumes dos povos da Gran-Bretanha,

Gran-Bretanha, Irlanda, Canadá, Australia, Nova Zelandia, União da Africa do Sul e Imperio das Indias; o rei promette. E promette, em seguida, fazer reinar o direito e a justiça, com a misericordia, nos seus julgamentos. Emfim, garante o rei manter as leis de Deus e do Evangelho, conservando no Reino Unido a religião protestante reformada, estabelecida por lei, segundo o arranjo da Igreja da Inglaterra e os privilegios do clero. O rei encaminha-se então para o altar e de joelhos, nas escadas, com a mão sobre a Biblia aberta: "as cousas que eu acabo de prometter eu as farei e manterei com a ajuda de Deus". Beija o livro sagrado e assigna a formula do juramento. O arcebispo lhe faz repetir a declaração prescripta em 1683 pelo Parlamento de manter a religião reformada, e passa ao serviço da communhão.

7. Essa parte religiosa do serviço foi simplificada dessa vez, com a suppressão do sermão. A oração do arcebispo é seguida pela leitura da epistola, sobre os deveres de obediencia dos subditos (1a.Epistola de S.Pedro, II,13) leitura que é effectuada por um bispo, seguida de um evangelho (S.Matheus, XXII, 15) sobre o que é devido a Deus e a Cesar, recitado por outro bispo, ao fim do que toda a assembléa lê alto o Symbolo dos Apostolos.

8. A uncção se effectua emquanto o côro canta, em inglez, o velho canto latino "Veni Creator Spiritus", seguido do recitativo do 1º Livro dos Reis (1, 39-40) contando a uncção de Salomão pelo Gran-Sacerdote Zadog. O rei retira o seu manto vermelho e o gorro, ajudado pelo Gran-Chambellão e vae se assentar perto do altar sobre o Throno de Eduardo. Trata-se de Eduardo o Confessor e do Throno sob o qual, posteriormente, Eduardo I, o normando, collocou a "pedra do destino" ou a pedra Escone, trazida por elle da Escossia vencida, e que a legenda diz ser o travesseiro sobre o qual dormiu Jacob no deserto. Quatro cavalleiros da jarreteira sustem sobre o rei um palio de ouro, emquanto o arcebispo, recebendo das mãos do deão de Westminster, a ampulla e a culher de ouro un-

unje as mãos, o peito e a testa do rei. Uma bençam é lançada pelo prelado sobre o rei de joelhos, depois do que Jorge VI vae occupar o seu lugar sobre o antigo throno de madeira dos soberanos inglezes. O deão de Westminster vem então revestil-o com uma tunica de seda, o "Colobium Sindonis" e com uma sobretunica de tecido de ouro e um cinto.

9. Segue-se a investidura dos attributos da cavallaria e da realeza. As esporas de ouro, retiradas do altar e entregues ao Lord Gran-Chambellão, que simula collocal-as no rei. Um Lord entrega ao Gran-Chambellão a espada do Estado que é depositada na Capella de Santo Eduardo e o rei cinge uma outra, com bainha de velludo granada, emquanto o arcebispo o exhorta ainda uma vez,a usar a justiça. Depois o rei depõe a espada na bainha sobre o altar e o nobre que a entregou se propoe a compral-a por cem shillings; é elle que a receberá então e desembainhando-a a trará núa durante o resto da ceremonia. O rei recebe em seguida, successivamente o "armill" ou bracete e o manto real que é fixado sobre o seu hombro pelo Gran-Chambellão. Sentado recebe o globo encimado da cruz. É ainda envestido do "per annulum et baculum" p que quer dizer um annel que lhe é posto no quarto dedo da mão direita "como insignia da dignidade real e da defesa da fé catholica" e toma os dois sceptros, o primeiro encimado por uma cruz e o segundo por uma pomba. O primeiro dos sceptros representa o poderio e as justiças reaes, o segundo a equidade e a misericordia. O Lord do "Manoir" de Worksop entrega ao rei, nesse momento, uma luva que elle calça na mão direita.

10. Ja ha muito que a ceremonia dura, mas estamos, emfim, na phase principal do serviço, que é a coroação. Depois de uma invocação, o arcebispo se approxima do rei e tomando da mão do deão de Westminster a corôa de Santo Eduardo, a colloca sobre a cabeça do monarcha. Toda a assistencia, usisona clama: "God save the King"

King" e emquanto os pares collocam tambem sobre as cabeças as suas coroas, as trombetas estridentes atroam na nave e os canhões da Torre de Londres echoam a distancia. A commoção é intensa. A voz do arcebispo ainda se ergue: "Que Deus Vos corôe com uma corôa de gloria e justiça, afim de que, por nossa bençam, tendo uma fé verdadeira e com o fructo das boas acções, possaes, Senhor, obter a corôa de um reino eterno, e isso da mão do que possue um reino infindavel". O côro exhorta o rei a ser forte e a guardar os mandamentos de Deus. E então entregue ao rei um exemplar da Biblia e o prelado lhe diz: "Nosso gracioso rei, nós Vos presenteamos com este livro, a cousa mais preciosa que este mundo possue. Eis a sabedoria, eis a lei real, eis os oraculos vivos de Deus". E o rei devolve o volume para que elle seja collocado sobre o altar. O arcebispo abençôa, por fim, o soberano já coroado e unjido e lhe deseja : "Paizes ferteis e estações sãs, armadas e exercitos victoriosos, um imperio tranquillo, um Senado fiel, conselheiros e magistrados sabios e integros, uma nobreza devotada, um clero piedoso e um povo tranquillo e obediente." Em seguida o arcebispo abençôa toda a assistencia.

11. Immediatamente, depois dasultimas formulas citadas e que foram introduzidas na liturgia no seculo XVII, sobrevem um rito - o da enthronização - que revive o costume saxão de erguer o rei acima do solo. O rei se approxima do seu throno e é levantado pelo arcebispo, bispos e diversos pares do reino. Uma nova allocução do arcebispo é seguida da Homenagem. O primaz da Inglaterra se ajoelha diante do rei e os bispos ao redor; para abreviar a ceremonia só o arcebispo beija o rei na face esquerda, depois de ter prestado, em voz alta, o juramento de fidelidade, que os demais prelados repetem. O Duque de Gloucester, seguindo o exemplo do arcebispo, rende de joelhos homenagem ao irmão e soberano, emquanto os demais pares de sangue real ajoelhados em seus lugares,

lugares, dizem: "Eu Duque ou Principe (X...) torno-me vosso homem e vos venero sobre a terra e vos darei fé e fidelidade, na vida e na morte, contra todas as gentes, com a ajuda de Deus". Os principes de sanque que são pares do reino beijam tambem o rei sobre a face esquerda; mas a homenagem é de novo collectiva para os duques, os marquezes, os condes, os viscondes e os barões. Durante essa ceremonia o rei devolve os sceptros e os bispos sustêm o peso da corôa que está sobre a sua cabeça. Ao cabo da homenagem, os tambores rufam, as trombetas resoam e a multidão clama novamente: "Viva o rei Jorge! Possa elle viver eternamente!" essa formula final hyperbolica foi conservada como tradicção, provavelmente para significar que o rei, em theoria, é immortal. - "Le roi est mort, vive le roi!" foi a tradicção franceza.

12. A coroação da Rainha vem em seguida e dura menos tempo. Ajoelhada diante do altar ella recebe a uncção; um annel lhe é passado no quarto dedo da mão direita e sobre a cabeça a corôa "de gloire, d'honneur et de joie", diz o antigo formulario normando. O arcebispo lhe entrega depois os sceptros e, acompanhada por dois bispos, ella se dirige para o throno, inclinando-se "avec revérénce" diante do rei no seu throno e se assenta em seguida "sans plus de cérémonie," como indiga o formulario dos velhos reis.

13. Um serviço de communhão com pão e vinho é celebrado para o rei e a rainha, que, para isso, se ajoelham diante do altar, depois de haverem depositado os sceptros e as corôas. O rei, como offerenda, apresenta uma barra de ouro pesando uma libra. A rainha, por sua vez, offerece um marco de ouro e, ambos, presenteiam a Igreja com duas toalhas para o altar. A confissão collectiva e absolução são pronunciadas, seguindo-se novas orações e consagrações, emquanto o arcebispo bense o pão e o vinho e os offerece aos soberanos, na formula usual da communhão protestante. O rei e a rainha retomam as suas coroas e os seus sceptros e se encaminham para a sahida

sahida da Igreja. O rei é precedido de quatro espadas e o clero entrega aos nobres indicados os attributos da realeza. O rei já despiu o manto de ceremonia e endoçou a tunica de velludo violeta e trocou a pesada corôa de Santo Eduardo pela corôa imperial, mais leve. Tendo depositado sobre o altar o sceptro encimado pela pomba, recebe, em troca, o globo. E assim se retira da Abbadia, sustentando o globo na mão esquerda e o sceptro com a cruz na mão direita, a rainha carrega o sceptro com a cruz na mão direita e um sceptro de marfim, encimado por uma pomba, na mão esquerda.

14. Pela longa nave, como um caudal humano, escoando, lento, segue o cortejo. As corôas e as joias scintillam diante dos olhos offuscados dos circumstantes. A marcha real resôa grave, religiosa. A ceremonia millenar de Westminster está terminada. O desfile real nos seus carros dourados, atravez das ruas e dos parques de Londres, vae começar.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafael de Abreu

Annexo ao officio No. 165 I de 14 de Maio de 1937
da Embaixada do Brasil em Londres

THE CEREMONIES

TO BE OBSERVED AT THE

ROYAL CORONATION

of

THEIR MOST EXCELLENT MAJESTIES

KING GEORGE THE SIXTH

and

QUEEN ELIZABETH

IN THE

ABBEY CHURCH OF WESTMINSTER

ON WEDNESDAY, THE 12th DAY OF MAY

1937

CEREMONIAL
OF THE
CORONATION OF THEIR MAJESTIES

The Peers, Dowager Peeresses and Peeresses, in their Robes of Estate, and others invited by His Majesty's Command to be present at the Solemnity of the Coronation, will be conducted to the places assigned to them in Westminster Abbey before 8.30 o'clock, at which time the doors of the Abbey will be closed.

The Lords Spiritual will be seated on the North side of the Area, or Sacrarium, the Lords Temporal in the South Transept, and the Dowager Peeresses and Peeresses in the North Transept.

The Great Officers of State and the Lords appointed to carry Their Majesties' Regalia, in their Robes of Estate, the Archbishops of Canterbury and York, the Bishops who are to support Their Majesties, and those who are to carry the Bible, the Chalice, and the Paten, vested in Copes, and the other persons appointed to take part in the Procession, will assemble in the Vestibule without the West door.

The Dean and Prebendaries of Westminster, the Representatives of the Church of Scotland and of the Free Churches, the Domestic Chaplains and the Chaplains, will be in the Nave, in readiness to join the proceeding, immediately before the Officers of Arms, on the arrival of Their Majesties.

PROCESSION OF MEMBERS OF THE ROYAL FAMILY.

The Members of the Royal Family will proceed from Buckingham Palace and arrive at the West door of Westminster Abbey at 8.55 o'clock. They will there be joined by the Ladies and Gentlemen in attendance, and conducted to seats reserved for them in the Royal Gallery.

Bluemantle Pursuivant.

Portcullis Pursuivant.

Capt. Humphrey Lloyd, M.V.O., M.C. (Gentleman Usher).

Colonel Vivian Gabriel, C.S.I., C.M.G., C.V.O., C.B.E. (Gentleman Usher).

Lord Carnegie, K.C.V.O.

Lady Maud Carnegie.

The Marquess of Carisbrooke, G.C.B., G.C.V.O.

The Marchioness of Carisbrooke.

Earl of Macduff.

The Marquess of Milford Haven, G.C.V.O.

The Marchioness of Milford Haven.

Lady Tatiana Mountbatten.

The Marquess of Cambridge, G.C.V.O.

The Marchioness of Cambridge.

Lord Frederick Cambridge.

Lady Mary Cambridge.

Lady Helena Gibbs.

The Duchess of Beaufort.

Major Henry Abel Smith.

Lady May Abel Smith.

Miss Patricia Mountbatten.

Lady Louis Mountbatten.

PROCESSION OF THE ROYAL AND OTHER REPRESENTATIVES OF FOREIGN STATES.

The Royal Guests and other Representatives will proceed from Buckingham Palace and arrive at the West Door of Westminster Abbey at 9 o'clock. They will there be received by Lieut.-Col. T. E. G. Nugent, M.V.O., M.C., Comptroller, Lord Chamberlain's Department, Lieut.-General Sir Sidney Clive, K.C.B., C.M.G., D.S.O., Marshal of the Diplomatic Corps, J. B. Monck, Esq., C.M.G., C.V.O., Vice-Marshal of the Diplomatic Corps, Major Norman Gwatkin, Assistant Comptroller, Lord Chamberlain's Department, and Captain Sir John Dashwood, Bt., Assistant Marshal of the Diplomatic Corps, and conducted to the seats provided for them in the Choir.

Rouge Croix Pursuivant. Rouge Dragon Pursuivant.

THEIR IMPERIAL HIGHNESSES PRINCE AND PRINCESS CHICHIBU OF JAPAN
attended by
Viscount Matsudaira, K.C.V.O., and Madame Shizuka Yamaza.

HIS ROYAL HIGHNESS THE COUNT OF FLANDERS
attended by
Baron Goffinet, M.V.O.

HER ROYAL HIGHNESS PRINCESS JULIANA OF THE NETHERLANDS AND HIS ROYAL HIGHNESS PRINCE BERNHARD OF THE NETHERLANDS
attended by
Mademoiselle la Baronne M. J. van Heemstra and Baron E. H. Juckema van Burmania Rengers van Warmenhuizen.

THEIR ROYAL HIGHNESSES THE CROWN PRINCE AND CROWN PRINCESS OF NORWAY
attended by
Major Ostgaard and Madame Ostgaard.

THEIR ROYAL HIGHNESSES THE CROWN PRINCE AND CROWN PRINCESS OF SWEDEN
attended by
Monsieur de Rüdebeck, K.C.V.O., K.B.E., and Mademoiselle de Reuterswärd.

THEIR ROYAL HIGHNESSES THE CROWN PRINCE AND CROWN PRINCESS OF DENMARK AND ICELAND
attended by
Captain J. Vest and Countess Sybille Reventlow.

THEIR ROYAL HIGHNESSES THE PRINCE REGENT AND PRINCESS PAUL OF YUGOSLAVIA
attended by
Monsieur Milan Antitch and Madame Lozanitch.

HIS ROYAL HIGHNESS THE GRAND VOEVOD OF ALBA JULIA
attended by
His Excellency Monsieur R. Irimescu.

HIS ROYAL HIGHNESS THE CROWN PRINCE OF SAUDI ARABIA
attended by
His Excellency Sheikh Yusuf Yasin.

HIS ROYAL HIGHNESS THE PRINCE OF PRESLAV
attended by
Lieutenant-General Stefan Tsaneff.

HIS ROYAL HIGHNESS THE CROWN PRINCE OF GREECE
attended by
Count Mercati, G.B.E.

HIS HIGHNESS PRINCE MOHAMMED ABDUL MONEIM
(representing His Majesty the King of Egypt)
attended by
His Excellency Mustapha El Nahas Pasha, G.C.M.G.

HIS EXCELLENCY SENHOR RAUL RÉGIS DE OLIVEIRA, G.B.E.
(representing the Republic of the United States of Brazil)
accompanied by
General José Fernandes Leite de Castro.

HIS EXCELLENCY SEÑOR DR. DON TOMÁS A. LE BRETON
(representing the Argentine Republic)
accompanied by
Rear-Admiral Don Léon L. Scasso.

HIS EXCELLENCY CONTE GRANDI
(representing His Majesty the King of Italy).

HIS EXCELLENCY MONSIEUR M. M. LITVINOV
(representing the Union of Soviet Socialist Republics)
accompanied by
Marshal M. N. Tukhachevski.

THE HON. JAMES WATSON GERARD, G.C.B.
(representing the United States of America)
accompanied by
General John Joseph Pershing, G.C.B.

HIS EXCELLENCY MONSIEUR Y. DELBOS
(representing the French Republic)
accompanied by
His Excellency Monsieur Alexis Léger, K.C.V.O.

HIS EXCELLENCY GENERAL ISMET INONU
(representing the Turkish Republic)
accompanied by
General Kâzim Orbay.

HIS EXCELLENCY COLONEL JOSEPH BECK
(representing the Republic of Poland)
accompanied by
Rear-Admiral Joseph Unrug.

HIS EXCELLENCY DR. K'UNG HSIANG-HSI
(representing the Republic of China)
accompanied by
His Excellency Admiral Ch'en Shao-K'uan.

HIS EXCELLENCY SEÑOR DON AGUSTIN EDWARDS, G.B.E.
(representing the Republic of Chile)
accompanied by
General Don Diego Aracena, C.B.E.

HIS EXCELLENCY SEÑOR DON JULIAN BESTEIRO
(representing the Spanish Republic)
accompanied by
General Matz.

FIELD-MARSHAL VON BLOMBERG
(representing the German Reich)
accompanied by
Admiral Otto Schultze.

HIS EXCELLENCY SENHOR DR. ARMINDO RODRIGUES DE STTAU MONTEIRO
(representing the Portuguese Republic)
accompanied by
General Domingos Augusto Alves da Costa Oliveira, M.V.O.

HIS ROYAL HIGHNESS SEIF AL ISLAM HUSSEIN
(representing His Majesty the King of the Yemen)
attended by
Seiyid Abbas bin Ishack.

HIS ROYAL HIGHNESS SIRDAR SHAH WALI KHAN
(representing His Majesty the King of Afghanistan)
attended by
General Sirdar Asadullah Khan.

HIS ROYAL HIGHNESS PRINCE CHULA CHAKRABONGS
(representing His Majesty the King of Siam)
attended by
Luang Sri Rajmaitri.

HIS ROYAL HIGHNESS THE PRINCE OF LUXEMBURG
(representing Her Royal Highness the Grand Duchess of Luxemburg)
attended by
Count Gaston de Marchant et d'Ansembourg.

MONSIEUR CHARLES R. PARAVICINI
(representing the Swiss Confederation)

HIS EXCELLENCY DR. GUIDO SCHMIDT
(representing the Federal State of Austria)
accompanied by
Count Rudolf Hoyos.

HIS EXCELLENCY DR. MILAN HODZA, C.B.
(representing the Czechoslovak Republic)
accompanied by
General Syrovy, C.B.

HIS EXCELLENCY DR. RUDOLF HOLSTI
(representing the Republic of Finland)
accompanied by
General Hugo Oesterman.

HIS EXCELLENCY MONSIEUR VILHELMS MUNTERS
(representing the Republic of Latvia)
accompanied by
General Krišjànis Berkis.

SEÑOR DON ALFREDO BENAVIDES
(representing the Republic of Peru).

HIS EXCELLENCY MONSIEUR STASYS LOZORAITIS
(representing the Republic of Lithuania)
accompanied by
Colonel Brevet d'État-Major Stasys Rastikis.

SEÑOR DR. DON CONSTANTINO HERDOCIA
(representing the Republic of Nicaragua).

GENERAL JOHAN LAIDONER, K.C.M.G.
(representing the Republic of Estonia)
accompanied by
Monsieur Elmar Kirotar.

DEJAZMATCH MAKONNEN INDALKATCHO, O.B.E.
(representing His Majesty the Emperor Haile Sellassie I)
accompanied by
Ato Ephrem T. Medhen.

COMMANDING GENERAL SIR KAISER SHUMSHERE JUNG BAHADUR RANA, G.B.E.
(representing His Majesty the Maharajadhiraja of Nepal)
accompanied by
Lt.-General Sir Narayan Shumshere Jung Bahadur Rana, K.B.E.

SEÑOR DON RAFAEL PAINO PICHARDO
(representing the Dominican Republic)
accompanied by
Señor Don Porfirio Rubirosa.

HIS EXCELLENCY GENERAL DON CARLOS GARCIA VELEZ, K.B.E.
(representing the Republic of Cuba)
accompanied by
Capitan de Corbeta Don Felipe Lois Huerta.

HIS EXCELLENCY MONSIEUR KÁLMÁN DE KÁNYA
(representing His Serene Highness the Regent of the Kingdom of Hungary),
accompanied by
Lieutenant-General Richard de Rapaich.

HIS EXCELLENCY EKREM BEY LIBOHOVA
(representing His Majesty the King of the Albanians)
accompanied by
Colonel Akif Permeti.

SEÑOR DR. DON LUIS ALBERTO DE HERRERA, G.B.E.
(representing the Oriental Republic of the Uruguay)
accompanied by
Dr. Adolfo Sienia, C.B.E.

SEÑOR DR. DON CARACCIOLO PARRA-PEREZ
(representing the United States of Venezuela)

SEÑOR DR. DON ARNULFO ARIAS
(representing the Republic of Panama).

SAYID RAOUF AL CHADIRJI
(representing His Majesty the King of Iraq)

SEÑOR DON PRIMO VILLA MICHEL
(representing the United States of Mexico).

SEÑOR DON ANTONIO QUEVEDO
(representing the Republic of Ecuador).

HIS EXCELLENCY MONSIEUR HASSAN ESFANDIARY
(representing His Imperial Majesty the Shahinshah of Iran)
accompanied by
Monsieur Abdullah Bahramy.

SEÑOR DON LUIS TAMAYO
(representing the Republic of Colombia)

MONSIEUR ERNEST G. CHAUVET
(representing the Republic of Hayti).

SEÑOR DR. DON JOSÉ MATOS
(representing the Republic of Guatemala).

SEÑOR DR. DON ROGELIO ESPINOZA
(representing the Republic of Paraguay).

SENOR DON CARLOS VICTOR ARAMAYO
(representing the Republic of Bolivia)
accompanied by
Señor Don Adolfo Costa du Rels.

SEÑOR DON LUIS FERNÁNDEZ
(representing the Republic of Costa Rica)
accompanied by
Señor Don Otto Cortes.

SEÑOR DON TIBURCIO CARIAS
(representing the Republic of Honduras).

BARON DE LYNDEN
(representing the Republic of Liberia).

COMTE HENRI DE MALEVILLE
(representing His Serene Highness the Prince of Monaco)
accompanied by
Commandant J. Millescamps.

SEÑOR DON RAUL CONTRERAS
(representing the Republic of Salvador).

MR. MELVILL A. JAMIESON
(representing the Republic of San Marino).

PROCESSION OF THE DEAN AND PREBENDARIES OF WESTMINSTER BEARING THEIR MAJESTIES' REGALIA FROM THE ALTAR TO THE WEST DOOR OF THE ABBEY.

The Dean and Prebendaries of Westminster, preceded by the Choir, will come from the High Altar at 9.55 o'clock, bearing Their Majesties' Regalia, which the Prebendaries will deposit in the Vestibule without the West door.

DURING THIS PROCESSION THE LITANY WILL BE SUNG.

Their Majesties' Regalia, having been brought from the Altar to the Vestibule and there laid on the Table, will be delivered by the Comptroller, Lord Chamberlain's Office (acting for the Lord Chamberlain of the Household), to the Lord High Constable, and by him to the Lord Great Chamberlain, and by His Lordship to the Peers appointed to carry the same in the following order:—

THE QUEEN'S REGALIA.

First, the Ivory Rod with the Dove, to the Earl of Haddington.
Second, the Sceptre with the Cross, to the Duke of Rutland.
Third, Her Majesty's Crown, to the Duke of Portland.

THE KING'S REGALIA.

First, St. Edward's Staff, to the Viscount Halifax.
Second, the Sceptre with the Cross, to the Duke of Somerset.
Third, the Golden Spurs, to the Lord Hastings, and the Lord Churston.
Fourth, the Pointed Sword of Temporal Justice, or Third Sword, to the Viscount Trenchard.
Fifth, the Pointed Sword of Spiritual Justice, or Second Sword, to the Lord Milne.
Sixth, Curtana, or Sword of Mercy, to the Earl of Cork and Orrery.
Seventh, the Sword of State, to the Marquess of Zetland.
Eighth, the Sceptre with the Dove, to the Duke of Richmond and Gordon.
Ninth, the Orb, to the Duke of Sutherland.
Tenth, St. Edward's Crown, to the Marquess of Salisbury.
Eleventh, the Paten, to the Bishop of London.
Twelfth, the Chalice, to the Bishop of Winchester.
Thirteenth, the Bible, to the Bishop of Norwich.

PROCESSION OF THEIR ROYAL HIGHNESSES THE PRINCES AND PRINCESSES OF THE BLOOD ROYAL.

Their Royal Highnesses will proceed in State from Buckingham Palace to Westminster Abbey. On arrival at the Royal Entrance to the Abbey at 10.15 o'clock, Their Royal Highnesses will be joined by the Ladies and Gentlemen in attendance, and conducted to the seats reserved for them in the Royal Gallery.

Rouge Croix Pursuivant.

Rear-Admiral Arthur Bromley, C.M.G., C.V.O. (Gentleman Usher).

Rouge Dragon Pursuivant.

Lt.-Colonel Henry De Satgé, C.M.G., C.V.O., D.S.O. (Gentleman Usher).

HER ROYAL HIGHNESS PRINCESS MARGARET ROSE.

HER ROYAL HIGHNESS THE PRINCESS ROYAL, her Train borne by Hon. Rosemary Hamilton-Russell, her Coronet carried by Hon. Gustavus L. Hamilton-Russell.

HER ROYAL HIGHNESS PRINCESS ELIZABETH.

HER ROYAL HIGHNESS THE DUCHESS OF GLOUCESTER, her Train borne by Lady Winifred Cecil (Lady-in-Waiting), her Coronet carried by Major Howard Kerr, C.M.G., M.V.O., O.B.E.

HER ROYAL HIGHNESS THE DUCHESS OF KENT, her Train borne by Countess of Brecknock (Lady-in-Waiting), her Coronet carried by John Lowther, Esq.

HIS ROYAL HIGHNESS PRINCE ARTHUR OF CONNAUGHT, K.G., attended by Lt.-Colonel T. A. Thornton, his Coronet carried by his Page, Lord Richard Percy.

HER ROYAL HIGHNESS PRINCESS ARTHUR OF CONNAUGHT, her Train borne by Lady Wilkinson, her Coronet carried by Captain H. R. Mackeson.

HER ROYAL HIGHNESS PRINCESS ALICE, COUNTESS OF ATHLONE, her Train borne by Mrs. James Mure, her Coronet carried by Captain R. Hargreaves, M.V.O., M.C.

LADY PATRICIA RAMSAY, her Train borne by Lady Jean Ramsay, her Coronet carried by Captain FitzRoy Fyers, M.V.O.

HER HIGHNESS PRINCESS MARIE LOUISE, her Train borne by Mrs. Hugh Adams (Lady-in-Waiting).

HER HIGHNESS PRINCESS HELENA VICTORIA, her Train borne by Miss Enid Du Cane (Lady-in-Waiting).

PROCESSION OF
HER MAJESTY QUEEN MARY,
with
HER MAJESTY THE QUEEN OF NORWAY.

Her Majesty Queen Mary, with Her Majesty the Queen of Norway, will proceed in State from Marlborough House to Westminster Abbey. On arrival at the Royal Entrance to the Abbey at 10.35 o'clock, Their Majesties will be received by the Earl Marshal, and will be joined by the Ladies and Gentlemen of their Households in attendance and conducted to the seats reserved for them in the Royal Gallery.

York Herald. Windsor Herald.

G. A. Ponsonby, Esq., C.V.O.
(Comptroller).

HER MAJESTY THE QUEEN OF NORWAY,
attended by
Miss von Hanno.

Richmond Herald. Chester Herald.

Somerset Herald. Lancaster Herald.

The Marquess of Anglesey, G.C.V.O.
(Lord Chamberlain),
his Coronet carried by his Page,
Richard C. P. Pennoyer, Esq.

HER MAJESTY QUEEN MARY,
her Train borne by
Earl of Dalkeith, The Marquess of Lansdowne,
Hon. Gerald Lascelles, Viscount Errington,
and attended by
The Duchess of Devonshire
(Mistress of the Robes),
her Coronet carried by her Page,
Michael E. V. Baillie, Esq.

The Dowager Lady Ampthill,
G.B.E., C.I.
(Lady of the Bedchamber in Waiting).

The Countess Dowager of Airlie,
G.B.E.
(Lady of the Bedchamber in Waiting).

Hon. Gerald Chichester, C.V.O.
(Private Secretary).

Captain Lord Claud Hamilton,
K.C.V.O., C.M.G., D.S.O.
(Comptroller).

Captain A. Paget, M.C.
(Equerry).

Lt.-Colonel Sir Reginald Seymour,
K.C.V.O.
(Equerry).

Major Hon. Sir Richard F. Molyneux, K.C.V.O.
(extra Equerry).

ARRIVAL OF THEIR MAJESTIES AT WESTMINSTER ABBEY.

THEIR MAJESTIES KING GEORGE VI AND QUEEN ELIZABETH will proceed in State from Buckingham Palace to Westminster Abbey, and arrive at the Royal Entrance to the Abbey at 11 o'clock.

A Guard of Honour of the King's Company Grenadier Guards will be mounted in the Vestibule, and the King's Company Colour will be posted at the entrance to the Choir.

On arrival at the Royal Entrance, Their Majesties will be received by the Great Officers of State, the Lords bearing the Regalia, the Archbishops of Canterbury and York, and the Bishops carrying the Bible, the Chalice, and the Paten.

Their Royal Highnesses the Princes of the Blood Royal and the Peers and others who arrive with Their Majesties but do not form part of the Procession will pass to their seats in the Abbey.

His Royal Highness The Duke of Gloucester will be attended by Major Ronald Stanyforth, M.V.O., M.C., Comptroller, Captain Edward Brook, Equerry, and by his Page, Marquess of Granby.

His Royal Highness The Duke of Kent will be attended by Major Humphrey Butler, M.V.O., M.C., Equerry, Lord Herbert, Equerry, and by his Page, Earl of Medina.

Their Majesties will then be conducted up the Nave and through the Choir to their Chairs of State, the Choristers in the Orchestra (under the direction of Dr. Ernest Bullock, organist of the Abbey) singing the anthem: "I was glad when they said unto me, we will go into the House of the Lord," &c., and the King's scholars of Westminster School acclaiming Their Majesties in customary form.

THE PROCEEDING FROM THE WEST DOOR OF THE ABBEY INTO THE CHOIR.

THE ABBEY BEADLE.
Mr. C. Barnes.

CHAPLAINS.

The Rev. J. Stirton, C.V.O., D.D.
The Rev. A. Main, D.D., D.LITT.
The Very Rev. Charles L. Warr, D.D.
(Dean of the Chapel Royal in Scotland).
The Very Rev. T. H. Masters, C.B.E., M.A.
The Rev. Canon C. E. Raven, D.D.
The Rev. E. K. Talbot, M.C., M.A.
The Rev. Canon B. Cunningham, O.B.E., M.A.
The Rev. F. I. Anderson, C.M.G., M.A.
The Rev. Canon T. G. Rogers, M.C., B.D.
The Rev. Prebendary J. H. J. Ellison, M.V.O., M.A.

DOMESTIC CHAPLAINS.

The Rev. A. R. Fuller, M.V.O., M.A.

The Very Rev. Albert V. Baillie, K.C.V.O., D.D., Dean of Windsor.

The Rev. Prebendary L. J. Percival, K.C.V.O., M.A.

REPRESENTATIVES OF THE FREE CHURCHES.

THE CHAIRMAN OF THE CONGREGATIONAL UNION OF ENGLAND AND WALES.

The Rev. E. J. Price, M.A., B.D.

THE MODERATOR OF THE PRESBYTERIAN CHURCH OF ENGLAND.

The Right Rev. James Burns, M.A.

THE PRESIDENT OF THE BAPTIST UNION.

H. L. Taylor, Esq.

THE PRESIDENT OF THE METHODIST CONFERENCE.

The Rev. C. E. Walters.

THE PRESIDENT OF THE NATIONAL FREE CHURCH COUNCIL.

The Rev. J. Colville, M.A.

THE MODERATOR OF THE FEDERAL COUNCIL.

The Rev. M. E. Aubrey, M.A.

REPRESENTATIVES OF THE CHURCH OF SCOTLAND.

EX-MODERATOR OF THE GENERAL ASSEMBLY.

The Very Rev. Andrew N. Bogle, D.D.

EX-MODERATOR OF THE GENERAL ASSEMBLY.

The Very Rev. John White, C.H., D.D., LL.D.

THE MODERATOR OF THE GENERAL ASSEMBLY.

The Right Rev. Professor Daniel Lamont, D.D.

THE PREBENDARIES' VERGER.

Mr. G. Rowling.

THE CROSS OF WESTMINSTER,

borne by

The Rev. J. Perkins, M.A.

THE PREBENDARIES OF WESTMINSTER.

The Rev. Canon H. Costley-White, D.D.

The Ven. Archdeacon F. L. Donaldson, M.A.

The Rev. Canon F. R. Barry, D.S.O.

The Rev. Canon V. F. Storr, M.A.

THE DEAN'S VERGER.

Mr. G. C. Drake.

THE DEAN OF WESTMINSTER.

The Very Rev. W. Foxley Norris, K.C.V.O., D.D.

BLUEMANTLE PURSUIVANT.
R. P. Graham-Vivian, Esq., M.C.

PORTCULLIS PURSUIVANT.
A. R. Wagner, Esq.

CARRICK PURSUIVANT.
Sir Alexander H. Seton, Bt.

FALKLAND PURSUIVANT.
Lt.-Colonel J. W. B. Paul, D.S.O.

UNICORN PURSUIVANT.
Major H. A. B. Lawson.

OFFICERS OF THE ORDERS OF KNIGHTHOOD.

GENTLEMAN USHER OF THE PURPLE ROD.
Sir Frederic G. Kenyon, G.B.E., K.C.B.

KING OF ARMS OF THE ORDER OF THE BRITISH EMPIRE.
Admiral Sir Herbert L. Heath, K.C.B., M.V.O.

GENTLEMAN USHER OF THE BLUE ROD.
Admiral A. G. Hotham, C.B., C.M.G.

REGISTRAR OF THE ORDER OF ST. MICHAEL AND ST. GEORGE.
Sir Harry F. Batterbee, K.C.M.G., K.C.V.O.

KING OF ARMS OF THE ORDER OF ST. MICHAEL AND ST. GEORGE.
Sir Frank A. Swettenham, G.C.M.G., C.H.

SECRETARY OF THE ORDER OF ST. MICHAEL AND ST. GEORGE.
Sir John L. Maffey, G.C.M.G., K.C.B., K.C.V.O., C.S.I., C.I.E.

CHANCELLOR OF THE ORDER OF ST. MICHAEL AND ST. GEORGE.
The Marquess of Willingdon, G.C.S.I., G.C.M.G., G.C.I.E., G.B.E.,
his Coronet carried by his Page,
Hon. John Knatchbull.

DEPUTY SECRETARY OF THE ORDER OF THE BATH.
Major H. H. F. Stockley, C.V.O., O.B.E.

GENTLEMAN USHER OF THE SCARLET ROD.
Air Vice-Marshal C. A. H. Longcroft, C.B., C.M.G., D.S.O., A.F.C.

REGISTRAR AND SECRETARY OF THE ORDER OF THE BATH.
Admiral R. G. A. W. Stapleton-Cotton, C.B., C.B.E., M.V.O.

BATH KING OF ARMS.
General Sir Walter P. Braithwaite, G.C.B.

GENTLEMAN USHER OF THE GREEN ROD.
Brig.-General Sir Robert G. Gilmour, Bt., C.B., C.V.O., D.S.O.

CHANCELLOR OF THE ORDER OF THE THISTLE.
The Earl of Mar and Kellie, K.T.,
his Coronet carried by his Page,
Alistair R. H. Erskine, Esq.

SECRETARY OF THE ORDER OF THE GARTER.
F. H. Mitchell, Esq., C.V.O., C.B.E.

ALBANY HERALD.
T. Innes, Esq.

ROTHESAY HERALD.
Sir John M. N. MacLeod, Bt.

THE STANDARD OF THE EMPIRE OF INDIA,
borne by
Sir Firozkhan Noon.

THE STANDARD OF THE UNION OF SOUTH AFRICA,
borne by
C. T. te Water, Esq.

THE STANDARD OF THE DOMINION OF NEW ZEALAND,
borne by
W. J. Jordan, Esq.

THE STANDARD OF THE COMMONWEALTH OF AUSTRALIA,
borne by
The Right Hon. S. M. Bruce, C.H., M.C.

THE STANDARD OF THE DOMINION OF CANADA,
borne by
The Hon. Vincent Massey.

THE UNION STANDARD,
borne by
F. S. Dymoke, Esq.

THE STANDARD OF THE PRINCIPALITY OF WALES,
borne by
The Earl of Plymouth,
his Coronet carried by his Page,
Viscount Windsor.

STANDARDS OF THE QUARTERINGS OF THE ROYAL ARMS,
borne by

The Earl of Granard, K.P., G.C.V.O., his Coronet carried by his Page, Donald S. Erskine, Esq.

The Earl of Derby, K.G., G.C.B., G.C.V.O., his Coronet carried by his Page, Hugh Stanley, Esq.

H. J. Scrymgeour-Wedderburn, Esq.

THE ROYAL STANDARD,
borne by
The Marquess of Cholmondeley,
his Coronet carried by his Page,
Hon. Julian Fane.

THE VICE-CHAMBERLAIN OF THE HOUSEHOLD.
Major Sir George F. Davies.

THE TREASURER OF THE HOUSEHOLD.
Sir George Penny, BT.

THE COMPTROLLER OF THE HOUSEHOLD.
Colonel Sir Lambert Ward, BT., D.S.O.

THE KEEPER OF THE JEWEL HOUSE.
(Bearing on a cushion the two Rings, and the Sword for the Offering)
Admiral Sir Lionel Halsey, G.C.M.G., G.C.V.O., K.C.I.E., C.B.,
acting for
Major-General Sir George J. Younghusband, K.C.M.G., K.C.I.E., C.B.

ROUGE CROIX PURSUIVANT.

P. W. Kerr, Esq.

ROUGE DRAGON PURSUIVANT.

E. N. Geijer, Esq., M.C.

FOUR KNIGHTS OF THE ORDER OF THE GARTER APPOINTED TO HOLD THE CANOPY FOR THE KING'S ANOINTING.

The Earl Stanhope, K.G., D.S.O., M.C., his Coronet carried by his Page, Hon. Norton Knatchbull.

The Earl of Lytton, K.G., G.C.S.I., G.C.I.E., his Coronet carried by his Page, Hon. Matthew Ridley.

The Duke of Abercorn, K.G., K.P., his Coronet carried by his Page, Robert I. Kenyon-Slaney, Esq.

The Marquess of Londonderry, K.G., M.V.O., his Coronet carried by his Page, Michael C. Stanley, Esq.

THE LORD CHAMBERLAIN OF THE HOUSEHOLD.

The Earl of Cromer, G.C.B., G.C.I.E., G.C.V.O., his Coronet carried by his Page, Viscount Melgund.

THE LORD STEWARD OF THE HOUSEHOLD.

The Duke of Buccleuch and Queensberry, G.C.V.O., his Coronet carried by his Page, David R. M. Stuart, Esq.

THE LORD PRESIDENT OF THE COUNCIL.

The Right Hon. J. Ramsay MacDonald.

THE PRIME MINISTER OF THE UNITED KINGDOM.

The Right Hon. Stanley Baldwin.

THE PRIME MINISTER OF THE COMMONWEALTH OF AUSTRALIA.

The Right Hon. J. A. Lyons, C.H.

THE PRIME MINISTER OF THE DOMINION OF CANADA.

The Right Hon. W. L. Mackenzie King, C.M.G.

THE PRIME MINISTER OF THE UNION OF SOUTH AFRICA.

General the Hon. J. B. M. Hertzog.

THE PRIME MINISTER OF THE DOMINION OF NEW ZEALAND.

The Right Hon. M. J. Savage.

THE CROSS OF YORK,
borne by
The Rev. H. C. Warner, M.A.

THE ARCHBISHOP OF YORK.
The Most Rev. William Temple, D.D.,
attended by
The Rev. J. de Wolf Perry.

THE LORD HIGH CHANCELLOR.
The Viscount Hailsham,
attended by his Purse-bearer, Hon. Quintin McGarel Hogg,
his Coronet carried by his Page,
Peter Billinge, Esq.

THE CROSS OF CANTERBURY,
borne by
The Rev. A. C. Don, D.D.

THE ARCHBISHOP OF CANTERBURY.
The Most Rev. Cosmo Gordon Lang, D.D.,
attended by
The Rev. A. Sargent, M.A., and The Rev. L. C. Green-Wilkinson, M.A.

MALTRAVERS HERALD EXTRAORDINARY.
Oswald Barron, Esq.

YORK HERALD.
A. J. Toppin, Esq.

WINDSOR HERALD.
A. T. Butler, Esq., M.C.

THE QUEEN'S REGALIA.

THE IVORY ROD
WITH THE DOVE,
borne by
The Earl of Haddington,
M.C.,
his Coronet carried by his Page,
Desmond O'Brien, Esq.

THE LORD CHAMBERLAIN
OF HER MAJESTY'S
HOUSEHOLD.
The Earl of Airlie,
K.C.V.O., M.C.,
his Coronet carried by his Page,
Lord Ogilvy.

THE SCEPTRE WITH
THE CROSS,
borne by
The Duke of Rutland,
his Coronet carried by his Page,
Lord Roger Manners.

SERGEANT AT ARMS.
G. D. Field, Esq., M.V.O.

HER MAJESTY'S CROWN,
borne by
The Duke of Portland,
K.G., G.C.V.O.,
his Coronet carried by his Page,
Andrew Erskine-Wemyss, Esq.

SERGEANT AT ARMS.
F. S. Osgood, Esq.,
C.B.E., M.V.O.

THE QUEEN

The Harbinger (Brig.-General Sir Frederick Gascoigne, K.C.V.O., C.M.G., D.S.O.) and five Gentlemen at Arms.

THE BISHOP OF BLACKBURN.
The Right Rev.
Percy M. Herbert, D.D.

IN HER ROYAL ROBES, HER MAJESTY'S TRAIN
borne by
THE MISTRESS OF THE ROBES,
The Duchess Dowager of Northumberland,
assisted by

Lady Ursula Manners,
Lady Margaret Cavendish-Bentinck.
Lady Elizabeth Paget,
Lady Diana Legge,
Lady Elizabeth Percy,
Lady Iris Mountbatten,

THE BISHOP OF ST. ALBANS.
The Right Rev.
Michael B. Furse, D.D.

The Clerk of the Cheque and Adjutant (Brig.-General R. H. Kearsley, C.M.G., D.S.O.) and five Gentlemen at Arms.

The Coronet of the Mistress of the Robes carried by her Page, Lord Geoffrey Percy.

LADIES OF THE BEDCHAMBER.

The Viscountess Halifax.
The Lady Nunburnholme.
The Countess Spencer.
The Viscountess Hambleden.

WOMEN OF THE BEDCHAMBER.

Lady Katharine Seymour.
Hon. Mrs. Geoffrey Bowlby.
Lady Helen Graham.
Lady Hyde.

THE PRIVATE SECRETARY TO THE QUEEN
Captain R. J. Streatfeild.

THE TREASURER TO THE QUEEN.
Rear-Admiral Sir Basil V. Brooke, K.C.V.O.

RICHMOND HERALD.
H. R. C. Martin, Esq.

CHESTER HERALD.
J. D. Heaton-Armstrong, Esq.

SOMERSET HERALD.
Hon. George Bellew, M.V.O.

LANCASTER HERALD.
A. G. B. Russell, Esq., M.V.O.

THE KING'S REGALIA.

ST. EDWARD'S STAFF,
borne by
The Viscount Halifax, K.G., G.C.S.I., G.C.I.E.,
his Coronet carried by his Page,
Henry L. Middleton, Esq.

THE SCEPTRE WITH THE CROSS,
borne by
The Duke of Somerset, D.S.O., O.B.E.,
his Coronet carried by his Page,
Frank S. Skelton, Esq.

A GOLDEN SPUR,
borne by
The Lord Churston,
his Coronet carried by his Page,
Hon. David Bethell.

A GOLDEN SPUR,
borne by
The Lord Hastings,
his Coronet carried by his Page,
David Wyndham, Esq.

THE THIRD SWORD,
borne by
Marshal of the Royal Air Force
The Viscount Trenchard,
G.C.B., G.C.V.O., D.S.O.,
his Coronet carried by
his Page,
Hon. Hugh Trenchard.

CURTANA,
borne by
Admiral
The Earl of Cork and Orrery,
G.C.B., G.C.V.O.,
his Coronet carried by
his Page,
Viscount Boyle.

THE SECOND SWORD,
borne by
Field-Marshal
The Lord Milne,
G.C.B., G.C.M.G., D.S.O.,
his Coronet carried by
his Page,
John C. Armitage, Esq.

NORROY KING OF ARMS.
Major A. H. S. Howard, C.V.O., M.C.

ULSTER KING OF ARMS.
Major Sir Nevile R. Wilkinson, K.C.V.O.

LYON KING OF ARMS.
Sir Francis J. Grant, K.C.V.O.

CLARENCEUX KING OF ARMS.
A. W. S. Cochrane, Esq., C.V.O.

THE RIGHT HON.
THE LORD MAYOR OF LONDON.
Sir George T. Broadbridge
(bearing the City Mace.)

GARTER PRINCIPAL KING OF ARMS.
Sir Gerald W. Wollaston, K.C.V.O.

THE GENTLEMAN USHER OF THE BLACK ROD.
Lt.-General
Sir William P. Pulteney,
G.C.V.O., K.C.B., K.C.M.G., D.S.O.

THE LORD GREAT CHAMBERLAIN.
The Earl of Ancaster,
his Coronet carried by his Page,
Lord John Manners.

THE LORD HIGH STEWARD OF IRELAND.
The Earl of Shrewsbury,
his Coronet carried by his Page,
Christopher Talbot, Esq.

THE HIGH CONSTABLE OF SCOTLAND.
The Earl of Erroll,
his Coronet carried by his Page,
Alastair Hay, Esq.

THE EARL MARSHAL.
The Duke of Norfolk,
attended by his two Pages,
Hon.
Martin Fitzalan-Howard,
Viscount Morpeth.

THE SWORD OF STATE,
borne by
The Marquess of Zetland,
G.C.S.I., G.C.I.E.,
his Coronet carried by
his Page,
Hon. Brian Beckett.

THE LORD HIGH CONSTABLE OF ENGLAND.
The Marquess of Crewe,
K.G.,
attended by his two Pages,
Colin Dodds, Esq.
Euan Graham, Esq.

THE SCEPTRE WITH THE DOVE,
borne by
The Duke of Richmond and Gordon,
his Coronet carried by his Page,
Charles Vyner, Esq.

ST. EDWARD'S CROWN,
borne by
THE LORD HIGH STEWARD,
The Marquess of Salisbury,
K.G., G.C.V.O., C.B.,
attended by his two Pages,
John Ormsby-Gore, Esq.,
Hon. John Manners.

THE ORB,
borne by
The Duke of Sutherland,
K.T.,
his Coronet carried by his Page,
Hon. Peter Ward.

THE PATEN,
borne by
THE BISHOP OF LONDON,
The Right Rev. Arthur F. Winnington-Ingram,
K.C.V.O., D.D.

THE BIBLE,
borne by
THE BISHOP OF NORWICH,
The Right Rev. Bertram Pollock, K.C.V.O., D.D.

THE CHALICE,
borne by
THE BISHOP OF WINCHESTER,
The Right Rev. Cyril F. Garbett, D.D.

THE KING

The Standard Bearer (Brig.-General Sir Archibald F. Home, K.C.V.O., C.B., C.M.G., D.S.O.) and Ten Gentlemen at Arms.

The Lieutenant (Colonel Sir St. John C. Gore, C.B., C.V.O., C.B.E.) and Ten Gentlemen at Arms.

THE BISHOP OF BATH AND WELLS.

The Right Rev. St. J. B. Wynne Willson, D.D.

IN HIS ROYAL CRIMSON ROBE OF STATE, WEARING THE COLLAR OF THE GARTER, ON HIS HEAD THE CAP OF STATE, HIS MAJESTY'S TRAIN

borne by

The Earl Haig,
Alexander A. A. D. Ramsay, Esq.,
George R. Seymour, Esq.,
Montague R. V. Eliot, Esq.,
The Earl Kitchener,
Viscount Lascelles,
George E. C. Hardinge, Esq.,
The Lord Herschell,
The Earl Jellicoe.

THE BISHOP OF DURHAM.

The Right Rev. H. Hensley Henson, D.D.

THE GROOM OF THE ROBES.

Commander H. G. Campbell, C.V.O., D.S.O., R.N.

THE VICE-ADMIRAL OF THE UNITED KINGDOM.

Admiral Hon. Sir Stanley C. J. Colville, G.C.B., G.C.M.G., G.C.V.O.

THE MASTER OF THE HORSE.

The Duke of Beaufort, G.C.V.O.,
his Coronet carried by his Page,
Lord Burghersh.

THE GOLD STICK IN WAITING.

Field-Marshal Sir William R. Birdwood, Bt., G.C.B., G.C.S.I., G.C.M.G., C.I.E., D.S.O.

THE CAPTAIN GENERAL OF THE KING'S BODYGUARD FOR SCOTLAND (ROYAL COMPANY OF ARCHERS) AND GOLD STICK OF SCOTLAND.

The Lord Elphinstone, K.T.,
his Coronet carried by his Page,
Charles Cameron, Esq.

LORD IN WAITING.

The Lord Wigram, G.C.B., G.C.V.O., C.S.I.,
his Coronet carried by his Page,
Hector Laing, Esq.

THE CAPTAIN OF THE YEOMEN OF THE GUARD.

Colonel the Lord Templemore, D.S.O., O.B.E.,
his Coronet carried by his Page,
Hon. Peter Strutt.

THE CAPTAIN OF THE HON. CORPS OF GENTLEMEN AT ARMS.

Brig.-General the Earl of Lucan, K.B.E., C.B.,
his Coronet carried by his Page,
Viscount Althorp.

THE KEEPER OF HIS MAJESTY'S PRIVY PURSE.

Major J. U. F. C. Alexander, C.M.G., C.V.O., O.B.E.

THE PRIVATE SECRETARY TO THE KING.

The Rt. Hon. Sir Alexander H. L. Hardinge, K.C.B., C.V.O., M.C.

THE CROWN EQUERRY.

Colonel Sir Arthur E. Erskine,
G.C.V.O., D.S.O.

THE COMPTROLLER LORD CHAMBERLAIN'S OFFICE.

Lt.-Colonel T. E. G. Nugent,
M.V.O., M.C.

GROOM IN WAITING.

A. H. Penn, Esq.

EQUERRY TO THE KING.

T. W. E. Coke, Esq.

EQUERRY TO THE KING.

Lt.-Colonel Hon. Piers W. Legh,
C.M.G., C.I.E., M.V.O., O.B.E.

THE FIELD OFFICER IN BRIGADE WAITING.

Colonel G. E. C. Rasch,
C.V.O., D.S.O.

THE SILVER STICK IN WAITING.

Lt.-Colonel E. J. L. Speed,
M.C.

THE ENSIGN OF THE YEOMEN OF THE GUARD.

Lt.-Colonel G. R. Lascelles, C.V.O., O.B.E.

THE LIEUTENANT OF THE YEOMEN OF THE GUARD.

Colonel Sir Colin W. MacRae, C.V.O., C.B.E.

THE CLERK OF THE CHEQUE TO THE YEOMEN OF THE GUARD.

Brig.-General R. C. A. McCalmont, D.S.O.

EXON OF THE YEOMEN OF THE GUARD.

Major Hon. Edric A. C. Weld-Forester.

EXON OF THE YEOMEN OF THE GUARD.

Lt.-Colonel E. B. Frederick.

EXON OF THE YEOMEN OF THE GUARD.

Lt.-Colonel W. Gibbs.

TWELVE YEOMEN OF THE GUARD.

DISPOSITION OF THE PROCESSION.

The Chaplains and the Domestic Chaplains will pass to the seats provided for them.

The Representatives of the Free Churches and of the Church of Scotland will pass to the seats provided for them on the North side of the Theatre.

The Prebendaries will pass to their places on the South side of the Altar.

The Dean of Westminster will proceed to his place on the South side of the Altar.

The Pursuivants of Scotland will stand near the North-west Pillar throughout the Ceremony.

The Officers of the Orders of Knighthood will pass to the seats provided for them.

The Heralds of Scotland will stand near the South-west Pillar throughout the Ceremony.

The Standards will be handed to the Barons of the Cinque Ports at the entrance to the Choir. The Bearers of the Standards will continue in the Procession to the Theatre, and will then pass to their seats, as Peers, or to the seats provided for them.

The Treasurer of the Household will pass to his place on the South-east side of the Area.

The Comptroller and the Vice-Chamberlain of the Household will pass to their seats.

The Keeper of the Jewel House will stand behind the King's Chair of State.

The Knights of the Garter appointed to carry the Canopy will pass to the seats provided for them.

The Lord Chamberlain of the Household will stand behind the King's Chair of State.

The Lord Steward of the Household will pass to his seat as a Peer.

The Lord President of the Council will stand near the North-east Pillar.

The Prime Ministers will pass to the seats provided for them in the Choir.

The Archbishop of York will pass to his seat on the North side of the Altar.

The Lord High Chancellor will stand near the South-east Pillar.

The Archbishop of Canterbury will proceed to the Altar.

THE QUEEN, with her Supporters and Attendants, preceded by Her Majesty's Lord Chamberlain and the Lords bearing her Regalia, will pass on the North side of her Throne to her Chair of State on the South side of the Area, making her humble adoration, and will stand by her chair until the arrival of His Majesty.

The Mistress of the Robes and the Ladies bearing Her Majesty's Train will stand behind the Queen's chair, and support Her Majesty's Train during the Ceremony as occasion may require.

The Queen's Lord Chamberlain and the Lords who bear Her Majesty's Regalia will stand near Her Majesty, the Lord Chamberlain on the right hand. The Bishops, her Supporters, will stand on either side of Her Majesty.

The Serjeants at Arms will go to their places near the Theatre.

The Gentlemen at Arms who guard Her Majesty will remain at the foot of the steps ascending to the Theatre.

The Ladies of the Bedchamber and the Women of the Bedchamber will pass to the seats provided for them.

The Treasurer and the Private Secretary to the Queen will pass to their seats.

Lyon King of Arms, Ulster King of Arms, the Gentleman Usher of the Black Rod, and the Lord Mayor of London will stand near the South-east Pillar throughout the Ceremony.

The High Constable of Scotland will pass to his seat as a Peer.

The Lord High Steward of Ireland will pass to his seat as a Peer.

The Lord Great Chamberlain, the Lord High Constable, and the Earl Marshal, with the Archbishop of Canterbury (after his devotions at the Altar), and Garter King of Arms, will take their places near the South-east Pillar.

The Bishops bearing the Bible, the Chalice, and the Paten will pass to their places on the North side of the Altar.

THE KING, with his Supporters and Attendants, preceded by the Lords bearing His Majesty's Regalia, will pass on the South side of his Throne to his Chair of State on the South side of the Area, making his humble adoration, and their Majesties, after their private devotions (kneeling at their faldstools), will take their respective seats. The Bishops, his Supporters, will stand on either side of His Majesty: the Lords bearing the four Swords will stand on His Majesty's right hand, the Sword of State being nearest to the Royal Person; the Lords bearing the rest of His Majesty's Regalia will stand about the King's Chair; His Majesty's Train bearers and the Groom of the Robes will stand behind His Majesty.

The Gentlemen at Arms who guard His Majesty will remain at the foot of the steps ascending to the Theatre.

The Master of the Horse and the Captain General of the King's Bodyguard for Scotland will pass to their seats as Peers.

The Gold Stick in Waiting and the Vice-Admiral of the United Kingdom will pass to their seats.

The Lord in Waiting will pass to his seat as a Peer.

The Captain of the Honourable Corps of Gentlemen at Arms and the Captain of the Yeomen of the Guard will pass to their seats as Peers.

The Keeper of His Majesty's Privy Purse and the Private Secretary to the King will pass to their seats.

The Comptroller, Lord Chamberlain's office, the Crown Equerry, the Groom in Waiting, the Equerries to the King, the Silver Stick in Waiting, and the Field Officer in Brigade Waiting will pass to their seats.

The Officers of the Yeomen of the Guard and the Exons will stand within, and near the entrance to, the Choir, and the Yeomen of the Guard will stand in the Nave outside the entrance to the Choir.

The Pages of those Peers who bear Their Majesties' Regalia, or have other duties to perform, will go to the places appointed for them, and, before the Crowning of the King, will deliver the coronets which they carry to the respective Peers, returning at once to their places.

The Mistress of the Robes will receive her coronet from her Page before the Crowning of the Queen.

The Pages of other Peers will, upon ascending the Theatre, deliver the coronets which they carry to the respective Peers and go to the seats provided for them, where they will remain until the Procession is re-formed on the conclusion of the Service.

THE SERVICE.

The Recognition.

Upon the conclusion of the Anthem the Archbishop of Canterbury will advance from his station at the South-East Pillar, and, together with the Lord High Chancellor, the Lord Great Chamberlain, the Lord High Constable, and the Earl Marshal, preceded by Garter King of Arms, will turn to the East side of the Theatre, where the Archbishop will make the Presentation thus: "SIRS, I here present unto you King GEORGE, your undoubted King: wherefore all you who are come this day to do your homage and service, are you willing to do the same?" and will repeat the same at the South, West, and North sides of the Theatre; during which time His Majesty will be standing up by his Chair, and will turn towards the People on the side at which the Recognition is made; the People replying to each demand with loud and repeated acclamations of "GOD SAVE KING GEORGE"; the trumpets sounding at the last Recognition.

His Majesty will then resume his seat.

The Bishops bearing the Bible, the Chalice, and the Paten will place them on the Altar and go back to their seats.

The Archbishop of Canterbury will then proceed to the Altar.

The Lord High Chancellor, the Lord High Constable and the Earl Marshal will go to the places appointed for them on the North East side of the Theatre, where they will remain until the Inthronization. The Lord Great Chamberlain will go to the left side of His Majesty's Chair.

Their Majesties' Regalia, except the Swords, will be delivered by the Lords bearing the same to the Archbishop, and by him to the Dean of Westminster, to be laid on the Altar; the Lords who had borne the same, and the Queen's Lord Chamberlain, will then go to the places appointed for them on the South East side of the Area and remain there until the Inthronization. The Lords bearing the Swords (except the Sword of State) will continue to stand by the Kings' Chair of State until the Inthronization.

The Oath.

The Archbishop of Canterbury then, standing before the King, will minister the questions contained in the Order of Service. These questions having been answered by His Majesty, the King will rise from his Chair, and, supported as before and attended by his Trainbearers and the Lord Great Chamberlain, the Sword of State alone being borne before His Majesty, will go to the Altar, where, taking off his Cap of State, kneeling upon the cushion placed on the steps, and laying his right hand on the Holy Gospel in the Great Bible (which had been carried in the Procession), tendered to His Majesty by the Archbishop, he will take the Coronation Oath, kiss the Book, and to a transcript of the Oath set his Royal Sign Manual, the Lord Chamberlain of the Household holding a Silver Standish for that purpose, delivered to him by the Keeper of the Jewel House.

The King will then return to his Chair, supported and attended as before, and the Archbishop of Canterbury, advancing towards the King, will minister to His Majesty the prescribed Declaration, which the King will repeat and sign, the Lord Chamberlain of the Household holding the Silver Standish as before.

The Communion Service.

The Archbishop of Canterbury will begin the Communion Service, the Bishop of London reading the Epistle, and the Archbishop of York the Gospel. During the Service the King will be uncovered.

On the conclusion of the Creed, Their Majesties kneeling at their Faldstools, the Hymn "Veni, Creator Spiritus" will be sung by the Choir, the Archbishop beginning the first line.

The Anointing.

Upon the conclusion of the Hymn, the Archbishop will say the Prayer preparatory to the Anointing, "O, Lord, Holy Father, who by anointing with oil didst of old make and consecrate kings, priests, and prophets," &c. This prayer being ended, the King will resume his Cap of State. The Choir will sing the Anthem, "Zadok the priest and Nathan the prophet" &c.

During the Anthem the King, rising, will be disrobed of his Crimson Robe by the Lord Great Chamberlain, who will deliver it to the Groom of the Robes, and His Majesty taking off his Cap of State, the Lord Great Chamberlain will deliver the same to the Lord Chamberlain of the Household. The Robe and Cap will be immediately carried into St. Edward's Chapel by the Groom of the Robes.

The King will then go before the Altar, supported, and attended by the Lord Great Chamberlain, as before (the Sword of State borne before His Majesty) and be seated in King Edward's Chair, placed, with a Faldstool before it, in front of the Altar. Four Knights of the Garter, the Marquess of Londonderry, the Duke of Abercorn, the Earl of Lytton and the Earl Stanhope (summoned by Garter), will hold over the King's head a rich Canopy of Cloth of Gold, delivered to them by the Lord Chamberlain of the Household, who will receive the same from the Groom of the Robes. The Dean of Westminster will take from the Altar the Ampulla containing the holy Oil, and pour some into the Anointing Spoon, wherewith the Archbishop will anoint His Majesty in the form of a cross on the palms of both hands saying, "Be thy Hands anointed," &c., on the breast saying, "Be thy Breast anointed," &c., and on the crown of the head saying "Be thy Head anointed," &c.

The Dean of Westminster will thereupon replace the Ampulla and Spoon on the Altar.

The Archbishop, standing in front of the Altar, will pronounce the Blessing after the Anointing, the King kneeling at his Faldstool; His Majesty will then resume his seat in King Edward's Chair. The Knights of the Garter will give back the Canopy to the Lord Chamberlain (to be by him delivered to the Groom of the Robes), and go back to their seats.

The Colobium Sindonis and Supertunica.

The King arising, the Dean of Westminster will receive from the Groom of the Robes the Colobium Sindonis and the Supertunica, or Close Pall of Cloth of Gold, together with a Girdle of the same, and will invest His Majesty therewith. The King will then resume his seat.

The Golden Spurs.

The Dean of Westminster will bring the Spurs from the Altar and deliver them to the Lord Great Chamberlain, who, kneeling down, will touch His Majesty's heels therewith and give them back to the Dean, by whom they will be laid upon the Altar.

The Sword.

The Lord carrying the Sword of State will deliver it to the Lord Chamberlain of the Household, and, in lieu thereof, receive from him another Sword in a Scabbard, handed to the Lord Chamberlain by the Keeper of the Jewel House. The Sword of State will be deposited by the Keeper of the Jewel House in the Traverse in St. Edward's Chapel. The Sword in the Scabbard will be delivered by the bearer thereof to the Archbishop, who will lay it on the Altar, saying the Prayer, "Hear our prayers, O Lord, we beseech thee, and so direct and support thy servant, King George," &c.

The Archbishop will then take the Sword from off the Altar, and, assisted by the Archbishop of York, the Bishops of London and Winchester and other Bishops, will deliver it into the King's right hand, saying, "Receive this kingly Sword," &c.

The King standing up, the Sword will be girt about him by the Lord Great Chamberlain; and then, the King sitting down, the Archbishop will say, "With this Sword do justice," &c.

The Offering of the Sword.

The King, rising up and ungirding his Sword, will go to the Altar, where His Majesty will offer the same, and return to, and sit down in, King Edward's Chair. The Sword will then be redeemed for One Hundred Shillings by the Lord who first received it, who, on receiving it again from the Dean of Westminster, will carry it during the remainder of the Solemnity, having first drawn it out of the Scabbard which he will deliver to the Groom of the Robes. The Bishops who assisted during the Offering will go back to their places.

The Investing with the Armill and Royal Robe.

The Groom of the Robes will then deliver the Armill and the Royal Robe or Pall of Cloth of Gold to the Dean of Westminster, who, the King having arisen, will invest His Majesty therewith, the Lord Great Chamberlain fastening the Clasps.

The Orb.

The King will thereupon sit down, and the Archbishop, having received the Orb from the Dean of Westminster, will deliver it into the King's right hand, saying: "Receive this Imperial Robe, and Orb;" &c. His Majesty will return the Orb to the Dean, who will lay it on the Altar.

The Ring.

The Keeper of the Jewel House will deliver the King's Ring to the Archbishop, who will put it on the fourth finger of the King's right hand, saying: "Receive this Ring," &c.

The Sceptres.

The Dean of Westminster will bring from the Altar the Sceptre with the Cross and the Sceptre with the Dove, and deliver them to the Archbishop.

The Glove presented by the Lord of the Manor of Worksop (Earl of Lincoln acting as Deputy) will be put on, and the Archbishop will deliver the Sceptre with the Cross into His Majesty's right hand, saying: "Receive the Royal Sceptre," &c.; and the Sceptre with the Dove into his left hand, saying: "Receive the Rod of equity and mercy;" &c. The Lord of the Manor of Worksop may support His Majesty's right arm as occasion may require.

The Crowning.

The Archbishop, standing before the Altar, will take St. Edward's Crown into his hands, and laying it down again will say, "O God, the crown of the faithful;" &c.

Then the Archbishop, with the Archbishop of York and other Bishops, will come from the Altar; and the Archbishop, having received the Crown from the Dean of Westminster, will reverently place it on His Majesty's head. Thereupon the people, with loud and repeated shouts, will cry: "God save the King"; the Princes and Peers putting on their coronets, and the Kings of Arms their crowns; the trumpets sounding, the drums beating, and, at a signal given, the great guns of the Tower and the guns in the Park being shot off.

The acclamation having ceased, the Archbishop will pronounce the Prayer: "God crown you with a crown of glory," &c., and the Choir will sing "Be strong and play the man;" &c.

The Holy Bible.

The Dean of Westminster, taking the Holy Bible from the Altar, will deliver it to the Archbishop, who, attended and assisted by the Archbishop of York and the Bishops, will present it to the King, first saying: "Our gracious King;" &c.

The King will give back the Bible to the Archbishop, who will give it to the Dean of Westminster, to be by him replaced on the Altar, the Archbishop of York and the Bishops going back to their seats.

During the presentation of the Holy Bible the King may hand the Sceptre with the Cross to the Lord of the Manor of Worksop to hold.

The Benediction.

The Archbishop will then pronounce the Benediction, and turning to the people will say: "And the same Lord God Almighty grant," &c. The Archbishop of York, the Bishops, and the rest of the Peers, will follow every part of the Benediction with a loud and hearty Amen.

The Inthronization.

The King will ascend the Theatre, accompanied by the two Bishops his Supporters, the Great Officers of State, the Lords carrying the Swords, and the Lords who had borne Their Majesties' Regalia, and be Inthroned by the Archbishops, Bishops, and the other Peers, who will then stand about the steps of the Throne. His Majesty's Train bearers will stand behind the Throne. The Archbishop, standing before the King, will pronounce the Exhortation, "Stand firm, and hold fast," &c.

The Homage.

The Exhortation being ended, His Majesty will deliver the Sceptre with the Cross to the Lord who had first borne it, to hold the same on his right hand, and the Sceptre with the Dove to the Lord who had first borne it, to hold the same on his left during the Homage.

The Archbishop will kneel before the King and pronounce the words of Fealty for himself and the other Lords Spiritual, who will kneel in their places and say their words of Fealty after him. The Archbishop will then kiss His Majesty's left cheek.

Then the Duke of Gloucester, ascending the steps of the Throne and taking off his coronet, will kneel before the King, place his hands between the King's hands, and pronounce the words of Homage; His Royal Highness will then touch the Crown upon His Majesty's head, kiss His Majesty's left cheek, and retire. After him the Duke of Kent, also kneeling before the King, will in like manner perform his Homage. The other Peers of the Realm will then do their Homage. The Senior of each Degree will ascend the steps of the Throne, put off his coronet, kneel before the King, place his hands within the King's hands, and pronounce the words of Homage for himself and the other Peers of the same Degree, who, taking off their coronets and kneeling in their places, will say the words of Homage after him. The Senior Peer of each Degree will then touch His Majesty's Crown and kiss His Majesty's left cheek. The Peers bearing the Swords will, when performing their Homage, deliver them to Peers near them to hold during the Ceremony. At the conclusion of the Homage, the King will receive the two Sceptres from the bearers thereof. The Bishops that support the King in the Procession may also ease him by supporting his Crown as there shall be occasion.

While the Homage is being done the Choir will sing the following Anthems—

"O Come ye servants of the Lord," &c.

"Hear my prayer, O Lord," &c.

"O clap your hands together, all ye people," &c.

"All the ends of the world shall remember themselves," &c.

"O praise God in His holiness," &c.

"Thou wilt keep him in perfect peace," &c.

At the conclusion of the Homage, the drums will beat, the trumpets sound and all the people will shout, crying out :—

God save King George,
Long live King George,
May the King live for ever.

The Archbishop of Canterbury will then go to the Altar.

ANOINTING, CROWNING, AND INTHRONING THE QUEEN.

The Queen, who had been seated in her Chair on the South side of the Area during the Coronation and Inthronization of His Majesty, will arise and go to the steps of the Altar as soon as the Homage shall be ended, supported as before and attended by the Mistress of the Robes and Train Bearers, and will there kneel whilst the Archbishop says the Prayer, "Almighty God, the fountain of all goodness;" &c. Her Majesty will then rise and go to the Faldstool (placed before the Altar, between the steps and King Edward's Chair) at which she is to be Anointed and Crowned.

The Queen will there kneel down, and four Peeresses, appointed for that service, the Duchess of Norfolk, the Duchess of Rutland, the Duchess of Buccleuch and the Duchess of Roxburghe (summoned by Garter), will hold a rich Canopy of Cloth of Gold over Her Majesty. The Archbishop will pour the holy Oil (which he will receive from the Dean of Westminster) upon her head, saying, "In the Name of the Father," &c.

Then the Archbishop will receive from the Keeper of the Jewel House the Queen's Ring, and put the same on the fourth finger of Her Majesty's right hand, saying, "Receive this Ring," &c.

The Archbishop will then take the Crown from the Altar and reverently set it on the Queen's head, saying, "Receive the Crown of glory," &c.

Her Majesty having been crowned, the Princesses and Peeresses will put on their coronets, which they will continue to wear until they leave the Abbey. The Archbishop will receive from the Dean of Westminster the Sceptre with the Cross and the Ivory Rod with the Dove, and will place the Sceptre with the Cross in Her Majesty's right hand and the Ivory Rod with the Dove in her left, saying the Prayer, "O Lord, the giver of all perfection;" &c.

The Queen will then rise, and, supported and attended as before, ascend the Theatre (reverently bowing to His Majesty as she passes the Throne), and be conducted to her own Throne on the left of that of the King.

The Communion.

The Choir will then sing the Offertory, "O hearken Thou unto the voice of my calling," &c.

At the commencement of the Offertory, the Bishops who had read the Epistle and the Gospel will receive from the Altar, by the hands of the Archbishop, the Paten and the Chalice, which they will carry into St. Edward's Chapel and bring thence the Bread upon the Paten and the Wine in the Chalice. Their Majesties

will deliver their Sceptres to the Lords who had previously borne them, and descend from their Thrones, supported and attended as before, the King's Sword being borne before them, and go to the steps of the Altar, where, taking off their Crowns, which they will deliver to the Lord Great Chamberlain and the Lord Chamberlain of the Household, Their Majesties will kneel down. Then the Bishops will deliver the Paten and the Chalice into the King's hands; and His Majesty will deliver them to the Archbishop, who will reverently place them upon the Altar, and, having said the Prayer, "Bless, O Lord, we beseech Thee," &c., will cover them with a fair linen cloth.

The King, still kneeling, will make his OBLATION, offering a Pall or Altar Cloth (which the Groom of the Robes delivers to the Lord Great Chamberlain, and he, kneeling, to His Majesty) and an Ingot of Gold of a pound weight (which the Treasurer of the Household delivers to the Lord Great Chamberlain, and he to His Majesty); and the Archbishop will receive them from the King and place them upon the Altar.

The Queen also will make her OBLATION of a Pall or Altar Cloth and a Mark weight of Gold, which Her Majesty will receive, and deliver to the Archbishop, in like manner as the King.

Their Majesties will then return to their Chairs of State on the South side of the Area, supported and attended as before, and kneel down at their Faldstools.

The Archbishop will then proceed with the Office of Holy Communion. When the Archbishop and the Dean of Westminster, with the Bishops Assistant, namely those who had read the Epistle and Gospel, have communicated, the King and Queen will advance to the Steps of the Altar and kneel down, and the Archbishop will administer to Their Majesties the Bread, and the Dean of Westminster the Cup.

The King and Queen will then receive their Crowns from the Lord Great Chamberlain and the Lord Chamberlain of the Household, and, putting them on, will repair to their Thrones, supported and attended as before, and receive again the Sceptres in their hands.

The Archbishop will now go on to the Post-Communion, at the end of which the Choir will sing "Glory be to God on High," &c., and the same being concluded, the Archbishop will pronounce the Blessing.

The Choir will then sing the "Te Deum."

THE RECESS.

In the meantime, His Majesty, supported and attended as before, preceded by the four Swords and accompanied by the Lords who had carried his Regalia, will descend into the Area, and pass through the door on the South side of the Altar into St. Edward's Chapel; the Lords who had carried the Regalia receiving them from the Dean of Westminster as they pass by the Altar.

The Queen at the same time, descending from her Throne, supported and attended as before, will go into the same Chapel at the door on the North side of the Altar.

Their Majesties being in the Chapel, the King, standing before the Altar, will deliver the Sceptre with the Dove, which His Majesty holds in his left hand to the Archbishop, who will lay it upon the Altar there.

The Lords who carry the Orb, the Golden Spurs and St. Edward's Staff wil deliver the same to the Dean of Westminster, to be by him deposited on the Altar in the Chapel.

His Majesty will be disrobed of his Royal Robe of State and arrayed in his Robe of Purple Velvet by the Lord Great Chamberlain, and, wearing his Imperial Crown, will then receive in his left hand the Orb from the Archbishop.

While Their Majesties are in St. Edward's Chapel the Officers of Arms will arrange the Procession for the return to the West Door of the Abbey.

The Procession will be formed in the same order as on entering the Abbey, except that the Bishops who had carried the Bible, the Chalice, and the Paten, and the Dean and Prebendaries of Westminster, will remain in the Sacrarium, and the Representatives of the Church of Scotland and of the Free Churches, the Domestic Chaplains and the Chaplains, will remain in their seats. The Four Swords will be carried before the King, and will be received near the West Door by the Keeper of the Jewel House. Peers and Peeresses will wear their coronets and Kings of Arms their crowns.

Their Majesties, wearing Their Crowns, the King bearing in his right hand the Sceptre with the Cross, and in his left the Orb, and the Queen bearing in her right hand her Sceptre with the Cross, and in her left the Ivory Rod with the Dove, will be conducted through the Choir to the West Door of the Abbey, and will return in State to the Royal Palace.

EARL MARSHAL'S ORDERS.

All those who are in the Sanctuary and those taking part in the Ceremonial are directed, so far as possible, to kneel during the service of Holy Communion, from the end of the exhortation preceding the Confession to the conclusion of the service, except only during the singing of the " Gloria in excelsis," when they will stand. This direction does not apply to the bearers of the Swords, or to the Bishops who support Their Majesties. They will stand throughout.

No person will be permitted to pass into Westminster Abbey on the day of the Coronation except on production of a card issued by me, under my seal; or to walk in the Procession, unless his name, or office, be mentioned in the Ceremonial.

The instructions issued by The Commissioner of Police for securing access to, and departure from, the Abbey must, to prevent confusion, be followed in every particular.

NORFOLK,
Earl Marshal.

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EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 29 de Maio de 1937.

R. D.

MIN. DOS NEGS. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
21 JUN. 1937
No 07236

No.183

Demissão do
Primeiro Ministro.

602.3/1(60)
Ble

Senhor Ministro,

Como fôra annunciado antes da Coroação do Rei Jorge VI, o Senhor Stanley Baldwin, Primeiro Ministro, demittiu-se, hontem, do mais alto posto politico da Gran-Bretanha. Recolhendo-se á vida privada, esse eminente homem de Estado deixou, no caminho da historia, uma das paginas mais curiosas da actividade publica de um Primeiro Ministro. Os difficeis momentos por que atravessou, enfrentando-os sempre com isenção de animo, valeram-lhe, por isso, mais tarde, o respeito e a admiração do povo inglez.

2. A personalidade de Stanley Baldwin occupa um lugar especial: agindo, como agiu em toda a sua carreira politica, sem a notoria dramaticidade de outros tempos, nem se norteando em maximas ou opiniões intransigentes, que tanto caracterisaram a figura de Gladstone, obteve, comtudo, no terreno da politica interna, a aureola de um dos homens mais subtís da epoca contemporanea. De

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

MPRS

De intelligencia clara e excepcionalmente ponderada - e não creadora como a de um Disraeli - e dotado de raras qualidades pessoaes - mas sem a força decisiva de um Lord Salisbury - o ex-Primeiro Ministro soube, entretanto, com elevação de espirito, encarar serenamente as graves crises destes ultimos tempos.

3. Sua impeccavel conducta em face da Abdicação do Rei Eduardo VIII - conducta essa que, pela sua extraordinaria habilidade, tanto o dignificou - firmou-o, afinal, no mais alto conceito da opinião publica. Stanley Baldwin se tornou, por assim dizer, o homem singular da situação politica. Singular por que venceu e dominou as circumstancias imprevistas occorridas na ultima phase de sua vida politica. Já Austen Chamberlain, prevendo o futuro de Baldwin, deixara escripto, pouco antes de fallecer: "... seu horizonte politico é mais estreito do que o dos grandes vultos do seculo passado; mas, por outro lado, a sua concepção dos problemas e das lutas politicas são mais perfeitas." A Baldwyn, porém, faltou a condição essencial a um parlamentar: a presença de espirito na discussão. Peel costumava sentenciar que á Camara dos Communs, só é util aquelle que sabe discutir. E a verdade é que os seus discursos nunca suscitaram enthusiasmo nem emoção. Ha, porém, na sua vida parlamentar uma brilhante excepção á critica, em geral unanime, ás suas orações: é a de seu discurso proferido a 7 de Novembro de 1929 sobre a historia e o futuro das relações entre a Inglaterra e a India. Baldwin teve, então, notaveis expressões que lhe valeram um nobre tributo de parte do Lord Balfour: "tratastes os mais elevados themas politicos com tal inspiração que, em todos os tempos, vos confirirão o direito a uma situação inatacavel entre os oradores da lingua ingleza."

4. Assim, a prudencia e a comprehensão exacta do ambiente politico foram, sem duvida, o segredo da victoria de Stanley Baldwin, hoje Conde de Bewdley. O banquete de 37 talheres, realizado em Downing Street, presidido pelo Rei Jorge VI, constituiu uma

Emb.Londres/183/1937/3.

uma das mais altas homenagens prestadas a um Primeiro Ministro, desde 1911. Tal foi, pois, o maior premio a um homem que soube, na sua vida politica, pensar e agir inspirado nos seus proprios pensamentos.

Em annexo, tenho a honra de passar ás mãos de Vossa 5. Excellencia os recortes dos jornaes que trataram do assumpto acima referido.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Régio de Oliveira

Emb.Londres/183/1937/Annexo.

"THE TIMES"

Londres, 28 de Maio de 1937.

MR. BALDWIN WITHDRAWS

MR. BALDWIN'S plans for his resignation have been laid and known for so long that they come into effect this morning with the least possible disturbance of our politics. That, no doubt, was one of his motives in taking his decision when he did; for one of the most familiar elements in his character is his devotion to the orderly process of British democracy. Certainly he can have had no conception, at the time when he took it, that he was destined to leave office in such a blaze of popular esteem or after such a series of personal triumphs. At least as early as the beginning of last year he came to the conclusion that he must set a definite limit—in effect the Coronation—to his term as Prime Minister. There was no question then of "going when the going was good." MR. BALDWIN'S stock stood far lower than it does to-day. The political almosphere was laden with doubts and difficulties. In particular there were two main tasks, as he foresaw them, in which he felt that his long experience and his peculiarly representative position might still be of service to his country. He was rightly anxious—more rightly than he knew—to see the Monarchy firmly established in a new reign. He also believed that he could do something personally to contribute to the appeasement of Europe and especially to a plain understanding with Germany. For the rest he was beginning to feel, as he told his constituents only the other day, that the result of year after year of a Prime Minister's responsibility was to sap the vitality of the strongest, and that he had reached an age at which his continuance in office would impair the work of the Government

Bill in 1934, and of the Royal Abdication last year. Peace in industry, self-government in the Empire, devotion to the CROWN, both as the Empire's link and as its standard of personal duty—these are not unimportant ideals in the life-work of a British statesman, and beyond all question they have been the inspiration of MR. BALDWIN.

It may be said that the utterances for which he will really be remembered longest were not concerned with our day-to-day politics at all—that his contribution to future anthologies of English prose will be such passages, for instance, as the end of an address which he once delivered to the Classical Association or his tribute only last month to the memory of EDWARD GREY. But these were interludes. They had nothing to do with his work as Prime Minister—except indeed that they were perhaps beyond the range of any man who has not had a Prime Minister's experience of toil and responsibility, who could not appreciate, as he can, the blessings of leisure or the greatness of a character that had also been tried in the fire. There may be—let us hope there will be—many more of them in the years to come. In any case the time to assess them is not yet, and it is not this aspect of MR. BALDWIN which has won him his remarkable position in the hearts of the people. The crowds who gave him so signal a reception as he passed in the Coronation pageant knew nothing of his love of the classics or of his power of commemorating his friends. They cheered him just because they had come to look upon him as the embodiment of their own best instincts, which were uppermost that day.

His defects as Prime Minister are obvious enough. He was too typical an Englishman, perhaps, to take a sustained and detailed interest in foreign affairs. He made no obvious contribution to the cause of European settlement which was one of the main objectives of his last term of office; on one memorable occasion a sudden reversal of British foreign policy dismayed the public before there was any sign that the significance of the change had been grasped either by the Cabinet as a whole or by its head. Even in domestic controversies, where his influence on broad tendencies was enormous, his actions, like his speeches, had often the appearance of being forced from him by events. A decisive personal intervention was too commonly followed by a long period of complete self-effacement. For this reason his grip of day-to-day administration has always seemed loose and sometimes ineffective. There may well be tighter and tidier methods under a new régime. But no improvement in the efficiency of government will quite compensate for the loss of those other qualities which have enabled MR. BALDWIN on occasion to rise to heights of national leadership attained by none of his colleagues and by very few of his predecessors. He has contrived to combine the guise of an almost rustic simplicity with rare political acumen, an apparent indifference to criticism with an uncanny power of routing his enemies in his own good time, a conversational style in expression with the genius of a bard for moving his audience. It is this baffling complex which

have had no [illegible] destined to leave office in took it, that he was destined to leave office in such a blaze of popular esteem or after such a series of personal triumphs. At least as early as the beginning of last year he came to the conclusion that he must set a definite limit—in effect the Coronation—to his term as Prime Minister. There was no question then of "going when the going was good." MR. BALDWIN'S stock stood far lower than it does to-day. The political atmosphere was laden with doubts and difficulties. In particular there were two main tasks, as he foresaw them, in which he felt that his long experience and his peculiarly representative position might still be of service to his country. He was rightly anxious—more rightly than he knew—to see the Monarchy firmly established in a new reign. He also believed that he could do something personally to contribute to the appeasement of Europe and especially to a plain understanding with Germany. For the rest he was beginning to feel, as he told his constituents only the other day, that the result of year after year of a Prime Minister's responsibility was to sap the vitality of the strongest, and that he had reached an age at which his continuance in office would impair the work of the Government of which he was head.

So prudent and so patriotic a decision makes it unnecessary to attempt an estimate at this stage of MR. BALDWIN'S whole place in history. He goes, as is proper, to the House of Lords. He remains united in the closest confidence with his successor and with all his old colleagues. Freedom from the daily strain of party leadership will give him time and strength for those occasional utterances in which he has again and again, and never more than in these last few months, revealed himself as the authentic spokesman of the nation. It is conceivable, and most devoutly to be wished, that he may even find a wider audience in visiting those other British nations beyond the seas to which he is still (as indeed he is to many in this country) something of an inscrutable mystery. What is certain, if he is spared to this less laborious phase of public life, is that he will remain as powerful an influence as any of the elder statesmen of our generation —all the more powerful because there will be neither mischief in it nor any desire for return. The main chapter in his record is definitely closed. He ceases at once to be Prime Minister, to be a member of the House of Commons, and to be the Leader of his party. To this extent therefore it is right already to survey what he has done and what he has been; and such a survey is contributed to this page to-day by a writer who has had unusual opportunities for watching him at his daily work in Parliament.

Parliament in fact is by far the best vantage-ground for a retrospect of MR. BALDWIN'S leadership. Throughout all his years as Prime Minister the House of Commons has been his spiritual home. More than any of the predecessors to whom the title has been applied he has been a "House of Commons man." His days have been spent in it, for the most part on the Treasury bench, nearly always within easy call. He has lived in it, dined in it, watched it, kept his hand upon it. It is open to question, no doubt, whether this laborious Parliamentary routine is essential, or the best course, for a Prime Minister; whether it leaves sufficient time for thinking out the great problems of administration and policy for which he is ultimately responsible; whether MR. BALDWIN was even right in the conviction which he expressed at Bewdley that no Prime Minister could ever again direct affairs from the House of Lords. But for MR. BALDWIN himself, with his special gifts and purposes, there was plainly no alternative. He believed profoundly in the democratic system, and the House of Commons was its mainspring and focus. His politics were those of the average moderate-minded Englishman, and it was in the House of Commons that he could soften acerbities and avert the clash of extremes. He made his periodical orations to great audiences up and down the country; but it was for the House of Commons—sometimes, as it seemed, on the spur of the moment, and nearly always at the last stage of some impending crisis—that he reserved the political utterances for which he will be remembered longest. Nor is it without interest that these utterances nearly always sounded better than they appeared in cold print: the inference is that what moved his hearers so profoundly was not so much what MR. BALDWIN said as what he was. Three conspicuous examples of his instinctive power of intervention in debate, each of them deeply characteristic of the motive behind it, must recur at once to every one who remembers his handling of the General Strike in 1926, of the most critical moment in the India

enough. He was too typical an Englishman, perhaps, to take a sustained and detailed interest in foreign affairs. He made no obvious contribution to the cause of European settlement which was one of the main objectives of his last term of office; on one memorable occasion a sudden reversal of British foreign policy dismayed the public before there was any sign that the significance of the change had been grasped either by the Cabinet as a whole or by its head. Even in domestic controversies, where his influence on broad tendencies was enormous, his actions, like his speeches, had often the appearance of being forced from him by events. A decisive personal intervention was too commonly followed by a long period of complete self-effacement. For this reason his grip of day-to-day administration has always seemed loose and sometimes ineffective. There may well be tighter and tidier methods under a new régime. But no improvement in the efficiency of government will quite compensate for the loss of those other qualities which have enabled MR. BALDWIN on occasion to rise to heights of national leadership attained by none of his colleagues and by very few of his predecessors. He has contrived to combine the guise of an almost rustic simplicity with rare political acumen, an apparent indifference to criticism with an uncanny power of routing his enemies in his own good time, a conversational style in expression with the genius of a bard for moving his audience. It is this baffling complex which has sometimes brought him the reputation of a sphinx, an enigma, the image of DISRAELI—for whom in fact he had a deep admiration, but from whom he differs in almost every attribute as widely as one man may differ from another. A more accurate comparison, if any comparison can be accurate, was made by the veteran onlooker who said of the PRIME MINISTER'S appearance in that tragic scene of last December that the like of it had not been seen since JOHN HAMPDEN. And indeed the contemporary verdict of HAMPDEN'S great historian may well serve for the figure which MR. BALDWIN presents to the public three hundred years later.

When this Parliament began, wrote Clarendon, (beinge returned Knight of the Shyre for the county wher he lived) the eyes of all men were fixed on him as their Patriae Pater, and the Pilott that must steere ther vessell through the tempests and Rockes which threatned it: And I am perswaded his power and interest at that tyme was greater, to doe good or hurte, than any mans in the kingdome, or than any man of his ranke hath had in any tyme; for his reputation of honesty was universall and his affections seemed so publiquely guyded, that no corrupte or pryvate ends could byasse them.

That is no bad statement of MR. BALDWIN'S reputation in the eyes of his fellow-countrymen on the day when he ceases to be Prime Minister.

Emb.Londres/183/1937/Annexo.

"THE TIMES"

Londres, 29 de Maio de 1937.

MR. CHAMBERLAIN TAKES OVER

RAPID FORMATION OF NEW GOVERNMENT

SERVICE DEPARTMENT CHANGES

EARLDOM AND THE GARTER FOR MR. BALDWIN

Mr. Baldwin resigned the office of Prime Minister yesterday morning. The King has conferred on him the double honour of an earldom and the Order of the Garter.

Mr. Chamberlain accepted the King's invitation to succeed Mr. Baldwin, and within a few hours the composition of the new Government was announced.

Sir John Simon becomes Chancellor of the Exchequer, and Sir Samuel Hoare succeeds him as Home Secretary; Mr. Duff Cooper goes to the Admiralty from the War Office, where he is followed by Mr. Hore-Belisha.

The Cabinet now consists of 21 members instead of 22, and includes two new members—Dr. Burgin (Minister of Transport) and Lord De La Warr (Lord Privy Seal).

Mr. Runciman, the retiring President of the Board of Trade, and Sir John Davidson, the former Chancellor of the Duchy of Lancaster, are to be Viscounts.

THE NEW PRIME MINISTER

RESIGNATION HONOURS

From Our Parliamentary Correspondent

At 9.30 yesterday morning Mr. Baldwin was received in audience by the King and resigned office as Prime Minister and First Lord of the Treasury. Mr. Chamberlain accepted the King's invitation to form a Government, and in a very short time he was able to submit his list of Ministers in writing. Rarely has the change-over been carried out so expeditiously. When Mr. Baldwin succeeded Mr. MacDonald in 1935 the names of the members of the new Cabinet were known in a few hours, but the publication of the junior appointments followed on a later day. Mr. Chamberlain's team as announced this morning, however, is complete, and when the House of Commons reassembles on Monday all the Government Departments will be at work under their new heads.

It will be seen that, as stated in *The Times* on Thursday, three Ministers (Mr. Baldwin, Mr. MacDonald, and Mr. Runciman) leave the Cabinet, and that 11—Lord Hailsham, Sir Kingsley Wood, Lord Swinton, Sir Thomas Inskip, Mr. Malcolm MacDonald, Mr. [illegible] Zetland, Mr. W. S. Whip in succession to Sir James Blindell, preferred for personal reasons to return to the back benches.

Commander Southby, another Junior Lord, has also stood aside, with the result that it has been possible to bring a number of new recruits into the Whips' Department, including Major Dugdale, who thus receives a well-merited recognition of the work he has done as Parliamentary Private Secretary to Mr. Baldwin. No Prime Minister could have received more loyal and indefatigable help than Mr. Baldwin did from Major Dugdale, particularly during the period of the Abdication, and his appointment to be a Junior Lord of the Treasury will be deservedly popular.

The new Prime Minister has placed Chequers at Mr. Baldwin's disposal for the next few weeks, and Mr. and Mrs. Baldwin went there yesterday. It is expected that they will stay at Chequers for two or three weeks before they take up residence at Eaton Square.

ELEVEN BY-ELECTIONS

Lord Halifax, as the leader of the party in the House of Lords, will preside at the Conservative Party meeting at the Caxton Hall at noon on Monday. Lord FitzAlan will move and Sir John Gilmour will second a resolution of thanks to Mr. Baldwin and appreciation of his work. The election of Mr. Chamberlain as the new leader of the party will be moved by Lord Derby and seconded by Mr. Churchill.

With the elevation of Mr. Baldwin, Mr. Runciman, and Sir John Davidson to the peerage there will shortly be by-elections in 11 constituencies, which is certainly the highest number at any one time since the War. The constituencies affected are the Drake Division of Plymouth, Cheltenham, Holland with Boston, Buckingham, the Hillhead Division of Glasgow, Kingston-upon-Thames, Chertsey, Bewdley, Ilford, St. Ives, and Hemel Hempstead.

TRIUMPH OF CHARACTER

An appreciation of Mr. Baldwin "by an Old Friend" is printed on page 7. "To-day," he writes, "he quits office on the crest of the boom, the most widely honoured and beloved statesman in the Empire. . . . To-day what Gladstone said of Salisbury is true of Stanley Baldwin: his reputation is part of the heritage of England. It is a triumph of character, and character is policy."

The Cabinet consists of 21 members instead of 22, and includes two new members—Dr. Burgin (Minister of Transport) and Lord De La Warr (Lord Privy Seal).

Mr. Runciman, the retiring President of the Board of Trade, and Sir John Davidson, the former Chancellor of the Duchy of Lancaster, are to be Viscounts.

THE NEW PRIME MINISTER

RESIGNATION HONOURS

From Our Parliamentary Correspondent

At 9.30 yesterday morning Mr. Baldwin was received in audience by the King and resigned office as Prime Minister and First Lord of the Treasury. Mr. Chamberlain accepted the King's invitation to fill the position and to form a Government. He performed his task with such expedition that at 4.30 a complete list of the new Administration was issued.

Mr. Chamberlain took the oath of office as First Lord of the Treasury, and Ministers in the new Cabinet took their oaths, received their seals of office, and kissed the King's hand, at a Privy Council held at Buckingham Palace early yesterday evening.

The story of the day's events is partly told by the series of official communications issued from 10, Downing Street. Mr. Chamberlain, on his visit to Buckingham Palace, had recommended that Mr. Baldwin's services to the country should be recognized by the conferment of an earldom, and he had also submitted for approval the Honours List which is customary on the resignation of a Prime Minister. On his return to Downing Street, the following announcement was issued: —

The Right Hon. Stanley Baldwin, M.P., resigned the Office of Prime Minister and First Lord of the Treasury this morning, and the Right Hon. NEVILLE CHAMBERLAIN, M.P., accepted his Majesty's invitation to fill the position.

The King has been pleased to approve that the dignity of an Earldom of the United Kingdom be conferred upon the Right Hon. STANLEY BALDWIN, M.P., on the occasion of his retirement.

The full Resignation Honours List was set out in the following statement: —

TWO OTHER PEERAGES

The King has been pleased to approve the following list of Honours arising out of Mr. Baldwin's resignation: —

VISCOUNT

DAVIDSON, the RT. HON. SIR JOHN COLIN CAMPBELL, G.C.V.O., C.H., C.B., M.P.

ORDER OF THE BATH
K.C.B.

FRY, SIR GEOFFREY STORRS, Bt., C.B., C.V.O.

ORDER OF THE BRITISH EMPIRE
O.B.E.

DAVIES, Miss GWENDOLEN FLORENCE, M.B.E.
STENHOUSE, Miss MAGDALENE GLASS, M.B.E.

M.B.E.

VINES, Miss ENID.

All these honours are a recognition of personal service rendered to Mr. and Mrs. Baldwin. Sir John Davidson, who now vacates his seat as M.P. for the Hemel Hempstead Division, has been Mr. Baldwin's close personal friend throughout the time that he has been the leader of the Conservative Party, and it came as no surprise that he did not wish to remain in the Commons after the departure of his Chief. Sir Geoffrey Fry has been Mr. Baldwin's personal private secretary for many years, and will still continue to act in that capacity. Miss Davies and Miss Stenhouse are members of the Civil Service staff at 10, Downing Street; and Miss Vines acted as private secretary to Mrs. Baldwin.

Later in the day the following further official statements were issued: —

The King has been pleased to approve that the dignity of a Viscounty of the United Kingdom be conferred upon the RIGHT HON. WALTER RUNCIMAN, M.P.

The King has been pleased to approve that MRS. STANLEY BALDWIN be appointed a Dame Grand Cross of the Order of the British Empire.

The King has been pleased to approve that the RIGHT HON. STANLEY BALDWIN, M.P., be appointed a Knight of the Most Noble Order of the Garter.

Finally, shortly after half-past 4, the official list of the new Ministry was given out. It is published in full in an adjoining column.

When Mr. Chamberlain returned to 11, Downing Street after accepting the invitation to form a Government he had brief talks with Mr. Baldwin and some of his other colleagues, and in a very short time he was able to submit his list of Ministers in writing. Rarely has the change-over been carried out so expeditiously. When Mr. Baldwin succeeded Mr. MacDonald in 1935 the names of the members of the new Cabinet were known in a few hours, but the publication of the junior appointments followed on a later day. Mr. Chamberlain's team as announced this morning, however, is complete, and when the House of Commons reassembles on Monday all the Government Departments will be at work under their new heads.

It will be seen that, as stated in *The Times* on Thursday, three Ministers (Mr. Baldwin, Mr. MacDonald, and Mr. Runciman) leave the Cabinet, and that 11—Lord Hailsham, Sir Kingsley Wood, Lord Swinton, Sir Thomas Inskip, Mr. Eden, Mr. Malcolm MacDonald, Mr. Ormsby-Gore, Lord Zetland, Mr. W. S. Morrison, Mr. Elliot, and Mr. Brown—retain their former offices. The eight Ministers who now take over new positions are Mr. Chamberlain, Sir John Simon, Lord Halifax, Mr. Duff Cooper, Sir Samuel Hoare, Mr. Oliver Stanley, Lord Stanhope, and Mr. Hore-Belisha. There are two newcomers to the Cabinet —Dr. Burgin, from the Liberal National, and Lord De La Warr, from the National Labour section of the supporters of the National Government.

Sir Philip Sassoon has been appointed First Commissioner of Works, but as this office will not now carry Cabinet rank the membership of the Cabinet is reduced from 22 to 21. As before, there are four Liberal National and two National Labour members of the Cabinet, with 15 Conservatives instead of 16. The new Ministers of the Crown Bill provides that the salary of the First Commissioner of Works shall be £3,000 if he is outside the Cabinet, and £5,000 if he is in it. Sir Philip Sassoon was the only Minister who until yesterday had occupied throughout the office to which he was appointed when the first National Government was created in August, 1931.

NEW ADMIRALTY TEAM

Until the last few days it had been assumed at Westminster that the Ministers in charge of the Defence Services would retain their offices until substantial progress had been made with the rearmament programme. It then became known that Sir Samuel Hoare was likely to go to the Home Office, and that changes at the head of the Defence Departments were therefore inevitable. But it came as a surprise to M.P.s to learn that all the three Ministers who have been in control of the Admiralty were to be transferred to other Departments and that an entirely new team would take over. It has to be remembered, however, that much of the preliminary work on the naval programme has been done, and it is understood that the outgoing First Lord will be prepared to cooperate with his successor in completing the work of the Fleet Air Arm inquiry if desired.

The return of Lord Winterton to a Ministerial office was generally approved. As Chancellor of the Duchy of Lancaster he will be available to help his colleagues in many directions where his long Parliamentary experience should be of the greatest value. In the circumstances he will find it necessary to resign his membership of the Select Committee on Procedure relating to Money Resolutions, of which he was recently appointed chairman. He will also give up the chairmanship of the Imperial Affairs and China Committees of Government supporters.

THE WHIPS' OFFICE

There is a good deal of reshuffling among the Junior Ministers, but, apart from changes in the Whips' Department, there are only two newcomers—Mr. R. H. Bernays, Liberal National member for Bristol North, who now becomes Sir Kingsley Wood's lieutenant at the Ministry of Health, and Lord Dufferin and Ava, hitherto a Lord-in-Waiting, who now goes to the Colonial Office as Under-Secretary of State in succession to Lord De La Warr.

The changes in the Whips' Department are extensive. The elevation of Sir George Penny to the peerage had left the office of Treasurer of the Household vacant, and it was necessary to appoint a new Junior Lord of the Treasury in succession to the late Sir James Blindell. Lieutenant-Colonel J. J. Llewellin receives a well-deserved promotion to the Admiralty, and Sir Henry Morris-Jones, who was offered the position of Chief Liberal National

Emb.Londres/183/1937/Annexo.

"THE DAILY TELEGRAPH"

Londres, em 29 de Maio de 1937.

KING RECEIVES MINISTERS

NEW PREMIER TWICE AT PALACE

MR. BALDWIN GOES TO CHEQUERS

A diary of events yesterday, from the resignation of Mr. Baldwin in the morning to the holding of a Privy Council by the King at Buckingham Palace in the evening, is given below.

At the Privy Council Mr. Chamberlain, the new Prime Minister, took the oath as First Lord of the Treasury, and members of the Cabinet kissed hands on their new appointments.

9.13 a.m.—Mr. Baldwin left No. 10, Downing-street for Buckingham Palace.

10.—After an audience of the King of 35 minutes, during which he tendered his resignation as Prime Minister, Mr. Baldwin left the Palace.

10.10.—Mr. Chamberlain arrived at the Palace and kissed hands on his appointment as Prime Minister.

10.40.—Mr. Runciman walked across from the Board of Trade to No. 10, Downing-street. Another visitor to Mr. Baldwin was Mr. Douglas Hacking, chairman of the Conservative Party Organisation.

10.54.—Mr. Chamberlain returned to No. 11, Downing-street from Buckingham Palace.

11.35.—Earldom for Mr. Baldwin announced; G.B.E. for Mrs. Baldwin.

2.30 p.m.—Mr. and Mrs. Baldwin left No. 10, Downing-street for Chequers, where they will remain for two or three weeks.

4.37.—Mr. Chamberlain and members of new Cabinet at Buckingham Palace.

4.50.—Cabinet changes announced.

4.55.—The King held a Privy Council. Mr. Chamberlain took the oath as First Lord of the Treasury. Ministers in the new Cabinet took their oaths and were handed their seals of office, and kissed the King's hand. The Duke of Kent was introduced as a member of the Privy Council.

5.21.—Announcement that Mr. Baldwin was to be created a Knight of the Garter.

NEW PREMIER AT PALACE

MR. BALDWIN'S PIPE

Soon after nine a.m. yesterday Mr. Baldwin's small blue car drew up to the door of No. 10, Downing-street and in a few minutes the retiring Prime Minister stepped out into the sunshine.

He was hatless, in morning dress, and in one hand held a curved briar pipe, and in the other some documents.

He stood with a slight smile while photographers and cinema men took many snaps of him. Only a few of the general public witnessed his departure to see the King, and few saw him drive into the courtyard of the Palace.

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Sentries saluted as the car passed in. Mr. Baldwin stepped from the car at the Privy Purse door, and was immediately conducted to the King's private apartments, where he formally tendered his resignation.

The King, in accordance with constitutional usage, sought advice as to his successor, and Mr. Baldwin suggested that Mr. Chamberlain should be called upon to form a new Cabinet.

MR. BALDWIN CHEERED

Mr. Baldwin left the Palace at 10, and as his car drove out of the Palace gates he was given a cheer by a handful of spectators. He was smiling, and waved his hand in acknowledgment of the greeting as his car turned to go past the Victoria Memorial. On arrival at Downing-street he hurried into No. 10.

Forty-six minutes after Mr. Baldwin had driven from Downing-street, Mr. Chamberlain came out of No. 11, the official residence of the Chancellor of the Exchequer. He was in morning dress, and stood smiling for two or three minutes while photographs were taken.

By the time he left for Buckingham Palace the crowd in Downing-street had increased, and he acknowledged their greetings, and also returned the salute of the policeman on duty.

These quiet and unostentatious changes in the administration were, incidentally, being made to musical accompaniment, for on Horse Guards Parade the Guards were rehearsing the ceremony of Trooping the Colour.

Mr. Chamberlain arrived at the Palace 10 minutes after Mr. Baldwin's departure; indeed, the outgoing Premier and the incoming Premier passed each other in their cars in the Mall.

He was at once shown to the King's private apartments, where he kissed his Majesty's hand on his appointment as Prime Minister. Mr. Chamberlain told the King that he would take steps to form a Cabinet.

MR. CHAMBERLAIN'S ESCORT

When Mr. Chamberlain drove to the Palace it was noted that for the first time he had a Scotland Yard bodyguard with him. Hitherto he has not troubled to have an official escort.

The new Prime Minister left Buckingham Palace shortly before 11 o'clock. None of the big crowd watching the changing of the guard recognised him as the car drove towards Downing-street. As he alighted Mr. Chamberlain acknowledged the cheers of a large crowd.

Emb.Londres/183/1937/Annexo.

"THE DAILY EXPRESS"

Londres, em 29 de Maio de 1937.

Mr. BALDWIN is always right

by

Lord Beaverbrook

"I am a gentleman of leisure now"

said Mr. Baldwin to the photographer as he and Mrs. Baldwin left No. 10, Downing-street for the last time on their way to the country.

MR. BALDWIN makes his bow. He takes farewell of the political stage. Let the audience not stint its applause. This has been a remarkable performance.

The turn has lasted for just fourteen years. That is the duration of the Baldwin Age in British history. And in those fourteen years the chief actor has given us our money's worth—not in statesmanship, not in solid gain to the public welfare, but in variety, in interest, and in bewilderment.

Mr. Baldwin took office in May 1923, an unknown man. He quits office in May 1937, a still mysterious figure, one whose motives are hard to fathom and whose actions are difficult to explain.

Consider the long sunset of the Baldwin Age, which covers the lives of the various "National Governments." During part of that time another planet shared the firmament with Mr. Baldwin—Mr. Ramsay MacDonald. But Mr. MacDonald's was a reflected light. The real source of illumination throughout was Mr. Baldwin's.

WHAT an extraordinary record it is! A record of paradoxes, reversals of judgment, recoveries after deep disaster, sudden changes from ill-fortune to good. It is well worth examining. For to have survived such vicissitudes there must have been in Mr. Baldwin some basic principle which knitted the paradoxes together.

adopt the food taxes would break the party.

My friends and I were responsible for that change in feeling in the country. Mr. Baldwin fought against us as hard as he could, and then reaped where

threw over Sir Samuel Hoare, the Foreign Secretary. And having done that, he told the House of Commons that he accepted full responsibility for the plan.

Mr. Baldwin encouraged Haile Selassie to fight the Italians, but in the end the Emperor was

armament in defiance of the Treaty of Versailles. But in June of that same year Mr. Baldwin made a naval treaty with Germany in defiance of the Treaty of Versailles.

In April he supported France against German rearmament. In June he supported German rearmament against France.

Then there was his conduct over the estimate of Germany's air strength.

In November 1934 he told the House of Commons that Germany's rearming in the air would not come within fifty per cent. of our air strength in Europe alone. That statement brought comfort to the public.

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In 1923, before his first Premiership, Mr. Baldwin made the American Debt Settlement. In 1934, before his last Premiership, he repudiated that Settlement.

In 1925 he put this country on the Gold Standard. In the autumn of 1931 he took it off the Gold Standard.

Then again there was Mr. Baldwin's conduct over food taxes. In 1930 he boasted that there would never be food taxes in the country so long as he was leader of the Conservative Party. Two years later he voted in the House of Commons to impose those taxes. He was still leader of the Conservative Party.

Was Mr. Baldwin wrong in making the Debt Settlement and wrong in returning to the Gold Standard? Were his later reversals of policy admissions of error? That is not what Mr. Baldwin would claim. For the biggest paradox about Mr. Baldwin is that he claims to be right when he does a thing, and claims also to be right when he undoes it. The truth is that Mr. Baldwin is always right when he contradicts himself.

As for food taxes, Mr. Baldwin's record there is only to be understood by relating it to his fundamental conception of political leadership. For, as he sees it, the leader's first duty is to maintain the unity of his party. In 1930 he thought that the food tax cry would break the Conservative Party. And in 1932 he knew that failure to adopt the food taxes would break the party.

My friends and I were responsible for that change in feeling in the country. Mr. Baldwin fought against us as hard as he could, and then reaped where we had sown.

BUT the most astonishing chapter in Mr. Baldwin's career was his conduct over the Abyssinian affair. For, having done nothing to prevent the Japanese from seizing Manchukuo from China in 1932, he sought to prevent the Italians from seizing Abyssinia in 1935.

And when that attempt had ended in bitter humiliation and failure Mr. Baldwin, who had championed the black warriors of Abyssinia against Mussolini, did nothing to champion the white militiamen of Spain against that same Mussolini.

Mr. Baldwin was right in his refusal to interfere in Spain, just as he was wrong in his decision to interfere in Abyssinia. But what a strange story his attitude to those three acts of aggression makes! Japan attacks China—Mr. Baldwin does nothing. Italy attacks Abyssinia—Mr. Baldwin imposes sanctions against her. Italy is a party to an attack on the Spanish Government—and this time Mr. Baldwin does nothing.

In December 1935 Mr. Baldwin gave his support to the Hoare-Laval plan, which involved the partition of Abyssinia between Italy and the Emperor Haile Selassie. He defended the plan to Parliament, saying that if his lips were unsealed not a man would go into the lobby against the plan. Then, alarmed by an outcry in the country against the plan, he repudiated it and threw over Sir Samuel Hoare, the Foreign Secretary. And having done that, he told the House of Commons that he accepted full responsibility for the plan.

Mr. Baldwin encouraged Haile Selassie to fight the Italians, but in the end the Emperor was beaten and had to flee from his country.

BUT he was not the only monarch who disappeared from his throne during the Premiership of Mr. Baldwin. Mr. Baldwin's Premiership will be memorable because two monarchs vanished from the scene, Edward VIII. and Haile Selassie.

Twice was Mr. Baldwin saved by events relating to the reigning family. Once by the death of George V., which took place just after the Hoare-Laval scandal, when Mr. Baldwin's stock was low indeed. The pause in controversy which followed that sad event gave Mr. Baldwin the opportunity to re-establish himself.

Once again by the abdication of Edward VIII. That crisis came at a moment when Mr. Baldwin's authority in Parliament was lost. Yet Mr. Baldwin came back after a long holiday, and emerged from the crisis strong and confident once more.

AND what was his next act? The rearming of Britain.

Mr. Baldwin's record in relation to rearmament is full of paradoxes.

In April 1935 his Government made a solemn declaration, along with the French and the Italians, against German rearmament in defiance of the Treaty of Versailles. But in June of that same year Mr. Baldwin made a naval treaty with Germany in defiance of the Treaty of Versailles.

In April he supported France against German rearmament. In June he supported German rearmament against France.

Then there was his conduct over the estimate of Germany's air strength.

In November 1934 he told the House of Commons that Germany's rearming in the air would not come within fifty per cent. of our air strength in Europe alone. That statement brought comfort to the public. But in May of the following year Mr. Baldwin destroyed our comfort. For he admitted that he had been completely wrong in his estimate of Germany's future air strength.

WHAT will the historian make of a record as baffling as Mr. Baldwin's? He will look for a man embarrassed by the inconsistencies of his policy and the contradiction of his statements. But he will not find that man. For Mr. Baldwin has been, all through, remarkable for the calm sense of rectitude with which he has pursued one course and then pursued its opposite. The Flying Scotsman is no less splendid a sight when it travels north to Edinburgh than when it travels south to London. Mr. Baldwin denouncing sanctions was as dignified as Mr. Baldwin imposing them.

At times it almost seemed that there were two Mr. Baldwins on the stage, a prudent Mr. Baldwin, who scented the danger in foolish projects, and a reckless Mr. Baldwin, who plunged into them head down, eyes shut.

But there was, in fact, only one Mr. Baldwin, a well-meaning man of indifferent judgment, who, whether he did right or wrong, was always sustained by a belief that he was acting for the best.

NP

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 3 de Junho de 1937.

No.194

O Senhor Neville Chamberlain
e o novo Gabinete britannico.

602.3 (60)
B6

M. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
21 JUN. 1937
No 07235

Senhor Ministro,

Constituiu-se pela terceira vez, na Gran-Bretanha, um Gabinete de união nacional. Sob a sua forma inicial (de Agosto a Outubro de 1931), o Gabinete se compunha de dez elementos (Senhores Ramsay MacDonald, Stanley Baldwin, Lord Sankey, Sir Herbert Samuel, Lord Reading, J.H. Thomas, Sir Philip Cunliffe-Lister e Snowden), dos quaes, presentemente, restam apenas o Senhor Arthur Neville Chamberlain e Sir Samuel Hoare. De Novembro de 1931 a Junho de 1935, sendo, então, Primeiro Ministro o Senhor Ramsay MacDonald, o Governo de união nacional era representado por vinte e um membros. De 1935 a 1937, governou o Gabinete do Senhor Stanley Baldwin. A 28 de Maio ultimo, com a demissão do Senhor Baldwin, Neville Chamberlain, assumindo o elevado posto de Primeiro Ministro, organizou o novo Gabinete. Sir Austen Chamberlain, fallecido a 16 de Março do corrente, previra, pouco antes de sua morte, que seu meio-irmão Neville seria o Prime Minister designate.

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

designate.

2. A vida politica de Arthur Neville Chamberlain não é tão conhecida como a de seu pae, Joseph Chamberlain. É que o actual Primeiro Ministro ingressou, bem mais tarde, nos meios de Westminster, isto é, em Dezembro de 1918, quando da "election khaki". Nascido a 18 de Março de 1869, Neville Chamberlain residiu de 21 a 28 annos nas Ilhas Bahamas, entrando, depois, para a vida municipal de Birmingham, onde conseguiu renome como administrador sagaz. Durante a guerra de 1914, foi eleito Lord Mayor daquelle districto, sendo, em seguida, chamado para a direcção do "Serviço Nacional" - organização essa especialisada em recrutar as capacidades do paiz para melhor enfrentar as crises uriundas da guerra. Após o celebre periodo de Lloyd George (1922-1923) exerceu o cargo de "Postmaster General" e, mais tarde, o de "Paymaster General". No Ministerio de Hygiene (1923-29 e 1931), revelou-se um dos mais atilados administradores, especialmente quando executou o seu famoso plano "housing" - demolição de barracões e construcção da habitações modernas. Occupou egualmente, pelo espaço de seis annos, a Chancellaria do Exchequer. O seu trabalho mais concreto, entretanto, foi a feliz adopção de um systema proteccionista: a "tariff reform". A crescente prosperidade do Imperio, a reducção dos impostos, as conversões de emprestimos effectuados com o fim de alliviar eventualmente o contribuinte, todos esses factores, emfim, fizeram de Neville Chamberlain, em pouco tempo, não uma personalidade precisamente popular mas um homem politico bastante admirado.

3. A tradição politica da Gran-Bretanha, mantem sempre ao lado do Primeiro Ministro um cargo equivalente ao de"Vice-Primeiro", com o titulo de Lord Presidente do Conselho. É, no caso presente, a funcção do Lord Halifax. As duas figuras de maior destaque, após, é claro, a de Neville Chamberlain, são Sir John Simon, Chanceller do Exchequer, e Sir Samuel Hoare, que, deixando o posto

posto, facil e popular, de Primeiro Lord do Almirantado, passou a ser Ministro do Interior, isso,talvez, com o intuito de melhor organizar um commando unico politico. Sir Samuel Hoare foi, como se sabe, em periodo relativamente curto, Ministro das Colonias, dos Negocios Estrangeiros e da Marinha. O Foreign Office, que soffreu varias crises no anno de 1935, continuará em mãos do Senhor Antony Eden. O Senhor Oliver Stanley, filho do Lord Derby - um"joven" da classe do Senhor Eden - ingressou no Board of Trade.

4. Provocou sensivel surpreza a escolha do Senhor Duff Cooper para o Almirantado, pois era voz corrente que elle deixaria o Governo. Sobre esse caso, é possivel, porém, segundo affirmam, que o novo Primeiro Ministro o tenha conservado com o intuito de evitar difficuldades ou resentimentos no seio do Partido Conservador. Não menos surprehendente foi a designação do Senhor Hore-Belisha para o Ministerio da Guerra, como successor do Senhor Duff Cooper. Sir Thomas Inskip ficou á testa da pasta da coordenação da defesa nacional e o Tenente-Coronel Muirhead foi nomeado Sub-Secretario do Ar, cujo Ministro é o Lord Swinton. Para o Ministerio da Educação entrou Lord Stanhope e para o dos Trabalhos Publicos Sir Philip Sassoon. Os dois unicos politicos novos do Gabinete são o Lord de la Warr, trabalhista, e o Doutor Burgin, liberal.

5. Governo nacional, eis a expressão que commumente se emprega com referencia ao novo Gabinete. Na realidade, porém, o Gabinete é por excellencia conservador. Assim, muito se confia no seu trabalho, esperando-se que elle resolva, com a maxima habilidade, os importantes problemas sobre o rearmamento, a reducção de barreiras aduaneiras, a politica imperial e as difficeis questões internacionaes da angustiosa hora presente.

6. Apesar de não haver sido convidado para participar do novo Gabinete, o Senhor Winston Churchill manifestou-se dispos-

Emb.Londres/194/1937/4.

disposto a apoiar, na proxima reunião do Partido Conservador, a moção apresentada pelo Lord Derby propondo o Senhor Neville Chamberlain para Presidente daquella aggremiação politica. O gesto do Senhor Churchill é interpretado como um passo decisivo no sentido de unificar e fortalecer ainda mais o Partido Conservador.

Em annexo, tenho a honra de remetter a Vossa Excellencia os recortes dos jornaes londrinos que trataram do assumpto acima mencionado.

7.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafael de Sousa

Emb.Londres/194/1937/Annexo.

"THE TIMES"

Londres, em 29 de Maio de 1937.

NAMES OF NEW MINISTERS

ADMIRALTY AND WAR OFFICE

SIR J. SIMON'S POST

It was officially announced last night that the King has been pleased to approve the appointments set out in the following list. For purposes of reference the name of the holder of the office in the last Administration is printed in parentheses where a change has been made :—

THE CABINET

Prime Minister and First Lord of the Treasury.
MR. NEVILLE CHAMBERLAIN (Mr. Baldwin).

Chancellor of the Exchequer.
SIR JOHN SIMON (Mr. Chamberlain).

Lord President of the Council.
VISCOUNT HALIFAX (Mr. Ramsay MacDonald).

Lord Chancellor
VISCOUNT HAILSHAM.

Secretary of State for Home Affairs.
SIR SAMUEL HOARE (Sir John Simon).

Secretary of State for Foreign Affairs.
MR. ANTHONY EDEN.

Lord Privy Seal.
EARL DE LA WARR (Lord Halifax).

Secretary of State for Dominion Affairs.
MR. MALCOLM MACDONALD.

Secretary of State for India and Secretary of State for Burma.
THE MARQUESS OF ZETLAND.

Secretary of State for the Colonies.
MR. W. ORMSBY-GORE.

Minister for Coordination of Defence.
SIR THOMAS INSKIP, K.C.

First Lord of the Admiralty.
MR. A. DUFF COOPER (Sir Samuel Hoare).

Secretary of State for War.
MR. L. HORE-BELISHA (Mr. Duff Cooper)

Secretary of State for Air.
VISCOUNT SWINTON.

Secretary of State for Scotland.
MR. WALTER ELLIOT.

President of the Board of Trade.
MR. OLIVER STANLEY (Mr. Runciman).

Minister of Agriculture and Fisheries.
MR. W. S. MORRISON, K.C.

President of the Board of Education.
EARL STANHOPE (Mr. Oliver Stanley).

Minister of Health.
SIR KINGSLEY WOOD.

Minister of Labour.
MR. A. E. BROWN.

Minister of Transport.
DR. LESLIE BURGIN (Mr. Hore-Belisha).

OUTSIDE THE CABINET

First Commissioner of Works.
SIR PHILIP SASSOON (Lord Stanhope).

Secretary of State for the Colonies.
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Minister of Pensions.
MR. H. RAMSBOTHAM.

Chancellor of the Duchy of Lancaster.
EARL WINTERTON (Sir John Davidson).

Postmaster-General.
MAJOR G. C. TRYON.

Paymaster General.
LORD HUTCHISON.

Attorney-General.
SIR DONALD SOMERVELL, K.C.

Solicitor-General.
SIR TERENCE O'CONNOR, K.C.

Lord Advocate.
MR. T. M. COOPER, K.C.

Solicitor-General for Scotland.
MR. J. S. REID, K.C.

H.M. TREASURY.
Parliamentary Secretary.
CAPTAIN DAVID MARGESSON.

Financial Secretary.
LIEUT.-COL. JOHN COLVILLE.

Lords Commissioners.
THE HON. JAMES STUART.
LIEUT.-COL. C. KERR (the late Sir James Blindell).
CAPTAIN C. WATERHOUSE (Sir Archibald Southby).
MR. RONALD CROSS (unpaid) (Captain A. Hope).
CAPTAIN T. L. DUGDALE (unpaid) (Sir Henry Morris-Jones).

HOME OFFICE.
Parliamentary Under Secretary of State.
MR. GEOFFREY LLOYD.

FOREIGN OFFICE.
Parliamentary Under Secretaries of State.
VISCOUNT CRANBORNE.
THE EARL OF PLYMOUTH.

DOMINIONS OFFICE.
Parliamentary Under Secretary of State.
THE MARQUESS OF HARTINGTON.

INDIA OFFICE
BURMA OFFICE.
Parliamentary Under Secretary of State.
LORD STANLEY (Mr. R. A. Butler).

COLONIAL OFFICE.
Parliamentary Under Secretary of State.
THE MARQUESS OF DUFFERIN AND AVA (Lord De La Warr).

ADMIRALTY.
Parliamentary and Financial Secretary.
MR. G. H. SHAKESPEARE (Lord Stanley).

Civil Lord.
LIEUT.-COL. J. J. LLEWELLIN (Mr. K. Lindsay).

WAR OFFICE.
Parliamentary Under Secretary of State.
LORD STRATHCONA AND MOUNT ROYAL.

Financial Secretary.
SIR VICTOR WARRENDER.

AIR MINISTRY.
Under Secretary of State.
LIEUT.-COL. A. J. MUIRHEAD (Sir P. Sassoon).

SCOTTISH OFFICE.
Parliamentary Under Secretary of State.
MR. H. J. S. WEDDERBURN.

BOARD OF TRADE.
Parliamentary Secretary.
CAPTAIN EUAN WALLACE (Dr. Burgin).

Parliamentary Secretary, Mines Department.
CAPTAIN H. CROOKSHANK.

Secretary, Department of Overseas Trade.
MR. R. S. HUDSON (Captain E. Wallace).

MINISTRY OF AGRICULTURE AND FISHERIES.
Parliamentary Secretary.
THE EARL OF FEVERSHAM.

BOARD OF EDUCATION.
Parliamentary Secretary.
MR. K. M. LINDSAY (Mr. G. Shakespeare).

MINISTRY OF HEALTH.
Parliamentary Secretary.
MR. R. H. BERNAYS (Mr. R. S. Hudson).

MINISTRY OF LABOUR.
Parliamentary Secretary.
MR. R. A. BUTLER (Lieut.-Col. Muirhead).

MINISTRY OF TRANSPORT.
Parliamentary Secretary.
CAPTAIN A. U. M. HUDSON.

POST OFFICE.
Assistant Postmaster-General.
SIR WALTER J. WOMERSLEY.

H.M. HOUSEHOLD.
Treasurer.
LIEUT.-COL. SIR A. LAMBERT WARD (Sir George Penny).

Comptroller.
MAJOR SIR GEORGE DAVIES (Sir Lambert Ward).

Vice-Chamberlain.
CAPTAIN THE HON. ARTHUR HOPE (Sir George Davies).

ASSISTANT WHIPS (Unpaid).
MR. PATRICK MUNRO (Lieut.-Col. J. J. Llewellin).
MR. R. V. GRIMSTON (Captain Waterhouse).
MR. STEPHEN FURNESS (Mr. R. Cross).

Emb.Londres/194/1937/Annexo.

"THE DAILY TELEGRAPH"

Londres, em 29 de Maio de 1937.

MR. CHAMBERLAIN'S CABINET

SURPRISES IN 10 MINISTERIAL CHANGES

MR. HORE-BELISHA GOES TO WAR OFFICE

MR. STANLEY AT BOARD OF TRADE: MR. DUFF COOPER FIRST LORD

At the invitation of the King, Mr. Neville Chamberlain yesterday assumed the Premiership on the resignation of Mr. Baldwin.

Mr. Baldwin had vacated office exactly 14 years after his election as leader of the Conservative party.

Later in the day his Majesty approved the list of the new Cabinet submitted to him by Mr. Chamberlain. This involves ten changes, a number of them unexpected. The new Ministers, with their ages and the Ministers they have replaced, are as follows:

Office.	New Cabinet.	Old Cabinet.
Prime Minister	Mr. Chamberlain, 68	Mr. Baldwin, 69
Chancellor of the Exchequer	Sir John Simon, 64	Mr. Chamberlain
Lord President of the Council	Viscount Halifax, 56	Mr. R. Macdonald, 70
Home Secretary	Sir Samuel Hoare, 57	Sir John Simon
Lord Privy Seal	Earl De La Warr, 36	Viscount Halifax
First Lord of the Admiralty	Mr. Duff Cooper, 47	Sir Samuel Hoare
Minister for War	Mr. Hore-Belisha, 41	Mr. Duff Cooper
President, Board of Trade	Mr. O. Stanley, 41	Mr. Runciman, 66
President, Board of Education	Earl Stanhope, 56	Mr. O. Stanley
Minister of Transport	Dr. L. Burgin, 49	Mr. Hore-Belisha

Ministers who retain their old posts are:

Lord Chancellor ..... Viscount Hailsham, 65.
Foreign Secretary ..... Mr. Eden, 39.
Dominions Secretary ..... Mr. Malcolm MacDonald, 36.
Secretary for India ..... Marquess of Zetland, 60.
Colonial Secretary ..... Mr. W. Ormsby-Gore, 52.
Minister for Co-ordination of Defence ..... Sir Thomas Inskip, 61.
..... Viscount Swinton, 53.
Air Minister ..... Mr. Walter Elliot, 49.
..... Mr. W. S. Morrison, 44.

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Air Minister ..... Viscount Swinton, 53.
Secretary for Scotland ..... Mr. Walter Elliot, 49.
Minister of Agriculture ..... Mr. W. S. Morrison, 44.
Minister of Health ..... Sir Kingsley Wood, 56.
Minister of Labour ..... Mr. Ernest Brown, 55.

AVERAGE AGE OF 51½ YEARS

National Character Preserved

Sir Philip Sassoon, formerly Under-Secretary for Air, becomes First Commissioner of Works in succession to Earl Stanhope, but without Cabinet rank.

The only other change in the Ministry outside the Cabinet is the appointment of Earl Winterton as Chancellor to the Duchy of Lancaster, in succession to Sir John Davidson, who is created a Viscount in the Resignation Honours.

Under the bill now before Parliament Mr. Chamberlain and Viscount Hailsham will each receive £10,000 a year and the other Ministers £5,000.

The average age of the members of the Cabinet is 51 years 7 months, compared with the 54 years 8 months of the Baldwin Ministry.

By the inclusion of Earl De La Warr, representing National Labour, and Dr. Burgin, a Liberal National, Mr. Chamberlain has preserved the National character of the Government.

Mr. Chamberlain as a politician, by Mr. J. B. Firth—Page 14; Empire and foreign tributes to Mr. Baldwin—Pages 16 and 11; Mr. Baldwin's Career—Page 11; Biographies of new Ministers—Page 12; Junior Appointments; By-Elections—Page 16.

BALANCE OF PARTIES PRESERVED

BY OUR POLITICAL CORRESPONDENT

Mr. Chamberlain's reconstruction has resulted in 10 changes in Cabinet posts.

The "new blood" is represented, however, by only two members, Earl De La Warr and Dr. Leslie Burgin.

Both have filled junior offices in the Ministry for a number of years. Their promotion to Cabinet rank has been expected for some time.

In making these two choices the new Prime Minister has preserved the previous balance of party representation in the Cabinet.

It has been his set purpose to maintain the national character of the Government.

Mr. Ramsay MacDonald has gone into retirement, but National Labour still has two seats in the Cabinet as a result of the inclusion of Lord De La Warr and the retention of Mr. Malcolm MacDonald as Secretary for the Dominions.

Mr. Chamberlain has treated the Liberal National party with equal consideration. Mr. Runciman's decision to seek respite from the burdens of political office would have reduced the party's representation in the Cabinet but for the fact that Dr. Burgin, his colleague at the Board of Trade, has been given the office of Minister of Transport.

The new Cabinet will consist of 21 instead of 22 members.

This is due to the fact that the office of First Commissioner of Works, in which Sir Philip Sassoon, after long years of service as Under-Secretary for Air, is succeeding Earl Stanhope, will not at present continue to carry with it Cabinet rank.

Earl Winterton's return to the Treasury Bench as Chancellor of the Duchy of Lancaster after a long absence from a Government post, will meet with entire approval in Conservative circles.

The fact that Sir Henry Morris-Jones has decided for private reasons to discontinue his association with the Whips' Department, where he was expected to succeed the late Sir James Blindell as Chief National Liberal Whip party, has resulted in the appointment of Lt.-Col. Charles Kerr, who sits for Montrose, as a Junior Lord of the Treasury.

Another Liberal National who enters the Government for the first time is Mr. R. H. Bernays, M.P. for North Bristol. He succeeds, as Parliamentary Secretary to the Ministry of Health, Mr. R. S. Hudson, who will find a congenial post in the Secretaryship of the Department of Overseas Trade.

M. BLUM'S MESSAGES

PARIS, Friday.

M. Blum, the French Premier, last night sent telegrams to Mr. Chamberlain and Mr. Baldwin. To Mr. Chamberlain he wired:

"The French Government knows that it is interpreting the sentiment of the whole nation in addressing to you, at the moment when you assume the direction of the British Government, its compliments and most cordial good wishes."

In his message to Mr. Baldwin, M. Blum said:

"At the hour when you are voluntarily leaving the power which you have exercised with such nobility, I wish you to accept the expression of my sympathy and regard, which feelings are shared by the whole of France."—Reuter.

Emb.Londres/194/1937/Annexo.

"THE DAILY EXPRESS"

Londres, em 29 de Maio de 1937.

THE NEW GOVERNMENT

THESE are the members of the new Government:

IN THE CABINET:

Prime Minister and First Lord of the Treasury: **MR. NEVILLE CHAMBERLAIN** (68).

Chancellor of the Exchequer: **SIR JOHN SIMON** (64).

Lord President of the Council: **VISCOUNT HALIFAX** (56).

Lord Chancellor: **VISCOUNT HAILSHAM** (65).

Home Secretary: **SIR SAMUEL HOARE** (57).

Foreign Secretary: **MR. ANTHONY EDEN** (40).

Lord Privy Seal: **EARL DE LA WARR** (37).

Dominions Secretary: **MR. MALCOLM MACDONALD** (36).

Secretary for India and Burma: **THE MARQUIS OF ZETLAND** (61).

Colonial Secretary: **MR. W. ORMSBY-GORE** (52).

Minister for Co-ordination of Defence: **SIR THOMAS INSKIP** (61).

First Lord of the Admiralty: **MR. A. DUFF COOPER** (48).

War Secretary: **MR. L. HORE-BELISHA** (41).

Secretary for Air: **VISCOUNT SWINTON** (53).

Secretary for Scotland: **MR. WALTER ELLIOT** (49).

President of the Board of Trade: **MR. OLIVER STANLEY** (41).

Minister of Agriculture: **MR. W. S. MORRISON** (44).

President of the Board of Education: **EARL STANHOPE** (57).

Minister of Health: **SIR KINGSLEY WOOD** (56).

Minister of Labour: **MR ERNEST BROWN** (56).

Minister of Transport: **DR. LESLIE BURGIN** (50).

Not in the Cabinet.

First Commissioner of Works: **SIR PHILIP SASSOON.**

Minister of Pensions: **MR. H. RAMSBOTHAM.**

Chancellor of the Duchy: **EARL WINTERTON.**

Postmaster-General: **MAJOR G. C. TRYON.**

Paymaster-General: **LORD HUTCHISON.**

Attorney-General: **SIR DONALD SOMERVELL.**

Solicitor-General: **SIR TERENCE O'CONNOR.**

Lord Advocate: **MR. T. M. COOPER.**

Solicitor-General for Scotland: **MR. J. S. REID.**

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 3 de Junho de 1937.

RESERVADO

No.195

O conflicto espanhol.
Incidente "Deutschland"
e o bombardeio de Almeria.

M. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
21 JUN 1937
No 07235

60/1.3(84)
B16

Senhor Ministro,

Em additamento ao telegramma reservado nº 43, de 1º do corrente, sobre o incidente do ataque aereo do cruzador allemão "Deutschland" e o subsequente bombardeio da cidade e porto de Almeria por cinco navios de guerra da mesma nacionalidade, tenho a honra de passar ás mãos de Vossa Excellencia os tres recortes annexos estrahidos do "Times", de ante-hontem, contendo noticias sobre o assumpto.

2. No annexo I encontram-se publicados o texto da nota allemã dirigida pelo Embaixador von Ribbentrop ao Presidente da Commissão de Não-Intervenção e bem assim o da enviada pelo representante do Governo de Valencia, Senhor del Vayo, ao Secretario Geral da Sociedade das Nações.

3. O segundo paragrapho do final da nota allemã diz textualmente o seguinte:

"Em represalia ao ataque criminoso do "Deutschland"

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

MRS

"Deutschland", quando ancorado, por aeroplanos de bombardeio vermelhos das autoridades de Valencia, navios allemães bombardearam esta manhã o porto fortificado de Almeria. Depois de destruidas as obras do porto e silenciadas as baterias inimigas, as represalias ficaram terminadas."

4. A nota do Governo de Valencia por sua vez allega que dois aeroplanos enviados em vôo de reconhecimento pelas autoridades republicanas foram metralhados por um navio de guerra allemão ancorado no porto de Iviza e que os aeroplanos espanhoes responderam bombardeando o aggressor. O Senhor del Vayo protesta em seguida contra "este novo e flagrante acto de aggressão por parte das forças navaes do Reich."

5. No seu editorial (III) o "Times" inclina-se a adoptar a versão allemã do bombardeio do "Deutschland", dizendo que o depoimento das testemunhas parece mostrar que de facto o navio de guerra allemão estava ancorado e os marinheiros descançando na primeira coberta. Seja como for, o resultado immediato foi a retirada da Allemanha da Commissão de Não-Intervenção, acompanhada pela Italia. Os demais paizes representados na Commissão - com excepção talvez da Russia - estão envidando todos os esforços para obter a volta da Allemanha e da Italia á Commissão. Logicamente os dois paizes alludidos devem estar interessados em que a vigilança das costas espanhoes sob o dominio do Governo de Valencia não fique entregue a navios de potencias consideradas como favoraveis ao regime republicano.

6. A Allemanha e a Italia parecem desejar a unificação das unidades navaes dos differentes paizes representados na Commissão de Não-Intervenção numa armada internacional e exigem "represalias collectivas immediatas" a qualquer acto de aggressão por parte de aeroplanos ou navios de guerra pertencentes aos belligerantes. A criação de zonas neutras para os navios de guerra

guerra das potencias encarregadas da vigilancia das costas espanhoes é outro ponto que vae ser estudado pelo Commissão.

7. Embora inteiramente injustificavel perante o direito internacional publico, ha indicios de que o bombardeio de Almeria terá provavelmente como consequencia tornar-se mais rigorosa a fiscalização das aguas espanholas, contribuindo, eventualmente, dest'arte, para a terminação mais rapida da guerra civil que está assolando a peninsula.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafael de Sousa

Emb.Londres/195/1937/Annexo

"THE TIMES"

Londres, 1 de Junho de 1937.

Imperial and Foreign

THE BOMBED WARSHIP

TEXT OF GERMAN NOTE

The text of the Note addressed yesterday by the German Ambassador, Herr von Ribbentrop, to the acting chairman of the Non-Intervention Committee is as follows:—

On the instructions of my Government, I have the honour to inform you of the following:—

After Red aircraft had attacked with bombs British, German, and Italian ships belonging to the International Sea Control while they were lying in the harbour of Majorca, and had killed six officers on board an Italian ship, orders were given to the German vessels not to remain any longer in this harbour.

On Saturday, May 29, the armoured vessel Deutschland was peacefully at anchor in the roadstead of Iviza. Between 6 and 7 p.m. bombs were suddenly dropped by two aeroplanes of the Red Valencia authorities, swooping down on the battleship.

As the ship was at rest, the crew at the time of the attack were in the unprotected quarters forward. One of the bombs fell in the middle of the seamen's mess. Twenty-two dead and 83 wounded were the result of this assault. The second bomb hit the side deck, but caused little damage.

The attack on the ship came entirely as a surprise. The ship had not fired at the aeroplanes.

This attack on the Deutschland is the final link in a chain of similar events.

German vessels of the International Sea Control—at the beginning of April the armoured ship Graf Spee, and on May 11 the cruiser Leipzig—were threatened by men-of-war of the Valencia authorities.

On May 24 the above-mentioned attack took place on British, German, and Italian ships of the International Sea Control by aeroplanes of the Valencia authorities, in the course of which six Italian officers were killed.

On these occasions urgent warnings were issued by the Non-Intervention Committee and by the German Government.

I am instructed by my Government to state the following on their behalf:—

(1) The German Government will cease to take part in the control schemes, as well as in the discussions of the Non-Intervention Committee, as long as they have not received sure guarantees against the recurrence of such events. The German Government will, of course, themselves decide on the steps which are to be taken in reply to this incredibly malicious attack. They have also issued orders to their men-of-war during this state of affairs to repel by fire any onset of Spanish aircraft or men-of-war.

(2) In retaliation for the criminal assault of Red bombing aeroplanes of the Valencia authorities on the Deutschland while at anchor, German vessels this morning shelled the fortified port of Almeria. After the harbour works had been destroyed and the aircraft. This belated version is in contradiction with the clear threat in Admiral von Feschel's telegram "that he had given orders for adequate measures to be taken."

(4) On the basis of his version of the Iviza incident, the German Government caused the port of Almeria to be bombarded this morning. At 5.45 a cruiser and four destroyers fired 200 shots at Almeria. Thirty-five buildings have been entirely destroyed. Up to the present 19 dead, including five women and one child, have been found among the ruins.

Acting on my Government's instructions, I have the honour to inform you immediately of this fresh flagrant act of aggression on the part of the naval forces of the Reich, which constitutes the greatest outrage against an independent and sovereign State of all the acts of aggression committed by the German fleet since the Reich, contrary to all the rules of international law and of the obligations arising out of the declaration of non-intervention, has been guilty of warlike intervention in the conflict in Spain.

In view of the exceptional gravity of this act, decided upon by the Government of the Reich after long deliberation, and in view also of the official announcement of the dispatch of further German warships to the Mediterranean according to the *communiqué* published to-day at Berlin, the Spanish Government feels it to be its urgent duty to draw your attention to this situation and to request you to be good enough to transmit the present communication to the members of the League of Nations.

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(2) In retaliation for the criminal assault of Red bombing aeroplanes of the Valencia authorities on the Deutschland while at anchor, German vessels this morning shelled the fortified port of Almeria. After the harbour works had been destroyed and the hostile batteries silenced, the act of retaliation was terminated.

VALENCIA NOTE TO LEAGUE

"FLAGRANT ACT OF AGGRESSION"

FROM OUR LEAGUE CORRESPONDENT

GENEVA, MAY 31

Señor del Vayo, as the representative of the Valencia Government on the League Council, to-day sent to the Secretary-General the following note:—

In the telegram in which, on November 27 last, the Spanish Government asked for an extraordinary session of the Council, and in the statement which, as representative of Spain, I had the honour to make to the Council on December 10, I drew attention to the serious consequences that might ensue for international peace if the cooperation of foreign Powers with the rebels were extended to the naval domain. I pointed out at that time that naval attacks were being made at different points on the Spanish coast by vessels of unknown nationality.

The Council, in view of the existence of the Non-Intervention Committee in London, then recommended the members of the League represented on that Committee to spare no pains to render the non-intervention undertakings as stringent as possible and to take appropriate methods to ensure forthwith that the fulfilment of the said undertakings was effectively supervised.

The London Committee thought fit to entrust this supervision to a limited number of Great Powers. The German fleet was in particular entrusted with the observation of part of the Mediterranean coasts, where the Spanish Government exercised its legitimate power.

The Spanish Government in its Note to the Government of the United Kingdom, which was its spokesman on the Committee, expressed the misgivings it felt as to the plan of supervision which was communicated to it. In view of its experience of the services rendered to the rebels by German warships, the Spanish Government feared that the vessels of the German fleet, having been given unilateral supervision of the zone assigned to them, might take advantage of their position in that sector, in which they were sole masters and sole witnesses of their own acts, to carry on their acts of aggression against Spanish ports and vessels.

The facts which I have the honour to bring to your notice fully confirm the fears which the Spanish Government communicated to the Non-Intervention Committee. These facts are the following:—

GERMAN THREAT

(1) Early on Saturday, May 29, the Commander of the German Squadron in the Mediterranean, Rear-Admiral von Feschel, sent the Military Command of the Republic at Valencia a telegram stating that if aircraft belonging to the Republic flew, as had already occurred, over German vessels "carrying out their duty in the zone of supervision," he had given orders for adequate measures to be taken. As the German warships, which, according to the system adopted by the London Committee, had to observe at a distance of at least 10 miles certain zones under the Government's authority, did not consider it incompatible with the mission entrusted to them to visit ports occupied by the rebels in zones where, according to the system, the duty of observation belonged to the vessels of other nations, the German Admiral's claim was that the possibility that a German vessel might be present in one of these ports should prevent reconnaissance operations, for example, being carried out by Spanish Government aircraft.

In reply, the Minister of Defence immediately informed the Admiral that if supervision were exercised at the distance laid down by the conditions of the Non-Intervention Committee the warships would be wholly free from all danger from the Republican air force and fleet. "But," he added, "this guarantee cannot be given if these ships incautiously and without justification enter roadsteads or ports which are well-known centres of insurgent activity." The Government of the Republic could not stop its action.

(2) During the afternoon of the same day, two aeroplanes sent by the Republican military authorities on reconnaissance above the rebel centre of Iviza were fired on by a German warship anchored in the port. The orders given by the German Admiral during the morning had, therefore, been executed. The Spanish aeroplanes retaliated by bombing the aggressor vessel. The Spanish Government immediately announced these facts as a *communiqué* to the Press.

(3) The German Government, for its part, waited 24 hours to announce that the battleship Deutschland in the roadstead of Iviza had been suddenly bombed between 6 and 7 p.m. on May 29 by two Spanish Government

Emb.Londres/198/1937/Annexo

"THE TIMES"

Londres, 1 de Junho de 1937.

THE DEUTSCHLAND

The good work of the Non-Intervention Committee has experienced a serious reverse. On Saturday evening the German "pocket battle-"ship" Deutschland was attacked by Spanish aeroplanes belonging to the armed forces of the Spanish Government. She was struck by two bombs; twenty-four of her crew were killed or mortally wounded; and over eighty were injured, some seriously. In a *communiqué* issued at Valencia on the same night the Spanish Government admitted—and indeed justified—the attack. The news, which reached Germany on Sunday, caused very natural excitement and indignation in Berlin. The naval and military chiefs were summoned by the CHANCELLOR, and the Government of the Reich then resolved "to "take measures" which would "be communi-"cated to the Non-Intervention Committee." These measures were prompt and violent. Early yesterday morning five German warships appeared off the port of Almeria on the south-eastern coast of Spain and bombarded it, silencing the batteries and, according to a Spanish *communiqué*, causing much damage and loss of life in the town. Later in the day the GERMAN AMBASSADOR in London made a communication on behalf of his Government to the Acting Chairman of the Non-Intervention Committee. The Government of the Reich, he said, would discontinue their participation in the discussions of the Committee. They would take no further part in the International Naval Control scheme, which is now in operation in Spanish waters, until they had obtained thoroughly satisfactory guarantees against the recurrence of such attacks. They would decide on the measures to be taken in reply to the attack, and they had ordered their warships in the Spanish seas to use their guns to repel Spanish warships or aircraft which approached them. The communication concluded by stating that German vessels had shelled the fortified port of Almeria; after which "the retaliatory action "was broken off and closed." The Italian Government have followed their example in withdrawing from the Non-Intervention Committee and taking no further part in the naval control until they too have obtained full security against attack.

In their communication to the Non-Intervention Committee the German Government insist on the unprovoked nature of the air attack on the Deutschland; and they are probably right. Whatever view is held of their attitude during the earlier stages of the Spanish civil war, there are strong grounds for believing that their description of the attack on the Deutschland does correspond with the facts. [illegible] and other—vessels engaged in the [illegible] eastern

guarantees against the obtained on the measures to be taken in reply to the attack, such attacks. They would decide and they had ordered their warships in the Spanish seas to use their guns to repel Spanish warships or aircraft which approached them. The communication concluded by stating that German vessels had shelled the fortified port of Almeria; after which "the retaliatory action "was broken off and closed." The Italian Government have followed their example in withdrawing from the Non-Intervention Committee and taking no further part in the naval control until they too have obtained full security against attack.

In their communication to the Non-Intervention Committee the German Government insist on the unprovoked nature of the air attack on the Deutschland; and they are probably right. Whatever view is held of their attitude during the earlier stages of the Spanish civil war, there are strong grounds for believing that their description of the attack on the Deutschland does correspond with the facts. The German—and other—vessels engaged in the supervision of neutral shipping off the eastern coast of Spain had been in the habit of paying occasional visits to the harbour of Palma in Majorca. The Balearic Isles lay within the French sphere of naval control; but none of the other Powers engaged in this supervision had objected to the use of Palma by the Germans, who could hardly be expected to take their ships all the way back to Emden or Wilhelmshaven whenever they needed oil. In April and again in May Spanish ships are accused of having "threatened" German men-of-war engaged in the control of shipping. On May 24 and 26 Government aircraft raided Palma and bombed the harbour, where British, German, and Italian warships were at anchor. The Italian tender Barletta was hit by a bomb which killed six of her officers. German and British destroyers had narrow escapes. The BRITISH CHARGÉ D'AFFAIRES at Valencia asked for the establishment of a safety zone. The commander of the German squadron requested the Spanish Government to prevent their aircraft from flying over German control ships. The DEFENCE MINISTER retorted that control ships performing their duties ran no risks, but they could not expect to avoid them if they used ports that were in insurgent hands. This correspondence had barely closed when the Deutschland, which had apparently steamed to Iviza for the purpose of taking fuel from a tanker under lee of the island, was attacked by two Spanish Government bombers flying with the sun behind them. The Spanish airmen reported that the Deutschland fired at them. The Germans deny it; and the evidence of the wounded and the state of the ship seem to bear out their contention that the attack was made quite unexpectedly, when many of the crew were on the unprotected mess-deck and the anti-aircraft guns were not manned. It is also believed in this country that the Deutschland when attacked was anchored a mile and a half from the roadstead, and not two hundred yards from the mole as the attacking airmen reported. But, whatever her position may have been, there is no reason to regard the attack upon her as anything but a wanton and irresponsible act of aggression, resulting in the death or injury of more than a hundred gallant sailors.

To take this view of the attack on the Deutschland does not, of course, involve any approval of the reprisals which followed. The bombardment of Almeria cost the lives of nearly a score of Spaniards, including five women and a child who had as much to do with the bombing of the Deutschland as the man in the moon. The only satisfactory news about German retaliation is that it is now to cease unless other attacks are made on German ships. Honour, no doubt, has been satisfied, and it is hardly to be supposed that the Valencia Government will encourage their airmen or naval commanders to invite further reprisals, unless indeed the attack on the Deutschland was undertaken deliberately with some sinister purpose. The German Press has, indeed, ascribed it to the desire of the Spanish Government to upset the working of the naval control system, and accuses the Soviet Government, who have never shown any enthusiasm for control, of encouraging them. The last charge would be more convincing if it could be proved that Russians piloted the offending aircraft or dropped the bombs on the unoffending Deutschland; but, if this belief is seriously entertained by the German Government, then it is a little surprising that they should have conformed with the presumed programme of the "Spanish and "Russian Bolshevists" so far as to leave a gap in the control through which, under this hypothesis, Russian ships can carry cargoes of arms and munitions to the ports of Eastern Spain. It seems more likely on the face of it that it was an act of sheer stupidity. In any case, whatever the motives behind Spanish aggression and German retaliation, it is of urgent importance to bring Germany and Italy back into the Non-Intervention Committee. A relapse into the conditions of last August, when the flames of the Spanish civil war threatened to spread to all Europe across the Pyrenees, would be a disastrous exhibition of human incompetence.

Emb.Londres/195/1937/Annexo

"THE TIMES"

Londres, 1 de Junho de 1937.

GERMAN CASE

NOTE TO LONDON COMMITTEE

ROME AND BERLIN AGREED

From Our Diplomatic Correspondent

The withdrawal of the German Government from participation both in the duties of international supervision around Spain and in the proceedings of the London Non-Intervention Committee until they have received sure guarantees against the recurrence of such incidents as the bombing of the Deutschland was announced in a Note addressed yesterday afternoon by Herr von Ribbentrop, the German Ambassador, to Captain Euan Wallace, the Acting Chairman (in Lord Plymouth's absence) of the Non-Intervention Committee. Count Grandi, the Italian Ambassador, made a communication to the same effect after Signor Mussolini had decided to identify himself with Herr Hitler's action. The text of the Note is given on page 15.

SUB-COMMITTEE MEETS

In German diplomatic circles it was made clear that German representatives would take no part in the deliberations of the London Committee; that proposals for the required guarantees would be awaited from the rest of the Committee, which would be left to elaborate them without German cooperation; and that German warships would cease at once to perform control duties in the zone allotted to them off the east coast of Spain. It was probable also that German officials employed in the headquarters staffs of the control organizations would be withdrawn. On the other hand, Germany did not intend to dissociate herself from the policy and practice of non-intervention, and her merchant vessels would continue to comply with the requirements of the supervision scheme. The bombardment of Almeria had completed the reprisals ordered by the German Government.

In this extremely difficult situation the Chairman's Sub-Committee of the Non-Intervention Committee met yesterday afternoon, as appointed, to "consider possible measures for the protection of the warships of Britain, France, Germany, and Italy engaged in international supervision," but without the representatives of Germany and Italy. The withdrawal of the German and Italian fleets from their supervisory duties means that the Spanish eastern coast, which was divided into an Italian zone stretching from the French frontier to Cape Oropesa and a

representatives and take no part in the deliberations of the London Committee; that proposals for the required guarantees would be awaited from the rest of the Committee, which would be left to elaborate them without German cooperation; and that German warships would cease at once to perform control duties in the zone allotted to them off the east coast of Spain. It was probable also that German officials employed in the headquarters staffs of the control organizations would be withdrawn. On the other hand, Germany did not intend to dissociate herself from the policy and practice of non-intervention, and her merchant vessels would continue to comply with the requirements of the supervision scheme. The bombardment of Almeria had completed the reprisals ordered by the German Government.

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CONCILIATION THE AIM

The Sub-Committee, after hearing from Captain Wallace the communications he had received from the German and Italian Ambassadors, passed to a preliminary discussion in which the representatives present—those of Great Britain, Belgium, Czechoslovakia, France, Portugal, Sweden, and Russia—took part. All indicated that they proposed to report to their Governments "the situation disclosed in the statement of the chairman," to whose discretion it was left to summon a further meeting as soon as he thought that this would be advisable.

Most of the representatives were clearly of the opinion that the crisis must be taken calmly, and that efforts should be turned, if possible through the good offices of the chairman, to regaining the cooperation of Germany and Italy.

M. Corbin, the French Ambassador, is understood to have said that action which had been taken that day created a very serious situation.

France [he said] had endured two similar trials—the shooting down of a French air liner and the bombing of Cerbère, at the eastern extremity of the Franco-Spanish frontier. He asked the Committee to institute an inquiry into these incidents and suggest means of preventing their recurrence. He deplored reprisals as a breach of the non-intervention principle; it was for the Committee to satisfy grievances.

M. Kagan, the Russian representative, denounced the action taken by the German Government, saying that Berlin had taken upon itself the offices of examining attorney, judge, and executioner. The bombardment of Almeria had dissipated the chance of a peaceful settlement of the Deutschland incident, and the Germans had destroyed their own case by what constituted a flagrant breach of the Non-Intervention Agreement.

The Portuguese representative, who in the past has acted in close cooperation with his German and Italian colleagues, was present at yesterday's meeting. He has not yet received instructions on the course he is to take in future.

Earlier in the day it had been reported that Germany would ask for an immediate meeting of the full Non-Intervention Committee, at which she would threaten to withdraw failing establishment of the necessary guarantees, and the intentions of Italy were uncertain for some hours longer. Mr. Eden was informed, however, before luncheon by Herr Woermann, the German Chargé d'Affaires, in the absence of Herr von Ribbentrop, who did not return from sick leave till the afternoon, of the German decisions and the interpretation that might be placed on them. Count Grandi, the Italian Ambassador, brought a similar message in the afternoon. M. Corbin, the French Ambassador, had discussed the position with Mr. Eden earlier in the day.

BRITISH REGRET

In British circles the reckless and foolhardy bombing of the Deutschland—if it was not indeed something worse—is deplored for the loss of the German sailors' lives no less than for the political damage that it has caused. At the same time the retaliatory bombardment of Almeria is deeply regretted.

The gravity of the incident and its after-effects, however, are not exaggerated; indeed, there are strong hopes that this setback to non-intervention will be but temporary and soon overcome. Among the first measures that suggest themselves are an inquiry by the Non-Intervention Committee into the Deutschland incident and others like it, and a request to the Valencia Government to indicate safety-zones in the harbours and roadsteads used by the patrolling warships.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 3 de Junho de 1937.

No.196

"Café incinerado".

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E C.

M. DE E. DAS RELAÇÕES EXT...
Serviço de Comunicações
21 JUN. 1937
Nº 07235

Senhor Ministro,

Tenho a honra de passar ás mãos de Vossa Excellencia o recorte annexo, extrahido da publicação "The Economist", de 15 do corrente, contendo interessante artigo intitulado "Café incinerado".

2. Com alguns dados que illustram a participação do Brasil na producção mundial da rubiacea, o articulista commenta a politica, seguida desde ja muitos annos, de destruição do superavit da nossa producção. Alludindo á alta recente dos preços e aos accordos realizados na Conferencia Cafeeira de Bogotá, insinua que a preoccupação do Governo Brasileiro em manter e melhorar a situação do producto não é inteiramente isenta de considerações politicas, haja visto as vindouras eleições parlamentares e presidencial.

3. O interesse britannico em materia de café é relativo - o consumo é pequeno, sendo satisfeito em grande parte - 40%

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

40% pela Costa Rica; 30% vindo da Africa Oriental Britannica e 18% das Indias. Restam assim 12% apenas a serem divididos entre o Brasil e quaesquer outros productores. A Gran-Bretanha constitue, portanto, pequeno mercado para o nosso principal producto. Como entretanto a nossa prosperidade depende ainda em grande parte do café, este paiz muito naturalmente não se desinteressa da sua sorte tendo em mente os capitaes inglezes investidos no Brasil e os emprestimos contrahidos nos banqueiros londrinos desde o inicio da nossa vida independente, tanto pelo Governo central como pelo dos Estados e Municipios. As apreciações de orgãos economicos de projecção do "The Economist" constituem assim sempre leitura interessante e quiça,ás vezes, proveitosa para nós.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafi de Oliveira

Emb.Londres/196/1937/Annexo

"THE ECONOMIST"

Londres, 15 de Maio de 1937.

Burnt Coffee

THE initial article of this series described the breakfast of Mr Prohack (whose zeal for economy carried terror into the Government's Spending Departments) as consisting of bacon, dry toast, coffee and marmalade. In his preference for coffee as the regular accompaniment of his morning bacon and egg, Mr Prohack differed from the majority of his compatriots; for it is proverbial that the cup which cheers the average Englishman contains tea rather than coffee. We must presume that Mr Prohack was one of the substantial minority who find in coffee a fragrant beverage which stimulates the intellect, soothes the digestion and fortifies its devotees against the daily routine of modern life. These properties, which depend upon the presence of caffeine, have been appreciated by mankind for at least five centuries. Let us consider for a few moments the economics of the coffee bean.

The berry from which the coffee bean is extracted is the fruit of an evergreen plant indigenous to Abyssinia. The plant itself grows at a considerable altitude on well-watered mountain slopes in tropical regions. In appearance and size the fruit resembles a small cherry, which takes on a dark red hue as it ripens. The berry normally contains two hard seeds, bluish or greenish in colour, which may be separated from the fleshy portion by one of several methods. When they have been extracted, the beans must be cleaned, dried and graded; and, after they have entered into international trade, they must still be roasted and ground before they are finally ready for the coffee pot.

Coffee is known to have been used in Abyssinia in the fifteenth century, and the habit apparently spread rapidly through Arabia, despite its prohibition in the Koran. In 1652 the first London coffee house was opened in St. Michael's Alley, Cornhill, and the part played by this new institution in the subsequent life of the City of London is famous. At present, however, the United Kingdom is one of the smallest consumers, on a *per capita* basis, in the world, while the United States is one of the most important. Britain, however, has developed a considerable *entrepôt* trade in this commodity. Thus, in 1930 over one-half of our gross imports of coffee were re-exported, mainly to Western Europe. The importance of this trade has, however, recently declined.

Until the end of the seventeenth century virtually the whole of the world's demand was satisfied from the Yemen Province of Southern Arabia—where the celebrated Mocha coffee is still produced. With the growth of European consumption, however, the centre of production shifted rapidly westwards to Central America, the West Indies and Brazil. The pre-eminent position of Brazil among the world's producers at the present time is shown by the following figures:—

World Coffee Production
(In thousand bags of 60 kilos.)

Season ended June 30	Brazil	Other Countries	Total	Brazilian Proportion of Total Production
1930	30,186	8,273	38,459	78·4
1931	15,678	8,633	24,311	64·4
1932	27,581	8,287	35,868	76·8
1933	14,502	9,239	23,741	61·2
1934	30,383	8,935	39,318	77·3
1935	18,496	7,699	26,195	70·4
1936	21,455	10,028	31,483	68·2

Brazil produces about 70 per cent. of the world's coffee. Of her exports, about 60 per cent. go to the United States and only 30 per cent. to Europe. Brazil inevitably has been prominent in recent endeavours to raise the price of the coffee bean. The broad features of the Brazilian Government's valorisation schemes are now common knowledge in the consuming countries. What is less widely appreciated is that restriction of supplies has been intensified during the present season and that the price of coffee has consequently risen. The London quotation for Santos, which was little more than 38s. per cwt. a year ago, rose to almost 54s. last February, and is still 51s. per cwt.

At present no less than 30 per cent. of Brazil's annual output is destroyed. For this "sacrifice quota" the grower receives from the Government a price of 5 milreis per bag, a sum which suffices only to cover the cost of the bag and the transport charges to the Government depôts. The amount thus destroyed rose from 1,793,112 bags in 1935 to 3,731,154 bags in 1936. Except in the case of the highest grades, a further 30 per cent. must be delivered by the coffee producers to the regulating warehouses, to provide a store which enables the Government to retain a substantial measure of control over the market. The storing of the beans, incidentally, has no deleterious effect; on the contrary, it improves their quality. The remaining 40 per cent. of production may be exported by the grower at will. In addition to these restrictive measures, the Brazilian Government recently entered into a price-raising agreement with other American producers. The reasons for the recent intensification of efforts to improve the financial position of the Brazilian coffee-grower may not be wholly unpolitical; for the presidential and parliamentary elections are due next January. But the levering up of prices must ultimately be damaging to the country's long-term interests, for competition will be encouraged. Already this season's deliveries of Brazilian coffee have fallen well below last year's level.

The British consumer is only indirectly interested in the level of Brazilian prices, since a very small part of our supplies come from that country. Actually, about 40 per cent. are obtained from Costa Rica, 30 per cent. from British East Africa and some 18 per cent. from British India. Foreign coffee (not kiln-dried, roasted or ground) entering this country pays an import duty of 14s. per cwt., while supplies from the Empire pay only 4s. 8d. Despite this substantial Imperial preference, however, the distribution of supplies has shown little alteration over the past decade. The trend of consumption since 1929 has been as follows:—

United Kingdom—Coffee Consumption
(Cwts.)

	Imports	Re-exports	Net Imports	Change in Stocks	Home Consumption
1929	559,272	245,830	313,442	− 11,000	324,442
1930	815,427	441,070	374,357	+ 23,000	351,357
1931	752,400	400,728	351,672	− 12,000	363,672
1932	741,943	319,913	422,030	+ 97,000	325,030
1933	658,883	344,462	314,421	+ 21,000	293,421
1934	531,268	229,773	301,495	− 10,000	311,495
1935	478,407	233,153	245,254	− 65,000	310,254
1936	440,794	155,001	285,793	− 31,000	316,793

Consumption continued to gain ground until 1931, for coffee prices were falling while real wages were still rising. Imports rose sharply in 1932, but demand fell off and stocks in bonded warehouses were consequently largely augmented. The growth of general prosperity has since been reflected in a gradual expansion of demand for coffee. Although this tendency has recently been intensified, consumption is still well below the 1931 peak. Whether this leeway will be made up in the near future will depend in part upon price changes on the world market—and here Brazilian policy is clearly a relevant factor. Whether or not the demand for coffee is inelastic, as is frequently declared, a substantial recovery in consumption is more likely to come as a consequence of the continuance of general recovery than as the result of price reductions. Present indications, indeed, are that coffee will cost more in the immediate future than in the recent past.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

EC

Londres, em 3 de Junho de 1937.

No.197

Conferencia Imperial Britannica - Questões Economicas.

810.(69) Sodré

AO CR. EL. DAS RELAÇÕES EXTERIORES
Serviço de Comunicações
21 JUN 1937
No 07235

Senhor Ministro,

Tenho a honra de passar ás mãos de Vossa Excellencia uma exposição do Secretario Commercial desta Embaixada, Senhor Decio Coimbra, sobre os trabalhos da Conferencia Imperial Britannica em materia economica.

2. A Conferencia está seriamente interessada em lançar as bases para uma approximação economica entre o Imperio e os Estados Unidos e as negociações iniciadas entre os Dominios vão bem adiantadas e com probabilidades muito accentuadas de um accordo final. É evidente que isso só se tornará possivel com o abandono, total ou parcial, do systema de preferencias imperiaes. A acquiescencia dos Dominios depende essencialmente das vantagens compensadoras que os Estados Unidos lhes possam offerecer.

3. As negociações em andamento interessam fundalmente ás exportações brasileiras não só para o mercado do Reino Unido mas tambem para o mercado americano. O abandono das preferen-

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão, Ministro de Estado interino das Relações Exteriores.

MCRS

preferencias imperiaes facilitaria a entrada de muitos productos nossos no mercado britannico. A concorrencia que a producção imperial possa fazer á exportação brasileira, no mercado americano, dependerá da extensão das concessões que os Estados Unidos venham a offerecer aos Dominios, para obter a sua adhesão ao accordo commercial anglo-americano. O que se projecta implica, de uma maneira geral, em um accordo mais vasto - entre o Imperio e os Estados Unidos.

4. O discurso pronunciado pelo Senhor Runciman, na Camara dos Communs, antes de deixar a Presidencia do "Board of Trade" que passou, agora, no Gabinete Chamberlain, ao Senhor Oliver Stanley, presta informações interessantes sobre diversos pontos da politica commercial britannica.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rejis de Oliveira

Emb.Londres/197/1937/Annexo.

CONFERENCIA IMPERIAL BRITANNICA.

- Questões Economicas -

Pelo Secretario Commercial Decio Coimbra.

Londres, 3 de Junho de 1937.

I - As communicações officiaes sobre os trabalhos da Conferencia Imperial são excessivamente laconicas e não fornecem informações precisas quanto á marcha dos entendimentos iniciados para rever a politica tarifaria do Imperio e tornar viavel a idéa de um accordo commercial com os Estados Unidos. Na falta de declarações autorizadas, têm se espalhado varias versões. Affirma-se, por exemplo, que as negociações para um pacto commercial com os Estados Unidos estão quazi concluidas, dependendo ainda,porem, da concessão aos Dominios de vantagens que compensem os córtes que soffrerão as suas preferencias.

II - O que parece certo é que a Conferencia ainda não chegou a nenhuma resolução sobre esses pontos. A primeira quinzena de trabalhos da Conferencia foi, varias vezes, interrompida e a sua attenção distrahida para assumptos de natureza politica, trazidos á consideração immediata por acontecimentos importantes do momento internacional. O encerramento da Conferencia está marcado para 15 do corrente e é de se esperar que até lá, passada esta phase de simples explorações de um terreno difficil, as discussões se concretizem em alguma decisão concreta.

III - O Imperio mostra-se, apparentemente, disposto a fazer um esforço para collaborar em um movimento que liberte o commercio mundial de bôa parte dos entraves actuaes. Os Dominios - ao que se sabe - continuam reluctantes em trocar as vantagens immediatas da preferencia pelas possibilidades que os mercados mundiaes lhes offereceriam. É a attitude que se attribue á Nova Zelandia e á Australia.

Australia. A posição do Canadá é differente e o seu Primeiro Ministro insiste, mais do que qualquer outro, por uma approximação economica entre o Imperio e os Estados Unidos. A Australia e a Africa do Sul, mas principalmente aquella, não escondem receios da concorrencia americana em varios productos agricolas - as fructas, por exemplo. Affirma-se no entanto, que essas difficuldades poderiam desapparecer si esses Dominios obtivessem compensações em accordos vantajosos com os Estados Unidos. Ahi está, talvez, a chave do problema, que aplainaria o caminho para a conclusão do projectado tratado anglo-americano. E é esse, segundo tudo indica, o aspecto das negociações actuaes que mais de perto interessa o futuro das exportações brasileiras - tanto quanto o proprio desapparecimento das preferencias imperiaes.

IV - No Reino Unido parece ganhar terreno, no caso de abandono, ou de simples emenda, das preferencias imperiaes, a idéa de uma tarifa dupla - de minima e de maxima - que facilite a negociação de accordos com paizes estrangeiros, para estender a área livre do commercio mundial.

V - Na sessão da Camara dos Communs de 25 de Maio ultimo, o sr. Runciman - Presidente do Board of Trade, substituido no Gabinete Chamberlain pelo sr. Oliver Stanley - pronunciou um longo discurso, fazendo a defesa da politica commercial adoptada pelo Governo em 1931-32. O sr. Runciman reaffirmou-se partidario de uma politica de preferencia imperial, mas ao mesmo tempo admittio a necessidade de revisões. "Ao fazer um balanço da situação mundial - disse elle - o Governo certamente não esquecerá o facto de que ha mais de um meio em que as preferencias pódem ser applicadas, mas não se poderá pedir ao Governo que abandone em seu conjuncto o systhema das preferencias - elle é agora uma parte essencial da nossa politica imperial e não poderemos destrui-lo principalmente porque delle

delle depende um grande volume de negocios e um enorme contingente de trabalho".

O sr Runciman informa, a sequir, que a politica da "porta aberta" teve de ser interrompida em algumas das Colonias Britannicas, porque estas soffriam a concorrencia de outros paizes de muito mais baixo standard de vida. Como as medidas tarifarias eram insufficientes para contrabalançar essa concorrencia, os Governos e Assembléas Legislativas dessas Colonias tiveram de lançar mão de medidas mais fortes. O Governo Imperial não se considerou em condições de obstar que isso fosse feito. O sr Runciman prestou ainda, em seu discurso, informações sobre a sua viagem á America e abordou outros pontos da politica commercial da Grã Bretanha.

Emb/Londres/197/1937/Annexo.

"THE TIMES"

Londres, 26 de Maio de 1937.

HOUSE OF COMMONS

TUESDAY, MAY 25

The SPEAKER took the Chair at a quarter to 3 o'clock.

NEW WRIT

On the motion of CAPTAIN MARGESSON, Parliamentary Secretary to the Treasury (Rugby, U.), a new writ was ordered to be issued for the election of a member for the Buckingham Division, in place of Sir G. Bowyer, who has been raised to the peerage.

FUTURE BUSINESS

MARRIAGE BILL ON FRIDAY

CAPTAIN MARGESSON, in reply to Mr. ATTLEE (Limehouse, Lab.), said that future business would be as follows:—

Thursday.—Second reading of the Civil List Bill and of the Chairmen of Traffic Commissioners Bill; third reading of the Statutory Salaries Bill; second reading of the Trade Marks (Amendment) Bill and the Public Health (Drainage of Trade Premises) Bill.

Friday would be set apart for the consideration of the concluding stages of the Marriage Bill, which was a private member's Bill.

WORLD TRADE OUTLOOK

PLEA FOR AGREEMENT WITH

British goods. That speech was a shock to a great many people, and especially to British agriculturists, who had had a difficult enough time during the last few years. He asked Mr. Runciman to say whether that pronouncement represented the policy of the British Government.

WAR AND ECONOMICS

Mr. A. HENDERSON (Kingswinford, Lab.) said that our problem was not to increase the price level but if possible to reduce it and at any rate control it. Most economists were agreed that the need to-day was to restore the flow of international trade. A large proportion of our million and a half unemployed were connected with the export trade.

One of the fundamental causes of war was economic difficulty. Were the Government prepared to enter into negotiations with the U.S. Government with a view to concluding a commercial agreement? Mr. Cordell Hull had said that the best thing that could happen to the world was to have a free exchange of commodities and services. There should be agreements between this country and the United States and the Dominions and the United States, followed by agreements with France, Belgium, the Scandinavian and other democratic countries; and there might then be an incentive to those who remained outside to come in and enjoy the benefits of these international treaties.

We might have to modify Ottawa. It was no use giving a first-class ticket to the Dominions and third-class tickets to the other countries and expecting the other countries to trade freely with us. Peace depended on economic stability and appeasement.

Mr. LYONS (Leicester, E., U.) said that he had never come across anyone in his constituency who, after five or six years of protection, said he wanted to go back to the old policy of free trade, which was really free imports without free trade. Public opinion in this country would desire to congratulate the Government on the change of fiscal policy. By it industry had had a new lease of life. Public opinion to-day was in favour of increasing Empire trade. He hoped that a trading agreement would be come to with the United States.

SIR A. SALTER'S SUGGESTIONS

SIR A. SALTER (Oxford University, Ind.) said that the moment chosen for the debate was very suitable, because not for nine or 10 years had there been so strong and general a desire to increase world trade and remove some of the worst impediments that now distracted it. It was absolutely true to say that in the last five years, since the depression, the commercial policy of no single country in the world had had so great an effect as that of our own in restricting and deflecting the trade of the world. He did not question the sincerity of the Government's desire to see world trade increase, but he doubted whether they had sufficient determination to take the necessary measures and to make the necessary contribution which we ourselves had to make if the thing was to be done. If anything effective was to be done, we should have to be equal contributors to the changes in domestic policy which would have to be made.

He would very much like the Government to make a sincere attempt to get a commercial agreement with the United States. (Hear, hear.) It was clear, from all the indications made by those who represented America, that if we were prepared really to make some changes in our policy we should find a perfectly satisfactory response from America. If that were done, he would like to see a triangularization between ourselves, America, and [illegible] the form improvement on its predecessor and he would prefer to proceed along the lines of improving what we had already got rather than abandoning the whole policy.

What was to be done with regard to America in the future? He could make no statement at present. If he were able he would be glad to indicate to the House the point that they had reached. They were about to discuss this week in the Imperial Conference some economic questions having a direct bearing on the American negotiations and on this country's relationship with America. The Government wished to give the impression in America—which they most sincerely had at heart and consistently felt—that no contribution could be greater, within the functions of government, for an extension of world trade than an agreement between this country and America. Of course it must be on sound lines. America would not agree to anything which was not on sound lines from her point of view, and the British Government could not be blamed if they adopted exactly the same attitude. The Government wished to reach an agreement, and he had no doubt that with patience and perseverance it would be possible to reach a point at which they could say that both America and this country had obtained great benefits from the agreement that had been made.

SIR H. PAGE CROFT.—Can the right hon. gentleman give an answer to my question about the speech of the Ambassador in New York?

Mr. RUNCIMAN.—I can say quite frankly that certainly no one has any authority to say we are prepared to sacrifice agricultural interests, or any other interests, but that is not saying that agricultural interests will not take an Imperial view, just as would representatives of other industries.

IRON AND STEEL

Continuing, Mr. Runciman said that the first and most important of the industries affected by the change of policy during the last five years was the iron and steel industry. There had been a most remarkable change in its prospects. British manufacturers were now partners in the Continental cartel, and had secured a very large share in the trade of the world. Unless this country had at the foundation of its industry a prosperous iron and steel industry it was certain that we should not be able to regain and maintain our economic strength. Also the demand for coal had been phenomenal during the last 12 months. He did not know how far it would be possible for British mines to keep pace with the demand for coal. They could not smelt without enormous supplies of fuel, and they required a great deal of scrap. Where these raw materials were coming from in the next few years was one of the problems into which business men were inquiring in all the black countries of England, Scotland, and Wales.

They could be sure that the industry would not sink back in the near future into the misfortunes and depressions of five or six years ago. At the same time the demand for coal abroad had gone up, so that this country was finding it difficult to meet the demands covered by a good many of the trade agreements. They must not fall short of the supplies they sold under these trade agreements. If they were not careful they would find themselves when the present boom was over with their foreign trade considerably curtailed, and they ought to devote themselves largely to preparing the ground for the future, when the present demand for these great commodities was at its ebb.

It might be that the armaments programme would be completed more quickly than they anticipated, but whenever it was completed it would leave a gap, and he wanted to see preparation made for the filling of that gap and maintaining the present connexion between [illegible] consumers abroad. Unless [illegible] filled in the gap

3 o'clock.

NEW WRIT

On the motion of CAPTAIN MARGESSON, Parliamentary Secretary to the Treasury (Rugby, U.), a new writ was ordered to be issued for the election of a member for the Buckingham Division, in place of Sir G. Bowyer, who has been raised to the peerage.

FUTURE BUSINESS

MARRIAGE BILL ON FRIDAY

CAPTAIN MARGESSON, in reply to Mr. ATTLEE (Limehouse, Lab.), said that future business would be as follows:—

Thursday.—Second reading of the Civil List Bill and of the Chairmen of Traffic Commissioners Bill; third reading of the Statutory Salaries Bill; second reading of the Trade Marks (Amendment) Bill and the Public Health (Drainage of Trade Premises) Bill.

Friday would be set apart for the consideration of the concluding stages of the Marriage Bill, which was a private member's Bill.

WORLD TRADE OUTLOOK

PLEA FOR AGREEMENT WITH U.S.

The House went into Committee of Supply, CAPTAIN BOURNE, Deputy Chairman of Committees (Oxford, U.), in the chair.

On a Vote of £205,532 for the Board of Trade,

Mr. GRAHAM WHITE (Birkenhead, E., L.) said that there had been a certain improvement in trade conditions in the last 10 months and a decrease in unemployment, but there were still nearly 1,500,000 persons unemployed. There had been some improvement in international trade, and any further increase in employment depended on what steps could be taken to increase the volume of our exports. He hoped that the President of the Board of Trade would take the Committee into his confidence so far as might be possible with regard to the prospects of being able to make a trading arrangement with the United States of America.

From every quarter of the world evidence was coming forward of a manifest wish and belief that the approach to international appeasement and the relaxation of international tension was to be found through the re-establishment of the framework of international trade. The increase in armaments did nothing to dissipate ill will: to whatever lengths it might be put it only aggravated the situation; but every transaction between the traders of the world, whether large or small, was a definite contribution to good will. Everyone must feel that there was a new atmosphere and a new opportunity at this moment. It was only on Saturday night that President Roosevelt and Mr. Cordell Hull sent a message in which they expressed their desire to take part in a movement for restoring and expanding international trade, as the only sure way in which the foundations of international peace could be built up. He did not know if the President of the Board of Trade could tell the Committee to whom the message was addressed.

It would be quite impossible to exaggerate the beneficial effects on the world of an arrangement between ourselves, America, and France, with whom no doubt we could hope to have associated Canada, and of the peaceful cooperation of those great democracies. He sincerely hoped there would be no failure to come to such an arrangement. It would be a disaster to the future of humanity if America were to receive a rebuff.

There must be modification of the principles of the Ottawa Agreements. Those agreements, plus British tariffs, were the biggest single obstacle to trade with foreign countries that had been brought about since 1929. The Government's policy must not be so rigid or unresponsive as to justify dictators in Europe saying that there was no room for them to expand, and that they could not get access to raw materials or their own markets until they had a Colonial Empire of their own. Nations were looking for expansion, and in that expansion was the only hope for abiding peace. So long as Imperial countries exercised political and economic control over their areas, with special privileges for themselves, it was idle to expect peace.

RESULTS OF OTTAWA AGREEMENTS

SIR H. PAGE CROFT (Bournemouth, U.) said that the Ottawa Agreements had proved effective. They had done a great deal to revive inter-Imperial trade, exports to Ottawa Agreement countries having increased by £47,000,000.

Imperial trade was still very much on the up-grade, and, provided the process was not checked and the preferential results were not thrown away for the shadow of possibly freer trade with other countries, there was a great chance of still further expansion of Imperial trade. There had been a great advantage to British shipping as a result of the recovery in Imperial trade. Of Empire imports into this country 93 per cent. were carried in British bottoms. We were now back to the position of the greatest exporting country in the world, although we had sunk to third place less than 10 years ago. Before the rearmament programme was begun we were actually employing more people in this country than ever in our history. In addition the tariff policy had provided a new source of revenue, to the great advantage of our taxpayers, who would otherwise have to bear far heavier burdens. With such results we could feel satisfied, more especially as we saw that the tendency was progressive. All the theories that this country was becoming selfish and was behaving improperly would not bear examination. Great Britain and the Empire countries were the best and most friendly neighbours in the world.

It would be dangerous at the present time to weaken in any way our economic defence. The adverse balance of trade was a matter which could not be ignored. It seemed extraordinary that at a time when we still had over 1,000,000 people unemployed we should be importing such a large proportion of manufactured goods which we were quite capable of manufacturing for ourselves. A very remarkable speech was delivered by the British Ambassador in New York on May 19. He was reported as saying that the British Government were willing to accord American farmers favourable treatment for their produce in Great Britain if the United States Government would grant a reasonable reduction of the American tariff on certain classes of typically

He hoped that a would be come to with the United States.

SIR A. SALTER'S SUGGESTIONS

SIR A. SALTER (Oxford University, Ind.) said that the moment chosen for the debate was very suitable, because not for nine or 10 years had there been so strong and general a desire to increase world trade and remove some of the worst impediments that now distracted it. It was absolutely true to say that in the last five years, since the depression, the commercial policy of no single country in the world had had so great an effect as that of our own in restricting and deflecting the trade of the world. He did not question the sincerity of the Government's desire to see world trade increase, but he doubted whether they had sufficient determination to take the necessary measures and to make the necessary contribution which we ourselves had to make if the thing was to be done. If anything effective was to be done, we should have to be equal contributors to the changes in domestic policy which would have to be made.

He would very much like the Government to make a sincere attempt to get a commercial agreement with the United States. (Hear, hear.) It was clear, from all the indications made by those who represented America, that if we were prepared really to make some changes in our policy we should find a perfectly satisfactory response from America. If that were done, he would like to see a triangular arrangement of trade between ourselves, America, and Canada. He would like also to see the form of Imperial preference in some respects modified. He would like immensely to see a return to the principle of equality of opportunity of trade for all countries with our dependent Empire.

By means of the favoured-nation clause this country blocked an extremely desirable proposal to liberalize trade between Belgium and Holland. The form in which that clause was being worked made it a laughing stock. He believed that it could be revised and made attractive to certain countries in its operation.

MR. RUNCIMAN'S REPLY

DEFENCE OF PREFERENCE

Mr. RUNCIMAN, President of the Board of Trade (St. Ives, L.Nat.), said it was unfortunate that in no part of the world following a tariff system had that system given complete satisfaction to its authors. Sooner or later they began to feel that they had gone too far, whereas the beneficiaries felt that the system had not gone far enough. He was justified in saying that the change brought about by the policy of the Government in 1931-32 had not been altogether bad. Indeed there were grounds for satisfaction in the good results which came from the negotiations of the last few years. In his view if they carried tariffs too far they became madness; if they attempted to dispense with tariffs they were attempting to dispose of bargaining facilities.

It was not a question of one economic doctrine prevailing over another, but the livelihood and well-being of whole tracts of country and the interest on investments which were involved. He quite agreed that to adopt a form of preference and never to amend it would be unreasonable. In making the new survey of the world the Government would certainly not overlook the fact that there was more than one way in which preference could be applied, but they must not be asked to abandon the preference system altogether. It was now an essential part of our Imperial policy, and we could not abandon it, especially in view of the fact that based on that policy there had grown up a large volume of employment and business.

There had been an interruption of the policy of the open door in the case of some of our Colonies, due to the fact that those Colonies were having to meet competition from countries where low standards of living prevailed. As that competition could not be met by means of a tariff stronger measures had had to be taken by the Governors and Legislative Assemblies. The Government were not prepared to prevent them from doing that. (Cheers.) He doubted very much whether they were likely to make any strong impression in negotiating with these low-standard countries unless they were prepared in case of their resistance to take very drastic steps for the control of this trade. (Cheers.) The Ouchy Agreement, which was not to be confused with the Oslo policy, was reached in 1932. Part of the idea was that Holland and Belgium should grant lower duties to each other than they granted to countries outside. He had said that, in the interest of our manufacturers and exporters, he could not agree to a proposal which would subject our goods to a higher scale of duties than those coming from Belgium and Holland, as the case might be. If we had joined in this arrangement he thought we should have been involved in a retaliatory war with some of our most important customers and business associates.

THE AMERICAN VISIT

At the present moment the Government had to deal with very difficult and awkward situations in many of their negotiations. It was impossible in the course of debate in the House to say openly and frankly, and perhaps brutally, what were the points about which a tussle was going on; such action would not further the ease and rapidity with which the negotiations were conducted. These matters must be discussed behind closed doors. He (Mr. Runciman) went to America at the beginning of January for the good of his health. It was a very interesting trip. In the course of his sojourn there he had the pleasure of seeing a great deal of the President, one of the most remarkable men of our age, and he also had many conversations with Mr. Cordell Hull, who played a considerable part in these affairs.

At no time throughout these conversations did he (Mr. Runciman) ever disguise from his opposite number in the United States, or from the President or the Secretary of State, the difficulties which must naturally arise in reaching an agreement between the United States and this country. Since then the Government had been trying to find a foundation on which they could build. In private they had examined the whole ground, which was a most laborious business. When dealing with the representatives of the United States they had to be very definite. When he (Mr. Runciman) was on the other side of the Atlantic the agreement with Canada was reached and signed. The present Canadian agreement—and he was equally certain from the Canadian point of view—was an

CULTIVATING THE CONSUMER

The present prosperity had affected all industries concerned with metals, and there was no sign at present of any abatement in this enormous demand. In chemicals there was a greater output than at any time in the history of this country. Wool and woollens were comparatively prosperous. The cotton industry was passing through very troublous times, but even there there were signs of renewed activity. Engineering appeared to be prosperous beyond anything they could have dreamed of five years ago. Shipping was more active than at any time since the War. A great number of ships now being constructed had modern engines of a new type, and the ships now being produced in English and Scottish yards were the most up-to-date vessels to be found anywhere in the world.

During his time at the Board of Trade he had seen an amazing extension of the close connexion between State Departments and officials and those actually engaged in business. If this country were not to see a big collapse in its trade as soon as the present temporary demands were over, it must do something more than regulate it. In making a fresh survey of the relations between business and Government, it must be borne in mind that above everything they must cultivate consumers at home and abroad.

To exploit either would be disastrous; to give the impression that we were taking advantage of these very active and exciting times in order to extort, he might even say, high prices out of the consumer, whether at home or abroad, would be the worst of bad policies. It was in the hope that we should be able so hold our own by sheer efficiency, by the high standard of our goods, which fall sympathy with those who consumed them and, he hoped, paid for them, that he begged that in the future our business communities would lend themselves to a wise and sympathetic survey of their duties. (Cheers.)

Ofício ao Min. de Estado

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, 4 de Junho de 1937

Nº 211
Reservado
Exposição anti-communista.
600.1(81)
600.1(60)
136

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
21 JUN. 1937
Nº 07235

Senhor Ministro,

Recebi ha dias uma carta, annexa por copia, (I), do Senhor Edward A. Stonor, Secretario da "The Anti-Socialist and Anti-Communist Union", sociedade fundada em 1908 e com séde nesta capital, enviando-me um pequeno relatorio sobre a Exposição Anti-Comunista, procedente de Berlim, que se realizou aqui de 1º de Fevereiro a 2 de Março ultimos. O Senhor Stonor convidou-me para inspeccionar os objectos expostos, desejoso de ceder a mesma exposição ao Governo brasileiro.

2. Encarreguei o Doutor José Cochrane de Alencar de inspeccionar a collecção de photographias, cartazes etc.etc, que constituiram a Exposição Anti-Communista. Tendo-se desincumbido dessa tarefa o Doutor Alencar manifestou-me não haver sido das melhores a sua impressão. Disse-me que a exposição se compõe na

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

na sua maior parte de photographias já bastante antiquadas e em geral de pequeno formato. Pouco ha de recente, encontrando-se aspectos por demais conhecidos de igrejas destruidas ou convertidas pela Liga Anti-religiosa Russa em garages, escolas, bibliotecas etc. Ha além disso uma pequena collecção de copias de cartazes sovieticos, dos quaes apenas alguns proporcionam impressões desagradaveis. Outros, pelo contrario, são elaborados com um sentido artistico muito seguro e uma psychologia profunda da propaganda e a sua exhibição poderia ser contraproducente.

3. Remetto em annexo ao presente dois catalogos da exposição e bem assim a reproducção photographica de tres dos cartazes expostos.

Tenho a honra de renovar a Vossa Excellencia, Senhor Ministro, as seguranças da minha respeitosa consideração

Reis de Queiroz

Emb.Londres/211/1937/Annexo 1

THE ANTI-SOCIALIST AND ANTI-COMMUNIST UNION

58 & 60, Victoria Street,

London, S.W.1

20th May, 1937.

My dear Régis,

As promised, I send you a short account of the Anti-Communist Exhibition which emanated from Berlin and was shown in London from 1st February until 2nd March at Dorland Hall, Regent Street. It was the greatest possible success and very largely attended.

In case your Government would consider purchasing the Exhibition, we have at the offices of the Anti-Socialist and Anti-Communist Union all the Exhibits which are at your disposal for inspection at any time.

Yours sincerely,

(signed.) Edward Stonor.

His Excellency

The Brazilian Ambassador,
Brazilian Embassy,
19, Upper Brook Street,
W.1

Conforme:

Joaquim Ivan Cheuvont
2° Secretario.

Confere:

Dactylographo-Archivista.

Copia por Avião

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, 4 de Junho de 1937

N°212

Carta Patente do Consul Carlos Ribeiro de Faria.

923.1 (42)(60) Nadeja

21 JUN. 1937
No 07235

Senhor Ministro,

Tenho a honra de passar ás mãos de Vossa Excellencia a copia annexa da carta recebida pelo Conselheiro desta Embaixada, Doutor Caio de Mello Franco, do Senhor Nevile Brand, Chefe da Secção dos Negocios da America do Foreign Office, relativa á Carte Patente do Consul Geral em Liverpool, com jurisdicção no Estado Livre da Irlanda, Senhor Carlos Ribeiro de Faria.

2. O alludido funccionario inglez, referindo-se á Nota do Foreign Office N°T1277/1277/385, de 5 de Fevereiro de 1935, communica que o Governo do Estado Livre da Irlanda não se acha em situação de conceder o respectivo Exequatur pela conjuncção na Carte Patente da jurisdicção em Liverpool com a jurisdicção no Estado Livre.

3. As autoridades irlandezas pedem uma Carta Patente com os seguintes dizeres " Consul Geral do Brasil no Estado Livre

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão, Ministro de Estado interino das Relações Exteriores.

Livre.da Irlanda", com residencia em Liverpool".

4. Lembra a esse proposito o Senhor Nevile Brand que seria preferivel dizer-se na nota que eventualmente encaminhará a Carte Patente " o Governo do Estado Livre da Irlanda" e não " o Governo de Sua Majestade Britannica no Estado Livre da Irlanda".

5. Tratarei,comtudo, de obter o reconhecimento provisorio do Senhor Carlos Ribeiro de Faria pelas autoridades irlandezas. Rogo, entretanto, a Vossa Excellencia se digne mandar expedir nova Carta Patente para o referido funccionario consular de accordo com as suggestões acima alludidas.

Aproveito o ensejo para reiterar a Vossa Excellencia, Senhor Ministro, as seguranças da minha respeitosa consideração

Régis de Oliveira

Emb.Londres/212/1937/Annexo.

FOREIGN OFFICE, S.W.1

2nd June, 1937.

My dear Senhor de Mello Franco,

With reference to the Ambassador's note No.33 of the 22nd April I write to say that we now learn that the Irish Free State Government feel unable to take steps for the issue of the Exequatur to Senhor Carlos Ribeiro de Faria on the basis of his commission, which by describing him as Consul-General at Liverpool with jurisdiction in the Irish Free State, combines in effect his jurisdiction in the United Kingdom with that in the Irish Free State. In this connection I venture to invite reference to our official note of the 5th February, 1935 (T 1277/1277/385).

The Irish Free State authorities suggest that a new Commission should be furnished in which Senhor Faria would be described as "Consul General of Brazil for the Irish Free State to reside at Liverpool" and they would like a similar description used in the covering note forwarding the new Commission. Moreover it would be preferable that in the note the"Government of the Irish Free State" should be described as such and not as "His Britannic Majesty's Government in the Irish Free State".

I am very sorry to have to bother you in the matter, but the Irish Free State Government attach considerable importance to the points I have mentioned. I am returning the Commission to which they take exception.

Yours sincerely,

(sgnd.) Nevile Bland.

Senhor Caio de Mello Franco,
Brazilian Embassy,
W.1

Confere:

Dactylographo-Archivista

Conforme:

2° Secretario.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, 4 de Junho de 1937

Nº 213

Remessa de equipamento modelo para o Exercito.

520.0 (600) 6/3

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
21 JUN. 1937
No 07235

Senhor Ministro,

O General José Fernandes Leite de Castro, Chefe da Commissão de Estudos para a Industria Militar Brasileira na Europa, pediu a esta Embaixada com o officio Nº121, de 20 de maio ultimo (Annexo I) remetter pela mala diplomatica dois equipamentos modelo da "The Mills Equipment Company Limited" de Londres.

2. Tendo-se verificado a praticabilidade de collocar os referidos equipamentos modelo na mala diplomatica (Annexos II e III), pareceu-me nada haver a oppôr ao pedido alludido.

3. Assim muito agradeceria a Vossa Excellencia se dignasse mandar encaminhar ao Ministerio da Guerra o pacote ao mesmo dirigido, contendo os referidos equipamentos, que segue com esta mala diplomatica.

Tenho a honra de renovar a Vossa Excellencia, Senhor Ministro, os protestos da minha respeitosa consideração

Rafael de Abreu

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

A. Emb.Londres/213/1937/Annexo.

COMMISSÃO DE ESTUDOS PARA A INDUSTRIA
MILITAR BRASILEIRA NA
EUROPA.

204, Rue Royale 204.

Bruxellas,
Em 20-V-1937.

No.121

Do Chefe da Commissão

Ao Exmº Snr. Embaixador do
Brasil, em Londres.

O Ministerio da Guerra está em negociações com a Fabrica "THE MILLS EQUIPMENT COMPANY LIMITED", 56, Victoria Street - Westminster - London, S.W.1, para acquisição de material de seu fabrico.

Afim de evitar retardo na remessa de dois dos seus equipamentos modelos, solicito a Vossa Excellencia, consentir o transporte na mala diplomatica da Embaixada.

Aguardando a resposta de Vossa Excellencia para as providencias necessarias, apresento a Vossa Excellencia os meus protestos de alta estima e distincta consideração.

(a) L. de Castro,

José Fernandes Leite de Castro,
Gen. Div., Chefe.

Conforme:

Confere:

Dactylographo-Archivista.

2º Secretario

Emb.Londres/213/1937/Annexo.

THE MILLS EQUIPMENT COMPANY LIMITED

56, Victoria Street, S.W.1

Monday, 24th May, 1937.

His Excellency the Brazilian Ambassador,
19, Upper Brook Street,
W.1

Your Excellency,

We have received instructions from General Leite de Castro, Chief of the Brazilian Military Mission in Europe, to prepare two samples of Military Woven Equipment for despatch to His Excellency the Minister of War at Rio de Janeiro.

General Leite de Castro has further informed us that arrangements would be made for these samples to be sent to Rio de Janeiro in the Diplomatic Valise of the Brazilian Embassy in London.

The samples in question have now been completed and form a package weighing 11 lbs. nett and 11 3/4 lbs. gross, the dimensions being 18" x 13" x 9".

Will you kindly send us the necessary instructions as to : -

(1) When and where this package should be delivered.
(2) What address or other mark of identification should be attached to it.

Awaiting your instructions,

We are, Sir,

Your obedient Servants,

for and on behalf of

Mills Equipment Co., Ltd.,

(gsnd.) Kenneth L.Lindsey.

Conforme:

Confere:

Dactylographo-Archivista.

2º Secretario.

Emb.Londres/213/1937/Annexo.

THE MILLS EQUIPMENT COMPANY LIMITED

56, Victoria Street, Westminster.
London, S.W.1

Wednesday, 26th May, 1937.

His Excellency The Brazilian Ambassador,
19, Upper Brook Street,
W.1

Your Excellency,

Confirming our representative's interview at the Embassy yesterday, we beg to hand you herewith a parcel containing two complete sets of Woven Military Equipment for despatch to His Excellency the Minister of War at Rio de Janeiro.

Of these sets of Equipment, one is to be retained in Rio de Janeiro as the officially approved pattern and the other is to be sealed and returned to us for our guidance in manufacture and also for the use of say Inspecting Officer to permit comparison with bulk manufacture.

Thanking you for your assistance in this matter,

We are, Sir,

Your obedient Servants,

for and on behalf of

Mills Equipment Co.,Ltd.,

(sgnd.) Kenneth L. Lindsey.

Conforme:

Jayme Sloan Chermont
2° Secretario.

Confere:

Dactylographo-Archivista.

P

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 12 de Junho de 1937.

No.214

Vôo Amelia Earhart Putnam.

435.(22)

S. [illegible] DOS NEGOCIOS
Serviço [illegible]
6 JUL. 1937
Nº 08033

Senhor Ministro,

Tenho a honra de passar ás mãos de Vossa Excellencia, em annexo, recortes da imprensa desta capital, relativos á passagem pelo Brasil da Senhora Amelia Earhart Putnam, que está realizando um vôo ao redor do mundo.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Régis de Oliveira

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

DRS

Emb.Londres/214/1937/Annexo

"DAILY TELEGRAPH"

Londres, 7 de Junho de 1937.

MISS EARHART'S FLIGHT

PORT NATAL (Brazil), Sunday.

Miss Amelia Earhart, who left Miami, Florida, last Tuesday on a flight round the world, arrived here to-day from Fortaleza, Brazil—about 300 miles away—where she had landed on Friday.

From here she will attempt the 2,240-mile flight across the South Atlantic to Dakar.—Reuter.

Emb.Londres/214/1937/Annexo

"DAILY MAIL"

Londres, 7 de Junho de 1937.

"I'll Succeed Or—"

RIO DE JANEIRO, Sunday.

MISS Amelia Earhart, who is on a flight round the world, arrived at Port Natal, Brazil, this morning from Fortaleza, Brazil. Her next hop takes her across the South Atlantic to Dakar, Senegal.

"I'm going to try to get across within the next 36 hours," she said. "Either I'll succeed or, if destiny holds all the trumps, I'll share the fate of the others, including the unforgettable Mermoz" (crack French pilot who vanished with four companions on a South Atlantic flight last December).—British United Press.

Emb/Londres/214/1937/Annexo

"THE TIMES"

Londres, 7 de Junho de 1937.

Miss Amelia Earhart Putnam, who is flying round the world, reached PORT NATAL, Brazil, yesterday from Fortaleza. Her next stage is the 2,240 miles across the Atlantic to Dakar, Senegal.—*Reuter.*

NP

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 14 de Junho de 1937.

No.218

A segurança das
flotilhas de patrulha.

631.3(84)
26

S. de E. das Relações Exteriores
Serviço de Communicações
6 JUL. 1937
No 08033

Senhor Ministro,

O texto do accordo realizado Sabbado entre as quatro potencias encarregadas de patrulhar as costas da Espanha foi communicado Domingo por Lord Plymouth, Presidente do Comité de não intervenção, aos representantes dos Estados membros do Comité.

2. A proxima volta da Allemanha e da Italia ao seio do Comité, se nenhum membro do citado Comité vier complicar a situação criticando o accordo, poderá se realizar mesmo antes da recepção das respostas das duas funcções espanholas em luta.

3. De forma geral a imprensa ingleza se mostra satisfeita com o resultado do accordo e elogia a acção das quatro potencias incumbidas da guarda das fronteiras espanholas. Entretanto, o "News Chronicle" denuncia a assistencia que o General Franco continua a receber do exterior e diz sentir que a Sociedada das Nações não tenha assumido um papel mais saliente nos ultimos acontecimentos.

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

RIO DE JANEIRO

acontecimentos.

4. Quanto ao "Times", tenho a honra de transcrever aqui a parte mais significativa do seu commentario: "Quando o Comité de não intervenção se reunir novamente, terá então a possibilidade de discutir as suggestões que lhe forem formuladas no sentido de coordenar o trabalho dos navios encarregados do "controle", isso para melhor demonstrar o seu caracter internacional. O bom senso exclúe a idéa de uma frota mixta collocada sob o commando de um chefe unico. Mais pratica é a proposta de hastearem todos os navios de "controle" uma marca commum permittindo que sejam elles facilmente identificados, navios esses que levarão a bordo os observadores das differentes nacionalidades."

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rejis de Loureiro

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 15 de Junho de 1937.

N.P

No.219

A politica russa e a sua repercussão na Europa.

600.1(74) 26

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
6 JUL. 1937
No 08033

Senhor Ministro,

A Russia atravessa presentemente um dos periodos mais critidos da sua historia politica. Com o primeiro movimento "trotskista", que, além do desterro de Karl Radek na Siberia, levou á execução summaria dezeseis de seus companheiros, o regimen sovietico marcou o inicio de uma etapa de crises consecutivas, abalando, assim, os alicerces de sua organização politica e social. Em poucos mezes, a G.P.U., por intermedio de seus agentes, tem levado ás prisões de Kremlin avultado numero de funcionarios, inclusive o famoso Lagoda e a figura dramatica de Garmarnik, que, num momento de desespero se suicidou. Todas essas medidas violentas do Governo sovietico, medidas embora preventivas, attestam evidentemente uma reacção peculiar contra a dictadura implacavel do "Homem de aço" - Stalin.

2. Factos posteriores, entretanto, vieram aggravar ainda mais o espirito inquietante da Russia, e quiçá do mundo, factos es-

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

MCRS

esses que culminaram com o fuzilamento do Marechal Toukhachevski e de sete Generaes, todos implicados em crimes de "alta traição á Patria", segundo affirmam os laconicos communicados de Moscou. E ainda não é tudo. Outras personalidades de destaque já foram, ao que parece, "notificadas". Entre ellas, figuram varios diplomatas, ex-Embaixadores na China, na Turquia e na Espanha, ex-Commissarios do Estado, ex-Chefes de Serviço da propria G.P.U. A imprensa de Moscou, inspirada indiscutivelmente no pensamento do Governo, lança, dia a dia, pelas columnas editoriaes, os seus diatribes mais virulentos contra os "inimigos do povo, os espiões trotskistas que venderam sua patria aos imperialistas allemães, japonezes e polacos." Os boatos, por outro lado, agitam a immensa Russia. Como em todos os paizes totalitarios, o jornal falante, por assim dizer, exerce maior influencia que a das gazetas impressas, sobretudo quando estas, a exemplo das da Russia, vivem num ambiente onde a liberdade é apenas um mytho.

3. A these dictatorial da Russia consiste, hoje em dia, na absurda concepção de que todo funccionario, no caso de incorrer, com ou sem motivo, na antipathia da G.P.U., é automaticamente, sem nenhuma forma de processo, declarado "inimigo do povo e espião trotskista." Entre os "terroristas" e o Governo, ha na hora actual um "duelo de morte". Dessa luta encarniçada e impiedosa, o Kremlin está persuadido de que resultará a consolidação definitiva do communismo. O "cordão de isolamento" em torno da pessoa de Stalin se tornou mais forte e essa precaução da policia bem diz, claramente, do receio de um possivel attentado contra o poderoso Chefe da U.R.S.S. Radek não fizera, por acaso, durante o processo, allusão a um mysterioso "centro parallelo" que Dreiser - executado em Agosto de 1936 - teria levado o segredo para a tumba? É, pois, pela vontade de descobrir os eventuaes membros dessa conspiração - e, tambem, talvez, pelo excessivo zelo da policia - que se expli-

explica, em parte, a recente onda de prisões.

4. Admitte-se que Radek e Sokolnikov - os dois unicos sobreviventes do ultimo processo - são seguramente utilisados como instrumentos para facilitar o trabalho policial. Após o ruidoso movimento "trotskista" de Agosto de 1936, propalava-se, na Europa, que a lição da revolução franceza havia sido esquecida em Moscou e que os bolchevistas, contrariamente ás recommendações de Lenine, ingressavam numa phase delirante de "liquidações", como o fizeram os Jacobinos em 1793. E parece verdade. Observa-se que, exceptuando o Secretario Geral do Partido Communista, os adversarios politicos romperam com o "pacto de não aggressão." O proprio Stalin, de facto, dera, em publico, a significação da "theoria do pacto de não aggressão entre bolchevistas." Passou-se isso em Dezembro de 1925, durante o XIV Congresso do Partido Communista, no tragico momento em que Zinoviev e Kamenev exigiam a cabeça de Boukharine. Eis o trecho mais significativo do seu discurso: "Exigem a cabeça de Boukharine? Não o permittiremos! Discordamos de Zinoviev e Kamenev, porque sabemos que a politica de amputação representa um enorme desastre para o Partido - verter sangue, além de perigoso, é contagioso: hoje, um; amanhã, outro; depois, um terceiro... Não se deve esquecer que o Partido Communista governa o paiz e que toda dissensão enfraquece o ideal." Seria outra, porém, doze annos mais tarde, a conducta do antigo "leader" e do actual Chefe do Governo. Já em Agosto de 1936, quando do exilio de Trotski no Turquestão e, em seguida, de seu banimento definitivo do territorio russo, previa-se no horizonte politico a era de terror que iria se iniciar, como se verificou desde Fevereiro de 1937, com o assassinato, em Leningrad, de Sergio Kirov. As consequencias não tardaram a confirmar os presagios dos observadores internacionaes. Ainda está bem vivo o processo que condemnou á morte Zinoviev e Kamenev, Mouralov e Piatakov. Escreve-se, assim,

assim, novamente, a "era de sangue", em tudo identica a que aniquilou a antiga e aristocratica Russia dos Tzars.

5. Em todas espheras politicas, a luta de partidos gera um odio mais acirrado, semeiando, desse modo, a obcessão e a crueldade. As ultimas execuções deram sobejas provas de indizivel deshumanidade, sacrificando vidas, como a do Marechal Toukhachevski, que, na opinião da imprensa européa e na de technicos militares, era a "maior capacidade estrategica do Exercito Vermelho". Esse e outros actos de violencia cada vez mais accentuados, impressionaram vivamente o mundo inteiro. Na Inglaterra, onde o povo, por excellencia, abomina a execravel politica de oppressão, houve enorme indignação, muito embora a imprensa tenha se limitado a noticiar, sem maiores commentarios, os acontecimentos occorridos na Russia.

6. Si dermos curso á voz corrente na Gran-Bretanha, os ultimos feitos da politica sovietica marcaram o fim da dictadura Staliniana.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rejis des Loures

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL EC

Londres, 15 de Junho de 1937.

No.220

Exportadores de
couros semi-preparados.

843.14(60)(42) Sodeje

Senhor Ministro,

A firma William Hurwitz & Co dirigio-se a varias casas brasileiras exportadoras de couro e a diversos cortumes, manifestando-se interessada na compra de couros e pelles semi-preparados, mas não obteve nenhuma resposta e algumas das suas cartas foram devolvidas pelo correio com a nota de que os destinatarios não tinham sido encontrados.

2. Muito aguadeceria a Vossa Excellencia si me fosse enviada uma relação de firmas brasileiras que estejam dispostas a entrar em relações com este mercado, para a venda dos productos acima mencionadas.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rejí de Souza

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

DA

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 16 de Junho de 1937.

No.221

Despesas Expediente
1° trimestre de 1937.

362.3(547)

S. D. [illegible] - CÔRTE EXT. [illegible]
Serviço de Communicações
6 JUL. 1937
No 08033

Senhor Ministro,

De accordo com os Regulamentos em vigor, tenho a honra de passar ás mãos de Vossa Excellencia a inclusa relação e justificação das despesas effectuadas pela verba "Expediente" da Embaixada do Brasil na Gran-Bretanha, durante o primeiro trimestre do corrente anno.

Foi verificado no dito periodo um deficit de £8.14.8.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Régis de Oliveira

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

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Emb.Londres/221/1937/Annexo.

Relação e justificação das despesas effectuadas pela verba "Expediente" da Embaixada do Brasil na Gran-Bretanha, no primeiro trimestre de 1937.

RECEITA:

Saque de Janeiro de 1937	£25. 0. 0
" " Fevereiro de 1937	£25. 0. 0
" " Março de 1937	£25. 0. 0
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" " Durrant's Press Cuttings - recortes de jornaes.		5. 5. 0
" " International Sugar Journal - publicações		1.17. 9
" " F. White - jornaes.		11.17. 2
" " Imperial Economic Committee - assignatura das "Weekly Fruit Intelligence Notes".		2. 0. 0
" " Kelly's Directories Ltd.- annuario da Inglaterra.		1.15. 0
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" " " - Fevereiro	£0.15.0.	
" " " - Março	£0.15.0.	2. 5. 0
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Emb.Londres/321/1937/Annexo.

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"	" 16	"	" 22	£4.15.10	
"	" 23	"	" 29	£3. 9.10	£15.14. 8

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de	Jan. 30	a	Fev. 5	£6. 7. 0	
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"	" 13	"	" 19	£4. 6.11 1/2	
"	" 20	"	" 26	£4. 3. 5 1/2	
"	" 27	"	Mar. 5	£3. 5. 4	£23. 3. 3

Março

de	Mar. 6	a	Mar. 12	£3.18. 3	
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Londres, em 14 de Junho de 1937.

J. Harrison.

Emb.Londres/221/1937/Annexo.

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Emb.Londres/221/1937/Annexo.

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Emb.Londres/221/1937/Annexo.

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Emb.Londres/221/1937/Annexo.

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27. 4. 37

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for Secretary

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EC

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, 16 de Junho de 1937.

No.224

A Conferencia Imperial.
Questões economicas.

810.(60) Sodeje

S. D. E. DAS RELAÇÕES EXTERIORES
Serviço
6 JUL. 1937
No 08653

Senhor Ministro,

Tenho a houra de passar ás mãos de Vossa Excellencia, em annexo, uma informação do Secretario Commercial desta Embaixada, Senhor Decio Coimbra, sobre as resoluções da Conferencia Imperial a respeito das questões economicas que

./1 por ella foram examinadas.

2. Como resultado das conversações havidas, o Governo Britannico ficou conhecendo plenamente o ponto de vista dos Dominios nas negociações para um accordo commercial os Estados Unidos.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rejis des Chenes

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

ARS.

Emb.Londres/224/1937/Annexo.

A CONFERENCIA IMPERIAL.

- Questões Economicas -

Pelo Secretario Commercial Decio Coimbra.

Londres, 16 de Junho de 1937.

I - A Conferencia Imperial encerrou os seus trabalhos hontem, fazendo um resumo retrospectivo da materia estudada e dos assumptos examinados. As informações prestadas ao publico não vão alem de affirmações geraes de principios sobre as varias questões economicas da sua agenda, taes como promessas de trabalhar para a diminuição das barreiras commerciaes, para a intensificação do commercio internacional como meio de apaziguamento politico, etc.

II A revisão dos accordos commerciaes inter-imperial, concluidos em Ottawa, não foi objecto de uma discussão collectiva, mas foi deixada para ser tratada individualmente. E certo que a possibilidade desses accordos serem alterados, para permittir a realização de um projectado pacto anglo-americano, constituio a materia mais importante das conversações entre os Governos do Reino Unido e dos Dominios. Como resultado, o Governo Britannico ficou plenamente inteirado da attitude dos Dominios e habilitado com informações para proseguir as negociações entaboladas com os Estados Unidos. Parece certo que os Dominios estão dispostos a abrir mão de algumas preferencias que gozam no mercado britannico em troca de facilidades que intensifiquem as suas exportações para o mercado norte-americano.

III - Os delegados procederam a uma revista geral do progresso registado no commercio inter-imperial, concluindo por exprimir o desejo de que todos os passos sejam tomados para estimular o commercio internacional, reconhecendo que a prosperidade do Imperio depende intimamente da situação economica mundial. A Conferencia

Conferencia preconisa tambem uma cooperação estreita entre os Dominios e o Reino Unido no supprimento de munições, materias primas e productos alimenticios, como fazendo parte de um plano geral extensivo de defesa, em caso de guerra.

EC

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 17 de Junho de 1937.

No.228

Encerramento da
Conferencia Imperial.

810.(60) Madeje

M. DAS RELAÇÕES EXTERIORES
Serviço de Comunicações
6 JUL. 1937
No 08033

Senhor Ministro,

No Palacio de Saint James, reune-se hoje, pela ultima vez, a Conferencia Imperial. O acto final da Conferencia será publicado, apos approvação em sessão plenaria. E elle abrangerá, como não se ignora, questões constitucionaes - taes como a do estatuto dos subditos britannicos - incluindo ainda as questões referentes ás relações imperiaes e ás de fornecimento ás diversas partes do Imperio, tanto sob o ponto de vista alimentar como de munições guerreiras, offensivas e defensivas.

2. Ao encerrar-se a Conferencia Imperial, será necessario reconhecer que, tambem da parte qualificada "estrangeira", houve evidente esforço para chegar-se á conclusão de um pacto regional entre as potencias ribeirinhas do Oceano Pacifico e tal projecto, mesmo no caso de não ser incluido no resumo dos trabalhos da Conferencia, está destinado a tomar vulto, e em futuro que não parece remoto.

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

MGRS

remoto.

3. Quanto ás negociações bi-lateraes, de ordem economica, que se proseguiram durante toda a duração da Conferencia entre os diversos Estados membros do "Commonwealth" britannico, em vista de reduzir as barreiras do commercio internacional, tambem ellas parecem ter o seu exito assegurado. É que o sentimento que dominou essa parte da Conferencia, foi unanime em favor de uma politica alfandegaria mais larga e liberal. Entretanto, parece tambem ser certo que, somente gradativamente, a obra dos tratados de Ottawa de 1932 poderá ser modificada.

4. Convem ainda não perder de vista que, a principal brecha na muralha imperial que a Conferencia procurou construir, só poderá advir do importante tratado de commercio com os Estados Unidos, tratado que está em vias de conclusão entre a Gran-Bretanha e a Norte America.

5. Na vespera da Conferencia cerrar as suas portas, Londres, com o ceremonial habitual, acaba de conceder o direito de cidadania ao Senhor Lyons, Primeiro Ministro da Australia, e ao Senhor Savage, Primeiro Ministro da Nova Zelandia. O primeiro, em seu discurso de agradecimento, pronunciou o elogio do porto da cidade de Londres, sem o qual não se poderá comprehender a historia do Imperio Britannico. O segundo insistiu sobre os laços de sentimentos e interesses que ligam entre si as diversas nações do Imperio e louvou o esplendido exemplo que a Metropole dá aos Dominios, no que se refere á legislação social.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Régis de Oliveira

N P

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 17 de Junho de 1937.

No.229

A proxima visita a Londres do Barão von Neurath.

900.1(600) Sodeje

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Comunicações
6 JUL. 937
No 08033

Senhor Ministro,

Cada vez mais adquire fóros de realidade a politica de harmonia, do ponto de vista internacional, entre os paizes de maior preponderancia na Europa, principalmente após a conclusão do accordo entre a Gran-Bretanha, a França e a Allemanha. Tudo, pois, parece indicar um favoravel desenvolvimento da politica de cooperação. O recente communicado official do Governo britannico, annunciando a visita, a Londres, do Barão von Neurath, no dia 23 do corrente, é considerado, nos meios internacionaes, de grande alcance politico. Admitte-se, por isso, a versão de que a Allemanha está francamente inclinada a não criar nenhum obstaculo ao espirito de cooperação com as demais nações, salvo, talvez, com a Russia sovietica. Isso evidencia o desejo do Reich - desejo de ha muito manifestado - de sahir, por assim dizer, do "isolamento a que se entregára voluntariamente" e de reiniciar, ao mesmo tempo, com o maior interesse, "o jogo europeu".

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

MGRS

europeu".

2. A politica italo-allemã, tal e qual foi estabelecida no mez de Outubro ultimo, não modificou, em nada, o principio fundamental da Allemanha, isto é, o principio de "acção exterior do Reich" e da bôa vontade de Berlim em acceitar a proposição britannica. Essa proposição visa, como se sabe, manter a segurança das forças navaes dos principaes paizes encarregados do "contrôle" nas aguas espanholas. A imprensa londrina, a esse proposito, insinua que a perspectiva de ralações mais estreitas entre a Inglaterra e a Allemanha muito contribuirá para aclarar, ainda mais, o ambiente europeu. É bem verdade que o communicado britannico não precisa nenhuma idéa de negociação, mas se espera que a visita do Barão von Neurath dê ensejo a um importante estudo das questões de interesse commum e, especialmente, no tocante ao problema espanhol. Este ultimo ponto é, com effeito, o primeiro a ser solucionado, pois, subsistindo, como subsistem, riscos de graves consequencias para a paz européa, torna-se quasi impossivel chegar-se a um accordo seguro e satisfactorio.

3. Ha quem affirme que o Senhor Anthony Eden, servindo-se dessa opportunidade, conversará com o Barão von Neurath a proposito de uma melhor organização de "contrôle" nas fronteiras maritimas e terrestres da Espanha, do chamamento de voluntarios estrangeiros e, emfim, dos meios de pôr fim á guerra civil. Mas é provavel que os dois Ministros dos Negocios Estrangeiros tenham outros objectivos e entre esses, possivelmente, o da conclusão de um novo pacto occidental destinado a substituir o Tratado de Locarno. Como não se ignora, a Gran-Bretanha empresta uma importancia capital a esse projecto, não sómente visando a estabilidade do Occidente mas, tambem, por constituir logicamente a primeira etapa de uma base geral para consolidar a paz na Europa.

4. Outra idéa que a politica britannica nunca perdeu

perdeu de vista, é a da volta da Allemanha á Genebra, circumstancia essa que viria prestigiar a Sociedade das Nações. De facto, com a participação da Allemanha no Conselho e na Assembléa daquelle instituto internacional, a solução de todos os problemas europeus seria, sem duvida, enormemente facilitada.. Entretanto, torna-se difficil, neste momento, affirmar, com segurança, o resultado da conferencia, pois as conversações entre os dois Ministros dos Negocios Estrangeiros poderão tomar um rumo que não o até agora indicado pelos observadores internacionaes. Para melhor julgamento, aguardemos, assim, a visita do Barão von Neurath.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Regi dos Santos

NP

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 17 de Junho de 1937.

No.234

A expulsão dos missionarios inglezes da Abyssinia.

7(62).(11)55
L/3

MINISTERIO DAS RELAÇÕES EXTERIORES
Communicações
6 JUL. 1937
No 08033

Senhor Ministro,

Respondendo, na sessão de Segunda-Feira na Camara dos Communs, ao deputado trabalhista Arthur Henderson que o interpelava, a proposito da propalada noticia da expulsão dos missionarios britannicos da Ethiopia, o Senhor Eden declarou sentir annunciar que, em seguimento a prolongadas negociações proseguidas com o Governo italiano, este ultimo informára ao Gabinete de Londres que se propunha a não confiar a qualquer estrangeiro - sem discriminação de fé - o cuidado de estabelecer escolas na Ethiopia.

2. Notar-se-á assim, proseguiu o Senhor Eden na sua resposta, "que tal decisão concerne a todas as missões estrangeiras, sem especificação de culto". Proseguiu ainda o Secretario de Estado affirmando que o Governo de Roma tornára entretanto conhecido o seguinte: "se as missões religiosas britannicas desejarem emprehender apenas uma obra humanitaria, não cultural, poderia elle encarar novamente a questão."

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

MCRS

questão."

3. O Secretario de Estado dos Negocios Estrangeiros continuou declarando que o Governo britannico lamenta tal decisão, que, em principio, não approva. O Governo de Sua Majestade não costuma deixar uma questão de nacionalidade affectar a obra de missões religiosas existentes em territorios collocados sob o seu mandato. Mas, visto como o Governo italiano adoptou tal attitude, o Gabinete de Londres se reserva o direito de considerar a adopção de medidas analogas em todos os territorios administrados pela Gran-Bretanha.

4. Termina o Senhor Eden accrescentando que julga comprehender que a decisão do Governo se applica a todas as missões religiosas estrangeiras, inclusive ás missões religiosas francezas e norte-americanas. O deputado Henderson indagou então do Chefe do Foreign Office, se não acreditava que a attitude de Roma constituisse uma violação ao artigo 2º do Pacto. Mas o Senhor Eden pediu, conforme lhe faculta a rotina parlamentar, que a interpellação voltasse mais tarde.

5. É fóra de duvida, Senhor Ministro, que o incidente poderá trazer maiores e mais serias complicações futuras.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Régis de Oliveira

NP

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 17 de Junho de 1937.

No.235

O Accordo de Londres.

601.3(84)
36

M. DOS E. DAS RELAÇÕES EXTERIORES
Serviço de Informações
6 JUL. 1937
No 08033

Senhor Ministro,

O accordo internacional realizado a 12 do corrente nesta capital, accordo esse que vem de concluir, de modo satisfactorio, as conversações, havidas até então, entre o Senhor Anthony Eden e os Embaixacores da França, da Allemanha e da Italia, abre um novo caminho, em condições mais seguras, para a politica de não intervenção na guerra civil da Espanha. O accordo em apreço revela, além do mais, um grande successo para a diplomacia britannica, tanto mais quanto o seu feliz resultado provem de uma conducta irreprehensivel do Foreign Office. De um modo geral, pode-se admitir que o desejo de paz das principaes nações - como se observa na hora presente - constitue indubitavelmente uma enorme força moral no estado actual da Europa. Parece, portanto, que nenhum Governo, a despeito de certas apparencias contradictorias, pretende explorar a guerra civil da Espanha, com o intuito de provocar uma crise européa.

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

MGRS

européa.

2. Tendo sido o accordo - entre Londres, Paris, Berlim e Roma - inspirado no principio de solidariedade das forças dos quatro poderes associados no contrôle naval, nada mais faltaria senão estabelecer os termos de uma formula simples e precisa sobre os differentes aspectos da questão. Essa delicada tarefa coube, em boa hora, aos Senhores Anthony Eden, Charles Corbin, Von Ribbentrop e Conde Grandi. Facilmente se deduz que esse trabalho, dado a sua complexidade, exigiu longos dias de estudos que, feitos numa atmosphera de confiança reciproca, versaram sobre todos os elementos moraes, politicos e technicos do problema. Publicou-se, assim, um communicado para annunciar officialmente que os termos de certa nota que deve ser dirigida aos dois partidos espanhóes foram approvados e transmittidos, em seguida, ao Presidente do Comité de não-intervenção, afim de que os seus demais membros della tenham conhecimento.

3. Está, portanto, definitivamente assentado o organismo que, doravante, assumirá inteira responsabilidade de todos os actos relativos a qualquer classe de intervenção, tanto directa como indirectamente, na guerra civil da Espanha.

4. As condições do referido accordo já foram, em linhas geraes, inseridas nos meus officios anteriores: si, a despeito de qualquer explicação de um dos partidos em luta, novos incidentes vierem a se produzir, os quatro Governos interessados tomarão immediatamente, em harmonia de vista, as medidas julgadas necessarias ao caso. Essa maneira de agir, porém, não exclue, bem entendido, o direito de legitima defesa, direito esse que sempre foi reconhecido pelo Comité de não-intervenção. Mas, por outro lado, nenhuma repressão poderá ser tomada antes do pronunciamento dos poderes signatarios do Accordo de Londres. O direito de legitima defesa é incontestavel a qualquer navio de guerra. Em caso de aggressão, po-

porém, a um dos navios dos quatro paizes encarregados do contrôle nas costas espanhoes, considerar-se-á acto de hostilidade contra todas as forças navaes daquellas nações.

5. Indiscutivelmente não se pode deixar de applaudir, com enthusiasmo, o espirito de conciliação, que ora predomina, no campo internacional. Encontra-se, desde logo, um exemplo flagrante que bem diz do valor da cooperação dos Governos de Londres, Paris, Berlim e Roma: o accordo de não-intervenção, por mais imperfeito que elle seja, já impediu, por si só, que o conflicto espanhol, na sua phase mais aguda, se degenerasse em guerra européa.

6. A tragica aventura espanhola, que tão perigosamente vem pertubando a tranquillidade da Europa, forneceu pelo menos a opportunidade de mostrar ao mundo que ainda existe, apesar de tudo, entre as nações cultas, uma forte e expressiva tendencia para o pacifismo, que é, sem duvida, o mais nobre ideal dos povos civilisados.

Tenho a honra de remetter a Vossa Excellencia diversos recortes do "Times", que tratam do assumpto acima.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafael de Sousa

Emb.Londres/235/1937/Annexo

"THE TIMES"

Londres, 14 de Junho de 1937.

Imperial and Foreign

SPANISH COAST PATROL

FOUR POWERS IN AGREEMENT

From Our Diplomatic Correspondent

After further consultations on Saturday, lasting from 11 a.m. till 1.30 p.m. and from 4 p.m. till 5.45 p.m., Mr. Eden and the French, German, and Italian Ambassadors reached full and final agreement on texts embodying provisions for the security of the four control fleets patrolling the Spanish coasts, explaining the principles by which their collaboration will be guided, and indicating their readiness to discuss improvements of the naval supervision scheme in the Non-Intervention Committee.

Germany and Italy will, of course, delay their return to the Committee and to the naval patrol work until the two authorities in Spain have given the assurances required from them, which form an integral part of the agreed guarantees against any recurrence of such incidents as the attack on the German battleship Deutschland.

The texts which received the final assent of the four Powers are two in number. The first is that of the agreement on guarantees, which will be submitted by the British Government to the two Spanish authorities early this week with the request that they give the required assurances. The second is an annex, of peculiar interest to the Non-Intervention Committee and not to be submitted to the Spanish authorities, explaining the principles that will govern consultation between the four Powers in the event of any future attack, and indicating their willingness to contribute constructive suggestions to a discussion in the Non-Intervention Committee of methods for internationalizing and coordinating the naval patrol system.

SAFETY ZONES

Both these documents have been promptly communicated, on grounds of courtesy, to Lord Plymouth, the chairman of the Non-Intervention Committee (who returned from his Baltic tour on Friday night), and by his instructions have been circulated to all other members of the Committee. The texts will not be published until after the receipt of the first document by the Valencia and Salamanca Governments.

The agreement on guarantees conforms closely to the latest adaptation of the

ITALY AND THE NEW AGREEMENT

PRAISE FOR MR. EDEN

FROM OUR OWN CORRESPONDENT

ROME, JUNE 13

Profound satisfaction is felt here that an agreement should have been reached in London in connexion with the international naval patrol. No little credit is taken here for the "moderation" of the German and Italian reactions to the acts of aggression against their ships, and it is claimed that if Germany and Italy had not kept their heads yesterday's agreement would have been infinitely more difficult, if not impossible, of attainment.

It is considered that after the searching discussions of the negotiators there cannot remain any doubt of interpretation or of application. So far as the four interested Powers are concerned, good sense is held to have triumphed, and unusually warm terms of praise are lavished upon the British Government, Mr. Eden being praised for having understood so thoroughly the justice of the Italian and German cases and for having rejected those suggested compromises which would have retarded, if not have prevented, the re-formation of a common front. In particular the Italians are delighted that the British Government should have given short shrift to the various "Sovietic" proposals which are suspected here as having been inspired by the desire to promote discord rather than agreement.

There is an evident feeling, however, that all danger of complications has not yet been removed. Misgivings have been aroused by the terms in which President Lebrun replied to the address of the new Ambassador in Paris of the Valencia Government, and rumours of the impending dispatch of a flotilla of Russian submarines to attack Italian and German submarines are described as constituting an "unheard-of provocation." Nevertheless, the events of the last few days in Russia are judged to be favourable to the Italo-German cause. Even if M. Stalin has definitely triumphed over his enemies, the Red Army, it is considered must feel for some time the effect of the executions and arrests of so many prominent officers.

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The agreement on guarantees conforms closely to the latest adaptation of the original British proposals, as indicated in *The Times* at the close of the preparatory diplomatic correspondence between the four capitals, and preserves the essential principles of the earliest draft. Its provisions, therefore, are threefold: —

(1) At the request of the four Powers the two authorities in Spain are to give assurances that they will respect the naval control units and establish an extended system of safety zones in Spanish waters where ships can lie at anchor without risk of being exposed to military operations.

(2) The two authorities in Spain are to give binding assurances that they will do their utmost to prevent any recurrence of incidents involving the ships of the four Powers, this to include strict instructions to the naval and air forces.

(3) The four Powers agree that, in the event of any future attack, independently of measures of self-defence taken on the spot they will at once consult upon measures to be taken in concert; in so doing, they will naturally take into consideration the opinions which the Power attacked has the right to make known concerning the line of action which should be followed.

NEUTRAL OBSERVERS

The second document explains that while the four Powers are requiring certain assurances from the parties in Spain, they themselves are agreed to do their part in preventing incidents, this implying that they will be at pains to provide no pretext for them. In this connexion a clearer definition of refuelling arrangements for the control fleets in Spanish waters suggests itself for consideration as a concrete measure. If, failing agreement through consultation on concerted action, the Power attacked decides to take independent measures, the other Powers, it is explained, will not share in the responsibility for such action and a new situation will have arisen.

The measures for giving greater emphasis to the international character of the naval patrol work and increasing its cohesion, which the four Powers express their willingness to discuss in a constructive spirit, would be chiefly to give effect to the French proposal, assured of independent British support, that the naval patrols should be accompanied by neutral observers.

THE SPANISH ATTITUDE

The great advantage of the consultative procedure is that diplomatic consultation, although prompt, will of necessity impose a short delay during which facts may be ascertained, tempers may cool, and the interested Powers, having renounced immediate reprisals, may agree on concerted measures which will command general approval. The authorities in Spain are not expected to hesitate in giving the assurances required from them, and there is held to be an excellent chance that the new arrangements will effectively prevent further incidents. But if, in spite of these arrangements, an incident should occur, the naval Powers will have the best possible opportunity and strong inducement to preserve their concord.

ITALIAN CASUALTIES IN SPAIN

2,650 IN TEN MARCH DAYS

FROM OUR OWN CORRESPONDENT

ROME, JUNE 13

A list containing the names of 175 Italian legionaries killed on the Madrid front between March 8 and 18 was published yesterday under the heading "In defence of Fascist civilization," which now takes the place of the former heading, "In defence of European civilization." A second list issued to-day, covering the same front and period, gives the names of another 231 killed, 1,994 wounded (of whom 123 were officers), and 250 missing.

those suggested compromises which would have retarded, if not have prevented, the re-formation of a common front. In particular the Italians are delighted that the British Government should have given short shrift to the various "Sovietic" proposals which are suspected here as having been inspired by the desire to promote discord rather than agreement.

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Emb.Londres/235/1937/Annexo

"THE TIMES"

Londres, 14 de Junho de 1937.

The Watch Round Spain

The agreement reached on Saturday for assuring the safety of the ships engaged in the naval patrol round Spain should enable Germany and Italy to resume their cooperation, which has been interrupted since the attack upon the Deutschland a fortnight ago. Both sides in the Spanish civil war will be asked to give strict instructions to their commanders to prevent the recurrence of such incidents and to provide safety zones in Spanish ports which the patrolling ships can use for fuelling or other purposes without risk of molestation. As a further precaution the four Powers agree in case of any attack upon one of their ships to consult together at once as to the steps they should take in concert. Since the four navies are engaged in a common task an attack upon one is necessarily an attack upon all. The practical recognition of this principle does not deprive the ship against which the offence is committed of the right to defend itself, nor bind the Government immediately concerned to accept as adequate the steps which the others may regard as reasonable. It is hoped that the two parties in Spain, to whom the agreement is being communicated, will give without delay the assurances required, thus enabling Germany and Italy to resume their place in the patrol and in the Non-Intervention Committee.

The important point about the agreement is that by meeting a legitimate demand for security it provides an opportunity for an exchange of views between the four Powers before any one of them crosses the line between self-defence and reprisals. By an understanding among themselves the Governments engage for their part to do what they can to avoid anything which might produce incidents. When the Committee meets it will be able to discuss suggestions for coordinating the work of the naval patrols and for emphasizing its international character. Common sense excludes the idea of entrusting it to a mixed fleet under a single command. More practicable are the proposals that the patrolling ships should be given a common identification mark plainly visible, just as they already fly a common flag, and that observers of a different nationality should be carried on board, whose presence would do away with any suspicion of partiality. It is important that every obstacle to the smooth working of the control scheme should be removed as soon as possible, leaving the way clear for a serious effort to arrange for the withdrawal from Spain of the foreign combatants, whose continued presence can only prolong and embitter the conflict.

Emb.Londres/235/1937/Annexo

"THE TIMES"

Londres, 15 de Junho de 1937.

against 5.6 per

CONTROL OF SPANISH COASTS

AGREEMENT SUBMITTED TO COMBATANTS

FROM OUR DIPLOMATIC CORRESPONDENT

It was stated yesterday afternoon that the terms of the four-Power agreement on guarantees for the security of the control fleets off the Spanish coasts, together with formal requests for the specific assurances required from the two Spanish authorities, would be communicated through British diplomatic channels to Salamanca and Valencia within the next 24 hours.

Affirmative replies are expected, and it is hoped that they will be given with all possible speed in order that the return of Germany and Italy to the Non-Intervention Committee and the naval patrols, from both of which they withdrew after the Deutschland incident, may not be delayed any longer than is necessary for the telegraphic exchange of documents between London and the seats of the two Spanish Governments.

Emb.Londres/235/1937/Annexo

"THE TIMES"

Londres, 15 de Junho de 1937.

FOUR-POWER AGREEMENT

Mr. EDEN, replying to Mr. GRAHAM WHITE (Birkenhead, E., L.) and to Mr. THURTLE (Shoreditch, Lab.), said.—The discussions which have been proceeding between the four Powers taking part in the naval patrol resulted on Saturday in an agreement on the text of communications to be made to the two parties in Spain, with a view to obtaining the guarantees necessary for the continued safe operation of the patrol. These texts have been communicated to the Non-Intervention Committee, and will be forwarded to the two parties in Spain by his Majesty's Government on behalf of the four Powers.

Mr. WEDGWOOD BENN (Manchester, Gorton, Lab.).—Does this agreement allow any latitude to individual Powers taking part in the scheme to take individual action apart from any concerted action which may be agreed upon ?

Mr. EDEN.—I do not think I ought to give any details of the proposal until they are made public, as they will be as soon as possible.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 18 de Junho de 1937.

EC

No.240

A Conferencia Imperial
e os Accordos de Ottawa.

MINISTERIO DAS RELAÇÕES EXTERIORES
6 JUL. 1937
No 08033

810.(60) Madeje

Senhor Ministro,

Em additamento ao meu officio nº 228, de 16 do corrente, sobre a Conferencia Imperial que acaba de encerrar as suas sessões, remetto a Vossa Excellencia os cinco recortes annexos do "Times", de 5, 8, 10 e 16 deste mez, contendo noticias sobre o assumpto.

2. Um dos objectivos mais importantes do Governo britannico na Conferencia foi encontrar uma base que lhe permittisse iniciar as negociações formaes para um novo tratado commercial com os Estados Unidos. Aos technicos addidos ás pessoas dos delegados principaes na Conferencia coube a tarefa de estudar as propostas americanas. Nada se sabe evidentemente de concreto a esse respeito, mas é claro que si as conversações anglo-americanas se limitassem unicamente ás tarifas aduaneiras e aos productores dos Dominios fossem exigidas apenas concessões para as quaes não houvesse um contravalor visivel e immediato, os Governos dos Dominios

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

MGRS

Dominios teriam ficado em situação difficil diante da opinião publica de seus paizes. Assim as conversações anglo-americanas devem ter abrangido mais: provavelmente a perspectiva de uma eventual cooperação economica abraçando todo o territorio do imperio britannico e dos Estados Unidos, incluindo assumptos como a politica monetaria, o nivel de preços e o restabelecimento da possibilidade de emprestimos estrangeiros. E certamente sob esse ponto de vista é que as propostas americanas foram apresentadas e discutidas pelos delegados da "British Commonwealth".

3. Simples concessões tarifarias por parte da Gran-Bretanha aos Estados Unidos não poderiam, effectivamente, ser justificadas perante a opinião publica ingleza ou a dos Dominios, sendo facil de mostrar que este paiz importa muito mais dos Estados Unidos que o que vende áquella nação - nos annos de 1924 e 1929 o balanço desfavoravel para a Inglaterra alcançava uma media de £154.000.000 por anno. É esse o ponto de vista defendido por Senhor Amery, deputado por Birmingham, centro industrial da Inglaterra, e assim o declarou em discurso no Parlamento a 9 do corrente.

4. Muito interessante é, a esse proposito, a carta que o mesmo Senhor Amery dirigiu ao "Times", e que foi publicada na edição de 8 do corrente do dito jornal. Na alludida carta o deputado por Birmingham manifesta o seu descontentamento com a orientação adoptada pelo Governo britannico, dizendo-a completamente contradictoria com a attitude que precedeu a assignatura dos accordos de Ottawa. Affirma que "A classificação economica propriamente dita da politica incorporada nos Accordos de Ottawa foi se fortalecendo não somente em consequencia do crescente nacionalismo economico dos demais paizes como ainda pela gravidade cada vez maior do problema da nossa defesa commum".

5. Parece que a opinião expressa na carta acima commentada foi tambem a dos delegados imperiaes que representaram a

o Canada, a Australia, a União Sul Africana, a Nova Zelandia, a India e a Rhodesia do Sul na capital da Metropole. Claro é que não se chegou a nenhum entendimento concreto. Não era evidentemente facil a tarefa - o problema apresentava muitos prismas differentes: as concessões da Inglaterra aos Estados Unidos deviam angariar o assentimento dos interessados inglezes e o dos Dominios. Estes, por sua vez, deviam concordar entre si. Ora, haja visto a enorme variedade de productos do immenso territorio controlado pelo Imperio britannico e, sobretudo, o facto de que os Estados Unidos figuram entre os maiores exportadores de materias primas, é quasi impossivel conceber a conciliação de tantos interesses divergentes.

6. Resumindo, pode-se affirmar que visto sob o angulo das relações commerciaes anglo-americanas a Conferencia Imperial não deu o que da mesma esperavam os optimistas, antes justificando as previsões dos que difficilmente admittiam a possibilidade de approximação economica com os Estados Unidos e o simultaneo estreitamento dos vinculos politicos entre os compoentes da "British Commonwealth of Nations".

Tenho a honra de reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Reji dos Santos

Emb.Londres/240/1937/Annexo

"THE TIMES"

Londres, 16 de Junho de 1937.

CONFERENCE ENDED

A MESSAGE FROM THE KING

PEACE POLICY OF THE EMPIRE

The Imperial Conference ended yesterday morning, when the delegates met in plenary session at St. James's Palace to approve the summary of proceedings prepared by the principal delegates. At the close of the proceedings, which were held in private, the following official communiqué was issued:—

The final plenary session was held in Queen Anne's Room at St. James's Palace at 10.15 this morning.

Mr. Chamberlain, who presided, moved, and Mr. Mackenzie King seconded, a loyal address to his Majesty the King, Emperor of India, which was dispatched forthwith.

Mr. Mackenzie King moved, and Mr. Lyons seconded, a resolution expressing appreciation of the work accomplished by the committees and sub-committees of the conference.

Mr. Chamberlain then put from the chair a resolution in which the Prime Minister of the United Kingdom, on behalf of his colleagues of the United Kingdom delegation, expressed the pleasure he had felt in welcoming the Prime Ministers of the Dominions and other representatives from overseas, and they on their part pledged on record their thanks to Earl Baldwin of Bewdley and to Mr. Chamberlain for their services in the chair.

The resolution concluded with an expression of trust that the work which had been accomplished might prove of lasting benefit to all the countries of the Commonwealth.

The Prime Minister of Canada then made his concluding speech, followed by the Prime Ministers of the Commonwealth of Australia, New Zealand, and the Union of South Africa, and Sir Muhammad Zafrullah Khan on behalf of the Indian Delegation.

After short statements had been made by the Prime Minister of Southern Rhodesia and the Chief Minister of Burma, Mr. Chamberlain made the concluding speech of the Conference.

Mr. Chamberlain read a gracious reply which had been received from his Majesty to the address sent him by the Conference.

The draft report of the proceedings was approved, and it was agreed that it should be issued to the Press at the conclusion of the Conference.

The proceedings then terminated.

"HAPPY MEMORIES"

THE KING ON A WELCOME OPPORTUNITY

The following is the text of the delegates' address to the King:—

"To his Majesty the King, Emperor of India.

"We, the Prime Ministers and Representatives of the Governments and Delegations of the British Commonwealth of Nations, who during the last few weeks have been assembled together in Imperial Conference, desire at the conclusion of our labours to express to your Majesty on behalf of your subjects and on behalf of the people we represent our loyalty and devotion to your Majesty.

"We first met under Queen Victoria's revered and beloved name, and we have had the honour of meeting your Majesty and the Queen many times in the course of the years that have passed. Each time we have been welcomed by your Majesty and Her Majesty with the same warmth of affection and kindness, and we have always felt that we were welcomed not only as the representatives of the various countries of the British Commonwealth, but as friends whom your Majesty and Her Majesty were glad to see. We have always felt that we were welcomed not only as the representatives of the various countries of the British Commonwealth, but as friends whom your Majesty and Her Majesty were glad to see.

"

The Prime Minister of Canada then made his concluding speech, followed by the Prime Ministers of the Commonwealth of Australia, New Zealand, and the Union of South Africa, and Sir Muhammad Zafrullah Khan on behalf of the Indian Delegation.

After short statements had been made by the Prime Minister of Southern Rhodesia and the Chief Minister of Burma, Mr. Chamberlain made the concluding speech of the Conference.

Mr. Chamberlain read a gracious reply which had been received from his Majesty to the address sent him by the Conference.

The draft report of the proceedings was approved, and it was agreed that it should be issued to the Press at the conclusion of the Conference.

The proceedings then terminated.

"HAPPY MEMORIES"

THE KING ON A WELCOME OPPORTUNITY

The following is the text of the delegates' address to the King:—

To his Majesty the King, Emperor of India.

We, the Prime Ministers and Representatives of the Governments of the British Commonwealth of Nations, who during the last few weeks have been assembled together in Imperial Conference, desire at the conclusion of our labours to express once again, on our own behalf and on behalf of the peoples we represent, our loyalty and devotion to your Majesty.

We pray that under Divine Providence your Majesty and her Majesty the Queen may long continue to preside over the destinies of the nations of the British Commonwealth, and that in that high task your Majesties, whose Coronation it has been our privilege to attend, may ever find inspiration in the devotion and affection of your loyal subjects, which was so strikingly manifested on that happy occasion.

HIS MAJESTY'S REPLY

The King's reply, which was read by the chairman at the close of the proceedings, was as follows:—

I sincerely thank the Prime Ministers and Representatives of the Governments of the British Commonwealth of Nations for their address to me from the final session of the Imperial Conference. The Queen and I greatly appreciate the generous terms of their message and the good wishes to which it gives expression.

I earnestly trust that the happiness and prosperity of my Peoples in all parts of the Commonwealth may be enhanced as the result of the deliberations of the Conference. For my part it has given me a very welcome opportunity, which has also been of the utmost value to me, of meeting my Ministers and other representatives of the Empire at the very outset of my Reign.

The Queen and I wish the Members of the Conference God-speed and a safe return to their homes. We hope that they will take back with them the same happy memories as we shall always retain of their visit to this country in our Coronation Year.

CLOSING SPEECHES

EMPIRE AND WORLD NEEDS

The following account of the speeches at the closing session is extracted from an official report:—

Mr. MACKENZIE KING (Prime Minister of Canada) said that the present Imperial Conference was unique in having had as chairmen two Prime Ministers of the United Kingdom. After an appreciative reference to the services of Lord Baldwin, he spoke of the pleasure it had given all the delegates to be so closely associated with Mr. Chamberlain in the work of the Conference. Mr. Mackenzie King referred particularly to the perception, understanding, and judgment Mr. Chamberlain had invariably disclosed in conducting its proceedings. Speaking of the Coronation, he said that the unity of which the Crown was the symbol and the assurance had been reflected in the oneness of outlook and in the community of spirit which had pervaded the Conference. Their deliberations had emphasized once more the effectiveness of reason and cooperation as an alternative to force in the conduct of international relations. They had demonstrated anew how peoples pursuing common ideals, but preserving the full measure of their independence, could find means of working together for the common good.

BETTER UNDERSTANDING

The task of an Imperial Conference had been well defined as that of considering whether the several Governments represented, while preserving their individual rights of decision and action, could coordinate their various policies in such a way as to assist one another and help forward the cause of peace. Its function was not to formulate or declare policy. Its value lay mainly in the free exchange of information and opinion; in furnishing the representatives of the several Governments with more adequate knowledge of the problems, the difficulties, the aspirations, the attitudes of other members of the British Commonwealth of Nations; and in giving that direct and immediate understanding of the national and personal factors in the situation which could not well be obtained by any other country that will work toward the same ends. We are confident that the good will that has been marked in our discussions will find opportunity for expression in other fields as well.

At this time of grave international unrest and anxiety, we have sought, throughout, to avoid in phrase or gesture, anything which might add to existing difficulties. Indeed, we have reason to hope that the principles which we have reaffirmed, and the views to which we have given expression, may contribute not a little to a better understanding among all nations, and to a more fruitful collaboration between them. While, naturally, we have given careful study to problems affecting members of the Commonwealth, we have examined them, not in any narrow spirit, but in the light of world need. Above everything, our discussions have disclosed how inseparable is the welfare of each member, and of the Commonwealth as a whole, from the peace and well-being of mankind.

DEFENCE AND FOREIGN POLICY

AUSTRALIAN APPRECIATION

Mr. J. A. LYONS (Prime Minister of Australia), after expressing Australian appreciation of Mr. Chamberlain's helpfulness, said that they went into the Conference realizing that their task was to show that it was on the basis of free cooperation that the unity and solidarity of the British Empire could best be maintained, and, looking back, he said without hesitation that they had emerged triumphantly. They had shown that the forebodings of those who felt that recent constitutional developments might lead to the disruption of the British Empire were without foundation, and they had again demonstrated the common sense and genius for self-government of the British peoples.

There had been the freest expression of views by the representatives of all parts of the Empire. There had been no attempt to shirk difficulties or to avoid facing differences of opinion. The outstanding feature of the deliberations had been the good nature, tolerance, and understanding shown by all the delegations towards each other's difficulties.

This Conference had put the coping stone upon the work of the 1926 Imperial Conference, and would, he believed, go down to history as the one at which the successful application of the principles for which the British Commonwealth of Nations stood was first clearly demonstrated.

A CLEARER INSIGHT

On the most important questions dealt with—international affairs and defence—there was no divergence on fundamental principles. On the contrary, there was remarkable unanimity. As to methods there were differences of opinion, which led to healthy discussions. From that exchange of views they had all derived great benefit and had been enabled to see the problems in clearer perspective.

On no question was this truer than in regard to international relations. As a result of the personal and frank discussions which took place at the Conference, the Dominions obtained a clearer understanding of the difficulties that have confronted Britain in her foreign policy during the past few years, and a clearer insight into the reasons and causes which had governed her actions. The very full, clear, and frank statements which were made to the Conference on behalf of the British Government brought home to all of them how unwearyingly and unremittingly the United Kingdom Government had striven during the recent difficult years for peace and the ideals for which all the members of the British Commonwealth of Nations stood. On the other hand, he was convinced that the United Kingdom Government had obtained a clearer picture of the points of view and attitude of mind of the different Dominions towards international affairs and the many complex problems associated with foreign policy.

PACIFIC PACT PROPOSAL

The delegates from Australia felt that the Conference statement on foreign affairs should have a beneficial effect upon the international situation and constitute a real contribution towards the cause of world peace. He wished to add how grateful Australian delegates were for the sympathetic way in which other delegations had received their proposal regarding a pact of non-aggression for the countries of the Pacific. The cordiality of that reception had been echoed by the Press and, they felt confident, by public opinion generally.

The frank exchange of views on defence had been most advantageous to all parts of the Empire. The fullest examination of the possibilities of consultation and cooperation was undertaken by the Conference. The very full and frank statements made on behalf of the United Kingdom Government brought home, he thought, to all the Dominions how resolutely it was facing the tragic task of rearmament, and how grievous was the burden imposed upon the people of Great Britain by the necessity to provide adequate defence. Australia deeply appreciated what Great Britain was doing and recognized how greatly her action was contributing to the safety and security of the Dominions and the peace of the world. Australia would continue to provide to the maximum of her capacity for her own defence, while recognizing that her ultimate safety depended upon her membership of the British Empire.

LEAD TO OTHER NATIONS

Mr. M. J. SAVAGE (Prime Minister of New Zealand) said that he came to the Conference firmly convinced that a united British Commonwealth could bring about such a readjustment of the economic causes of war as to make international conflict highly improbable; and he was now more convinced than ever before of the great part that could be played by the British Commonwealth. The old contest for the balance of power in foreign affairs had been made clear beyond doubt that the dominant purpose of the Commonwealth was peace and that all their energies were bent towards securing and ensuring its permanence. That purpose animated every part of the Commonwealth, every Government represented there was willing and determined to cooperate in labouring to achieve it.

Both Defence and Foreign Affairs were subjects responsible which the Government of India was responsible, and even under the Federal Constitution would continue to be responsible, to the people of India, but to the United Kingdom Parliament; nevertheless Indian representatives had been glad to participate in the discussion of those subjects and to make their contribution with respect to them. India's ultimate political goal was equality of status with the Dominions, and therefore it was meet that during the period of transition her representatives should be associated with the representatives of the rest of the Empire in the discussion of these all-important matters. India was anxious to participate in those deliberations on the same footing as the Dominions, and he had no doubt that she was now within measurable distance of the realization of that desire. She was confident that, as she progressed towards that ideal, some of the anomalies affecting the treatment of her nationals in other parts of the Empire would be gradually eliminated. He was grateful for the courtesy and sympathy with which suggestions made by him on behalf of the Government of India concerning some of those matters had been received.

HARMONY IN VARIETY

Mr. G. M. HUGGINS (Prime Minister of Southern Rhodesia) said that Southern Rhodesia had for the first time taken her seat at an Imperial Conference. The position of her representatives has been that of observers, but it was sometimes said that onlookers saw most of the game. For a month representatives of the states comprising the British Empire had met and discussed subjects, of which several might fairly be called controversial. The delegates represented a variety of races and schools of political thought, yet the proceedings had been fruitful and harmonious. The countries represented were as free and as jealous of their freedom as any in the world, and the Imperial Conference was a proof that, with good will and an honest desire for concord, the idea behind the League of Nations could be made to succeed. The peoples of the Commonwealth of Nations had shown the rest of the world that it was possible to differ over details and yet to agree in essentials. Provided motives were sufficiently magnanimous and fair play and peace the ideals before the parties, there was no reason why anyone should "walk out." The analogy, however, was not perfect, because their affection and loyalty to the King were an inspiration and common bond, and his existence was the guarantee of their liberties.

Dr. BA MAW, Chief Minister of Burma, said that his visit to this country had been a memorable experience. It had meant new and happy personal relationships, a closer view of things, a truer appreciation of the value of free and equal cooperation.

"NO SECRETS"

PRESIDENT ON VALUE OF FRANK DISCUSSION

The PRESIDENT (Mr. Chamberlain), associating himself with the tributes paid by several of the speakers to the efficiency of the work of the Secretariat, said that to Sir Maurice Hankey and to Sir Harry Batterbee, the Deputy Secretary, and Sir Rupert Howorth, the Administrative Secretary, of the Conference and to their able and hard-working colleagues they were all greatly indebted for the smoothness and celerity with which the proceedings had been conducted. He proceeded:—

We began our labours under singularly happy auspices. When in future we look back again on the Conference of 1937 we shall all associate it with that magnificent ceremony of the Coronation, and the memory of a youthful King, newly faced with the responsibilities of his great task, solemnly dedicating himself to the service of all his Peoples, and that note of unanimity in cooperation under the King has been maintained throughout the whole of this momentous month during which we have sat together.

FAMILY GATHERING

In estimating the results of our labours there is no need to look for spectacular decisions or for startling changes in policy. Our Imperial Conferences differ, as it seems to me, from most international conferences in one important respect. They are not summoned to solve any particular problem or to achieve any specific result. They rather take the form of a series of family gatherings held at more or less regular intervals, at which the members of the family assemble together in order to exchange information, to examine the events of the past and the prospects of the future, and if in the course of their deliberations they can, by the personal contact of their minds, attain to a clearer understanding of one another's difficulties and problems, and, in the end, establish a general harmony of aims and of policy, then the objects of the Conference have been achieved and its members can separate with a renewed sense of comradeship and a fresh confidence in their united ability to forward the objects they have at heart.

Listening to the speeches which have been delivered this morning, and bearing in mind the real object of such a Conference, no one, I think, can feel any doubt that this Conference has been an unqualified success. We have not been afraid to speak to one another with complete frankness, or to assert our individual opinions where they differed from others, but the Summary of Proceedings which sets forth our conclusions demonstrates without a shadow of doubt that on all the big issues on which the welfare of mankind ultimately depends we think alike; and when you consider the nature of the countries whose representatives are gathered round this table, how

TRADE AGREEMENTS

The revision of the Inter-Imperial Trade Agreements which were concluded at Ottawa has not formed any part of our agenda, because we came to the conclusion that these were matters best discussed by conversations between individual members of the Conference, but we have recognized, and do all recognize, the important part that may be played in international appeasement by economic adjustments, and that in our united declaration of our desire to cooperate with other nations in examining the obstacles which prevent the freer flow of trade through international channels and in promoting the improvement in the standard of living which might be expected to follow therefrom, we have shown that a selfish and exclusive economic nationalism forms no part of our common creed.

I feel sure that the knowledge which we have each gained of one another's personalities, and our attitude towards the great issues which we have discussed, will greatly facilitate our cooperation in the future, and I trust that I am not alone in expressing the hope that no long period will elapse before the next family gathering takes place which brings us together once again.

INTERNATIONAL TRADE

STEP TO APPEASEMENT

The Principal Delegates undertook a "general review of the progress of Empire trade and allied questions." The record of their discussion says:—

Note was taken of a number of recent encouraging developments in the economic sphere; the Declaration of September, 1936, which the Governments of the United Kingdom, France, and the United States of America made in connexion with the devaluation of the franc, and in particular the statement of these Governments that they "attached the greatest importance to action being taken without delay to relax progressively the present system of quotas and exchange controls with a view to their abolition"; the informal investigation which the Belgian Prime Minister had been invited by the United Kingdom and French Governments to undertake as to the possibility of securing relaxations of quotas and other obstacles to international trade; and the steps taken by the United States Government in this connexion. It was hoped that every effort that would tend towards the promotion of international trade would be maintained and encouraged.

The outstanding feature of the discussion was the emphatic desire expressed by the representatives of every part of the British Commonwealth represented at the Conference that all practicable steps should be taken to secure the stimulation of international trade. It was recognized that in the last resort the prosperity of the countries of the Commonwealth depends on that of the world as a whole and that a healthy growth of international trade, accompanied by an improvement in the general standard of living, is an essential step to political appeasement.

THE NATIONALITY OF MARRIED WOMEN

NO AGREEMENT REACHED

The Committee on Constitutional Questions, over which Mr. Lapointe, Canadian Minister of Justice, presided, considered, among other matters, questions relating to the nationality of married women, which had been raised in Australia. The report adopted by the Conference says:—

The Australian and New Zealand delegations, in opening the discussion, called attention to the legislation recently passed in the Commonwealth of Australia and New Zealand which does not affect the common status of British subjects, but under which a woman who prior to her marriage was a British subject, but ceased to be a British subject by reason of her marriage to an alien, may retain within the Commonwealth of Australia or New Zealand respectively the political and other rights and liabilities of a British subject.

A full discussion took place on the various aspects of the whole question, including:—

(a) the enactment of legislation to provide that the nationality of married women should not necessarily be dependent on that of their husbands.

(b) the possibility of securing reciprocal arrangements on the basis of the general adoption of legislation on the lines of the Australian and New Zealand legislation, and

(c) the state of the law in countries outside the British Commonwealth.

It was not found possible to arrive at an agreement in favour of any change in the existing law. While therefore the Committee was unable to put forward any recommendations, it was assumed that the matter would be the subject of further consideration by and consultation between the respective Governments.

REARMAMENT

The statements made to the Conference by the Delegation of the United Kingdom concerning the rearmament programme of the United Kingdom reported the further developments in the organization of the Committee of Imperial Defence, notably in improving arrangements for joint planning between the three Defence Services and for the mobilization of industry. Facilities are always given to Dominion representatives to attend meetings of the Committee of Imperial Defence if they so desire, when questions of defence affecting their respective countries are under consideration. Attention was also drawn to the important progress made in recent years in the standardization by the Governments concerned of the training and equipment of the Defence Forces in different parts of the Empire, as well as in uniformity of administrative practice in defence matters. Reference was made to the increasing importance of the industrial side of defence owing to the progress of technical development in armaments, and emphasis was placed on the advantages attending cooperation in the production and supply of munitions and raw materials as well as of food and feeding stuffs to meet the several requirements of the United Kingdom, the Dominions and India, and the Colonial Empire.

The discussion was continued by the Delegations representing the Dominions and India. The Conference was informed of the developments in the Canadian Defence Forces from 1926 to the present time. After considerable reductions in 1931 increased appropriations had recently been made for the Defence Services of the Dominion. The strength of the Canadian Naval and Air Forces had been increased, the Militia had been completely reorganized, and a policy of modernization and mechanization of equipment had been adopted. The industrial aspect of defence preparations had received close attention and a Committee of the Cabinet had been appointed to maintain active supervision of defence problems.

AUSTRALIAN POLICY

The defence organization of the Commonwealth of Australia next received consideration. The basis of Australian defence policy was described as participation in Empire naval defence for the protection of sea-borne trade as a deterrent to invasion and as a general measure of defence against raids, combined with local defence to provide a further deterrent to and a defence against invasion and raids. The great importance from the Australian point of view on the Singapore base was noticed. The Conference was informed of the large increases in the defence votes in Australia under a Three Years' Programme commenced in 1934, and that a new Four Years' Programme overlapping the last year of the other Programme had been put in hand. It was stated that the guiding principles of the Imperial Conferences of 1923 and 1926 had been adopted by his Majesty's Government in the Commonwealth of Australia as the basis of its policy, and the main features of the programmes that sought to implement them were as follows:—

(i) Naval principles providing for the maintenance of adequate naval strength, and the provision of naval bases and facilities for repair and fuel.

The construction of a new cruiser and two new sloops.

The rearmament of the fixed defences and provision of air cooperation.

Facilities for naval repairs and oil storage.

(ii) Responsibility for Local Defence.

In addition to strengthening the fixed defences of the important ports, the Australian Government had recently provided a special increase in the Army vote to bring the Field Army of seven divisions up to its minimum nucleus establishment. The strength of the permanent forces was also being increased and improvements were being effected in the efficiency, armament, and equipment of the Army.

The Air Force would complete this year Part I of the scheme laid down by Sir John Salmond, and have a first line strength of eight squadrons and 96 aircraft.

The building up of the Munitions Supply organization had reached the stage that the Government Factories had developed the capacity for the production of the various types of the ordinary requirements of the Army, Navy, and Air Force, and these resources were being further expanded. A survey of civil industry was also being carried out to determine the possibilities of capacity for production, and to prepare plans for mobilizing its resources in an emergency.

The Government had recently arranged for the establishment of the aircraft industry on a sound basis and this would be an important adjunct to defence.

As affecting the whole field of defence, great importance was attached by the Australian Delegation to the development of cooperation in defence matters between the several parts of the British Commonwealth.

OTHER COUNTRIES

The Conference was informed that his Majesty's Government in New Zealand also attached the greatest importance to close cooperation in defence matters. The Government were anxious to make sure that expenditure on the three Services was properly balanced and laid out so as best to enable the New Zealand forces to act in the most efficient way possible not only in the local defence of their country but also in Commonwealth defence in cooperation with the forces of other countries of the Commonwealth. In this connexion great importance was attached to the Singapore base.

With regard to the Union of South Africa, it was recalled that matters of principle had been discussed and agreed between the Union

correspondence or indirect communication. In conferences between the members of the British Commonwealth of Nations there was so wide a measure of common background and common interest, of identity in political traditions and in the conceptions of the basis of an enduring world order, that a common approach was readily found.

It was essential to success that there should be frank and explicit expression of the special difficulties, the individual requirements, of each country represented. Without such straightforward expression of the position of each Government, no real progress could be made in meeting its difficulties and finding a basis for common effort. Each Dominion has a distinct geographical position, with all the consequences in differences of neighbours, differences in the nature of the international problems each has to face, differences of emphasis and preoccupation, that follow. Each has its special economic structure, its special racial background, its special constitutional and political problems. Those differences must receive full consideration in any responsible and realistic expression of their policies. There had been, in the present Conference, increasing recognition of those facts, and of the desirability of full statement of the views of the Government of each member. The family privilege of free and frank speech which they had enjoyed had contributed not only to a better understanding of the tasks and problems of the other members, but to the attainment of a sound and workable basis of cooperation. Mr. Mackenzie King added:—

STRIVING FOR PEACE

We have met at a time when events from week to week, sometimes from day to day, have brought vividly home to us the tension of the European situation, the difficulties that beset those who are striving to bring stability out of unrest, and confidence out of fear. Fortunately, also, we have seen how patient and unremitting are the efforts to repair the torn fabric of European unity, how widespread is the desire and the determination to ensure peace, how deep the reluctance to incur the incalculable hazards of war. This experience, as well as the help we have gained from our discussions among ourselves, will, I am certain, encourage and enable each of us to strive more effectively for the rebuilding of international friendship, and, beneath diversity, to seek unity, not only in our relations with other members of the Commonwealth, but in our relations with every other country that will work toward the same ends. We are confident that the good will that has been marked in our discussions will find opportunity for expression in other fields as well.

At this time of grave international unrest and anxiety, we have sought, throughout, to avoid in phrase or gesture, anything which might add to existing difficulties. We have reason to hope that the principles which we have reaffirmed, and the views to which we have given expression, may contribute not a little to a better understanding among all nations, and to a more fruitful collaboration between them. While, naturally, we have given careful study to problems affecting members of the Commonwealth, we have examined them, not in any narrow spirit, but in the light of world need. Above everything, our discussions have disclosed how inseparable is the welfare of each member, and of the Commonwealth as a whole, from the peace and well-being of mankind.

DEFENCE AND FOREIGN POLICY

AUSTRALIAN APPRECIATION

Mr. J. A. Lyons (Prime Minister of Australia), after expressing Australian appreciation of Mr. Chamberlain's helpfulness, said that they went into the Conference realizing that their task was to show that it was on the basis of free cooperation that the unity and solidarity of the British Empire could best be maintained, and, looking back, he said without hesitation that they had emerged triumphantly. They had shown that the freedoms of those who felt that recent constitutional developments might lead to the disruption of the British Empire were without foundation, and every day's session demonstrated the deepest sense and passion for self-government of the British peoples.

There had been the freest expression of views by the representatives of all parts of the Empire. There had been no attempt to gloss over difficulties or to attempt to force a point of view. The outstanding feature of the deliberations had been the good nature, the tolerance, and understanding shown by all the delegations towards each other's difficulties. The Conference had put a seal of approval upon the work of the 1926 Imperial Conference, and the 1930 Imperial Conference, and the 1931 Statute had been the logical outcome of the principles for which the British Commonwealth of Nations stood was more clearly demonstrated.

A CLEARER INSIGHT

On the most important questions dealt with—international affairs and defence—there was no difference on fundamentals or principles. On the contrary, there was remarkable unanimity of opinion, which led to healthy discussions. As to methods there were differences of opinion, which led to healthy discussions. From that exchange of views they had all derived great benefit and had been enabled to understand the problems in clearer perspective.

The one question was this: Was it better than in regard to international relations. As a result of the discussions at the Imperial Conference of 1926 they obtained a clearer understanding of the changing relationships of the Empire. They had had to face many difficult problems during the past few years, and which had governed the reasons for their decisions, and frank statements which were made in the Committee of Imperial Defence.

PACIFIC PACT PROPOSAL

[illegible]

"NO SECRETS"

PRESIDENT ON VALUE OF FRANK DISCUSSION

The President (Mr. Chamberlain), [illegible] stating himself was [illegible] of the Secretary of State for [illegible] Harvey and [illegible] Sir Harry Batterbee, the Administrator of [illegible] and Sir Rupert Howorth, [illegible] secretary, of the Conference [illegible] and hard-working colleagues [illegible] all greatly indebted for [illegible] with which the [illegible] been conducted. He [illegible]

[illegible] must not be allowed again to find a place in [illegible] the deliberations of mankind; and further [illegible] attempts to expand trade and renew the struggle for foreign markets without recourse must be abandoned. When he left England he would do so in the fervent hope that the British Commonwealth would do its utmost [illegible] to other nations before it was too late. They could if they would.

"NO FAVOURITES"

General J. B. M. Hertzog (Prime Minister of the Union of South Africa) said that he would leave the Conference with a feeling of great hope and confidence in its ultimate results. Having championed the cause of international world peace, they had assumed the onerous burden of so conducting themselves in all matters pertaining to their task that any action they might take should at once bear the proof of being inspired by what was required of them as trustees in the interest of the world and of humanity. If, therefore, their endeavours were to be successful the impartiality of their conduct would have to be above suspicion and their disinterestedness scrupulously maintained. The guardians of international world peace could have no favourites among the nations. In so far as the Commonwealth could prove itself true to this high conception of its duty and its mission, in a spirit of good will towards all nations, he had no doubt as to both their capacity and their competency for good during the years to come; nor as to the great and beneficent influence the British Commonwealth would be able to exercise in the maintenance of the peace of the world.

STATUS OF INDIA

Sir Muhammad Zafrullah Khan, on behalf of the Indian Delegation, said he was sure that a profound impression must have been created outside the Empire by the solidarity of the Empire in support of its common ideals which had been so forcibly illustrated during the last five weeks. To a troubled and harassed world nothing could furnish a more hopeful or reassuring augury for the maintenance and preservation of international peace than the spectacle of a united Empire cooperating towards securing that end. It had been made clear beyond doubt that the dominant purpose of the Commonwealth was peace and that all their energies were bent towards securing and ensuring its permanence. That purpose animated every part of the Commonwealth; every Government represented there was willing and determined to cooperate in achieving it.

Both Defence and Foreign Affairs were subjects respecting which the Government of India was, if possible, and even under the Federal Constitution would continue to be responsible, not to the people of India, but to the United Kingdom Parliament; nevertheless Indian representatives had been glad to participate in the discussion of those subjects and to make their contribution with respect to them. India's ultimate political goal was equality of status with the Dominions, and therefore it was meet that during the period of transition her representatives should be associated with the representatives of the rest of the Empire in the discussion of these all-important matters. India was anxious to participate in those deliberations on the same footing as the Dominions, and he had no doubt that she was now within measurable distance of the realization of that desire. She was confident that, as she progressed towards that ideal, some of the anomalies affecting the treatment of her nationals in other parts of the Empire would be gradually eliminated. He was grateful for the courtesy and sympathy with which suggestions made by him on behalf of the Government of India concerning some of those matters had been received.

HARMONY IN VARIETY

Mr. G. M. Huggins (Prime Minister of Southern Rhodesia) said that Southern Rhodesia had for the first time taken her seat as an Imperial Conference. The position of her representatives has been that of observers, but it was sometimes said that onlookers saw most of the game. For a month representatives of the States comprising the British Empire had met and discussed subjects, of which several might be called controversial. The discussions had embraced a variety of races and schools of political thought, yet the proceedings had been full of friendliness, and the countries represented were as free and as jealous of their freedom as any in the world, as the Imperial Conference was a proof that, with good will and an honest desire for concord, the idea behind the League of Nations could be made a success. The peoples of the Commonwealth of Nations had shown the world that it was possible to differ about details and methods, to agree in essentials, to voice motives with sufficient magnanimity and fair play and sufficient magnanimity to appreciate the ideals before the parties, there would be reason to anyone should [illegible] was out." The Commonwealth was analogy, however, was perfect, because their affection and loyalty to the King were an inspiration and consensus of their liberties. was the guarantee of

Dr. Ba Maw, Chief Minister of Burma, said that his visit to this country had been a memorable experience. It had opened new and happy personal relationships, a closer vision of the Commonwealth, and appreciation of the value of free and equal partnership.

Sir Harry Batterbee, the Administrator of Burma, and Sir Rupert Howorth, the Secretary, of the Conference, [illegible] and hard-working colleagues [illegible] all greatly indebted for [illegible] with which the [illegible] been conducted. He [illegible]

[illegible] literary, under dignitary [illegible] the Conference [illegible] Commonwealth [illegible] Minister of Justice, [illegible] among other matters, [illegible] to the nationality of married women [illegible] and [illegible] Conference [illegible]

[illegible] they are inhabited by many different races, speaking many different languages, with different climates, religions, conditions of neighbourhood, and separated by vast distances of sea and land, surely this solidarity of opinion is profoundly impressive, and cannot fail to exercise its influence far beyond the boundaries even of the British Empire.

In recalling our discussions about foreign relations and events, speakers this morning have commented with a unanimity which is very gratifying upon the value and the completeness of the information which has been laid before them by his Majesty's Government in the United Kingdom; and, in truth, we have had no secrets from you. We have felt that the fullest exposure of the facts was the completest justification for the actions which his Majesty's Government in the United Kingdom have from time to time deemed it necessary to take. The key-note of our policy in the sense as that which has been stressed over and over again in the first objective of every member of the Conference—namely, the maintenance of peace and the removal of the causes which have so long delayed the restoration of that confidence of the world. After this Conference we shall go forward to pursue our efforts to that end, fortified and encouraged by our contact with our fellow delegates and by the knowledge that we shall have their full support and approval in anything that we can do to help forward that most vital interest of us all.

In your outlook upon the world you have been gravely concerned to notice the deterioration in the international situation and the immense increase in armaments that has taken place since the beginning of this decade. This vast expenditure upon the weapons of destruction, which can bring no return in human progress or human happiness, is laying a terrible burden upon this and upon succeeding generations which cannot be contemplated without grief and consternation. All of us are agreed that we must lose no opportunity of trying to remove those fears and anxieties that are at the root of the mischief. We are, indeed, happy that among ourselves no such fears exist. War between any of us is unthinkable, and if we had to consider only the nations of the British Commonwealth there would be no need of armaments for any of us; but in the present condition of the world to undertake a unilateral disarmament would be to invite disaster, and in their determination to bring these defensive forces to a state of efficiency which they can maintain their security and fulfil their international obligations his Majesty's Government in the United Kingdom have good reason to believe that they are making a contribution of the most important character to the cause of peace. And in their turn we welcome the efforts of other partners in the Empire made with similar objects, and we are satisfied that in providing for their own security they are conducing also to the stability of the world, because no one doubts the sincerity of any of us when we declare, as we do in the report of our proceedings, that never will our forces be used for aggression or for any purpose which is inconsistent with the Covenant of the League.

TRADE AGREEMENTS

The revision of the Inter-Imperial Trade Agreements which were concluded at Ottawa has not formed any part of our agenda, because we came to the conclusion that these were matters best discussed by conversations between individual members of the Conference, but we have recognized, and do all recognize, the important part that may be played in international appeasement by economic adjustments, and that in our united declaration of our desire to cooperate with other nations in examining the obstacles which prevent the freer flow of trade through international channels and in promoting the improvement in the standard of living which ought be expected to follow therefrom, we have shown that a selfish and exclusive economic nationalism forms no part of our common creed.

I feel sure that the knowledge which we have each gained of one another's personalities, and of our attitude towards the great issues which we have discussed, will greatly facilitate our cooperation in the future, and I trust that I am not alone in expressing the hope that no long period will elapse before the next family gathering takes place which brings us together once again.

INTERNATIONAL TRADE

STEP TO APPEASEMENT

The Principal Delegates undertook a "general review of the progress of Empire trade and allied questions." The record of their discussion says:—

Note was taken of a number of recent encouraging developments in the economic sphere; the Declaration of September, 1936, which the Governments of the United Kingdom, France, and the United States of America made in connexion with the devaluation of the franc, and in particular the statement of these Governments that they attached the greatest importance to action being taken without delay to relax progressively the present system of quotas and exchange controls with a view to their abolition; the technical investigation which the Belgian Prime Minister and Foreign Minister had undertaken with the United Kingdom and French Governments in connexion with the possibility of securing relaxations of quotas and other obstacles to international trade; and the steps taken by the United States Government to secure the conclusion of trade agreements with other countries. [illegible] was the emphatic desire expressed by the representatives of every part of the British Commonwealth represented at the Conference that all practicable steps should be taken to secure the stimulation of international trade. It was recognized that in the last resort the prosperity of the countries of the Commonwealth depends on that of the world as a whole and that a healthy growth of international trade, accompanied by an improvement in the general standard of living, is an essential step to political appeasement.

THE NATIONALITY OF MARRIED WOMEN

NO AGREEMENT REACHED

The Committee on Conference Questions, over which Mr. Lyons presided, considered the nationality of married women. The Minister of Justice, [illegible] among other matters, [illegible] to the nationality of married women [illegible] and [illegible] Conference [illegible]

EMPIRE DEFENCE

OVERSEA POSITION REVIEWED

VALUE OF COOPERATION

A chapter on Defence states that the Conference gave close attention to this subject, and considered ways in which it would be possible for the Governments concerned to cooperate in measures for their own security. The occasion was taken for a detailed review of the state of defence in each of the countries represented at the Conference, and this opportunity was generally welcomed. The statement proceeds:—

The discussions began with a review of the events which led up to the adoption by his Majesty's Government in the United Kingdom of their rearmament programme, and of defence problems generally. The members of the Conference noted with deep concern that since the session of 1930 international tension had increased in a marked degree, and that there had been a large and rapid increase in the armaments of all the principal Powers. They were impressed by the world-wide effect of these increased armaments on the international situation and on the financial and economic position of the nations concerned, and while their respective Parliaments had already recognized the necessity for taking measures to put their defences in order, they shared it of the highest importance that negotiations for the limitation of armaments should be resumed whenever there was a reasonable prospect of success. They recognized with regret that, notwithstanding the measure of success in the limitation of armaments attained by the countries concerned in the London Treaty for the Limitation of Naval Armaments of March 25, 1936, and in the Anglo-German Agreement of June 18, 1935, international conditions were not at the moment favourable to further progress in the direction of disarmament. At the same time, however, they acclaimed the efforts now being made to extend naval limitation to other countries.

REARMAMENT

The statements made to the Conference by the Delegation of the United Kingdom concerning the rearmament programme of the United Kingdom reported the further developments in the organization of the Committee of Imperial Defence, notably in improving the arrangements for joint planning between the three Defence Services and for the mobilization of industry. Facilities are always given to Dominion representatives to attend meetings of the Committee of Imperial Defence, if they so desire, when questions of defence affecting their respective countries are under consideration. Attention was also drawn to the important progress made in recent years in the standardization by the Governments concerned of the training and equipment of the Defence Forces in different parts of the Empire, as well as in uniformity of administrative practice in defence matters. Reference was made to the increasing importance of the industrial side of defence owing to the progress of technical development in armaments, and emphasis was placed on the advantage of extending cooperation in the production and supply of munitions and raw materials as well as of food and feeding stuffs to meet the several requirements of the United Kingdom, the Dominions and India, and the Colonial Empire.

The discussion was continued by the Delegations representing the Dominions and India. The Conference was informed of the developments in the Canadian Defence Forces from 1926 to the present time. After considerable reductions in 1931 increased appropriations had recently been made for the Defence Services of the Dominion. The strength of the Canadian Naval and Air Forces had been increased, the Militia had been completely reorganized, and a policy of modernization and mechanization of equipment had been adopted. The industrial aspect of defence preparations had received close attention and a Committee of the Cabinet had been set up to maintain active supervision of defence problems.

AUSTRALIAN POLICY

The defence organization of the Commonwealth of Australia next received consideration. The basis of Australian defence policy was described as participation in Empire naval defence for the protection of sea-borne trade, as a deterrent to invasion and as a general measure of defence against raids, combined with local defence to provide a further deterrent to and a defence against invasion and raids. The great importance from the Australian point of view on the Singapore base was emphasized. The Conference was informed of the large increase in the defence votes in Australia under a Three Years' Programme, which was initiated in 1936, and that a new Five Years' Programme covering the period 1939–1944 and the other Programme had been put in hand. The Conference noted the guiding principles of the Imperial Conference of 1923 and 1926 which were adopted by his Majesty's Government in the United Kingdom and the Governments of the Dominions as the basis of their defence policy, and the [illegible] reaffirmed the principles of the Imperial Conference of 1930 and 1932 [illegible] relevance of adequate naval strength, and the provision of naval bases and facilities for repair and fuel.

The construction of a new cruiser and two new sloops.

The improvement of the fixed defences and the provision of air cooperation.

Facilities for naval repairs and oil storage.

Oil Responsibility for Local Defence.

In addition to strengthening the fixed defences of the Australian ports, the Australian Government had undertaken the responsibility for local defence of the Army in Australia, and had increased the Field Army [illegible]

Minister for Defence, Mr. Pirow, and United Kingdom Ministers during the visit of Mr. Lyons to London in 1936. South African expenditure on defence had recently been greatly increased, being in the last year nearly three times as much as in 1932–33. An important feature of South African defence organization was the preparation in peace time of the industrial resources of the Union to meet the possible military requirements in the event of war.

The Conference was informed that the Defence Forces of India were designed primarily to meet a possible attack on the North West Frontier and to cope with the ever-present problem of dealing with the tribesmen in that region, in addition to maintaining internal law and order. It was recognized that the Army in India is fully equipped for these purposes and constitutes a force which is as well prepared as any other to take the field if the occasion arises.

SEA, LAND AND AIR

The Conference took note of the measures, recently adopted by the various countries represented at the Conference, often at a heavy cost, and recognized that the increased programmes of armaments were no more than sufficient for the defence of their territories and trade and the fulfilment of such obligations as each might have assumed.

The Conference recognized the vital importance of measures to safeguard maritime communications, including routes and waterways essential to defence and trade, and to provide naval bases and facilities for repairs and fuelling of ships. The Conference accordingly was glad to be informed that steps have been taken with these ends in view and in particular that substantial progress has been made towards the completion of the naval base at Singapore and its defences, with the aid of the generous financial assistance received from various parts of the Empire.

With regard to land forces the Conference observed the various duties which the Regular Forces of the United Kingdom and India have performed in protecting British interests and the frequency of the occasions on which it has been necessary to dispatch reinforcements to several parts of the world.

The Conference heard with satisfaction of the important steps taken by his Majesty's Government in the United Kingdom for the maintenance of a Home Defence Air Force of sufficient strength to afford adequate protection against attack by the strongest air force which may be at any time within striking distance of the shores of the United Kingdom. In this connexion the Conference took note of the extensive preparations that are being made by his Majesty's Government in the United Kingdom in the spheres of both active and passive defence against air invasion.

The Conference also recorded the progress made by the several Governments in creating and maintaining an adequate chain of air bases and refuelling stations along the lines of communications between the different parts of the Empire.

A COMMON SYSTEM

The Conference noted with satisfaction that in accordance with recommendations of previous Conferences a common system of organization and training and the use of uniform manuals, patterns of arms, equipment, and stores had been adopted, as far as practicable, for the naval, military, and air forces of their several countries. Each of them would thus be enabled to ensure more effectively its own security and, if it so desired, to cooperate with other countries of the Commonwealth with the least possible delay. The interchange of individual officers of the naval, military, and air forces of the countries was recognized as conducing to the dissemination of the experience acquired by the officers concerned under the widely different conditions existing in various parts of the Empire. Defence Councils or Committees have been established in the Dominions. Considerable advantage has been taken by the Governments represented at the Conference of the facilities afforded by the Imperial Defence College in London for the education of officers in the broader aspects of strategy.

The Conference gave careful attention to the question of munitions and supplies required for defence both by the United Kingdom and other parts of the Commonwealth, and also to the question of the supply of food and feeding stuffs in time of emergency. The Conference was impressed with the value of the free interchange of detailed technical information and recommended that it should be continued between the technical officers of the Governments concerned, it being understood that any questions of policy arising in connexion with any such technical exchange and discussion would be submitted to the respective Governments for decision and that each Government reserved to itself complete freedom of decision and action.

In the course of the discussions, the Conference found general agreement among its members that the security of each of their countries can be increased by cooperation in such matters as the free interchange of information, cooperation in the standardization of their naval, military, and air forces, the continuance of the exchanges already initiated by some of them for the purpose of the defences of ports, and measures for cooperation in the defence of communications and other common interests. At the same time the Conference recognized that it is the sole responsibility of the several Governments of the British Commonwealth to decide the nature and scope of their own defence policy.

Emb.Londres/240/1937/Anexo

"THE TIMES"

Londres, 10 de Junho de 1937.

EMPIRE PREFERENCE

U.S. AND A TRADE AGREEMENT

The House went into Committee on the Finance Bill, CAPTAIN BOURNE, Deputy Chairman of Committees (Oxford, U.), in the chair.

Clause 1 (Continuation of duty on hops, &c., and of additional duty and drawback on beer), was ordered to stand part of the Bill by 239 votes to 113—Government majority, 111.

On Clause 2 (Extension of the period of the stabilization of rates of Imperial preference),

Mr. WEDGWOOD BENN moved an amendment to reduce the period of such extension from one year to six months. He said that a considerable change had now come over public opinion. That some modification of Imperial preference was necessary had become a widespread opinion among Unionists themselves. The need for some approach to the United States of America for a trade agreement was being urged in influential circles.

If anything was to be done with reference to the present conversations, it would be a mistake for the House of Commons to tie its hands, because probably it would mean that in that event any negotiations could not be successful, for it could be assumed that successful trade negotiations with the United States would invariably involve some modification of the Imperial preference which existed at this moment.

It was commonly felt that we should take the lead in some wider trade arrangement that would break down this economic nationalism which was bound up with the political animosities which afflicted the world to-day. For that purpose an approach must be made to the United States, and in bargaining the United States must have something in return for what they gave.

In a letter to *The Times* yesterday Mr. Amery said that "if the policy of Empire Preference was to succeed and bring about the results in Empire development and unity that we desired, it must necessarily in large measure be by the diversion of Empire purchases from other countries, and perhaps most of all from the United States." If that was the case, it was obvious that there must be some sharp disharmony between the principle of Imperial Preference and the principle of an Anglo-American trade agreement. Therefore those who favoured such an agreement must be willing to modify and compromise their belief in Imperial preference.

MR. AMERY'S VIEW

Mr. AMERY (Birmingham, Sparkbrook, U.) said that there was not necessarily any fundamental disharmony between the policy of Imperial preference and the policy of negotiating trade agreements with other countries. The last thing those who believed in Imperial preference wished to advocate was that we should set a Chinese wall around the British Empire and preclude trade with outside it. What they did think was that trade within the Empire was not only more lucrative and paying as trade, but had an importance in itself as a contribution to the general strength and development of the Empire entirely transcending the purely economic issue.

A very large part of the increase of Empire trade by the Ottawa agreements had been by additional production within the Empire and not by transfer from other countries. But, in so far as transfer from other countries was involved, that was their affair. Just as much as when the United States built up their tariff and industry it was our affair to accept that situation, the United States had no reason to complain of any possible temporary diminution of their exports to this country or the Dominions which might result from our determination to trade, so far as possible, among ourselves. That did not in the least preclude the possibility of considering, without damage either to existing preferences or to our liberty to increase preferences in future, what room there was for mutual accommodation.

The American tariff was far higher than ours, and the balance of trade as between ourselves and America was very adverse. Any agreement to be really satisfactory must not accentuate that disparity, but must tend to rectify it. If we could get concessions from the United States in return for concessions which we might make, that might be well

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The American tariff was far higher than ours, and the balance of trade as between ourselves and America was very adverse. Any agreement to be really satisfactory must not accentuate that disparity, but must tend to rectify it. If we could get concessions from the United States in return for concessions which we might make, that might be well worth doing: but the actual preferential margins we gave to the Empire to-day were so small that it was absurd to suggest that they should be further reduced.

There was a very considerable range of American products with which the Empire was not in competition which we could consider, possibly in relation to our industries, or which did not compete with our own industries. Let us negotiate with them there, and also make it clear that they might have to be prepared to face very considerable increases in our duties against them if they were not prepared to make reasonable concessions to us. The aim of any agreement ought to be to bring about a better balance between ourselves and the United States in trade, and not to accentuate the disparity which, at this moment and for many years, had been one of the chief causes of the economic unbalancing and unrest in the world.

Emb.Londres/240/1937/Annexo

"THE TIMES"

Londres, 16 de Junho de 1937.

CLOSE OF THE CONFERENCE

FINAL SPEECHES

COOPERATION FOR PEACE

LEAGUE IDEALS

EMPIRE AND WORLD TRADE

From Our Special Correspondent

The work of the 1937 Imperial Conference was brought to a close yesterday morning, when, at a plenary meeting held at St. James's Palace, farewell speeches were made by the leaders of the various delegations; messages were exchanged between the King and the Conference, and the summary of proceedings was approved and issued for publication.

In his message to the Conference the King said that the very welcome opportunity of meeting the Empire representatives at the outset of his reign had been of the utmost value to him, and he and the Queen would retain happy memories of their visit.

The summary includes some matter which has already been published, including the speeches at the opening of the Conference and the reports of various committees. One of the few committee reports now issued for the first time is that on the nationality of married women, which records the fact that it was not found possible to arrive at an agreement in favour of any change in the existing law, although it is assumed that the matter will be the subject of further consideration by, and consultation between, the respective Governments.

COORDINATING POLICY

The most interesting section of the summary is that which deals with the four subjects which it was agreed at the outset should be examined by the principal delegates—foreign affairs; defence; the progress of Empire trade, and Colonial affairs. Mr. Chamberlain, in winding up the work of the Conference yesterday, [illegible] that, in estimating

by the various countries represented at the Conference, often at a heavy cost, and recognized that the increased programmes of armaments were no more than sufficient for the defence of their territories and trade and the fulfilment of such obligations as each might have assumed. Satisfaction was expressed at the substantial progress made towards the completion of the naval base at Singapore; at the important steps taken by the United Kingdom Government for a Home Defence Air Force of sufficient strength to afford adequate protection against attack by the strongest air force which may be at any time within striking distance of the shores of the United Kingdom, and at the extensive preparations in the spheres of both active and passive defence against air invasion.

The report adds that the Conference gave careful attention to the question of munitions and supplies required for defence both by the United Kingdom and other parts of the Commonwealth, and also to the question of the supply of food and feeding stuffs in time of emergency. It was impressed with the value of the free interchange of detailed technical information, and recommended that this should be continued on the understanding that each Government reserved to itself complete freedom of decision and action. There was general agreement among the members that the security of each of their countries can be increased by cooperation in such matters as the free interchange of information and the defence of communications and other common interests. At the same time the Conference recognized that it is the sole responsibility of the several Parliaments of the British Commonwealth to decide the nature and scope of their own defence policy.

PROMOTION OF TRADE

On the question of Empire Trade the report reminds the public that it was agreed beforehand that questions arising out of the Ottawa Agreements could best be dealt with in discussion between the separate Governments, and there was accordingly no discussion on matters of detail affecting trade between the different parts of the Commonwealth. The meeting, however, afforded a valuable opportunity for an interchange of views on economic questions of general concern, and note was taken of a number of encouraging developments in the economic sphere.

The report adds:—

The outstanding feature of the discussion was the emphatic desire expressed by the representatives of every part of the British Commonwealth that all practicable steps should be taken to secure the stimulation of international trade. It was recognized that in the last resort the prosperity of the countries of the Commonwealth depends on that of the world as a whole, and that a healthy growth of international trade, accompanied by an improvement in the general standard of living, is an essential step to political appeasement.

The closing speeches are reported and extracts from the summary of proceedings appear on page 10.

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Thus on foreign affairs the representatives of the Governments concerned found themselves in close agreement upon a number of general propositions, the first being that the first objective is the preservation of peace. Basing their policies upon the aims and ideals of the League of Nations, they declare unanimously that their respective armaments will never be used for purposes of aggression or for any purpose inconsistent with the Covenant of the League of Nations or the Pact of Paris. But, being impressed with the desirability of strengthening the influence of the League by the enlargement of its membership, they unite in expressing the view that this object would be facilitated by the separation of the Covenant from the Peace Treaties.

THE PACIFIC

The delegates also welcome regional agreements of friendship and collaboration in so far as they can be made to contribute to the cause of peace and do not conflict with the League Covenant. In this connexion they say that if a non-aggression pact could be made by the countries of the Pacific it would be a desirable contribution to the cause of peace and to the continued maintenance of friendly relations in the Pacific, and it should be a subject of further consultation between Governments. Mr. Lyons, in his speech yesterday, expressed the gratitude of the Australian Delegation for the sympathetic way in which the Pacific Pact proposal had been received by the other delegations, by the Press, and by public opinion generally.

The summary of proceedings declares that all the delegates desire earnestly to see as wide a measure of disarmament as can be obtained. At the same time they were agreed that their several Governments are bound to adopt such measures of defence as they may deem essential for their security as well as for the fulfilment of such international obligations as they may respectively have assumed. They declared their intention of continuing to consult and cooperate with one another in all matters of common concern. They also had under review the possibility of reviving confidence and increasing the stability of economic and financial conditions in the world, a process which they consider essential to the prosperity of individual countries as well as to international peace. They declare their readiness to cooperate with other nations in examining current difficulties, including trade barriers and other obstacles to the increase of international trade and the improvement of the general standard of living.

The section of the report dealing with foreign affairs ends with the following paragraph:—

> Finally the members of the Conference, while themselves firmly attached to the principles of democracy and to Parliamentary forms of government, decided to register their view that differences of political creed should be no obstacle to friendly relations between Governments and countries, and that nothing would be more damaging to the hopes of international appeasement than the division, real or apparent, of the world into opposing groups.

DEFENCE PRECAUTIONS

On the subject of Defence the Conference noted with deep concern that since 1930 international tension had increased to a marked degree, and that there had been a large and rapid increase in the armaments of all the principal Powers. It took note of the measures recently adopted each Government reserved to itself complete freedom of decision and action. There was general agreement among the members that the security of each of their countries can be increased by cooperation in such matters as the free interchange of information and the defence of communications and other common interests. At the same time the Conference recognized that it is the sole responsibility of the several Parliaments of the British Commonwealth to decide the nature and scope of their own defence policy.

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Emb.Londres/240/1937/Annexo

"THE TIMES"

Londres, 5 de Junho de 1937.

EMPIRE POLICY

PROGRESS IN THE CONFERENCE

TRADE WITH AMERICA

THE IMMEDIATE TASK

From Our Special Correspondent

The Imperial Conference has made such good progress that at the close of yesterday morning's meeting of the principal delegates a number of them remained at Downing Street for a preliminary discussion of the general lines of the report to be issued at the end of the Conference. The drafting of the sections dealing with the main subjects which were not referred to committees, such as foreign affairs and defence, was also discussed. There now seems to be little doubt that it will be possible to hold the closing plenary meeting of the Conference on Tuesday week. When the principal delegates resume their deliberations on Monday morning they will begin their consideration of the reports which have been prepared by the various committees set up at the start of the Conference.

FUTURE OF THE LEAGUE

Yesterday's discussion on possible reforms in the machinery of the League of Nations showed a general agreement that the League must be maintained as a vital factor for the preservation of the peace of the world and that its power for good must be developed in every possible way. It was recognized, however, that the League of to-day is a very different body from that which was conceived when the project was first developed at the close of the War.

The following official statement was issued:—

The principal delegates to the Imperial Conference held their thirteenth meeting in the Cabinet Room at 10, Downing Street at 11 o'clock this morning, with Mr. CHAMBERLAIN in the chair.

Mr. MACKENZIE KING said that he had received a telegram from Lady Borden expressing appreciation of the message which he had sent her from the Conference yesterday, and reporting that Sir Robert Borden was rather better.

Mr. EDEN made a statement relating to the latest developments of the Spanish situation.

The delegates then proceeded to discuss questions connected with League reform.

The meeting was adjourned until Monday at 11 a.m.

Ambassador to Washington, in his speech to New York business men on May 19. He said:—

In the disastrous economic conditions of varying intensity with which all countries have had to contend in recent years, the problem of payment has become acute, far beyond the power of individual traders to solve, and necessarily a national problem to which the Governments of all countries in any way dependent on foreign trade, whether exports or imports, have had to address themselves.

Sir Ronald Lindsay went on to say that no country should be afraid of imports which it needed and for which it could pay. In a long trading experience the United Kingdom had become familiar with a permanent excess of imports as a net gain rather than a net loss of national wealth, as a sign of a rising, and not a falling, standard of living. In the United Kingdom, however, as in other countries, the demand for higher protection, both from agriculture and industry, was insistent, and it would be a mistake to assume that it could be resisted in either of two sets of circumstances, one being the recurrence of trade depression and a renewed fall in prices, and the other the continued raising of tariff and other barriers in other countries against imports from the United Kingdom.

OTTAWA GUARANTEE

Dealing specifically with the Ottawa Agreements, Sir Ronald declared that the guarantee of a free or privileged United Kingdom market for the products of British countries cannot be withdrawn or restricted as part of a trade bargain with any third country. It is the British equivalent of the free territorial market of other countries. Nor would it be to the real interests of other countries, least of all the United States, if this free access to the United Kingdom market had for any reason to be disturbed. The proceeds of [Dominion] sales to the United Kingdom market have been spent in good measure in the United States. . . . The United Kingdom buys more than one-half of the total farm products of the United States, excluding cotton. . . . It might well interest the American farmer to be assured that in some trade agreement this great British market and this favourable treatment of his products were guaranteed to him for a period of years in return for reasonable reductions in the United States tariff against some classes of typically British goods.

Imperial Conference has made such good progress that at the close of yesterday morning's meeting of the principal delegates a number of them remained at Downing Street for a preliminary discussion of the general lines of the report to be issued at the end of the Conference. The drafting of the sections dealing with the main subjects which were not referred to committees, such as foreign affairs and defence, was also discussed. There now seems to be little doubt that it will be possible to hold the closing plenary meeting of the Conference on Tuesday week. When the principal delegates resume their deliberations on Monday morning they will begin their consideration of the reports which have been prepared by the various committees set up at the start of the Conference.

FUTURE OF THE LEAGUE

Yesterday's discussion on possible reforms in the machinery of the League of Nations showed a general agreement that the League must be maintained as a vital factor for the preservation of the peace of the world and that its power for good must be developed in every possible way. It was recognized, however, that the League of to-day is a very different body from that which was conceived when the project was first developed at the close of the War.

The following official statement was issued:—

The principal delegates to the Imperial Conference held their thirteenth meeting in the Cabinet Room at 10, Downing Street at 11 o'clock this morning, with Mr. CHAMBERLAIN in the chair.

Mr. MACKENZIE KING said that he had received a telegram from Lady Borden expressing appreciation of the message which he had sent her from the Conference yesterday, and reporting that Sir Robert Borden was rather better.

Mr. EDEN made a statement relating to the latest developments of the Spanish situation.

The delegates then proceeded to discuss questions connected with League reform.

The meeting was adjourned until Monday at 11 a.m.

THE AMERICAN PROPOSALS

While the principal delegates to the Conference have been devoting most of their time this week to foreign affairs, their experts have been hard at work upon the American proposals for an Anglo-American Trade Treaty which were submitted in confidence to the Empire delegations about a week ago. It is still hoped that the principal delegates will be able to outline their general attitude to the proposals before the end of the Conference, though it is recognized that points of detail will have to be referred back to the Dominion capitals for further consideration. In some cases it may even be necessary for the Dominion Governments to consult their respective Parliaments before giving a final answer to the United Kingdom Government.

It should be emphasized once again that the immediate task with which the British Government are faced is not to sign an Anglo-American Trade Pact, but to find a basis upon which formal trade negotiations with the United States can begin. After months of informal talks and discussions between British and American experts at Washington the Americans have submitted a list of commodities on which they would like to get tariff concessions, and the Dominion Governments have now been asked to say whether or not they can accept these proposals as the basis for formal negotiations. They have not been requested to make specific concessions at present, but rather to consider the possibility and practicability of making certain concessions in future. Such reservations as they may find it necessary to make will be of importance only when formal negotiations are opened: they will evidently make it necessary for the United Kingdom Government to propose certain modifications in the American proposals, or, alternatively, to ask for other American concessions in order to make the original proposals acceptable to the Dominions concerned.

WIDE COOPERATION

On the desirability of Anglo-American cooperation in its widest sense there is general agreement. In this connexion the article on Anglo-American understanding by Sir George Schuster, published in *The Times* on Thursday, has attracted widespread attention. Dominion representatives are generally in accord with Sir George's statement that:

An Anglo-American commercial agreement covering specific duties and regulations affecting Anglo-American trade might be a great matter indirectly as a demonstration to the world that the two English-speaking democracies are ready to give a lead in recognizing the value of international trade as opposed to national self-sufficiency. But it would not directly affect the main causes which have dislocated the economic system and which are hampering general economic progress.

If the Anglo-American trade talks are restricted merely to tariffs, and if the impression is created that Dominion producers are going to be asked to make concessions for which there is no immediate and visible return, the Dominion Governments will be called upon to face a difficult situation. If, on the other hand, it is made clear that an Anglo-American Trade Pact will ultimately lead to economic cooperation over a wide area—and embracing such questions as monetary policy, price levels, and the resumption of foreign lending—there is little doubt that public opinion in the various Dominions would be prepared to take a broad view of its interests and responsibilities. The Dominions have as much to gain as the United Kingdom and the United States of America from a policy of economic appeasement.

A reference to these wider problems was made by Sir Ronald Lindsay, British

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...conference of trade depression and a renewed fall in prices, and the other the continued raising of tariff and other barriers in other countries against imports from the United Kingdom.

OTTAWA GUARANTEE

Dealing specifically with the Ottawa Agreements, Sir Ronald declared that the guarantee of a free or privileged United Kingdom market for the products of British countries cannot be withdrawn or restricted as part of a trade bargain with any third country. It is in the British agreement of the free world market of other countries. Nor would it be to the real interests of other countries, least of all the United States, if this free access to the United Kingdom market had for any reason to be disturbed. The proceeds of [Dominion] sales to the United Kingdom market have been spent in good measure in the United States. The United Kingdom buys more than one-half of the total farm products of the United States, excluding cotton. . . . It might well interest the American farmer to be assured that in some trade agreement this great British market and this favourable treatment of his products were guaranteed to him for a period of years in return for reasonable reductions in the United States tariff against some classes of typically British goods.

Emb.Londres/240/1937/Annexo

"THE TIMES"

Londres, 8 de Junho de 1937.

Letters to the Editor

EMPIRE TRADE

CASE FOR IMPERIAL PREFERENCE

TO THE EDITOR OF THE TIMES

Sir,—Five years ago this country embarked upon a memorable and fundamental change in public policy. It abandoned the policy of economic nationalism which it had supported, in face of the adverse verdict of the whole world, for nearly a century, and committed itself to the policy of national economic strength and Empire economic cooperation which will always be identified with the great name of Joseph Chamberlain.

Of the success of that policy there can be no doubt. It has led us at home from the verge of industrial collapse to a sum total of productive activity unexampled in our history. It has been responsible for a remarkable expansion in the internal trade of the Empire as compared with the relatively slow recovery of our foreign trade. That expansion, both relative and actual, is destined—unless interfered with—to proceed at a steadily accelerating pace, both with the passing away of the depression, and even more from the mutual enhancement of each other's prosperity and purchasing power.

The purely economic justification of the policy embodied in the Ottawa agreements has since then been greatly strengthened, not only by the increasing economic nationalism of the outside world, but even more by the increasing gravity of the problem of our common defence. It is essential to remember that Empire trade differs from foreign trade in kind and not merely in direction. Foreign trade is an end in itself in so far as it may contribute to our economic well-being. Empire trade is something more. It is a means to a greater end, to the building up of those resources, material and human, in the Empire, and that sense of common interest, upon which the defence of our common heritage of ordered freedom must ultimately rest.

With a new Prime Minister, pledged by inherited tradition, as well as by his personal record, to the carrying out of this policy of unity and strength, we might well have expected a general demand for a more forward policy than that associated with a predecessor whose main task was that of securing its somewhat tentative acceptance from former free-traders. Instead of that the moment seems to be chosen, not only by all the die-hards of nineteenth-century economics, but in many quarters where the ideal of Imperial unity is warmly professed, for a dead set against the whole policy inaugurated at Ottawa.

So far from being encouraged to go ahead, to regard Ottawa as the "first [illegible] as Mr. Baldwin called it, we are [illegible] the idea of sented the maximum of relatively free trade possible in the conditions of the time.

That brings me to the really distinctive feature of those agreements. They were only possible because they stood outside the most-favoured-nation clause. Neither we nor the Dominions could possibly have afforded to make the concessions which we did make to each other if those concessions had had to be shared by the world at large. That clause is to-day the greatest obstacle to any moderate relaxation of economic nationalism outside the British Empire.

The whole system of quotas and exchange restrictions, so much more vexatious than any tariff, is being kept alive in Europe to-day simply and solely because it affords the only way of getting round the most-favoured-nation clause and of enabling specific agreements to be made for mutual concessions which are not shared by all the world. It is only on the lines of a far-reaching modification of that clause that there is any hope of establishing at any rate relatively low tariff areas in the world to-day. If we and the United States could agree to waiving the strict letter of our rights in that particular we could contribute far more to the cause free-traders profess than by any trade agreement between ourselves, and, incidentally, could make such an agreement itself more feasible.

As for the proposed Anglo-American or Empire-American agreement we can all agree upon its desirability in general terms. But we must face the fact that under present conditions the scope for its application is necessarily limited. If the policy of Empire preference is to succeed, and bring about the results in Empire development and unity that we desire, it must necessarily in large measure be by the diversion of Empire purchases from other countries, and perhaps most of all from the United States. Americans have no more reason or right to complain of that than we had to complain of the building up of the American industry by tariffs against our own. There is still room for a large and possibly even growing trade between the United States and the Empire, and for some trade agreement to ensure it. But it should only be on the clear understanding that we are entitled to develop Empire preference to the fullest, and no trade treaty with the United States will be satisfactory that precludes us from either giving or receiving preference to the maximum extent compatible at any time with the productive capacities, industrial or agricultural, of the British Empire.

There is in this connexion a world interest, as well as a British Empire interest, to be considered. The United States since the War has become a great creditor country, and has endeavoured, in spite of that fact, to maintain a large favourable trade balance. That was the chief cause of the great gold drain to America which brought about the world depression. For that unbalanced situation we of the British Empire were largely responsible. In the six years 1924-29 the excess of British imports from the United States over British exports to the United States averaged £154,000,000 a year, those of Canada £48,000,000, and of Australia £28,000,000. An effective policy of domestic protection in the United Kingdom and of Imperial preference might well, by reducing those figures, have reduced the strain on the gold standard and mitigated the severity of the depression.

Those considerations still apply to-day. [illegible] now we are buying annually from [illegible] more than twice what

unexampled for a remarkable expansion in the internal trade of the Empire as compared with the relatively slow recovery of our foreign trade. That expansion, both relative and actual, is destined—unless interfered with—to proceed at a steadily accelerating pace, both with the passing away of the depression, and even more from the mutual enhancement of each other's prosperity and purchasing power.

The purely economic justification of the policy embodied in the Ottawa agreements has since then been greatly strengthened, not only by the increasing economic nationalism of the outside world, but even more by the increasing gravity of the problem of our common defence. It is essential to remember that Empire trade differs from foreign trade in kind and not merely in direction. Foreign trade is an end in itself in so far as it may contribute to our economic well-being. Empire trade is something more. It is a means to a greater end, to the building up of those resources, material and human, in the Empire, and that sense of common interest, upon which the defence of our common heritage of ordered freedom must ultimately rest.

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So far from being encouraged to go ahead, to regard Ottawa as the "first step," as Mr. Baldwin called it, we are urged, not only to abandon the idea of further development, but to whittle away such preferences as already exist, to reduce our very moderate industrial tariff, and to check such progress as has been made in the protection of our agriculture. We are told that this is urgently required in the interests of world peace, of world prosperity, and, in particular, of some trade treaty with the United States which is to pave the way to both. We are adjured to "seize the opportunity." The Dominions are being invited to be "reasonable," and help us in making concessions to American—and world—competition at their expense. What is the argument behind all this sudden wave of opinion, so directly contrary to the policy deliberately embarked on five years ago, and so successfully implemented since?

What reason is there for imagining that our moderate national tariff has had anything to do with the increase of economic nationalism elsewhere? The latest raising of tariffs and establishment of quotas and exchange restrictions were everywhere the immediate result of the great depression, and we were the last, and not the first, to take steps for our own security. If our example as free-traders, if all the eloquent pleas of the late Mr. W. Graham at Geneva, could do nothing to stay the tide of economic nationalism before 1931, why should a reduction of our tariff now make the slightest difference? How can it affect the policy of a country like Russia, which rules out individual trade altogether? How can it affect Italy, whose Dictator has just nailed the policy of self-sufficiency to the mast, or Germany, whose Four-year Plan was avowedly conceived as much for military as for economic purposes? How long can France sustain her policy of higher wages and shorter hours without being driven, as M. Jouhaux openly demands, towards an even more self-contained policy?

If we face the facts of the world honestly we must recognize that economic nationalism is not a mere temporary phase, an aberration from the true line of progress, but the inevitable concomitant of the more intensively organized national life of the modern State, due not only to militarism, but to the desire for maintaining a certain standard of life, and a balanced scheme of employment within its own control. We can no more go back upon that tendency than any one else. But at any rate we can say that we are not forcing the pace. A country that imports, from foreign sources alone, £516,000,000—£26,000,000 more than the total imports from all countries of the United States with 2½ times our population—is clearly not pursuing a policy that can be regarded as responsible for the economic or political troubles of the world.

As for Imperial preference, what foundation is there for the belief that this has retarded world recovery or, to use the language of a recent report of the Liverpool Chamber of Commerce, been "inimical to the peace of the world"? The actual Ottawa agreements included some items which involved very moderate tariff increases here and in the Dominions. They included at least an equal number of tariff reductions in the Dominions, not to speak of free imports of Empire produce in this country. On the other hand, but for Ottawa, the nations of the Empire, including ourselves, would inevitably have been driven by the depression to follow the example of other countries and establish a far stricter control of our external trade than we have done. The Ottawa agreements, so far from being an aggravation of economic nationalism, repre-

more to the cause free-traders profess than by any trade agreement between ourselves, and, incidentally, could make such an agreement itself more feasible.

As for the proposed Anglo-American or Empire-American agreement we can all agree upon its desirability in general terms. But we must face the fact that under present conditions the scope for its application is necessarily limited. If the policy of Empire preference is to succeed, and bring about the results in Empire development and unity that we desire, it must necessarily in large measure be by the diversion of Empire purchases from other countries, and perhaps most of all from the United States. Americans have no more reason or right to complain of that than we had to complain of the building up of the American industry by tariffs against our own. There is still room for a large and possibly even growing trade between the United States and the Empire, and for some trade agreement to ensure it. But it should only be on the clear understanding that we are entitled to develop Empire preference to the fullest, and no trade treaty with the United States will be satisfactory that precludes us from either giving or receiving preference to the maximum extent compatible at any time with the productive capacities, industrial or agricultural, of the British Empire.

There is in this connexion a world interest, as well as a British Empire interest, to be considered. The United States since the War has become a great creditor country, and has endeavoured, in spite of that fact, to maintain a large favourable trade balance. That was the chief cause of the great gold drain to America which brought about the world depression. For that unbalanced situation we of the British Empire were largely responsible. In the six years 1924-29 the excess of British imports from the United States over British exports to the United States averaged £154,000,000 a year, those of Canada £48,000,000, and of Australia £28,000,000. An effective policy of domestic protection in the United Kingdom and of Imperial preference might well, by reducing those figures, have reduced the strain on the gold standard and mitigated the severity of the depression.

Those considerations still apply to-day. Even now we are buying annually from the United States more than twice what we sell to them, and even now the unbalanced economic position causes vast quantities of gold to be sent to America to be buried there. The world's first need to-day is that America's exports should be reduced, or—what she shows little sign of being willing to accept—her imports increased in a much larger ratio. If the fuller development of Empire preference should incidentally contribute to that result it will render a service to the better balancing, and so to the eventual liberation from unnecessary restrictions, of the trade of the world.

Yours faithfully,

L. S. AMERY.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 25 de Junho de 1937.

No.260

O incidente do "Leipzig" e as suas consequencias.

601.3(84)

27 JUL. 1937
No 8961

Senhor Ministro,

Em additamento ao meu officio nº 249, de hontem, cabe-me remetter a Vossa Excellencia, nos recortes annexos do "Times" de 24 e 25 (I, II e VII), do "Daily Telegraph", de 24 e 25 (III, IV e VIII) e "Manchester Guardian", de 24 do corrente (V e VI), as ultimas noticias sobre as consequencias do incidente do "Leipzig", com relação á attitude da Allemanha e da Italia no conflicto espanhol.

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2. Tendo communicado á Sub-Commissão de Não Intervenção as allegadas tentativas de torpedeamento do cruzador "Leipzig", o Governo allemão, apoiado pelo da Italia, propoz aos representantes da Gran-Bretanha e da França o internamento de todos os submarinos governistas espanhoes e uma demonstração naval conjuncta dos quatro paizes nas aguas de Valencia. Exigiu ainda que a Sub-Commissão avisasse o Governo espanhol que qualquer novo ataque provocaria as medidas mais severas por parte das quatro potencias que

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

MGRS

que até então exerciam o controle naval das costas espanholas.

3. O Embaixador britannico em Berlim, Sir Nevile Henderson, de accordo com as instrucções do Foreign Office, declarou á Wilhelmstrasse que o Governo britannico não podia acceitar as suggestões acima alludidas. A attitude da Inglaterra - apoiada pela França - teve por resultado demover o "Fuhrer" das suas exigencias, e o Senhor Anthony Eden annunciou, ante-hontem, á Camara dos Communs que a Allemanha se limitava a retirar os seus navios do controle naval, passo esse que foi acompanhado pela Italia. Declarou tambem haver o Barão von Neurath, Ministro dos Negocios Estrangeiros do Reich, assegurado que essa medida era tomada com o exclusivo intuito de impedir uma aggravação da situação internacional, declaração essa muito applaudida pela Camara. O mesmo applauso se verificou quando o Senhor Eden disse que a Allemanha, embora se tivesse retirado do controle naval, continuaria a participar da Commissão de Não-Intervenção.

4. Não obstante as declarações do Senhor Eden á Camara dos Communs, posso informar Vossa Excellencia que não está bem claro, neste momento, se a Allemanha, conjunctamente com a Italia, fará assim mesmo uma demonstração naval por sua conta. O Governo allemão desmentiu os boatos que correm nesse sentido e affirmou que os seus navios de guerra no Mediterraneo têm apenas a funcção de proteger as embarcações commerciaes allemãs naquellas aguas. Os jornaes londrinos referem-se a movimentos de navios de guerra allemães em direcção ás costas espanholas. O Almirantado britannico informa por sua vez que os navios allemães se dirigem para oeste, por tanto em direcção contraria. Neste caso poderia deduzir-se que a esquadra allemã não fará gesto algum, a não ser que os navios se dirijam ostensivamente para oeste com a intenção de voltar breve para leste.

5. A situação causa preoccupação aqui, mórmente quanto

quanto á continuação do accordo de não intervenção. Se, por outro lado, a Allemanha não retirar a sua collaboração no systema de observação - "observation scheme", isto é em todo o mechanismo de fiscalização, observadores navaes a bordo dos navios mercantes, etc., a situação poderá melhorar. O presente receio do Governo britannico é de ver cahir por terra a sua organização de não intervenção, organização que teve por fim não somente isolar o conflicto espanhol, dentro dos limites da peninsula iberica, mas ainda de evitar complicações internacionaes.

6. O momento em que escrevo é, sem duvida, de serias apprehensões. Sente-se que a paz europea se acha a mercê de qualquer complicação em torno do conflicto espanhol. A opinião publica, naturalmente trabalhada pela imprensa, tanto na Allemanha, na Italia, quanto na propria Inglaterra, pode a um momento dado obedecer a qualquer reacção e envenenar a situação. Na sessão da Camara dos Communs de hoje, o Primeiro Ministro pela primeira vez interveiu em uma discussão de politica internacional. Fel-o no intuito de provocar uma "détente", referindo-se em termos leaes ao Governo de Berlim. Entretanto, consta-me que a sua phrase "Ainda poderemos salvar a paz da Europa" causou certa emoção em França e será certamente commentada. O Senhor Lloyd George, cuja opinião, em politica estrangeira do seu paiz, tem obedecido ás mais variadas tendencias nos ultimos annos, atacou violentamente os regimens fascistas e alludiu á opinião do fallecido Sir Austen Chamberlain a respeito de pactos assignados pela Allemanha que, dizia elle, "só os respeitava emquanto lhe convinha."

7. O Senhor Eden, resumindo os debates, disse que ao Governo britannico competia a tremenda responsabilidade de não dar passo algum que pudesse provocar um conflicto.

8. Entretanto nada se sabe sobre as intenções allemãs no Mediterraneo e quanto á esperança que se tem de que ella real-

realmente continuará a collaborar no accordo de não intervenção e no seu Comité. Espera-se na Segunda-Feira a volta do Embaixador allemão von Ribbentrop, que foi a Berlim conferenciar com o Senhor Hitler.

9. A lacuna na vigilancia nas costas espanholas, produzida pela resolução da Allemanha e da Italia, poderá ser prehenchida pelos navios inglezes e francezes, exclusivamente. Esse projecto parece ter sido favoravelmente acolhido em Berlim.

10. O objectivo principal da exposição da politica exterior na sessão da Camara dos Communs de hoje era de salientar a absoluta necessidade de continuar a politica de não intervenção, unica capaz de impedir a extensão do conflicto espanhol. Sem duvida alguma o Governo britannico demonstrou que a organização criada pelas potencias membros da Commissão de não intervenção tinha conseguido esse fim até o presente momento, e isto constituia a sua melhor justificação.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafael de Sousa

Emb.Londres/260/1937/Annexo I

"THE TIMES"

Londres, 24 de Junho de 1937.

STATEMENT BY GERMANY

THE BREAK-UP OF CONTROL

NO FURTHER STEPS

COMMITTEE STILL IN BEING

The German and Italian Governments yesterday announced their "final" withdrawal from the scheme of sea supervision off the Spanish coast.

In the House of Commons Mr. Eden said the British Ambassador in Berlin had been informed by the German Foreign Minister that his Government would confine themselves to the withdrawal of German ships from the control system. Mr. Eden added that he understood that Germany would continue to be represented in the Non-Intervention Committee.

In Berlin there is silence about Germany's next move, but more German warships are being moved into the Western Mediterranean. In Rome it is stated that on the question of stopping ships bearing supplies for the Valencia Government, "Italy and Germany reserve to themselves the right to judge the situation."

THE GERMAN ASSURANCE

LIMITS OF ACTION

WESTMINSTER, WEDNESDAY

MR. EDEN was questioned in the House of Commons to-day on the situation in Spain, particularly on the disagreement of the Four-Power Conference in connexion with the alleged torpedo attack on the German cruiser Leipzig.

He stated that on his instructions the British Ambassador in Berlin had that morning seen Baron von Neurath, the German Foreign Minister, and had been informed that the German Government regretted that it had not been possible to reach agreement. They had therefore felt obliged to withdraw their ships

as from Paris and other capitals, immediate developments in the Western Mediterranean will be watched with the greatest vigilance. If the German and Italian navies, as there was some indication last night, should be instructed by their Governments to exercise an independent control, exempt from all international regulation, of "Red" shipping and vessels bound for "Red" ports, the system thus established would approximate to a blockade. It would not need to have been declared, and could, as our Berlin Correspondent says, be applied by "nebulous stages." In such circumstances a new and more serious situation would arise, in which non-intervention would have become less of a fact than a fiction.

The British Cabinet met soon after 11 a.m. yesterday to consider the position. Mr. Eden was able to report the assurance just received by Sir Nevile Henderson

The zones under the scheme of supervision of the Spanish coasts and frontiers.

from Baron von Neurath, as communicated by him to the House of Commons in the afternoon. Ministers agreed to await further developments.

GERMAN NOTE

In London the German decision was communicated to Mr. Eden by Herr von Ribbentrop, who called at the Foreign Office to present the following Note:—

The German Government, after being notified of the attacks on the cruiser Leipzig on June 15 and 18, have immediately informed the Powers engaged in the Spanish sea control that they are not willing to expose their naval forces, while entrusted with an international task, to further target practice off Red Spain.

The German Government have limited to a minimum the guarantee which had to be asked for the safety of the German ships in requesting a naval demonstration of the four control Powers in order thus to express a definite and obvious solidary warning.

Since the British and French Governments are not ready to agree even to this minimum request, the German Government regret to state that among the control Powers that spirit of solidarity which is an indispensable condition for the execution of the common international task is lacking. The German Government have therefore decided to withdraw finally from the control scheme.

The Italian Note, presented by Count Grandi, stated:—

The Italian Government, having as a result of the recent conversations which have taken place between the representatives of the four naval Powers noted, to their sincere regret, a lack of the solidarity necessary to common action in respect of the incidents in which units engaged on patrol were involved, have decided finally to withdraw from the sea supervision scheme.

After his announcement in the House of Commons yesterday Mr. Eden went to Buckingham Palace, where he remained

THE NEXT MOVE

NO INDICATION IN BERLIN

BRITISH ATTITUDE CRITICIZED

From Our Own Correspondent

BERLIN, JUNE 23

Having announced their withdrawal, together with the Italians, from active participation in the control system, the German Government preserve the closest silence about their next move. With this announcement, it is given to be understood, a phase has ended, and the next may not openly begin at once.

It would, however, be incautious for the rest of the world to draw a breath of relief because it is being spared immediate fireworks. It would be astonishing, though welcome, if another phase of independent operation did not soon set in, such as has been held in prospect from the first in case of a breakdown of the London consultations. Nothing has been said of a withdrawal of German warships from Spanish waters. Although, being no longer bound to the control scheme, they may move from their present stations, even the most cautious official quarters are not inclined to deny that the final paragraph of to-day's long official statement points to the German Fleet's remaining at any rate in the neighbourhood. This passage, after an account of recent developments as seen through German eyes, runs:—

The German Government have therefore decided not to take further part in the international control, and from now on finally to undertake themselves the protection of their interests, and therewith of their ships, against Bolshevist incendiaries in Valencia by the only means suitable for restraining these criminals from similar attacks. The German Government are profoundly satisfied to know that these views coincide fully with those of the Italian Government, and that in this case that practical collaboration which is necessary for the preservation of orderly conditions in Europe, and therewith for the service of peace, continues in every way between the two nations.

A DELAY IN BERLIN

Sir Nevile Henderson's talk with Baron von Neurath, quoted by Mr. Eden in Parliament, took place this morning, hours before this statement was issued or, apparently, completed.

The announcement of Herr von Ribbentrop's step in London and the long official explanation were issued by the German News Agency this afternoon after yet another meeting of Herr Hitler, the heads of the armed forces, and the Foreign Minister. The Cabinet meeting, also held to-day, is officially stated to have had nothing to do with the subject. It must therefore be assumed that all decisions relating to the Spanish crisis are now in the hands of the Führer and a small committee of advisers composed of Field-Marshal von Blomberg, Admiral Raeder, General Göring, and Baron von Neurath. There had been considerable delay, for the *communiqué* had been expected several hours before. This delay and the absence of information about the next steps may have been due to a fresh tug-of- is said to have arisen among

coast.

In the House of Commons Mr. Eden said the British Ambassador in Berlin had been informed by the German Foreign Minister that his Government would confine themselves to the withdrawal of German ships from the control system. Mr. Eden added that he understood that Germany would continue to be represented in the Non-Intervention Committee.

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He stated that on his instructions the British Ambassador in Berlin had that morning seen Baron von Neurath, the German Foreign Minister, and had been informed that the German Government regretted that it had not been possible to reach agreement. They had therefore felt obliged to withdraw their ships altogether from the control system. Baron von Neurath said that that action had been taken with the specific intention of avoiding the possibility of aggravating the situation, and he added that the German Government would confine themselves to that action. The British Government gladly recognized and welcomed the motives which inspired that assurance. Mr. Eden added that he understood further that the German Government did not contemplate ceasing participation in the Non-Intervention Committee. The Italian Ambassador had informed him that his Government had also decided to withdraw their ships from the control scheme.

TWO GAPS TO FILL

Replying to questions by MR. LLOYD GEORGE and MR. HENDERSON, the FOREIGN SECRETARY advised the House to appreciate the importance of the point that the German Government would confine themselves to withdrawal from the control system. The question of inviting other Governments to participate in the control scheme in view of the withdrawal of Germany and Italy would have to be considered.

THE BRITISH VIEW

CAUTION AND VIGILANCE

FROM OUR DIPLOMATIC CORRESPONDENT

A cautious view is taken in both British and foreign diplomatic circles of the precarious situation which has developed through the events of the past five days. If the renewed and now final withdrawal of Germany and Italy from the naval control scheme is in fact all the action they contemplate, there will, it is felt, be a good chance of saving the non-intervention system, provided that the immediate difficulties are bravely tackled, and of once more banishing the grave dangers that would follow from its collapse.

On this favourable assumption, after the necessary preliminary discussions, which have hardly yet begun, the Non-Intervention Committee would be asked to make provision for filling the gap in the control system left by the withdrawal of the German and Italian fleets. The German and Italian representatives, still full members of the Committee, would doubtless explain that the decision to withdraw the fleets had been taken only on the ground of insufficient security and would affirm their Governments' determination to cooperate further in all other departments of the Non-Intervention Committee's work. This would mean in effect that the only gap in the supervisory system would be the absence, in the zones hitherto patrolled by the German and Italian navies off the Spanish eastern coast, of the final check upon observance of the non-intervention regulations provided by the naval control of approaching merchant-vessels, which are still required, whether or not that control is present, to have taken international observing officers on board.

THE NAVAL GAP

There would be considerable difficulty in filling this naval gap, even if other Powers besides France and Great Britain were both willing and able to assume new responsibilities. Any such solution would have to be found in and through the Committee; by yesterday's German-Italian decision the agreement of June 12 for four-Power consultation and cooperation has lapsed.

For the moment, however, these can be only tentative prospects. From London,

The zones under the scheme of supervision of the Spanish coasts and frontiers.

from Baron von Neurath, as communicated by him to the House of Commons in the afternoon. Ministers agreed to await further developments.

GERMAN NOTE

In London the German decision was communicated to Mr. Eden by Herr von Ribbentrop, who called at the Foreign Office to present the following Note:—

The German Government, after being notified of the attacks on the cruiser Leipzig on June 15 and 18, have immediately informed the Powers engaged in the Spanish sea control that they are not willing to expose their naval forces, while entrusted with an international task, to further target practice off Red Spain.

The German Government have therefore ministered the guarantees which had to be asked for the safety of the German ships in ordering a naval demonstration of the four control Powers in order thus to express a definite and obvious solidarity warning.

Since the British and French Governments are not ready to agree even to this statement of principle, the German Government regret to state that among the control Powers that spirit of solidarity which is an indispensable condition for the execution of the common international task is lacking. The German Government have therefore decided to withdraw finally from the control scheme.

The Italian Note, presented by Count Grandi, stated:—

The Italian Government, having as a result of the recent conversations which have taken place between the representatives of the four naval Powers noted, to their sincere regret, a lack of the solidarity necessary to common action in respect of the incidents in which units engaged on patrol were involved, have decided finally to withdraw from the sea supervision scheme.

After his announcement in the House of Commons yesterday Mr. Eden went to Buckingham Palace, where he remained in audience with the King for just over an hour. In the morning Mr. Eden had received M. Corbin, the French Ambassador, and it may be assumed that the two Governments were in consultation throughout the day.

Herr von Ribbentrop left in the evening by air for Berlin.

SIR ERIC PHIPPS SEES M. DELBOS

FROM OUR OWN CORRESPONDENT

PARIS, JUNE 23

Sir Eric Phipps, the British Ambassador, had a long conversation this morning with M. Delbos, the Foreign Minister, at the Quai d'Orsay, during which, it can be assumed, the complete identity of French and British views on the breakdown of the Spanish control scheme was established.

NO WITHDRAWAL OF ITALIAN SHIPS

"INSECURITY" THE REASON

FROM OUR OWN CORRESPONDENT

ROME, JUNE 23

The brief official announcement that Italy has withdrawn from the system of control over Spanish waters "owing to lack of the solidarity necessary for common action relative to the known incidents" was notably elaborated later in the day by a number of authoritative statements, made for the most part in reply to queries by foreign Press correspondents.

It had been stated in the Italian Press this evening that Italy is recalling from Spanish waters all her ships and all her controllers, "in so far as they are employed upon control." This curious phrase prompted the question whether the Italian withdrawal from the system of control meant the withdrawal of the Italian patrol ships, and the answer was returned that "this step would not be logical. Italy does not feel obliged to withdraw her ships." Why, it was then asked, if Italy has abandoned participation in the system of control, does she not withdraw her ships? The reply was that "a state of insecurity exists in the Mediterranean which must be taken into consideration, and in that part of the Mediterranean Italy has interests."

STOPPING TRANSPORTS

Would Italy and Germany, it was asked, be opposed to the control hitherto exercized by them in their sectors being entrusted to France and England? This, it was said, was putting forward an hypothesis, but the belief was expressed that Germany and Italy would be opposed to such a suggestion and would not give their consent.

Asked whether Italy was prepared to continue the policy of non-intervention, the speaker replied, "To the extent that others will do so, we will." It was next asked whether Italy would associate herself with any given reactions of Germany against Valencia, and the speaker answered that "a solidarity exists between the two countries which is determined by the Rome-Berlin axis." It was added that it was not known what measures Italy and Germany would be able to take in consequence of the new situation. To the question: "Will German and Italian ships be able to stop legally transports for the 'Reds'?" the answer was returned, "Italy and Germany reserve to themselves the right to judge the situation."

A DELAY IN BERLIN

Sir Neville Henderson's talk with Baron von Neurath, quoted by Mr. Eden in Parliament, took place this morning, hours before this statement was issued or apparently, completed.

The announcement of Herr von Ribbentrop's stop in London and the long official explanation were issued by the German News Agency this afternoon, after yet another meeting of Herr Hitler, the heads of the armed forces, and the Foreign Minister. The Cabinet meeting, also held to-day, is officially stated to have had nothing to do with the subject. It must therefore be assumed that all decisions relating to the Spanish crisis are now in the hands of the Führer and a small committee of advisers composed of Field-Marshal von Blomberg, Admiral Raeder, General Göring, and Baron von Neurath. There had been considerable delay, for the *communiqué* had been expected several hours before. This delay and the absence of information about the next steps may have been due to a fresh tug-of-war which is said to have arisen among Herr Hitler's advisers.

Some among the group of experienced officials and experts who are sometimes called the "moderates" are believed to have expressed the view, on learning the Franco-British attitude yesterday, that the German hand had been overplayed. If they did, they will have been confronted by the adventurous spirit which has revived during the last fortnight, since the news of the confusion in Moscow, among the advocates of a permanently vigorous policy. There have been signs that the Führer himself inclines towards the view that an occasion that may not recur has arrived for hammering in the thesis and advancing the policy of the anti-Bolshevist crusade.

THE "RED" FLEET

In the circumstances it would be unprofitable to speculate on the precise nature of the next phase. It can only be borne in mind that the German step of last Saturday in the Leipzig case was taken in the hope of persuading the four naval Powers, or at any rate of ensuring that the "Red" Spanish naval forces or part of them should be immobilized or at least their usefulness to their cause reduced. That another winter campaign would be hard on General Franco's forces has been a subject of open discussion, and that the German Government frankly desire a victory for them is again officially acknowledged to-day.

It must be assumed, until evidence to the contrary is available, that the "only means which Germany thinks suitable for dealing with Bolshevist incendiaries" and proposes to apply will lead inevitably towards that immobilization of the "Red" fleet, even if by any chance, as the result of moderating influences, they should be applied by nebulous stages.

If, on the other hand, a demonstrative line is taken, the German public will have been well prepared by to-day's Press outburst against Great Britain, upon which especially Mr. Eden—the bulk of the blame for yesterday's breakdown is laid. An indication of the tone can be obtained from such headlines as "English Mockery of Sea Control"; "Shameless London Press Utterances back the Valencia Chieftains"; "English Hypocrisy"; "Falsification Tricks in London"; "Deficient English Understanding"; "Eden Leaves Europe in the Lurch."

"AN INSULT"

The suggestion that an investigation of the Leipzig story should be made is described by the newspapers as an insult to the German Navy and the whole procedure as lacking in proper respect for the Deutschland's 31 dead. British Press comments, including the leading article of *The Times* (once again described as "schoolmasterish") are picked to pieces one by one, and one commentator gives the assurance that they will not be forgotten.

The comments of the German Press show that the underlying irritation with Great Britain which has broken forth at intervals throughout the past year, especially since the last Nuremberg rally, is caused more than anything by the inability of German propaganda to convert the British as a whole to the German thesis that there can be no such thing as impartiality in the Spanish Civil War, because the Valencia party are "Reds."

A summary of the German statement on Spain appears, with other Spanish news, on page 13.

Emb.Londres/260/1937/Annexo II.

"THE TIMES"

Londres, em 24 de Junho de 1937.

Imperial and Foreign

GERMANY AND SPAIN

CASE AGAINST VALENCIA

From Our Own Correspondent

BERLIN, JUNE 23

The German Government's long explanatory statement [of which the concluding passage has been given in our Berlin Correspondent's message on page 16] covers much the same ground as the views expressed at the German Embassy yesterday and recorded by your Diplomatic Correspondent, with the addition of some polemical remarks about the German attitude towards the Spanish struggle and characteristic phrases such as "Bolshevist criminals." The opening passage gives the key to the general tone:—

"The German Reich—unlike other peoples and States—has never had in the past, nor has now, differences with the Spanish people founded on any sort of territorial or other special political German intentions. Germany has therefore—also unlike other States—taken no part in any of the historical spoliations of Spain." Deep sympathy is then expressed with the sufferings of the Spanish people at the hands of "the same clique of criminals organized and paid by Moscow" who tried to introduce Bolshevism into Germany. "Hundreds of thousands of slaughtered men, women, and children are the blood witnesses to this Bolshevist activity."

Consequently, in this struggle of National Spain against its Moscow oppressors and destroyers the sympathies of the German people and therewith also of its Führer are unequivocally on the side of the population of National Spain, tortured by the hands organized in Spain by the Muscovites. "The Germans have only one interest (it is explained) and that is to see a truly independent and free Spain arise again and that it should succeed in healing the wounds inflicted by the 'Bolshevist civil war.' The German people and Government are convinced that there can only be in Europe either a system of independent free national States or a Communistic, political, and therefore economic chaos. They therefore think it the duty of all European States to take their stand jointly against the attempts inspired from Moscow to destroy this system of independent and free national States.

COMINTERN AND SPAIN

"It is not Germany that wants to make Spain a province of the German Reich or a *Gau* (regional division) of the Nationalist-Socialist movement, but Bolshevist Moscow that wants to make it a section of the Comintern. To hinder that was naturally in Germany's interests as in that of Europe and the whole world, but all other assertions about German territorial ambitions in Spain, Morocco, or other Spanish possessions are lies invented by the 'accomplices of the Bolshevists and their friends, who unfortunately are to be found especially in our Western States.'"

This introduction leads to a summary of events from the German standpoint, starting with the claim that at the very start of the Spanish crisis Germany and Italy [illegible] any and every attempt [illegible] or other

VALENCIA'S WARNING

FORCE TO BE ANSWERED WITH FORCE

FROM OUR OWN CORRESPONDENT

VALENCIA, JUNE 23

Spain seeks no quarrel with any nation, but will reply with force to any act of aggression. This was the view set forth to the foreign correspondents at a Press conference to-day by Señor Giral, the Foreign Minister. He indicated that if the German squadron which is reported to be proceeding towards the Spanish coast was merely "making a parade" within Spanish territorial waters nothing would happen so far as Spain was concerned inasmuch as the Government were used to the unauthorized presence of German as well as of Italian warships within Spanish waters.

Señor Giral thought that both Germany and Italy were now deliberately taking a course which would enable them to assist the insurgents and ensure their victory.

The Spanish Government's reply to the Four-Power request of June 12 for assurances for the safety of control vessels [to which Salamanca has replied affirmatively] is now in final form. While they perhaps do not reject the plan completely they may be expected to insist that it is quite as important to give Spain guarantees against aggression on the part of the warships of certain countries as to give guarantees to these ships. The Spanish Government apparently do not consider warships necessary to enforce the control and further believe that acceptable observers on board such vessels would be a measure of security for Spain.

In general the Government do not well see why they should be asked to give guarantees inasmuch as they hold that the ships of all countries whatsoever have always been free from attack on the high seas. Moreover the Government have already established a safety zone at Palma, Majorca, the insurgent port most frequented by foreign ships.

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This introduction leads to a summary of events from the German standpoint, starting with the claim that at the very start of the Spanish crisis Germany and Italy came out against "any and every attempt at political, financial, military, or other intervention." But the "democratic and Bolshevist States" would have nothing of this and began to enrol volunteers, deliver war material, and so on. Of German or Italian intervention nothing is said. But when, in spite of everything, "National" Spain began to make headway against the "Bolshevist criminals," interest grew in "certain circles in the democratic countries" in taking up the German and Italian ideas for genuine non-intervention, in the hope that this would check the Nationalists and help the "Bolshevist incendiarism." Nevertheless, Germany undertook to take her part in so far as a really just and universal non-intervention was guaranteed.

GERMANY'S AIM

There follows an account of the naval control events from the Palma bombing onwards, by way of the Deutschland bombing to the Leipzig incident, along the lines already familiar from official German statements, leading to the German criticisms of yesterday's events in London and the decision to withdraw.

In its leading article which will appear to-morrow the *Frankfurter Zeitung* says:—

England did not wish to find Germany in the right and Valencia in the wrong; and it did not wish to disappoint the wofully misled British public opinion. We fear that more has been disturbed in the last 24 hours than this already riddled control system. Confidence has suffered a new and heavy blow. The Bolshevists have managed to shoot to bits one of the meagre but still valuable products of cooperative good will of the four Powers. Germany's aim in Spain—a truly independent and free Spain—is one of the few positive values remaining on the ruins of the policy of collaboration.

GERMAN WARSHIPS' MOVEMENTS

ANOTHER BATTLESHIP FOR SPAIN

FROM OUR OWN CORRESPONDENT

BERLIN, JUNE 23

It was announced late this evening that the German battleship Admiral Graf Spee had left for Spain to look after German interests.

Our Gibraltar Correspondent reports that the German cruiser Koln, and the destroyers Lughs, Leopard, and Tiger, arrived in Gibraltar Bay on Tuesday and left yesterday morning in an easterly direction. An Italian destroyer left Algeciras at full speed yesterday morning in the wake of the German warships.

According to Reuter messages the battleship Admiral Scheer, the cruisers Nuremberg and Karlsruhe, three destroyers and one transport arrived in the Tagus yesterday morning bound for the Mediterranean.

BRITISH MINESWEEPERS FOR SPAIN

The minesweepers Saltash, Lydd, and Elgin, which were commissioned at Chatham on June 3 with special complements for passage to the Mediterranean, are to leave Devonport to-morrow for Gibraltar, where they should arrive on June 30. They will be available to assist the destroyers on non-intervention patrol duties if required.

These vessels are distinct from the 1st Minesweeping Flotilla, which, as already announced, is to leave Portland on July 12 to take a turn of one month's duty in the Western Mediterranean to relieve the personnel of the Mediterranean Fleet destroyers.

Emb.Londres/267/1937/Annexo III.

"THE DAILY TELEGRAPH"
Londres, em 24 de Junho de 1937.

HITLER RESTRICTS SPAIN ACTION

CONFINED TO WITHDRAWAL WITH ITALY FROM CONTROL SCHEME

HERR VON RIBBENTROP FLIES TO BERLIN

ROME BELIEF THAT WARSHIPS WILL MAINTAIN INDEPENDENT PATROL

Germany and Italy announced yesterday that, as a result of the breakdown of the four-Power discussions on the Leipzig incident, they would withdraw their warships from the Spain control scheme.

Baron von Neurath, the German Foreign Minister, informed the British Ambassador in Rome that this decision had been reached "with the specific intention of avoiding the possibility of an aggravation of the situation."

The German Government, he added, would confine itself to this action.

In the House of Commons yesterday Mr. Eden emphasised the importance of this assurance, which, he said, was gladly recognised and welcomed by the British Government.

Herr von Ribbentrop, the German Ambassador, left London last night by air for Berlin to consult with Herr Hitler.

It is believed in Rome that the German and Italian fleets will continue to patrol the Spanish coast independently.

Mr. Eden's Statement; Gen. Franco's Policy—Page 12; Advance from Bilbao—Page 13; Valencia's Night of Fear—Page 16.

NON-INTERVENTION PACT UPHELD

FROM OUR OWN CORRESPONDENT

BERLIN, Wednesday.

Herr Hitler communicated his decision to withdraw, in conjunction with Italy, from the Spanish naval control scheme to a full meeting of the German Cabinet this morning. The sitting lasted from 11.15 to 2.30.

It began, I understand, with a report by Herr Hitler, lasting for more than [illegible] the whole Spanish situation, [illegible] before the end

pared for drastic action by the tone of this morning's Press comments. Abandoning all restraint the papers indulged in furious attacks on Britain's Spanish policy in general and on Mr. Eden in particular.

"English mockery of sea control"; "Deplorable failure"; "Shameless London Press comments support the Valencia chiefs"; and "London's masterpieces of falsification" are a few of the headlines.

BLAME LAID ON BRITAIN

...ENDENT PATROL

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It began, I understand, with a report by Herr Hitler, lasting for more than an hour, on the whole Spanish situation. Three-quarters of an hour before the end of the meeting he withdrew to draw up the communiqué personally. Gen. Goering, the Air Minister, then took the chair.

Earlier this morning Herr Hitler had had a final consultation with the four advisers with whom he has been in constant touch during the last few days—Field Marshal von Blomberg, the War Minister, Gen. Goering, Admiral Raeder, Commander-in-Chief of the Navy, and Baron von Neurath, Foreign Minister. On this occasion Gen. von Fritsch, Commander-in-Chief of the Army, was also present.

"MINIMUM DEMAND"
Another Battleship Sent

The communiqué, which was later handed to the Governments of Britain, France and Italy, was in the following terms:

"After the attacks on the cruiser Leipzig on June 15 and 18 became known the Reich Government forthwith informed the other Powers taking part in the sea control in Spanish waters that it had no intention of exposing its warships, which were entrusted with an international task, to further shooting attempts by Red Spain.

"In respect of the guarantee demanded for the safety of its ships, it restricted itself to a minimum, namely, to a naval demonstration, which was to be immediately carried out by the four control Powers, to give a clearly visible joint warning.

"Since the British and French Governments were unable to agree even to this minimum demand, the German Government was forced, to its regret, to conclude that there was a lack of that solidarity among the control Powers which forms the indispensable pre-condition for the execution of the international task which they had jointly assumed. The Reich Government has, therefore, resolved to withdraw finally from the control system."

Late to-night it was announced that the pocket battleship Admiral Graf Spee, 10,000 tons, had left for Spanish waters "to protect German interests."

Although no official statement is forthcoming it appears that Germany has no intention of withdrawing her warships from the Mediterranean.

GERMAN AIMS IN SPAIN
No Wish for Annexation

It is stated in official circles to-night that Germany will remain a member of the Non-Intervention Committee, and will continue to recognise the Non-Intervention agreement. There is thus no question of open intervention on the side of Gen. Franco.

Herr von Ribbentrop, the German Ambassador to London, arrived here by air at 11.30 to-night to consult with Herr Hitler on the situation.

The communiqué was accompanied by a long justification of Germany's action, which, I understand, was inspired by Herr Hitler personally. In this it is declared that Germany's only interest in Spain has been to prevent the country from coming under the control of the Communist International. Germany had no desire to annexe any part of Spain.

After a sketch of the history of the control system, it is asserted that Germany will, in future, protect her ships against "the Bolshevist incendiaries of Valencia" by the only means calculated to deter them from fresh attack.

The breakdown of the four-Power negotiations caused increased nervousness on the Berlin Bourse, and the decline in quotations which set in yesterday continued. Reichsbank shares fell by 1½ per cent.

The German public had been prepared for drastic action by the tone of this morning's Press comments. Abandoning all restraint the papers indulged in furious attacks on Britain's Spanish policy in general and on Mr. Eden in particular.

"English mockery of sea control"; "Deplorable failure"; "Shameless London Press comments support the Valencia chiefs"; and "London's masterpieces of falsification" are a few of the headlines.

BLAME LAID ON BRITAIN
"English Obstinacy"

Forgetting the eight British sailors killed when the destroyer Hunter struck a mine off Spain, the papers unanimously claim that Germany and Italy are in a special position as the only countries which have suffered loss of life in the Spanish coast control.

The entire responsibility for the breakdown of the four-Power negotiations is attributed to Britain. "Owing to English obstinacy," writes the Essen "Nationalzeitung," Gen. Goering's paper, "it proves impossible to reach an agreement."

ITALY'S PLANS
SENSATIONAL ACTION UNLIKELY

From Our Own Correspondent

ROME, Wednesday.

Italy's decision to join Germany in leaving the Spain control system was announced early this afternoon in the following communiqué:

"The Fascist Government, having ascertained, as a result of recent conversations in London between representatives of the four Powers, that there was a lack of solidarity necessary for common action relative to the well-known incidents during the international control system, has instructed Ambassador Grandi to inform the Non-Intervention Committee that Italy definitely retires from the control system."

Authoritative observers emphasise the danger of dramatising the possible results of Italy's decision. They state that no sensational gestures are likely to follow it.

For the time being, Italy will remain in the Non-Intervention Committee, so that she may do whatever is possible "for the pacification of Spain."

TO CONTINUE PATROL
Independent Action

From guarded observations made to-night, it appears certain that Italy and Germany will not withdraw their ships from Spanish waters. They will consider themselves free to take whatever action they think fit against further aggression by "Red" Spanish ships or 'planes.

It is doubtful whether they would agree to British and French naval units taking over the zones they have hitherto patrolled under the control system—the greater part of the east coast of Spain. If this interpretation is correct the two Powers will continue to control their former zones on their own account, taking joint action whenever they think it necessary.

A report from Marseilles that nine ships have left Civita Vecchia with 50,000 Italian regular soldiers for Gen. Franco is described in official quarters as ridiculous.

Another report that a whole army division has been mobilised in Italy for transport to Spain is also denied, but with less emphasis. It is dismissed with the formula: "Non ci risulta," of which the nearest translation is "It does not appear to be so."

VALENCIA ATTITUDE
"READY TO DEFEND OUR INDEPENDENCE"

Senor José Giral, the Spanish Foreign Minister, stated last night, says the Spanish Press Agency:

"If the democracies of Europe abandon us we are ready to defend the independence of our country at any price."

Emb.Londres/260/1937/Annexo IV.

"THE DAILY TELEGRAPH"

Londres, em 24 de Junho de 1937.

THE DAILY TE

BERLIN DECISION WELCOMED

AMBASSADORS' CALL ON VON NEURATH

RISK OF RASH MOVE STRESSED

By Our DIPLOMATIC CORRESPONDENT

British official opinion on yesterday's developments in the situation arising out of the reported torpedo attack on the German cruiser Leipzig was expressed in terms of cautious reserve.

Baron von Neurath's statement to Sir Nevile Henderson, British Ambassador in Berlin, that no further action was contemplated by Germany beyond final withdrawal from the naval patrol, was warmly welcomed.

It came as a surprise that Germany, after insisting in the Four-Power talks that a most vigorous warning must be given to Valencia, should now be content to regard the episode as closed.

While it was well understood in London that Herr Hitler was highly incensed when informed of the latest reported attack on a German warship, it was thought in some circles that his desire for a rapprochement with Britain had determined the final decision announced yesterday morning.

Both Sir Nevile Henderson and M. Poncet, the French Ambassador, called on Baron von Neurath yesterday morning to draw attention emphatically to the dangers which might attend any rash act contemplated by the German Government.

The decision to make these representations was reached on Tuesday night, when it became known that plans had been under discussion, as reported by THE DAILY TELEGRAPH Berlin Correspondent, for a blockade of the Spanish coast, seizure of Valencia ships and other drastic measures.

I gather, however, that Baron von Neurath made his reassuring statement to Sir Nevile Henderson at the outset of their interview, thus rendering it unnecessary for the British Ambassador to develop his instructions at any length.

Emb.Londres/260/1937/Annexo VII.

"THE TIMES"

Londres, em 25 de Junho de 1937.

AN INTERLUDE IN GERMANY

SHIPS OFF SPAIN

MORE ANTI-BRITISH ARTICLES

From Our Own Correspondent

BERLIN, JUNE 24

Herr Hitler is understood to have left Berlin to-day for a tour in Central Germany. He had a brief talk with Herr von Ribbentrop, the German Ambassador in London, and will probably have a longer one during the next few days somewhere *en route*. The Führer's departure is supposed to be taken as a sign that all is quiet again, though far from clear, after the excitement of the last few days. What it can be taken to mean is that for the time being all necessary dispositions have been taken for the future mission of the German Fleet in Mediterranean waters, as the result of the long consultations which the Führer held in Berlin with his principal naval, military, and air advisers and the Foreign Minister.

It is evidently desired to show a definite interruption between the phase which ended with the withdrawal of Germany and Italy from active cooperation in the naval patrol and any fresh phase of activity which may result from the policy decided on by the two Governments and the instructions given to their naval forces for the future. This is in accordance with Baron von Neurath's assurance that the German Government would confine themselves to the withdrawal. The London consultation incident is thereby closed, and if fresh problems should arise in the Mediterranean they would be expected to be regarded, not in the light of independent retaliations for the Leipzig affair, but as a result of Germany's decision to protect her own interests and ships by the methods she thinks alone suitable for keeping the "Red" Spanish forces in order.

"JOINT FLEET ACTION"

It has already been intimated that any action decided on would probably not be announced before it occurred. The only hint the German public is getting of what its Fleet might conceivably do is contained in dispatches from Rome quoting from the Italian Press and published by the *Berliner Tageblatt* with a big headline: "Joint Italo-German Fleet Action." From the quotations it is gathered that the Italian Fleet, together with the German, would take drastic measures in response to any further attacks or "other provocations."

Meanwhile the German Press continues its fulminations against Great Britain and the British Press, following closely in its main comments the lines of last night's official statement. The British Government and Press are depicted as completely at a loss after the collapse of their naval control system, and still searching feverishly and obstinately for arguments with which to cover up the responsibility which they realize in their hearts is borne by Great Britain and France.

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SHIP MOVEMENTS

In an article entitled "A Ridiculous Farce," in which the *National-Zeitung* endeavours to show that the control system was a complete fiasco in any case and that arms and munitions were entering "Red" Spain under the noses of the control officials, a list is given of the units composing the German Fleet in the Western Mediterranean. They are: the "pocket" battleship Admiral Scheer; the cruisers Nürnberg, Karlsruhe, Köln, and Leipzig; nine destroyers, four submarines, and armed fishing craft. To these must be added the "pocket" battleship Admiral Graf Spee, which left yesterday for Spanish waters with unknown orders to assist in looking after German interests.

Apart from the general criticism that Great Britain is still absurdly obsessed with a hopeless idea that it is possible to look on impartially at a civil war in which one side is "Bolshevist," that she and France are wrecking European solidarity by not accepting the German view, and that the Government are afraid of the sentimental pro-"Reds" among the electorate, several newspapers, notably the *Völkischer Beobachter*, indulge in unrestrained anti-British outbursts.

The *Völkischer Beobachter* heads its article "Gentlemen?" and declares that the suspicions, lies, and maliciousness published about Germany in Great Britain "have long passed the limits of what is tolerable." It was impossible, the writer adds, "to go into every individual piece of shamelessness. We have passed them over with the disdain they deserved. But too much is too much!"

BRITISH "HYPOCRISY"

Much is made in some outbursts of the alleged hypocrisy of the British, in view of numerous retaliatory incidents in their past history, in refusing even to "show the flag" as a sign of solidarity with a Germany which has had a cruiser attacked by submarines. This line has been taken periodically for some time past, ever since the Guernica affair. It was sought not long ago, on the strength of an obviously purely academic Service lecture mentioning the destruction of the moral of the entire enemy nation as the third and most drastic of the purposes for which air forces might be used in war, to prove that Great Britain was in favour of bombing open towns. After the German bombardment of Almeria, British history was searched back for evidence that Great Britain was the "classic country" of punitive expeditions, and much emphasis was placed on the policy of bombing recalcitrant native villages on the Indian frontier and in Iraq, without mention being made of the system of frequent warnings long beforehand, which result in the entire population retiring to watch the bombing of their houses and renders this one of the most humanitarian methods of handling trouble in turbulent parts.

GERMAN WARSHIPS PASS GIBRALTAR

FROM OUR CORRESPONDENT

GIBRALTAR, JUNE 24.

Two German cruisers, believed to be the Nürnberg and the Karlsruhe, and five destroyers passed through the Straits this evening, heading eastward.

The German cruiser Köln arrived this morning and berthed alongside the dockyard. She embarked those wounded men from the Deutschland who were fit to be discharged from the Military Hospital.

Other Spanish News on page 12.

Emb.Londres/260/1937/Annexo VIII.

"The Daily Telegraph"

Londres, em 25 de Junho de 1937.

MR. EDEN CONSULTS WITH AMBASSADORS

QUESTIONS TO GERMANY & ITALY ON MEDITERRANEAN FLEETS

PREMIER TO OUTLINE BRITAIN'S POLICY TO-DAY

HITLER LEAVES BERLIN AFTER TALK WITH VON RIBBENTROP

At the request of Mr. Eden the American, French and Spanish Ambassadors and the German Chargé d'Affaires called separately at the Foreign Office yesterday to discuss the situation created by the withdrawal of Germany and Italy from the Non-Intervention patrol.

These two Powers are to be asked to define the duties to be performed by their fleets in the Mediterranean. At the same time the problem of stopping supplies of arms to both sides in Spain is to be considered afresh.

The United States Government is following the situation with the keenest attention. Lengthy coded reports have been cabled to Washington by American Embassies throughout Europe. It is denied, however, that any protest has been made to Germany.

Mr. Chamberlain, in his first speech on foreign affairs as Prime Minister, will outline Britain's policy in the debate on the international situation in the House of Commons this afternoon.

Herr Hitler left Berlin yesterday for a tour of Saxony and Central Germany. Before leaving he had a short talk with Herr von Ribbentrop, the German Ambassador in London, who flew to Berlin on Wednesday.

Other Spanish News—Page 15

RESTORING CHECK ON ARMS

NEW EXAMINATION

By Our DIPLOMATIC CORRESPONDENT

A start was made yesterday evening in the attempt to establish the position created in the Mediterranean by the withdrawal from the Non-Intervention patrol of the German

GERMAN SHIPS TO REMAIN

"TO PROTECT TRADE"

From Our Own Correspondent

BERLIN, Thursday.

That the international tension caused by the Leipzig incident and the withdrawal of Germany and Italy from the Spanish naval control system has relaxed is shown by the fact that Herr Hitler left here this evening on a tour of inspection of Saxony and

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Other Spanish News—Page 15

RESTORING CHECK ON ARMS

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A start was made yesterday evening in the attempt to establish the position created in the Mediterranean by the withdrawal from the Non-Intervention patrol of the German and Italian fleets.

From 5 p.m. onwards Ambassadors and Ministers called at the Foreign Office, at the request of Mr. Eden. Among them were the French, Spanish and United States Ambassadors, and the German Chargé d'Affaires.

The Earl of Plymouth, chairman of the Non-Intervention Committee, arrived at about the same moment as Dr. Woermann, German Chargé d'Affaires, who attended in place of the Ambassador, Herr von Ribbentrop, now in Berlin.

I understand that the call of the United States Ambassador, Mr. Bingham, was primarily to receive information on the latest developments.

DEFENCE COMMITTEE
Mr. Eden at Meeting

Yesterday morning Mr. Eden is understood to have attended a meeting of the Committee of Imperial Defence. In a situation full of uncertainties it was considered advisable to consider what steps would be desirable to take in various hypothetical sets of circumstances.

It is now necessary to establish how far the main work of the Non-Intervention control is affected by the latest developments.

At the outset Germany and Italy will be asked to make clear the duties which they contemplate for their fleets in the Mediterranean, and whether these will go beyond the protection of their commerce on the high seas.

Certain of the statements made in Berlin and Rome appear capable of meaning that these fleets will continue to "control" the approach of merchantmen to the Valencia Government's ports.

It is not clear whether this would mean the stopping of ships flying the Spanish flag, or flags of other countries not party to the Non-Intervention agreement. Such action would be a veiled form of illegal, since selective, blockade.

ARMS REACHING SPAIN
Fresh Examination

Lord Plymouth has already drawn pointed attention to the fact that supplies are still reaching both sides by the improper flying of such flags by ships of nations anxious to support one side or the other.

This question and the problem of stopping the supply of aircraft and air-borne cargoes to Spain are now to be examined afresh. As I stated yesterday, urgent consideration is also being given to the gap created in the sea-patrol by the absence of the German and Italian fleets from the zones allotted to them.

The possibility of inviting certain of the Northern European Powers to join the patrol is being discussed.

I gather that the views of both Holland and Sweden were sounded on this point yesterday. It will be for the Non-Intervention Committee to settle this matter.

Britain, I understand, feels that it would be impracticable to invite Soviet Russia to join the patrol.

WARSHIPS OFF SPAIN

From Our Own Correspondent

GIBRALTAR, Thursday.

The German battleship Admiral Scheer, 10,000 tons, the cruiser Nuernberg, 6,000 tons, and the destroyers Tiger, Falke, Albatros, Greif and Condor, all 600 tons, passed through the Straits of Gibraltar from the Atlantic into the Mediterranean at 7 p.m. this evening.

They were heading for the Spanish coast.

GERMAN SHIPS TO REMAIN

"TO PROTECT TRADE"

From Our Own Correspondent

BERLIN, Thursday.

That the international tension caused by the Leipzig incident and the withdrawal of Germany and Italy from the Spanish naval control system has relaxed is shown by the fact that Herr Hitler left here this evening on a tour of inspection of Saxony and Central Germany.

Before leaving he had a short talk with Herr von Ribbentrop, the German Ambassador in London, who arrived in Berlin by air late last night. The latter will remain in Germany for several days, and is expected to join the Chancellor later this week.

The general feeling of relief was reflected by a slight recovery on the Berlin Bourse.

It is presumed that the German warships in Spanish waters have already received instructions as to their future conduct. It is not known what further steps are contemplated.

BLOCKADE PLAN DENIED
Fleet of 19 Ships

The fact that the drastic measures which, as was reported in THE DAILY TELEGRAPH on Wednesday, were originally planned by Herr Hitler have apparently been abandoned does not necessarily mean that no action will be taken by the German fleet during the next few days. The slightest incident will lead to energetic counter-measures.

It is stated in official quarters that German warships will remain in the Mediterranean "to protect legitimate German trade." The fleet is stated by the well-informed "National Zeitung," of Essen, to consist of

Two pocket battleships,
Four cruisers,
Nine destroyers, and
Four submarines.

This seems rather large for the purpose suggested.

Official quarters declare that Germany has no intention of blockading the Spanish Government ports. It may be assumed, however, that any ships laden with arms for the "Reds" will not be allowed to pass if sighted by German warships.

No clear statement is available as to whether Germany would object to her former patrol zone being taken over by Britain and France or other members of the Non-Intervention Committee. This question is now being discussed with Italy.

BRITAIN ACCUSED
"Lying Reports"

The German Press continues to blame Britain and France for the breakdown of the four-Power negotiations, though in a more moderate tone than yesterday. The "Nachtausgabe" accuses the British Government of stirring up public opinion in Britain against Germany by spreading "lying reports" about Germany's intentions.

While British and French statesmen are charged with supporting the "Reds," Germany's sympathy for the Nationalists is openly and loudly proclaimed. Under the heading "Gentlemen?" the official "Voelkischer Beobachter" delivers a violent attack on the British Press.

"A great deal is said about English 'fairness,'" it writes. "We regret to have to say that we have seen hardly any trace of it in English papers recently. The aspersions, lies and mischievous reports which have been published about Germany and her policy have long passed the bounds of what is tolerable."

FRANCO-SOVIET TALKS

From Our Own Correspondent

PARIS, Thursday.

M. Delbos, the Foreign Minister, this afternoon had a consultation lasting 40 minutes with the Russian Ambassador, M. Suritz. Later he received the Turkish Ambassador.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 26 de Junho de 1937.

NP

No.261

O incidente do "Leipzig" e as suas consequencias.

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27 JUL 1937
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No

Senhor Ministro,

Em additamento ao meu officio nº 260, de hontem, relativo ás consequencias da retirada da Allemanha e da Italia do controle naval, e ao debate sobre as relações exteriores na Camara dos Communs da tarde do mesmo dia, cabe-me remetter a Vossa Excellencia, nos dois recortes annexos do "Times" de hoje, o texto integral do discurso do Primeiro Ministro, Senhor Nevile Chamberlain, sobre a politica exterior da Inglaterra com relação ao conflicto espanhol, e do Senhor Anthony Eden, Principal Secretario de Estado para os Negocios Estrangeiros, e ainda o dos referidos pela opposição trabalhista (I). No annexo II encontra-se o magistral editorial do "Times" sobre o assumpto.

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Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafael de Loureiro

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão, Ministro de Estado interino das Relações Exteriores.

Emb.Londres/261/1937/Annexo. (I)

"THE TIMES"

Londres, em 26 de Junho de 1937.

Parliament

POWERS AND THE SPANISH WAR

PRIME MINISTER ON PEACE EFFORTS

APPEAL FOR PATIENCE AND SELF-RESTRAINT

NON-INTERVENTION POLICY STILL ESSENTIAL

HOUSE OF COMMONS

FRIDAY, JUNE 25

The SPEAKER took the Chair at 11 o'clock.

The Ashdown Forest Bill and the Newcastle-upon-Tyne Corporation Bill were read the third time.

THE EXCHANGE FUND

£200,000,000 INCREASE

Mr. ATTLEE (Limehouse, Lab.) asked the Chancellor of the Exchequer whether he had any statement to make in regard to the Exchange Equalization Account.

SIR J. SIMON (Spen Valley, L.Nat.).—Yes, Sir. I have come to the conclusion that it will be necessary to ask for power to make an addition to the resources of the account. The necessary resolution in connexion with a Bill to increase the Treasury's borrowing power for the purposes of the account, at present £350,000,000, by a further £200,000,000 has been prepared, and is being placed on the Order Paper to-day.

I shall explain fully the circumstances of this proposal when the Resolution is debated, and it will be sufficient if I confine myself for the moment to the following remarks. In addition to a recent dishoarding of gold there has been much financial disturbance abroad and a general tendency for capital funds to move to London. While I consider that there is no reason why the present conditions of unsettlement in connexion with the international movement of capital should be permanent the situation compels us to make further provision as an insurance against additional movements into sterling. This is essential for the purpose of maintaining our general financial policy and in support of our undertakings and objectives under the Tripartite Monetary Agreement which have been so widely approved.

Mr. THORNE (Plaistow, Lab.).—May I ask the Chancellor of the Exchequer whether France and America are following in our footsteps?

SIR J. SIMON.—I will deal with these matters when we take the resolution.

CHALLENGER (Bassetlaw, Lab.).—Is

at the expense of China or any other country; nor could we be expected to repudiate the resolution of the League of Nations that recognition could not be accorded to conquests achieved by force. On the other hand, it was our duty to recognize the justice of Japan's claim to improved access to markets and raw materials, and to show our willingness to cooperate actively with her in the maintenance of peace.

PLEA FOR UNDERSTANDING WITH GERMANY

In the more tangled and intractable problems of Europe, there was at least one thing to be thankful for, our friendship with France—(hear, hear)—never more firm and loyal than it was now, and based on our common ideals of freedom and peace and loyalty to the League of Nations. Clearly, the quickest and surest way of establishing peace in Europe was to reach an understanding with Germany.

If the object of Germany (the right hon. gentleman continued) is peace based on justice and equality, let us work together to buttress the rule of law against aggression and to remove the causes, and especially the economic causes, of war. There are two things which his Majesty's Government should strive to bring Germany to understand. The first is that, much as we want new friends, we shall never sacrifice old ones—(cheers)—that we are, and shall remain, loyal to our obligations under the Covenant of the League; that we regard signatures to the event of aggression in Southern or Eastern Europe as much as in the West as inconsistent with the obligations of the Covenant—indeed, more inconsistent; and that we welcome Germany in the fullest sense as an equal in the fullest sense, one who accords to others, including Russia, that equality of status which she rightly demands for herself. (Cheers.)

Secondly, once Germany returns to the League, joins in a measure of general disarmament, and agrees to abide by third-party judgement in international disputes, there is no price for her friendship that our League obligations permit, that justice and equity demand, and that third-party judgment assesses, that we shall be unwilling to pay.

TWO COURSES SUGGESTED IN SPAIN

the fact that it is held constitutes a perpetual danger to the peace of Europe because if some country or Government representing one of those two ideas attempted to intervene beyond a certain point, then some other country, taking the opposite view, may find it difficult, if not impossible, to refrain from joining in and a conflict may be started of which no man can see the end. (Hear, hear.)

LIMITING THE CONFLICT

In those circumstances the policy of his Majesty's Government has been consistently directed to one end and to one end only—namely, to restrain the peace of Europe by confining the fire to Spain. (Ministerial cheers.) It is for that purpose that in conjunction with France we worked to set up, and since then to remain, the Non-Intervention Committee. Nobody could have had a harder task than that Committee. And we in this country have suffered the usual fate of those who try to be impartial. We have been bitterly accused by both sides of partiality towards the other.

But although we have had to express our dissatisfaction with the failure of the scheme of non-intervention because we maintain that it is true that intervention has gone on and is going on in spite of the Non-Intervention Agreement—yet it is also true that up to the present we have succeeded in achieving the object which has been at the back of our policy the whole time. (Ministerial cheers.) We shall continue to pursue that object and that policy so long as we feel that there is a reasonable hope of avoiding the spread of the conflict.

I do not myself think that it is fantastic to think that we can continue that policy successfully even to-day. The situation is serious, but it is not hopeless; and, in particular, although it may be true that various countries or various Governments desire to see one side or the other gain the victory in Spain, there is not a country or Government that wants to see a European war. (Ministerial cheers.) Since that is so let us try to keep cool heads. (Renewed cheers.) Let us neither say nor do anything to precipitate a disaster which everybody really wants to avoid. I think we are bound to recognize that so long as this civil war—(A LABOUR MEMBER.—"Invasion")—is going on in Spain incidents are bound to occur which involve foreign Powers.

IMPORT OF ARMS

The very difficulties which foreign Powers have imposed upon themselves in trying to stop the importation of arms and munitions into Spain—(A LABOUR MEMBER.—"What foreign Powers?")—and the fact that there has been a course of hostilities, each side being dependent on supplies of material which it feels it cannot get—Mr. S. O. DAVIES (Merthyr, Lab.).—Rubbish—

The CHAIRMAN.—Order, Order!

Mr. DAVIES.—There is a limit, Sir Dennis.

[illegible] (Caerphilly, Lab.) rose to a point of order whether Members

agreement with [illegible]

The CHAIRMAN [illegible] where the Prime Minister is making a very important speech and any one there should be of the House [illegible] is likely to make it more difficult for the Government. (Cheers.)

Mr. ATTLEE.—I quite agree that everybody should have a free and a fair hearing in this House, but we are all on an equality in this House as members and should [illegible] House as members and [illegible] that although while as individuals we are all on an equality we are not all on an equality as members of this House [illegible] we are all entitled to the right of free speech [illegible] that we should all exercise that restraint in this House which is necessary in order to secure [illegible] between its members.

CAPTAIN [illegible].—May I say that I [illegible] (Opposition cheers.)

right hon. gentleman seemed to have misconceived the whole issue that lay before them. Mr. Chamberlain had suggested that there was being fought out in Spain in the overture of some peoples a struggle between two sides, two rival systems. He (Mr. Attlee) did not think that was the issue facing them to-day. To-day the world was faced with a contest between whether the rule of law in international affairs should prevail or the rule of lawless force. They must look at the Spanish struggle in its true perspective.

The Spanish struggle was not so isolated as one might expect. It was the result of the steady decadence of the situation in the world for the last five or six years. It was merely one step in the continual disregard of the rule of law and the increasing aggression all over the world in those who claimed to be bound by no rule except that which they conceived to be the interests of their own particular State. That had destroyed trust between nations, had rendered treaties and instruments of agreement of little value, and had brought them all face to face with the question how this continual decadence of the situation was to be brought to an end.

That was the point on which he wanted to challenge the Government, because he had not got from the Prime Minister any suggestion of any action that would really deal with the position. (Opposition cheers.) A stage had been reached in the tragedy of the massacre of the people of Spain by foreign soldiers, foreign sailors, foreign airmen, equipped with all the most frightful of modern weapons, and a stage had also been reached in the farce of non-intervention.

CASE FOR NON-INTERVENTION

The case for non-intervention did not rest on any question of rights, justice, or international law. The Spanish Government had a right, if it could, the Spanish Government, had the right to resist rebellion. The non-intervention agreement rested solely on the basis of expediency, which could be justified only by success.

The first reasons for the adoption of the non-intervention agreement was that there was great danger that this local struggle might spread into a world struggle, and there was also a danger that it should be prolonged. The great danger that it would be prolonged. The great danger that it would be prolonged was that non-intervention was designed not only to prevent a foreign power from [illegible] but non-intervention was designed not only to prevent a foreign power from [illegible] in order that it should end soon, because the [illegible] in order that it should end soon, because the longer the struggle in the situation was the more outstanding danger in the situation was the more outstanding danger in the world, and the longer it continued the more likely it was that there would there ought to be peoples, and the longer it continued the more likely it was that there would be [illegible] the more likely it was that there would be [illegible] the more likely it was that there would be [illegible]

Annexo. (I)

"THE TIMES"

m 26 de Junho de 1937.

Parliament

ND THE SPANISH WAR

ER ON PEACE EFFORTS

TENCE AND SELF-RESTRAINT

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PLEA FOR UNDERSTANDING WITH GERMANY

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If the object of Germany (the right hon. gentleman continued) is peace based on justice and equality let us work together to buttress the rule of law against aggression and to remove the causes, and especially the economic causes, of war. There are two things which his Majesty's Government should strive to bring Germany to understand. The first is that, much as we want new friends, we shall never sacrifice old ones—(cheers)—that we are, and shall remain, loyal to our obligations under the Covenant of the League; that we regard ourselves as the friends of all nations in Southern or Eastern Europe as much as in the West as inconsistent with the obligations of the Covenant—(cheers)—and that we mean to welcome Germany to the League as an equal in the fullest sense, one who accords to others, including Russia, that equality of treatment which she rightly demands for herself. (Cheers.)

Secondly, once Germany returns to the League, joins in a measure of general disarmament, and agrees to abide by third-party judgment in international disputes, there is no price for her friendship that our League obligations permit, that justice and equity demand, and that third-party judgment assesses, that we shall be unwilling to pay.

TWO COURSES SUGGESTED IN SPAIN

Early since March the question of withdrawing volunteers from Spain had been discussed in the press, while the scale of intervention by Italy and Germany had constantly risen. Had any of the nations other than Italy and Germany refused in principle to accept the Government's scheme—we, perhaps, should not say refused to accept, but so far abstained from reviewing their acceptance of the Government's scheme? Secondly, could the Government now give us some details of the scheme? In particular, would the Secretary of State give an assurance that the rate of withdrawal on each side would roughly be proportional to the number of foreign troops on each side, and that the non-intervention Committee would not be asked to agree to the withdrawal of equal numbers on both sides? (Hear, hear.) Thirdly, what, if anything, the Government proposed to take, if within a limited period of time, say, for instance, a fortnight, the withdrawal had not begun?

[illegible] suggest two courses [illegible] the right hon. gentleman: first, an immediate appeal [illegible] to the Spanish Government, that the non-intervention has broken down, and that they [illegible] cross under normal conditions of international law. (Cheers.) Secondly, the reference of the whole of the Spanish problem to the League of Nations. Let the League send [illegible] and see if mediation is possible, or if [illegible] could be used to prevent so far as possible the [illegible] from the existing position. Power to [illegible] the Western European [illegible] Mediterranean [illegible] Mediterranean [illegible] Western [illegible] Mediterranean [illegible] Western [illegible] Mediterranean [illegible] Western

Emb.Londres/261/1937/Annexo I (continuação)

"THE TIMES"

Londres, em 26 de Junho de 1937

Parliament

Continued from page 8

Germans and the Italians. They were right on the frontier and could very easily have sent, but they did not do so.

The Russians he was informed—he thought it was in *The Times* or some other newspaper—sent some material there. But, looking at it from the point of view of impartiality and the working of non-intervention, there were nearly 100,000 Germans and Italians there, and not 12,000 of every other nationality, including Russians, and the Russians were in the minority, he was told. That was a proportion of eight to one so far as men were concerned. So far as aeroplanes were concerned the overwhelming majority had been supplied by the others. If we were going to have a pact of non-intervention with gaps, why should the gaps be so arranged that they told eight to one in favour of Franco's forces against those of the Government? If the gaps were to be filled, let them be filled on both sides.

THREE COURSES OPEN

There were only three courses for the Government to take. The first was: they could enforce the pact of non-intervention. (Ministerial cries of "How?") If those Powers did not carry it out, he agreed that we could not enforce it. The second course was that we could have an agreement with regard to volunteers. That, again, depended on agreement between the Powers. The first two courses depended on our coming to an agreement with people who had not ever kept a single agreement into which they had entered. The third course was that we should cry "Hands off" and wind up this fraudulent pact, and let both sides buy their material where they could get it.

It was a very deplorable alternative, but it was better than the present system, under which the machinery of war was being sent by foreigners in the proportion of eight to one to one side. We were not stopping the equipment, the war, or bloodshed. All we were doing was to give an overwhelming advantage to one side. It was far better to have an honest return to the old principles of neutrality which affected neutrals, then nobody could complain of what happened. After all, however much we might regret it, Spain was not the only country that had settled the issues of good Government by reference to the sword. The Spanish people on both sides had decided that it was to be settled in that way. That was why he did not think they would accept the intervention of the League of Nations.

He wished it were possible that the advice of Sir A. Sinclair could be accepted and that the League could intervene, but one must look at the facts. Neither of the two parties would accept the League, so he was assured. We had to face the facts when we came to war as well as to peace. The very existence of Parliament and the liberties of this country had been settled by those means, and what was happening in Spain showed that we had not yet got out of that terrible obsession of the human mind. It was for the Spaniards in Spain to decide.

"A PERIL TO EUROPE"

But if the aristocracy in Spain had the loyalty of their peasants and their workmen to such an extent that they would fight under their banners to the death, if the higher hierarchy had got the devotion of the vast majority, if the financiers of Spain were so respected by the workmen that they would support them, then the battle was won by Franco. There was no one to stand up to him. An hon. member stated the other day that France occupied the greater part of Spain. But if the black troops were withdrawn, together with their Aryan confederates from Germany—daughter)—and Italy, Franco would occupy a very ragged, small area. But if it was true that the population was overwhelmingly with him there was no doubt about the way things would go.

He (Mr. Lloyd George) begged the Government to make up their minds that whatever happened they were not going to have a continuation of this deception, this evasion of a treaty which was no treaty, this pact which was not honoured. It was a disgrace and a humiliation to them[illegible]

there are certain definite and encouraging signs of improvement in the international situation in the Far East. The House is aware that conversations have been proceeding with the representatives of the Japanese Government on a possibility of a better understanding, a better ordering of Anglo-Japanese relations generally, and it may be said that these conversations, so far as they have gone, encourage us to hope that a more definite exchange of views may lead to further progress. It is anticipated that it may be possible at a very early date to begin the examination of concrete proposals.

Mention of Anglo-Japanese conversations in the past has given rise to anxiety in certain quarters that an Anglo-Japanese understanding might be effected at the expense of China. I take this opportunity of renewing once more the assurance which I have already given on more than one occasion that his Majesty's Government have no intention of doing anything of that kind. (Cheers.) Our relations with the Chinese Government are excellent. But what we hope for and what we shall work for is an increase of friendship and mutual trust between all the nations in the Far East, and we are convinced that an understanding with Japan would, in certain conditions, contribute to that end. It is in that spirit that we shall work cordially and sincerely for a bettering of Anglo-Japanese relations, which we believe both countries desire.

Referring to a speech of the Prime Minister of Australia at the Imperial Conference about a Pacific pact, Mr. Eden said.—Mr. Lyons's objective was, very wisely, if I may say so, not to attempt to advocate any detailed scheme, but rather to invite the Conference to give their attention to the matter and to consider whether anything on these lines would be desirable and in what manner it could be put into effect. All the Governments of the British Commonwealth were united in thinking that a Pacific pact was a desirable objective. They examined the possibilities in some detail during the Conference, they considered the various forms which the pact might assume, and they noted a number of difficulties which would have to be overcome. This is a matter which must be approached with some circumspection and it might be unwise to attempt any negotiations until we know a little more clearly what are the views of certain other Governments in the matter, but we hope to have opportunities shortly of making preliminary soundings among those Governments which are principally interested, after which we shall be in a position to decide whether definite proposals can be made with any reasonable chance of success.

EVENTS IN CENTRAL EUROPE

I would like to come a little nearer home and, before I deal with the Spanish position, say something of the situation in Central Europe. As has been often declared in this House we desire in Central Europe and elsewhere peace and good understanding.

We cannot, even if we would, disinterest ourselves in the course of events there any more than we can disinterest ourselves in the course of events anywhere else on the earth's surface as conditions are to-day. Our interest in peace is universal. After all, we cannot forget that the last European War did not begin in Belgium. The right hon. gentleman reminded us that it began in what I think he called an Austrian quarrel. So we realize that our interests must be universal in the interest of the maintenance of peace. We quite realize that in trade and economic matters other nations have a closer interest than we in the Danube Basin. We should like to see the gradual removal of trade barriers in that area, but our interest in peace there as elsewhere is unceasing. An hon. member has complained that the general lines of our foreign policy towards Central Europe were not clear. I do not think that the accusation can be fairly levelled. (Hear, hear.)

REFUGEES FROM SPAIN

THE STRAIN ON FRANCE

I now come to the most difficult and the most serious matter which we have to discuss this afternoon—the situation in Spain. Before I deal with the main political aspect I understand that certain questions have been asked about the position of refugees coming from Santander, and I would like to say the House [illegible]

ously the danger of a clash would be infinitely increased.

Mr. S. O. DAVIES (Merthyr, Lab.).—Do not run away. (Opposition cheers.)

Mr. EDEN.—Hon. members opposite may do that with equanimity. (Ministerial cheers.) It may be a matter of indifference to them whether there is a war or not——

Mr. DAVIES.—Why make such brave speeches and then run away?

Mr. EDEN:—but for the majority of the people of this country the preservation of peace is of some account. (Ministerial cheers.) Hon. gentlemen opposite, and I think the right hon. gentleman himself (Mr. Lloyd George) assume as a matter of course that if non-intervention was abolished it would benefit the Spanish Government. Would it?

Mr. LLOYD GEORGE.—I did not say that. It would certainly benefit the party which has the command of the majority of the Spanish population. A return to the old principles of neutrality would not include the organization of units by Governments, but it would only be a matter of buying and selling arms!

Mr. EDEN.—Supposing there was no non-intervention agreement, and we returned to what the right hon. gentleman described as free trade in arms, and assuming that the Spanish Government could buy in the markets of the world, where is it going to get supplies of aeroplanes and war material? The United States makes probably the best aeroplanes of all, but the United States long ago put an embargo on the export of arms, and everybody knows quite well that nothing would induce the United States to depart from that course.

EXPORT OF AIRCRAFT

Does the House conceive our selling large numbers of aeroplanes at this time, at this moment, when we have the greatest difficulty in fulfilling the smallest contract with those with whom we are under treaty obligations to do so? It may astonish the House to know——

Mr. NOEL BAKER (Derby, Lab.).—Is the right hon. gentleman aware that we had a record export of aircraft last year, and that aircraft manufacturers in the last fortnight have said that their factories have been so extended that they will be able to fulfil their foreign orders better than before?

Mr. EDEN.—I am not dealing with last year or next year, but with this year. (Ministerial cheers.) I have to deal with these things every week, and I know the difficulty I have in getting fulfilment of small contracts with two countries with whom we have treaty obligations to supply aircraft at the present time. There is the greatest difficulty in fulfilling these contracts. I do not believe that the people of this country would wish to interfere with the fulfilment of our rearmament campaign in order to divert these armaments to Spain. There remains France, and I leave it to the House to judge how far the French Government in the present condition of France would be willing to [illegible] the vast export of war materials to Spain. What we have to face is that in what are called the totalitarian States — Germany, Italy and Russia—all their armaments are [illegible] in a more advanced state than are those of the democratic States, and if there is an unbridled supply, with the United States excluded, I do not believe the result will be so favourable to the Spanish Government as many hon. members seem to believe.

BELLIGERENT RIGHTS

INTERCEPTION OF ARMS

But we have to follow this matter a little further. If non-intervention ceased, is it the view that belligerent rights should be granted? Certainly, if there was no non-intervention every precedent would be in favour of granting belligerent rights. I suppose belligerent rights were granted to [illegible] as they were in the case which the right hon. gentleman gave, the Balkan War. how much of these arms would reach the Government of Spain? It is perfectly well known that General Franco is much the stronger on the sea and the exercise of belligerent rights would mean that he would have comparatively little difficulty in intercepting the majority of these supplies of arms going to Spain.

If you do not give belligerent rights, what is the alternative? Then each country sending [illegible] to Spain has to protect its ships carrying [illegible] Spanish territorial waters.

it must take time before an elaborate scheme [illegible] —and it is found to be an elaborate scheme —could be put into force, and that is why we offered on our own responsibility to assist with a start being made by ourselves in checking the numbers and generally supervising the first withdrawals from both sides. We made that offer, and are awaiting the result of that offer. We made it because we wanted to facilitate the withdrawal of foreign volunteers.

Now may I say a word about the recent events concerning the Leipzig. I regret—the Government regret—that it was not possible to reach agreement among the four Powers in the meetings which took place over the incident of the German cruiser Leipzig. If we failed to reach agreement it was certainly not for want of trying but because there was a real divergence of view between us.

We felt unable to join in a warning to the Spanish Government or in a naval demonstration off the Valencia coast before an inquiry was held. (Hear, hear.) We felt unable to take part in the action asked of us because to do so would imply a decision that a party was to blame without that party having been given a chance to be heard. The Committee will recall that the Spanish Government not only denied the charge but claimed that it could prove that all its submarines were in harbour at the time of the incident, and offered us every facility for verifying that claim. In view of that situation and the fact that no one claimed to have seen the submarine that fired the torpedo, how could we join in what was virtually an exercise of judgment without investigation? (Cheers.)

Our refusal did not imply that we doubted the sincerity or the good faith of the officers of the Leipzig. We refused because under conditions of contradictory testimony an inquiry, in our view, must precede judgment. (Cheers.) For our part, had the circumstances of the incident been similar—if it had happened to one of our ships—we should have been quite ready to have proceeded to an inquiry such as was suggested in this case.

THE RULE OF LAW

LESSONS OF RECENT INCIDENTS

At the time of the Coronation ceremonies my colleague, the Foreign Secretary of France, remarked that the international situation was then less tense that it had been for some considerable time back, and there were many others in many other countries at that time who gave expression to the same feeling. It seemed almost as if even this troublesome Spanish affair was going to be settled by some measure of international collaboration. Then came the Deutschland incident, and all the things that followed after to embitter the nations and further complicate the difficulties. What is the lesson of all this? It is that Europe and the world will always be at the mercy of an irresponsible [illegible] unless there is a general acceptance of the rule of law. (Cheers.) That is a fundamental of the present situation. It cannot be escaped.

I listened to the right hon. gentleman asking the Government to take this Spanish dispute to the League of Nations. Perhaps the right hon. gentleman overlooked that this dispute has already been twice before the League of Nations and twice the League has endorsed and approved the non-intervention policy and the work of the London Committee. I have no reason to suppose that the Council of the League would greatly modify its view at present or greatly modify the decision it has previously taken.

That is not to say that we would not like the League's help if that help could be invoked usefully both for the League itself and for peace. But the right hon. gentleman would be the first to realize the limitations imposed on membership of the League at the present time, which is no doubt one of the reasons why the Council prefer to assist the work, to bless and so further the work of the Non-Intervention Committee.

NEW SITUATION MORE DIFFICULT

It is an unfortunate fact that as a result of recent incidents, as a result of the Leipzig incident, and our failure to agree, the work which we have done, the common effort of June 12, the work which would have resulted in mutual consultation in the event of further incidents, has been destroyed. Inevitably, [illegible]

"A PERIL TO EUROPE"

But if the aristocracy in Spain had the loyalty of their peasants and their workmen to such an extent that they would fight under their banners to the death, if the higher hierarchy had got the devotion of the vast majority, if the financiers of Spain were so respected by the workmen that they would support them, then the battle was won by Franco. There was no one to stand up to him. An hon. member stated the other day that Franco occupied the greater part of Spain. But if the black troops were withdrawn, together with their Aryan confederates from Germany—(laughter)—and Italy, Franco would occupy a very ragged, small area. But it was true that the population was overwhelmingly with him there was no doubt about the way things would go.

He (Mr. Lloyd George) begged the Government to make up their minds whatever happened they were not going to have a continuation of this deception, this evasion of a treaty which was no treaty, this pact which was not honoured. It was a peril to Europe and a humiliation to themselves. The whole trouble was that we had retreated from one position after another for the last five years until the dictators had come to the conclusion that we would stand at no point. If we took the great Powers that acted with us—France and Russia—and talked frankly, even brutally, these three great Powers together had got such a force that no one in Europe could stand up against them. But what had happened? The dictators, who were very clever, daring, and astute men, and, in fact, very exceptional men, had taken advantage of the weakness of the Governments of France and Britain. What had happened in the last day or two showed that if we stood up to them we were able to deal with them. They were taking at the present moment a rather low view of the intelligence and courage of our Government—very low, he wished he could say too low. (Laughter.)

He could only judge the Foreign Secretary from his speeches. He thought his intentions were sound and his aims high. Let him make up his mind to stand up to those people who had driven British Governments from one position to another of retreat, and then he would find that the peace of Europe would be established.

MR. EDEN ON THE CONFLICT

BRITAIN'S DEMAND FOR PEACE

Mr. EDEN, Secretary of State for Foreign Affairs (Warwick and Leamington, U.), who was received with loud Ministerial cheers, said:—

I would like to examine this charge of cowardice—not an agreeable charge. I thought the charge against us was that the dictators thought us cowardly and that the right hon. gentleman thought they were right. There is nothing easier for a Government, there is certainly nothing easier for a Foreign Secretary, than to be brave at other people's expense. (Hear, hear.) I believe, too, that with the world as it is to-day, with our armaments and the armaments of some of our friends in the state at which we know them to be, I do not say on that account we have always to beat a retreat, or that on account of the tension in Europe we have always or ever to give way in a vital British interest.

But I do say that there rests on the Foreign Secretary and the Government of this country an appalling responsibility to see that they take no steps to provoke a conflict. (Hear, hear.) If others, in other countries, are not moved by the same sense of responsibilities that is no way excuses us from that responsibility in our own people. I have felt, ever since the Spanish conflict began, what the people of this country have insistently been saying to the Government: "Do everything in your power to see that we are not embroiled in this Spanish war." (Hear, hear.) It is not only the people of this country who have been saying that, but the people of other democracies too. I do not believe that there is any country in Europe where there is stronger support for non-intervention than there is in France at this time. In the democracies, where people express themselves by means that we know and understand, that feeling is strong.

Two hundred years ago, as 100 years ago, there was strife in Spain, and Walpole, who was then responsible for the conduct of our foreign policy, was continually being attacked for failing to take a strong enough line in that conflict. During a brief holiday I was reading R. L. Hilliers "Endless Adventure," and I found in that book this sentence about the Opposition of that time to Walpole about the Spanish war: "They had a very bellicose cane" (that the right hon. gentleman this afternoon) "and sought to prove that Walpole was and always had been a coward."

Mr. LLOYD GEORGE.—Was that after Jenkins's ear?

Mr. EDEN.—That was before Jenkins's ear. It was because Walpole did not have his way that we had the Jenkins's ear. We do not want on this occasion a war of the Spanish succession. (Cheers and laughter.)

ENCOURAGING SIGNS IN THE FAR EAST

I would like to reply to some of the questions put to me by Sir A. Sinclair in the course of his very instructive tour of the international situation. He asked me first about the Far East, and I think it is true to say that

EVENTS IN CENTRAL EUROPE

I would like to close a little nearer home and, before I deal with the Spanish position, say something of the situation in Central Europe. As has been often declared in this House we desire in Central Europe and elsewhere peace and good understanding.

We cannot, even if we would, disinterest ourselves in the course of events there any more than we can the course of events anywhere else. Developments anywhere operate as conditions on the surface of the earth's crust. Peace in peace is universal. We must not forget that the last European War did not begin in Belgium. The right hon. gentleman reminded us that it began in what I think he called an Austrian quarrel. So we realise that our interests must be universal in the interest of the maintenance of peace. We quite realise that in trade and economic matters other nations have a closer interest than we in the Danube Basin. We should like to see the gradual removal of trade barriers in that area.

But our interest in peace there as elsewhere must be increasing. An hon. member has complained that the general lines of our foreign policy towards Central Europe were not clear. I do not think that the accusation can be fairly levelled. (Hear, hear.)

REFUGEES FROM SPAIN

THE STRAIN ON FRANCE

I now come to the most difficult and the most serious matter which we have to discuss this afternoon—the situation in Spain. Before I deal with the main political aspect I understand that certain questions have been asked about the position of refugees coming from Santander, and I would like to give the House a little information as to how that matter stands. It is not true that action on our part has prevented the Habana from returning to Santander to fetch refugees to France because we did not want to give protection.

That is not the difficulty at all. The difficulty is that the French Government and ourselves jointly have to make certain arrangements for the reception and for the escort of these refugee ships. The House knows very well that the reception of such large numbers is no simple matter. During the last stage of the Bilbao fighting, our warships alone escorted refugee ships carrying something like 30,000 people. Nearly all those have been landed in France, placing an enormous strain and burden on the French Government to care for them.

That matter had to be discussed in detail between us and the French Government. In point of fact as early as June 17, even before Bilbao had fallen I think, I had approached the French Ambassador with suggestions for dealing with this problem. The only difficulties consist in the reception of these people, on the one hand, and also in ensuring in some way that combatants are not included among those who come out of Spain. The French Government, equally with ourselves, insist upon that because of the false position in which they would naturally be placed if large numbers of combatants were landed in France.

Mr. LLOYD GEORGE.—Have there been any inquiries by the Prime Minister as to the possibility of carrying refugees to other parts of Spain?

Mr. EDEN.—Yes, we have discussed that with the French and I understand that the French Government look favourably on such a plan. But there is a difficulty, of which the House will be aware. I am not by any means sure that the majority of these refugees would wish to go across to the Barcelona side of Spain. That is one of the difficulties at which those who know about the civil war will not be altogether surprised.

THE NON-INTERVENTION POLICY

Let me come to the Spanish question. The right hon. gentleman was very eloquent in his denunciation of non-intervention. I can never hope to equal his eloquence although perhaps I could also supply him with some material. We know that the policy has not worked satisfactorily and that it does not seem to occur to the right hon. gentleman that the account which he gave was, as I thought, a little partial.

Russia was kept very well in the background. It was only alluded after one or two questions, and only then by a passing reference, although the fact there is no doubt that war materials, aeroplanes, tanks, and so forth supplied to the Government side in Spain from Russia is very large in quantity. (Opposition cries of "How much?") I cannot say how much, but hon. members find no difficulty in making assertions on their side. (Opposition cries of "It is not true.") It is certainly true.

Everybody knows it and admits it, that war material is considerable quantities has reached the Government side from Russia. No one can deny that for an instant. Yet in spite of these facts, and in spite of the fact that admittedly none of this help reached Bilbao, non-intervention has been in force for over six months. The nations of Europe have signed this agreement, and not one has suggested ending it, not even the Soviet Government. When hon. members opposite have said this afternoon that they want to put an end to the policy of non-intervention they are out-Sovietting the Soviet. (Ministerial cheers.)

I want the Committee to examine the reasons for this situation, because they are fundamental, and we do not always go beneath the surface in this matter. Europe has endeavoured this policy because, unlike hon. members opposite, they have to face the alternative. I do not think the right hon. gentleman (Mr. Lloyd George) was very convincing this afternoon when he came to the alternative. I want us to continue it now.

RISKS OF THE ALTERNATIVE

The alternative is unlimited competition in arms and even with the attendant risks of such competition being carried on with the approval, if not with the active support, of the Governments concerned supporting one side or the other. But that is not all. Obvi-

EXPORT OF AIRCRAFT

Does the [illegible] members of the [illegible] in fulfilling the [illegible] walk by the [illegible] do so?

Mr. EDEN.—[illegible] or next year, but [illegible] cheers.) I have [illegible] week, and I [illegible] getting fulfilment [illegible] countries [illegible] them to [illegible] this country [illegible] fulfilment of [illegible] order to direct [illegible] There remains [illegible] House to judge [illegible] ments in [illegible] Germany, Italy [illegible] ments are [illegible] than are those [illegible] there is an [illegible] States excluded [illegible] will be so [illegible] ments as many [illegible]

BELLIGERENT RIGHTS

INTERCEPTION OF ARMS

But we have [illegible] follow this matter a little further. If non-[illegible] intervention ceased, is it the view that belligerent [illegible] Certainly, if they [illegible] every precedent [illegible] belligerent rights [illegible] Civil War. But [illegible] were granted [illegible] the right hon. gentleman [illegible] how much of these arms would come to the Government side? It is perfectly well known that General Franco is much the stronger on the sea, and the exercise of belligerent rights would [illegible] that he would have considerably little difficulty in intercepting the majority of the supplies of arms going to Spain.

If you do not grant belligerent rights, what is the alternative? Then each country sending arms to Spain has to protect its ships carrying these arms right into Spanish territorial waters, and it does not require very much imagination to see the danger of foreign ships which most inevitably arise from that. One has to consider these aspects before we abandon the policy of non-intervention, and those who invite us to abandon it must also consider them.

They were very well considered in an article published some [illegible] ago:—

> [illegible] non-intervention [illegible] agreement [illegible] agree, it is recognised [illegible] that [illegible] there [illegible] should be [illegible] and that [illegible] should be [illegible] Spain and the [illegible] many [illegible] the likely result of accepting non-intervention now, there is no [illegible] Party who would not [illegible] with all his power for the immediate [illegible] to the [illegible] point of view [illegible] doubtful that the [illegible] would have been [illegible] to the doubtful that—

this is the point I wish the Committee to consider—

> [illegible] of European war, and if that is recognised [illegible] not wish to [illegible] the further [illegible] of the dismissing [illegible] Italian arms in Spain, in the naval control.

In connection with that I would say to the right hon. gentleman that since the establishment of the naval control, with all its limitations, there has been, so far as I am aware, no proved case and indeed no definite charge of the arrival of volunteers—nationals, units, call them what you like—in large numbers in Spain.

Mr. LLOYD GEORGE.—Guns and aeroplanes.

Mr. EDEN.—It ends up by saying:

> The facts of the Spanish case may not be such, indeed they are not [illegible] and they have some the less to be feared.

SOLUTION THROUGH GOOD WILL

I do not know that the Committee would like me to go further into details, but I would like to say this: I believe the truth to be that, given good will by nations, there is no reason whatever why the existing scheme should not be worked. (Loud Opposition cheers.) Lacking that good will, there is probably no scheme that the ingenuity of man could devise that cannot, to some extent at least, be worked around and wars of evasion found. After all, I seem to remember, even during the years when I had been connected with foreign affairs, that from time to time in this House my right hon. friends have brought forward proposals for discouraging those who try to avoid the payment of some portion of their taxes. (Laughter.) If that could be done in the dark side of the nation after all this time, how much easier is the task in international spheres where someone wishes to attempt something of that kind. Of course it can be done.

In the light of this position, what should be the policy of his Majesty's Government? We are at this time in close consultation with the French Government as to the future, as to the line of policy to be pursued. It is clearly all-important to know what the attitude of the German and Italian Governments is going to be. The right hon. gentleman put to me some questions about that. I should like to say this: We are making inquiries as to the position. As it has been explained to us to-day, it would appear that the German and Italian Governments will participate in the scheme except in [illegible] the naval control, but these matters have to be further pursued.

There will have to be a meeting of the Non-Intervention Committee, and at that meeting we shall have to know what is to be the attitude of these Powers, and if there is a willingness, even at this late hour, to cooperate we shall [illegible] one more effort. In any case I cannot see myself [illegible] that I agree with Sir A. Sinclair. We have got to make that further [illegible] the French Government, and I believe that selves, intend to do [illegible] cult enough. There [illegible] council scheme itself [illegible] present and never [illegible] drawal of foreign [illegible]

AN ELABORATE SCHEME

The right hon. gentleman asked what we had been doing about [illegible] this scheme to deal with the very difficult question before the Committee. We felt that

THE RULE OF LAW

LESSONS OF RECENT INCIDENTS

At the time of the Coronation ceremonies my colleague, the Foreign Secretary of France, rebuked that the international situation was then less tense than it had been for some considerable time. Since then there have been others in many other countries at this time who have expressed similar feelings. I myself allowed myself to say this (troublesome Spanish affair) as if even international conciliation measures of limitation (Deutschland incident). Then came the Leipzig incident, and all the things that followed emphasise the difficulties. What is the answer to all this? It is that Europe in the world will always be at the mercy of an isolated incident [illegible] there. It is a fundamental of the present situation. It cannot be escaped.

I hastened to the right hon. gentleman asking the Government to take this Spanish dispute to the League of Nations. Perhaps the right hon. gentleman overlooked that this dispute has already been twice before the League of Nations and twice the League has endorsed and approved the non-intervention policy and the work of the London Committee. I have no reason to suppose that the Council of the League would greatly modify its view as presently taken.

That is not to say that we would not like the League's help if that help could be invoked usefully both for the League itself and for peace. But the right hon. gentleman would be the first to realise the limitations imposed on membership of the League at the present time, which is no doubt one of the reasons why the Council prefer to assist the work, in some cases and to further the work of the Non-Intervention Committee.

NEW SITUATION MORE DIFFICULT

It is an unfortunate fact that as a result of recent incidents, as a result of the Leipzig incidents, and our failure to agree, the work which we have done, the common effort of June 12, the work which would have resulted in mutual consultation in the event of further incidents, has been destroyed. Inevitably, therefore, the situation with which we have to deal is more difficult than it was.

Mr. LLOYD GEORGE.—Is the Pact in operation?

Mr. EDEN.—Yes. The Committee is not going to ask me this afternoon to explain in detail what the outcome of my consultations with the French Government will be. It is not possible for me to give that information, but I feel that I am entitled to tell the Committee this. The Government maintain the same objective now as they had at the outset of the conflict—to do everything in their power to limit the risk of it spreading to other nations in Europe. (Hear, hear.) It may be that despite all our efforts the non-intervention policy cannot be maintained. I am not going to contemplate that until we have had our exchanges of views with the French Government, until we have seen what the possibilities are in the new and more difficult situation with which we are confronted. The Government are not going to contemplate it, because we are more conscious than hon. members opposite of the dangers to international peace that lurk behind the abandonment of this policy in our belief. (Hear, hear.)

That will be the basis on which we shall work, and although hon. members opposite may doubt from time to time either the wisdom or the vigour of the policy which we pursue, they will not, I trust, doubt the sincerity with which we intend to persevere towards the objective which this country will consecrate to all of us—to preserve by every means in our power the peace of Europe. (Hear, hear.) If in a true saying that to keep this country at peace is a great contribution to the peace of Europe, and, whatever may be said about "peace at any price," if the right hon. gentleman puts it "peace at almost any price," I shall scarcely quarrel with him. But with the responsibilities that lie on us now—the Committee knows well how heavy they are—I beg them to believe that this Government will pursue the policy which they believe will be best calculated to preserve peace for Europe and for our generation. (Loud and prolonged Ministerial cheers.)

The motion for reduction was negatived by 157 votes to 88—Government majority 71.

The debate was adjourned and the House resumed.

The House stood adjourned at 8 minutes past 4 o'clock.

UNDERSTANDING WITH GERMANY

In the more tangled and intractable problems of Europe, there was at least one thing to be thankful for, the friendship with France—their hereditary enemy—had been loyal; that it was true, and based on our common ideals of freedom and peace and loyalty to the League of Nations. Clearly, the quickest and surest way of establishing peace in Europe was to reach an understanding with Germany.

If the object of Germany (the right hon. gentleman continued) is peace based on justice and equality, let us work together to bring into force the rule of law against aggression and to remove the causes, and especially the economic causes, of war. There are two things which his Majesty's Government should strive to make as clear as they can to Germany. The first is that, however fine our new friends, we do not intend to sacrifice old friends—(cheers)—that we are, and shall remain loyal to our obligations under the Covenant of the League; that we regard neutrality in the event of aggression in Southern or Eastern Europe as much as is in the Covenant—(cheers)—and that we want to see Germany return to the League—(cheers)—and that we want to see Germany to the League—(cheers)—and that we want to see Germany to the League—(cheers)—and that we want to see Germany

THE EXCHANGE FUND

£200,000,000 INCREASE

Mr. ATTLEE (Limehouse, Lab.) asked the Chancellor of the Exchequer whether he had any statement to make in regard to the Exchange Equalization Account.

SIR J. SIMON (Spen Valley, L.Nat.).—Yes, Sir. I have come to the conclusion that it will be necessary to ask for power to make an addition to the resources of the account. The necessary resolution in connexion with a Bill to increase the Treasury's borrowing power for the purposes of the account, at present £350,000,000, by a further £200,000,000 has been prepared, and is being placed on the Order Paper to-day.

I shall explain fully the circumstances of this proposal when the Resolution is debated, and it will be sufficient if I confine myself for the moment to the following remarks. In addition to a recent disbursing of gold there has been much financial disturbance abroad and a general tendency for capital funds to move to London. While I consider that there is no reason why the present conditions of unsettlement in connexion with the international movement of capital should be permanent the situation compels us to make further provision as an insurance against additional movements into sterling. This is essential for the purpose of maintaining our general financial policy and in support of our undertakings and objectives under the Tripartite Monetary Agreement which have been so widely approved.

Mr. THORNE (Plaistow, Lab.).—May I ask the Chancellor of the Exchequer whether France and America are following in our footsteps?

SIR J. SIMON.—I will deal with these matters when we take the resolution.

Mr. BELLENGER (Bassetlaw, Lab.).—Is the right hon. gentleman aware that quite recently I put a similar question to him as to whether the Exchange Equalization Fund was sufficient, and he then said it was? May I ask him the reason for this sudden charge of Government policy?

SIR J. SIMON.—There is no sudden change. Our policy is quite consistent, but circumstances may develop. I think the hon. gentleman will agree that we had better deal with these matters when we discuss the resolution.

Mr. MAXTON (Glasgow, Bridgeton, I.L.P.) asked what was the urgency of this matter, which would mean a change in the order of next week's business only announced yesterday.

SIR J. SIMON.—The order of our business is a matter for the Leader of the House. Naturally I make this statement with a great sense of responsibility confident that the action I propose to take ought now to be done.

BUSINESS NEXT WEEK

Mr. CHAMBERLAIN, Prime Minister (Birmingham, Edgbaston, U.), in reply to Mr. ATTLEE, announced the changed order of business for next week as follows:—

MONDAY.—Committee stage of the Exchange Equalization (Money) Resolution; consideration of Government of India and Burma Draft Orders in Council, and, if there is time, the report and third reading of the Trade Marks (Amendment) Bill.

TUESDAY.—Committee stage of the Agriculture (Money) Resolution, and the report stage of the Exchange Equalization (Money) Resolution.

WEDNESDAY.—Second reading of the Exchange Equalization Bill, followed by the Committee stage of the Finance Bill.

THURSDAY.—Committee stage of the Finance Bill and of the Exchange Equalization Bill.

FRIDAY.—Concluding stages of the Exchange Equalization Bill and consideration of other business to be announced later.

EMPIRE AND LEAGUE

SIR A. SINCLAIR ON A COMMON LOYALTY

The House went into Committee of Supply, SIR D. HERBERT, Chairman of Committees (Watford, U.), in the Chair.

On a vote of £84,956 for the Foreign Office,

SIR A. SINCLAIR (Caithness and Sutherland, L.) said that while the anxieties of recent weeks, and the gravity of the present situation, must inspire a feeling of sympathy with the right hon. gentleman on whose shoulders rested the main responsibility for the conduct of our foreign policy, and a determination to say no word, so far as they were able, that would add to the difficulties of his task, they also made it incumbent on members to speak out so that neither our own nor any foreign Government should be left in doubt of the sense and temper of the House on these issues.

In these anxious times the Government must have felt it was a fortunate coincidence that enabled them to take counsel in London with the chief Ministers of the Dominion Governments, and to give to the world an impressive demonstration of the common purpose and love of peace which animated the whole Commonwealth. There were, of course, mischief-makers outside the conference who tried to play off the Empire against the League. The truth was that the common loyalty of every part of the Empire to the League was now one of the bonds which united its several parts. (Hear, hear.) It was legitimate to hope that his Majesty's Government would derive encouragement from the Imperial Conference to pursue in the immediate future a more active League policy than they had done in the recent past.

FRIENDSHIP WITH U.S. AND JAPAN

There was another direction in which a wise foreign policy would help to unite the Empire, and that was in fostering and strengthening the friendship which now so happily existed between this country and the United States of America. In an important article in *The Times* yesterday a Special Correspondent in Ottawa emphasized the importance which Canadian public opinion attached to this policy. He said that Canadians

> would welcome the advance of the U.S.A. towards a more general cooperation with the European democracies, and towards a wide attack upon that conglomerate of tariffs and arbitrariness which is threatening the trade of the world. . . .

The opportunity was fleeting. Failure to grasp it would discourage the United States Government and sour public opinion. It is not only the prosperity, but the peace of the world, which hung on the reopening of his Majesty's Government to the United States Government's overtures. He hoped that the Secretary of State would be able to give some indication of the progress of the negotiations for an economic arrangement with the United States of America.

The reorientation, on honourable terms, of the old friendship between this country and Japan would be warmly welcomed by public opinion here. Surely it was time that his Majesty's Government gave some information about what was going on. Our friendship with Japan could not be exclusive, nor would it be forgot

cooperate actively with her in the maintenance of peace.

PLEA FOR UNDERSTANDING WITH GERMANY

In the more tangled and intractable problems of Europe, there was at least one thing to be thankful for, our friendship with France (hear, hear)—never more firm and loyal than it was now, and based on our common ideals of freedom and peace and loyalty to the League of Nations. Clearly, the quickest and surest way of establishing peace in Europe was to reach an understanding with Germany.

If the object of Germany (the right hon. gentleman continued) is peace based on justice and equality, let us work together to restore the rule of law against aggression and to remove the causes, and especially the economic causes, of war. There are two things which his Majesty's Government should strive to bring Germany to understand. The first is that, much as we want new friends, we shall never sacrifice old ones—(cheers)—that we are, and shall remain, loyal to our obligations under the Covenant of the League; that we regard neutrality in the event of aggression in Southern or Eastern Europe as much as in the West as inconsistent with the obligations of the Covenant—(cheers)—and that we want to welcome Germany to the League on an equal footing with the League as an equal among others, including Russia, now under an obligation which she rightly demands for herself. (Cheers.)

Secondly, once Germany returns to the League, joins in a measure of general disarmament, and agrees to abide by third-party judgement in international disputes, there is no price for her friendship that our League obligations permit, that justice and equity demand, and that third-party judgement assesses, that we shall be unwilling to pay.

TWO COURSES SUGGESTED IN SPAIN

Ever since March the question of withdrawing volunteers from Spain had been allowed to drag on, while the scale of intervention by Italy and Germany had constantly risen. Had any of the nations other than Italy and Germany refused in principle to accept the Government's scheme—or, perhaps, he should not say refused to accept, but so far abstained from intimating their acceptance of the Government's scheme? Secondly, could the Government now give us some details of the scheme? In particular could the Secretary of State give an assurance that the rate of withdrawal on each side would roughly be proportional to the number of foreign troops on each side, and that the Spanish Government would not be asked to agree to the withdrawal of equal numbers on both sides? (Hear, hear.) Thirdly, what steps had the Government proposed to take, if within a limited period of time, say, 10 days or a fortnight, the withdrawal had not begun?

I would suggest two courses (continued the right hon. gentleman): first, an intimation, which need not be couched in hostile terms, by the British and French Governments, that non-intervention has broken down, and that they intend to supply arms under normal commercial arrangements to the Spanish Government. (Cheers.) Secondly, the reference of the whole of the Spanish problem to the League of Nations. Let the League send an impartial commission to ascertain the facts and see if mediation is possible, or if intervention were so one-sided as to amount to a deliberate attempt by certain Powers to occupy in Spain strategic positions which will enable them to dominate the Western entrance to the Mediterranean, threaten our trade routes, and compel France to send covering troops to her south-west frontier.

General Franco, in an interview with *The Times* Correspondent a few days ago, assured him that Gibraltar could never be a cause of anti-British policy in Spain. Why not? Because the Spaniards proposed to respect our interests there? Not at all. Because, in his own words, Gibraltar had lost much of its importance for England.

In conclusion, the right hon. gentleman said he believed it would clear the air and might even hasten the proceedings of the Non-Intervention Committee, if the Government would tell them what steps they proposed to take if no progress was made within the next 10 days or a fortnight. His own belief was that the time was approaching when the failure of the Non-Intervention Committee might have to be admitted, and when the matter would have to be referred to the League of Nations. The Government had in recent months forsaken the League, not in theory, but in practice. Let the Government use different words and perform different deeds. The League must be strengthened by the British Government's confidence and support and by its insistence upon the exercise of its functions. Only on the basis of law and justice could they obtain peace which the masses of the people in all countries felt to be organized in invincible resistance to aggression. (Cheers.)

MR. CHAMBERLAIN'S WARNING

"PERPETUAL DANGER TO PEACE"

Mr. CHAMBERLAIN, who was received with Ministerial cheers, said:—The right hon. Baronet has given us a comprehensive, thoughtful survey of the whole field of foreign affairs and I have listened to him with all the more pleasure because here and there I heard a phrase with which I was not in disagreement. I do not rise at this moment to reply to him or indeed to develop most of the subjects on which he touched. The Secretary of State for Foreign Affairs will have an opportunity of speaking later and I have no doubt he will be able to make reply to the points that have been raised.

I rise only to say a few words about one aspect of foreign policy, and it is one which at present is uppermost in all minds in the struggle the situation arising out of the civil war in Spain. I do not think it ought to be necessary for me to state what is the policy of his Majesty's Government in regard to that situation because it has already been so frequently repeated: but all the same I will state it again because it seems to me that every now and then there is a tendency amid the strong feelings which are aroused in this connexion to forget what it is that the Government really is aiming at.

In this Spanish situation there is one peculiar feature which gives it a specially dangerous aspect. That is, that when people looking on from outside it presents itself as a struggle between two rival systems each of which commands an enthusiastic, even a passionate, body of support among its adherents in their respective countries, with the result that supporters of those two rival systems cannot help regarding the issue of the struggle in Spain as a defeat or a victory, as the case may be, for the side to which they are attached. I am not expressing an opinion as to whether that view of the struggle is correct or not, but I say that

IMPORT OF ARMS

The very doubtful question of the importation of arms into Spain—(A Labour Member.—What foreign Powers?—(Laughter.)

Mr. DAVIES.—Order, Order!

The CHAIRMAN.—Order, Order!

Mr. DAVIES.—There is a limit, Sir Dennis

Mr. JONES.—Rubbish—

Mr. DAVIES.—(Opposition laughter.)

Mr. M. JONES.—I rise to a point of order—

The CHAIRMAN.—The hon. Member will know that the Prime Minister is making a very important speech—

Mr. DAVIES.—I am sorry that every-

The CHAIRMAN.—The House is not interested in interruptions—

Mr. ATTLEE.—Is it the case that the Government will be able to make a statement on this subject before the Debate concludes?

The CHAIRMAN.—That is a matter for the Government.

Mr. ATTLEE.—Is it the case that the Government will be able to make a statement on this subject before the Debate concludes?

Mr. CHAMBERLAIN.—May I say that I am not conscious—(Opposition cheers.)—This is not a private conversation—(Laughter.)—I am not conscious of any reluctance on the part of the Government to make a statement on this subject. I know that there are many views on this subject, and that they may find it very difficult to express all their views. I am sure—(Opposition cheers)—and as far as I am concerned I am not making any sort of complaint.

I was trying to explain to the Committee that the very fact that we are trying to maintain non-intervention, which is being exercised through a patrol by ships belonging to various Powers and the supplying of ships taking arms and munitions to Spain, involves an interference with hostilities. Therefore it is bound to cause strong feelings of resentment among those in Spain who feel that they are thus being handicapped.

THE LEIPZIG CASE

TRIBUTE TO GERMAN RESTRAINT

That leads to accusations of want of impartiality and counter-accusations; and to such deplorable incidents as the bombing of the Deutschland—(A Labour member.—And of Almeria)—and the bombardment of Almeria. Once the chain begins it goes on—first one side and then the other. I am not going to discuss the incident in which the cruiser Leipzig was involved. The German officers on that ship were convinced, on what they thought was undeniable evidence, that they had been the object of attack by torpedoes. I do not include the possibility of mistake. (Opposition cheers.) I know that in the course of the Great War many British Naval officers thought that they saw torpedo tracks when afterwards it was proved that there could have been no torpedo. We do not think any worse of them on that account. They were perfectly genuine in what they said and thought at the time.

But whether the German officers were right or wrong that is what they believed; and in these circumstances it seems to me that their claim that they could not allow their ships to be exposed any longer to the risk of such incidents as that was a reasonable claim and ought not to be the subject of hostile criticism. In fact, I go further than that. I say that the persistence of the German Navy here, in the face of the loss of three of their ships in the Deutschland and of the natural feelings of indignation and resentment which must have been aroused in the German people, is one which does credit to the self-restraint of the German Government, in making that claim and then saying that they considered this incident closed, have shown a degree of restraint which we all ought to recognize.

AN EARNEST APPEAL

At any rate, the fact of this disappearance of German and Italian ships from the patrol meant that there was no longer any danger of further incidents of this kind, and in my view the Government would be right to carry out their announced intention to withdraw their ships. (Hear, hear.) I say that with the more pleasure because here and there I heard a phrase with which I was not in disagreement. I do not rise at this moment to reply to him or indeed to develop most of the subjects on which he touched. The Secretary of State for Foreign Affairs will have an opportunity of speaking later and I have no doubt he will be able to make reply to the points that have been raised.

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In this Spanish situation there is one peculiar feature which gives it a specially dangerous aspect. That is, that when people looking on from outside it presents itself as a struggle between two rival systems each of which commands an enthusiastic, even a passionate, body of support among its adherents in their respective countries, with the result that supporters of those two rival systems cannot help regarding the issue of the struggle in Spain as a defeat or a victory, as the case may be, for the side to which they are attached. I am not expressing an opinion as to whether that view of the struggle is correct or not, but I say that

PARTIALITY ALLEGED

Overwhelming proof had been shown of the ground and active intervention of foreign Powers in Spain, and it was not the least good to suggest that non-intervention had been successful. It was really ridiculous to suggest that this intervention had not been done through the active will of foreign Governments. They had been really to-day in extreme urgency to carry out the agreement. The hearings and congratulations of foreign countries really condemned that they had not attempted to work the non-intervention agreement. Had that course of action prevented incidents? Not in the least. Incidents were constantly arising.

All through there had been always partiality by his Majesty's Government, and every incident had always been brushed aside; there had, in fact, been an unwillingness to face facts. Now they had the question of the alleged attack on the Leipzig. The Prime Minister was right. It might be a mistake; there was absolutely no evidence whatever as to who made that attack on the Leipzig. Those things ought to be established. Any Government which felt it had a grievance and was quite sure of its ground would not refuse to produce the evidence to convince the world. They had not had that evidence.

Non-intervention had not removed international tension; had not done anything effective to shorten the course. The control had been dragging on now month after month, and so far from non-intervention having stopped the engagements of other States in the struggle, intervention had gone on and on. The Government had manifestly failed to hold the scales evenly and to see that the scales were held evenly. They had never demanded that the Government should intervene on its own in Spain. What they had demanded was that they should honestly carry out what they had undertaken.

DEMAND FOR LEAGUE ACTION

"NON-INTERVENTION SHOULD END"

Non-intervention had failed to prevent intervention in Spain; it had failed to prevent incidents; and it had failed to remove the international situation. Therefore they demanded that it should be ended. He was well aware of the risks of ending non-intervention, and was aware that those risks had not been created with intervention. If the Government said that non-intervention should not be ended they must show that there was some prospect of non-intervention succeeding.

Meanwhile world affairs were increasing. The Labour Party demanded that the League should act. It was perfectly natural to shut their eyes to the fact that there was foreign intervention in Spain. There was as soon as it began to produce evidence, they had the confession of the Governments concerned. This was the Government's own policy. They had said that supporting intervention in Spain was wrong, and must act under the Covenant and take its responsibilities. The Government had not a right should be allowed to take its decisions wherever it might; it should be controlled by full rights; Spain had the right of any other member-State of the League to call upon the League to stand by it in defence of its integrity and position.

In these difficult matters it was always the first step that counted. Fairness at the outset would have prevented this extreme position being first used against the Government always waited before being first used against aggressors had become completely Spain were only a reproduction in miniature of what had happened in the world during the last five years. Every time the Government had retreated from the obligation of standing by law and order and the risks had been run by aggressors felt increased. If the Government failed to stand fast by the League the League would fall and the issue had been put to the test at Geneva. If the Government had never stood by anything, and had been the result?

Mr. HANNAH (Opposition laughter.)

Mr. ATTLEE said that if he might say so without being in any personally offensive way, that was the kind of remark that was likely to make him feel sore. The Government had not stood by anything, and the result was that they had come to the point where they had to withdraw their ships from the patrol. The Government had not stood by anything, and the result was that they had come to the point where they had to withdraw their ships from the patrol.

PLEA FOR FIRMNESS

The issue which he put again to the Government was,—What is the policy of this Government to try to restore peace in the world? Wherever they [illegible] Opposition suggestion that they should stand by the League the answer was, "Oh, you want war." The hon. Member for Epping [illegible] Government had never stood by anything, and what had been the result?

Mr. HANNAH (Opposition laughter.)

Mr. ATTLEE said that if he might say so without being in any personally offensive way, that was the kind of remark that was likely to make him feel sore. The Government had not stood by anything, and the result was that they had come to the point where they had to withdraw their ships from the patrol. The Government had not stood by anything, and the result was that they had come to the point where they had to withdraw their ships from the patrol.

MR. ATTLEE ON THE ISSUE

LAW OR LAWLESS FORCE

Mr. ATTLEE said the Prime Minister had [illegible] serious and [illegible] subjects were [illegible] responsibility, but the [illegible] should be a lack [illegible] on church—but [illegible] facts as they really [illegible] disappointed with [illegible] Minister—(Opposition laughter.)

PROTECTION OF REFUGEE SHIPS

ALLEGATION AGAINST THE NAVY

Mr. W. ROBERTS (Cumberland, N., Lab.) moved an amendment to reduce the Vote by £100, and asked for precise information regarding refugees from the North of Spain. There was a moment, he understood, when the British Navy was not protecting refugee ships, and he asked whether in fact any refugee ships had been attacked or molested as a result of the lack of British protection. He understood that ships transporting refugees from Bilbao to Santander were not protected.

VICE-ADMIRAL TAYLOR (Portsmouth, S., U.).—What does that mean?

Mr. ROBERTS.—That there were no British ships in sight, and that when called on to do one particular instance they did not do it.

VICE-ADMIRAL TAYLOR.—The hon. gentleman is making an accusation against his Majesty's Navy. If the hon. member has evidence of that he ought to make it necessary for a British man-of-war to be in sight in order to give protection to refugees.

Mr. ROBERTS.—I am asking whether the Government are satisfied with the position, and I wish to make no allegation against the officers of the British Navy, whose work in the past in the protection of refugee ships has been magnificent. (Cheers.)

SIR A. SOUTBY (Epping, U.).—Will the hon. member say whether it was reported to him that protection had not been given in the territorial waters, or was it in the open sea?

Mr. ROBERTS said he was aware that there might be the explanation. Nothing had been made that the British Government were not give protection to ships carrying refugees between one Spanish port and another. He would be asked the Foreign Secretary to make a full statement on the position.

The conditions of the refugees who had fled from Bilbao were perhaps to some extent [illegible] any of the refugees in the Spanish ports. He wanted the League to recognize that the [illegible] was an international conflict which was to prevent conflict by a sort of mutual [illegible] agreement between Spain. He wanted the League to take up the position of the Spanish Government for a continuance of [illegible] He hoped that the Government would be willing to [illegible] withdrawal of Germans and Italy from the [illegible] and French Navies, and that the [illegible] volunteers and arms control would be [illegible] Indeed, through the League of Nations, [illegible] more effective control than the Non-Intervention Committee.

LABOUR AND SANCTIONS

Mr. A. HENDERSON (Kingswood, Lab.) said that he almost [illegible] that he did not want to continue [illegible] between the supporters of [illegible] as to what form of Government [illegible] was a matter for the Spanish people [illegible] Labour Party ought to [illegible] to any side in the struggle [illegible] Spain. He hoped that the Government [illegible] withdrawal of Germans and Italy from the [illegible] and French Navies, and that the [illegible] volunteers and arms control would be [illegible] Indeed, through the League of Nations, [illegible] more effective control than the Non-Intervention Committee.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 30 de Junho de 1937.

No.263

NP

Resolução do Comité
Nacional Britannico
de "Campanha Internacional
pela Paz".

21 JUL 937
No 8961

950. Sadeje

Senhor Ministro,

Tenho a honra de passar ás mãos de Vossa Excellencia, por cópia annexa, uma carta recebida do Comité Nacional Britannico da "Campanha Internacional pela Paz", datada de 14 de Junho ultimo, sendo o dito Comité presidido pelo Visconde Cecil.

./2 2. A alludida carta acompanhou o texto duma Resolução do dito Comité (II), datada de 10 de Junho, - resolução anteriormente adoptada pelo Conselho Executivo da Sociedade das Nações -, solicitando do Governo Britannico que proteste contra o terrorismo como meio de guerra, ou seja contra o bombardeio e incendio de cidades abertas e a matança por metralhadoras dos habitantes em fuga.

3. A referida resolução declara urgente serem todos os Governos convidados a acompanhar tal protesto e accrescenta a necessidade de ser a questão discutida quanto antes no Conselho da Liga das Nações.

Aproveito o ensejo para reiterar a Vossa Excellen-

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

MGRS

Emb.Londres/263/1937/2.

Excellencia os protestos da minha respeitosa consideração.

Rafael de Oliveira

Emb.Londres/263/1937/Annexo.

INTERNATIONAL PEACE CAMPAIGN.

British National Committee.

14th June, 1937.

Your Excellency,

I have the honour to send you the enclosed resolution which, having previously been adopted by the Executive Committee of the League of Nations Union, was also adopted by the British National Committee of the International Peace Campaign at its meeting on 10th June, 1937.

At the request of my Committee I am sending a copy of the resolution to all the Ambassadors of Foreign Powers accreditted to H.M. Government. I trust that you will bring the resolution to the attention of your Government.

I have the honour to be,

Your obedient servant,

(Sgnd.) Dame Adelaide Livingstone
Vice-Chairman
British National Committee.

Confere:

Dactylographo-Archivista.

Conforme:

2º Secretario.

Emb.Londres/263/1937/Annexo.

INTERNACIONAL PEACE CAMPAIGN

Resoluation adopted by the British National Committee of the Internacional Peace Campaign on 10th June, 1937. (Previously adopted by the Executive Committee of the League of Nations Union).

"The the Government be urged to protest against the use of terrorism as a method of warfare by the indiscriminate bombing and burning of open towns and the slaughter by machine guns of the fleeing inhabitants.

Immediate steps should also be taken to invite all other civilised Governments to join in this protest and in addition the question should be raised as soon as possible at the Council of the League."

Confere:

M. Rubens dos Santos
Dactylographo-Archivista.

Conforme:

Joaquim Ivan Cheremont
2º Secretario

M.D.B.

27/5/6

LONDRES

OFICIOS

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 1º de Julho de 1937.

No.264

Relatorio Politico nº 1

633.(60)
B4

DIVISÃO DE RELAÇÕES EXTERIORES
Secção de Correspondencia
27 JUL. 1937
No. 8961

Senhor Ministro,

De accordo com a Circular telegraphica nº 1120, recebida a 11 de Maio ultimo, tenho a honra de passar ás mãos de Vossa Excellencia o Relatorio desta Embaixada, correspondente ao mez politico de Junho de 1937.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Raul de Rezende

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

Emb.Londres/264/1937/Annexo.

RELATORIO

No.1

Mez Politico de
Junho de 1937.

1. O mez de Junho foi, sem duvida, um dos periodos mais criticos da situação internacional. A guerra civil na Espanha, fonte de todas as crises, tem concorrido, a cada momento, numa ordem crescente, para os grandes desequilibrios da politica européa. Precisar, portanto, o phenomeno espanhol seria incorrer, na hora actual, que é por excellencia problematica, no perigoso juizo de affirmativas levianas ou precipitadas. Os incidentes que vão se registando - todos, sem excepção, de caracter grave - não nos permitte focalisar, com maior segurança, os multiplos e complexos problemas que surgem inopinadamente no scenario europeu.

2. É de sobejo conhecido o aphorisma que, em politica social, todos os phenomenos são o reflexo de mutações bruscas. E a Espanha, na phase que atravessa, é, sem duvida, um vasto e triste campo experimental. Um ligeiro estudo retrospectivo, prova-nos, sem esforço, essa observação de natureza psychologica. Assim, logo no inicio do mez, occorreram, como não se ignora, dois factos de enorme repercussão e que marcaram o ponto angustioso de novas perspectivas: o ataque aereo ao cruzador allemão "Deutschland" e o bombardeio da cidade de Almeria. A nota allemã, dirigida por intermedio de von Ribbentrop ao Presidente do Comité de Não-Intervenção, bem disse da gravidade do incidente, que, como é notorio, provocou a retirada da Allemanha do referido Comité. A Italia,

Italia, por seu turno - hoje fortemente vinculada á politica germanica - seguiu, como era de prever-se, o exemplo do Governo do Reich. Essas duas potencias, na azafama de sua politica de colligação, manifestaram então o desejo da unificação das unidades navaes dos differentes paizes representados no Comité de Não-Intervenção - genero de armada internacional - e, ao mesmo tempo, exigiram uma immediata acção collectiva contra qualquer acto de aggressão. Essas e outras propostas, fructo da intranquillidade e, quiça, da ambição com que certas nações levam os seus governos á pratica de intempestivos actos de represalias, justificadas umas e duvidosas outras, crearam, por assim dizer, diversos aspectos internacionaes em face do conflicto espanhol.

3. Entretanto, o accordo realizado entre as quatro potencias encarregadas de patrulhar as costas da Espanha parecia indicar, apesar de tudo, uma era promissora e, talvez até, de absoluto entendimento das partes interessadas. A propria imprensa ingleza, em geral austera nos seus julgamentos, não escondeu a sua satisfacção deante dos resultados obtidos. E o "Times", o grande orgão conservador, não se furtou, mesmo, ao prazer de observar: "... quando o Comité de Não-Intervenção se reunir novamente, terá, então, a possibilidade de discutir as suggestões que lhe forem formuladas no sentido de coordenar o trabalho dos navios encarregados do contrôle, isso para melhor demonstrar o seu caracter internacional. O bom senso exclue a idea de uma frota mixta collocada sob o commando de um unico chefe". Chegou-se, assim, a admittir probabilidades de successo da politica britannica. Desannuviaram-se, por instantes, os horizontes. O grito da pacificação parecia echoar em todos os cantos da Europa. A noticia da visita a Londres do Barão von Neurath fizera, em dado momento, o milagre da resurreição da esperança no sentido de induzir a Europa ao espirito da paz. A versão, então, corrente, de que a Allemanha es-

estava inclinada a não crear difficuldades ao sentimento de cooperação com os demais paizes, adquiriu, desde logo, fóros de uma verdade indestructivel. O Governo do Reich não só pôz em relevo o desejo de "sahir do isolamento" a que se entregára voluntariamente mas, tambem, de reiniciar, com maior interesse, o "jogo europeu". Verificou-se, em seguida, o Accordo de Londres, que indicava um novo caminho, em condições mais seguras, para a politica de não-intervenção na guerra civil da Espanha - accordo esse inspirado nos principios de solidariedade das forças dos quatro poderes associados no controle naval. Os trabalhos que deram margem á feliz conclusão do Accordo - realizados numa atmosphera de confiança reciproca - versaram, de preferencia, sobre os elementos moraes, politicos e technicos.

4. O ambiente de promessas, porém teve uma vida ephemera. Os acontecimentos posteriores, occorridos uns dez dias mais tarde, vieram confirmar aos espiritos mais ponderados e menos susceptiveis de arroubos que, infelizmente, a realidade dos factos era bem diversa. A causa não soffrera variantes: a tentativa de torpedeamento do cruzador "Leipzig" por um submarino ignoto. Disso resultou, então, a conhecida Nota do Governo allemão: "...a situação creada pelas repetidas aggressões contra os navios de guerra allemães não permettia a ausencia, de Berlim, do Barão von Neurath, Ministro das Relações Exteriores." E, assim, a situação internacional immergiu, de novo, na sombra do pessimismo e da nervosidade.

5. Aguarda-se, agóra, a proxima reunião do Comité de Não-Intervenção. É necessario que este importante organismo mantenha, sem esmorecer, todas as exigencias oriundas do espirito de contrôle, pois, do contrario, a sua acção será inefficaz. É egualmente necessario que elle evidencie, no problema espanhol, os seus aspectos singularmente inquietantes para a tranquillidade interna-

internacional e cerceie, por outro lado, a acção do conflicto. É necessario, emfim, que na cooperação dos principaes poderes haja, sinceramente, uma tendencia de accelerar, o mais breve possivel, o fim da crise politica da Europa.

6. Findou-se, desse modo, o mez de Junho. As manobras diplomaticas viveram, apenas, pode-se dizer-se, no terreno das inducções e deducções.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL NP

Londres, em 8 de Julho de 1937.

No.283

O novo estatuto da Palestina.

602.7 (60) 820

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
27 JUL 1937
No 8961

Senhor Ministro,

As conclusões da commissão real encarregada de estudar a situação na Palestina, acabam de ser publicadas. O Governo britannico está decidido a tomar todas as medidas necessarias para a applicação das "recommendações" dos commissarios.

2. Taes recommendações tendem a dividir a Terra Santa em tres partes: um Estado independente; um Estado arabe independente, formado por uma parte da Palestina e da Transjordania; um protectorado sob mandato britannico estabelecido sobre as cidades santas de Jerusalem, Bethlem e Nazareth, no mar da Galiléa, além de um "corredor" ligando Jerusalem ás praias do Mediterraneo.

3. O relatorio propõe ainda que a Inglaterra conserve o seu mandato administrativo sobre a costa noroeste do golfo de Aquaba e guarde momentaneamente os seus poderes sobre Haifa, Tiberiade, Safel e S.João d'Acre; propõe,emfim, a policia ingleza para uma zona ao redor de Jaffa, que continuará a ser um porto ara-

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

arabe.

4. Assim sendo, o regime de mandato no qual se encontrava a Inglaterra investida, desde 1919, ficará abolido, devendo ser substituido por um systhema de tratados. Como consequencia, será o Governo britannico levado a negociar tratados de alliança - de um lado com o Governo da Transjordania e os representantes dos arabes na Palestina, de outro lado com as organisações sionistas.

5. Será necessario prevêr-se que taes tratados comportarão garantias para a protecção das minorias e dos accordos militares destinados a regularisar a questão da manutenção das forças armadas britannicas, da protecção dos portos, dos caminhos, das estradas de ferro e do "pipe line" que liga Haifa ao golfo d'Aquaba.

6. Emquanto a Inglaterra seguirá - no que toca aos governos arabe e judeo - essa politica que recorda a seguida no Egypto, evidenciará a sua disposição de apoiar qualquer pedido dos governos citados, no que se relaciona com uma possivel entrada dos mesmos na Sociedade das Nações.

7. Durante o periodo em que se vae proceder a partilha da Palestina, o Governo britannico se mostra decidido a manter a ordem, parando temporariamente a venda de terras susceptiveis de difficultar a applicação do plano e limitando a oito mil individuos, para o periodo de Agosto de 1937 a Março de 1938, o valor da immigração judaica.

8. O relatorio da commissão real foi enviado á Sociedade das Nações, onde uma reunião extraordinaria da commissão de mandatos deve ter lugar a 30 de Julho, especialmente para conhecer da questão da partilha da Palestina. O Ministro britannico das Colonias representará o Reino Unido.

9. As conclusões da commissão real foram favoravelmen-

favoravelmente acolhidas em Londres, onde se acredita que a solução proposta não fosse talvez a melhor, nem a peor, mas no caso a unica possivel.

10. Preve-se, emfim, que Genebra dará a sua approvação ás recommendações dos commissarios. O unico ponto que parece preoccupar a opinião é o de saber como os nucleos arabes e judeos acolherão o principio e os termos da partilha.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafael de Sousa

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 8 de Julho de 1937.

No.284

Entendimento franco-britannico.

601.3(81)
/36

27 JUL. 1937
No 8961

Senhor Ministro,

Dois factos novos predominam na semana internacional - no que concerne á evolução da crise provocada pelos negocios da Espanha, dois factos que possuem o traço caracteristico de collocar em evidencia os pontos nos quaes o entendimento franco-britannico se estreita ou se distancía politicamente.

2. O primeiro facto trata-se de uma declaração do Senhor Eden, annunciando que a Inglaterra não apresentará, Sexta-Feira proxima, ao Comité de coordenação, qualquer novo projecto.

3. Para bem comprehender-se o alcance de tal declaração, será necessario recordar que o jornal socialista "Daily Herald" annunciára formalmente, hontem, a proxima apresentação de novo plano britannico, e que essa revelação provocára repetidas interpellações na Camara dos Communs. E, assim, foi o Senhor Eden obrigado a reaffirmar que a politica ingleza conserva-se-á estreitamente solidaria com o plano francez.

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

francez.

4. Entretanto, tudo parece indicar que a citada declaração não significa o afastamento de um possivel projecto de "compromisso", correspondente ao desejo secreto britannico; significará, pois, que a Inglaterra não modificará as suas propostas antes de obter de Berlim e Roma garantias seguras de conciliação, garantias essas que permittam augurar o successo de um novo plano.

5. O segundo facto importante é a recepção em Londres da circular do General Franco, pedindo o seu reconhecimento como belligerante e fazendo valer que os Estados que persistirem em ignorar a Espanha nacionalista, não deverão se espantar, mais tarde, de verem os seus interesses ignorados. Mas como o Quai d'Orsay declarou ignorar sempre a existencia de tal documento, isto demonstra - o que aliás não é para surprehender - que Paris não estabeleceu com Salamanca a ligação estreita que Londres conseguiu estabelecer.

6. A divergencia seria, na verdade, segundaria, se ella se limitasse apenas a atrazos de transmissão. Entretanto o facto parece ser mais significativo, pois que na hora presente a Inglaterra já obteve nova segurança dos seus interesses. Trata-se aqui de uma impressão geral, embora não tendo havido, até agora, qualquer affirmação official.

7. Quanto á França, segundo escreve hoje um autorisado jornalista parisiense, persiste o seu "Governo em deixar na sombra os proprios interesses, embora sejam elles representados por quasi meia propriedade das minas de Biscaya, do Rio-Tinto e de Penarroya".

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafael de Sousa

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

EC

Londres, 9 de Julho de 1937.

No.285.

Situação do mercado de cacau.

842.35(60)(00) Nadeja

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
27 JUL. 1937
No 8961

Senhor Ministro,

Tenho a honra de passar á mãos de Vossa Excellencia, em annexo, uma informação do Secretario Commercial desta Embaixada, Senhor Decio Coimbra, sobre a situação do mercado de cacau.

2. Esse trabalho fornece explicações sobre as fluctuações a que tem estado sujeito o mercado desse producto, em consequencia das oscilações do consumo.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Régis de Oliveira

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

ARS.

Emb.Londres/285/1937/Annexo.

A SITUAÇÃO DO MERCADO DE CACAU

PELO SECRETARIO COMMERCIAL DECIO COIMBRA.

Londres, 8 de Julho de 1937.

I - A cotação do cacau, nos mercados mundiaes, tem fluctuado anormenente nestes dois ultimos annos. De 22s.8d por cwt em começos de 1936 chegou a quasi 60s em meados de Janeiro de 1937. Em começos de Fevereiro o preço tinha baixado a 45s e em Março subia a 55s. Actualmente oscilla entre 34s e 36s.

II - O consumo de cacau desenvolveu-se consideravelmente durante o periodo de depressão mundial, em consequencia do nivel baixo dos preços. O crescimento do consumo deu causa a que se temesse uma escassez do producto, em relação ás exigencias dos mercados mundiaes, produzindo uma alta de preços em 1936. As estimativas do consumo parece que foram exageradas. Suppunha-se que a absorpção mundial de cacau, que tinha se elevado, de 508.900 toneladas metricas no anno 1931-32, a 669.400 toneladas no de 1935-36, pudesse ultrapassar de 700.000 toneladas em 1936-37. Os indicios, hoje, contrariam essa espectativa. A importação em varios paizes, nos 4 primeiros mezes deste anno, apparece em declinio. Na Grã Bretanha a importação, de Janeiro a Maio, baixou de 8,5%. As ultimas estimativas do consumo mundial orçam em 670.000 toneladas, que ainda assim são consideradas demasiado optimistas.

III - Segundo informações que me foram prestadas por importadores desta praça as cotações actualmente são as seguintes:

West African N.I	36s.
Bahia	42s.
Arriba, Puerto Cabello, Carupano	de 55s a 95s.

Estes ultimos typos de cacau são considerados os mais finos e não

não são usados em grande quantidade. O cacau Puerto Cabello, por exemplo, é cotado a preços que variam entre 75s. e 95s. por cwt, conforme a sua qualidade. O cacau da Bahia differe muito pouco em gosto dos cacaus coloniaes, mas é considerado igual ao cacau da Costa do Ouro.

IV - A Inglaterra mantem direitos preferenciaes para o cacau importado do Imperio. Este está sujeito a um direito de 11s.8d por cwt; ao passo que o cacau de procedencia estrangeira paga 14s. Essa taxação influe consideravelmente para a diminuição da importação do cacau estrangeiro, favorecendo o consumo do producto Imperial.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 9 de Julho de 1937.

N. 286

Artigo sobre a U.R.S.S.

600.1(7H) 36

EXTERIORES
27 JUL. 1937
No 8961

Senhor Ministro,

Tenho a honra de passar ás mãos de Vossa Excellencia, nos tres recortes annexos do "Times" de 6, 7 e 8 do corrente (I a III) um interessante artigo da lavra de um correspondente do dito jornal sobre a actual situação politica da União das Republicas Sovieticas Socialistas.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Régis de Oliveira

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

Emb.Londres/286/1937/Annexo I

"THE TIMES"

Londres, em 6 de Julho de 1937.

LENIN : STALIN

TWENTY YEARS OF BOLSHEVISM

I.—A NEW INDUSTRIAL REVOLUTION

The following article, which describes the present stage of Russian industry, is the first of three surveying the evolution of Soviet policy since the foundation of the régime by Lenin in 1917.

From a Correspondent

The year which sees the twentieth anniversary of the Soviet régime, the inauguration of a new Constitution, and the adoption of a third Five-Year Plan would in any case be a landmark in Russian history. But these auspicious occasions are now eclipsed in the popular mind by the bloody reprisals of the past weeks.

The execution, after a summary trial *in camera*, of eight Army commanders, followed by the wholesale dismissal and arrest of "spies," "wreckers," and "Trotskyists" all over Russia, can indeed be differently interpreted. On one view it is the beginning of the end. This opinion, the wish being father to the thought, has been widely hinted at in the German Press; and it will, perhaps, be shared by those "friends of the Soviet Union" in this country who had been so lately expatiating on the Soviet conversion to democracy. On another view, which is that of the Soviet Press, the recent terror means the consolidation of the Soviet power. And this interpretation seems, on any impartial estimate, the sounder. The Soviet Union is governed by that kind of despotism which is customarily, though perhaps unjustifiably, labelled "Oriental." Cutting off the heads of the tallest poppies has always been a favourite technique of despotism; and the most sentimental historian will hardly deny that it has often been an effective means of consolidating power for considerable periods.

The details of the drama whose principal scenes have been enacted behind the walls of the Kremlin and in the cells of Lubianka are, and probably will remain, unknown. All the evidence suggests that the initiative came from those in possession. M. Stalin struck before his enemies had had time to prepare their blow, or they were conscious of being his

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The details of the drama whose principal scenes have been enacted behind the walls of the Kremlin and in the cells of Lubianka are, and probably will remain, unknown. All the evidence suggests that the initiative came from those in possession. M. Stalin struck before his enemies had had time to prepare their blow, perhaps before they were conscious of being his enemies at all. There has been no trace of any popular movement. Proletarian and peasant have not been called upon to play even a walking-on part. The issue, if issue there was, was a struggle for power between rival or potential Raiders. Yet there is no doubt that Moscow has passed through a severe crisis; and June, 1937, may well be treated by the historian of the future as a turning-point in the fortunes of the Soviet régime. It is an excellent vantage point for the observer who seeks to discover what has become, 20 years after, of the Russian revolution.

FROM COUNTRY TO TOWN

The central and fundamental fact about contemporary Russia is that the country is in the throes of an industrial revolution comparable with that which transformed Western Europe 100 years ago. It is officially claimed that the industrial production of the present territory of the Soviet Union is now more than seven times, the agricultural production 1½ times, and the national income four times what they were before the War. The number of workers engaged in industry has risen from some 8,000,000 15 years ago to more than 25,000,000 to-day, and well over a third of the population are now dependent on industry.

Like corresponding movements elsewhere, the Russian industrial revolution is causing a rapid shift of the density of population from country to town. Before the War only 20 per cent. of the Russian population lived in cities; now 35 per cent. is urban. Not only is there a constant drift of population to the towns in search of the better conditions available there, but the birth-rate is soaring in the towns and almost stationary in the countryside. The recently issued figures for the first quarter of 1937 are partially explained by the ban on abortion having been far more effective in the towns than in the country. But they are sufficiently remarkable to deserve quotation. The increase in the birth-rate over the corresponding quarter of 1936 for the whole Soviet Union was in the neighbourhood of 30 per cent. In Moscow it was not far short of 80 per cent., and in some cities it rose to 90 per cent. Paradoxical as it may seem, the Soviet Union is not so far away from the problem of other industrial States: a depletion of the rural population. All this is merely another way of saying that the Soviet régime has been far more successful in tackling the industrial than the agricultural problem. Ever since Trotsky began to talk of the "scissors crisis" in 1923 the agriculturist in the Soviet Union has had a raw deal. He has been obliged to produce cheap bread and potatoes for the factory worker, while the factory worker has been given no encouragement at all to produce cheap boots and shirts for the agriculturist; and during the past four years the disparity between town and country workers has still further increased. In his new guise as a collective farmer the Russian peasant still, as of old, gets all the kicks and few of the halfpence.

For the Russian industrial worker the Soviet régime has done much. It has given him reasonable security of employment and what is by Russian standards a living wage. According to official statistics the average wage of the worker in Soviet industry for the current year should be about 250 roubles a month. But this figure includes the specialists and the "black-coated workers," who, though they do not wear black coats, seldom get less than 600 roubles, and often twice as much. It may be doubted whether many manual workers outside Moscow and Leningrad (where rates tend to be higher than elsewhere) touch 200 roubles.

THE FACTORY HAND

With potatoes at a rouble a kilo and rye bread a few kopeks cheaper, the Russian working man at home lives mainly on these staple commodities, eked out perhaps by salt fish and vegetables in season. He rarely sees meat outside the factory dining-room and never butter, which has fluctuated during the past winter in Moscow between 18 and 24 roubles a kilo. (Marshal Voroshilov's preference of guns to butter is less outspoken, but not less effective, than that of General Goering.) A poor shirt costs him a week's pay, and a month's wages will not buy him the shoddiest suit of clothes. Rent is low, though his whole family, including a stray grandparent or aunt, is quite likely to be sleeping in a single room. But the Soviet factory worker has few regrets. He is better off than he has ever been. He is better off than his country cousin. He is better off—so radio, Press, trade union leader, and party official

Emb.Londres/286/1937/Annexo II.

"THE TIMES"

Londres, em 7 de Julho de 1937.

LENIN : STALIN

SOVIET THEORY AND PRACTICE

II.—A RETREAT FROM UTOPIA

This second article on Sovietism after 20 years discusses the symptoms of the maladjustment of Lenin's theory and Stalin's practice.

From a Correspondent

When Lenin seized power in Russia in November, 1917, his views on the nature of the State were unimpeachably Marxist. The State, being in its very essence an instrument for the oppression of one class by another, was therefore an evil which could have no place in the classless Communist society. In order to win the victory which would lead to the establishment of the classless society, the proletariat must seize the State machine and turn it against their old oppressors, the bourgeoisie. But the State would remain (for such was its nature) an instrument of class oppression; and it would be used as such by the triumphant proletariat to crush the bourgeoisie. This was, however, only a transitional period. The dictatorship of the proletariat, wrote Lenin, was "not an organization of order, but an organization of war." Once the bourgeoisie had been extinguished or rendered impotent, the State would become a meaningless institution (since there would be nobody left to oppress), and would, in the classic formula of Marx and Engels, "wither away."

In 1917 this Utopian conception, taken over straight from Marx and Engels, was an integral part of Lenin's creed. There is no evidence that his faith in it was ever shaken, though in his last years he once admitted that the transitional period before the State finally disappeared might be "a whole historical epoch." And the odd thing is that this conception still figures in the official creed of the Soviet rulers to-day. It is one of the most curious of contemporary paradoxes that M. Stalin, who has constructed the most powerful and most arbitrary State machine yet known in history, is compelled from time to time (though more and more rarely nowadays) to affirm that his real aim is the abolition of the State. The formula invented for the last Party Congress does not lack ingenuity. "The highest possible development of the State power of the State with the object of preparing for the dying out of the State: such is the Marxist formula of State policy. The

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A BLOW TO MARXISM

Things in the Soviet Union have not gone quite so easily as that. It has become of late increasingly difficult, even in a country where the suppression of free thought is carried to the pitch of perfection, to disguise the fact that this "highest possible development of the power of the State" has knocked Marxism sideways. The State, it is true, retains the ownership and control of industrial production. But in this respect the Soviet State has only carried to its logical conclusion a development which has also made gigantic strides in many capitalist countries. If (as Engels acutely observed) the taking over of industries by the State is Socialism, then Napoleon, who nationalized the tobacco industry in France, must count as one of the founders of Socialism. In that sense M. Stalin may be permitted to rank with Napoleon. In any other sense his claim to be regarded as a Socialist requires careful scrutiny.

The "principle of Socialism," we are authoritatively informed by the new Soviet Constitution approved last December, is "From each according to his ability, to each according to his work." Between Socialism thus defined and capitalism there seems to be no more than a hair's breadth. After all, the capitalist only takes from the worker "according to his ability" (*la plus belle fille ne peut donner que ce qu'elle a*), and asks for nothing better than to pay him "according to his work," unless the trade unions, more effective in democratic countries than in Soviet Russia, obstruct the adoption of this "Socialist" criterion.

Of the prevalence of such "Socialism" in contemporary Russia there is no doubt. Examples have been given in the preceding article of the immense differentiation of wages and salaries in the Soviet Union. The right of inheritance has been restored; deposits in savings banks and investment in State loans (with lottery drawings) are being effectively encouraged; and private "incomes derived from "work and savings" are specifically protected by the new Constitution. The creation of privileged grades, whose loyalty to the régime can be counted on, may be either a deliberate part of M. Stalin's policy or a natural consequence of the industrial revolution—or both.

> Side by side with the great majority, exclusively bond slaves to labour, there arises a class freed from directly productive labour, which looks after the general affairs of society, the direction of labour, State business, law, science, art, &c.

This description, from the pen of Engels, of the rise of capitalism applies word for word to what is now going on in the Soviet Union. The existence in Soviet Russia of "exploitation" in the Marxist sense can only be denied on the unlikely hypothesis that the will of M. Stalin and the will of the worker are one and the same and that the worker is therefore exploiting himself. But if M. Stalin chooses to apply the label of Socialism to a system which exhibits so many of the most characteristic symptoms of capitalism, none of his compatriots will dare to say him nay.

CAPITALISM WRIT LARGE

The capitalist observer need not be disconcerted to discover that Soviet Socialism is, after all, only capitalism writ large. But what of the sincere and intelligent Russian Marxist who remembers the slogans of the glorious revolution of 1917? Trotsky is known to-day in Soviet Russia, not as Lenin's principal coadjutor, but as the first and most wicked of counter-revolutionaries; and to be found in possession of any of his writings is a capital offence. But how many Russians are there who, whether consciously influenced by Trotsky or not, believe with him that the revolution has been "betrayed" by M. Stalin and his bureaucracy? Is there, in this sense, a "Trotskyist opposition"? The question is difficult to answer.

The treason trials of August and January signally failed to prove the existence of a "Trotskyist conspiracy." But it is hard not to believe that many thousands of "old Bolshevists" perceive to-day that the system evolved by M. Stalin is something very different from the system for

Emb.Londres/286/1937/Annexo III.

"THE TIMES"

Londres, em 8 de Julho de 1937.

LENIN : STALIN

III.—SOVIET POLICY ABROAD

A CHANGED FACE TO THE WORLD

This final article on 20 years of Sovietism is devoted to the international aspect of the Russian enigma.

From a Correspondent

The maladjustment between the Marxist theory of the "withering away" of the State and the Stalinist practice of the "highest development of the State" is matched in the international field by a corresponding maladjustment between the old Bolshevist slogan of "world revolution" and the Stalinist slogan of "Socialism in a single country." The Marxist theory of revolution assumed that revolution would be world-wide or, at any rate, European. A revolution which did not extend to an important industrial country like England would, Marx once remarked, be a mere storm in a tea-cup. The establishment of proletarian Communism presupposed the disappearance of national boundaries.

These assumptions were fully shared by the first generation of Bolshevists. At Brest-Litovsk the Russian negotiators were prodigal of territory and interested only in the most expeditious means to spread Communist propaganda and hasten the coming of revolution in Germany and western Europe. The Bolshevists of the heroic age did not think in terms of States. Moscow was not the capital of a State, but the headquarters of the world-wide revolutionary organization of the working-class. Right down to the death of Lenin it was generally admitted that the Soviet State could not maintain itself indefinitely unless the revolution spread westwards; and to propagate revolution was therefore, if only for reasons of self-interest, the primary task of the Soviet Government. As late as 1924 M. Stalin himself, in the now suppressed first edition of his "Questions of Leninism," wrote that "the victorious revolution in one country . . . ought not to be considered as of independent value, but as an auxiliary, a means of hastening the victory of the proletariat in other countries."

OBSTINATE OUTSIDERS

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OBSTINATE OUTSIDERS

But facts were too strong for this ambitious missionary plan. The rest of the world obstinately insisted on remaining divided into national States; and Russia, compelled (if only by way of resistance to attack) to assert her identity against the outsider, assumed perforce the semblance of a national State. In 1921 Lenin retired from the turmoil of "war communism" into the quieter waters of the New Economic Policy, and concluded a trade agreement with Great Britain. This agreement was followed by others. The incompatibility of preaching world revolution in one breath and seeking amicable relations with capitalist States in the next became gradually apparent; and this fundamental maladjustment of Soviet policy came home to roost, nine months after Lenin's death, in the farcical incident of the "Zinoviev letter."

In the next two years the issue of "world revolution" versus "Socialism in a single State" became the chosen battleground between "Trotskyists" and "Stalinists"; and in 1928 M. Stalin celebrated his victory by introducing the first Five-Year Plan. It is a curious fact that a State which is a going concern acquires, independently of its own volition, a sort of vested interest in the political and economic stability of other States. It soon became clear that the worst thing which could happen to the Five-Year Plan would be a political or economic upheaval affecting world prices or the purchasing power of Russia's principal customers. World revolution, far from being the primary objective of Soviet policy, would be a disaster of the first magnitude. The world economic crisis was a period of great anxiety for the directors of the Soviet economy; and if the Soviet Union escaped its worst symptoms the escape was due not to its peculiar political organization (Palestine is another instance of a country untouched by the economic crisis), but to the progress of the industrial revolution described in the first of these articles. Now, on the eve of the third Five-Year Plan, Soviet economists are trembling lest their careful calculations should once more be thrown out of gear by a change in the gold policy of the leading capitalist countries, the Soviet Union having become the second largest producer of gold. Since 1928 the international reactions of Soviet Russia have been precisely similar to those of any ordinary capitalist State.

A further development came when Germany and Japan left Geneva in 1933. Menaced by the growing turbulence of these two "dissatisfied" Powers, the Soviet Union took the last step in the transformation from international rebel into international conservative. The State whose professed ideological basis is the "dynamic" creed of dialectical materialism joined the "static" group of respectable, satisfied Powers, and became a member of what M. Chicherin always elaborately referred to as "the so-called League of Nations." Since that time no member of the Council of the League has been more insistent on the importance of keeping things as they are, or more cautious in deprecating the most distant allusion to the one article of the Covenant which hints at the possibility of international change, than M. Litvinov. It is the last and most remarkable metamorphosis of the most dramatic revolution of modern times.

THE NEW ENEMY

Meanwhile the Communist International, founded in the hectic days of 1919, when world revolution seemed—and not only to its supporters—a probable and perhaps imminent event, has fallen sadly from its former glory; and bourgeois Governments all over the world no longer tremble at its name. In the first years of the régime, Comintern held regular annual congresses in Moscow which rang with the familiar denunciations of the capitalist system. But after the inauguration of the first Five-Year Plan in 1928 no further congress was convened for seven years. Denunciations of capitalist countries were no longer a convenient accompaniment of the policy of "Socialism in a single State." In 1935, however, Comintern rather unexpectedly revived in a new guise, no longer as the *enfant terrible*, but as the obedient agent, of Soviet foreign policy. Fascism had supplanted capitalism as the enemy of the proletariat. The British or French or American worker striking against his capitalist employer can no longer count on the support, material or even moral, of Comintern. The French Communist is adjured from Moscow not to vote against the military budgets even of a Right Government in France. The British Communist is urged to seek a common front with those Labour leaders whom he had previously learned to denounce as the worst enemies of the working class. The Chinese Communist is ordered to cooperate with Chiang Kai-shek, formerly known as the butcher of

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, 13 de Julho de 1937.

No.288

Relatorio Economico Nº 1.

801.2 Sodeja

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
12 AGOS 1937
Nº 09707

Senhor Ministro,

De accordo com a Circular telegraphica nº 1120, recebida a 11 de Maio ultimo, tenho a honra de passar ás mãos de Vossa Excellencia o Relatorio sobre a situação economica deste paiz, correspondente ao mez de Junho de 1937.

Aproveito o ensejo para reiterar a Vossa Excelencia os protestos da minha respeitosa consideração.

Régis de Oliveira

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

ARS/

Emb.Londres/288/1937/Annexo.

RELATORIO

No.1.

Mez economico
de Junho de 1937.

1. O balanço da situação economica da Grã Bretanha, ao encerrar-se o 1º semestre do corrente anno, não póde ser mais animador do que é, revelando condições de uma prosperidade estavel e continua, consolidade em bases solidas. Dentre estas sobresaem, em primeira linha, o admiravel systhema bancario que resistio triunfante a todas as viscissitudes da grande depressão economica e o systhema monetario, cujo reajustamento em 1931 corregio os deffeitos da super-valorização sem chegar aos extremos de uma desvalorização excessiva. Considera-se geralmente satisfactorio o nivel actual da moeda inglesa, em relação á moeda dos outros paizes, e o mechanismo monetario com a conveniente elasticidade para a manutenção do equilibrio dos cambios. Poder-se-ia, talvez, synthetisar, em uma enumeração resumida, os indices principaes da situação actual:

a) abundancia de dinheiro barato e capitaes novos, creados pela actividade commercial remunerativa, facilmente encontrando collocação;

b) elevação do custo da vida, contrabalançada por salarios maiores, proporcionados pela expansão da actividade industrial;

c) diminuição continua do numero dos sem-trabalho.

d) desenvolvimento do consumo interno, augmento das importações e crescimento accentuado da exportação.

2. A intensificação da actividade industrial, determinada principalmente pelo melhoramento das condições economicas mundiaes, favoreceu a recrudecencia do consumo não só de artigos manufacturados como tambem de productos agricolas. A grande depressão

depressão economica que assolou o mundo inflingio á industria a paralysação da sua actividade, causando consequentemente o augmento, em proporções nunca attingidas, da população desempregada, e á agricultura preços vis, inferiores ao custo da producção. A reacção na actividade industrial, que mais se accentuou no 1º semestre do corrente anno, reflecte-se energicamente no augmento da producção agricola do paiz. Esse factor, mais do que as restricções de importação, as regulamentações do mercado ou os subsidios distribuidos pelo Governo, tem contribuido para o progresso da agricultura nacional.

3. A valorização de todos os productos, manufacturados e agricolas, augmentou a renda da collectividade, tornando menos pesada a carga dos impostos e permittindo a imposição de novos tributos no orçamento do corrente anno, a que o Governo teve de recorrer para attender ás despezas com a execução do seu programma de armamentos.

4. Durante todo o mez de Junho esteve reunida a Conferencia Economica Imperial, cujo trabalho principal foi o de passar em revista os progressos realizados nas relações inter-imperiaes. A Conferencia favoreceu, principalmente, o entendimento sobre importantes problemas de natureza economica. Dentre estes, e como mais importante, o de um accordo commercial com os Estados Unidos, para cuja realização vinham se fazendo, desde algum tempo, trabalhos preparatorios. Como resultado das conversações havidas no seio da Conferencia, o Governo Britannico ficou conhecendo plenamente o ponto de vista dos Dominios e habilitado com informações para proseguir as negociações entaboladas com os Estados Unidos. Os Dominios estariam dispostos a abrir mão de algumas preferencias que gozam no mercado britannico em troca de facilidades para a collocação de seus productos no mercado norte-americano.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 15 de Julho de 1937.

NP

No.290

Propostas do Governo Britannico ao Comité Internacional de não-intervenção na Espanha.

601.3(8H)
Ble

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
12 AGOS 1937
No 09707

Senhor Ministro,

Em additamento ao meu telegramma nº 60, desta data, tenho a honra de passar ás mãos de Vossa Excellencia, em annexo, um exemplar da publicação official do Foreign Office (Spain nº 2, 1937), contendo o texto das propostas submettidas pelo Governo Britannico ao Comité Internacional para applicação do accordo de não intervenção na Espanha.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Régis de Oliveira

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 21 de Julho de 1937.

No.294

Discurso do Senhor
Anthony Eden.

900.1 (60) Sodré

N. 10

S. DE E. DAS RELAÇÕES EXTERIORES
Secção de
12 AGOS 1937
No 09707

Senhor Ministro,

Ante-hontem, na Camara dos Communs, o Senhor Anthony Eden expoz, com clareza, a politica exterior da Gran-Bretanha. O discurso do Secretario de Estado para os Negocios Estrangeiros teve, pelo menos, o effeito de dissipar todo malentendido que existia, até então, no ambiente politico de certos paizes. O Senhor Eden, falando com a franqueza que lhe é peculiar, precisou a posição da Inglaterra em termos que não podem deixar de infundir confiança. Sua linguagem é impregnada do mais alto espirito europeu. Assim, os povos que anceiam sinceramente pela paz, que só pode ser attingida atravez da cooperação permanente de todas as nações inclinadas a salvaguardar os interesses vitaes da Europa, ouviram o que ha de substancial naquelle famoso discurso.

2. A Inglaterra - declarou o Senhor Eden, com vehemencia - embora resolvida a defender os seus direitos e os seus proprios interesses, não deseja nem alimenta a idéa, como se propala

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

propala em certos circulos, de lançar um desafio aos demais poderes. "A Gran-Bretanha afasta-se, o mais possivel, da politica de aggressão. Si o Mediterraneo representa o seu caminho arterial, como, de facto, o constitue, ella admitte, por outro lado, que ha nesse mar lugar para todos". Esse criterio tambem se applica ao Mar Vermelho. Como se deprehende, o Senhor Eden referiu-se á politica de Roma, fazendo-a sentir, mais uma vez, que a Inglaterra não creará obstaculo a uma solução honesta do problema do Mediterraneo.

3. Alludiu, em seguida, á amizade franco-britannica. O Secretario de Estado attribue o relativo equilibrio europeu á confiança mutua, que existe na hora actual, entre o seu paiz e a França. "Nós estamos convencidos - e o Governo francez o está egualmente - da necessidade de estreitar as relações com a Allemanha e de procurar a base de um accordo occidental como preludio de um accordo de grande envergadura. É necessario, porém, repetir que a amizade franco-britannica não está imbuida de espirito exclusivista. Ella apenas reflecte um instrumento de ordem e de paz." Dahi, a phrase immediata do Senhor Eden: "A Gran-Bretanha jamais se alliará a qualquer movimento internacional contra o communismo ou o fascismo; para nós, apenas existe uma politica exterior admissivel: a de cooperar com todas as nações inspiradas no espirito de boa vontade."

4. É, pois, opportuno evidenciar o pensamento do Senhor Eden, principalmente agora, quando se discutem os complexos problemas da guerra civil na Espanha, problemas esses que, em virtude da luta entre a ideologia revolucionaria e a ideologia autoritaria, deram um tão grave aspecto internacional.

5. O trecho do discurso do Chefe do Foreign Office relativo á reforma da Sociedade das Nações é, tambem, de grande alcance politico. Sabe-se que existem presentemente duas correntes:

correntes: uma, tendendo a augmentar os poderes do organismo internacional de Genebra, e, outra, de induzir á volta á Liga das Nações os paizes que della se afastaram. O Senhor Eden é de opinião que, em Genebra, ha lugar para todos os paizes, qualquer que seja o seu regimen interno ou systema de governo.

6. Em resumo, o discurso do Senhor Eden concorreu indiscutivelmente para confortar o ambiente internacional. Prova, ao mesmo tempo, que o homem de Estado responsavel pela politica exterior da Gran-Bretanha se esforça por manter a paz e procura, tambem, remediar a situação de modo a permittir estabelecer, de novo, a confiança no scenario politico da Europa.

7. Em annexo, tenho a honra de remetter a Vossa Excellencia o recorte do "Times" que trata do assumpto acima mencionado.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafael de Saavedra

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 21 de Julho de 1937.

No.295

NP

O novo estatuto
da Palestina.

602.7(60)
(42)

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
12 AGOS 1937
09707

Senhor Ministro,

Em additamento ao meu officio nº 284, de 8 do corrente, tenho a honra de remetter a Vossa Excellencia um exemplar do relatorio apresentado ao Secretario de Estado para as Colonias pela Commissão Real sobre a Palestina, bem assim uma publicação contendo o texto da declaração da politica seguida pelo Governo britannico.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Réjis de Oliveira

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

Local deste Doc. 601.3(84)

SUBSTITUE O ORIGINAL

que está n a Bibliotheca.

N.º 295 Local onde foi expedido Londres Data 21/7/37

Especie de Doc. e Remettente Annex o ao officio da Embaixada do Brasil em Londres.

Destinatario Ministerio das Relações Exteriores.

INDICE

Novo estatuto da Palestina.

RECEBIDO E INCORPORADO NA BIBLIOTHECA
EM 5 DE Setembro DE 1937.
BIBLIOTHECARIO P. Maia.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 22 de Julho de 1937.

No.308

Conferencia Naval
de Londres.

953.

A. A.

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
12 AGOS 1937
No 09707

Senhor Ministro,

Em additamento ao meu officio nº 269, de 5 do corrente mez, relativo á adhesão do Governo Brasileiro ao "Procès-Verbal" assignado em Londres a 6 de Novembro proximo passado, contendo as regras a serem observadas pelos submarinos em relação a navios mercantes em tempo de guerra, de accordo com o paragrapho Iv do Tratado de Londres para limitação e reducção de armamentos navaes, de 22 de Abril de 1930, tenho a honra de passar ás mãos de Vossa Excellencia, em annexo, cópias da nota nº 46, de 6 do corrente, desta Embaixada ao Foreign Office, transmittindo essa informação (I), e da nota nº A 4851/6/45, de 16 do corrente, do Foreign Office a esta Embaixada agradecendo a communicação formal da adhesão do Governo Brasileiro ás referidas regras (II).

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rájí de Lima

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

RS

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Emb.Londres/308/1937/Annexo I

Londres, em 6 de Julho de 1937.

No.46

Senhor Secretario de Estado,

Cumprindo instrucções do meu Governo, tenho a honra de levar ao conhecimento de Vossa Excellencia haver o Governo Brasileiro resolvido adherir ao "Procès-Verbal", assignado nesta capital a 6 de Novembro do anno proximo passado, que contem as regras a serem observadas pelos submarinos em relação a navios mercantes em tempo de guerra, de accordo com o paragrapho IV do Tratado de Londres para limitação e reducção de armamentos navaes, de 22 de Abril de 1930.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

(a) Regis de Oliveira.

Confere:

Dactylographo-Archivista.

Conforme:

2º Secretario.

A Sua Excellencia
The Right Honourable Anthony Eden, M.C.,M.P.,
Principal Secretario de Estado de Sua Majestade Britannica
para os Negocios Estrangeiros.

Emb.Londres/308/1937/Annexo II

No.A 4851/6/45.

FOREIGN OFFICE, S.W.1.
16th July, 1937.

Your Excellency,

I have the honour to acknowledge the receipt of Your Excellency's note No.46 of July 6th in which you were so good as to inform me of the accession of the Brazilian Government to the rules relating to the employment of submarines against merchant vessels in time of war set out in the Procès-Verbal signed in London on the 6th November last.

2. His Majesty's Government in the United Kingdom have received with much satisfaction the formal notification of the accession of the Brazilian Government to the rules in question.

I have the honour to be with the highest consideration,

Your Excellency's obedient Servant,

(For the Secretary of State)

(Sgnd.) J.M.Troutbeck.

Confere:

M. G. Rebello Santos

Dactylographo-Archivista.

Conforme:

Joaquim Alves Clemente

2º Secretario.

His Excellency,

Monsieur Raul Régis de Oliveira, G.B.E.,

etc., etc., etc.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 22 de Julho de 1937.

No.310

Communicação da delegação chilena junta á Sociedade das Nações sobre a situação dos refugiados espanhoes na Embaixada do Chile em Madrid.

601.3(8H)

S. DE E. DAS RELAÇÕES EXTERIORES
Archivo de Communicações
12 AGOS 1937
No 09707

Senhor Ministro,

O meu collega e amigo, Senhor Agustin Edwards, Embaixador do Chile nesta capital e Chefe da Delegação Chilena junto á Sociedade das Nações, teve a gentileza de enviar-me a copia annexa de uma communicação dirigida ao Secretario Geral do Instituto genebrico sobre a situação dos refugiados espanhóes na Embaixada do Chile em Madrid.

2. Depois de expor longamente as multiplas gestões do Governo chileno junto ao de Valencia para conseguir a evacuação dos espanhoes refugiados na Embaixada chilena em Madrid, e os obstaculos criados, a cada momento, pelo Governo de Espanha, não obstante a annuencia completa do Governo chileno ás exigencias de Valencia, conclue narrando os derradeiros acontecimentos havidos na infeliz capital espanhola, acontecimentos que motivaram a communicação em questão.

3. Em fins de Junho ultimo, e concomitantemente com

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

MGRS

com esforços do Governo chileno para solucionar definitivamente a questão, os jornaes de Madrid iniciaram uma campanha violenta contra as Embaixadas e Legações estrangeiras naquella capital, e contra os refugiados. Dias depois foi cortada a luz electrica da Embaixada chilena e sustado o serviço de agua, impedindo-se ao mesmo tempo a communicação telegraphica da Missão com o Governo de Santiago, com a Embaixada chilena aqui, e mesmo com o proprio Governo de Valencia. Somente a muito custo foi restabelecida a normalidade. Esses factos e novas e absurdas exigencias das autoridades espanholas cançaram finalmente a longa paciencia do Governo chileno, provocando a communicação annexa ao presente, que será distribuida particularmente entre os membros do Conselho da Liga em meiados da proxima semana e cuja leitura é deveras edificante.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Régio de Oliveira

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 22 de Julho de 1937.

No.312

Projecto de compromisso
no Sub-comité de não-inter-
venção.

601.3(84)
R6

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
12 AGOS 1937
No 09707

Senhor Ministro,

O Sub-comité do organismo de não-intervenção esbarrou, desde as primeiras reuniões havidas hontem em Londres para examinar o projecto de compromisso britannico, em difficuldades de adaptação, que o obrigaram a adiar sine die as suas resoluções. Entretanto, não se deve deprehender que as suas iniciativas possam ser tidas como inadaptaveis e que o projecto de compromisso britannico esteja fadado a desapparecer. Isso indica apenas que as conversações se annunciam singularmente laboriosas. Pois, si por um lado a resposta da Italia ao discurso conciliador pronunciado pelo Senhor Anthony Eden na Camara dos Communs, sobretudo na parte concernente á consolidação para todos os interessados da situação no Mediterraneo, por outro lado será necessario reconhecer-se que certa parte da opinião ingleza se mostra desapontada.

2. Ficou decidido confiar-se a uma sub-commissão technica o estudo da questão do estabelecimento dos observadores nos portos espanhoes, mas o Comité não poude ir mais longe no seu tra-

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

MGRS

trabalho em virtude da falta de entendimento sobre a ordem das questões a tratar. Com effeito, o seu Presidente, Lord Plymouth, arguindo do facto que o plano britannico se acha inteiramente dominado pela attitude do Governo de Valencia e do Governo de Salamanca, no que se relaciona com o estabelecimento de agentes observadores nos portos espanhoes, a retirada dos voluntarios estrangeiros e as condições as quaes deve ser subordinado o reconhecimento dos direitos de belligerancia, faz sobresahir que, para que o Gabinete britannico possa iniciar sobre o assumpto conversações com as autoridades republicanas e as autoridades nacionalistas da Espanha, é necessario que ella obtenha antes uma autorização expressa representada por qualquer decisão unanime do Comité de não-ntervenção, implicando num accordo de principio sobre taes pontos.

3. Ora, o Conde Grandi revelou-se immediatamente contrario a essa maneira de ver e propoz que se tratasse primeiro das questões de suppressão das patrulhas navaes e do restabelecimento do contrôle internacional nas fronteiras terrestres. Isso viria modificar inteiramente a ordem dos trabalhos, a pretenção de se occupar, antes de tudo, dos problemas que são regidos pela adaptação global do plano inglez. Fica, pois, claro que a pretenção italiana tende a vêr supprimidas as patrulhas navaes francezas e inglezas actuaes,e esse facto novo faz com que os Gabinetes de Londres e de Paris se vejam obrigados a procurar novo accordo preliminar. Evidentemente, Lord Plymouth não quiz admittir tal disposição de plano de trabalho e o Embaixador francez, Senhor Charles Corbin, relevou que a ordem logica na qual se deve abordar o debate, exige que se trate primeiro das questões para a solução das quaes será necessario presentir as duas partes espanholas. O delegado da França, assim como os representantes da Belgica e da Tchecoslovaquia, deram sua adhesão á proposta feita por Lord Ply-

Plymouth, emquanto os delegados da Allemanha e de Portugal sustentaram a these do Conde Grandi. E mesmo quando Lord Plymouth, com reconhecido espirito de conciliação, suggeriu que se poderia discutir a questão do contrôle terrestre como elemento relativo ao estabelecimento de observadores nos portos espanhoes, mas sob a condição de ser o problema da retirada de voluntarios estrangeiros abordada immediatamente, o representante italiano recusou-se a acceitar essa formula transaccional.

4. Concebe-se, pois, que o adiamento sine die do Sub-Comité tenha hontem impressionado vivamente os meios politicos inglezes, que se mostram severos na apreciação da attitude adoptada pelo representante da Italia. Nota-se, ainda, que na ausencia do Senhor von Ribbentrop, o representante da Allemanha conservou-se muito mais reservado nas suas observações. De qualquer forma, é claro que as perspectivas actuaes não perecem favorecer um accordo, embora não se deva renunciar á esperança de chegar-se a uma formula de entendimento.

5. O Governo britannico usará, sem duvida, de toda a sua influencia para que as difficuldades de processo, surgidas hontem, sejam rapidamente aplainadas, prevendo-se que o Sub-Comité poderá se reunir de novo dentro de breves dias. E se de outra maneira fosse, se não se puder solucionar o impasse creado pela intervenção hontem do Conde Grandi, seria,então, toda a politica de não-intervenção que deveria novamente ser posta em discussão, trazendo comsigo as graves complicações internacionaes indicadas pelo Senhor Eden no seu discurso na Camara dos Communs.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Réjis de Oliveira

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, 3 de Agosto de 1937.

No.327.

E. 2.

Relatorio economico Nº 2.

801.2 Madeira

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Comunicações
23 AGOS 1937
Nº 10262

Senhor Ministro,

De accordo com a Circular telegraphica N.1.120, recebida a 11 de Maio ultimo, tenho a honra de passar ás mãos de Vossa Excellencia o Relatorio sobre a situação economica deste paiz, correspondente ao mez de Julho de 1937.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Raul de Oliveira

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Re;ações Exteriores.

ARS

Emb.Londres/327/1937/Annexo.

R E L A T O R I O.

Nº 2.

Mez economico de
Julho de 1937.

1. No começo do corrente mez, o Governo tomou uma resolução importante relativa á "Exchange Equalisation Account",resolvendo elevar de 375 milhões de £ a 575 milhões de £ o capital á disposição desse mechanismo regulador do cambio. O "Exchange Equalisation Account" foi instituido em Junho de 1932, com um capital de 150 milhões de £ em notas da thesouraria e mais 25 milhões de £ de outras fontes do Governo. Esses recursos provaram ser insufficientes e, um anno mais tarde, foi necessario um novo suprimento de 200 milhões de £ em notas da thesouraria. Sir John Simon, Ministro das Finançac, falando na Camara dos Communs, explicou que a "Exchange Equalisation Account" foi instituida para controlar as fluctuações indevidas da libra, desde que o paiz abandonou o "Gold standard". Nas circumstancias actuaes esse organismo é um elemento essencial á machinaria monetaria e financeira do paiz, agindo como um amortecedor de choques. Segundo os termos do accordo monetario França- E Unidos - Grã Bretanha, a "Exchange Equalisation Account" transforma em ouro toda a somma em moeda estrangeira que vai adquirindo. Assim, ao mesmo tempo que o seu capital-ouro tem crescido, as suas disponibilidades em esterlinas diminue. Quando, de outra parte, a libra mostra uma tendencia para enfraquecer, a "Exchange Equalisation Account" apparece no mercado como compradora de esterlinas e o seu capital-ouro declina. Segundo se accredita, só nos 3 ultimos mezes, o seu capital-ouro augmentou de 80 milhões de £, emquanto que

que as suas reservas em esterlinas desceram a 10 milhões de £. Esses factos deram causa, sem duvida, ao augmento agora decretado pelo Governo, habilitando-a com recursos sufficientes em esterlina para fazer face a quaesquer fluctuações internacionaes de capitaes. O funccionamento da "Exchange Equalisation Account" foi conservado, durante todo este tempo, secreto. O Governo propõe-se agora publicar, periodicamente, um balancete do ouro retido nessa conta.

2. Segundo revelou, na Camara dos Communs, o Ministro das Finanças, o total do stock ouro da Grã Bretanha, em 31 de Março do corrente anno, elevava-se a 703.600.000 £, sendo no Banco de Inglaterra 73.842.000 de onças finas, ou sejam, a 140 s. por onça fina, 516.900.000 £ e na "Exchange Equalisation Account" 26.674.000 onças finas, no valor de 186.700.000 £.

3. Teve andamento, na Camara dos Communs, o projecto de lei apresentado pelo Ministro da Agricultura, em 27 de Maio ultimo, que providencia sobre diversas medidas tendentes á protecção e ao desenvolvimento da agricultura nacional, dentre as quaes se destacam as seguintes: seguro contra a baixa de preços da aveia e da cevada, com uma garantia de preço minimo ao productor; credito de 600 milhões de £ annuaes para o combate ás epizootias; recursos para encorajar experiencias com novos pastos; augmento da producção de trigo; barateamento de meteriaes necessarios á fertilidade do solo; facilidades de recursos aos productores para a drenagem das suas terras.

4. Em consequencia do accentuado augmento de preços dos generos alimenticios importados, das materias primas, e ainda de salarios e outras despezas da fabricação, o custo da vida eleva-se rapidamente. O indice do custo da vida publicado pelo Ministerio do Trabalho revela um augmento de 6% de 1936 a 1937. Quasi todos os dias annunciam-se novos augmentos de preços nos generos alimenticios de primeira necessidade. Os consumidores foram avisados de que o

o preço do leite, como o da manteiga e o do queijo, será elevado. A escassez e a carestia de toucinho levaram o Board of Trade a elevar a quota de importação da Dinamarca, de 7.700 cwts para ... 10.000 cwts. Opreço do chá, para exportação, foi augmentado de 1d. por libra.

5. A actividade dos negocios continuou a se expandir durante o mez. Os ultimos relatorios das companhias indicam que os lucros crescem em todos os ramos industriaes. O desenvolvimento da exportação é acompanhado de equivalente augmento na importação. O melhoramento da situação economica mundial accelera a expansão do commercio internacional, a despeito das travas monetarias e fiscaes que ainda persistem em uma grande quantidade de paizes.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 3 de Agosto de 1937.

N.P

No.330

Relatorio Politico nº 2.

602.(60)

S. D. E. DAS RELAÇÕES EXTERIORES
Secção de Informações
23 AGOS 1937
Nº 10262

Senhor Ministro,

De accordo com a Circular telegraphica nº 1120, recebida a 11 de Maio ultimo, tenho a honra de passar ás mãos de Vossa Excellencia o Relatorio desta Embaixada, correspondente ao mez politico de Julho de 1937.

./1 Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafael de Abreu

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

MCRS

Emb.Londres/330/1937/Annexo.

R E L A T O R I O

No.2

Mez Politico de
Julho de 1937.

O mez de Julho, como era de esperar-se, constituiu um periodo de intenso movimento na esphera da politica internacional. Todos os problemas e suggestões foram passiveis de acurados estudos, principalmente a questão do reconhecimento de belligerancia, cuja difficuldade consiste em assegurar absoluta imparcialidade no controle das fronteiras terrestres da Espanha. O espirito de harmonia, porém, existente em todos os paizes representados no Comité de não-intervenção contribue para diminuir consideravelmente a tensão nervosa que, de ha muito, se vinha observando nos meios politicos da Europa.

2. As conversações entre Berlim-Londres-Paris-Roma, embora dependendo da conciliação dos pontos de vista anglo-francez e germanico-italiano, vão-se realizando num ambiente de franco entendimento, parecendo, assim, que os interesses ora em jogo se coadunem dentro do espirito de boa vontade. Houve, é verdade, em meio á apparente tranquillidade, momentos indecisos e desagradaveis, com a nota dirigida pelo General Franco ás potencias interessadas, ameaçando-as com represalias economicas, em caso de uma recusa ao reconhecimento dos direitos de belligerancia. Com o intuito de ganhar tempo, o Sub-comité ficou encarregado de estudar a situação creada inopinadamente pelo General Franco. Desnecessario é dizer que a recepção, em Londres, daquella nota, causou a mais viva surpreza.

3. O Quai d'Orsay, por sua vez, declarou ignorar a exis-

existencia de tal documento. Isso demonstra que Paris não estabeleceu com Salamanca a mesma ligação que Londres. A divergencia seria, na verdade, secundaria, se ella se limitasse apenas a atrazos de transmissão. Entretanto, o facto parece ser mais significativo, pois que na hora presente a Inglaterra já obteve nova segurança dos seus interesses. Além do mais, o discurso do Secretario de Estado para os Negocios Estrangeiros - pronunciado em meiados do mez - teve, como se sabe, o feliz effeito de dissipar todo o mal-entendido que existia, até então, no ambiente politico de certos paizes. O Senhor Anthony Eden, falando com a franqueza que lhe é tão peculiar, precisou a posição da Inglaterra em termos que não podem deixar de infundir confiança. "A Gran-Bretanha - disse o Chefe do Foreign Office - afasta-se o mais possivel da politica de aggressão. Si o Mediterraneo representa o seu caminho arterial, como,de facto, o constitue, ella admitte que ha nesse mar lugar para todos." E, em seguida, quanto á França, adduziu: "A amizade franco-britannica apenas reflecte um instrumento de ordem e de paz."

4. O projecto de compromisso no Sub-comité de não-intervenção experimentou, com pesar, serias difficuldades de adaptação, que o obrigaram a adiar sine-die as suas resoluções. Disso, porém, não se deve deprehender que o referido projecto esteja fadado a perecer. As difficuldades indicam apenas que as conversações se annunciaram singularmente laboriosas.

5. O Senhor Neville Chamberlain recebeu, em Downing Street, o Conde Grandi. Nessa importante entrevista, de larga repercussão, o Embaixador italiano fez entrega ao Primeiro Ministro da resposta do Senhor Mussolini á sua recente carta. No documento, que veiu acompanhado de uma traducção em inglez, o Chefe do Governo italiano teria declarado estar animado dos melhores propositos em procurar manter o tradicional laço de amizade entre o seu paiz e a Gran-Bretanha. Considera-se, porém, em Londres, que ainda ha mui-

muito por fazer no tocante ás relações anglo-italianas. Julga-se que é precisamente a questão da Espanha que se deve tratar de solucionar, antes de normalisar o entendimento entre aquelles dois paizes. Mas está fóra de duvida que o ambiente se desannuviou, com a carta do Senhor Mussolini. Não se exaggera, mesmo, affirmando que as conversações anglo-italianas formaram o primeiro plano da actualidade internacional. Chegou-se, tambem, a annunciar que o Senhor Chamberlain projectava uma conferencia - para Outubro proximo - entre os quatro poderes locarneanos. Isso, infelizmente, não foi alem da supposição de alguns espiritos mais optimistas, pois os circulos officiaes desmentiram não só aquella versão mas tambem a propalada visita do Senhor Eden a Roma. O "Yorkshire Post", orgão conservador, referindo-se á situação politica do mez, revelou-se mais severo nas suas observações: "Bem que as largas concepções internacionaes não sejam estranhas ao espirito do Duce, seria imprudencia admittir que uma simples - embora cordeal - troca de correspondencia provocasse subitamente uma nova phase de confiança e de cooperação anglo-italiana."

6. Emfim, como se deprehende, a acção politica internacional ainda não ingressou no terreno das resoluções praticas e positivas.

7. Comtudo, sente-se agora, mais do que nunca, em todos os sectores da política internacional, uma orientação inspirada no mais sincero espirito de conciliação, espirito esse que, collocado acima das lutas ideologicas, permittirá salvaguardar os principios essenciaes, que são a base de toda cooperação entre nações civilisadas.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 5 de Agosto de 1937.

No.339

Legislação ingleza
sobre o exercicio
da imprensa.

691.4(00)

S. DE E. DAS RELAÇÕES EXTERIORES
23 AGOS 1937
Nº 10262

Senhor Ministro,

Com relação ao telegramma nº 44, de 13 de Julho ultimo, dessa Secretaria de Estado, pedindo remetter com urgencia a legislação em vigor neste paiz sobre o exercicio da imprensa, cabe-me passar ás mãos de Vossa Excellencia, em annexo, um Memorandum preparado pelo Foreign Office sobre o assumpto.

2. Peço venia para fazer a esse respeito algumas ponderações. Não existe na Inglaterra uma lei de imprensa propriamente dita. Os diversos orgãos constitutivos da vida politica e social neste paiz foram crescendo e tomando forma paulatinamente, sendo regulamentados de quando em vez por medidas legislativas. O espirito inglez, constitucionalmente avesso ás codificações rigidas, nunca tentou dar uma forma definitiva ás varias actividades sociaes, mocomprehendendo muito bem que os mesmos soffreriam forçosamente modificações constantes e inherentes ao proprio processo da vida da communidade de que eram parte integrante.

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

GRS

integrante.

3. Não é assim possivel na Inglaterra - como o é na maioria dos paizes continentaes - encontrar numa lei, ou mesmo em algum codigo, as medidas legislativas sobre o exercicio da imprensa.

4. O Memorandum em questão que me foi enviado com uma carta de Sir Stephen Gaselee, alto funccionario do Foreign Office, foi elaborado, como o diz a carta alludida "... com o maior cuidado e attenção, tendo sido examinado pelos nossos conselheiros technicos e constitue assim.... um parecer autorizado sobre o assumpto."

5. Da leitura do Memorandum se deprehende que, a não ser em tempo de guerra, não existe censura da imprensa, havendo, entretanto certas restricções decorrentes de varias leis. Assim qualquer escriptor, casa editora ou proprietario de jornal, pode incorrer nas penalidades previstas na "Common law" e nas leis sobre libello, sedição, obscenidade, desprezo de autoridade judiciaria, segredos officiaes, etc., leis essas que são applicaveis a todos os subditos britannicos.

6. As leis mais importantes na materia são:

"The Law of Libel Amendment Act, 1888"

"The Official Secrets Act 1911 and 1920"

"The Emergency Power Act, 1920"

"The Newspaper, Libel Registration Act,1881".

7. O Memorandum chama attenção á complexidade das disposições das leis alludidas, que devem ser interpretadas conjunctamente com as disposições da "Common Law" e aconselha a consulta de certos textos autorizados, tal como "A digest of the Law of Libel and Slander", de W. Blake Odgers, 6a. edição.

8. A legislação ingleza regulamentando a publicação de processos judiciarios, é muito completa e severa, não sendo permittido, por exemplo, publicar assumptos blasphematorios ou indecen-

indecentes, extendendo-se essa ultima restricção a detalhes medicos, cirurgicos e physiologicos. A preoccupação do legislador inglez é de evitar a publicação de assumptos calculados a excitar uma curiosidade morbida e nociva á moralidade.

9. Qualquer publicação ou escripto feito com a intenção de prejudicar o justo e equitavel andamento de um processo judiciario é punido criminalmente ou civilmente - sendo tambem prohibido a publicação de detalhes, de caracter diffamante ou não, que possam prejudicar processos pendentes.

10. No final do Memorandum foram citadas varias obras autorizadas de interesse sobre o assumpto.

Tenho a honra de reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Régis de Oliveira

Emb.Londres/339/1937/Annexo.

Memorandum regarding the legislation affecting the press in England and Wales.

Apart from such special regulations as may be introduced in time of war, there is no censorship of the press in this country nor, excepting the prohibitions in regard to the publication of reports and comments on crimes, etc., referred to in paragraph 3 et seq below, is there any limitation upon what may be published in newspapers or periodicals, subject, however, to the risk which writers, publishers, printers, editors and proprietors incur of making themselves liable under common law and the laws relating to libel, sedition, obscenity, contempt of court and official secrets, to which all nationals alike are liable.

2. The most important of these enactments are, as regards libel, "The Law of Libel Amendment Act, 1888"; as regards the disclosure of official secrets, the Official Secrets Acts, 1911 and 1920; and, as regards sedition, "The Emergency Powers Act 1920". Reference should also be made to "The Newspaper, Libel and Registration Act, 1881" and to section 2 of the Printers and Publishers Act 1839 which is re-enacted in "The Newspapers, Printers and Reading Rooms Repeal Act, 1869", and which enacts that every person who prints a paper meant to be published or dispersed shall print upon it his name and place of abode or business. As, however, the mutual effect upon one another of the Statute and common law is very intricate in the case of libel, and as there are grave difficulties in distinguishing between those libels which are or may be prosecuted civilly or may be prosecuted criminally, it is most desirable that anyone who seeks knowledge on the subject should consult one of the recognised text-books, such as "A Digest of the Law of Libel and Slander", by W. Blake Odgers, 6th edition, published by Messrs Stevens and Sons, 119 Chancery Lane, London, W.C.2.

3. The law governing the publication by the press of reports and comments on crimes, misdemeanours and all court proceedings in general is to be found not only, or indeed mainly, in statutes, but in Common Law as altered or modified by statute. This memorandum endeavours to set out broadly the main considerations which affect the matter, but for a complete study of the subject, reference should, in addition, be made to textbooks and to the decisions of Judges as embodied in cases tried before them. For simplicity's sake, the law hereinafter described is that applicable in England and Wales and not necessarily that applicable in Scotland or Northern Ireland.

4. Under the Common Law, anyone is entitled to publish a report of a judicial proceeding except so far as:-

(a) such a report is blasphemous or obscene, or

(b) offends against the provisions of the Judicial Proceedings (Regulation of Reports) Act, 1926, or

(c) offends against the provisions of section 41 of the Criminal Justice Act, 1925, or

(d) offends against the provisions of sections 39 (1) and 49 (1) of the Children and Young Persons Act, 1933 or

(e) is calculated to prejudice the fair trial of a case which is proceeding in a court of law and so to interfere with the course of justice.

5. By section 3 of the Law of Libel Amendment Act, 1888, "a "fair and accurate report in any newspaper of proceedings publicly "heard before any court exercising judicial authority shall, if pub- "lished contemporaneously with such preceedings, be privileged". But the section provides that nothing contained in it shall authorise the publication of any blasphemous or indecent matter. And by section 8 of the same Act no criminal prosecution can be commenced against any proprietor, publisher, editor or any person responsible

responsible for the publication of a newspaper for any libel published therein without the order of the Judge in chambers be first had and obtained, after notice to the person accused. The test of obscenity is whether the tendency of the matter charged as obscenity is to deprave and corrupt those whose minds are open to such immoral influence and into whose hands a publication of this sort may fall (See The Queen v. Hicklin, 1868), 3Q.B.360).

6. By the Judicial Proceedings (Regulation of Reports) Act, 1926, it is rendered unlawful to print or publish or cause to be printed or published in relation to any judicial proceedings, any indecent matter or indecent medical, surgical or phsyiological details, being matter or details the publication of which would be calculated to injure public morals; and in particular, in relation to any proceedings for dissolution of marriage, for nullity of marriage or for judicial separation, or for restitution of conjugal rights, it is rendered unlawful to print or publish any particulars other than the following, that is to say:-

(i) the names and addresses and occupations of the parties and witnesses,

(ii) a concise statement of the charges advanced and counter-charges in support of which evidence has been given,

(iii) submissions of any point of law arising in the course of the proceedings and the decision of the court thereon, and

(iv) the summing up of the Judge and the finding of the jury (if any), and the judgement of the court and observations made by the Judge in giving judgment.

A prosecution under this Act can only be commenced with the sanction of the Attorney General and any person convicted is liable to imprisonment for a term not exceeding four months or a fine not exceeding £500 or to both.

7. By sections 39 (i) and 49 (i) of the Children and Young Persons Act, 1933, the court may, in relation to any preceedings in it which arise out of any offence against, or any conduct contrary

contrary to, decency or morality, direct that no newspaper report of the proceedings shall reveal the name, address or school, or include any particulars calculated to lead to the identification of any child or young person concerned in the proceedings, either as being the person against or in respect of whom the proceedings are taken, or as being a witness therein; and that no picture shall be published in any newspaper of any child or yuong person so concerned in the proceedings. Any person who publishes any matter in contravention of any such direction is liable for each offence to a fine of £50. By section 49 of the same Act, it is made an offence for any newspaper report of any proceedings in a juvenile court (that is a court of summary jurisdiction constituted in accordance with certain special provisions of the same Act and sitting for the purpose of hearing any charge against a child or young person, or for the purpose of exercising certain other jurisdiction under the Act) to reveal the name, address, or school, or include any particulars calculated to lead to the identification, of any child or young person concerned in those proceedings, either as being the person against, or in respect of whom the proceedings are taken or as being a witness therein; and no picture is to be published in any newspaper as being or including a picture of any child or young person so concerned in any such proceedings. Persons contravening this provision are also liable to a fine of £50.

8. By section 41 of the Criminal Justice Act, 1925, it is made an offence punishable by a fine of £50 to take or attempt to take in any court, any photograph, or, with a view to publication, make or attempt to make any portrait or sketch, of any person, being a Judge of the Court or juror or a witness in or a party to any proceedings before the court, whether civil or criminal, or to publish any such forbidden photograph, portrait or sketch.

9. A publication which is calculated to prejudice the fair trial of a case is punishable in either of two ways. It may be dealt with on indictment as a crime, in which case it is a misdemeanour and punishable as such, or it may be punished summarily as a contempt of court.

10. It is a misdemeanour at common law to publish matter, whether defamatory or not, relating to pending cases which is calculated to prejudice the fair trial of such cases, and so interfere with the course of justice. This offence which is commonly referred to as "contempt of court" is also punishable summarily by the High Court where there is a case pending in any branch of the High Court (including Courts of Assize and the Central Criminal Court) or where a case which is pending before justices may ultimately be tried before a Court of Assize. The publication of matter calculated to bring the Court or the administration of justice into contempt, or to lower the authority of the Court, is also regarded as a contempt of Court, but reasonable and fair comment or criticism upon a judicial decision is not an offence. Further, where an accused person is under arrest on a criminal charge, it is contempt of court for a newspaper to employ persons to investigate the facts of the alleged crime and to publish the results of that investigation (40.T.L.R. 833).

11. No licence or permission is necessary before a newspaper or periodical can be put into being. Any person is at liberty to do so, provided that such person observes the formal requirements laid down in the relevant statutes the most important of which, besides those mentioned in the preceding paragraphs of this memorandum, is the obligation of the printers and publishers of every newspaper to make an annual return to the Registrar of Newspaper Returns of certain particulars required by the Newspaper, Libel and Registration Act, 1881.

12. The undermentioned legal works on the subject, in addition to the publication referred to at the end of paragraph 2, may also be recommended:-

(a) Gatley on "Libel and Slander" (second edition, 1929) published by Messrs. Sweet and Maxwell, 3, Chancery Lane, W.C. 2., at £2.12.6., which is regarded as a standard work;

(b) Dawson's "Law on the Press", 1927, published by P.S. King and Son, Limited, 14, Great Smith Street, S.W.1. at 10s.6d;

(c) Oswald on "Contempt of Court", 1910, published by Messrs. Butterworth, 4 Bell Yard, W.C.2. at 15s.0d.;

(d) Bower on "Actionable Defamation" (second edition, 1923) also published by Messrs. Butterworth, price £2.2.0.

Confere:

Dactylographo-~~Archivista~~.

Conforme:

2º Secretario.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 5 de Agosto de 1937.

No.340

Nova lei do divorcio
na Inglaterra.

620.54(60)
R6

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Comunicações
23 AGOS 1937
No 10262

Senhor Ministro,

Tenho a honra de passar ás mãos de Vossa Excellencia, em annexo, um recorte do "Daily Telegraph", de 24 de Julho proximo passado, contendo na integra o texto da nova lei do divorcio, chamada "Matrimonial Causes Bill", approvada em 23 do mesmo mez.

2. Essa medida, que tem suscitado grande interesse na opinião publica e muitos commentarios na imprensa, partiu da iniciativa particular de uma deputado recente A.P. Herbert, até então mais conhecido como escriptor, humorista e jornalista. Constitue isso uma excepção, pois a maioria dos projectos costuma ser apresentada com o apoio de um dos grandes partidos politicos.

3. A attitude da Igreja Anglicana, manifestada na opinião do seu principal sacerdote, o Arcebispo de Canterbury, em relação a essa medida, é deveras interessante. A Igreja Anglicana não admitte o divorcio de seus membros. Tratando-se porém de uma lei puramente civil, redigida com o intuito de corrigir

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

corrigir falhas na legislação anterior, onje já existia o divorcio, o Arcebispo se absteve de votar.

A nova lei, que deve entrar em vigor no pricipio do 4.
anno vindouro, permittirá o pedido de divorcio por motivos de adulterio, deserção, crueldade ou loucura; o adulterio era o unico motivo até então valido para motivar um pedido de divorcio.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafael de Abreu

Emb.Londres/340/1937/Annexo

"DAILY TELEGRAPH"

Londres, 24 de Julho de 1937.

JULY 24, 1937

FULL TEXT OF MATRIMONIAL CAUSES BILL

TO COME INTO OPERATION WITH NEW YEAR

The following is the text of the Matrimonial Causes Bill which passed its final stages in the House of Commons yesterday:

A bill (as amended on report) intituled An Act to amend the law relating to marriage and divorce.

Whereas it is expedient for the true support of marriage, the protection of children, the removal of hardship, the reduction of illicit unions and unseemly litigation, the relief of conscience among the clergy, and the restoration of due respect for the law, that the Acts relating to marriage and divorce be amended:

Be it therefore enacted by the King's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:

THREE YEARS' INTERVAL

Exceptional Cases

1.—(1) No petition for divorce shall be presented to the High Court unless at the date of the presentation of the petition three years have passed since the date of the marriage:

Provided that a judge of the High Court may, upon application being made to him in accordance with rules of court, allow a petition to be presented before three years have passed on the ground that the case is one of exceptional hardship suffered by the petitioner or of exceptional depravity on the part of the respondent, but if it appears to the court at the hearing of the petition that the petitioner obtained leave to present the petition by any misrepresentation or concealment of the nature of the case, the court may, if it pronounces a decree nisi, do so subject to the condition that no application to make the decree absolute shall be made until after the expiration of three years from the date of the marriage, or may dismiss the petition, without prejudice to any petition which may be brought after the expiration of the said three years upon the same, or substantially the same, facts as those proved in support of the petition so dismissed.

(2) In determining any application under this section for leave to present a petition before the expiration of three years from the date of the marriage the judge shall have regard to the interests of any children of the marriage and to the question whether there is reasonable probability of a reconciliation between the parties before the expiration of the said three years.

(3) Nothing in this section shall be deemed to prohibit the presentation of a petition based upon matters which have occurred before the expiration of three years from the date of the marriage.

Grounds of Petition

2. The following section shall be substituted for section one hundred and seventy-six of the Supreme Court of Judicature (Consolidation) Act, 1925 (hereinafter called "the principal Act"):—

"176.—(1) Subject to the provisions of this Part of this Act relating to the duty of the court on the presentation of a petition for divorce, and the circumstances in which such a petition shall or may be granted or dismissed, shall apply in like manner to a petition for judicial separation.

"(2) Where the court in accordance with the said provisions grants a decree of judicial separation, it shall no longer be obligatory for the petitioner to cohabit with the respondent."

Subsequent Divorce

6.—(1) A person shall not be prevented from presenting a petition for divorce, or the court from pronouncing a decree of divorce, by reason only that the petitioner has at any time been granted a judicial separation or an order under the Summary Jurisdiction (Separation and Maintenance) Acts, 1895 to 1925, upon the same or substantially the same facts as those proved in support of the petition for divorce.

(2) On any such petition for divorce, the court may treat the decree of judicial separation or the said order as sufficient proof of the adultery, desertion or other ground on which it was granted, but the court shall not pronounce a decree of divorce without receiving evidence from the petitioner.

(3) For the purposes of any such petition for divorce, a period of desertion immediately preceding the institution of proceedings for a decree of judicial separation or an order under the said Acts having the effect of such a decree shall, if the parties have not resumed cohabitation and the decree or order has been continuously in force since the granting thereof, be deemed immediately to precede the presentation of the petition for divorce.

NEW GROUNDS FOR NULLITY

Insanity or Epilepsy

7.—(1) In addition to any other grounds on which a marriage is by law void or voidable, a marriage shall be voidable on the ground—

(a) that the marriage has not been consummated owing to the wilful refusal of the respondent to consummate the marriage; or

(b) that either party to the marriage was at the time of the marriage of unsound mind or a mental defective within the meaning of the Mental Deficiency Acts, 1913 to 1927, or subject to recurrent fits of insanity or epilepsy; or

(c) that the respondent was at the time of the marriage suffering from venereal disease in a communicable form; or

(d) that the respondent was at the time of the marriage pregnant by some person other than the petitioner:

Provided that in the cases specified in paragraphs (b) (c) and (d) of this subsection the court shall not grant a decree unless it is satisfied

marriage.

Provided that a judge to whom application being made to him may, upon application made in accordance with rules of court, allow a petition to be presented before three years have passed on the ground that the case is one of exceptional hardship suffered by the petitioner or of exceptional depravity on the part of the respondent, but if it appears to the court at the hearing of the petition, that the petitioner obtained leave to present the petition by any misrepresentation or concealment of the nature of the case, the court may, if it pronounces a decree nisi, do so subject to the condition that no application to make the decree absolute shall be made until after the expiration of three years from the date of the marriage, or may dismiss the petition, without prejudice to any petition which may be brought after the expiration of the said three years upon the same, or substantially the same, facts as those proved in support of the petition so dismissed.

(2) In determining any application under this section for leave to present a petition before the expiration of three years from the date of the marriage the judge shall have regard to the interests of any children of the marriage and to the question whether there is reasonable probability of a reconciliation between the parties before the expiration of the said three years.

(3) Nothing in this section shall be deemed to prohibit the presentation of a petition based upon matters which have occurred before the expiration of three years from the date of the marriage.

Grounds of Petition

2. The following section shall be substituted for section one hundred and seventy-six of the Supreme Court of Judicature (Consolidation) Act, 1925 (hereinafter called "the principal Act"):—

"176. A petition for divorce may be presented to the High Court (in this part of this Act referred to as 'the court') either by the husband or the wife on the ground that the respondent—

(a) has since the celebration of the marriage committed adultery; or

(b) has deserted the petitioner without cause for a period of at least three years immediately preceding the presentation of the petition; or

(c) has since the celebration of the marriage treated the petitioner with cruelty; or

(d) is incurably of unsound mind and has been continuously under care and treatment for a period of at least five years immediately preceding the presentation of the petition;

and by the wife on the ground that her husband has since the celebration of the marriage been guilty of rape, sodomy or bestiality."

Insanity Definition

3. For the purposes of section one hundred and seventy-six of the principal Act, as amended by this Act, a person of unsound mind shall be deemed to be under care and treatment—

(a) while he is detained in pursuance of any order or inquisition under the Lunacy and Mental Treatment Acts, 1890 to 1930, or of any order or warrant under the Army Act, the Air Force Act, the Naval Discipline Act, the Naval Enlistment Act, 1884, or the Yarmouth Naval Hospital Act, 1931, or is being detained as a criminal lunatic or in pursuance of an order made under the Criminal Lunatics Act, 1884;

(b) while he is receiving treatment as a voluntary patient under the Mental Treatment Act, 1930, being treatment which follows without any interval a period of such detention as aforesaid; and not otherwise.

Duty of Court

4. The following section shall be substituted for section one hundred and seventy-eight of the principal Act:—

"178.—(1) On a petition for divorce it shall be the duty of the court to inquire, so far as it reasonably can, into the facts alleged and, whether there has been any connivance or condonation on the part of the petitioner and whether any collusion exists between the parties and also to inquire into any counter-charge which is made against the petitioner.

"(2) If the court is satisfied on the evidence that—

(i) the case for the petition has been proved; and

(ii) where the ground of the petition is adultery, the petitioner has not in any manner been accessory to, or connived at, or condoned the adultery, or where the ground of the petition is cruelty the petitioner has not in any manner condoned the cruelty; and

(iii) the petition is not presented or prosecuted in collusion with the respondent or either of the respondents;

the court shall pronounce a decree of divorce, but if the court is not satisfied with respect to any of the aforesaid matters it shall dismiss the petition:

"Provided that the court shall not be bound to pronounce a decree of divorce and may dismiss the petition if it finds that the petitioner has during the marriage been guilty of adultery or if, in the opinion of the court, the petitioner has been guilty—

(a) of unreasonable delay in presenting or prosecuting the petition; or

(b) of cruelty towards the other party to the marriage; or

(c) where the ground of the petition is adultery or cruelty, of having without reasonable excuse deserted, or having without reasonable excuse separated himself or herself from the other party before the adultery or cruelty complained of; or

(d) where the ground of the petition is adultery or unsoundness of mind or desertion of such wilful neglect or misconduct as has conduced to the adultery or unsoundness of mind or desertion."

Judicial Separation

5. The following subsections shall be substituted for subsections (1) and (2) of section one hundred and eighty-five of the principal Act:

"(1) A petition for judicial separation may be presented to the court either by the husband or the wife on any grounds on which a petition for divorce might have been presented, or on the ground of failure to comply with a decree for restitution of conjugal rights, and in any case where a petition for divorce might be presented on the ground that the respondent has committed adultery, the petitioner may allege in the petition that he or she will, on the hearing thereof, be unable to prove the adultery except by the evidence of the petitioner, and may pray for a decree of judicial separation.

(2) Upon any petition for judicial separation the court may, if satisfied on the evidence that any of the grounds on which the petition is presented are established, pronounce a decree of judicial separation accordingly, but shall not be bound to do so if satisfied that the petitioner has committed adultery or has been accessory to, or connived at, or condoned the adultery complained of, or that the petition is presented or prosecuted in collusion with the respondent or either of the respondents, but shall in the last-mentioned case have the same discretion as to granting or refusing a decree for judicial separation as it has as to granting or refusing a decree for divorce.

(3) For the purposes of any such petition for divorce, a period of desertion immediately preceding the institution of proceedings for a decree of judicial separation or an order under the said Acts having the effect of such a decree shall, if the parties have not resumed cohabitation and the decree or order has been continuously in force since the granting thereof, be deemed immediately to precede the presentation of the petition for divorce.

NEW GROUNDS FOR NULLITY

Insanity or Epilepsy

7.—(1) In addition to any other grounds on which a marriage is by law void or voidable, a marriage shall be voidable on the ground—

(a) that the marriage has not been consummated owing to the wilful refusal of the respondent to consummate the marriage; or

(b) that either party to the marriage was at the time of the marriage of unsound mind or a mental defective within the meaning of the Mental Deficiency Acts, 1913 to 1927, or subject to recurrent fits of insanity or epilepsy; or

(c) that the respondent was at the time of the marriage suffering from venereal disease in a communicable form; or

(d) that the respondent was at the time of the marriage pregnant by some person other than the petitioner:

Provided that, in the cases specified in paragraphs (b) (c) and (d) of this subsection, the court shall not grant a decree unless it is satisfied—

(i) that the petitioner was at the time of the marriage ignorant of the facts alleged;

(ii) that proceedings were instituted within a year from the date of the marriage; and

(iii) that marital intercourse with the consent of the petitioner has not taken place since the discovery by the petitioner of the existence of the grounds for a decree.

(2) Any child born of a marriage avoided pursuant to paragraphs (b) or (c) of the last foregoing subsection shall be a legitimate child of the parties thereto notwithstanding that the marriage is so avoided.

(3) Nothing in this section shall be construed as validating any marriage which is by law void, but with respect to which a decree of nullity has not been granted.

Presumption of Death

8.—(1) Any married person who alleges that reasonable grounds exist for supposing that the other party to the marriage is dead may present a petition to the court to have it presumed that the other party is dead and to have the marriage dissolved, and the court, if satisfied that such reasonable grounds exist, may make a decree of presumption of death and of dissolution of the marriage.

(2) In any such proceedings the fact that for a period of seven years or upwards the other party to the marriage has been continually absent from the petitioner, and the petitioner has no reason to believe that the other party has been living within that time, shall be evidence that he or she is dead until the contrary is proved.

(3) Sections one hundred and eighty-one to one hundred and eighty-four inclusive of the principal Act shall apply to a petition and a decree under this section as they apply to a petition for divorce and a decree of divorce respectively.

Application for Decree

9. Section one hundred and eighty-three of the principal Act shall be amended by adding thereto a subsection as follows:

"(3) Where a decree nisi has been obtained, whether before or after the passing of this Act, and no application for the decree to be made absolute has been made by the party who obtained the decree, then, at any time after the expiration of three months from the earliest date on which that party could have made such an application, the party against whom the decree nisi has been granted shall be at liberty to apply to the court and the court shall, on such application, have power to make the decree absolute, reverse the decree nisi, require further inquiry or otherwise deal with the case as the court thinks fit."

PROVISION OF ALIMONY

Settlement of Property

10.—(1) When a petition for divorce or nullity of marriage has been presented, proceedings under section one hundred and ninety, section one hundred and ninety-one, section one hundred and ninety-two or subsection (3) of section one hundred and ninety-three of the principal Act (which, respectively, confer power on the court to order the provision of alimony, the settlement of the wife's property, the application of property which is the subject of marriage settlements and the securing of money for the benefit of the children) may, subject to and in accordance with rules of court, be commenced at any time after the presentation of the petition:

Provided that no order under any of the said sections or under the said subsection (other than an interim order for the payment of alimony under section one hundred and ninety) shall be made unless and until a decree nisi has been pronounced, and no such order, save in so far as it relates to the preparation, execution, or approval of a deed or instrument and no settlement made in pursuance of any such order, shall take effect unless and until the decree is made absolute.

(2) The said section one hundred and ninety shall apply in any case where a petition for divorce or judicial separation is presented by the wife on the ground of her husband's insanity as if for the references to the husband there were substituted references to the wife, and for the substituted references to the wife there were substituted references to the husband, and in any such case and in any case where a petition for divorce, nullity or judicial separation is presented by the husband on the ground of his wife's insanity or mental deficiency, the court may order the payments of alimony or maintenance under the said

(Continued on next column)

(Continued from preceding column)

section to be made to such persons having charge of the respondent as the court may direct.

(3) In subsection (1) of the said section one hundred and ninety-one there shall be inserted after the word "adultery" the words "desertion or cruelty."

Benefit of Children

(4) The following subsection shall be added to section one hundred and ninety-three of the principal Act:

"(2) The court may, if it thinks fit, on any decree of divorce or nullity of marriage, order the husband, or (in the case of a petition for divorce by a wife on the ground of her husband's insanity) order the wife, to secure for the benefit of the children such gross sum of money or annual sum of money as the court may deem reasonable, and the court may for that purpose order that it shall be referred to one of the conveyancing counsel of the court to settle and approve a proper deed or instrument to be executed by all necessary parties:

"Provided that the term for which any sum of money is secured for the benefit of a child shall not extend beyond the date when the child will attain twenty-one years of age."

(5) Section three of the Supreme Court of Judicature (Amendment) Act, 1933, shall cease to have effect.

Summary Jurisdiction Courts

11.—(1) Among the grounds on which a married woman may apply to a court of summary jurisdiction under the Summary Jurisdiction (Married Women) Act, 1895, for an order or orders under that Act there shall be included the ground:

"that her husband has been guilty of adultery."

(2) A husband shall be entitled to apply to a court of summary jurisdiction for an order on the ground that his wife has been guilty of adultery, and the powers of the court under the Summary Jurisdiction (Separation and Maintenance) Acts, 1895 to 1925, shall include power to make, upon any such application, any one or more of the orders set out in section five of the Licensing Act, 1902.

(3) On any application made by virtue of this section the court shall not make an order unless it is satisfied that the applicant has not condoned or connived at, or by his or her wilful neglect or misconduct conduced to, the adultery, and that the application is not made or prosecuted in collusion with the other party to the marriage or any person with whom it is alleged that adultery has been committed.

Relief for Clergy

12. The following subsection shall be substituted for subsections (2) and (3) of section 184 of the principal Act:

"(2) No clergyman of the Church of England or of the Church in Wales shall be compelled to solemnise the marriage of any person whose former marriage has been dissolved on any ground and whose former husband or wife is still living, or to permit the marriage of any such person to be solemnised in the church or chapel of which he is the minister."

13. Where a wife has been deserted by her husband or where her husband has been deported from the United Kingdom under any law for the time being in force relating to the deportation of aliens, and the husband was immediately before the desertion or deportation domiciled in England and Wales, the court shall have jurisdiction for the purpose of any proceedings under Part VIII. of the principal Act, notwithstanding that the husband has changed his domicile since the desertion or deportation.

14.—(1) This Act may be cited as the Matrimonial Causes Act, 1937, and shall be construed as one with Part VIII. of the principal Act, and this Act and that Part may be cited together as the Matrimonial Causes Acts, 1857 and 1937.

(2) This Act shall come into operation on Jan. 1, 1938.

(3) This Act shall not apply to Scotland or Northern Ireland.

cópia via aerea

NP

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 6 de Agosto de 1937.

RESERVADO

No. 346

Organização policial
na Gran-Bretanha.

610.1(69)/26

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
23 AGOS 1937
No 10262

Senhor Ministro,

Cumprindo as instrucções de Vossa Excellencia, contidas no telegramma reservado nº 42, de 6 de Julho ultimo, pedindo a remessa, com a possivel urgencia, de informações, dados, livros, etc., sobre a organização policial da Grã Bretanha e muito especialmente sobre a da policia secreta, cabe-me passar ás mãos de Vossa Excellencia o folheto annexo, editado pelo "Home Office" ou seja o Ministerio dos Negocios Interiores, contendo alguns dados de interesse.

2. Outrosim, remetto, em separado, um exemplar do livro intitulado "Sotland Yard", da autoria de Sir John Moylan, alto funccionario do Districto Policial de Londres e dos Tribunaes Policiaes desta capital.

3. Espero receber em breve mais algumas informações sobre o assumpto que remetterei opportunamente a essa Secretaria de Estado.

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

Em.Londres/346/1977/S.

Estado.

Aproveito o ensejo para reiterar a Vossa Excelência os protestos da minha respeitosa consideração.

Rafael de Sá Menezes

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 12 de Agosto de 1937.

RESERVADO

No. 352

Organização policial
na Gran-Bretanha.

6/0.1 (60) 120

S. de E. ... EXTERIORES
Serv...
- 8 SET. 37
No 10943

Senhor Ministro,

Em additamento ao meu officio reservado nº 346, de 6 do corrente, relativo á organização policial na Gran-Bretanha, com o qual remetti um folheto editado pelo Ministerio dos Negocios Interiores deste paiz e um exemplar do livro "Scotland Yard", cabe-me enviar a Vossa Excellencia, em annexo, uma publicação da "Metropolitan Police Force", contendo as condições para o ingresso na mesma e as disposições regulamentando o serviço policial. A alludida publicação é recentissima, datando do mez de Abril proximo passado.

2. Outrosim, junto um memorandum sobre o ramo especial da Policia ingleza, ou seja sobre o que entre nós seria appellidado policia secreta. O memorandum foi preparado especialmente para esta Embaixada por Sir Norman Kendal, Chefe do Serviço Especial da "Metropolitan Police Force".

Tenho a honra de reiterar a Vossa Excellencia os

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

Gb.Londres/SRE/1987/8.

os protestos da minha respeitosa consideração.

Rafael de Barros

Emb.Londres/352/1937/Annexo.

Memorandum on Special Branch - Metropolitan Police

The Special Branch of the Criminal Investigation Department, Metropolitan Police, has a strength of close on 200 officers, made up of Detective-Constables, Detective-Sergeants and Detective-Inspectors under a Chief Inspector and a Superintendent, with a Chief Constable as its administrative head.

The conditions of service for the Branch are the same as exist for all other branches of the Force, namely, the men serve for a period of 30 years, at the end of which they are granted a pension which varies according to their rank.

When vacancies exist in the Special Branch applications are invited from volunteers amongst the uniform constables having, as a rule, between 2 to 4 years' service. In exceptional cases a man might be accepted with one year's service or even with 5 years' service. These volunteers undergo an examination which is really designed to weed out those obviously unsuitable. A Selection Board then sits and chooses the most suitable from those who have come up to the standard in the examination. For this branch a knowledge of foreign languages and/or ability to write shorthand is a considerable help.

Needless to say no man is considered unless his character whilst in the Force has been above reproach and opinions as to his character are attached by his senior officers to his application.

We have never any difficulty in obtaining far more volunteers from the 15,000 Uniform Constables, which is the normal establishment of the Force, than we have vacancies available.

Those selected serve a probationary period of twelve months in the Branch, during which time they receive instruction in the work. If, before the termination of that period, they fail to pass a written, oral and practical examination on criminal investi-

investigation work, or are otherwise found to be unsuitable, they are returned to Uniform duty. In addition, if, during any part of their service in Special Branch, they lack efficiency they are liable to be reverted to Uniform duty.

The duties of the Branch are directed towards safegarding the security of the State and consist of :-

Keeping a watch on political organisations of an extreme or subversive nature (such as communist and anarchist parties); attending their public meetings; and securing and keeping a record of all available date regarding the activities of persons taking a prominent part in such movements.

Surveillance at Sea and Air Ports (in conjunction with the Immigration Authorities) to check the movements of persons engaged in subversive political propaganda. In addition a watch is kept for persons circulated as wanted for ordinary crime and, in special cases, special notices are sent.

Examination of publications suspected to be seditious and translation where necessary.

Personal protection of Royalty, Ministers of State and foreign personages of high rank visiting Great Britain.

Ascertaining identity, etc. of individuals who, by reason of their lack of mental balance or otherwise, may become a menace to the personal safety of Royalty or Ministers of State, and keeping such individuals under observation as found expedient.

Conducting enquiries regarding applications from aliens for permission to enter the United Kingdom, when considered necessary.

Making enquiries regarding applicants for British Naturalisation.

Enquiring into applications for British passports which appear suspicious.

Examination into and disposal of arms and explosives of suspicious origin.

Secret enquiries are conducted for all other Government Departments.

Close relationship is maintained with the Chief Constables of all Provincial Forces with whom matters of mutual interest are exchanged.

Confere:

M. Ribeiro dos Santos

Dactylographo-Archivista.

Conforme:

Jayme Alves Chermont

2º Secretario.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 17 de Agosto de 1937.

N. P.

No.358

A crise sino-japoneza.

932.(52)(56)

S. [illegible] RELAÇÕES EXTERIORES
Serviço de [illegible]
- 8 SET. 1937
No 10949

Senhor Ministro,

A situação em Shanghai, que já era critica, adquiriu, desde ha dias, um aspecto mais tragico, em consequencia do bombardeio, feito por um erro fatal dos proprios aviadores chinezes, á concessão internacional daquelle mais importante centro bancario e industrial da China. Não se ignora a repercussão que teve esse inesperado acontecimento em todos os meios internacionaes do mundo. Disso resultou um immediato e energico protesto dos Governos da Gran-Bretanha, dos Estados Unidos e da França ao de Nankin. Sabe-se que tanto o Japão como a China se comprometteram a respeitar as concessões estrangeiras. Mas, desde o inicio das operações militares, esse compromisso não só foi violado mas tambem - o que se torna mais grave - a zona reservada das concessões se tornou o centro da luta mais encarniçada.

2. Acredita-se, nos circulos diplomaticos de Londres, ser intenção do Governo de Nankin fazer um appello á Sociedade das

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

das Nações, invocando o Artigo XVII do Pacto. Tal medida, si adoptada agora, afim de aproveitar a Sessão Ordinaria a realizar-se no proximo mez de Setembro, redundaria , segundo affirmam, em resultados pouco apreciaveis. Explica-se. A Sociedade das Nações, apos a decepcionante experiencia de 1931 e 1932, não estaria disposta, na concepção dos technicos, a tomar iniciativas apressadas que, em caso de um provavel fracasso, abalassem, como abalariam, profundamente, a sua autoridade. Por isso, é voz corrente que a Sociedade das Nações agirá no sentido de fazer sentir aos poderes mais directamente interessados no Extremo-Oriente, taes como a Gran-Bretanha e os Estados Unidos, a necessidade de observar uma attitude de estricta neutralidade em face da crise que, a bem dizer, affecta apenas as relações sino-japonezas.

3. A imprensa britannica, invariavelmente ponderada na sua apreciação dos phenomenos internacionaes, tem sido, comtudo, sobre esse assumpto, de uma clareza incisiva. Ella procura evidenciar, sem preambulos, que, de ha muito, já se encontra definida a politica de neutralidade da Gran-Bretanha. Assim, todos os esforços do Governo de Londres se limitam a previnir o Japão e a China contra a violação territorial da concessão internacional de Shanghai.

4. É de esperar-se, desse modo, que os poderes competentes, embora interferindo em favor de seus direitos, como reclamam, de facto, os interesses do momento, não ultrapassem o limite da razão e do espirito primordial da paz.

5. Em annexo, tenho a honra de encaminhar a Vossa Excellencia os recortes do "Times" que tratam do assumpto acima mencionado.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafael de Souza

Emb.Londres/358/1937/Annexo

"THE TIMES"

Londres, 19 de Agosto de 1937.

JAPAN GETTING READY

LARGE-SCALE PLANS

RAIDS ON CHINESE AERODROMES

QUIETER DAY IN SHANGHAI

Preparations in Japan, our Tokyo Correspondent reports, are on a scale which can hardly be explained by assuming any lesser objective than "the complete defeat of China."

A plan for the withdrawal from Shanghai of all the extra forces recently brought in by both sides is under discussion for submission to the Chinese and Japanese authorities.

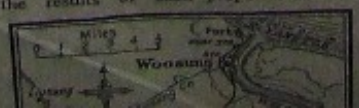
If such a withdrawal took place law and order would be maintained by the forces of the other Powers.

From Our Own Correspondent

TOKYO, AUG. 18

Preparations in Japan are now on a scale which can hardly be explained by assuming any lesser objective than the complete defeat of China. The cheers of reservists, many of whom have been civilians for at least a decade, resounded through the streets of Tokyo all to-day as the men left to rejoin the Colours. Motor transport is being requisitioned extensively.

Command in the air is necessary before the results of such preparations can



1,000,000 CHINESE REFUGEES

FOOD SHOPS LOOTED

From Our Own Correspondent

SHANGHAI, AUG. 18

About 1,000 women and children were evacuated from Shanghai to-day. Besides British subjects this contingent included 300 Americans and 125 Danes, the remainder being of other nationalities. In contrast to yesterday, those evacuated departed in peace, unbroken by the noises of battle.

Japanese aeroplanes bombed aerodromes adjacent to Shanghai and various other military concentrations this morning, but at midday quiet reigned, with the exception of short bursts of artillery fire. In the afternoon the Japanese bombed the Chapei area, including the North Station, where Chinese troops are heavily concentrated. This bombing started many fires. A comparatively quiet day was then succeeded by a desultory cannonade at various points after dark, and culminated at 11 o'clock in violent activity. Chinese bombers attacked Japanese warships in the Whangpoo and drew a succession of salvoes from the anti-aircraft guns. The scene was brilliantly lit with star-shells and searchlights. After a thunderous 10 minutes all was again silent.

A large Japanese transport ship arrived to-day and berthed under the guns of the Izumo, the Japanese flagship. It is understood that the ship is disembarking the first detachment of the two divisions reported to have sailed from Japan.

PROBLEM OF CONTROL

The number of Chinese refugees in the foreign areas at the height of the crisis had reached 1,000,000, the handling of which became a great problem for the municipal authorities. Many were unable to find shelter and thronged the streets with their pitiful belongings, pushing their way into every opening which gave a little cover. In view of the heavy strain that has been imposed on the police in the past week, control is difficult to maintain, and the looting of food shops and other irregularities are frequent. For sanitary reasons the presence of so great a host has become a public danger in the past few days. About 250,000 of the refugees have poured southwards, afraid of more bombing, and hoping to find easier conditions in the country. Many of those remaining must be fed, or there will be a riot.

The arrival of two British battalions

BRITAIN'S STAKE IN SHANGHAI

FULL PROTECTION

PROPOSED PLAN FOR PEACE

From Our Diplomatic Correspondent

While the shelling and the bombing continued in Shanghai, British efforts were renewed yesterday to try to bring about some "peaceful solution," in the words of the *communiqué* issued after the Ministers' meeting on Tuesday. Hopes are not pitched very high, but the effort is being made, and, as a practical suggestion, a project is being put forward for the withdrawal on both sides, Japanese and Chinese, of all forces that may be called extra and abnormal—all Japanese landing forces and all Chinese troops that have been brought up from the interior.

The details of the plan are being worked out on the spot, but representations have been made directly by Great Britain to the American and French Governments with a view to securing their cooperation. In China there is, on this point as on others, the closest consultation among all members of the Diplomatic and Consular Corps, both at Nanking and Shanghai.

Could talks on the plan be begun there is no doubt that Japanese professions of anxiety for the lives of their nationals in Shanghai would be met so far as possible; and the Settlement police, strongly reinforced by troops sent by Powers ready to cooperate, would make themselves responsible for the safety of the Japanese in the Settlement. As the "extra" Chinese forces would also have been withdrawn (according to the plan) the only threat would come from a few anti-Japanese fanatics, who could fairly easily be checked.

A CRITICAL POSITION

That in brief is the plan. At the same time there is no weakening of the view, held in all quarters in London, that the chief danger to Japanese civilians in Shanghai is due directly to the landing of the Japanese forces. What the plan, or the project, does is to face Japan once again with the alternatives—prestige (which in this case means warfare) or cooperation.

The position itself, as seen from here, is critical and complex, and it is hardly surprising that the gravest anxiety for British businesses, offices, investments, [illegible] interests should be expressed

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Command in the air is necessary before the results of such preparations can

appear, and it would seem that the Japanese are delaying movements on a bigger scale in China till their bombers have accounted for General Chiang Kai-shek's Air Force. It is claimed here that satisfactory destruction was accomplished in the first two days of the fighting in the Shanghai area, but it begins to be suspected that General Chiang has taken warning and removed part of his air fleet beyond the present reach of the Japanese.

Japanese aeroplanes from Shanghai yesterday raided airfields at Pengpu, on the Tientsin-Pukow railway, Hwaian, north of Nanking, and Haining, south-west of Shanghai, and destroyed eight machines and four hangars. The Japanese air attacks are, it is reported here, becoming more effective in Shanghai and have forced the Chinese to withdraw their 67th and 88th Divisions and to substitute for them the 17th, 58th, and 69th Divisions. One of the most severe assaults the Japanese have sustained since the struggle began ended to-day after 16 hours' fighting with the withdrawal from the Yangtzepoo area, along the water-front in the north of the International Settlement, of fresh Chinese forces who had been sent up for the offensive.

NEW ECONOMIC PLANS

It is alleged here that as two Japanese passenger steamers were embarking women and children refugees in Shanghai to-day the Chinese shelled the vessels and killed some of the refugees, the number being at present unknown. Foreign passengers, it is stated, were on board. The number of Japanese refugees who have arrived in Japan is now 6,917.

Rumours are circulating here that the Cabinet will be reinforced by Ministers without portfolios whose functions, as described in the vernacular newspapers, will be to form a "Brain Trust" for the Prime Minister, Prince Konoe.

Proposed economic innovations which are now being examined include, according to the *Asahi*, an Industrial Mobilization Bureau to expand the production of munitions, a Commodities Bureau to control consumption, and a Trade Bureau to licence imports. It is thought that this may develop into a monopoly, formed by Japan's largest trading firms under official auspices, to import essential commodities.

CARGO DIVERTED FROM SHANGHAI

CONGESTED CONDITIONS

British shipping lines serving the Far East were refraining from accepting cargo for Shanghai yesterday or were discouraging it, and a movement was in progress with a view to securing a joint decision respecting the omission of calls at Shanghai by the British and foreign lines based on the United Kingdom and the Continent.

A large amount of cargo is now on the way to Shanghai—it is estimated in our City columns to amount to about 100,000 tons. Congested conditions at Hong-kong, owing to the diversion of merchandise, are already reported, and difficulty is expected in finding suitable accommodation in godowns throughout the East for all the cargo which cannot be discharged at Shanghai.

The Nippon Yusen Kaisha announce that their ships will not call at Shanghai until further notice, and outline their proposals for dealing with cargo intended for that port.

heavily concentrated. This bombing started many fires. A comparatively quiet day was then succeeded by a desultory cannonade at various points after dark, and culminated at 11 o'clock in violent activity. Chinese bombers attacked Japanese warships in the Whangpoo and drew a succession of salvoes from the anti-aircraft guns. The scene was brilliantly lit with star-shells and searchlights. After a thunderous 10 minutes all was again silent.

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The arrival of two British battalions and the knowledge that another is coming is a great comfort to the foreign community as well as their own countrymen, and the confidence which was considerably shaken by last Saturday's horrors is fast being restored. The announcement also that an additional regiment of the famous Marine Corps is coming is regarded as a satisfactory indication that the United States of America is not losing interest in Far Eastern affairs.

BRITISH TROOPS AT SHANGHAI

ANOTHER BATTALION BEING SENT

British military strength at Shanghai is now equal to a brigade with the 2nd Battalion, The Loyal Regiment, 2nd Battalion, The Royal Welch Fusiliers, 1st Battalion, The Royal Ulster Rifles, and the Shanghai Volunteer Corps.

Troops under orders to proceed to China in the ordinary course of reliefs, which begin next month, are the 2nd Battalion, The Royal Scots, at Lahore, and the 1st Battalion, The Middlesex Regiment, at Singapore. Both moves may be expedited, but so far only the Middlesex battalion is under orders of readiness. It is sailing for Hong-kong to-morrow in the Holt liner Menelaus, and after a day's rest there will proceed to Shanghai in a warship.

The immediate use of Indian troops stationed in Hong-kong and Malaya is not likely. There are, however, two mountain batteries of the Hong-kong-Singapore R.A., with British and Indian ranks, available at Hong-kong, besides two anti-aircraft batteries of the British R.A. The mobile strength of the Hong-kong garrison is 5,000, out of a total of 8,000, and of these 3,500 are now in Shanghai under Brigadier A. P. O. Telfer-Smollett.

The general control of defensive measures in the north is still directed from Hong-kong, where Major-General A. W. Bartholomew has his headquarters. Operations in the north are still, however, confined to the evacuation of civilians, which is being carried out under naval command.

AIR RAID ALARM IN CANTON

JAPANESE MACHINES OVER FORTS

FROM OUR CORRESPONDENT

HONG-KONG, AUG. 18

After several weeks of grim preparation for emergencies, Canton experienced a war alarm this morning, when reports from the coast gave warning that Japanese aeroplanes from Formosa were on their way inland in South China. There was a widespread panic when the sirens were sounded, and this was intensified when a Chinese squadron appeared flying at a great height.

Reports are conflicting, but it appears that aeroplanes took off from a Japanese aircraft-carrier which had arrived in Bias Bay—north-east of Hong-kong—from Shanghai, and circled over forts on the outskirts of Canton. The Chinese claim that these machines flew back when Chinese aeroplanes took to the air.

Chinese newspapers allege that the flight was a trick to scare the Canton Government into buying $3,000,000 (about £175,000) worth of silver lying in the vaults of Japanese banks which were closed last week when all Japanese residents were evacuated from Canton. The Chinese prevented shipment of the silver by a Japanese destroyer and offered Chinese notes instead. These the Japanese refused. It is now reported that a settlement has been reached, the Canton authorities having agreed to pay in Hong-kong notes at a price which has not been disclosed.

called extra and abnormal—all Japanese landing forces and all Chinese troops that have been brought up from the interior.

The details of the plan are being worked out on the spot, but representations have been made directly by Great Britain to the American and French Governments with a view to securing their cooperation. In China there is, on this point as on others, the closest consultation among all members of the Diplomatic and Consular Corps, both at Nanking and Shanghai.

Could talks on the plan be begun there is no doubt that Japanese professions of anxiety for the lives of their nationals in Shanghai would be met so far as possible; and the Settlement police, strongly reinforced by troops sent by Powers ready to cooperate, would make themselves responsible for the safety of the Japanese in the Settlement. As the "extra" Chinese forces would also have been withdrawn (according to the plan) the only threat would come from a few anti-Japanese fanatics, who could fairly easily be checked.

A CRITICAL POSITION

That in brief is the plan. At the same time there is no weakening of the view, held in all quarters in London, that the chief danger to Japanese civilians in Shanghai is due directly to the landing of the Japanese forces. What the plan, or the project, does is to face Japan once again with the alternatives—prestige (which in this case means warfare) or cooperation.

The position itself, as seen from here, is critical and complex, and it is hardly surprising that the gravest anxiety for British businesses, offices, investments, and general interests should be expressed in the City and elsewhere.

British direct interests in China are worth about £250,000,000, made up of £200,000,000 in business investments and £50,000,000 in Government obligations. Of the total sum about £180,000,000 is tied up in Shanghai, and of this £180,000,000 a high proportion is in the Settlement district north of the Soochow Creek. This is the district now being most heavily shelled and bombed; it is where most of the public utilities offices and works, and where most of the large mercantile businesses are established. And it is in that district, as is directly reported, that the police stations have now been evacuated by the municipal authorities and occupied by the Japanese. Actually there have been some hundreds of Japanese policemen in this district for many years, but they have so far been under British superintendents, according to the municipal regulations.

REFUGEES REASSURED

It is evident now that exaggerated reports, and perhaps some misunderstanding on the spot, about the British evacuation plans led to great dismay in British business circles in Shanghai—and, indeed, among all the 9,000 British there who feared for the future of their homes. Reassurance is being given. There is no policy of British interests being left to look after themselves. Far from it: they are to be guarded resolutely, and only those people who want and ought to go will be moved to Hong-kong. The words in the British *communiqué* of Tuesday night meant exactly what they said. The Government will adopt "all possible measures to safeguard British lives and interests."

AMERICANS URGED TO LEAVE

PARTIES MAKE FOR COAST

FROM OUR CORRESPONDENT

WASHINGTON, AUG. 18

Mr. Cordell Hull, the Secretary of State, announced to-day that it was expected that between 1,600 and 1,700 Americans would have been evacuated from Shanghai by the end of the week. Mr. Hull added that the strongest representations were being made to all American citizens who are able to leave the city to do so at the earliest possible moment. Most of those now being evacuated are women, children, and old people. From other towns small colonies of Americans are making their way to the coast.

Contrary to the general expectation it is now unlikely that the President will invoke the Neutrality Act, at least for some little time. Those who contrast the prompt action of the Administration in the Italo-Ethiopian war with its present attitude have been reminded that whereas in the former case diplomatic relations between the two countries were severed and both sides acknowledged that they were at war, in the present instance the Japanese and Chinese Governments remain in diplomatic relationship and so cannot be said to be at war in the legal sense.

YANGTZE AND WHANGPOO BLOCKED

A Lloyd's message from Shanghai says that the Yangtze river is blocked above Kiangyin, 105 miles from Shanghai. A report from a reliable source states that block ships sunk are the Chinese steamers the China Tyne, the Tai Ping, three vessels of the Sun Peh Steam Navigation Company, Limited, and four vessels of the China Merchants Steam Navigation Company, Limited.

A Reuter message from Shanghai says that Chinese troops yesterday scuttled in the Whangpoo six Japanese steamers which were blocked up by junks sunk last week. The passage up the river is now doubly blocked, three-quarters of a mile south of the Shanghai Club.

Emb.Londres/358/1937/Annexo

"THE TIMES"

Londres, 17 de Agosto de 1937.

JAPAN TAKING ACTION

PLANS ON LARGE SCALE

From Our Own Correspondent

TOKYO, AUG. 16

Aerial warfare, in which the Japanese claim decisive superiority, continued to-day in Shanghai, while Nanking, Hangchow, Kwungteh, and Soochow were raided. In the four last-named air bases incomplete reports here state that the Japanese brought down over 19 Chinese aeroplanes, destroyed over 10 on the ground, and wrecked four hangars. It is officially announced that Japan lost eight aeroplanes in the operations on Saturday and Sunday, and that the Chinese lost 52, besides an unknown number in 17 hangars destroyed.

Notwithstanding this punishment Chinese aeroplanes were over Shanghai early to-day replying to the attacks the Japanese had made at dawn on two Shanghai airfields. The Chinese bombed Japanese buildings and the Japanese Consulate, and several other buildings were struck, but according to unofficial Japanese accounts the damage was small.

MARINES' TENACITY

The tenacity with which the Japanese Marines, who are outnumbered by 10 to one, have held their positions arouses keen admiration here. Evidently the Marines were well prepared for this opportunity of wiping out the memory of their sufferings in 1932. A high degree of mechanization accounts in part for their success, and, in spite of their fatigue, confidence is felt that they will hold out until support arrives.

Except at the ports of Amoy, Foochow, Tsingtao, and Shanghai all the Japanese in China have been withdrawn. Such extensive precautions have never before been deemed necessary. Together with the economic and military measures here they indicate that Japan's effort will be on a large scale. The Government are preparing to establish Ministerial control of imports, capital, investments, and the consumption of raw materials.

The exchange will be maintained at the present level, and interest rates will be kept low. Similar measures are to be applied in Manchukuo. The loan of 300,000,000 yen recently voted will be underwritten by the Bank of Japan, but instead of selling the bonds in the market as has formerly been done the Central Bank will dispose of them to banks, trust companies, and insurance companies in agreed amounts.

REPLY TO BRITAIN

The Foreign Office to-night issued a statement dealing with the British suggestion that Japan should refrain from military operations round Shanghai. The statement points out that 30,000 Japanese are now in Shanghai, and that it is impossible for the Marines to abandon them. "In 1927," reads the statement, "it was a mob of anti-British demonstrators who invaded the International Settlement. The Municipal Council then took forceful measures to suppress the disturbance, and not a word was said about the legal or moral responsibilities of the British in the matter. Britain sent 17,000 men to protect her interests and the Settlement. It now happens to be a large force of Chinese regulars who are attacking the Settlement with the Japanese as their objective.

"The two cases," the statement adds, "do not differ except in their scope, and Japan cannot be held responsible for damages the Chinese have caused or may cause."

Emb.Londres/358/1937/Annexo

"THE TIMES"

Londres, 16 de Agosto de 1937.

Rain interfered seriously with cricket matches on Saturday. (p. 4)

Great Britain beat Germany in an athletics match at the White City, Shepherd's Bush, on Saturday by 69 points to 67. (p. 3)

The Lord Warden Cup was won on the Rye links on Saturday by L. O. Munn. (p. 6)

Sir William Burton's Marina won a race for 12-metre yachts at the Royal Cinque Ports Yacht Club regatta on Saturday. (p. 3)

The Derbyshire Championships tournament was concluded on Saturday. (p. 6)

FINANCE AND COMMERCE

In "City Notes" comment is made on:—Monetary Policy; President Roosevelt's Views; Chinese Loan Projects; Record Argentine Exports; Smaller Argentine Imports from Britain; and The Further Rise in Shipping Freights. (p. 18)

In the Foreign Exchange market on Saturday United States dollars were firmer at $4.98 5-16. French francs were steady. Gold was fixed 1d. higher at 139s. 6d. an ounce, £114,000 being sold. Silver rose to 20d. an ounce. (p. 18)

SHANGHAI AND AFTER

Over 1,000 people have been killed and over 1,000 injured in the Foreign Settlement in Shanghai by bombs dropped from Chinese aeroplanes during their attack on Saturday upon the Japanese warships lying in the river. Three British and four Americans are reported to be among the killed. Apparently the attack was renewed yesterday, when more bombers flew over the Settlement and the Concession. No bombs, however, were dropped, but some people were killed and many injured by shrapnel and anti-aircraft shells. Vigorous protests have been made to the Chinese authorities against the flying of military aeroplanes over what has always been regarded as neutral territory, but so far these protests seem to have produced no effect. In fact, the Chinese mayor in his reply to the Consuls is reported to have justified the crossing, though not, of course, the bombing, by bringing counter-charges against the Japanese, which in this case do not appear to be justified. The bombs aimed at the Japanese ships all missed their mark. On Saturday night the Japanese retaliated by air raids upon Nanking and upon a number of Chinese aerodromes, and claim to have brought down or destroyed over sixty planes. The fighting on the Northern outskirts of Shanghai and along the Shanghai-Woosung railway has increased in intensity. At the moment the Japanese marines appear to be hard pressed, but the warships are vigorously shelling the Chinese lines, and reinforcements are on their way. British warships and military detachments are being hastily sent to Shanghai to protect British residents and British property, and representations have been made to both sides urging that the city, especially the Foreign Settlement, should be excluded from the zone of hostilities.

These deplorable events and the growing danger to foreign life and property have greatly

Jehol, but the dangers of armed opposition were very acutely realized. Unfortunate incidents gave the Japanese legitimate cause for complaint. A number of Japanese were massacred at Tungchow by Chinese soldiers, who, however, belonged to the forces not of the Nanking Government, but of the provincial authorities of Hopei, who were under Japanese control. Later a Japanese officer and a seaman were killed, apparently when they were endeavouring to enter a Chinese aerodrome. In the meantime the Japanese troops had occupied Peking, were attacking Chinese troops proceeding to the North, evacuating their nationals from the Yangtze Valley, and sending warships to Shanghai. For some days past there has been active fighting in the outskirts of that city, which has resulted in the deplorable events of Saturday.

War has not yet been formally declared, and until that irrevocable step has been taken there is still hope that a settlement may be reached. Neither side has anything to gain from war. Both, indeed, Japan as well as China, have very much to lose. In the meantime, the British, American, and French Governments are acting in close touch with one another, although not actually in concert except in Shanghai. They are making arrangements to evacuate their nationals from the danger zone, and urging upon both sides to keep the Foreign Settlement and the French Concession outside the area of hostilities. It must not be forgotten that these three Powers have important interests in the Far East which they are bound to protect.

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These deplorable events and the growing danger to foreign life and property have greatly increased the anxiety with which the development of the Chinese-Japanese quarrel has been followed in every country interested in the maintenance of peace in the Far East. This anxiety will not be diminished by the *communiqué* issued yesterday after a meeting of the Japanese Cabinet. After giving an account of the present crisis, for which, of course, the whole blame is put upon China, the *communiqué* declares that the patience of the Japanese Government has been exhausted, and that it has become imperative to take "drastic measures to "chastise the lawless Chinese troops" and to impose upon the Nanking Government the necessity for reconsidering their attitude towards Japan. The statement, it is true, goes on to deny that the Japanese Government harbour any territorial designs, and to declare that they will spare no effort to safeguard foreign rights and interests in China, a declaration which foreign Governments and individuals having interests in China would find more reassuring if experience in Manchukuo had not made them sceptical of the value of such professions. Nor, it may be added, has there been much in the actions of the Japanese military authorities during the past few weeks, or, indeed, during the past few years, to inspire confidence in the claim that the Japanese Government deplore the pass to which things have come and only desire to promote the common welfare of Japan and China by harmonious cooperation. To most impartial onlookers Japanese interests would seem to dictate just such a policy. It may even be that Japanese statesmen realize how much their country would gain if they could establish relations of real friendship and mutual confidence with a people whose economic resources are in so many ways complementary to their own. It is not, of course, easy for Japanese any more than for other foreigners to win the sincere collaboration of the Chinese. Lack of sincerity is their most common complaint against the Chinese authorities, but their military leaders in China seem almost to have been at pains to make any real cooperation impossible, to say nothing of friendship. *Sois mon ami ou je te tue* is not a persuasive invitation. To those who attach more importance to Japanese actions than to Japanese declarations of policy it seems pretty clear that the incidents of which the Japanese Government complain have been, if not deliberately provoked, at any rate welcomed and exploited, as facilitating the detachment of another big slice of Chinese territory. In China it is regarded as quite clear that the real rulers of Japan aim at creating a corridor in Northern China in which Japanese influence will be supreme, and which could be de... support a Japanese military ... ended for defence against

... taken there ... settlement may be reached. Both, indeed, Japan as well as China, have very much to lose. In the meantime, the British, American, and French Governments are acting in close touch with one another, although not actually in concert except in Shanghai. They are making arrangements to evacuate their nationals from the danger zone, and urging upon both sides to keep the Foreign Settlement and the French Concession outside the area of hostilities. It must not be forgotten that these three Powers have important interests in the Far East which they are bound to protect.

ATENÇÃO

SEGURE O SUPORTE

APENAS PELA BASE

Emb. Lon

Russia and for a further advance southward into China at an opportune time.

Certainly the sequence of events since the affray at Liukouchiao on July 7 lends colour to this view. This incident was in all the circumstances a paltry and excusable affair, and could have been adjusted without much difficulty. The Japanese, however, made the very most of it, and proceeded to concentrate a formidable force in Hopei, to make demands on the Provincial Government, which was under their control, and to warn the Nanking Government that they must not interfere with the settlement. Since then the situation has gone from bad to worse. Japan was evidently preparing to proceed to the most drastic measures to enforce her demands, and every step taken by the Chinese Government to put themselves in a position to resist attack was treated as a fresh provocation. On the Chinese side there was obvious vacillation. There was great pressure upon the Government to make a stand against the process which had led to the loss first of Manchukuo and then of

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dangers of armed opposition were realized. Unfortunate incidents panese legitimate cause for com- mber of Japanese were massacred by Chinese soldiers, who, how- d to the forces not of the Nanking u but of the provincial authorities who were under Japanese control. panese officer and a seaman were ently when they were endeavouring Chinese aerodrome. In the mean- panese troops had occupied Peking, ing Chinese troops proceeding to the acuating their nationals from the Valley, and sending warships to For some days past there has been ting in the outskirts of that city, which ited in the deplorable events of

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EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 18 de Agosto de 1937.

No.362

A crise sino-japoneza.

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S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Informações
- 8 SET. 1937
No 10949

Senhor Ministro,

As graves consequencias da crise sino-japoneza absorvem actualmente toda a actividade diplomatica. As condições da luta em Shanghai exigem de todos os poderes interessados na China a mais estricta vigilancia. Os Governos de Londres, de Paris e de Washington, acompanham, em harmonia de vista, o desenrolar dos tragicos acontecimentos no Extremo-Oriente. Elles não só se consultam mas se dispõem egualmente a agir de commum accordo, em qualquer circumstancia presente ou futura. É lamentavel que os esforços diplomaticos de Tokio e de Nankim - com o proposito de chegar-se a um entendimento amistoso e pacifico - não tenham alcançado o objectivo desejado.

2. "Deante da attitude arrogante da China - declara o Governo de Tokio - e de seus actos de violencia e de provocação, os quaes constituem um perigo imminente para a vida e os bens dos

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

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dos residentes japonezes na China, o Japão se viu obrigado a tomar energicas medidas, afim de fazer sentir ao Governo de Nankim a necessidade de reflectir sobre os seus actos." A declaração nipponica refere-se ainda ao mais "ardente desejo do Japão em realizar a cooperação dos dois paizes" e, assim, dentro desse espirito, impedir toda agitação de caracter xenóphoba,e principalmente anti-japoneza, com o intuito de permittir uma collaboração mais estreita entre o Japão, a Mandchuria e a China. O Governo de Nankim, por seu turno, informou peremptoriamente que a China nada mais faz senão defender o seu territorio contra "uma aggressão". Emquanto as duas nações se mantiverem adstrictas aos seus pontos de vista inteiramente irreconciliaveis, não haverá nenhuma possibilidade de apaziguamento.

3. Comtudo, convém recordar que, no Oriente, ha duas diplomacias: a official e a officiosa. Esta, quasi sempre, revela-se mais efficaz que a primeira, dada a maneira subtil de seus methodos.

4. Por ora, as actividades diplomaticas estão immobilisadas, deante da acção violenta da força armada, e os meios de entendimento - parece - se afastam na razão directa dos interesses militares. A chamada do Conselheiro Hidaka, bem como a de todo o pessoal da Embaixada do Japão em Nankim, denuncia, na opinião dos observadores internacionaes, uma possivel ruptura de relações diplomaticas e, consequentemente, a declaração de guerra de parte do Governo de Tokio. O ambiente europeu, porém, ainda não percebeu qual a vantagem do Japão em declarar officialmente a guerra á China, posto que toda a sua politica tem consistido, até agora, em evitar, o mais possivel, repercussões internacionaes quanto ás actuaes divergencias e, por outro lado, em reservar para o futuro possibilidades de collaboração entre os dois povos. Essa politica, entretanto, a medida que se desenvolvem as operações militares, vae-se

vae-se tornando cada vez mais delicada. Obrigado a um esforço mais consideravel do que o previsto inicialmente para liquidar os incidentes produzidos na China do Norte, o Japão se vê, agora, na contingencia de mobilisar a maior parte de suas forças terrestres, navaes e aereas. Observa-se até que, em certos meios nipponicos, se fala de uma "guerra necessaria". É um estado de espirito que justifica as aprehensões da hora presente.

5. Londres e Paris preoccupam-se, porém, exclusivamente, de assegurar a maxima protecção aos seus subditos na China e, tambem, de defender os seus interesses. Convém evidenciar que Tokio declarou estar disposto a "tomar todas as precauções necessarias para salvaguardar os direitos dos poderes estrangeiros na China". Apenas nesse caso, aliás, é que as complicações de ordem geral podem ser evitadas.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafael de Souza

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

NP

Londres, em 19 de Agosto de 1937.

No. 366

A guerra civil na Espanha: medidas do Governo britannico.

60.1.3(8H) Bo

Serviço de Communicações
-8 SET. 1937
No 10949

Senhor Ministro,

Em consequencia dos incessantes ataques aos vapores mercantes inglezes, que viajam no Mediterraneo, houve, ha dias, no Foreign Office, uma inesperada reunião do Ministerio, com o proposito de serem adoptadas medidas no sentido de proteger os interesses britannicos naquellas aguas. Após demorada conferencia entre o Ministro de Estado para os Negocios Estrangeiros, Lord Halifax, Senhores Duff Cooper, Primeiro Lord do Almirantado, Hore-Belisha, Ministro da Guerra, Ormsby-Gore, Ministro das Colonias, publicou-se o seguinte communicado official:

./1

> "O Governo de Sua Majestade tem estado seriamente aprehensivo com o elevado numero de ataques contra a marinha mercante, ataques esses verificados recentemente nas aguas do Mediterraneo, e, tambem, com a extensão, cada vez maior, da zona em que se produzem esses incidentes. O Governo de Sua Majestade ordenou, por intermedio do Almirantado, aos seus navios de guerra a contra-atacar os submarinos que aggredirem, sem aviso previo, qualquer vapor mercante britannico."

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

MGRS

britannico".

2. Como se pode observar, as expressões do communicado em apreço referem-se simplesmente a "contra-ataques" aos submarinos aggressores. A esse proposito acredita-se, porém, que os navios de guerra inglezes já tenham recebido ordens terminantes de "abrir fogo" contra todos os submarinos - ou, mesmo, vapores - considerados suspeitos. Essa versão, entretanto, carece de fundamento, na opinião dos circulos mais abalisados, em vista da clareza do communicado, que prevê apenas o caso da aggressão. De resto, a imprensa londrina, como, aliás, a internacional, tem sido escassa em commentarios politicos.

3. Em annexo, tenho a honra de remetter a Vossa Excellencia o recorte do "Times", contendo o texto do referido communicado.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rejis de Oliveira

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 19 de Agosto de 1937.

RESERVADO

No. 367

Os allemães residentes fora do Reich.

640.16 (81)(00)

S. D. E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
-8 SET. 1937
No 10949

Senhor Ministro,

Tenho a honra de passar ás mãos de Vossa Excellencia, em annexo, um interessante recorte extrahido do "Daily Telegraph" de 16 do corrente, sobre as declarações do Ministro dos
./1 Negocios Interiores da Allemanha, Senhor Frick, no Congresso, realizado em Stuttgart, do Instituto Allemão para o Estrangeiro.

2. Declarando que havia chegado o momento para solucionar o problema das minorias por serem as mesmas perigosas para a paz da Europa, affirmou o Ministro Frick que "Nenhum estadista no mundo, nenhum homem politico pratico, pode, hoje em dia, negar abertamente as reivindicações vitaes dos grupos nacionaes isolados nos paizes estrangeiros!"

3. Essa declaração visa, evidentemente, em primeiro lugar, as minorias allemães na Tchecoslovaquia, Polonia, etc., mas não deixa, entretanto, de ser bastante geral para abranger os cidadãos germanicos em outros paizes, e não deve passar desa-

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

MGRS

desapercebida por nós, haja visto, sobretudo, a organização semi-militar e super-nacionalista imposta aos allemães em todos os paizes do mundo pelos dirigentes nazistas.

4. No que diz respeito á Gran-Bretanha, a organização systematica pelo Governo do Reich dos allemães aqui domiciliados tem despertado certa anciedade nos circulos governamentaes. Consta que o Parlamento deverá votar nas vindouras sessões um credito supplementar de £100.000 para o Serviço Secreto e que o Governo vae providenciar no sentido de reduzir consideravelmente o numero dos criados allemães empregados neste paiz. Tendo a policia verificado que organizadores enviados especialmente da Allemanha obrigaram os allemães empregados em actividades domesticas a fazer parte de clubs e associações onde devem communicar os factos acaso colhidos sobre os negocios dos seus empregadores, os funccionarios do Foreign Office foram aconselhados a não empregar futuramente criados de nacionalidade allemã.

5. Esses factos são certamente significativos e de interesse para qualquer paiz onde existem allemães em numero apreciavel, razão pela qual achei de meu dever leval-os ao conhecimento de Vossa Excellencia.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rejis de Oliveira

Emb.Londres/367/1937/Annexo

"DAILY TELEGRAPH"

Londres, 16 de Agosto de 1937.

MINORITIES IN EAST EUROPE

NAZI DEMAND FOR A SOLUTION

AID PROMISED TO GERMANS

FROM OUR OWN CORRESPONDENT

MUNICH, Sunday.

The situation of German minorities in Eastern Europe was again discussed at the congress, in Stuttgart, of the German Foreign Institute, the Nazi federation of Germans living outside the borders of Germany. At the meeting of the institute on Saturday, Herr Frick, the German Minister of Interior, warned foreign Powers that the situation in Eastern Europe was fraught with international complications.

The time was ripe, he said, for a solution of the minority problem. National minorities were dangerous to the peace of Europe. "No statesman in the world, no practical politician, can openly deny nowadays the vital claims of national groups isolated in alien states."

"Experience in the past decades," he said, "has shown only too clearly that denationalisation and assimilation, or even a forcible extermination of whole national groups, are no longer possible. Why then these attempts at camouflage?"

"CULTURAL OPPRESSION"

Herr Frick passionately declared that the national and cultural oppression of minorities bred resistance and mobilised destructive forces.

Germans living outside the frontiers of Germany could now look to the National Socialist State for sympathy and help.

Baron von Neurath, the German Foreign Minister, also attended the Congress.

To experienced observers in Germany Herr Frick's speech, taken in conjunction with the renewal of the Nazi campaign against Czechoslovakia and Herr Hitler's recent utterances at Breslau in which he referred to 97,000,000 Germans, seems to indicate that the Nazis are preparing to place the question of German minorities in the forefront of this year's Nuremberg party congress.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 19 de Agosto de 1937.

No.369

O problema da Palestina.

602.7(60) 136

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Protocolo
-8 SET. 1937
No 10943

Senhor Ministro,

A Commissão de Mandato que, durante tres semanas consecutivas, se manteve reunida com o fim de resolver o problema da Palestina, acaba de concluir os seus trabalhos. O importante relatorio, cujo têor ainda se ignora, será levado ao conhecimento da Sociedade das Nações, na Assembléa do dia 10 de Setembro proximo.

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2. Acredita-se, porém, nos meios diplomaticos, que a preferida Commissão se mostrou favoravel ao projecto de mandato preconizado pela Gran-Bretanha.

3. O "Jewish Chronicle", por seu turno, publicou o relatorio confidencial do Doutor Weizmann, Presidente do Congresso Sionista, a proposito de uma entrevista que elle teria tido com o Senhor Ormsby-Gore, no decurso da qual o Ministro das Colonias lhe teria promettido fazer importantes modificações no plano de mandato da Palestina, afim de realçar o direito das reivindicações

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

MGRS

reivindicações israelitas. Um dos pontos mais importantes do documento em apreço, é o da declaração attribuida ao Doutor Weizmann: "Disse-me o Senhor Ormsby-Gore haver tido varios aborrecimentos com os Almirantes quanto ao assumpto do porto de Haifa. Respondi-lhe que o Almirantado despertou, infelizmente, quatro annos tarde demais. Dez annos antes, nós, israelitas, haviamos previsto e, em seguida, indicado o futuro valor de Haifa. Adduzi, porém, que o Almirantado, em forma razoavel, conseguirá todas as suas pretenções, comtanto que o criterio a ser adoptado seja o de accordo directo, e não, como ora se verifica, por intermediarios de seu proprio Governo."

4. Esse documento causou grande sensação nos circulos judaicos de Londres, mas o Senhor Ormsby-Gore, entrevistado pela imprensa, absteve-se de qualquer commentario sobre o assumpto.

5. Em annexo, tenho a honra de passar ás mãos de Vossa Excellencia o recorte do referido semanario, contendo o texto do documento em questão.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafael de Loureiro

CONGRESS REJECTS

Exploratory Negotiations Only

LOOPHOLES FOR PRO-PARTITIONISTS FEARED

Delegate's Amazing Allegations

Was Dr. Weizmann Committed?

[*From our Special Correspondent*—ZURICH]

After prolonged and heated debate, the Zionist Congress at Zürich passed a resolution containing eight paragraphs on the subject of the proposed Partition of Palestine.

This resolution, while empowering the Executive to negotiate with the British Government "with a view to ascertaining the precise terms of His Majesty's Government for the proposed establishment of a Jewish State," categorically insists that the Executive "shall not commit either itself or the Zionist Organisation," but shall report back the results of its exploratory negotiations to a special Congress to be called for the purpose of considering the proposals.

A feature of this week's discussion has been the hardening of opinion against Partition. This is reflected in paragraph 3 of the Resolution, which "directs the Executive to resist any infringement of the RIGHTS of the Jewish people internationally guaranteed by the Balfour Declaration and the Mandate."

Even these safeguards were considered insufficient by 158 of the delegates, who opposed the Resolution (300 supporting it). These opponents submitted an alternative resolution frankly condemning the whole principle of Partition.

Frantic efforts were made by those in favour of the majority Resolution, led by Dr. Weizmann, to secure its acceptance. Fantastic threats and warnings of what would follow rejection of Partition and wildly imaginative inducements as to the possibilities of the offer were recklessly employed.

According to a document which Mr. M. Grossman, leader of the Jewish State Party, read to Congress, and which is reported below, Dr. Weizmann had as early as July 19th committed himself personally to acceptance of the Government's Partition proposal, subject to minor adjustments. This allegation caused a considerable sensation and further bewildered an already confused Congress.

Dr. Stephen Wise, in a powerful speech, solemnly warned Congress of the risk that the Executive might be led to disregard the stringent restrictions imposed by the Resolution.

Full Text of Resolution

1. The Twentieth Zionist Congress solemnly reaffirms the historic connection of the Jewish people with Palestine and its inalienable rights to its homeland.

2. The Congress takes note of the findings of the Palestine Royal Commission with regard to the following fundamental matters: first, that the primary purpose of the Mandate, as expressed in its preamble and its articles, is to promote the establishment of the Jewish National Home; secondly, that the field in which the Jewish National Home was to be established was understood at the time of the Balfour Declaration to be the whole of historic Palestine, including Transjordan; thirdly, that inherent in the Balfour Declaration was the possibility of the evolution of Palestine into a Jewish State; fourthly, that Jewish settlement in Palestine has conferred a substantial benefit upon the Arab population and has been to the economic advantage of the Arabs as a whole.

3. The Congress rejects the assertion of the Palestine Royal Commission that the Mandate has proved unworkable and demands its fulfilment. The Congress directs the Executive to resist any infringements of the rights of the Jewish people internationally guaranteed by the Balfour Declaration and the Mandate.

The Congress rejects the conclusion of the Royal Commission that the national aspirations of the Jewish people and of the Arabs of Palestine are irreconcilable. The main obstacles to co-operation between the two peoples have been the general uncertainty which, as stated in the Report of the Royal Commission, prevailed in regard to the ultimate intention of the Mandatory Government and the vacillating attitude of the Palestine Administration. These have engendered a lack of confidence in the determination and ability of the Government to implement the Mandate.

The Congress reaffirms on this occasion the declaration of the previous congresses expressing the readiness of the Jewish people to reach a peaceful settlement with the Arabs of Palestine, based on the free development of both races and on mutual recognition of their respective rights.

4. The Congress condemns the "palliative proposals" put forward by the Royal Commission as a policy for implementing the Mandate, such as curtailment of immigration, fixing of economic absorptive capacity, closing of certain parts of the country to Jewish settlement, limitation on the acquisition of land, etc. Those restrictions are a travesty of the Mandate and a violation of international pledges and would prove destructive of the future of the Jewish National Home.

5. The Congress enters its strongest protest against the decision of His Majesty's Government to fix a political maximum for Jewish immigration of all categories for the next eight months, thus sweeping away the principle of economic absorptive capacity, a violation of Jewish rights and of the undertaking repeatedly given in this regard by His Majesty's Government and confirmed by the League of Nations.

6. The Congress declares that the scheme of Partition put forward by the Royal Commission is unacceptable.

7. The Congress empowers the Executive to enter into negotiations with a view to ascertaining the precise terms of His Majesty's Government for the proposed establishment of a Jewish State.

8. In such negotiations, the Executive shall not commit either itself or the Zionist Organisation, but in the event of the emergence of a definite scheme for the establishment of a Jewish State, such scheme shall be brought before a newly-elected Congress for consideration and decision.

Britain Sick of the Mandate?

FRIDAY

The sheer stupidity of shrouding the proceedings in connection with the political debate in a deep veil of secrecy becomes apparent when one reads the summaries which are issued. I have never seen such stringent precautions adopted for keeping out the Press and public. The *Stadttheater*, I am told, presents a dismal spectacle, denuded as it is of its many visitors, too. The only exception made to the rule of exclusion is in the case of Mrs. Dugdale, who was present at yesterday's debate.

The first speaker in the secret debate was Rabbi Meir Berlin, speaking on behalf of the Mizrachi. He began by congratulating Congress on the friendly atmosphere that prevailed in contradistinction to the acerbity which had been engendered by the Uganda controversy. He said that in that part of his speech in which he had criticised the British Administration, Dr. Weizmann had spoken for all of them. But he was not satisfied with the two criteria by which the proposed Jewish State was to be tested. Zionism was independent of particular circumstances or difficult moments, but sprang from an inner necessity in Jewish life.

The Report itself, he said, made two admissions of fundamental importance. The first was that the establishment of a Jewish State had been intended from the beginning, and the second was that Arab rights in Palestine were the rights of the Arab inhabitants only, and not rights of the Arab nation. On what grounds, then, asked Rabbi Meir Berlin, could they now take part of Palestine in which it was admitted that it had been intended to set up a Jewish State and hand it over to the Arab nation which, as a nation as a whole, had no recognised rights in the country? If they acquiesced in this proposal the psychological basis upon which the Zionist Movement had been built would be gone.

The next speaker was Dr. Kleinbaum, who represents the Polish Zionist Federation. He asked what the alternative to the Partition principle was. Both the so-called palliatives in the Report of the Royal Commission and Lord Samuel's proposals were utterly unacceptable, and if they wanted to do battle for rights they could surely find enough opportunity on a more realistic basis by doing battle for an extension of the frontiers and a general improvement of the proposals.

Wearisome Struggle With Administration

The truth was, he said, that the British were sick and tired of the Mandate, and it had to be admitted that the Jews themselves were equally sick and tired of it. They had been engaged in a wearisome and continuous struggle with the Administration from the beginning, and at the time of every half-yearly schedule they had to fight their battle all over again. There was a certain emotional appeal in the claim for the fulfilment of the whole of the Zionist aim, but there was also a stronger emotional appeal in the new hope which a Jewish State would bring to the "pogromised" Jew. For his own part, he regarded Partition not as an ultimate aim of Zionism but merely as a stage to its ultimate fulfilment.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 19 de Agosto de 1937.

No.370

O problema da Abyssinia.

602.76(96) Ble

S. [illegible] DAS RELAÇÕES [illegible] RES
[illegible] de Commu[illegible]
- 8 SET. 1937
No 10949

Senhor Ministro,

O "News Chronicle", orgão do Partido Liberal, deu curso á versão de que o Negus Hailé-Sélassié teria sido convidado pelo Governo italiano a occupar, de novo, o throno da Ethiopia, afim de pacificar o paiz. Adeantou, ainda, que démarches analogas teriam egualmente sido tomadas junto do Principe herdeiro da Abyssinia, quando de sua recente estada em Jerusalém.

2. A proposta da Italia - seguindo o pensamento daquelle jornal - se explica pelas constantes difficuldades de colonisação do novo imperio, não somente devido ás invariaveis sublevações dos indigenas mas, tambem, - o que é mais grave - em virtude do descontentamento que vae reinando entre os proprios colonos italianos.

3. Assim, na hypothese de ser acceita a proposta, o Governo italiano estabelecerá as seguintes condições: a abdicação do Negus; o reconhecimento da soberania da Italia na Abyssinia;

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

MCRS

Abyssinia; a reconducção do Negus ao throno na qualidade de protegido do poder dominante. Hailé-Selassié teria respondido que elle só se entenderia com a Italia por intermedio da Sociedade das Nações. Essas informações, dadas sob reserva, foram, entretanto, desmentidas formalmente pelo Governo de Roma.

3. Por outro lado, assegura-se que o Egypto - novo membro da Sociedade das Nações - de accordo com a Gran-Bretanha, tomará a iniciativa, na Assembléa de Setembro, de reconhecer a conquista da Abyssinia pela Italia, sob a condição desta cessar toda a sua actividade na Lybia.

4. Em annexo, tenho a honra de encaminhar a Vossa Excellencia o recorte do referido jornal, contendo as noticias acima mencionadas.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rejis dos Santos

Emb.Londres/370/1937/

"NEWS CHRONICLE"

Londres, 18 de Agosto de 1937.

... August 18, 1937 ... Other Places Abroad 1½d.

Mussolini's Plight in Abyssinia

REPORTED INVITATION TO HAILE SELASSIE

Growing Revolt of Tribesmen

By PHILIP JORDAN

TWICE this year Mussolini has sent emissaries to Haile Selassie, Emperor of Abyssinia, to inquire if he would return to Addis Ababa, as puppet sovereign of an Italian State, were he invited to do so.

Twice Haile Selassie has refused—the last time, three weeks ago: the first time in the spring.

These are by no means the only occasions on which the Italian Government has approached the Emperor's family.

port of arms, I understand it is tacitly agreed that they shall not be shipped by these routes.

British Somaliland authorities undertake to make and maintain the highways necessary to carry this traffic through to the Ogaden; and, against some reimbursement, to construct the necessary port warehouses.

It is pointed out by those in a position to know that Mussolini's difficulties in Abyssinia have now become so acute that he is beginning to realise that only with the help of Britain can he establish himself in the country; and that he is therefore prepared to improve Anglo-Italian relations until such time as his Ethiopian authority is assured.

It is not likely, however, that Abyssinia will yet be recognised as Italian territory.

It will certainly not be expelled from the League at the session in September. The day before Parliament rose Mr. Eden, the Foreign Secretary, in order to ward off awkward questions put down by the Labour Party, gave his personal assurance to Major Attlee, Leader of the Opposition, that Abyssinia would not be excluded this autumn.

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Emb.Londres/370/1937/Annexo

"NEWS CH

Londres, 18

18, 1937

Mussoli in A

REPORTED INVITATION HAILE SELA

Growing Re Tribesm

By PHILIP JOR

TWICE this year Mussolini saries to Haile Selas Abyssinia, to inquire if to Addis Ababa, as puppet Italian State, were he invited

Twice Haile Selassie has ref three weeks ago: the first time

These are by no means the onl the Italian Government has appro family.

When the Crown Prince was in Jerusalem—where the Emperor and his family first went after leaving Abyssinia—Italian requests that he should return to an emasculated throne were so pressing and so frequent that the Emperor brought his son to Europe, where he would be safe from Mussolini's importunities.

The Emperor has made it quite clear to the Italians that he is prepared to negotiate only through the League of Nations, of which his country is still a member.

The suggestion is that he might consider returning as titular head of a State mandated by the League, but that otherwise he would never consent to help the Italians out of their very grave difficulties in Ethiopia.

ABDICATION FIRST

But, while Italian foothold in Abyssinia is so precarious that the return of the Emperor is considered advisable, it is not yet so bad that Haile Selassie can return on his own terms.

What Mussolini demands is his abdication—which would almost certainly be followed by a *de jure* recognition of Italian sovereignty by this country with a consequent expulsion of Ethiopia from the League—and his acceptance of an Italian invitation to return to Ethiopia as a nominal monarch.

Bitter experience has convinced Rome that only the presence of the Emperor, or of a member of his family, can ensure any form of discipline among the tribes or any form of loyalty to a conqueror, distinguished so far only for his brutality.

The Ethiopians are in constant revolt and wage so skilful and so consistent a guerilla war against the invader that no Italian life is safe.

A railway journey from Addis to Djibouti is still a perilous enterprise; and Italians are forced to live within barbed wire enclosures.

500,000 "COLONISERS"

Many of those Italians who came out to the "Promised Land" either as conscripts or colonisers are themselves in more or less open revolt against the regime; and it is not only Ethiopians who have fled across the border into safety. There are Italians in Kenya, in Khartoum and in British Somaliland.

There are now approximately half a million Italian "colonisers" in Ethiopia, the majority of them soldiers.

To feed and protect these men is a problem which still has to be solved; and it is realised in Rome that while the pacification of the country is the first step in its solution, this can not be done without the return of Haile Selassie, who alone commands sufficient authority to ensure some sort of peace.

While no open assistance is being given to Rome by the British Government, *de facto* recognition has so far progressed that agreements regarding Abyssinia have already been entered into between the two countries.

On January 27 last, Mr. C. H. F. Plowman, Colonial Secretary of the British Protectorate of Somaliland, signed an agreement in Rome by which, in return for grazing rights in Abyssinia at certain times of the year, Italy is allowed to import material for her troops through the ports of Berbera and Zeila.

Although nothing in the agreement specifically forbids the im-

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 20 de Agosto de 1937.

No.377

Incidente anglo-allemão.
Expulsão de jornalistas.

69/.3(81)(40)
B6

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Informações
-8 SET. 1937
No 10949

Senhor Ministro,

O Ministerio dos Negocios Interiores da Gran-Bretanha - o "Home Office" - resolveu não renovar a licença, para residir neste paiz, de quatro jornalistas allemães, os Senhores Werner Crome, Wrede e Langen e a Secretaria do correspondente do "Berlinier Tokolauzeiger". Essa resolução não foi causada pela actuação jornalistica dos allemães citados e sim por actividades estranhas á sua profissão, não tendo, entretanto, o Governo britannico especificado a natureza das mesmas. Consta de bôa fonte que os jornalistas allemães se achavam empenhados em trabalhos de espionagem.

2. A decisão das autoridades britannicas suscitou violentas criticas na imprensa allemã - toda ella porta voz unicamente do pensamento official e o Encarregado de Negocios da Allemanha nesta capital, Senhor Woerman, visitou o Foreign Office para expor o ponto de vista do seu Governo com relação á recusa do "Home Office"

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

MCRS

Office" de renovar a licença dos ditos jornalistas. Já o Doutor Brafeld, Primeiro Secretario da Embaixada allemã, fora informado previamente que os factos do caso tornavam impossivel ao Governo britannico reconsiderar a sua decisão.

3. O Encarregado de Negocios allemão pediu então ao Foreign Office de informar ao "The Times" do desejo do Governo allemão de ver removido, de Berlim, o correspondente do chefe daquelle jornal, Senhor Norman Ebbut, dando como motivo que o trabalho do mesmo não encontra a approvação das autoridades germanicas. Pediu que o "Times" chamasse o seu correspondente dentro de duas semanas sem o que seria expulso, insinuando que o mesmo fosse substituido por um correspondente que reflectisse a versão official dos factos do regime.

4. A represalia allemã é inteiramente injustificavel, acha o "Times", que a proposito publicou brilhante editorial (I), mostrando que não havia nenhum parallelo entre a actuação do seu representante em Berlim, empenhado unicamente em informar sobre os acontecimentos allemães, e as actividades politicas e de caracter suspeito dos jornalistas allemães. Lembrou que a praxe diplomatica internacional dos Governos, nos casos de actividades suspeitas por parte dos seus nacionaes num paiz estrangeiro, não é a de approval-as e pelo contrario de endossar, tacitamente, as medidas preventivas tomadas pelo paiz lesado. Salientou além disso que o Governo britannico sempre deu a maior liberdade aos jornalistas estrangeiros para louvar ou criticar, exaggerar ou fazer pouco, e interpretar os actos do Governo britannico e os costumes do povo inglez, como bem lhes aprouvesse. Recorda tambem o editorial que um dos jornalistas, o Senhor Langen, já incorreu no desprazer do Governo italiano quando esteve estacionado em Roma.

4. Em annexo, tenho a honra de remetter a Vossa Excellencia seis recortes do "The Times", de 10, 11 e 13 (I, II, IV, V

Emb.Londres/377/1937/3.

V e VI) e do "Manchester Guardian", do dia 10 do corrente (III), contendo noticias sobre o assumpto.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Reji de Oliveira

Emb.Londres/377/1937/Annexo 1

"THE TIMES"

Londres, 10 de Agosto de 1937.

The Expelled German Journalists

The refusal of the Home Office to renew, for four German journalists, their permits to reside in England has raised a question that may always be delicate in the intercourse between nations. Of the German Press representatives whose presence is no longer considered desirable by the British authorities, two have been members of the foreign Press in London for a considerable period, have enjoyed the hospitality of this country without stint, and have been free to come and go as they liked and where they liked. It can be stated with absolute certainty that the termination of their right to remain in London has nothing whatever to do with the way in which they discharged their professional duties. They were at liberty to praise or to blame, to exaggerate or to belittle, and to interpret the acts of the British Government and the habits of the British people exactly as seemed right to them.

They have clearly been asked to go on account of activities which lay outside their professional duties, and it may become necessary to state precisely what these activities have been. The right just exercised by the British Government is one which is exercised in the national interest by every Government in the world; and no Government has used it more freely in the last three or four years than the Government of the Reich. The German Government indeed have gone much farther; for three British and many other journalists have already been requested to leave Germany simply because their messages reflected views which displeased the authoritarian Government at Berlin. In spite of that the British Government have never retaliated; and their present action in each instance is taken on the merits of the case, and has no connexion with any previous action by Germany. In regard to the fourth German journalist who has now been refused residence in this country, his presence was recently judged to be undesirable by the Italian Government in Rome, and he was then transferred by his employers to this country. Now his presence here is also not desired; and in his case too the reasons are wholly unconnected with his professional activities.

The action taken by the British Government is reported by our Berlin Correspondent to have produced some indignant comment in Berlin, where, of course, the nature of the activities of these particular journalists is not known. But it is somewhat surprising that the official German News Agency should announce that the German Government "did not disguise the fact that the "British measure had made the most painful "impression upon them." It is the usual diplomatic practice for any Government, to whom the facts of irregular activities on the part of its nationals in a foreign country have been made known, fully to endorse their removal, and even on occasions to apologize for their activities. Only a few years ago it was the custom for the German Government just as for any other. But *autres temps, autres mœurs*: and the present German Government, so far from discouraging offences against international good manners, and supporting the measures taken to chasten the offenders, are actually understood to be considering reprisals, which would take the form of the expulsion from Berlin of the principal Correspondent of *The Times* merely on the ground that he has been critical on occasion in his attitude towards the Nazi régime. If they should really decide to take such a step there could be no question, of course, of the replacement of MR. EBBUTT by a more amenable correspondent. It would merely confirm in their opinion those people in this and in other countries who consider that the Nazi standards do not accord with the usual courtesies of civilized international life, and would be a serious setback to those who are working for an improvement of Anglo-German relations.

Emb.Londres/377/1937/Annexo 11

"THE TIMES"

Londres, 10 de Agosto de 1937.

THE EXPELLED GERMANS

PROTEST BY THE EMBASSY

REPRISALS AGAINST "THE TIMES"?

From Our Diplomatic Correspondent

In Herr von Ribbentrop's absence on leave, the German Chargé d'Affaires, Dr. Woermann, called at the Foreign Office yesterday to state the views of the German Government in regard to the refusal of the Home Office authorities to renew the permits of the three German journalists to remain in England.

These journalists are Herr Werner Crome and Herr Wrede, correspondent and assistant correspondent respectively of the Berlin newspaper *Lokal-Anzeiger*, who have worked in London for some years, and Herr Langen, representative of a little-known German news agency, who was only recently transferred to London. The charges against these men have not been published, but it is known that they are not concerned with journalistic work. A woman secretary of the *Lokal-Anzeiger's* correspondent was notified simultaneously that her presence was undesirable. It is understood that Dr. Woermann disclosed the particular interest of the German authorities in the case of Herr Langen, who had already, before his transfer to London, incurred the displeasure of the Italian Government.

Dr. Biefeld, of the German Embassy, had been informed on Friday that the facts made it impossible for the British Government to review their decision. Yesterday Dr. Woermann requested the Foreign Office to inform *The Times* of the German Government's desire to have removed from Germany the senior Correspondent of *The Times* in Berlin, Mr. Norman Ebbutt, on the ground that his journalistic work does not meet with their approval. He asked that *The Times* should recall Mr. Ebbutt from Germany within the next two weeks—the implication being that he should be succeeded by a Correspondent whose dispatches would more nearly reflect the official version of the achievements of the régime. Failing his withdrawal the German Government, Dr. Woermann intimated, would proceed to his expulsion.

"THE TIMES"
Londres, 11 de Agosto de 1927.

GERMANY AND "THE TIMES"

A COMMUNIQUE IN BERLIN

PRESS OUTBURST

From Our Own Correspondent

BERLIN, Aug. 10.

The first news to be published in Germany of the Berlin Government's action against *The Times* appears this evening in the *Boersen-Zeitung* in the form of a short *communiqué* issued by the official German News Agency, which had hitherto only mentioned the matter briefly in its foreign service last night. It states that the British Government have been requested by official German quarters to approach *The Times* with a view to having your senior Correspondent here recalled within 14 days, because otherwise his permit to stay in Germany must be taken away. This measure, it is added, has proved necessary because, as it is alleged, "Norman Ebbutt has for years past conducted his Correspondence in a manner exclusively hostile to Germany, and has abused the hospitality extended to him."

The statement does not say that the demand for the withdrawal of your Correspondent is a reprisal for the withdrawal of permits from three German journalists in England on other than journalistic grounds. The *Boersen-Zeitung*, which is regarded on occasions as a mouthpiece of the German Foreign Office, leaves no doubt about this, however, in its columns of comment, in the course of which it delivers an abusive assault on the work of your Correspondent. There is much that could be said in an endeavour to explain the mentality behind this obviously inspired outburst; but for the time being judgment of the sweeping allegations can safely be left to those who have followed this Correspondence during the four and a half years of the National-Socialist régime, if what they have read is compared with what turns out to have happened and is happening in Germany; and if it is borne in mind that there have been periods, notably in 1933, when the Berlin dispatches of *The Times* were obviously welcomed and widely reproduced here, and that there has been virtually no official challenge of their accuracy on points of any real importance.

DR. VON LANGEN

The *Boersen-Zeitung* says it is believed that the undisclosed grounds of the British Government's action against the German Correspondents in London refer to political and propagandist activity on the part of the persons concerned. This is found to be "specially noteworthy when it is considered that the most important of the correspondents, Dr. von Langen, has been in London only since the beginning of July and had previously been a year or two in Rome as the representative of German newspapers and as local Group Leader of the National-Socialist Party." It is claimed that "in these capacities Dr. von Langen cooperated excellently with all the Italian departments, and it can be assumed that his activity in Rome during the Abyssinian war, which occurred with his personal conviction of the absolute justice of the Italian action, had occasioned the action now taken against him by London."

The *Boersen-Zeitung* does not seem to have been informed that Dr. von Langen's activities eventually earned the disfavour of the Italian authorities and that, although the difficulties were smoothed over outwardly, it was judged expedient to find him another post.

LAWS OF HOSPITALITY

Coming, then, to the action against *The Times*, the *Boersen-Zeitung* writes:—

Hitherto Mr. Ebbutt has devoted his entire activity in Berlin to seeking shady sides, and, with almost the busyness of the bee, collecting every piece of gossip and every rumour from which to form for his readers their opinion about Germany. He has thereby for long abused the hospitality accorded him, and the question repeatedly arose whether correspondents of the stamp of Mr. Ebbutt and several similar gentlemen should not be deprived of their permits to stay in Germany.

On the German side the long needed measures were repeatedly postponed, only in the interests of the relations between the two countries and of Press peace between England and Germany. Now, however, that on the English side it has been deemed proper to refuse permits to newspaper correspondents who have not observed the laws of the hospitality accorded them, there is no longer any reason why the German Government should further postpone measures which were long ago seen to be urgently necessary.

It is a testimony to the extraordinary restraint of German quarters and their extraordinarily careful and painstaking examination, that on the tit-for-tat principle those English correspondents were not deprived of their permits on three days' notice. Nevertheless it can be admitted as certain that the measures which had to come against Mr. Ebbutt will be applied also against other foreign correspondents who do not confine themselves to journalistic activity, but—according to our information—have interfered to a substantial degree in German internal politics. It has been an open secret for a long time that certain foreign correspondents are, so to say, the Press chiefs of Nazi-hostile circles and small groups, cooperate closely with these small groups and cliques, and, as the German Press is naturally not available, provide such groups in the Press of the correspondents' country with publicity which is in inverse ratio to the real significance of these small groups in Germany. The very careful inquiries in this field may, we learn, be concluded before long.

These threats against other foreign correspondents probably do not mean, as might at first reading be inferred, that any are suspected of engaging in counter-revolutionary activity, a dangerous and forlorn pursuit in National Socialist Germany. They probably refer rather to the publicity given abroad to—chiefly the Confessional Movement in the Evangelical Church, whose importance in the German view should be measured by its relatively small numbers. In view, however, of the influence it exerts in the Church life of the country and the issues raised by its conflict with the State, the Confessional Movement must continue to be an object of international Christian interest so long as it remains in being.

An extraordinary general meeting of the Foreign Press Association in Berlin, to which the majority of foreign correspondents here belong, will be held to-morrow to consider the latest measures

"THE TIMES"
Londres, 11 de Agosto de 1937.

NAZIS AND "THE TIMES"

FOREIGN COMMENT

INDEPENDENCE AND TRUTH

FROM OUR OWN CORRESPONDENT

PARIS, Aug. 10

The intention of the German Government to take reprisals against *The Times* for the refusal of the Home Office to renew the permits given to three German journalists to reside in England has attracted much attention in France.

The *Journal des Débats*, after pointing out that the British Government have always dealt with Press affairs in the most liberal spirit and never even thought of placing the slightest obstacle in the way of a newspaper conducting its normal activities, declares to-night that Mr. Ebbutt is being expelled because he keeps his readers abreast of the truth. [illegible] Thanks to his information, [illegible] was against Christianity have become known. It is [illegible] in Berlin that, since his views have been silenced, opinions abroad will be kept ignorant of all that they want to hide. The regard and admiration which all his colleagues have for this great journalist can only be increased by the treatment to which he is now subjected.

The London Correspondent of the *Temps* writes that Mr. Ebbutt has always maintained an attitude of complete independence towards the Hitler régime, in spite of the successive expulsions of several of his colleagues. His expulsion, would serve only to emphasize his reputation for courage and integrity in circumstances of unusual difficulty.

DUTCH CRITICISM OF GERMANY

EMOTIONAL FOREIGN POLICY

FROM OUR OWN CORRESPONDENT

THE HAGUE, Aug. 10

The Dutch newspapers give great prominence to everything relating to the expulsion of the German journalists and the case of Mr. Ebbutt.

The *Nieuwe Rotterdamsche Courant* writes that the expulsion of the Correspondent of *The Times* is a confirmation of the thesis that Germany's foreign policy is governed by the emotions only. Mr. Ebbutt, it says, has a great reputation. He is particularly well-informed about the connections between the Church and the State. National-Socialist disappointment about Dr. Dibelius's trial and the difficulties about Dr. Niemöller may be the real cause of the expulsion of the well-informed Mr. Ebbutt. Or may the cause be explained by the desire to hit hard when there is hit at all ? For *The Times* holds a special place among British newspapers. Did not Herr von Hoesch, the late German Ambassador in London, write in 1935 :—" *The Times* is regarded by my countrymen not only as a great newspaper, but also as an institution which has served and will, I am sure, always serve the cause of true enlightenment among the nations and thereby the best interests of mankind ".

"AN INTERNATIONAL MATTER"

FROM OUR CORRESPONDENT

COPENHAGEN, Aug. 10

All the Danish newspapers this morning give prominence to the threatened expulsion of Mr. Ebbutt, whose telegrams from Germany in the last four years they have more widely quoted than those of any other British newspaper or any international news service.

The Conservative *Berlingske Tidende* writes :—

Mr. Ebbutt has often been able, on account of his intimate knowledge of the German situation, to give an extensive elucidation of political, ecclesiastical, and social affairs in the Third Reich. It is an international matter of importance that this very man, who did his work with passionate earnestness, should be expelled.

The *Politiken* says :—

The renowned Correspondent of one of England's most renowned newspapers is expelled as an answer to action by the British Government. An eye for an eye, a tooth for a tooth ! There is more of the Old Testament's spirit in the Third Reich than you would believe.

TEST CASE FOR FOREIGN JOURNALISM

FROM OUR CENTRAL EUROPEAN CORRESPONDENT

VIENNA, Aug. 10

The threat of the German Government to expel the senior Berlin Correspondent of *The Times* has aroused much interest in Vienna. Dr. Dibelius' Parish, whose Mr. Ebbutt reports under a high reputation as giving a fair though candid picture of the German scene, and further developments are being intently watched. The affair is regarded as a test case for the profession of foreign journalism.

THE "NEW YORK TIMES"

FROM OUR OWN CORRESPONDENT

NEW YORK, Aug. 10

So far there has been no editorial comment here on the threatened expulsion of Mr. Ebbutt, it being somewhat early for this according to American practice.

The *New York Times*, however, this morning reproduced the leading article of *The Times* in full, and published a dispatch from Berlin which noted that there was astonishment there that German retaliation for the forthcoming expulsion of certain German correspondents from England should have taken the form of the virtual expulsion of a journalist described as " acknowledged to be one of the keenest and best informed observers of events in the Reich."

NAZI "LIST OF FOLLIES"

FROM OUR OWN CORRESPONDENT

CAPETOWN, Aug. 10

The threatened German reprisal for the expulsion of German correspondents from London has caused considerable interest in South Africa.

The *Cape Argus* to-day says :—

The Times, whose own Correspondent in Berlin has been singled out as victim, has commented on the act with a restraint which weakens the effect of its censure, and that reprisals will be suppressed by the Press of every free country on the globe. [illegible] this time smacks of the Nazi Government as once more including on [illegible] its own code of international behaviour. It also adds another item to the list of follies already committed by the régime. Germany has much to gain by winning respect for the Third Reich. In this war it loses it.

"THE TIMES"

Londres, 13 de Agosto de 1937.

NAZI PRESS CAMPAIGN

CHARGES AGAINST JOURNALISTS

A LONDON "POGROM"

From Our Own Correspondent

BERLIN, AUG. 12

The Press campaign against your Correspondent and other unnamed foreign correspondents in Berlin waxes less furiously to-day, though your Correspondent is being annoyed by a stream of anonymous letters and telephone calls indicating, more or less abusively, that the sooner he is out of Germany the better the writers and callers will be pleased.

The *Boersen-Zeitung* printed this morning, under the headlines "There Are Still More Ebbutts: Counter-Revolutionary Machinations of Foreign Journalists in Germany," extracts from yesterday's article in the National-Socialist *Angriff*, but the *Angriff*, a little less sure of itself, this afternoon is at pains to make clear that its charges related only to a few of the corps of correspondents.

Counter-revolutionary activity, of course, is a term with a wide significance for the *Angriff*—it could cover attendance at forbidden prayer-meetings. The same charge is made, however, in more careful language, by a semi-official commentary, which refers to "certain foreign journalists who work against German interests outside the sphere of their professional duties," and adds that "naturally the right must be reserved to take measures against such activities." It was perhaps to be expected that there would be imputed to foreign journalists whom Germany desires to be rid of activities of a similar nature to those which have occasioned the expulsion of the German journalists from London.

"SLANDERED" GERMANS

As if to excuse its outburst against your Correspondent, the *Angriff* publishes to-day a report from its London Correspondent to the effect that British newspapers are working up a veritable "pogrom" against Germans resident in England, on the ground of alleged espionage, propaganda, and persecution of German *émigrés*. In sorrow and in anger the *Angriff's* Correspondent writes that if the British Government "continue to protect, under the broad cloak of the freedom of the Press, what has happened in Fleet Street during the last four or five days, one can only advise young Germans who had intended to spend some time in England to seek, instead, a country in which they will not be exposed to the danger of being defencelessly slandered and suspected."

The more restrained newspapers are for the most part engaged in finding support in England itself for the view that the expulsion of your Correspondent was justified in the interests of international relations. Professor Trevelyan's letter to *The Times* and a leading article in the *Daily Mail* are printed with great display. Although, however, as one newspaper says, these are for the time being voices crying in the wilderness, no attempt is made to give the case for *The Times* or any of the British or foreign comment which supports it.

When the Government-controlled German Press selects for publication only such news and opinions as suit its own purposes, it is difficult to be impressed by German complaints against foreign journalists on the ground that their correspondence lacks objectivity and gives a false picture of Germany. In fact, although your Correspondent is semi-officially accused of having worked in a manner exclusively *weltanschaulich* (contrary to the truth), it may be said that no matter of moment have the authorities ever been able to challenge the accuracy of his reports.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 25 de Agosto de 1937.

N.A

No.385

Deportação de Gertrud Lambrecht.

7(81).(42)-18
ex3

B. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Comunicações
20 SET. 1937
No 11447

Senhor Ministro,

Tenho a honra de passar ás mãos de Vossa Excellencia, em annexo, recortes dos jornaes "Morning Post" (I) e "Manchester Guardian" (II), ambos de 25 do corrente mez, reproduzindo um telegramma da agencia Reuter, a respeito da deportação de Gertrud Lambrecht.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Régis de Oliveira

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

MGRS

Emb.Londres/385/1937/Annexo (I)

"MORNING POST"

Londres, em 25 de Agosto de 1937.

BRAZIL ANGRY WITH NAZIS

SECRET POLICE AND DEPORTED WOMAN

RIO DE JANEIRO, August 24.

The suggestion that a diplomatic incident may arise between Brazil and Germany over an alleged action of the German Secret Police is made by the Brazilian Press to-day.

According to the newspapers, a German woman, Gertrud Lambrecht, was deported from Brazil in the German liner Cap Arcona owing to a miscarriage of justice.

The Brazilian authorities discovered their mistake, and the Foreign Ministry cabled to the Brazilian Consul at Boulogne-sur-Mer, where the liner was due to call, to facilitate her return.

But when the liner arrived, it is alleged, the captain, acting under orders from the Gastapo (German Secret Police), compelled her to continue her journey to Hamburg.

In reporting the affair several newspapers denounce the activities of Nazi agents in Brazil.—Reuter.

Emb.Londres/385/1937/Annexo II

"MANCHESTER GUARDIAN"

Londres, em 25 de Agosto de 1937.

NAZI POLICE AND BRAZIL

A New Incident

RIO DE JANEIRO, AUGUST 24.

The suggestion that a diplomatic incident may arise between Brazil and Germany over an alleged action of the German secret police is made by the Brazilian press to-day.

According to the newspapers, a German woman, Gertrude Lambrecht, was deported from Brazil in the German liner Cap Arcona owing to a miscarriage of justice. The Brazilian authorities discovered their mistake and the Foreign Ministry cabled to the Brazilian Consul at Boulogne-sur-Mer, where the liner was due to call, to facilitate her return. But when the liner arrived it is alleged that the captain, acting under orders from the Gestapo (German secret police), compelled her to continue her journey to Hamburg.

In reporting the affair several newspapers denounce the activities of Nazi agenst in Brazil.—Reuter.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 26 de Agosto de 1937.

No. 387

Ruptura das relações diplomaticas entre Portugal e Tchecoslovaquia.

920.1 (88)(80a)

B. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Comunicações
20 SET. 1937
No 11447

Senhor Ministro,

Tenho a honra de passar ás mãos de Vossa Excellencia os inclusos tres recortes, extrahidos do "Daily Telegraph" (I e II) e "Manchester Guardian" (III), de 20 do corrente, sobre a ruptura de relações diplomaticas entre Portugal e Tchecoslovaquia.

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2. Como é natural, a attitude de Portugal teve larga repercussão nos meios politicos de Londres, e a imprensa ingleza, por seu turno, commentou o assumpto atravez dos seus editoriaes. Assim, o "Manchester Guardian" é de opinião que Portugal acceita, agora, o accordo de não intervenção, mas é "fóra de duvida que esse paiz deve ser considerado como um possivel inimigo do Governo de Valencia". Desse modo, salienta, ainda o jornal em apreço, a "recusa de um Estado democratico em fornecer armamentos a Portugal, é justificada pelas duvidas que possam existir sobre o seu futuro emprego".

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

MDRS

emprego".

3. O "Daily Telegraph" acredita no sincero desejo de Portugal em adquirir metralhadoras "Brenlight" para o seu proprio uso. Por outro lado, "é tambem comprehensivel que a Tchecoslovaquia seja muito cautelosa no cumprimento de suas obrigações resultantes do accordo de não-intervenção, principalmente no momento actual em que o patrulhamento britannico, na fronteira portugueza, se acha suspenso".

4. Adduz, ainda, o referido diario conservador que, na Gran-Bretanha, não se considera fundada a versão de que Praga se inspire nas ordens de Moscou e Lisbôa "obedeça unicamente ás intimações de Salamanca."

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafael de Sousa

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 26 de Agosto de 1937.

No.389

O problema da Palestina.

602.7(60) 36

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
20 SET. 1937
Nº 11447

Senhor Ministro,

A Commissão Permanente de Mandatos, da Sociedade das Nações, terminou, afinal, o relatorio sobre a questão da Palestina. Desse trabalho, extenso e complexo, já se conhece, nos circulos officiaes, um resumo que nos revela os seus principios essenciaes. Dado o ponto de vista da commissão britannica, relativamente á divisão da Palestina em dois Estados independentes - judaico e arabe - a Commissão Permanente de Genebra se viu, como é natural, em serias difficuldades para harmonizar os grandes interesses ora em jogo no scenario politico da Palestina.

2. A julgar pelo resumo do relatorio, a advertencia inicial da Commissão Permanente de Mandatos é a das que se caracterizam pela immediata percepção dos phenomenos politicos que tanto pertubam a tranquillidade da Palestina. O relatorio é elaborado de maneira a não deixar na sombra nenhum aspecto do problema, permittindo, desse modo, ao Conselho da Sociedade das Nações, um jus-

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

justo e equitativo pronunciamento.

3. A commissão britannica, após um inquerito "sur place" sobre o funccionamento do Mandato, verificou que o systema adoptado em consequencia da declaração Balfour seria impraticavel. Assim, essa commissão opinou pela necessidade da creação dos Estados independentes, isto é, na base de dois terços aos arabes e de um terço aos judeus, além de um "corredor", de protectorado inglez. Essa solução, si admittida, virá, com effeito, transformar a considerada "terra propria" dos judeus em um Estado sob a acção do direito do controle absoluto nos seus negocios internos, facto esse que vem ao encontro dos interesses sionistas. Os arabes, entretanto, protestaram contra o plano que lhes reduz em um terço o seu territorio, "onde já se acham domiciliados ha seculos", e os judeus, por seu turno, clamaram com não menos vigor contra a circumstancia que os interdicta de viver no perimetro de dois terços do paiz considerado o berço de sua raça.

4. O Congresso sionista, reunido em Zurich, adoptou, em maioria de votos, a moção invocando os direitos imprescriptiveis do povo judaico sobre toda a Palestina historica e pedindo, tambem, a completa applicação do mandato britannico. Em vista da divergencia de interesses, a Commissão Permanente da Sociedade das Nações resolveu, então, estabelecer novas formulas conciliatorias. Assim, a Commissão genebrina é de parecer que o projecto inglez relativo á creação immediata de dois Estados independentes apresenta varios inconvenientes, pois, preliminarmente, ignora-se se esses dois Estados, uma vez constituidos, sejam capazes de manter a sua integridade territorial e a sua independencia politica, de garantir a justiça, de assegurar a tranquillidade publica e, por outro lado, se elles dispõem de recursos que exigem as necessidades normaes de todo o Estado. Em summa, a Commissão Permanente de Mandato julga imprescindivel um "periodo de aprendizagem"

aprendizagem" da liberdada politica, antes da adopão do regime de Estado independente, tanto para os arabes como para os judeus. Seguindo esse criterio, a referida Commissão alvitra dois systemas: o primeiro consistiria em organizar provisoriamente a Palestina em cantões federados, dentro dos quaes os regimes judaico e arabe - gozando um e outro de larga autonomia administrativa - seriam collocados sob a autoridade do poder mandatario; o segundo consistiria em crear mandatos separados para cada um dos Estados, até o momento em que esses dois Estados derem provas cabaes de sua capacidade de governo proprio.

5. Vê-se, portanto, bem claro o espirito que rege os dois systemas: assegurar a judeus e arabes o direito de organizar livremente os seus negocios internos, mantendo, comtudo, provisoriamente, em ambos os territorios, o mandato britannico; collocar, assim, um e outro povo em situação de se preparar á futura existencia independente, afim de lhe permittir revelar, com o tempo, a sua maturidade politica e administrativa.

6. Se é verdade, como assegurou o recente Congresso sionista de Zurich, que as aspirações nacionaes de ambos os povos são susceptiveis de se conciliar na pratica, as formulas suggeridas pela Commissão de Genebra valem, sem duvida, pela sua excellente opportunidade. Os systemas preconizados pela Commissão genebrina - o da organização cantonal e o dos mantados separados - permittirão, talvez, augmentar as possibilidades de entendimento que deve existir entre as duas raças.

7. Nessa questão, ha indiscutivelmente um ponto em que toda a opinião technica é accorde: a necessidade de modificações profundas na estructura politica e social da Palestina. Tudo depende, agora, da resolução do Conselho da Sociedade das Nações, o qual deverá se pronunciar a respeito na sessão ordinaria do mez de Setembro.

Em.Londres/509/1937/A.

Setembro.

Tenho a honra de reiterar a Vossa Excelencia os protestos da minha respeitosa consideração.

Rafael de Abreu

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 27 de Agosto de 1937.

No.390

A guerra civil na Espanha:
rendição de Santender.

601.3(8H)
A36

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
20 SET. 1937
No 11447

Senhor Ministro,

A rendição de Santender não surprehendeu. A tomada da cidade estava prevista desde alguns dias, com a progressão continua do avanço nacionalista. Não houve, como de costume, assalto violento. A occupação se caracterizou, pela primeira vez nessa sangrenta luta civil, por um phenomeno curioso: ausencia de luta. Pode-se deduzir, sem receio, que o General Franco dispõe, agora, de uma incontestavel superioridade sobre o adversario, pois a acção dos governistas, nos sectores secundarios, parece cada vez mais limitada. A queda de Santender representa, por outro lado, um factor de grande effeito moral em toda a Espanha, principalmente no terreno nacionalista. Isso não significa, porém, uma victoria definitiva, tanto militar como politica; é indiscutivel, no momento actual, a situação privilegiada das forças offensivas, sobretudo se levarmos em conta que as linhas governistas se tornam, dia a dia, mais vulneraveis.

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

MGRS

vulneraveis.

2. As tropas empregadas, até agora, no sector Norte constituem os melhores elementos do exercito do General Franco; são justamente as que têm dado maior somma de capacidade militar. É provavel, assim, que essa mesma tropa, uma vez terminada a sua missão no Norte, seja transportada rapidamente para os sectores onde o Governo de Valencia offerece mais resistencia. Esse facto, si realizado, virá modificar inteiramente as condições da guerra civil. Entretanto, é temerario qualquer previsão a esse respeito. Não raras vezes tivemos o ensejo de observar, no decurso do conflicto, nos dois campos espanhóes, mutações surprehendentes.

3. Comtudo, de um modo geral, considera-se que o commando nacionalista está inclinado a iniciar uma offensiva de "grande estylo", durante o mez de Setembro, isto é, antes que a temporada das chuvas paralyse, de novo, as operações. Evidentemente, essa offensiva se registará na região de Madrid, que é a mais importante posição governamental. A luta ahi será, sem duvida, das mais encarniçadas, pois os actuaes equipamentos bellicos, nesse sector, favorecem a defensores e a atacantes. Acredita-se que o General Franco, no proprio interesse de sua causa e do successo de sua politica, procura evitar, tanto quanto possivel, a destruição systematica da capital. Portanto, a sua nova campanha consistirá, como se espera, em submetter Madrid ao "cerco de ferro", cortando, para isso, as suas derradeiras communicações com as provincias de Leste. Essa foi, aliás, a idéa que inspirou a grande offensiva de Guadalajara. A condição da luta, nestes ultimos tempos, soffreu enormes transformações. Os governistas, ao que parece, não gozam mais da situação excepcional que tanto contribuiu para repellir a primeira offensiva na região de Guadalajara.

4. O General Franco parece estar decidido a uma rapida campanha contra a Catalunha. Esse Chefe nacionalista serve-se,

serve-se, ainda, de sua velha tactica, que consiste em evitar toda e qualquer acção conjuncta, empregando os seus esforços em pontos determinados. Esse systema, não ha duvida, muito tem concorrido para prolongar a guerra civil, mas forçoso é reconhecer o seu excellente resultado, posto que sempre permittiu ao seu Commando a iniciativa de manobras importantes, sem o sacrificio inutil de sua tropa.

5. É necessario não esquecer, porém, que o Governo de Valencia, embora abatido politicamente, ainda não attingiu, por assim dizer, o limite extremo da sua capacidade de resistencia e que dispõe, todavia, de meios militares num terreno fortemente organizado: Madrid.

Tenho a honra de reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafael de Oliveira

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 27 de Agosto de 1937.

No.391

A attitude dos paizes sul-americanos em face do conflicto espanhol.

601.3(8H)
B6

M. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Comunicações
20 SET. 1937
Nº 11447

Senhor Ministro,

Tenho a honra de encaminhar a Vossa Excellencia, a titulo informativo, o incluso recorte do "Times", que trata da attitude dos paizes sul-americanos em face do conflicto espanhol.

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2. Embora referindo-se ao Brasil "que tem enormes problemas a resolver na sua politica economica", a noticia em apreço se prende mais aos paizes hispano-americanos.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rejis dos Santos

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

MFRS

Emb.Londres/391/1937/Annexo I.

"THE TIMES"

Londres, em 24 de Agosto de 193

Imperial and Foreign

THE OTHER SPAINS

S. AMERICA AND THE WAR

From Our Buenos Aires Correspondent

The military rising in Spain in July, 1936, and the 12 months of civil war which followed have moved Latin America more deeply than anything since the Napoleonic invasion of the mother country which paved the way for Spanish-American independence. From the beginning of the conflict the countries of Spanish origin in the New World were sharply divided in sympathy—as sharply, indeed, and in roughly the same proportion as in Spain herself.

The attitude of the Ibero-American republics towards the Spanish war, though not identical, has followed in general the same lines. There have been some exceptions. Mexico declared unequivocally for the Spanish Government almost immediately, and reserved the right to supply arms and munitions. Three small Central American Republics, Guatemala, Nicaragua, and El Salvador, recognized the insurgents. The remaining Governments preserved neutrality. The peoples themselves have been affected by the war in varying degrees. The mining countries of the west and north of South America —Chile, Peru, Bolivia, Colombia, and Venezuela—sometimes known as Indo-America, have not received immigrants on an appreciable scale during the past century, and thus have no big Spanish-born communities. Their upper classes are chiefly of Spanish descent, but this in most cases dates back many generations. The poorer classes are of Spanish, Indian, and, in the coastal regions of the tropics, even of African origin mingled in greater or less proportion. For them the civil war in the motherland is distressing for sentimental and traditional reasons. The agricultural countries—Argentina, Uruguay, Paraguay, and Southern Brazil—have a much bigger problem, owing to the presence of large Spanish colonies. This is true also of Mexico and Cuba.

Abyssinian crisis two ye
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hoped most, showed that P
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Latin-American countries a
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PEOPLE AND OFFICIALS

Except Mexico, whose régime is clearly Left in complexion, Latin-American countries are governed by elements which draw their strength mainly from the propertied and usually the landowning classes. Despite democratic Constitutions modelled upon that of the United States few of these countries have assimilated popular rule as it is understood in the Parliamentary lands of Europe and in the United States. Argentina, Colombia, and Chile are politically the most advanced countries in South America. The Uruguayan people is the most democratic and Left-inclined—so much so that anti-clericalism and agnosticism flourish and Le Semana Santa (Holy Week) is called La Semana del Turismo. The Government belongs to the Right. Popular administrations came into power before the world depression, but most of them disappeared after. The only great movement of ideas generated by South America has been the A.P.R.A. (Alianza Popular Revolucionaria Americana—the American Peoples' Revolutionary Alliance), founded in Peru. The programme of the A.P.R.A. is anti-imperialism, a united international front of manual and intellectual workers, with common political action. The basis of the A.P.R.A. is social justice for the Indian. Only in Peru has the movement found many adherents. All the leading Peruvian Apristas, who include many of the country's most distinguished men, are now in hiding or in exile. The movement seems unlikely to spread outside Indo-American countries.

The Governments of Spanish America are more conservative or reactionary than the peoples. There is more official sympathy with the Spanish insurgents than with the legal Government at Valencia. The sympathies of the peoples are more evenly divided.

For many Spaniards in South and Central America the civil war in the homeland is a private tragedy. In Buenos Aires and other big cities groups of people stand all day outside the newspaper offices awaiting the latest news from Spain. There are many Spaniards who have relatives in territory occupied by the opposing sides and from whom they have had no news since the outbreak of hostilities. Some have brothers or sons in Spain fighting on the wrong side against their will and only awaiting an opportunity to desert. The Spanish-Americans have also taken sides. In general the poorer classes and many of the intellectuals sympathize with the Valencia Government. The well-to-do support General Franco. The Spanish Chamber of Commerce in Buenos Aires early declared its allegiance to the insurgent cause.

MEDIATION REJECTED

The first suggestions which appeared several months ago in *The Times* that Spanish America should play the part of mediator were reproduced here but scarcely commented upon. There was a grave fear that intervention might extend the scope of the conflict. Latin America —for Brazil can hardly be excluded from any collective action in this part of the world—would doubtless come forward willingly with good offices to find a solution between the Spanish combatants, if the moment appeared opportune—to agree upon a plan to be submitted, but not to sit *pari passu* in the Non-Intervention Committee with representatives of nations most of which are not really neutral. The Buenos Aires newspaper *La Prensa* paid a tribute to the impartiality of Great Britain but observed that in general the European nations were seriously interested not in bringing an end to the conflict but in preventing it from spreading to themselves. The South American countries wished to remain outside the atmosphere of excitement. In certain Spanish-American quarters—especially semi-official or partly inspired—there has been some willingness to consider Latin-American intervention. The great volume of opinion is that participation in the London discussions might be gratifying to national pride and constitute a recognition of the responsibilities of young nations, but could do little to lessen the sufferings of Spain, while there would be great danger of reproducing the conflict on this continent. Latin America, with the exception of Argentina and Brazil, is thought to lack the military and naval power necessary to help in enforcing decisions.

Among the Latin-American countries which complied with their engagements as members of the League of Nations in the

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 30 de Agosto de 1937.

No. 394

Proposta do Governo do Uruguay pelo reconhecimento simultaneo do Governo de Burgos por todas as republicas americanas.

Gol. 3(84)

Bi DE E. DAS RELAÇÕES EXTERIORES
Serviço de Correspondencia
20 SET. 1937
No 11447

Senhor Ministro,

Tenho a honra de levar ao conhecimento de Vossa Excellencia, a titulo de informação, que o "Financial Times" na sua edição de hoje, publica o seguinte telegramma da agencia Reuter, proveniente de Buenos Aires:

./1

"Affirma-se aqui que o Governo uruguayo, na Sexta-Feira passada, enviára uma nota aos outros Governos americanos suggerindo o reconhecimento simultaneo do Governo de Burgos."

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafi do Lovre

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

MGRS

Emb.Londres/394/1937/Annexo I

"FINANCIAL TIMES"

Londres, em 30 de Agosto de 1937.

URUGUAY PRO-FRANCO

BUENOS AIRES, 30th August.

It is understood here that the Uruguayan Government on Friday last addressed a note to other American Governments suggesting joint recognition of the Burgos Government. —Reuter.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 31 de Agosto de 1937.

No. 395

Evacuação de refugiados
nas Missões diplomaticas
em Madrid.

600.3(84)
Bl.

M. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
20 SET. 1937
No 11447

Senhor Ministro,

Recebi hontem do Foreign Office a Nota nº W.16126/37/41, da mesma data, junta por copia, em que este Governo communica haver sido consultado pela Commissão da Cruz Vermelha Internacional sobre a possibilidade de pôr á disposição do representante diplomatico britannico em Valencia um vapor de nacionalidade ingleza para a evacuação daquelle porto dos refugiados que se encontram actualmente asylados nas missões diplomaticas em Madrid.

2. A Cruz Vermelha Internacional declara haver tomado as necessarias providencias para o transporte dos refugiados de Madrid a Valencia, devendo a primeira leva chegar em Valencia provavelmente a 4 de Setembro vindouro.

3. O Governo britannico, diz a nota alludida, já proporcionou os serviços do navio "Maine" durante o mez de Julho findo para a evacuação dos refugiados de Valencia, e não pode, por diversos motivos, continuar a ceder o navio mencionado, e, não

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

RS

não tendo outra embarcação idonea, suggere o afretamento de um navio mercante inglez, ou de outra nacionalidade.

4. Não se considerando directamente responsavel pelo problema dos refugiados nas missões diplomaticas de Madrid - continua a nota - o Governo britannico não está em situação de fornecer os recursos para o afretamento de um vapor. No intuito de resolver o mais brevemente possivel a questão e, visto a sua urgencia, este Governo pergunta se o Governo brasileiro estaria disposto a contribuir ás despesas de evacuação na proporção do numero de refugiados na sua missão em Madrid.

5. O Governo britannico fez communicação identica a todos os Governos que têm refugiados na sua missão em Madrid e, no caso de ser acceita a suggestão, poderia proceder ao afretamento de um navio. Encarregaria, outrosim, seu representante em Valencia com a direcção do embarque dos refugiados, devendo o mesmo verificar a sua proveniencia, afim de dividir proporcionalmente as despesas contrahidas.

6. Muito agradeceria a Vossa Excellencia habilitar-me com a possivel urgencia a responder a consulta do Governo britannico.

Tenho a honra de reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Régis de Oliveira

Emb.Londres/395/1937/Annexp.

No. W 16126/37/41.

IMMEDIATE

FOREIGN OFFICE, S.W.1.

30th August, 1937.

Your Excellency,

I have the honour to inform you that His Majesty's Government in the United Kingdom have been approached by the International Red Cross Committee, who have asked whether they would be prepared to place at the disposal of His Majesty's Representative at Valencia a British ship for the purpose of evacuating from that port the refugees now housed in the foreign Missions in Madrid.

2. The International Red Cross state that they have now completed the necessary arrangements for transporting these refugees from Madrid to Valencia and that according to their present information the first convoy should reach Valencia about the 4th September, after which further convoys should arrive weekly.

3. His Majesty's Government, as Your Excellency is aware, have already given the services of His Majesty's ship "Maine" during the month of July last for the evacuation of refugees from Valencia. Owing to the urgent need for the use of this ship as a hospital ship it was not possible to make her available for a longer period, and after careful consideration His Majesty's Government have reluctantly come to the conclusion that there is at present no other ship suitable for this work which they can make available. The only alternative solution therefore appears to be that a merchant ship of British or other nationality should be chartered for this purpose.

His Excellency

Monsieur Raul Régis de Oliveira, G.C.V.O., G.B.E.,

etc., etc., etc.

purpose.

4. His Majesty's Government, who are not able to regard the problem of the Embassy refugees in Madrid as being one for which they are themselves directly responsible, are not in a position to provide funds for the charter of such a ship. Nevertheless, in view of the urgency of this problem and on humanitarian grounds, they are closely interested in finding some means by which these refugees may be evacuated from Spain as soon as possible, and accordingly I have the honour to enquire whether, if it were found possible to arrange for the charter of a ship or ships to carry out this work, your Government would be prepared to contribute towards the expenses of the operation in proportion to the number of refugees from its Mission in Madrid which might be evacuated.

5. I am communicating in similar terms with the representatives of all the Governments who have refugees in their Mission in Madrid, and I have the honour to state that if the general response to this proposal is sufficiently favourable His Majesty's Government would be prepared to get in touch with British ship-charterers with a view to obtaining the services of a ship or ships. They would also be prepared to instruct His Majesty's Representative at Valencia to make the necessary arrangements for supervising the embarkation of these refugees, and for ascertaining the proportion in which they are drawn from the various foreign Missions with a view to alloting the expenses incurred.

6. I have the honour to request that I may be furnished with the views of your Government on these proposals at the earliest possible date.

I have the honour to be, with the highest, consideration,

Your Excellency's obedient Servant.
(For the Secretary of State)
(Sgnd.) A.P.Howard.

Confere:
Ruben dos Santos
Dactylographo-Archivista.

Conforme:
Joaquim Evan Lennon
2º Secretario.

M.D.B.

27/5/7

LONDRES

OFICIOS

SET.-OUT.

1937

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 1º de Setembro de 1937.

No. 396

Relatorio Politico nº 3.

600.(60)

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
20 SET. 1937
Nº 11447

Senhor Ministro,

De accordo com a Circular telegraphica nº 1120, recebida a 11 de Maio ultimo, tenho a honra de passar ás mãos de Vossa Excellencia o Relatorio desta Embaixada, correspondente ao mez politico de Agosto de 1937.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Réjis de Oliveira

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

Emb.Londres/396/1937/Annexo.

RELATORIO

No.3

Mez politico de
Agosto de 1937.

As graves consequencias da crise sino-japoneza absorveram inteiramente toda a actividade diplomatica do mez de Agosto. É sabido que as condições da luta em Shanghai exigiram dos poderes interessados na China a mais estricta vigilancia. Os Governos de Londres, de Paris e de Washington, acompanharam, em harmonia de vista, o desenrolar dos tragicos acontecimentos no Extremo-Oriente. Lamentou-se profundamente que os esforços diplomaticos de Tokio e de Nankin - com o proposito de chegar-se a um entendimento amistoso e pacifico - não tivessem alcançado o objectivo desejado. Emquanto as duas nações se mantiverem adstrictas aos seus pontos de vista, que são, como se sabe, irreconciliaveis, difficil será a possibilidade de apaziguamento. Infelizmente, as actividades diplomaticas se immobilisaram, deante da acção violenta da força armada, e os meios de entendimento, assim, se afastaram na razão directa dos interesses militares. Até agora, com pezar, os horizontes no Extremo-Oriente ainda não se desannuviaram. Tudo continua no terreno puramente militar, embora, á sombra, se sinta a pressão diplomatica dos grandes poderes.

2. Por seu lado, a Espanha segue o rythmo doloroso de toda guerra civil. O espirito da politica internacional não encontra egualmente o apoio decisivo. É que ambos os partidos, cheios de obcessão, se apegam, cada vez mais, á intransigencia. A actuação diplomatica manteve-se quasi inalteravel.

inalteravel.

3. O quadro politico internacional destes ultimos tempos tem mostrado aos observadores technicos o enorme declinio por que passa presentemente o direito das gentes. Todos, sem excepção, estudam, por isso, a situação do mundo com o travo amargo do pessimismo e, quiçá, da desillusão. Houve, até, um notavel internacionalista que deixou algures esta phrase: quando os futuros historiadores escreverem a historia destes dias sombrios, prevalecerá, sem duvida, nas suas observações mais ponderadas, a extraordinaria decadencia da moralidade internacional. Dessa decadencia, por exemplo, os acontecimentos da China formam a circumstancia mais flagrante. Raramente, no campo internacional, assignala-se um periodo, como o de agora, tão saturado de tratados e de accordos, que são, entretanto, summariamente, postos á margem, quando os interesses entram em jogo. Age-se como se nada houvesse existido. A propria formalidade da declaração de guerra - formalidade essa que, com os arautos gregos, é historicamente o embryão do direito das gentes - tem sido omittida. Os combates na China se assemelham a uma luta de hordas primitivas. Ao mesmo tempo, no Mediterraneo, os navios mercantes são atacados e bombardeados sem previo aviso.

4. Essas praticas grosseiras não constituem, porém, nenhuma originalidade. Si se negligenciou a aggressão - no inicio da guerra russo-japoneza - dos torpedeiros nipponicos ancorados em Tchemulpo, pode-se dizer que, em nossos dias, a primeira violação ruidosa do direito internacional partiu da Allemanha, em 1914. Os Alliados combateram para assegurar o respeito desse direito. Desde ahi, entretanto, o direito internacional parece viver em estado de permanente agonia. O desrespeito ostensivo aos Tratados de Versailles indicou o mao caminho, estimulando, desde logo, outras aventuras: a Mandchuria e a Abyssinia. Es-

Esses factos são prodigiosamente graves para o futuro de nossa civilização. Com o augmento progressivo dos meios de destruição, caminha parallelamente a morte da barreira moral. Conhece-se, sem duvida, na historia, outro periodo de declinio do direito das gentes. Assiste-se, desde a Renascença, a uma mutilação das regras elementares da vida internacional. Machiavel, no "Principe", doutrinou sobre essa perigosa mutilação. Mas, o Secretario da Republica Florentina é um caso excepcional, pois raros eram então os que ousavam enfeixar em principio o que se considerava crime. Dois seculos e meio após o "Principe", Frederico II negava a sua assignatura a certos accordos mas escreveu o "Anti-Machiavel". A hypocrisia era uma homenagem á virtude. Entretanto, até á epoca contemporanea, a vida internacional estava longe da amplitude dos dias de hoje. Assim, os povos de agora parecem regressar, systematicamente, ao estado barbaro de outróra. As causas são multiplas: declinio da influencia de technicos habituados a "jogar o jogo"; o advento das massas proletarias; o progresso de ideologias "totalitarias" e extremistas; exgottamento universal das regras da moral privada, fonte da moral publica.

5. Restam, de certo, o prestigio e a autoridade dos grandes poderes, que, livres de todo espirito subalterno, apenas desejam a ordem e a paz: a Gran-Bretanha, os Estados Unidos e a França. A alta missão desses paizes consiste justamente em collocar as suas forças materiaes e moraes fóra de toda suspeita de insufficiencia ou de fraqueza. Isso não significa, porém, que essas forças devam ser empregadas sem maior controle e harmonia. A acção diplomatica da Gran-Bretanha e dos Estados Unidos, no sentido de fazer sentir os tratados protectores de seus consideraveis interesses na China, prova evidentemente o habil emprego de forças expressivas.

6. Talvez os acontecimentos proximos possam permittir-

permittir-nos prognosticar melhores dias para a vida internacional.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 1º de Setembro de 1937.

NP

No. 400

Incidente anglo-nipponico.
Embaixador Sir Hughe Knatchbull-Hugessen ferido.

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
20 SET. 1937
Nº 11447

932.(52)(56) Nadeje

Senhor Ministro,

A imprensa desta capital noticiou detalhadamente, em 27 de Agosto proximo findo, a aggressão feita por dous aviões japonezes, com metralhadoras e bombas, contra dois automoveis, arvorando a bandeira britannica, nos quaes viajavam de Nanking para Shanghai, o Embaixador inglez, Sir Hughe Knatchbull-Hugessen, acompanhado do Addido Militar, Coronel W.A. Lovat-Fraser, o Conselheiro Commercial, Senhor E. Hall Patch e o Secretario do Embaixador, Senhor W.G.C. Graham. No curso desse ataque o Embaixador Sir Hughe Knatchbull-Hugessen foi gravemente ferido por um projectil de matralhadora.

2. As primeiras noticias publicadas davam o estado do Embaixador como muito grave e o primeiro communicado official do Governo britannico foi publicado, na tarde do dia 26, nos seguintes termos: "O Governo de Sua Majestade recebeu com o mais profundo pezar a noticia do ferimento do Embaixador de Sua

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão, Ministro de Estado interino das Relações Exteriores.

Sua Majestade Britannica na China. Segundo as informações recebidas, o automovel do Embaixador, que arvorava o pavilhão nacional, foi atacado por dois aviões japonezes com metralhadoras e bombas ás 2.30 horas da tarde approximadamente.

O Embaixador foi muito gravemente ferido e se encontra num hospital em Shanghai. O Addido Militar Britannico e o Conselheiro Commercial, que viajavam no mesmo carro, parece que nada soffreram.

O Governo de Sua Majestade está tratando de obter algumas informações supplementares de que necessitam. Logo que receba essas informações estará em posição para proceder ás medidas convenientes junto ao Governo japonez."

3. Em artigos de fundo no dia 27, os principaes jornaes de Londres "Daily Telegraph" (I), "Daily Mail" (II), "Daily Express" (III) e "Morning Post" (IV) reflectiram a indignação do povo inglez deante de tão insolita aggressão.

4. No Domingo, dia 29, o "Times"(V) e o "Observer" (VI), em artigos de fundo, estudaram o conflicto sino-japonez, com especial referencia ao accidente de Sir Hughe Knatchbull-Hugessen, concluindo que o Governo japonez deverá não só apresentar desculpas pelo occorrido, como tambem offerecer uma garantia contra a repetição de semelhantes incidentes.

5. No dia 30 do corrente, todos os jornaes desta capital publicaram a nota official do Governo britannico ao Japão, que termina pedindo: 1º um pedido formal de desculpas a ser feito pelo Governo japonez ao Governo de Sua Majestade; 2º punição adequada dos responsaveis pelo ataque; 3º uma garantia das autoridades japonezas de que serão tomadas as providencias necessarias para impedir a repetição de taes incidentes.

6. Em artigos de fundo, o "Times" (VIII), "Daily Telegraph", "Daily Mail" (X) e "Morning Post" (XI) tecem elogios aos

elogios aos termos moderados, porém energicos da alludida nota. O "Times" mostra que a attitude do Governo britannico nessa questão não se baseia nos privilegios inherentes á pessôa da victima e sim ao facto do Japão ter effectuado uma aggressão deliberada contra não combatentes. A reclamação britannica, portanto, não visa apenas defender a pessôa dos seus diplomatas de ataques dessa natureza, e sim manter o grande principio que veda ás forças militares de uma nação a aggressão deliberada contra não combatentes de outra.

7. Desde a publicação desses commentarios, a imprensa ingleza tem se mantida em attitude de expectativa, aguardando a resposta do Governo japonez.

8. Assim que a noticia aqui chegou apressei-me em levar ao Foreign Office os votos que fazia em nome do Governo Brasileiro e no meu proprio pelo prompto restabelecimento do Embaixador Knatchbull-Higessen.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rôjo de Loureiro

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 4 de Setembro de 1937.

RESERVADO

No. 405

Actividade nazista
no Brasil.

500.3(81)
ER3

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
29 SET. 1937
Nº 11902

Senhor Ministro,

Tenho a honra de remetter a Vossa Excellencia, no recorte annexo, um artigo do "Times", de 2 do corrente, sobre as actividades nazistas no Brasil, principalmente nos Estados de Santa Catharina e Rio Grande do Sul, o que motivou o meu telegramma reservado nº 71, de ante-hontem.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Régis de Oliveira

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

Emb.Londres/405/1937/Annexo.

TIMES
2 de Setembro de 1937.

Imperial and Foreign

NAZIS ABROAD

A PICTURE FROM BRAZIL

From a Correspondent lately in Brazil

The way in which German citizens abroad are shaped into Nazi communities by the Foreign Organization of the German Foreign Office, now holding a congress at Stuttgart, is well exemplified in Brazil. The two southernmost States of the Brazilian Republic, Santa Catharina and Rio Grande do Sul, contain large settlements of Germans and descendants of Germans. These "German colonies" since long before the Great War, much more since the Hitler régime began, have been carefully nursed from Germany, and in many districts in the south and in towns such as Blumenau and Joinville a majority of the population understands nothing but German.

Through subsidized schools administered by professors and teachers sent out from Germany and through subsidized patriotic societies German national feeling has been sedulously fostered. A vast majority of Brazilian-born descendants of German colonists have always been taught and have felt that it is to Germany and not to Brazil that they owe allegiance. These conditions existed before the War. Laws have been passed that instruction in schools must be in the vernacular and not in German, but such laws have been disregarded by many, largely because Brazilian education was not so good as German and in many districts did not exist at all. The German "colonists" were thrifty and hardworking, and never considered as anything but a small and desirable element in the large ethnological melting-pot of Brazil.

THOROUGH DRILLING

The Hitler régime intensified German propaganda in Brazil, and German thought in Brazil began to be drilled in a manner which had never been known under the Kaiser régime. It was natural that such intensive measures, which included spying and counter-espionage in the German communities themselves, should tend to split rather than unite Germans in Brazil. This internal dissension became more marked when relations between religious communities in Germany and the Hitler régime became strained, for in the "Germanization" of Brazilian-Germans German pastors and priests (Protestant and Roman Catholic) had always played a leading part.

venturing to criticize the religious persecutions in Germany, the Nazi agents in Brazil forbade Germans and German-Brazilians to read it or advertise in it, and its entry into Germany was prohibited.

The extremes of Nazi activity in Brazil are strongly resented there. So frequent were the allusions in the local Brazilian Press to the perfectly organized system of Nazi espionage existing in the south of Brazil that the Press of Rio de Janeiro referred to it. But it did not follow the matter up, for its columns had already begun to have space for little else but the forthcoming Brazilian presidential elections.

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

Catharina) and Porto Alegre (the capital of Rio Grande do Sul) may be cited. The greater part of Brazilian—not merely German—youth in Blumenau is obliged to belong to the Hitler Youth. Their oath of allegiance has to be renewed every two months. Periodical fêtes are organized with Teuton thoroughness. Every year obligatory Winter Relief collections are made. Half the amount thus collected goes to Germany: the other half remains in Brazil in the hands of the Nazi agents, who render to the contributors no account of its destination.

A representative of the Hitler régime was recently sent to Brazil with full powers. His mission is to control all the activities not only of Germans but also of Brazilians in the south, for Germans of the third and fourth generation born in Brazil are considered Germans by the German authorities. The Nazi emissary in Southern Brazil is Herr Friedrich Thiess. He is the direct agent of the Nazi Party. Three other "general agents" have also been recently appointed to Brazil by Berlin. Every year children are chosen to be sent to Germany to be "integrated in the Hitler spirit." The expenses of their return journey and of their stay in Germany are defrayed by the Reich. Young men and girls of from 16 to 18 are also sent to Germany, where they are trained as *Jugendführer* (Hitler Youth leaders) in Brazil. Copious propaganda matter is distributed by Herr Thiess and his subordinates from house to house. Almost all the schools in the south are subsidized by the German Government. Their programme is to keep silent on everything that is Brazilian and to ventilate all that is German.

BLACK LIST OF ANTI-NAZIS

Brazilians or Germans who are hostile to the Hitler régime or suspected of being out of sympathy with it are placed on a black list and are subject to all manner of persecution, not only socially but in their business dealings. A Brazilian bookseller of German origin, Carlos Wahle, who never concealed his loyalty to Brazil, was eventually boycotted on instructions of the Nazi agents in Blumenau. The *curé* of Blumenau, Meinrad, a Franciscan friar of German descent, was also included in the black list for not endorsing the Hitler movement and for preaching his sermons in the vernacular (Portuguese) instead of German.

It is openly declared in the south of Brazil that Germany's ambition is to have a population of 100,000,000, and Germans oversea are urged to aid the Fatherland in its effort to increase and multiply. Prizes are offered for large families. But as the children born in Brazil, even of the most ardent Nazi parents, are legally Brazilian, steps have been taken to see that Nazi babies "born into this world alive" shall start life with a legally German status. German ships calling at Brazilian ports have orders to embark prospective mothers, Germans or of German descent, in order that the child may be born under the German flag. Young men of German origin are exhorted to prefer blonde German maidens, and a provident régime undertakes to export for prospective bridegrooms the purest of Aryans, duly furnished with an official certificate to that effect. Everything entering Blumenau by land, sea, or even by post is subject to the control of the agents of the N.S.D.A.P., whose censorship is of the strictest.

While the Brazilian national Fascist movement, called Integralism, is banned by the State authorities of Santa Catharina, German Nazi activities go on unhindered. The Brazilian federal authorities at Rio, whose attention was called a short while ago to Nazi activities in the south, were unable to deny them. They merely deplored them, though it must be said that the authorities have recently shown themselves more alive to what is going on, and Germans have been arrested on suspicion in Santa Catharina. In Porto Alegre several German newspapers are published. The most important is the *Deutsches Volksblatt*. On its

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 6 de Setembro de 1937.

EC

No. 406

Propaganda argentina
no "Daily Telegraph".

691.7(41)(60)
Bb

M. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Comunicações
29 SET. 1937
Nº 11902

Senhor Ministro,

Tenho a honra de passar ás mãos de Vossa Excellencia, em annexo, recortes do "Daily Telegraph" desta capital, de 1(I), 3 (II) e 6 (III) do corrente, contendo uma serie de artigos de propaganda sobre a Republica Argentina.

2. Os artigos publicados a 1 do corrente mez, que occupam uma pagina inteira, incluem um da autoria do Senhor Alejandro E. Bunge, Professor de Economia da Universidade de Buenos Aires, sobre as opportunidades para o emprego de capital britannico; um artigo do Senhor Argentino Acerboni sobre a importancia da paz para o desenvolvimento da Republica Argentina; e dous artigos de correspondentes especiaes sobre o systema bancario da Argentina, o futuro risonho dos agricultores e o rapido desenvolvimento da sua producção desde a Grande Guerra.

3. Em 3 de Setembro o "Daily Telegraph" dedicou duas

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

duas paginas inteiras a artigos sobre a Argentina, incluindo um pelo Doutor Carlos Alberto Pueyrredon sobre a amizade tradicional com a Gran-Bretanha; um do Doutor Coriolano Alberini, da Universidade de Buenos Aires, sobre a influencia ingleza no pensamento e na cultura argentina e outros artigos, alguns por correspondentes especiaes, que commentam as necessidades financeiras do paiz, o desenvolvimento dos lacticinios, elementos de clima e solo que favorecem a agricultura, e, finalmente, um estudo sobre a literatura moderna argentina, reflectindo a vida de seu povo.

4. Os artigos publicados no "Daily Telegraph", em 6 do corrente mez, occupam uma pagina inteira e completam a serie. Os artigos escriptos por Julio E. Payro, E. Martinez Estrada, Arturo M. Mañe e por correspondentes especiaes abordam varios assumptos, inclusive a organização do credito, as perspectivas de maior intercambio commercial com a Gran-Bretanha e a arte moderna na Argentina.

5. Embora tratando-se, evidentemente, de materia paga, essa serie de artigos tornam conhecidos a um grande publico na Inglaterra diversos aspectos da terra e dos costumes da Republica Argentina, preenchendo assim o seu objectivo de propaganda.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Régis de Oliveira

THE DAILY TELEGRAPH.

6 de Setembro de 1937.

ARGENTINA'S SUCCESS IN PLANNING FOR

CREDIT ORGANISED ON SOUND LINES

National Bank's Help for All in Times of Stress

By A SPECIAL CORRESPONDENT

This is the third, and last, article describing the work of the National Bank of Argentina. The previous articles were published on Wednesday and Friday of last week.

SINCE 1911 the bank has continued incessantly its policy of organising and developing agricultural credit on sound lines. The establishment of such credits has been discussed for a quarter of a century until it was given concrete and organic form by law in 1933.

The unheard-of depression in the price of agricultural produce and live-stock, begun in 1930, had greatly discouraged rural activities, and it became necessary to take prompt and decided steps to provide credit. For this purpose the Government acted in concert with the bank.

A credit law was enacted which to a large extent departed from the classic standards of discount. Its object was to create two great constructive nuclei around which the whole economic system of agrarian credit was to be grouped; subdivision of the land into lots to make it accessible to the producer by means of mortgage loans, and, simultaneously, protection through agrarian credit in its diverse forms. No breach of work was left unassisted and all active forces were encouraged, for the rules contained all the necessary data to perfect and consolidate in concrete and specialised form the application of credit.

Dr. JOSE LUIS DE IRIGOYEN, Secretary-General of the National Bank of Argentina.

It became necessary to undertake educational work in the sense of establishing close and permanent relations between the bank and farmers to make them see in the institution the organisation from which they could obtain direct credit.

STUDYING THE NEEDS OF PRODUCERS

The application of this credit has been developed by stages, and its expansion will be continued as the requirements of the various producing sources are studied and analysed. Thus it is expected that in a short time it will be possible to apply rationally most of the provisions of the law and to arrive at the realisation of the objects for which it was promulgated.

All loans made by the bank for the encouragement of stockbreeding, agriculture and rural industries were centralised in the Agrarian Credit Department. The work carried out by this department has been extensive, as it had to create its own organisations, revise the regulations of the bank, draw up regulations for other new forms of credit established under this law, and take charge of the secured loans already allowed by the bank. Thus the co-operative movement has borne fruit throughout the country.

Movements of this nature have spread to Argentina from other countries, from Britain, Germany, France, Italy, Sweden, and the United States. The first co-operative societies began towards 1900, though at the time there were no laws in existence to regulate them. Gradually they began to grow throughout the Republic.

GROWTH OF CO-OPERATIVE MOVEMENT

By 1924 the authorities, considering that the Argentine co-operative movement was no longer a theory but had become a most promising factor in the country's life, decided to enact suitable legislation, in collaboration with outstanding economists and sociologists. As the result of careful study, on Dec. 10, 1926, the National Congress approved Law No. 11,388, which was promulgated by the Government on the 20th of the same month. At that time there were 206 co-operative societies in Argentina, with a total membership of 118,945, while at present there are 637, having no fewer than 320,000 members.

The Banco de la Nación did not remain indifferent to the new order in the national economy, and it welcomed the system, especially in connection with the rural population, by offering ample financial help. Subject to the provisions of Law 11,684, approved on May 15, 1933, it created, in October, 1934, within the Agrarian Credit Department, a General Supervision of Co-operative Societies, for the main purpose of regulating their finances, carrying out fiscal duties and giving practical advice in co-operation.

AIDS TO MARKETING
Systematic Encouragement of Cultivation

With these objects in view the bank regulated and arranged the application of co-operative credit for the cultivation, harvesting and marketing of cereals and oil products, cotton, maté, tea and tobacco. It also gave help to co-operative societies of wine growers, dairies, stock breeders, farmers, light and power suppliers, &c., and finally it provided them with the necessary credit, at generous terms of interest, for the construction of sheds, purchase of rural properties (by means of mortgage credits), and the rearing of cattle, sheep and pigs.

This review has clearly shown that since its foundation the Banco de la Nación Argentina has been a bulwark of the national economy.

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A gaucho and his transport. He is described on this page as a rustic with the soul of Don Quixote.

(Continued from next column)

basins brought with them the rhythm of their native airs. The irresistible spirit of the land put its patina on the character which created the association of those forces; and from Indian tendernes and Andalusian rhythm arose the gaucho.

Midway has led to the gaucho in Europe, a kind of psychological counterpart to the gaucho, and it is interesting to retain some of the traditions of the Greeks from the Asiatic extraction of their songs and dances and their historic roots.

"SQUIRES" OF THE PAMPAS

English Influence on Rural Life

GAUCHO AS POET AND PHILOSOPHER

By ARTURO M. MANE

IN 1829 John Miller published in London the "Memoirs of General Miller, in the service of the Republic of Peru." In the first volume the writer drew a silhouette of the "estanciero" of the Argentine plains, with the same objectiveness with which, many years later, he was seen by that friend of the Argentine, Don Roberto Cunninghame Graham.

The authentic estanciero is a ruler in his own domain. The wires mark the boundary of his field. Within their circuit the estanciero is a squire with a certain mediæval air. He is somewhat of a political authority, Justice of the Peace, and benefactor of the poor.

Whoever may be lost on the pampa and approaches an estancia, afraid of spending the night in the open air, or fearing the storm, will find unfailing hospitality. In the formation of the estanciero English culture has had a large share. It undoubtedly spread from the borders of Entre Ríos after the settlement there of the British colonists, who founded a rural society in April, 1825, immediately after our first treaty of commerce and friendship with Great Britain was signed.

NATIVE HORSEMANSHIP DISPLAYS

The estanciero is a gentleman. Even those who, on account of their origin, are not socially at the top of the ladder, endeavour to improve on the methods and manners of the others, and guests from the city are welcomed in his home with undisguised pleasure.

He offers them characteristic entertainments: the breaking-in of horses, a feat of exceptional skill, and an instinctive art among the natives; and the creole roast, a lamb roasted slowly to a golden brown.

Sometimes the labourers on the estancia, who in their huts also take part, in their own way, in these feasts, end by playing tabs or buckle bone. Interesting in itself, this game is ennobled by its origin; it must have come from that played at the palaestra by the Greeks.

The estanciero, shepherd here in his own land-holding, has, however, little of the practical. He manages the business as a banker or economist, but knows that his livestock and the wheat from his lands are marketed in the countries from which he buys the machines for his farms.

GAUCHO IN LEGEND AND FACT

Another fascinating figure in the Argentine is the gaucho, who in time is the gaucho idealised by the romantic public of Paris music halls and songs and dances which, of the gaucho, a figure with Mexican hat and fringe or lace trousers with fringe or lace trousers woven by creole hands, figures of the actors [illegible]

"Boy of Bethlehem," by Jorge Bernades, an artist trained in Spain who attempted to portray the national spirit and character of Argentina.

ART NO LONGER A LUXURY

Increasing Public Interest

AN AGE OF EAGER EXPERIMENT

By JULIO E. PAYRO

THE task of giving a resumé of the artistic movement in Argentina in a short article is difficult. During the past few years many new ideas have gained prominence and numerous exponents have arisen.

Argentina is a young nation and during the last three-quarters of last century art in the Republic, with a few notable exceptions, was the product of foreign importation. Painting was cultivated only by foreigners and the political circumstances were not propitious for the development of a national art nor for the subsistence of creators.

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like Pellegrini, Pellieri, Rugendas, or Monvoisin, the brilliant fellow-student of Delacroix.

Artists could not count on official protection and their works were considered as a luxury by the vast majority of the population, who were interested only in material success. This atmosphere of indifference began to disappear, however, after the dictatorship of Rosas, when the country entered into real economic and cultural progress.

Now the country possesses excellent schools of fine arts, liberating ones, beautiful private and public museums, and collections and foreign productions are shown. Monumental works of Argentine Bourdelle, among which one of the most important and buildings in modern style reveal the interest in urban aesthetics and the public is showing increasing interest in all forms of art.

CENTURY OF PAINTING
Some Masters of the Younger Generation

The school of Argentine painting was born in the last third of last century, it came more from an elevated intellectual desire than from real necessity, for the urge for having artists was felt more than the urge for art. But local production began to be enriched by the contributions of men evidently destined to express themselves with the brush or sculptor's chisel.

The exhibition of "A Century of Art in Argentina," held recently, gave proof of this. In it 100 Argentine painters, 46 of them Argentine by birth, were represented, including Puyrredón, Sívori, Mendilharzu, Malharro, de la Cárcova, Fader, Thiele de Lozza, and Guteva.

There were also represented the stewards of the first Argentine sculptors who prepared the way for the arrival of the great Rogelio Yurlo and the galaxy of his contemporaries, masters of the present generation, among whom are notable Augusto Rigaudo for his bronzes and Cárcova for his [illegible] Fioroni and Bigatti for their monumental [illegible] Troiani for his [illegible] Pío Collivadino for his [illegible]

LAND BLESSED BY NATURE

Effect of Riches on Character

PEOPLE'S CONQUERING FAITH

By E. MARTINEZ ESTRADA

A YOUNG country is easy to study and yet amazingly difficult to comprehend. One can grasp the spirit of a nation with a mature historical background, even though unaware of how it came into existence. A new country is more interesting in its actions and ambitions than in its being. This is the case with us.

But are there any new countries? We spring from an ancient stock, whose vigorous characteristics have proved unyielding to the slow but inevitable infusions of fresh blood, and the Indian, which has been gradually eliminated by the effects of immigration. On the whole, we are of European origin, with South American habits and inclinations.

Moreover, we have a port closely linked with Europe, a city merged with the port, and a vast hinterland that [illegible] means of reaching the city. On account of these facts it is as difficult for the foreigner, as it is for ourselves, to understand our nature. Demographic statistics and ethnology yield only equivocal facts; our characteristics are elusive and intangible.

SOLUTION OF INDIAN PROBLEM

A different situation is produced in other nations of identical formation, but where the native still lives, and is not a [illegible] there chaotic. We have no Indian problem as we solved it years ago by eliminating the Indians.

We lead a European life without the disturbing presence of the Indian from the pampas." Nevertheless, this state of apparent well-being has a serious drawback in that the dead Indians have left their heirs and alien trustees. The same law was followed in our cultural and economic problems; we solved them by cutting the Gordian Knot.

Politically young, though ethnologically ancient, we have few problems other than those created by ourselves. Were we destined for a better life? What is the exact calendar year of our beginning; the figures that define our position on the tablets of time? Today no one can answer these questions even approximately. To put it more clearly, no one now asks these unanswerable questions.

We are living in the appendix of the history of the Conquest, and our hands are bound by the conquerors who disappeared several centuries ago. Are we then a posthumous nation? In certain respects I believe that this is the shortest and clearest definition.

CONTRAST OF COUNTRY AND TOWN

Having cut the knot of national problems, our skein has become diabolically tangled. For example: we have created a perfect legislative system, which any nation could adopt with pride; and yet we have no regulations of conduct. The law functions and we live. We have a capital of 2,500,000 inhabitants, with skyscrapers 24 storeys high, and yet nearly 1,500,000 square miles of our country are uninhabited. We constructed a great city because we could not make a great nation; and as we could not respect the simple rules of good citizenship we originated a perfect system of laws.

It is disconcerting: many magnificent defects arise from a super-abundance of strength. We, too, in the European manner, are undergoing a crisis caused by an excess of riches. The harm comes from the fact that these riches are culled from nature, and are not the fruit of human endeavour. The remarkable fertility of our soil has not only made us rely on our Lucky Star, but has weakened our capacity to organise the cultivation of our natural resources on as industrial basis.

BELIEF IN CONTINUED FORTUNE

This apparent good fortune is our old, our very ancient, enemy. It rests on the fact that we have cut the knot, rather than unravelled the skein of our problems, and that we place our faith, on a transitory state of things, trusting in the rainfall, our statesmen, and the good will of God.

Ante (Chance)—this word symbolises our destiny. One of the first disinterested explorers, Azara, at the beginning of the last century, declared that we were a country of accidents.

The [illegible]

1933.

The unheard-of depression in the price of agricultural produce and live-stock, begun in 1930, had greatly discouraged rural activities, and it became necessary to take prompt and decided steps to provide credit. For this purpose the Government acted in concert with the bank.

A credit law was enacted which to a large extent departed from the classic standards of discount. Its object was to create two great constructive nuclei around which the whole economic system of agrarian credit was to be grouped; subdivision of the land into lots to make it accessible to the pro-

Dr. JOSE LUIS DE IRIGOYEN, Secretary-General of the National Bank of Argentina.

ducer by means of mortgage loans, and, simultaneously, protection through agrarian credit in its diverse forms. No branch of work was left unassisted and all active forces were encouraged, for the rules contained all the necessary data to perfect and consolidate in concrete and specialised form the application of credit.

It became necessary to undertake educational work in the sense of establishing close and permanent relations between the bank and farmers to make them see in the institution the organisation from which they could obtain direct credit.

STUDYING THE NEEDS OF PRODUCERS

The application of this credit has been developed by stages, and its expansion will be continued as the requirements of the various producing sources are studied and analysed. Thus it is expected that in a short time it will be possible to apply rationally most of the provisions of the law and to arrive at the realisation of the objects for which it was promulgated.

All loans made by the bank for the encouragement of stockbreeding, agriculture and rural industries were centralised in the Agrarian Credit Department. The work carried out by this department has been extensive, as it had to create its own organisations, revise the regulations of various rural loans already allowed by the bank, draw up regulations for other new forms of credit established under this law and take charge of the secured loans made to those selling goods to the Grain Regulating Board.

During the financial year 1935 the bank granted loans to an amount of 1,867,713,000 pesos, as follows: 561,828,000 against documents; 428,331,000 advances on current account; and 877,554,000 rediscounts to banks; making a total of 1,867,713,000.

Excluding loans to the Government and rediscounts to banks, the direct loans to clients amounted to 892,908,000 pesos, as follows: Agriculture, 50,531,000; industry, 169,340,000; stock breeding, 151,407,000; commerce, 261,671,000; and sundries, 259,959,000.

WIDE RANGE OF LOANS
Sums for Purchase of Seeds and Equipment

Loans granted to co-operative societies amounted to 5,535,000 pesos. The number of co-operative societies whose partners were registered at the bank at the end of 1935 was 165.

Sums discounted by the branches were as follows:

Cereals.—Purchase of seed, sowing, cultivation, harvesting and on the value of the product (5,267 documents), 11,037,800 pesos;

Agricultural equipment.—Purchase of agricultural implements (155 documents), 268,500;

Cotton.—Purchase of seed, sowing, cultivation, harvesting and against the value of the product (4,518 documents), 1,662,300;

Fruit.—Purchase of fruit trees, plantations, cultivation, harvesting and against the value of the product (900 documents), 1,280,900; and

Tobacco.—Sowing, cultivation, harvesting and on the value of the product (74 documents), 229,800.

Being a new country, and possessing the spirit of assimilation which is characteristic of Argentina, the Republic has shown readiness to undertake all kinds of work for the benefit of the community.

GROWTH OF CO-OPERATIVE MOVEMENT

By 1924 the authorities, considering that the Argentine co-operative movement was no longer a theory but had become a most promising factor in the country's life, decided to enact suitable legislation, in collaboration with outstanding economists and sociologists. As the result of careful study, on Dec. 10, 1926, the National Congress approved Law No. 11,388, which was promulgated by the Government on the 28th of the same month. At that time there were 206 co-operative societies in Argentina, with a total membership of 118,945, while at present there are 637, having no fewer than 320,000 members.

The Banco de la Nación did not remain indifferent to the new order in the national economy, and it welcomed the system, especially in connection with the rural population, by offering ample financial help. Subject to the provisions of Law 11,684, approved on May 15, 1933, it created, in October, 1934, within the Agrarian Credit Department, a General Supervision of Co-operative Societies, for the main purpose of regulating their finances, carrying out fiscal duties and giving practical advice in co-operation.

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A gaucho and his transport. He is described on this page as a philosopher-poet, a rustic with the soul of Don Quixote.

(Continued from next column)

lusians brought with them the rhythm of their native airs. The irresistible spirit of the land put its patina on the character which created the association of those forces; and from Indian tenderness and Andalusian rhythm arose the song of the gaucho.

Just as the inspiration of the Greeks sprang from the exhilarating attraction of a deep blue sky, and the Phœnicians became navigators through watching on their pathless coasts the coquetry of the waves lapping the sands on the beaches, the gaucho became poet and philosopher. He was a poet under the immensity of the moon and the starlit night, its mantle spread over the endless pampa; and a philosopher before the authority who came from the city to rule. He had his own way of administering justice and settling quarrels.

He was not subservient to any code of justice and administered it in his own way. The remoteness of the pampas made it difficult to look for the protection of official justice. Thus the gaucho was judge and party of his disputes, avenged injury and defended women and the helpless; a rustic with the soul of Don Quixote.

PORTEÑO'S PRIDE IN HIS CITY

Next comes the "porteño." The name porteño means "from the port." The natives of Buenos Aires are porteños because they were born on the Plata estuary.

Observer and thinker, the porteño is ironical and critical. His heart is sound and socially he knows how to welcome visitors to his town. What he cannot tolerate are the extravagant systems opposed to his historical institutions. The German audience which beats the floor after a theatrical performance is no more than a discontented public. The porteños who do not applaud and smile are the collective homicides of an author. Buenos Aires has learned to control applause. The smile of the porteño represents his philosophical attitude.

In the psychology of the porteño the spirit of the city has become the flesh. The porteño is proud of his town.

their songs and dances correspond to the historic truth.

Mistrust has led to representing the gaucho, in Europe, as a typical example of our nation. Neither mentally nor psychologically can the Argentines be compared to the gauchos. Perhaps we retain some of his romantic spirit. A mild and harmonious nostalgia springing from the vastness of the pampas formed the basis of gaucho literature.

The gaucho is the result of the association of two social forces: the Indian, lord and master of the primitive land; the conquistador, vehicle of political authority and of a new culture. From this comes the gaucho, the mother, Indian; the father, conquistador.

SONGS OF THE ENDLESS PLAINS

The Indians expressed their amatory tenderness and their sorrow with the harmonies of the pre-Columbian scale; the conquistadores, Basques and Anda-

Continued on preceding column)

NATIVE HORSEMANSHIP DISPLAYS

The estanciero is a gentleman. Even those who, on account of their origin, are not socially at the top of the ladder, endeavour to improve on the methods and manners of the others, and guests from the city are welcomed in his home with undisguised pleasure.

He offers them two characteristic entertainments: the breaking-in of horses, a feat of exceptional skill, and an instinctive art among the natives; and the creole roast, a lamb roasted slowly to a golden brown.

Sometimes the labourers on the estancia, who in their huts also take part, in their own way, in these feasts, end by playing taba or muckle bone. Interesting in itself, this game is ennobled by its origin; it must have come from that played at the palæstra by the Greeks.

The estanciero, sketched here in his feasts and horse-breaking, has, however, an inimitable sense of the practical. He manages his business as a banker or economist, and knows that his livestock and the wheat from his lands are marketed in the countries from which he buys the machines for his farm.

GAUCHO IN LEGEND AND FACT

Another fascinating type in the Argentine is the gaucho. Foreigners have a somewhat curious idea of the legendary gaucho of our pampas. The public of the Paris music halls has often applauded songs and dances which are a travesty of the gaucho, a figure wearing tasseled Mexican hat and leaf trousers with fringe or lace trimming as never were woven by creole hands. Neither the figures of the actors nor the rhythm of

Continued on Column Six)

ART NO LONGER A LUXURY

Increasing Public Interest

AN AGE OF EAGER EXPERIMENT

By Julio E. Payro

THE task of giving a resumé of the artistic movement in Argentina in the past few years would, in itself, be a short article in different terms. During those years many new ideas have arisen, many new schools and tendencies have appeared, and exponents have arisen.

Argentina is a young nation and during the last three-quarters of last century art in the Republic, with a few notable exceptions, was the product of foreign importation. Painting was cultivated only by foreigners and the political circumstances were not propitious for the development of a national art nor for the subsistence of creators

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Artists could not count on official protection and their works were considered as a luxury by the vast majority of the population, who were interested only in material success. This atmosphere of indifference began to disappear, however, after the dictatorship of Rosas, when the country entered into real economic and cultural progress.

Now the country possesses excellent schools of fine arts, interesting and even notable museums, art associations, beautiful private collections and galleries where the best national and foreign productions are shown. Monuments, among which one of the most important works of Antoine Bourdelle is notable, and buildings in modern style reveal the interest in urban æsthetics, and the public is showing increasing interest in all forms of art.

CENTURY OF PAINTING
Some Masters of the Younger Generation

The school of Argentine painting was born in the last third of last century. It arose more from an elevated intellectual desire than from real necessity, for the urge for having artists was felt more than the urge for art. But local production began to be enriched by the contributions of men evidently destined to express themselves with the brush or sculptor's chisel.

The exhibition of "A Century of Art in Argentina," held recently, gave proof of this. In it 100 Argentine painters, 46 of them Argentine by birth, were represented, including Pueyrredon, Sivori, Mendilharzu, Maíbarre, de la Cárcova, Fader, Thion de Libian, and Gutero.

There were also represented the attempts of the first Argentine sculptors who prepared the way for the arrival of the great Rogelio Yurtia and the galaxy of his contemporaries, masters of the younger generation, among whom are notable Agustin Riganelli for his fine sensitiveness, Carlos de la Carrova for his expression, Jose Fiovanti and Alfredo Bigatti for their monumental conceptions and Curatella Manes for his acute modernism.

DEBT TO FRENCH AND ITALIANS

Argentine art owes more to the French and Italian schools than to the Spanish. In spite of what might be expected, Monet was the great revelation; his novelty aroused curiosity, a growing notion diverged from the sane.

For the artists of a cosmopolitan people who lacked the tradition of collective beauty, impressionism was the bomb which overthrew the traditions of all the schools in which Argentina had not been able to participate because of her youth. Thanks to this revolution, which has put the entire world on an equal footing, the Argentines are able to enter the race unhandicapped.

As the years passed impressionism and its derivatives began paradoxically

SOLUTION OF INDIAN PROBLEM

A different situation is produced, as regards the question of ethnical homogeneity, when the native stock is strong, as in Peru, Mexico, and, to a lesser degree, Chile. There phantom. We have no Indian problem as we solved it years ago by eliminating the Indians.

We lead a European life without the disturbing presence of the "men from the pampas." Nevertheless, this state of apparent well-being has a serious drawback in that the dead Indians have left no line while beirs and alien trustees. The same line was followed in our cultural and economic problems; we solved them by cutting the Gordian Knot.

Politically young, though ethnologically ancient, we have few problems other than those created by ourselves. Were we destined for a better life? What is the exact calendar year of our beginning; the figures that define our position on the tablets of time? To-day, no one can answer these questions even approximately. To put it more clearly, no one now asks these unanswerable questions.

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CONTRAST OF COUNTRY AND TOWN

Having cut the knot of national problems, our skein has become diabolically tangled. For example: we have created a perfect legislative system, which any nation could adopt with pride; and yet we have no regulations of conduct. The law functions and we live. We have a capital of 2,300,000 inhabitants, with skyscrapers 24 storeys high, and yet nearly 1,500,000 square miles of our country are uninhabited. We constructed a great city because we could not make a great nation; and as we could not respect the simple rules of good citizenship we originated a perfect system of laws.

It is disconcerting: many magnificent defects arise from a super-abundance of strength. We, too, in the European manner, are undergoing a crisis caused by an excess of riches. The harm comes from the fact that these riches are culled from nature, and are not the fruit of human endeavour. The remarkable fertility of our soil has not only made us rely on our Lucky Star, but has weakened our capacity to organise the cultivation of our natural resources on an industrial basis.

BELIEF IN CONTINUED FORTUNE

This apparent good fortune is our old, our very ancient, enemy. It rests on the fact that we have cut the knot rather than unravelled the skein of our problems, and that we place our faith on a transitory state of things, trusting in the rainfall, our statesmen, and the good will of God.

"Azar" (Chance)—this word symbolises our destiny. One of the first disinterested explorers, Azara, at the beginning of the last century, said that we were a country of gamblers. He should have added—of soldiers who are accustomed always to win.

We work a little, and the rest comes by accretion. This is our history and our destiny. We are a people whose faith in the future is that of one who always wins, and who therefore never casts a backward or inward glance like those travellers who cross the plains, looking towards the elusive horizon, of which they are the centre and the limit.

The past is not a force that impels us to the future, it is something that we try to evade—as though the future were an event to be improvised on our way.

Most of our economic problems are solved by London or New York; neither the statesman nor labourer need worry much about the future. To-morrow is usually satisfactory, if we leave it alone. We have inherited from the conquerors their catholic faith that the sun will always shine on us.

This might be called a virtue, but it may become an irreparable misfortune.

Polo, introduced into Argentina more than 60 years ago by British settlers, is very popular. The country is fortunately placed for the selection, breeding and training of ponies.

SUCCESS IN PLANNING FOR PROSPERITY

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A gaucho and his transport. He is described on this page as a "centaur with the soul of Don Quixote."

(Continued from next column)

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"SQUIRES" OF THE PAMPAS

English Influence on Rural Life

GAUCHO AS POET AND PHILOSOPHER

By ARTURO M. MANE

IN 1829 John Miller published in London the "Memoirs of General Miller, in the service of the Republic of Peru." In the first volume the writer drew a silhouette of the "estanciero" of the Argentine plains, with the same objectiveness with which, many years later, he was seen by that friend of the Argentine, Don Roberto Cunningham Graham.

The authentic estanciero is a ruler in his own domain. The wires mark the boundary of his field. Within their circuit the estanciero is a squire with a certain mediæval air. He is somewhat of a political authority, Justice of the Peace, and benefactor of the poor.

Whoever may be lost on the pampa and approaches an estancia, afraid of spending the night in the open air, or fearing the storm, will find unfailing hospitality. In the formation of the estanciero English culture has had a large share. It undoubtedly spread from the borders of Entre Rios after the settlement there of the British colonists, who founded a rural society in April, 1825, immediately after our first treaty of commerce and friendship with Great Britain was signed.

NATIVE HORSEMANSHIP DISPLAYS

The estanciero is a gentleman. Even those who, on account of their origin, are not socially at the top of the ladder, endeavour to improve on the methods and manners of the others, and guests from the city are welcomed in his home with undisguised pleasure.

He offers them the new characteristic entertainments: the breaking-in of horses, a feat of exceptional skill, and an instinctive art among the natives; and the creole roast, a lamb roasted slowly to a golden brown.

Sometimes the labourers on the estancia, who in their huts also take part in their own ways in these feasts, end by playing tabo with a knuckle bone. Interesting in itself, this game is ennobled by its origin; it must have come from that played at the palestra by the Greeks.

The estanciero, skeptical here in his breaking-in of horses, has, however, an immutable faith in the practical. He unmanages his business as a banker or economist, and leaves that his livestock and the wheat from his lands are marketed in the best manner, which he buys the implements for his farm.

GAUCHO IN LEGEND AND FACT

Another fascinating ... is the gaucho, ... somewhat curious ... gaucho of our compat... Payró music books ... songs and dances ... of the gaucho, a figure ... Mexican but ... brought ... and long ... woven by creole ... figures of the actors ...

"Boy of Bethlehem," by Jorge Bermudez, an artist trained in Spain who attempted to portray the national spirit and character of Argentina.

ART NO LONGER A LUXURY

Increasing Public Interest

AN AGE OF EAGER EXPERIMENT

By JULIO E. PAYRO

THE task of giving a resumé of the artistic movement in Argentina in a short article is difficult. During the past few years many new ideas have gained prominence and numerous exponents have arisen.

Argentina is a young nation and during the last three-quarters of last century art in the Republic, with a few notable exceptions, was the product of foreign importation. Painting was cultivated only by foreigners and the political circumstances were not propitious for the development of a national art nor for the subsistence of creators

This is the eighth and last section of a comprehensive review of economic, political and social conditions in the Argentine to be published by the Telegraph. The previous articles in the series appeared on Dec. 28, Jan. 28, Feb. 1 and 15, March 12, and Sept. 1 and 3.

like Pellegrini, Pellieri, Rogendas, or Monvoisin, the brilliant fellow-student of Delacriox.

Artists could not count on official protection and their works were considered as a luxury by the vast majority of the population, who were interested only in material success. This atmosphere of indifference began to disappear, however, after the dictatorship of Rosas, when the country entered into new economic and cultural progress.

Now the country possesses excellent schools of fine arts, interesting and even notable museums, art associations, beautiful private collections and galleries where the best national and foreign productions are shown. Monuments, among which one of Mendilharzu is notable, and buildings in diverse style reveal the public in matters of aesthetics, and the interest is showing increasing interest in all forms of art.

CENTURY OF PAINTING
Some Masters of the Younger Generation

The school of Argentine painting was born in the last third of last century. Its severe inner from real necessity, for the urge for having artists was felt more than the urge for art. But local production began to be enriched by the contributions of men evidently destined by their temperaments with the brush or sculptor's chisel.

The exhibition of "A Century of Art in Argentina," held recently, gave proof of this. In it 109 Argentine painters, 46 of them Argentine by birth, were represented, including Puyrredón, Sivori, Mendilharzu, Malharro, de la Cárcova, Fader, Thion de Libian, and Goñero.

There were also represented the attempts of the first Argentine sculptors who prepared the way for the arrival of the great Rogelio Yurtia and the galaxy of the contemporaries, masters of the younger generation, among whom are Augustin Riganelli for his fine

LAND BLESSED BY NATURE

Effect of Riches on Character

PEOPLE'S CONQUERING FAITH

By E. MARTINEZ ESTRADA

A YOUNG country is easy to study and yet amazingly difficult to comprehend. One can grasp the spirit of a nation with a mature historical background, even though unaware of how it came into existence. A new country is more interesting in its actions and ambitions than in its being. This is the case with us.

But are there any new countries? We spring from an ancient stock, whose vigorous characteristics have proved unyielding to the slow but inevitable infusions of fresh blood, and the Indian, which has been gradually eliminated by the effects of immigration. On the whole, we are of European origin, with South American habits and inclinations.

Moreover, we have a port closely linked with Europe, a city merged with the port, and a vast hinterland that dreams of reaching the city. On account of these facts it is as difficult for the foreigner, as it is for ourselves, to understand our nature. Demographic statistics and ethnology yield only equivocal facts; our characteristics are elusive and intangible.

SOLUTION OF INDIAN PROBLEM

A different situation is produced in other nations of identical formation, but where the native still lives, and is not a mere phantom. We have no Indian problem as we solved it years ago by eliminating the Indians.

We lead a European life without the disturbing presence of the "men from the pampas." Nevertheless, this state of apparent well-being has a serious drawback in that the dead Indians have left white heirs and alien trustees. The same line was followed in our cultural and economic problems; we solved them by cutting the Gordian Knot.

Politically young, though ethnologically ancient, we have few problems other than those created by ourselves. Were we destined for a better life? What is the exact calendar year of our beginning; the figures that define our position on the tablets of time? To-day, no one can answer these questions even approximately. To put it more clearly, no one now asks these unanswerable questions.

We are living in the appendix of the history of the Conquest, and our hands are bound by the conquerors who disappeared several centuries ago. Are we then a posthumous nation? In certain respects I believe that this is the shortest and clearest definition.

CONTRAST OF COUNTRY AND TOWN

Having cut the knot of national problems, our skein has become diabolically tangled. For example: we have created a perfect legislative system, which and yet we have no regulations of conduct. The law functions and we live. We have a territory of 2,300,000 square kilometres, with an average density of one inhabitant per square kilometre, and yet nearly all the population is crowded in a few cities. We are constructing a great city because we could not respect the simple rules of good citizenship we originated a perfect system of laws.

It is disconcerting: many magnificent defects arise from a super-abundance of strength. We, too, in the European manner, are undergoing a crisis caused by an excess of riches. The harm comes from the fact that these riches are culled from nature, and are not the fruit of human endeavour. The remarkable fertility of our soil has not only made us rely on our Lucky Star, but has weakened our capacity to organize the cultivation of our natural resources on an industrial basis.

BELIEF IN CONTINUED FORTUNE

This apparent good fortune is our old, our very ancient, enemy. It rests on the fact that we have cut the knot rather than unravelled the skein of our problems, and that we place our faith, on a transitory state of things, trusting in the rainfall, our statesmen, and the good will of God.

"Azar" (Chance)—this word symbolises our destiny. One of the first

HOPES OF MORE TRADE WITH BRITAIN

Modern Dairy Industry Ready to Make A Bargain

By A CORRESPONDENT

FOR more than a century Argentina has enjoyed a tradition of friendship with Great Britain. This friendship has not only been of value to the Republic in the cultural and social spheres, but in the economic field it has been an important factor in encouraging the progress of this young nation and in maintaining a continuous flow of trade between the two countries.

Aided by the facilities offered by the British market and by the investments of British capital, Argentina's rural industries have been rapidly developed, and, in certain cases, such as that of the dairy industry, have been organised almost exclusively to supply the demands of the London market.

EFFECT OF IMPERIAL PREFERENCE

The dairy industry began during the world war. It made great progress, until in 1920 the exports of Argentine cheese amounted to over 22,000,000lb. butter exports to the United Kingdom amounted to nearly 60,000,000 lb. Later, as a result of the preference given by Britain to butter from her Colonies and of the methods adopted by other countries to increase the export of their own products, the quantity of Argentine butter exported decreased to about a quarter of this figure.

This big reduction of exports to the British market and the low prices obtained for dairy produce were a severe blow to the industry. It became necessary to create a special organisation, known as the Dairy Industry Control Board, to deal with the situation.

The Board's efforts obtained better prices for the producer and confidence returned. Exports, which in 1935 had fallen to 14,743,920lb., rose last year to 22,127,968lb., and in the first quarter of this year there was a further improvement.

KINDRED INTERESTS
British Capital Involved In Country's Progress

At the same time it was with the British market in view that Argentina developed her butter trade, and the events of the last few years have placed the country in a difficult position. Moreover, dairy industry in relation to the London market it would be suicide to confine ourselves to the export figures. It would be indifferent to the dairy industry, linked as it is with British investments.

Some of the most important butter factories are owned by British firms. Many of the areas devoted to the raising of dairy cows are the property of British companies or undertakings, and the railways engaged in

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A gaucho and his transport. He is described on this page as a philosopher-poet, a rustic with the soul of Don Quixote.

(Continued from next column)

sians brought with them the rhythm of their native airs. The irresistible spirit of the land put its genius on the character which created the association of those forces; and from Indian tenderness and Andalusian rhythm arose the song of the gaucho.

Just as the inspiration of the Greeks sprang from the exhilarating atmosphere of a deep blue sky, and the Phœnicians became navigators through watching on their pathless coasts, the coquetry of the waves lapping the sands on the beaches, the gaucho became poet and philosopher. He was a poet under the immensity of the moon and the starlit night, its mantle spread over the endless pampa; and a philosopher before the authority who symbolizer from the social order. He was a poet of love and quarrelsome. He understood it in his own way. The remoteness of the pampas made it difficult to look for the protection of official justice. Thus the gaucho was judge and party of his disputes, avenged injury and defended women and the helpless: a rustic with the soul of Don Quixote.

PORTEÑO'S PRIDE IN HIS CITY

Next comes the "porteño." The name porteño means "from the port." The natives of Buenos Aires are porteños because they were born on the Plata estuary.

Observer and thinker, the porteño is ironical and critical. His heart is sound and socially he knows how to welcome visitors to his town. What he cannot tolerate are the extravagant systems opposed to his historical institutions. The German audience which beats the floor after a theatrical performance is no more than a discontented public. The porteños who do not applaud and smile are the collective homicides of an author. Buenos Aires has learned to control applause. The smile of the porteño represents his philosophical attitude.

In the psychology of the porteño the spirit of the city has become the flesh. The porteño is proud of his town.

NATIVE HORSEMANSHIP DISPLAYS

The estanciero is a gentleman. Even those who, on account of their origin are not socially at the top of the ladder, endeavour to improve on the methods and manners of the others, and guests from the city are welcomed in his home with undisguised pleasure.

He offers them two characteristic entertainments: the breaking-in of horses, a feat of exceptional skill, and an instinctive art among the natives; and the creole roast, a lamb roasted slowly to a golden brown.

Sometimes the labourers on the estancia, who in their huts also take part, in their own way, in these feasts, end by playing tabs of muckle bone. Interesting in itself, this game is ennobled by its origin; it must have come from that played at the palæstra by the Greeks.

The estanciero, sketched here in his feasts and horse-breaking, has, however, an inimitable sense of the practical. He manages his business as a banker or economist, and knows that his livestock and the wheat from his lands are marketed in the countries from which he buys the machines for his farm.

GAUCHO IN LEGEND AND FACT

Another fascinating type in the Argentine is the gaucho. Foreigners have a somewhat curious idea of the legendary gaucho of our pampas. The public of the Paris music halls has often applauded songs and dances which are a travesty of the gaucho, a figure wearing tasseled Mexican hat and long trousers with fringe or lace trimming as never were woven by creole hands. Neither the figures of the actors nor the rhythm of their songs and dances correspond to the historic truth.

Mistrust has led to misrepresenting the gaucho, in Europe, as a typical example of our nation. Neither mentality nor psychologically can the Argentines be compared to the gaucho. Perhaps we retain some of his nonconformist spirit. A mild and harmonious mixture springing from the vastness of the pampas formed the basis of gaucho literature.

The gaucho is the result of the association of the world forces: the Indian, lord and master of the primitive land; the conquistador, vehicle of political authority and of a new culture. From this comes the gaucho; the mother, Indian; the father, conquistador.

SONGS OF THE ENDLESS PLAINS

The Indians expressed their mastery tenderness and their sorrow with harmonies of the pre-Christian scale; the conquistadores, Basques and Andalusians, their songs and dances with the like Pellegrini, Palliers, Rugendas, or Monvoisin, the brilliant fellow-student of Delacriox.

Artists could not count on official protection and their works were considered as a luxury by the vast majority of the population, who were interested only in material success. This atmosphere of indifference began to disappear, however, after the dictatorship of Rosas, when the country entered into real economic and cultural progress.

Now the country possesses excellent schools of fine arts, interesting and even notable museums, art associations, and beautiful private collections and galleries where the best national and foreign productions are shown. Monuments, among which one of the most important works of Antoine Bourdelle is notable, and buildings in modern style reveal the interest in urban aesthetics, and the public is showing increasing interest in all forms of art.

(Continued from preceding column)

Polo, introduced into Argentina more than 60 years ago by British settlers, is very popular. The country is fortunately placed for the selection, breeding and training of ponies.

...XURY

Increasing Public Interest

AN AGE OF EAGER EXPERIMENT

By Julio E. Payró

THE task of giving a resumé of the artistic movement in Argentina in a short article is difficult. During the past few years many new ideas have gained prominence and numerous exponents have arisen.

Argentina is a young nation and during the last three-quarters of last century art in the Republic, with a few notable exceptions, was the product of foreign importation. Painting was cultivated only by foreigners and the political circumstances were not propitious for the development of a national art nor for the subsistence of creators

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CENTURY OF PAINTING

Some Masters of the Younger Generation

The school of Argentine painting was born in the last third of last century. It arose more from an elevated intellectual desire than from real necessity, for the urge for having artists was felt more than the urge for art. But local production began to be enriched by the contributions of men evidently destined to express themselves with the brush or sculptor's chisel.

The exhibition of "A Century of Art in Argentina," held recently, gave proof of this. In it 100 Argentine painters, 46 of them Argentine by birth, were represented, including Puyrredón, Sivori, Mendilharzu, Malharro, de la Cárcova, Fader, Thion de Libian, and Gutero.

There were also represented the attempts of the first Argentine sculptors who prepared the way for the arrival of the great Rogelio Yurtia and the galaxy of his contemporaries, masters of the younger generation, among whom are notable Augustin Riganelli for his fine sensitiveness, Carlos de la Cárcova for his expression, Jose Fiovanti and Alfredo Bigatti for their monumental conceptions and Curatella Manes for his acute modernism.

DEBT TO FRENCH AND ITALIANS

Argentine art owes more to the French and Italian schools than to the Spanish in spite of what might be expected. Spain was the great revelation; his novelty appealed to a growing nation divorced from the past.

For the artists of a cosmopolitan people who lacked the tradition of collective beauty, impressionism was the bomb which overthrew the traditions of all the schools in which Argentina had not been able to participate because of her youth. Thanks to this revolution, which has put the entire world on an equal footing, the Argentines are able to enter the race unhandicapped.

As the years passed impressionism and its derivatives began paradoxically

(Continued on Column Six)

are there any new countries? We are. We are ancient stock, whose vigorous characteristics have proved unyielding to the slow but inevitable influence of fresh blood, and the industries of which has been gradually eliminated by the effects of immigration. On the whole, we are of European origin, with South American habits and inclinations.

Moreover, we have a port closely linked with Europe, a city merged with the port, and a vast hinterland that dreams of reaching the city. On account of these facts it is as difficult for the foreigner, as it is for ourselves, to understand our nature. Demographic statistics and ethnology yield only equivocal facts; our characteristics are elusive and intangible.

SOLUTION OF INDIAN PROBLEM

A different situation is produced in other nations of identical formation, but where the natives still live, and, to a certain extent, work with us. There the Indian problem is solved if years ago by eliminating the Indians.

We lead a European life without the disturbing presence of the "men from the pampas." Nevertheless, this state of apparent well-being has a serious drawback in that the dead Indians have left white heirs and alien trustees. The same line was followed in our cultural and economic problems; we solved them by cutting the Gordian Knot.

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CONTRAST OF COUNTRY AND TOWN

Having cut the knot of national problems, our skein has become diabolically tangled. For example: we have created a perfect legislative system, which any nation could adopt with pride; and yet we have no regulations of conduct. The law functions and we live. We have a capital of 2,500,000 inhabitants, with skyscrapers 34 storeys high, and yet nearly 1,500,000 square miles of our country are uninhabited. We constructed a great city because we could not make a great nation; and as we could not respect the simple rules of good citizenship we originated a perfect system of laws.

It is disconcerting: many magnificent defects arise from a super-abundance of strength. We, too, in the European manner, are undergoing a crisis caused by an excess of riches. The harm comes from the fact that these riches are culled from nature, and are not the fruit of human endeavour. The remarkable fertility of our soil has not only made us rely on our Lucky Star, but has weakened our capacity to organise the cultivation of our natural resources on an industrial basis.

BELIEF IN CONTINUED FORTUNE

This apparent good fortune is our old, our very ancient, enemy. It rests on the fact that we have cut the knot rather than unravelled the skein of our problems, and that we place our faith on a transitory state of things, trusting in the rainfall, our statesmen, and the good will of God.

"Azar" (Chance)—this word symbolises our destiny. One of the first disinterested explorers, Azara, at the beginning of the last century, said that we were a country of gamblers. He should have added—of gamblers who are accustomed always to win.

We work a little, and the rest comes by accretion. This is our history and our destiny. We are a people whose faith in the future is that of one to whom always wins, and who therefore never casts a backward or inward glance like those travellers who cross the plains, looking towards the elusive horizon, of which they are the centre at every step. The past is not to us "that which is gone," the future, it is something that we try to elude—as though the future were an event to be improvised on our way.

Most of our economic problems are solved by London or New York; neither the statesman nor labourer need worry much about the future. To-morrow is usually satisfactory, if we leave it alone. We have inherited from the conquerors their catholic faith that the sun will always shine on us.

This might be called a virtue, but it may become an irreparable misfortune

social [illegible] in the cultural and it has been an important factor in encouraging the progress of this young nation and in maintaining a continuous flow of trade between the two countries. Aided by the facilities offered by the British market and by the investments of British capital, Argentina's rural industries have been rapidly developed, and, in certain cases, such as that of the dairy industry, have been organised almost exclusively to supply the demands of the London market.

EFFECT OF IMPERIAL PREFERENCE

The dairy industry began during the world war. It made great progress, until in 1929 the exports of Argentine cheese amounted to over 22,000,000lb. In 1926 butter exports to the United Kingdom amounted to nearly 40,000,000lb. Later, as a result of the preference given by Britain to butter from her Colonies and of the methods adopted by other countries to increase the export of their own products, the quantity of Argentine butter exported decreased to about a quarter of the figure.

This big reduction of exports to the British market and the low prices obtained for dairy produce were a severe blow to the industry. It became necessary to create a special organisation, known as the Dairy Industry Control Board, to deal with the situation.

The Board's efforts obtained better prices for the producer and confidence was restored. Exports, which in 1933 had fallen to 14,745,920lb, rose last year to 22,137,360lb, and in the first quarter of this year there was a further improvement.

KINDRED INTERESTS

British Capital Involved In Country's Progress

At the same time it was with the British market in view that Argentina developed her butter trade, and the events of the last few years have placed the industry in a difficult position. Moreover, when considering the Argentine dairy industry in relation to the London market it would be a mistake to confine ourselves simply to the export figures. It would be well to point out that there are other factors which directly dependent on the prosperity of Argentina, and that we cannot be indifferent to the future of the dairy industry, linked as it is with British investments.

Some of the most important butter factories are owned by British firms. Many of the areas devoted to the raising of dairy cows are the property of British subjects or undertakings, hundreds of factories engaged in the dairy industry consume thousands of tons of British coal and, finally, the British-owned railways transport annually practically all the cream, butter, cheese and milk produced in the country, representing an important proportion of the revenue of those railways.

These points indicate how the setback suffered in the last few years affects British interests.

When considering the importance of

(Continued from Column Four)

to acquire the traits of classicism in the country. This characteristic has become widespread in Argentine artistic circles. The first exponent of this modern "conservative" was Fernando Fader, a landscape painter of German origin, who presented the aspects of the sierras of Cordoba in a masterly style and the sure technique of whose canvases makes them not unworthy of a place beside the best of those of the old world.

A vigorous national aspiration, the desire to realise a genuinely Argentine art, has carried some Argentine artists —among them Jorge Bermudez and Cesáreo Bernaldo de Quirós, already known to the public in London—to dedicate themselves to regionalism. But, curiously enough, in reproducing scenes of the interior, figures of aborigines in the tropical areas or of romantic, traditional gauchos, what they least succeeded in achieving was a national expression. For they followed in the steps of the Spanish regionalists like Zuloaga, Sotomayor, Sorolla and others whose style is essentially Iberic.

DARING BRUSH-WORK AND COLOURING

Meanwhile, Quirquela Martin discovered the possibilities of the glorification of those scenes of the port of Buenos Aires offer. About him have gathered a group of metropolitan landscapists who evoke in a minor key the rugged poetry of constantly growing cities.

As regards execution, strength of line and synthesis, so characteristic of the Latin temperament, are all-powerful and there is an inclination toward emphasis on technique, heavy paints, audacious brush-work and brilliant colouring; in a word, all the "rhetorical" resources of the graphic arts. What most strikes the attention in any national exhibition is the outward virtuosity, the excellence of the work and the sensuality of colour.

The scarcity of religious art in a mainly Catholic nation is surprising. Symbolism has made no headway and expressionism lacks representation. The same may be said of Italian futurism. Cubism has made a few converts, the most notable among them being Emilio Pettoruti, an artist of Italian training who maintains this tendency and produces most original work. There is an evident resistance towards intellectualism.

On the other hand, the Argentine painters, lacking academic prejudices, direct their energies towards greater freedom of expression. Extraordinarily sensitive to outside influences, empiric to a certain extent, they are eagerly exploring, interested in innumerable different experiments.

Part of the interior of an up-to-date milking shed on an Argentine dairy farm.

economic basis. The country is not subject to climatic changes, and the hygienic conditions in which this industry is carried out enables it to compete favourably with any country from the point of view of the quality of the products.

Moreover, Argentina possesses some of the best and cheapest virgin lands in the world, which can be obtained at extremely low prices compared with those of other countries. She enjoys internal and external peace, has ample labour at her disposal, is free from agrarian antagonisms, and, therefore, gives capital that confidence which enables it to undertake vast schemes planned for long periods.

MODERN CONDITIONS OF MANUFACTURE

The dairy industry's products are manufactured under the best technical and supervisory conditions. The most efficient machines offered in the market are imported for the industry's needs.

Over 40 countries buy Argentina's dairy produce. With some of them the Republic has maintained a long and uninterrupted tradition of trade and friendship, while in the case of others she has recently begun the interchange of goods for the purpose of opening new fields of commercial expansion. Being an important buyer of manufactured products, Argentina is placed in an excellent position in relation to the European countries for the interchange of goods.

At the same time, her friendly relations with all her neighbours, and, in fact, with the whole of America, make the country the natural supplier of that continent. Lately she has also developed her trade with the Far East.

Argentina is the largest exporter of casein. This is manufactured by a method of her own which incorporates every technical advance. In the making of butter her organisation and methods have enabled her to offer a high-class product, which has found special acceptance in all markets demanding quality.

The cheese manufactured in the Republic is well known abroad. There are bright prospects for Argentine condensed and powdered milk, and it might be pointed out that some of the largest undertakings in the world have established branches in the Republic.

FUTURE PROSPECTS

"We Will Buy from Those Who Buy from Us"

With the normal re-establishment of world trade there are no fundamental reasons why Argentine dairy produce should not find a more prominent place in the export trade. The trade policy followed by the country is reflected in the phrase "buy from those who buy from us." This is being put into practice by the adoption of a system of protection based on moderate tariffs, and has made it possible for Argentina to import a large volume of manufactured goods, following commercial agreements securing for the dairy produce of the country a reasonable place in foreign markets.

At present the tendency is towards a better understanding by means of effective propaganda, and it seems obvious that the establishment abroad of offices for this purpose would be of great benefit to the Republic.

Finally, it should be borne in mind that the century-old relations maintained between Great Britain and Argentina place these two countries in an enviable position to develop their respective commercial interests. Britain is by far the best market for Argentine goods, and as the Argentine import trade goods from the United Kingdom occupy the first most position.

THE DAILY TELEGRAPH

1 de Setembro de 1937.

ARGENTINE PROGRESS BASED ON F

BANKING AS BULWARK OF NATIONAL PROSPERITY

Widespread System of Credit for All Industries

WORK OF THE BANCO DE LA NACION

By A SPECIAL CORRESPONDENT

THE geographical extension of the Argentine Republic and her own configuration, in relation to the density of her population, have led that country to devote her activities entirely to agriculture and livestock. Rural producers constitute almost exclusively the live forces of the country, and form the solid foundations on which the wealth and national economy are based.

With such characteristics in the economic development of the country it became necessary to have an official Credit Institution to direct, help, maintain and encourage her staple industries. To this object the Banco de la Nación Argentina devoted its energies from the moment of its creation. In spite of the limitations imposed on it for these purposes by its Charter, its Boards did everything possible to carry out all that could be done, working from the beginning to obtain the experience derived from a constant and direct relation with agriculturists and stock breeders.

Sr. JORGE A. SANTAMARINA, President, National Bank of Argentina.

Farmers have always been reluctant to fulfil the most simple, though essential, formalities for the rationalisation of banking transactions. This has perhaps been the principal obstacle met with by this institution, which has had to struggle when approaching the producers, in spite of its willingness to increase, by every possible means, its direct credits to farmers and stock breeders.

It became necessary to accept rural customs, and to undertake the task of educating the colonist and stock breeder in the objects of well-directed and controlled agricultural credits. The bank's efforts are already yielding fruit.

PROMOTING CO-OPERATION
Vast Network of Branches to Aid Farmers

In 1933 the intense depression, which for some years had so adversely affected the farmers, reached its lowest level. They became more and more discouraged, until finally the National Congress came to their rescue and, after careful consideration, sanctioned Credit Department of the Agricultural Law No. 11,684 creating the Banco de la Nación Argentina. The aim of this was to improve the organisation of farming credits, encourage agricultural industries, promote the rural industries, rationalise the rural industries, promote the prolongation of its experience in the Bank, in respect of its experience with the means and information of its clients, to fulfil its objects with the greatest efficiency. Essential elements in this work were the vast net of branches, over 240 of which are convenient distributed throughout the country, the capacity of its staff, which has years of experience with the producer, has come to know the rural requirements of each zone, the abundant information concerning its files, and the close connection established with all bodies of producers, as a consequence of its general policy.

The Bank's Charter, which was sanctioned in 1933, enabled it to create further credits and to take well-thought-out steps towards the new direction given to agricultural credits in the country.

One of the most important measures taken has consisted in giving orders to the managers of all its branches to travel weekly throughout their own particular field of action, even to the small and isolated farms, to the very home of the producer, so as to acquire first-hand knowledge of his life, economic conditions, activities and needs. In this way the manager can give him advice and help, as well as the credit required, and do much to uproot the fear and lack of confidence shown towards the bank.

KEEPING IN DIRECT TOUCH

As a logical consequence of this decision, a census will be taken of rural producers generally, so that an analysis may be made of the different features of production, with a view to giving uniformity to the various interconnecting activities and encouraging all systems implying economic improvement.

With the object of supplementing these services, the bank will appoint, from the best and most enterprising workers in each zone, agents to secure information in relation to farming activities who will be in a position to render the bank important services by providing it with references. The agricultural community generally will, therefore, derive benefit by reason of the fact that the bank is thus in a position to obtain accurate information from the very centres of production.

In the appointment of rural agents several localities have been selected among the zones of recognised economic importance and density of population. These localities are to be found in districts distant not less than about 20 miles from the nearest branch of the bank, where members of the staff, of acknowledged capability by reason of many years in the agricultural zones, will visit and advise the producers, so as to instruct them in the sense of directing the agricultural credits towards a perfect system of rationalisation.

HELPS TO OWNERSHIP
Defensive Measure Against Low Prices

All farmers aspire to own the land cultivated by them or on which they raise their flocks, and as the bank helps them to ownership, this in itself enables them to obtain further credits later on. With this end in view the bank has regulated its credits for the purchase and improvement of land, expecting only from the applicants, as an indispensable condition, that they work the land themselves and that their fields are capable of producing good crops and of yielding a reasonable income.

The main provisions for granting such credits are a maximum of 30,000 pesos per farm, and a first mortgage guarantee on the immovable property, payable in five yearly instalments and bearing interest at the rate of five per cent. per annum.

For the development of agricultural land the Banco de la Nación Argentina grants to applicants credits to enable them to grow wheat, flax, barley, oats, rye and maize, in order that they may buy indigene seeds to improve their crops, and also credits on the produce in sacks or bags, after the crops are harvested, whether in stock or bank, as a defensive measure against the ruinous prices ruling in the grain markets. In 1933 the National Grain Control Board, which was created by the Government, was attached to the bank. The Board was to buy all wheat, flax, and maize offered in the market at fixed and proper prices, at the prices ruling in international markets, the surplus being intended exclusively for export purposes.

BENEFITS OF GRAIN CONTROL BOARD

The Board secured for the farmers undoubted benefits, both material and moral. Its transactions led to a revival of confidence, and the Government, by its economic recovery in all spheres of activity, for it succeeded in creating active competition among grain buyers, and thus maintained equal prices on a firm basis.

To supplement the grants above-mentioned, loans and grants also credits for the purchase of agricultural machinery, so that each year 100 pesos [illegible] by the shareholders, with [illegible]

citrus plantations. They may be obtained for cultivation and against the value of the unpicked fruit. They are also granted in the case of other fruits for cultivation, drying, harvesting, and against the value of the product itself.

To afford protection to the fruit-growing industry and to encourage the necessary grading and so maintain prices at a good level, loans have been granted for the construction of packing stations and for fruit conservation or pre-refrigeration.

Tobacco provides an important source of production in the country, and a large number of growers are encouraged in this industry. As in the case of growers of other products, the bank grants facilities for the development of the crops, cultivation, and harvesting, and against the value of the tobacco in bales.

STEADY RECOVERY FROM DEPRESSION

Besides the loans given by the bank to the various producers, it also provides facilities for the cultivation of olive trees, chillies, alfalfa, rice, sugar cane, peas, tomatoes, potatoes, maté, peanuts, linseed, &c. Therefore it can be stated that the provisions of the Agricultural Credits Law are being fully carried out by the Bank, which was entrusted with this organisation.

The results of these provisions are being favourably felt by the main industries of the country and are leading to a complete recovery, thus putting on solid foundations the confidence in the Argentine which will enable that country in the near future to take her place among the great world Powers.

At this stage it may be well to pay tribute to the founder of the bank, Dr. Carlos Pellegrini, who spared no efforts to establish it on solid foundations. A man of the highest integrity and will power, he realised the need of this great institution, and in his endeavour he had the backing of a large part of the country.

In the midst of the adversity suffered by the Republic in the early nineties, when the Government finances were in a chaotic estate, this great statesman decided to create the Banco de la Nación while public opinion and the Press were engaged in a violent controversy over the ashes of two fallen institutions, the Banco Nacional and the Banco de la Provincia. The country's credit had suffered a tremendous blow, and there was no financial organisation to cope with her economic life.

FOUNDER'S COURAGE
Finance Minister's Support for Scheme

Dr. Pellegrini worked out a scheme for the bank by means of an issue of 30,000,000 pesos. Many obstacles had to be overcome in the preliminary stages, but they did not deter this servant of the Republic who, with conviction, continued his [illegible] and did not slack his energies [illegible] to his scheme. Aided by his friend, the Finance Minister Dr. Vicente Fidel [illegible] served the seat which soon [illegible] until the bank became the [illegible] institution it is to-day.

The crisis of 1890 was intense and painful, and affected the whole of the national life. When the Banco Nacional and the Provincia closed their doors, the country's economic [illegible] became temporarily paralysed. Trade fell to a very low level, the [illegible] regulation were reduced [illegible] and trade came almost [illegible] with the cessation of [illegible] of foreign capital. The [illegible] conditions it was essential to [illegible] re-establish public and [illegible] life. Though the adverse [illegible] had impaired the [illegible] existed to enable the [illegible] undertake the work of [illegible]

OVERCOMING LACK OF CONFIDENCE

[illegible] 1891, the Government sub[illegible] a project by means [illegible] were authorised to [illegible] form or a joint stock com[illegible] bank. It was stated, [illegible] the Republic [illegible] bank, it is, in fact, [illegible] industry. The new [illegible] the official character [illegible] 30,000,000 pesos [illegible] 20,000,000 pesos [illegible] public sub[illegible] the bank. Besides [illegible] the question of the con[illegible] bank notes [illegible] Government bank notes [illegible] Republic [illegible] bank [illegible] for capital [illegible] the Republic [illegible] the Banco de la Nación [illegible] the Banco de la Provincia [illegible] the Banco Nacional [illegible] the Banco de la Provincia [illegible] the Banco Nacional [illegible] the Banco de la Provincia [illegible] the Banco Nacional

Openings for Investm of British Capital

By ALEJANDRO E. Professor of Ec Buenos Aires U

THE year 1910, in which Argentina celebrated a century of political independence, saw the end of one stage in her economic development and the beginning of another and very differ- [illegible] taken definite shape. Before 1910 Argentina's economy was limited to comparatively few agricultural products and the state of this agricultural industry was conditioned by the state of foreign trade. Since then, however, the country has slowly developed her agricultural production along more varied lines and has at the same time become interested in the manufacturing of products to satisfy the needs of her own internal market.

YEARS OF SETTLEMENT AND GROWTH

This manufacturing process has been stimulated in the last five years by the fall in the value of Argentine exports, which made it impossible for her to continue buying abroad on the scale which had existed hitherto.

From 1870 to 1913 Argentina enjoyed a period of exceptional progress. In these 44 years 3,200,000 Europeans settled in the country and more than 8,500 miles of railway were constructed. A total of £530,000,000 of foreign capital, largely

"The Daily Telegraph" continues on this page its comprehensive review of economic, political and social conditions in the Argentine.

Previous articles in this series appeared on Dec. 22, Jan. 28, Feb. 1 and 15, and March 12, and the series is to be continued.

British, was invested in railways, gas and electric undertakings, in tramways, telephones and telegraphs and in ports and irrigation works.

The war slowed down the development of these public undertakings and 15 years passed in comparative quiet. The world depression followed, and it was during this critical period that Argentina again began to develop her manufacturing industries to satisfy her own internal needs. Then began what I will call "industrial immigration," a development which acquired great importance in 1934 and still continues to-day.

British capital which, as has been mentioned, was predominantly involved in public undertakings, has participated very little in this industrial movement. Argentina's progress along these lines is very much a North American and Continental-European product.

Prof. D. M. Phelps, of the University of Michigan, estimates that North American capital invested in this way in South America up to 1933 amounted to 234,000,000 dollars, of which 70 per cent. found an opening in Argentina. He mentions no fewer than 35 substantial North American companies which had established themselves in the country.

Between 1930 and 1936, according to Prof. Phelps, 390,000,000 pesos of foreign capital, mostly American and French, were invested in industrial undertakings in Argentina. At the rate of 17 pesos to the pound this represents some £23,000,000.

ACTIVITIES OF FOREIGN COMPANIES

The companies established during these seven years, 1930-1936, were as follows:

PNEUMATIC TYRES.—Michelin, 1934 (France); Goodyear, 1936 (U.S.); Pirrelli, 1936 (Italy); Dunlop, 1933 (England); Firestone, 1931 (U.S.).

ARTIFICIAL SILK.—Dupont (Duperial), 1935-36 (U.S.); Rhodiaseta, 1933 (France).

ELECTRIC LAMPS.—Philips, 1935 (Holland); Osram, 1935 (Germany).

SOAPS AND PERFUMES.—Florfrance, 1935 (France); Atkinson, 1927 (England); Coty, 1934 (France); Elizabeth Arden, 1935 (U.S.); Enoch Morgan's Sons Inc., 1932 (U.S.); Bourjois, 1930 (France); Colgate-Palmolive-Peet, 1927 (U.S.); Duggett & Ramsdell, 1930 (U.S.); Guerain, 1930 (France); Perfumeria Gal., 1928 (Spain).

CHEMICAL AND PHARMAC [illegible] CTS.—Millet & Roux, 1931 Wits & Co., 1929 (England); [illegible] (Italy); Fleischmann & [illegible] (U.S.); March, 1930 (Germa [illegible] Rothschild, 1930 (German [illegible] Schering, 1930 (Germany); U.S.; Lambert Pharmac (U.S.); Parke Davis & Co. Scott & Bowne Inc., 1934 Fruit Salt, 1932 (Canad Chemical, 1932 (U.S.).

SPINNING AND WEAVING. [illegible] on S. A. Textil, 1934 (U.S. Goddè Badin Morodon), 1 Sudamtex, 1932 (U.S.).

ARTICLES FOR RADIO AN Brunswick Radio of Argent U.S.; R.C.A. Victor, 193 Argentine Talking Machine (Holland).

OIL.—Anderson Calyton, VERMOUTH AND ALCOHOL.—I Cinzano & Cia, 1932 (Italy)

ZIP FASTENINGS.—Cierre 1931 (U.S.).

REFRIGERATORS. — Frig (Canada).

PAINT AND VARNISHES.—C & Co. (England).

MACHINERY.—Nebiolo, 19 LIFTS.—Otis Elevator, 19

CIGARS AND CIGARETTES.— bacco Co., 1930 (U.S.).

LEAD CARTRIDGES.—Nationa 1925 (U.S.).

FOUNTAIN PENS AND MIS CILS.—Artcraft Pen Co., 19

CAPACITY TO [illegible] Home Production [illegible] Demand

We believe this movemen [illegible] time for some years, and that Great Britain will ab [illegible] in it.

The effect that these ec [illegible] tions may have in reducin [illegible] power to buy British and [illegible] products is likely to be less [illegible] supposed at first sight. [illegible] development has been s [illegible] these industrial develope [illegible] have augmented her capacit [illegible] tion and though some arti [illegible] provided by home produc [illegible] tina's capacity to buy othe [illegible] not be produced internally [illegible] is increased.

Our purchases are forced [illegible] by our present limited expo [illegible] but will grow in the same p [illegible] this increases, in spite of [illegible] industrial movement.

STIMULATING EX [illegible] PURCHASE

As circumstances appea [illegible] and if wheat, flax and maiz [illegible] good or average, Argentine [illegible] Great Britain and other co [illegible] this year be appreciably [illegible] those of 1936. Their value [illegible] 208,000,000 pesos.

On the other hand, this [illegible] industrial immigration stim [illegible] external purchases. Arge [illegible] trade will not again represe [illegible] of all her internal and e [illegible] merce, as occurred in 1 [illegible] present arbitrary figures sh [illegible] appreciably this year, an [illegible] remain constant for many [illegible] tendency to a slight increa [illegible]

WORLD P [illegible]

By Dr. A [illegible]

AGRARIAN Nationa [illegible] "Industrial Nation [illegible] clearly define two [illegible] economic life of the modern [illegible] might almost say that, in [illegible] very different aspects of th [illegible] they define two different s [illegible] in a few decades have m [illegible] other in occupying the sam [illegible] world in which we live.

Until 1914 the Europe [illegible] whose foreign policy has se [illegible] the world, had been inten [illegible] manufacturing developme [illegible] by the great technical dev [illegible] the last century. They h [illegible] in advancing secular evolu [illegible] agricultural and stock-r [illegible] which characterises prim [illegible] and those of a lower [illegible] intensely industrial stage.

RAW MATERIALS [illegible] MANUFACTUR [illegible]

The necessity for raw [illegible] industry itself and for in [illegible] ducers was satisfied by the [illegible] division of labour which wa [illegible] exchange. Those countr [illegible] produce raw materials of g [illegible] low cost specialised in thi [illegible] while nations of a more co [illegible] trial organisation obtaine [illegible] materials in exchange fo [illegible] manufactured products.

The second group of [illegible] obtained a double benefit. [illegible] assured of the maintenan [illegible] of their industrial popula [illegible] considerable increase in t [illegible] of their products. This en [illegible]

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from a constant and direct relation with agriculturists and stock breeders.

Farmers have always been reluctant to fulfil the most simple, though essential, formalities for the rationalisation of banking transactions. This has perhaps been the principal obstacle met with by this institution, which has had to struggle when approaching the producers, in spite of its willingness to increase, by every possible means, its direct credits to farmers and stock breeders.

It became necessary to accept rural customs, and to undertake the task of educating the colonist and stock breeder in the objects of well-directed and controlled agricultural credits. The bank's efforts are already yielding fruit.

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Vast Network of Branches to Aid Farmers

In 1933 the intense depression, which for some years had so adversely affected the farmers, reached its lowest level. They became more and more discouraged, until finally the National Congress came to their rescue and, after careful consideration, sanctioned Law No. 11,684 creating the Agricultural Credit Department in the Banco de la Nación Argentina. The aim of this was to improve the organisation of farming credits, encourage agricultural co-operation and rationalise the rural industries.

The promulgation of this law found the Bank, in respect of its experience, means and information, in an excellent position to fulfil its objects with the utmost efficiency. Essential elements in this work were the vast net of branches, over 200 of which are conveniently distributed throughout the country; the capacity of its staff, which, after years of experience with the producer, has come to know the rural requirements of each zone; the abundant information contained in its files, and the close connection maintained with all bodies of production as a consequence of its general discount operations.

In the majority of the loans comprised by the above-mentioned law it has been necessary for the bank to adapt the special regulations, with regard to the credits already in force, to the provisions of the law, with consequent advantages for its beneficiaries. But in spite of this the new powers granted have

Argentina devoted its energies from the moment of its creation. In spite of the limitations imposed on it for these purposes by its Charter, its Boards did everything possible to carry out all that could be done, working from the beginning to obtain the experience derived

KEEPING IN DIRECT TOUCH

As a logical consequence of this decision, a census will be taken of rural producers generally, so that an analysis may be made of the different features of production, with a view to giving uniformity to the various interconnecting activities and encouraging all systems implying economic improvement.

With the object of supplementing these services, the bank will appoint, from the best and most enterprising workers in each zone, agents to secure information in relation to farming activities who will be in a position to render the bank important services by providing it with references. The agricultural community generally will, therefore, derive benefit by reason of the fact that the bank is thus in a position to obtain accurate information from the very centres of production.

In the appointment of rural agents several localities have been selected among the zones of recognised economic importance and density of population. These localities are to be found in districts distant not less than about 30 miles from the nearest branch of the bank, where members of the staff, of acknowledged capability by reason of many years in the agricultural zones, will visit and advise the producers, so as to instruct them in the sense of directing the agricultural credits towards a perfect system of rationalisation.

HELPS TO OWNERSHIP

Defensive Measure Against Low Prices

All farmers aspire to own the land cultivated by them or on which they raise their flocks, and as the bank helps them to ownership, this in itself enables them to obtain further credits later on. With this end in view the bank has regulated its credits for the purchase and improvement of land, expecting only from the applicants, as an indispensable condition, that they work the land themselves and that their fields be capable of producing good crops and of yielding a reasonable income.

The main provisions for granting such credits are a maximum of 30,000 pesos per farm, and a first mortgage guarantee on the immovable property, payable in five yearly instalments and bearing interest at the rate of five per cent. per annum.

For the development of agricultural land the Banco de la Nación Argentina grants to applicants credits to enable them to grow wheat, flax, barley, oats, rye and maize, in order that they may buy pedigree seeds to improve their crops, and also credits on the produce harvested, whether in sacks or in bulk.

As a defensive measure against the ruinous prices ruling in the grain markets in 1933, the National Government created the Grain Control Board, which was attached to the bank. This Board was to buy all wheat, flax and maize offered in the market at fixed basic prices, selling, at the prices ruling in the international market, the produce intended exclusively for export.

BENEFITS OF GRAIN CONTROL BOARD

The Board secured for the farmer undoubted benefits, both moral and material. Its transactions re-established confidence, and this in turn led to the economic recovery in all spheres of rural life, for it succeeded in creating active competition among grain buyers and thus maintained cereal prices on a firm basis.

To supplement the above-mentioned loans, the bank grants also credits for the construction of sheds, so that each farm may possess the necessary means of storing the grain while awaiting the arrival of remunerative prices.

A series of carefully considered loans provides the cotton grower and cotton-opener with the necessary financial resources. Loans are granted for cultivation and harvesting, as well as on stocks of opened and unopened cotton, and for marketing purposes.

The main loans granted in the fruit industry apply to the exploitation of

Corrientes-avenue, Buenos Aires. The business quarter of the city is laid out on a perfectly rectangular plan, buildings being arranged in square blocks.

FOUNDER'S COURAGE

Finance Minister's Support for Scheme

Dr. Pellegrini worked out a scheme and started the bank by means of an issue of 30,000,000 pesos. Many obstacles had to be overcome in the preliminary stages, but they did not deter this eminent servant of the Republic, who, full of optimism, continued his ceaseless efforts and did not shirk the responsibilities inherent to his scheme. Aided by his Finance Minister, Dr. Vicente Fidel López, he sowed the seed which soon began to grow until the bank became the great institution it is to-day.

The crisis of 1890 was intense and painful and affected the whole of the national economy. When the Banco Nacional and Banco de la Provincia closed their doors, in April 1891, the country's economic activities became temporarily paralysed. Consumption fell to a very low level, the savings of the population were reduced to the extreme and trade came almost to a standstill, with the cessation of credit and the menace of bankruptcy.

In such conditions it was essential to find means to re-establish public and economic life, for though the advancement of the country had stopped, the national forces existed to enable the authorities to undertake the work of reconstruction.

OVERCOMING LACK OF CONFIDENCE

On May 18, 1891, the Government submitted to Congress a project by means of which they were authorised to create the bank in the form of a joint stock company. "A great bank," it was stated, "to embrace the whole of the Republic is an undoubted need; it is, in fact, essential for the national industry." The new bank was to have an official character, its capital would be 30,000,000 pesos national currency and 20,000,000 pesos in bullion, to be obtained by public subscription. It would not have power to issue notes until the question of the conversion and amortisation of bank notes of legal tender had been settled.

The Government looked for capital within and without the Republic, but they did not find it because the foreign capitalist, in view of the difficulties existing at the time in the country, offered very unfavourable terms. In the Argentine lack of confidence prevailed as well, for the same reasons.

The project was somewhat modified by the Senate. It was decided that the new establishment should be called the Banco de la Nación Argentina and its capital of 50,000,000 pesos in national currency be divided in 500,000 shares of 100 pesos each. It was to exist for 20 years. The Board of Directors were to be elected by the shareholders, with the exception of the President, who would be appointed by the Government in agreement with the Senate.

The project established that the proposed bank should enjoy the same privileges as had the Banco Nacional, with the only difference that it would be owned by private individuals, to the

(Continued at foot of next column)

(Continued from preceding column)

total exclusion of the Government, and be without power to issue notes.

Fearing that the public subscription might not meet with complete success, and in view of the fact that the creation of the bank could not be postponed, the project provided that the Government should appoint, in agreement with the Senate, the provisional Board of Directors and that the latter, for the purpose of establishing the bank without delay, should deposit with the Conversion Office a bond equivalent to 300,000 shares, to be exchanged in due course for definite bearer shares.

In the Chamber of Deputies the members of the Finance Commission could not reach agreement on the plan, and two reports were issued. One of them recommended the sanction of the scheme as amended by the Senate, while the other, more extensive, dealt not only with the foundation of the bank but also with the reform of the monetary law and the conversion of the old notes. At length the project as passed by the Senate but with some slight alterations was promulgated on Oct. 16, 1891.

[*This survey will be continued in a later issue of* THE DAILY TELEGRAPH.]

INE PROGRESS BASED ON FIRM FOUNDATIONS

BULWARK OF NATIONAL ERITY

n of Credit for ustries

CO DE LA NACION

ORRESPONDENT

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The main provisions for granting such credits are a maximum of 30,000 pesos per farm, and a first mortgage guarantee on the immovable property, payable in five yearly instalments of equal amounts, bearing interest at the rate of five per cent. per annum.

For the development of agricultural land the Banco de la Nacion Argentina grants to applicants credits to enable them to grow wheat, flax, barley, oats, rye and maize, in order that they may buy good seeds, to improve their crops, and when needful, to insure the produce harvested, whether in cash or in kind, against the risks of fire, hail, &c. As an example of the progress made in this direction, it may be mentioned that in 1929 the National Grain Board, created by the Central Board, which was entrusted to buy all wheat, flax and barley offered by the producers at fixed base prices, selling at the International Market the products thus acquired exclusively for export.

BENEFITS OF GRAIN CONTROL BOARD

The Board secured for the farmers in-numerable benefits, both moral and material, by its transactions in wheat, linseed, &c., and this in spite of the fact that competition proceeded in all spheres of economic life, for it always kept the prices at a remunerative level, and maintained several grain buyers on a firm basis.

To supplement the above-mentioned credits the bank grants also credits for the construction of sheds, so that each farm may possess the necessary accommodation for the harvested crops, and also for the purchase of sacks, machinery, implements, &c., and for the sinking of wells, the construction of dams, the clearing of land, the planting of trees, the fencing in of fields, the building of houses for the workers, and the purchase of cattle, &c.

The present established that the pro-ducers should enjoy the same privi-leges as had the Banco Nacional, with regard to the purchase of land, in the colonisation zones, and also in the irrigated districts, and in the vine and citrus plantations. They may be ob-tained for cultivation and against the value of the unpicked fruit. They are also granted in the case of other fruits for cultivation, drying, harvesting, and against the value of the product itself.

To afford protection to the fruit-grow-ing industry and to encourage the necessary grading and so maintain prices at a good level, loans have been granted for the construction of packing stations and for fruit conservation or pre-refrigeration.

Tobacco provides an important source of production in the country, and a large number of growers are encouraged in this industry. As in the case of growers of other products, the bank grants facili-ties for the development of the crops, cultivation, and harvesting, and against the value of the tobacco in bales.

STEADY RECOVERY FROM DEPRESSION

Besides the loans given by the bank to the various producers, it also provides facilities for the cultivation of olive trees, chillies, alfalfa, rice, sugar cane, peas, tomatoes, potatoes, maté, peanuts, aniseed, &c. Therefore it can be stated that the provisions of the Agricultural Credits Law are being fully carried out by the Bank, which was entrusted with this organization.

The results of these provisions are being favourably felt by the main indus-tries of the country and are leading to a complete recovery, thus putting on solid foundations the confidence in the Argen-tine which will enable that country in the near future to take her place among the great world Powers.

At this stage it may be well to pay tribute to the founder of the bank, Dr. Carlos Pellegrini, who spared no efforts to establish it on solid foundations. A man of the highest integrity and will of iron, he realised the need of this great institution, and in his endeavour he had the backing of a large part of the country.

In the midst of the adversity suffered by the Republic in the early nineties, when the Government finances were in a chaotic state, this great statesman decided to create the Banco de la Nacion, while public opinion and the Press were engaged in a violent controversy over the ashes of two fallen institutions, the Banco Nacional and the Banco de la Provincia. The country's credit had suffered a tremendous blow, and there was no financial organisation to co-ordinate her economic life.

FOUNDER'S COURAGE
Finance Minister's Support for Scheme

Dr. Pellegrini worked out a scheme for the bank by means of an issue of $100,000,000 pesos. Many obstacles had to be overcome in the preliminary stages, but they did not deter this servant of the Republic, who, full of energy, continued his ceaseless efforts to establish the bank. He did not shrink the responsi-bilities, but went to his scheme. Aided by his Finance Minister, Dr. Vicente Fidel Lopez, he began to put it into practice. The seed which soon made the bank became the nucleus of the present Banco de la Nacion Argentina. The first year was intense and pain-ful, for it saw the whole of the national credit, the Banco Nacional and the Provincia closed their doors, the country's economic life was temporarily paralysed, trade fell to a very low level, the whole population were reduced to the direst need, trade came almost to a standstill, with the cessation of credits and the consequent wave of bankruptcy.

In spite of the fact that the bank found itself, from the very beginning, in an essential fi-nancial crisis, it was essential to re-establish public and private credit, for though the advance-ment of the country had stopped, the bank was excited to enable the people to undertake the work of reconstruction.

OVERCOMING LACK OF CONFIDENCE

On May 18, 1891, the Government autho-rised the bank to open a credit of $30,000,000 pesos, and in order that they might progress it was authorised to issue a paper currency to the amount of $30,000,000 pesos, which was guaranteed by the whole of the assets of the bank, and in fact, essentially by the whole of the national industry. The new paper currency was to have an official character, and the bank was to have power to issue $20,000,000 pesos more when it should have obtained the necessary gold reserve. It was to have power to sell the portion of the credit which had been settled.

Between 1892 and 1895 the bank had been settled. Between 1892 and 1895 according to Prof. Phelps, $80,000,000 pesos of foreign capital, mostly American and French, were invested in industrial undertakings in Argentina. At the rate of 17 pesos to the pound sterling, the difficulties were overcome in the course of a few years, and the country entered on a period of unprecedented prosperity.

An Argentine dairy factory. The Republic is making every effort to compete successfully in world markets with its agricultural products.

BRIGHT FUTURE FOR AGRICULTURAL PRODUCERS

Dairy Farming's Rapid Growth Since the World War

By A CORRESPONDENT

THE Argentine Republic, which is not yet a century old, has surprised the world by the vigour of her agricultural progress in such a short space of time. She has succeeded in this endeavour to such an extent that to-day the country is acknowledged as the world's granary, as well as the principal supplier of meat.

This marvellous advance has taken place, not only in respect of the volume, but also in the quality, of her goods. Moreover, it should be pointed out that this has not been due merely to her exceptional advantages for agriculture and stockbreeding, but also to the activities of her producers, who have spared no effort to place the industry on a firm foundation for rapid development.

The dairy industry, though young, is an important branch of the livestock industry of the country. Though its real growth only dates from the period of the world war, its position is already such that its prospects are not less promising than those of the country's two main industries.

On a comparative basis these two industries represent in themselves 60 and 30 per cent. respectively of the total exports of 1,568,349 057 pesos in 1935, figures which will give a good idea of the possibilities of dairy farming in the Argentine. This is emphasised by the fact that the tendency nowadays is towards the combined working of all branches of these industries.

ADVANTAGE OF VARIED CLIMATE

The territory of the Argentine Republic, extending in a wide belt from the subtropical to the antarctic zones, has a variety of climates. This variety has made possible the advantageous develop-ment of all kinds of cultivation, with the result that farmers have succeeded to an extent unequalled elsewhere.

Out of an area of 3,716,079,382 acres, 44,018,418 have been devoted to the cul-tivation of cereals, while 13,879,283 acres have been sown with alfalfa. The latter amount of land devoted to fodder and other pastures is 368,376,208 acres, and according to the figures for the year 1935 it may be estimated that 10 per cent. is represented by arable land and 50 per cent. by natural pastures.

The variety of Argentina's agricultural and livestock production is noteworthy. Vines, sugar, tobacco, cotton, maté, tea, quebracho, &c., have all been cultivated, but what places the Republic in a pro-minent position is the fact that she is the largest producer of linseed in the world, and in 1936-37 she was the second producer of flax, attaining a figure of 50 per cent. of the total world production, while she took second place as a producer of maize and fourth place as a producer of wheat.

Argentina's livestock industry has de-veloped on the same lines as agriculture. Statistics for 1930 show that the country possessed 32,211,855 head of cattle, 44,413,221 sheep and 3,768,738 pigs. In the course of 1935 the numbers of animals killed were 6,336,754 cattle, 6,781,794 sheep and 1,327,827 pigs.

The dairy industry, developed long after, has not yet nearly attained to the same level and its position is not so out-standing. In 1930 the number of dairy cows totalled 3,726,000. The milk pro-duction was estimated at 660,000,000 gallons. Other figures for the same year were as follows: Manufacture of butter, 30,000 tons; casein, 30,000 tons; cheese, 60,000 tons; powdered milk, 500 tons; ice-cream, 2,500 tons.

There are 30,000 producers engaged in the dairy industry, and the number of people directly employed from produc-tion to marketing is estimated at 200,000.

CAREFUL SELECTION OF BREEDS

Both agriculture and livestock breed-ing are carried out in large areas of ter-ritory, the smallest estancias having an area of 747 acres, while the largest extend to many thousands. This proves that for the efficient working of these industries first-class management is required, which are imported from the country, as well as the substantial amounts of capital for their equip-ment.

Both in the case of agriculture and stockbreeding the demands of foreign markets have had to be studied, and this has led to a careful selection of breeds. The latter work has been done by means of experimental stations, and the pro-gress made is to-day acknowledged by the whole world.

No sacrifices have been omitted in the course of long years of work to reach the present state of efficiency. Year after year the best bulls have been imported into the country, with results that can be seen by anyone visiting the shows held by the Argentine Rural Society, where the livestock exhibited is probably as equalled in any other part of the world.

Parallel with this development in stock-breeding for beef production, pro-gress has been made with the breeds of dairy cattle. Experiments have been made with breeds from all countries, although the most prominent have been the Shorthorn and the Dutch-Argentine and the United States has been imported and the production figures as registered by the Argentine Rural Society and the Argentine Dairy Breeders' Association. The Ministry of Agriculture have also regarding the case of both these breeds, the Reports has often recommended to create a national type of breed, suited to her needs. This has succeeded in developing the double-purpose Shorthorn, which can be used either for milk production or for meat.

UP-TO-DATE PLANT
Organisation for Export Marketing

All dairies in the Argentine are equipped to deal with large quantities of milk. Their plant is thoroughly up-to-date and the management has not failed to adopt the latest manufacturing methods.

The comparatively small population of the Argentine Republic—about 12,000,000—can only consume a very limited proportion of the country's pro-ducts. Therefore it has been necessary to create an organisation to export the surplus produce, and this has involved careful study, not only of the demand for foreign markets, with regard to quality, but also from the point of view of quotations.

In 1935 the country figured as the largest exporter of flax, maize, cereals and chilled meat, and as the second ex-porter of linseed, wheat and wool. With regard to the dairy industry, it is reckoned that the exports that year amounted to 15,000,000 kilos, which represent one per cent. of her total exports. As the quantity of her pro-duction increases, Argentine farmers have had to seek new markets, and at the present time they are engaged in the careful selection of types of livestock suitable for breeding for the purpose certificates which were denied to would-be exporters who did not comply with the necessary requirements.

Argentine dairy farmers have kept up the use of progress. Here is a modern dairy on the Province of Buenos Aires.

Openings for Investment of British Capital

By ALEJANDRO E. BUNGE, Professor of Economics, Buenos Aires University

THE year 1910, in which Argentina celebrated a century of political independence, saw the end of one stage in her economic development and the beginning of another and very differ-ent one.

By 1937 this second phase has already taken definite shape. Before 1910 Argentina's economy was limited to com-paratively few agricultural products and the state of this agricultural industry was conditioned by the state of foreign trade. Since then, however, the country has slowly developed her agricultural pro-duction along more varied lines and has at the same time become interested in the manufacturing of products to satisfy the needs of her own internal market.

YEARS OF SETTLEMENT AND GROWTH

This manufacturing process has been stimulated in the last five years by the fall in the value of Argentine exports, which made it impossible for her to con-tinue buying abroad on the scale which had existed hitherto.

From 1870 to 1913 Argentina enjoyed a period of exceptional progress. In these 44 years 3,200,000 Europeans settled in the country and more than 8,500 miles of railway were constructed. A total of $320,000,000 of foreign capital, largely

> **"The Daily Telegraph" continues on this page its comprehensive review of economic, political and social conditions in the Argentine. Previous articles in this series appeared on Dec. 28, Jan. 28, Feb. 1 and 15, and March 12, and the series is to be continued.**

British, was invested in railways, gas and electric undertakings, in tramways, tele-phones and telegraphs and in ports and irrigation works.

The war slowed down the develop-ment of these public undertakings and 15 years passed in comparative quiet. The roots passed in comparative quiet. The world depression followed, and it was during this critical period that Argentina again began to develop her own internal ing industries to satisfy her own internal needs. Then began what I will call "industrial immigration," a development which acquired great importance in 1934 and still continues to-day.

British capital which, as has been mentioned, was predominantly involved in public undertakings, has participated very little in this industrial movement. Argentina's progress along these lines is very much a North American and Conti-nental European product.

Prof. D. M. Phelps, of the University of Michigan, estimates that North American capital invested in this way in South America by 1930 amounted to 234,000,000 dollars, of which 70 per cent. found an opening in Argentina. He esti-mates that more than 50 subsidiaries of American companies which had estab-lished themselves in the country.

Between 1926 and 1930, according to Prof. Phelps, 300,000,000 pesos of foreign capital, mostly American and French, were invested in industrial undertakings in Argentina. At the rate of 17 pesos to the pound sterling, the difficulties were overcome in the course of a few years, and the country entered on a period of unprecedented prosperity.

ACTIVITIES OF FOREIGN COMPANIES

The following companies started during the years 1925-36 (U.S.) Rhodesia, 1933 (France); ELECTRIC LIGHT.—Philips, 1935 (Hol-land); Osram, 1935 (Germany).

SOAPS AND PERFUMES.—Flortance, 1933 (France); Atkinson, 1927 (England); Colgate, 1934 (France); Elizabeth Arden, 1933 (U.S.); Enoch Morgan's Sons Inc., 1932 (U.S.); Helena Rubinstein, 1933 (U.S.); Lever Brothers, 1929 (U.S.); Lanman & Kemp, 1933 (U.S.); Parke Davis & Co., 1933 (U.S.); Lambert Pharmacal Co., 1932 (U.S.); Parke Davis & Co., 1933 (U.S.); Scott & Bowne Inc., 1934 (U.S.); Eno's Fruit Salt, 1932 (Canada); Williams Chemical, 1925 (U.S.).

SPINNING AND WEAVING MILLS.—Jantzen S. A. Textil, 1934 (U.S.); Tejidos Godde Badin Mondoni, 1933 (France); Sudamtex, 1935 (U.S.).

ARTICLES FOR RADIO AND MUSIC.—Brunswick Radio of Argentina Inc., 1929 (U.S.); R.C.A. Victor, 1931 (U.S.); the Argentine Talking Machine Works, 1923 (Holland).

OIL.—Anderson Calyton, 1933 (U.S.).

VERMOUTH AND ALCOHOLIC ESSENCES.—Cinzano & Cia, 1932 (Italy).

ZIP FASTENINGS.—Cierre Relampago, 1931 (U.S.).

REFRIGERATORS. — Frigan, 1934 (Canada).

PAINT AND VARNISHES.—Cadoss Wall & Co. (England).

MACHINERY.—Nebiolo, 1933 (Italy).

LIFTS.—Otis Elevator, 1933 (U.S.).

CIGARS AND CIGARETTES.—Turkish Tobacco Co., 1930 (U.S.).

LEAD CASTINGS.—National Lead Co., 1925 (U.S.).

FOUNTAIN PENS AND MECHANICAL PENCILS.—Arlcraft Pen Co., 1931 (U.S.).

CAPACITY TO BUY
Home Production Less than Demand

We believe this movement should con-tinue for some years, and we presume that Great Britain will also participate in it.

The effect that these economic condi-tions may have in reducing Argentina's power to buy British and Foreign products is likely to be less than is generally supposed. Argentina's industrial development has been stimulated by these industrial developments, which have augmented her capacity to buy, and though some articles are now provided to home production, Argen-tina's capacity to buy other articles which can not be produced internally is not decreased.

Our purchases are forced to a low level by our present limited export capacity, but will grow in the same proportion as this increases. In spite of the internal industrial movement.

STIMULATING EXTERNAL PURCHASES

As circumstances improve, and as all present obstacles are removed, and it wheat, flax and other products are sold at good or average prices, Argentina will buy more from Great Britain and other countries every year for agricultural purposes. In the year of 1936 Their value amounted to 200,000,000 pesos.

We must remember further, that the industrial immigration stimulated by the external purchases. Argentina will continue to buy all the machinery and all the articles of her industrial equipment, and will also continue to import a great deal of raw materials and semi-manufactured articles which are required by her industries.

WORLD PEACE ESSENTIAL FOR DEVELOPMENT

By Dr. ARGENTINO ACERBONI

AGRARIAN National "Industrial Nations" clearly define two aspects of the economic life of the modern world. We might almost say that, in view of the very different aspects of the two epochs which they define two different spheres of activities of production, different economic regions in the industrial economy, and

...sised the disproportion between the in-dividual and the soil, but unfortunately the remedy sought has not been ef-

KEEPING IN DIRECT TOUCH

As a logical consequence of this decision, a census will be taken of rural producers generally, so that an analysis may be made of the different features of production, with a view to giving uniformity to the various interconnecting activities and encouraging all systems implying economic improvement.

With the object of supplementing these services, the Bank will appoint, from the best and most enterprising workers in each zone, agents to secure information in relation to farming activities who will be in a position to render the bank important services by providing it with references. The agricultural community generally will, therefore, derive benefit by reason of the fact that the bank is thus in a position to obtain accurate information from the very centres of production.

In the appointment of rural agents several localities have been selected among the zones of recognised economic importance and density of population. These localities are to be found in districts distant not less than about 30 miles from the nearest branch of the bank, where members of the staff, of acknowledged capability by reason of many years in the agricultural zones, will visit and advise the producers, so as to instruct them in the sense of directing the agricultural credits towards a perfect system of rationalisation.

HELPS TO OWNERSHIP

Defensive Measure Against Low Prices

All farmers aspire to own the land cultivated by them or on which they raise their flocks, and as the bank helps them to ownership, this in itself enables them to obtain further credits later on. With this end in view the bank has regulated its credits for the purchase and improvement of land, expecting only from the applicants, as an indispensable condition, that they work the land themselves and that their fields be capable of producing good crops and of yielding a reasonable income.

The main provisions for granting such credits are a maximum of 30,000 pesos per farm, and a first mortgage guarantee on the immovable property, payable in five yearly instalments and bearing interest at the rate of five per cent. per annum.

For the development of agricultural land the Banco de la Nación Argentina grants to applicants credits to enable them to grow wheat, flax, barley, oats, rye and maize, in order that they may buy pedigree seeds to improve their crops, and also credits on the produce harvested, whether in sacks or as bulk.

As a defensive measure against the ruinous prices ruling in the grain markets in 1929, the National Government created the Grain Control Board, which was attached to the bank. This Board was to buy all wheat, flax and maize offered in the market on a fixed basis of prices, selling, at the prices ruling in the international market, the produce thus intended exclusively for export.

BENEFITS OF GRAIN CONTROL BOARD

The Board secured for the farmer undoubted benefits, both moral and material. Its transactions re-established confidence, and this in turn led to the economic recovery in all spheres of rural life, for it succeeded in creating active competition among grain buyers and maintained cereal prices on a firm basis.

To supplement the above-mentioned services, the bank grants also credits for the construction of sheds, so that each farm may possess the necessary means

STEADY RECOVERY FROM DEPRESSION

Besides the loans given by the bank to the various producers, it also provides facilities for the cultivation of olive trees, alfalfa, rice, sugar cane, vines, tobacco, potatoes, maté, peanuts, oatmeal, &c. Therefore it can be stated that the provisions of the Agricultural Credits Law are being fully carried out by the Bank, which was entrusted with its organisation.

The results of these provisions are being favourably felt by the main industries in the country and are leading to a complete recovery, thus putting on solid foundations the confidence in the Argentine which will enable that country in the near future to take her place among the great world Powers.

At this stage it may be well to pay tribute to the founder of the bank, Dr. Carlos Pellegrini, who spared no efforts to establish it on solid foundations. A man of far-sighted views, with great will power, he was the moving spirit of this great enterprise. In spite of his endeavour he had to face the lacking of a large part of the country.

In the midst of the adversity suffered by the Republic in the early nineties, when the Government finances were in a chaotic state, this great statesman decided to create the Banco de la Nación while public opinion and the Press were engaged in a violent controversy over the ashes of two fallen institutions, the Banco Nacional and the Banco de la Provincia. The country's credit had suffered a tremendous blow, and there was no financial organisation to coordinate her economic life.

FOUNDER'S COURAGE

Finance Minister's Support for Scheme

Dr. Pellegrini worked out a scheme and started the bank by means of an issue of 30,000,000 pesos. Many obstacles had to be overcome in the preliminary stages, but they did not deter this eminent servant of the Republic, who, full of optimism, continued his ceaseless efforts and did not shirk the responsibilities inherent to his scheme. Aided by his Finance Minister, Dr. Vicente Fidel López, he sowed the seed which soon began to grow until the bank became the great institution it is to-day.

The crisis of 1890 was intense and painful and affected the whole of the national economy. When the Banco Nacional and Banco de la Provincia closed their doors, in April, 1891, the country's economic activities became temporarily paralysed. Consumption fell to a very low level, the savings of the population were reduced to the extreme and trade came almost to a standstill, with the cessation of credit and the menace of bankruptcy.

In such conditions it was essential to find means to re-establish public and economic confidence. The establishment of the country had stopped, the banking forces existed to enable the authorities to undertake the work of reconstruction.

OVERCOMING LACK OF CONFIDENCE

On May 19, 1891, the Government submitted to Congress a project by means of which they were authorised to create the bank in the form of a joint stock company "a great bank," it was stated, "to supply the whole of the Republic as an admitted need; it is, in fact, essential for the national industry." The new bank was to have an official character. Its capital would be 30,000,000 pesos currency and 20,000,000 pesos gold. The former would be obtained by public subscription. It would not have power to issue notes, the question of the consolidation of bank notes of local character had been settled.

The Government looked for capital within and without the Republic, but did not find it because the foreign capitalists saw in the difficulties existing at the time in the country, offered very unfavourable terms. On the other hand, the Argentine public showed no confidence whatever in the new institution. It was therefore decided that the Government should subscribe the capital of 30,000,000 pesos in national currency, which it was to pay in 100 pesos per month. It was to be managed by a Board of Directors were to be elected by the shareholders, with the exception of the President, who would be appointed by the Government in agreement with the Senate.

The project established that the profits should enjoy the same privileges as the Banco Nacional, with the only difference that it would be lawful for private individuals to the

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total exclusion of the Government, and be without power to issue notes.

Fearing that the public subscription might not meet with complete success, and in view of the fact that the creation of the bank could not be postponed, the project provided that the Government should appoint, in agreement with the Senate, the provisional Board of Directors and that the latter, for the purpose of establishing the bank without delay, should deposit with the Conversion Office a bond equivalent to 100,000 shares, to be exchanged in due course for definite bearer shares.

In the Chamber of Deputies the members of the Finance Commission could not reach agreement on the plan, and two reports were issued. One of them recommended the sanction of the scheme as amended by the Senate, while the other, more extensive, dealt not only with the foundation of the bank but also with the reform of the monetary law and the conversion of the old notes. At length the project as passed by the Senate but with some slight alterations was promulgated on Oct. 16, 1891.

[This survey will be continued in a later issue of THE DAILY TELEGRAPH.]

An Argentine dairy factory. The Republic is making every effort successfully in world markets with its agricultural produce

Openings for Investm of British Capital

By ALEJANDRO E.
Professor of Ec
Buenos Aires U

THE year 1910, in which Argentina celebrated a century of political independence, saw the end of one stage in her economic development and the beginning of another and very different one.

The first stage, which covered nearly the whole of the second century, had taken definite shape. Before 1910 Argentina's economy was limited to comparatively few agricultural products and the state of this agricultural industry was conditioned by the state of foreign trade. Since then, however, the country has slowly developed her agricultural production along more varied lines and has at the same time become interested in the manufacturing of products to satisfy the needs of her own internal market.

YEARS OF SETTLEMENT AND GROWTH

This manufacturing process has been stimulated in the last five years by the fall in the value of Argentine exports, which made it impossible for her to continue buying abroad on the scale which had existed hitherto.

From 1870 to 1912 Argentina enjoyed a period of exceptional progress. In these 44 years 3,280,000 Europeans settled in the country and more than 8,500 miles of railway were constructed. A total of £320,000,000 of foreign capital, largely

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British, was invested in railways, gas and electric undertakings, in tramways, telephones and telegraphs and in ports and irrigation works.

The war slowed down the development of these public undertakings and 15 years passed in comparative quiet. The world depression followed, and it was during this critical period that Argentina again began to develop her manufacturing industries to satisfy her own internal needs. Then began what I will call "industrial immigration," a development which acquired great importance in 1934 and is still continuous to-day.

British capital which, as has been mentioned, was predominantly involved in public undertakings, has participated very little in this industrial movement. Argentina's progress along these lines is very much a North American and Continental-European product.

Prof. D. M. Phelps, of the University of Michigan, estimates that North American capital invested in this way in South America up to 1932 amounted to 234,000,000 dollars, of which 70 per cent. found an opening in Argentina. He mentions no fewer than 35 substantial North American companies which had established themselves in the country.

Between 1930 and 1936, according to Prof. Phelps, 390,000,000 pesos of foreign capital, mostly American and French, were invested in industrial undertakings in Argentina. At the rate of 17 pesos to the pound this represents some £23,000,000.

ACTIVITIES OF FOREIGN COMPANIES

The companies established during these seven years, 1930-1936, were as follows:—

PNEUMATIC TYRES.—Michelin, 1934 (France); Goodyear, 1930 (U.S.); Pirelli, 1934 (Italy); Dunlop, 1935 (England); Firestone, 1931 (U.S.).

MOTOR CARS.—Dupont (Duperial), 1935-36 (U.S.); Rhedia-etta, 1932 (France); Electric Lamps.—Philips, 1933 (Holland); Gram, 1935 (Germany).

Soaps and perfumes.—Florfrance, 1935 (France); Atkinson, 1927 (England); Colgate, 1933 (U.S.); Elizabeth Arden, 1935 (U.S.); Bensons, 1930 (France); Colgate-Palmolive-Peet, 1927 (U.S.); Colgate, Rensdell, 1930 (U.S.); Doggett & (France); Perfumeria Gal., 1928 (Spain).

Chemical and Pharmaceuticals.—Millet & Roux, 1930; Wm & Co., 1929 (England); 1934 (Italy); Fiesenhausen, 1930 (U.S.); Merk, 1930 (German); Kastbeuten, 1926 (Germany); Schmidt & (U.S.); Lambert Pharma (U.S.); Parke Davis & Co Scott & Bowne Inc., 1934 Fruit Salt, 1932 (Canad Chemical, 1925 (U.S.).

Shipbuilding and weaving.— om S. A. Textil, 1934 (U.S. Godde Badin Mordoni). Sudamtex, 1935 (U.S.).

Articles for radio an Brunswick Radio of Argen (U.S.); R.C.A. Victor, 193 Argentine Talking Machine (Holland).

Oil.—Anderson Calyton, Vermouth and alcoholic Cinzano & Cia, 1922 (Italy)

Zip fastenings.—Cierre 1931 (U.S.).

Refrigerators. — Frig (Canada).

Paint and varnishes.—C & Co. (England).

Machinery.—Nebiolo, 19 Lifts.—Otis Elevator, 19

Cigars and cigarettes.— bacco Co., 1930 (U.S.).

Lead castings.—Natio 1933 (U.S.).

Fountain pens and pen cils.—Aitcraft Pen Co., 19

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CAREFUL SELECTION OF BREEDS

Both agriculture and livestock breeding are carried out in large areas of territory, the smallest estancias having an area of 247 acres, while the largest extend to many thousands. This means that for the efficient working of these industries first-class machines are required, which are imported into the country, as well as the establishment of large amounts of capital for their establishment.

Both in the case of agriculture and stockbreeding the demands of foreign markets have had to be studied, and this has led to a careful selection of breeds. The latter work has been done by means of experimental stations, and the progress made is to-day acknowledged by the whole world.

No sacrifices have been omitted in the course of long years of work to reach the present state of efficiency. Year after year the best bulls have been imported into the country, with results that can be seen by anyone visiting the shows held by the Argentine Rural Society, where the livestock exhibited is probably unequalled in any other part of the world.

Parallel with this development in stock-breeding for beef production, progress has been made with the breeding of dairy cattle. Experiments have been made with breeds from all countries, although the most prominent have been the Shorthorn and the Dutch-Argentine animals, for which stock from Holland and the United States has been imported. The production figures as registered by the Argentine Rural Society and the Ministry of Agriculture show sound progress in the case of both these breeds.

The Argentine has also endeavoured to create a national type of breed, suitable to her needs, and has succeeded in developing the double-purpose Shorthorn, which can be used either for milk production or for meat.

UP-TO-DATE PLANT

Organisation for Export Marketing

All dairies in the Argentine are equipped to deal with large quantities of milk. Their plant is thoroughly up to date and the management has never failed to adopt the latest manufacturing methods.

The comparatively small population of the Argentine Republic—some 12,000,000—can only consume a very limited proportion of the country's products. Therefore it has been necessary to create an organisation to export the surplus produce, and this has involved a careful study, not only of the demands of foreign markets, with regard to quality, but also from the point of view of sanitation.

During 1935 the country figured as the largest exporter of flax, maize, casein and chilled meat, and she took second place as an exporter of wheat and wool. With regard to the dairy industry, it is reckoned that the exports that year amounted to 15,368,771 pesos, which merely represent one per cent. of her total exports. In the course of that year, however, Argentine butter was introduced to new markets, and at the request of these the Government undertook the selection of types of high-class cream, issuing for the purpose certificates which were denied to would-be exporters who did not comply with the necessary requirements.

WORLD PEACE ESSENTIAL FOR DEVELOPMENT

By Dr. ARGENTINO ACERBONI

AGRARIAN National "Industrial Nationa clearly define two economic life of the modern might almost say that, in they define two different a to a few decades have a other in occupying the same world in which we live.

Until 1914 the Europe whose foreign policy has se the world, had been inten manufacturing development the great technical deve the last century. They h in advancing secular evolu agricultural and stock-r which characterise pres and those of a lesser extensively industrial stage.

RAW MATERIALS FOR MANUFACTURE

The necessity for two industry itself and for its duces was satisfied by the division of labour which w exchange. These countr produce raw materials or s low cost specialised in the while nations of a more ad trial organisation obtaine materials in exchange fo manufactured products.

The second group of obtained a double benefit, assured of the maintenance of their industrial popula considerable increase in t of their products. This e

and other considerable improvements of free development of production.

The traditional opposition of the countries to protectionism in the trade and protectionism in the industrial countries established a different economic regime, one imposed by industrial countries, the other by the agricultural countries. Both are important as an element in this economic organisation of the world from the point of view of the production of foodstuffs and analysis of the raw materials. All industrial nations attempted in one way or another to defend themselves against the products of competition, which, especially in times of crisis, found favourable conditions for entry. The closed customs barriers of some countries, such as Argentina, represent in this scheme nothing more than an increase in cost for their own population, an increase in any manner possessing a protective character.

World peace is a fundamental condition of this system of exchange. But it is impossible to have tranquil political relations if the world's social and political institutions have not advanced on equal terms with its technical, scientific and industrial progress, and the experience of the last three decades has demonstrated that this complementary development has not taken place.

Social and political organisation increasingly tends to stagnate, and to prevent the introduction of new ideas which constantly has not been able to modify. The post-war world, great in its technical progress but small in its political organisation, has found itself as oppressed in its confines as an overgrown person in too small a suit. The world was emphasising the disproportion between the individual and the suit, but unfortunately the remedy sought has not been

A world exposed to the horrors of war cannot develop along the lines of normal division of labour without serious risks to the maintenance of States. In view of this danger States have been forced to sacrifice their progress and take the economically backward step which great nationalism represents.

This nationalism is unfortunate for two reasons. On the one hand, in attempting to produce within a densely inhabited territory most of the materials which the population demands, it is necessary to employ land of less productivity and to exploit productive land with a greater intensity than is economically feasible. Thus, according to Richard's Law, agricultural production is raised to the point of coinciding with the costs of the marginal producer, and this automatically augments the cost of living for the producing class.

ECONOMIC PLAN FOR CIVILISATION

On the other hand, by cutting off exchange with countries which produce raw materials, the industrial producer loses an enormous number of consumers and is ultimately prevented from manufacturing under better conditions with greater power and more perfection. For this reason the cost of manufactured products becomes enhanced for the population within such a nation's frontiers.

Despite this choice which nations seem to have made it is not too late to try to make anew an economic plan for civilisation which will assure the welfare and prosperity of all.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 9 de Setembro de 1937.

No. 415

NP

Incidente anglo-nipponico.
Resposta provisoria do Japão.

932. (52)(56) Nadeja

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de ...
29 SET. 1937
No 11902

Senhor Ministro,

Em additamento ao meu officio nº 400, de 1º do corrente, relativo ao incidente anglo-nipponico, tenho a honra de passar ás mãos de Vossa Excellencia, em annexo, o recorte do "Times", de 8 do corrente (I), contendo um editorial a respeito da ultima reunião do Ministerio inglez. São dous os assumptos principaes a serem considerados: - a situação do Mediterraneo e a proxima conferencia de Nyon - assumpto de outro officio, e a resposta provisoria do Japão ao protestos inglez, motivado pelo ferimento do Embaixador britannico na China, Sir Hughe Knatchbull-Hugessen.

2. A nota do Governo japonez constitue apenas uma resposta provisoria, pois, ao apresentar expressões de profunda sympathia ao Governo britannico e ao Embaixador pelo accidente occorrido, affirma não ter podido ainda encontrar prova alguma da responsabilidade de um avião japonez; promette continuar as

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

as suas investigações, sem poupar nenhum esforço, afim de apurar a verdade dos factos.

3. Essa resposta foi considerada absolutamente inadequada, segundo a opinião dos principaes jornaes desta capital, e o correspondente diplomatico do "Morning Post" (II), em 8 do corrente, informa que o Governo britannico está insistindo junto ao Governo japonez no sentido de obter uma resposta mais satisfactoria. A impressão geral é que a nota japoneza só pode ser considerada como provisoria e não absolutamente satisfactoria.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafael de Sousa

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 9 de Setembro de 1937.

NP

No. 416

O problema do
Mediterraneo.

601.3(8H)
126

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
29 SET. 1937
No 11902

Senhor Ministro,

A Conferencia de Nyon será, como se esperava, presidida pelo Senhor Anthony Eden. O convite franco-britannico já foi acceito, até agora, pela Russia Sovietica, Rumania, Bulgaria, Grecia, Yugoslavia e Egypto. Assegura-se, nos meios officiaes de Londres, que o conflicto surgido entre a Russia e a Italia não é de natureza a modificar o plano da Conferencia mediterranea, a qual se realizará de qualquer forma, mesmo si algumas nações tardarem na resposta ou se recusarem ao convite formulado.

./6

2. O pensamento britannico é o de que, na Conferencia, não se cogitará de questões politicas mas unicamente do "perigo commum" contra o qual é "necessario tomar urgentes medidas", medidas essas que, embora ainda não determinadas, terão, como se affirma, absoluta efficacia contra os "novos piratas" do Mediteraneo.

3. Em sua nota de resposta, a U.R.S.S., após varias

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

MRS

varias considerações, pede aos Governos de Londres e Paris uma explicação sobre o motivo pelo qual a Allemanha fôra tambem convidada, em vista de não ser um paiz mediterraneo. Manifesta egualmente o desejo de tornar o referido convite extensivo ao Governo de Valencia, attendendo á circumstancia de seus "interesses estarem em constante perigo pelos actos de aggressão de navios piratas". Além do mais, as suas accusações contra a Italia se baseiam, como affirma, "em provas irrefutaveis que attestam haverem sido os vapores russos torpedeados por submarinos das forças navaes italianas".

4. Por outro lado, a Italia e a Allemanha recusam-se formalmente a collaborar na Conferencia de Nyon, por julgarem o assumpto da alçada exclusiva do Comité de não-intervenção. Os Gabinetes inglez e francez alimentam, porém, a esperança de demover aquelles dois paizes de seus propositos, mas a verdade é que não será de estranhar que a attitude italo-germanica seja irreductivel, o que prejudicaria, sem duvida, os trabalhos da Conferencia.

5. A imprensa britannica, estudando a situação actual do ambiente internacional, acha "precipitado" o gesto Sovietico, tanto mais quanto os factos carecem de provas flagrantes. O "Times", no seu editorial, constatando que a disputa italo-sovietica creou um geral mal-estar na esphera internacional, adeanta, entretanto, que essa polemica não affecta maiormente o verdadeiro objectivo da Conferencia. "O Governo britannico está interessado em resolver, de uma vez por todas, pacificamente, os problemas do Mediterraneo". O "Morning Post" critica severamente a attitude da Russia, que parece"julgar a sua missão no sentido de semeiar, no mundo, a discordia." Qualquer que seja o aspecto da Conferencia - insere aquelle diario conservador - é preciso pôr um termo ás condições intoleraveis, ás quaes são submettidos os grandes caminhos do commercio internacional. O "News Chronicle", orgão

orgão liberal, analysa tambem esses factos pelo mesmo prisma, achando, porem, que se não deve intimidar deante dos "actos arrogantes dos novos dictadores-aggressores".

6. É inconteste que o Mediterraneo está, hoje em dia, praticamente, em perfeito "estado de guerra". As garantias internacionaes - contra todas as noções rudimentares de direito internacional - foram postas á margem. Os torpedeamentos se succedem numa ordem assustadora e perigosa para a paz da Europa. Mais de vinte navios mercantes, de differentes nacionalidades, soffreram as consequencias da "pirataria de submarinos ignotos e de contra-torpedeiros de origem duvidosa."

7. A crise européa attinge a sua phase mais critica. O Senhor Anthony Eden, a caminho de Genebra, conferenciou, em Paris, com o Senhor Yvon Delbos. Parece que dessa conferencia resultou o assentamento definitivo das bases da proxima reunião de Nyon. O gabinete britannico, reunido hontem, estudou detalhadamente o novo aspecto dos problemas do Mediterraneo. Assim, tudo parece indicar que o plano sobre as proposições a serem submettidas á Conferencia, que visa, como se sabe, os "actos de pirataria" nocivos á liberdade de navegação no Mediterraneo, já se encontra inteiramente elaborado.

8. Não ha, pois, nenhum indicio que nos permitta prognosticar sobre o successo da Conferencia de Nyon. De um lado, a Russia estabelece condições de molde a não favorecer o espirito pacifico dos poderes interessados e, de outro, a Espanha acaba de apresentar um vehemente protesto contra a sua "inexplicavel exclusão da Conferencia". Os Governos de Valencia e de Moscow, unidos mais do que nunca, parecem dispostos a encarar a crise actual com o seu profundo espirito de egoismo que, de longa data, os caracteriza. A Allemanha e a Italia, por seu turno, com a negativa de sua adhesão á Conferencia do Mediterraneo, concorrem para ag-

aggravar a situação européa.

9. Pode-se, porem, concluir - com enorme pezar - que a paz destes dias sombrios experimenta mais uma dolorosa crise, cujas consequencias são difficieis de prever-se.

10. Tenho a honra de encaminhar a Vossa Excellencia os recortes dos principaes jornaes inglezes que trataram do assumpto acima mencionado.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Régis de Oliveira

Emb.Londres/416/1937/Annexo

"FINANCIAL NEWS"

Londres, 3 de Setembro de 1937.

TORPEDOED

Hardly a day passes without some new piratical action by the mysterious submarines which are marauding the Mediterranean. Last month, at least twenty attacks upon merchant shipping were recorded. On Wednesday came the attack upon H.M. destroyer "Havock." And yesterday, yet another British tramp steamer was sunk. Not since the U-boat campaigns during the Great War has there been such unrestricted submarine warfare. The identity of the attackers is, of course, still unknown. In nearly all cases, however, their purpose is to stop the delivery of supplies to the Valencia Government, so they can hardly come from quarters hostile to General Franco. If the report that the assailant of H.M.S. "Havock" has itself been sunk is true, then very significant information about the attackers may emerge. In the absence of exact information, it is perhaps somewhat fruitless to discuss the submarines' possible identity. The main duty of the Government is to protect British shipping from these unprincipled attacks, and the decision to strengthen our destroyer fleet in the West Mediterranean is a very necessary consequence of that duty. Things have come to such a pass, indeed, that the strongest counter-action is needed.

The course which events are taking in the Mediterranean is an ominous one. As soon as the Spanish civil war began, the danger of developments of this kind was plain. It was in order to prevent—or at any rate to mitigate—that danger that the British and French Governments initiated the policy of non-intervention. But now they find that this policy has failed to keep the ring in Spain and has failed to prevent the attendant risks to their trade routes and to their shipping. For the aggravation of these risks and for the threat to Mediterranean peace which this present situation involves, the Italian Government must bear a considerable share of the responsibility. Signor Mussolini's unwillingness to participate in plans which would have made non-intervention a reality, his refusal to evacuate Italian forces from Majorca, his extraordinary telegrams to General Franco after the taking of Santander—telegrams which suggest the existence of a closer relationship between the insurgents and the Italian Government than most people had believed—are all contributory causes to the emergence of the present position. The French Government (and, more significantly, the French General Staff) now shows an acute apprehension about Italy's Mediterranean aims which is readily understandable. Indeed, the threat to Britain's Mediterranean interests is only too plain. Consequently, we must be prepared for a continuance of this period of uncertainty, and perhaps also for a further succession of these "incidents" to which we are now becoming accustomed. The position is one of the utmost gravity, and contains potentialities of the most serious nature. The City so far has been inclined to rate this lower in importance than the events in the Far East, but to our mind this is far more serious even in the narrower market sense.

In these circumstances, the possibility of an early genuine market revival must be regarded as slight. During the next few weeks, this position of acute anxiety is likely to continue, and the danger of "incidents" even more serious than those which we have already witnessed cannot be left out of account. The existence of extreme international tension does not, however, necessarily put a complete stopper upon market activity. Many times during the last two years or so, markets have been reasonably active and firm although war has threatened almost as gravely as it does now. The City has been responsive to "incidents," and has on occasion been inclined to panic. During the worst of the "sanctions crisis" two years ago, and during the "Rhineland crisis" of the spring of 1936, the markets behaved with a commendable *sang-froid* throughout long periods of the severest political tension. There were brief panics, when some event of more or less significance brought home to the investor the nearness of the volcano by which he was standing. But from these moments of panic, recovery was usually rapid. And as time has passed, and the international situation has worsened, the City has become accustomed and hardened to events which in the peaceful 'twenties would have been regarded as cause for severe panic. If the only trouble were the existence of international tension, indeed, then we could in effect eliminate it from the list of fundamental market influences. Even to a succession of moderate "incidents," the markets might by now be expected to have become almost impervious. But so fraught with danger is the present situation that the investor is now beginning to become afraid of "incidents" more substantial and critical than those to which he has become accustomed. While this danger exists, we can hardly expect markets to go forward. But if, on the other hand, the hardening of the attitudes of the British and French Governments leads (as well it may) to a fundamental improvement of the situation, then the outlook for a real market advance is promising.

Emb.Londres/416/1937/Annexo

"THE TIMES"

Londres, 3 de Setembro de 1937.

THE PIRATES

The events of the last few days in the Western Mediterranean have revealed a state of affairs which is fast becoming intolerable. That sea is one of the great highways of the world, more crowded with shipping of all nationalities than any other sea route except the English Channel. The countries bordering upon it—all the nations of Europe indeed—are nominally at peace with one another; most of them are actually engaged in collaboration with one another in the endeavour to devise and operate a comprehensive set of measures intended to prevent the internal conflagration in Spain from spreading to other peoples. Spain alone is in the grip of armed conflict, and that not against any foreign enemy but between rival parties within the country, each striving to extend its sway over the whole. In that conflict the great majority of ships which traverse the Western Mediterranean have no interest or concern whatever. They have every right to pass through these waters, and they have every right to immunity from molestation in doing so. Even if the warring factions in Spain were recognized by other Powers as belligerents in the international sense, and were thus accorded the right to visit foreign merchant vessels at sea in order to verify their character and business, the greatest inconvenience to which innocent merchant ships should be subjected would be that of the small delay entailed by the process of visit.

Yet such is the recklessness and disregard of the rights—and even of the lives—of third parties, with which the Spanish struggle is being conducted, that any ship, whether man-of-war or merchant ship, in the Western Mediterranean may apparently be the victim of attack as sudden and brutal as it is unjustified. It is barely a month since the British tanker British Corporal, on passage from the Persian Gulf to England, was the target of a heavy attack by Spanish aircraft, using bombs and machine-guns, off Algiers, some 200 miles from Spain. Italian, French, and Greek ships were similarly attacked from the air in that vicinity at the same time. A week later two Spanish ships were torpedoed without warning some 300 miles farther east, presumably by a submarine, and a torpedo, which fortunately missed its aim, was fired at a French ship in the same locality. After a lull of a bare week piratical attacks were resumed with the bombing of a British ship from the air in the Gulf of Lyons, where a Spanish ship was shelled without warning by a submarine a week later. This week the climax has been reached with three torpedo attacks by submarines without warning at twenty-four hour intervals. In the first the Russian steamship Timiriasef, bound from Cardiff to Port Said, was sunk near Dellys, on the Algerian coast; in the second H.M.S. Havock was narrowly missed off Cape San Antonio, 400 miles to the north-west; in the third the tanker Woodford, recently transferred from Greek to British ownership, was sunk near the island of Columbretes, some 100 miles farther northward.

The situation arising out of these events was sufficiently grave to call for a meeting, which lasted into the afternoon, of those Ministers who were within reach of London yesterday. The announcement which followed the meeting—that the British naval forces in the Western Mediterranean are to be still further increased—will be received with general approval in the country. Public feeling has been deeply stirred by the news of the wanton and unprovoked attack on H.M.S. Havock; and, though there were fortu-

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This new order does not indicate any departure from the established British policy of impartiality between Spanish Republican and Spanish Nationalist. It is a mere measure of self-defence. It is a characteristic of the air and submarine craft by which these attacks have been made that their victims can be no more certain of the attackers' identity than the aircraft can be really certain of the identity of the ships bombed, or the submarine, if she attacks without previous examination by boarding, certain of the identity of the ship shelled or torpedoed. Neither side in Spain, when faced with a protest caused by an attack on a foreign vessel, has hesitated to accuse its opponents, or even their foreign sympathizers, of being the real culprits. Counter-attack on the perpetrators of these piratical attacks is clearly the only method of discouraging their repetition, whatever the identity of the pirates; and there is no other method open to the British Government of affording protection to its men-of-war and merchant ships in the Mediterranean than to strengthen its forces in that sea.

Emb.Londres/416/1937/Annexo

"THE TIMES"
Londres, 9 de Setembro de 1937.

NYON PLAN DECLINED

GERMAN-ITALIAN REFUSAL

BRITISH POLICY

A CONFERENCE TO BE HELD

Germany has declined the Anglo-French invitation to a conference at Nyon to-morrow for the discussion of measures to prevent attacks by submarines on shipping in the Mediterranean.

The German Government suggest that the question of these attacks should be referred to the Non-Intervention Committee.

The Italian Government, it is understood, are sending a similarly worded rejection of the invitation.

The Cabinet met yesterday to discuss the proposals to be submitted to the conference. The German and Italian replies to the invitation were not then known, but it was decided that, whether or not these Powers attended, a conference must be held, at Geneva, if not at Nyon.

GERMANY'S REASONS

FAILURE TO INVITE GENERAL FRANCO

From Our Correspondent

NUREMBERG, SEPT. 8

The German and Italian Governments, it was learned here to-night, have dispatched identical or similar Notes to London and Paris suggesting that the Mediterranean problem be referred to the Non-Intervention Committee instead of to the proposed conference at Nyon. The Note, it is gathered, suggests that the Mediterranean conference is bound to be a failure in view of the fact that General Franco has not been invited to send a representative. It is probable also that the German Note will recall the failure of Great Britain and France to support Germany in the proposed common action against Valencia after the Leipzig incident.

The German and Italian decision was arrived at after numerous telephonic conversations between Rome and Nuremberg, in which Baron von Neurath, the Foreign Minister, who is here, took part. Captain Nicholas Franco, brother and confidential secretary of General Franco, arrived here this morning to attend the Nazi Party rally.

What may be regarded as the official German reaction to the proposed conference appeared in the *Frankfurter Zeitung* this morning.

How (it was asked) are present troubles in the Mediterranean to be set aside if the Powers cannot decide to close up the wells from which the dangers spring? Is it really thought possible to restore conditions of security in the Mediterranean so long as the Spanish affair still rages, or so long as the Comintern is permitted to conduct an anti-European policy on Spanish soil, and so long as the Spanish opponent of this policy, General Franco, is not recognized as a legitimate belligerent against [illegible] policy?

relations with the U.S.S.R. should be received with the utmost caution.

That the dispatch of this second Russian Note has further exasperated public opinion is evident from the language applied to it by the Press. "Impudent," "Deliberately provocative," "Contrary to all precedent and diplomatic usage," "Contrary to all normal relations between civilized States" are among the phrases used, and it is foretold that the second Note will, even more than the first, do harm to its authors.

Further symptoms of the anger aroused here may be seen in the open disbelief expressed in some quarters of the French semi-official statement that the Quai d'Orsay had no previous knowledge of the delivery of the first Russian Note. The complicity of the French Government is thought to have been implicitly acknowledged by certain organs of the French Left.

In all this atmosphere of effervescence and suspicion Italy is leaving no stone unturned to emphasize the solidity of her friendship for Germany. Every passage of Herr Hitler's message to the Nuremberg Conference is applauded and emphasis is laid upon the justice of the German colonial claims. Italy, it is said, having successfully vindicated her right to expansion, fully sympathizes with Germany's needs and "Europe must reckon with a deliberate German movement for a revision of the colonial situation created by the Treaty of Versailles." Such a movement "is absolutely legitimate."

FRENCH INSISTENCE ON SETTLEMENT

"CONFERENCE WILL GO ON"

FROM OUR OWN CORRESPONDENT

PARIS, SEPT. 8

It is taken for granted here that the Mediterranean Conference will take place. Responsible opinion holds the view—confidently believed to be shared in London—that neither the Russo-Italian wrangle nor the defection of any Power, however important, should be allowed to hinder the settlement of a question of such urgency.

M. Delbos, the Minister for Foreign Affairs, will head the French delegation and will be assisted by Admiral Darlan, Chief of the Naval General Staff, Rear-Admiral Godefroy, and several officials from the Ministry of Foreign Affairs.

The arrival of the British delegation here to-morrow on their way to Switzerland will, it is hoped, offer an opportunity of working out the last details of the proposals which France and Great Britain may be expected to submit jointly to the Conference. On the joint principles to be followed there is already complete agreement, but obviously the technical aspect requires careful attention.

Meanwhile the motives underlying the sudden diplomatic offensive launched by Soviet Russia against Italy remain as much a mystery as ever to French opinion; and unless events show it to have been, after all, a subtle and advantageous stroke the original strictures on what is felt to be a hasty and ill-considered gesture are likely to stand. So far, indeed, French eyes—with the exception of the obedient Communists—see nothing but its disadvantages.

M. Delbos this afternoon received Dr. Negrin, Prime Minister of the Valencia Government, who had seen M. Chautemps, the Prime Minister, earlier in the day. It is believed that the two statesmen discussed the question of a renewal of the Spanish Government's temporary seat on the Council of the League.

REPLIES TO NYON INVITATION

SEVEN POWERS ACCEPT

Russia, Egypt, Greece, Turkey, Rumania, Bulgaria and Yugoslavia have accepted the invitation to a Mediterranean Conference at Nyon. Albania has not yet replied.

The reply of the Soviet Government accepting the Anglo-French invitation to [illegible] states Reuter,

ference must be held, at Geneva, if not at Nyon.

GERMANY'S REASONS

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The German and Italian decision was arrived at after numerous telephonic conversations between Rome and Nuremberg, in which Baron von Neurath, the Foreign Minister, who is here, took part. Captain Nicholas Franco, brother and confidential secretary of General Franco, arrived here this morning to attend the Nazi Party rally.

What may be regarded as the official German reaction to the proposed conference appeared in the *Frankfurter Zeitung* this morning.

How (it was asked) are present troubles in the Mediterranean to be set aside if the Powers cannot decide to close up the wells from which the dangers spring? Is it really thought possible to restore conditions of security in the Mediterranean so long as the Spanish affair still rages, or so long as the Comintern is permitted to conduct an anti-European policy on Spanish soil, and so long as the Spanish opponent of this policy, General Franco, is not recognized as a legitimate belligerent against that policy?

"ATMOSPHERE POISONED"

The newspaper goes on to say that the one consideration which compels the German Government to take the conference proposal seriously is not the possibility of its being a success, but the anxieties of Great Britain and France about the "unusual and dangerous situation in the Mediterranean." The question is, however, in the German view, how the torpedo and bomb attacks can be brought to an end by a conference without the Spaniards, a conference whose competence has not been established and a conference the atmosphere of which has been poisoned in advance by the action of the Soviet Government in making officially charges against Italy which are completely incapable of proof.

Apart from the fact that in the circumstances Italy could hardly be expected to attend, German comment betrays suspicion that an attempt has been made to draw this country into a conference for which "a majority front consisting of England, France, Yugoslavia, Turkey, and Egypt has already been built up."

The reminder is given again that German policy is unalterably based on the conviction that Bolshevism is the enemy and that in this attitude Germany, as Herr Hitler said in his proclamation yesterday, does not stand alone, but is bound in "a determined community of wills" with other Powers.

A meeting of Ministers was held here late to-night in Herr Hitler's hotel after receipt of the news that the Soviet Government had sent a second sharp Note to Italy with regard to the sinking of Russian ships in the Mediterranean. Herr von Ribbentrop, the German Ambassador to London, attended the meeting.

ITALIAN REPLY TO-DAY

A SECOND SOVIET NOTE TO ROME

FROM OUR OWN CORRESPONDENT

ROME, SEPT. 8

It was announced in Rome to-night that the Italian reply to the invitation to the Nyon Conference would not be given until to-morrow morning, but the general expectation is that the invitation will be declined.

Another Note was sent to-day to the Italian Foreign Office by the Russian Chargé d'Affaires in which it was stated that the Soviet do not find the Italian reply to the first Note satisfactory and maintain their accusations. This Note, to which it is not yet certain that a reply will be made, has admittedly lessened the Italian willingness to attend the Conference and there is increased Italian reluctance to sit at the same table with the Soviet representatives. Rumours of Italy breaking off diplomatic

PARIS, SEPT. 8

It is taken for granted here that the Mediterranean Conference will take place. Responsible opinion holds the view—confidently believed to be shared in London—that neither the Russo-Italian wrangle nor the defection of any Power, however important, should be allowed to hinder the settlement of a question of such urgency.

M. Delbos, the Minister for Foreign Affairs, will head the French delegation and will be assisted by Admiral Darlan, Chief of the Naval General Staff, Rear-Admiral Godefroy, and several officials from the Ministry of Foreign Affairs.

The arrival of the British delegation here to-morrow on their way to Switzerland will, it is hoped, offer an opportunity of working out the last details of the proposals which France and Great Britain may be expected to submit jointly to the Conference. On the joint principles to be followed there is already complete agreement, but obviously the technical aspect requires careful attention.

Meanwhile the motives underlying the sudden diplomatic offensive launched by Soviet Russia against Italy remain as much a mystery as ever to French opinion; and unless events show it to have been, after all, a subtle and advantageous stroke the original strictures on what is felt to be a hasty and ill-considered gesture are likely to stand. So far, indeed, French eyes—with the exception of the obedient Communists—see nothing but its disadvantages.

M. Delbos this afternoon received Dr. Negrin, Prime Minister of the Valencia Government, who had seen M. Chautemps, the Prime Minister, earlier in the day. It is believed that the two statesmen discussed the question of a renewal of the Spanish Government's temporary seat on the Council of the League.

REPLIES TO NYON INVITATION

SEVEN POWERS ACCEPT

Russia, Egypt, Greece, Turkey, Rumania, Bulgaria and Yugoslavia have accepted the invitation to a Mediterranean Conference at Nyon. Albania has not yet replied.

The reply of the Soviet Government accepting the Anglo-French invitation to a Mediterranean conference, states Reuter, first declares that "the attacks of certain, and primarily Italian, warships on merchant ships sailing under various national flags should be recognized as intolerable," and as giving rise to "a direct menace to European security and universal peace."

The reply then asks why Germany, which is not a Power "directly connected with the Mediterranean," has been invited, while the Spanish Republic, which is such a Power, has not been asked to attend, though her interests "are in particular seriously violated by the aggressive actions of the pirate warships."

WALL STREET WEAKNESS

EFFECT OF FOREIGN POLITICS

FROM OUR CITY EDITOR

The Mediterranean situation and the conflict in the Far East have upset sentiment on the New York Stock Exchange this week far more than on the London Stock Exchange or the Continental Bourses. On Tuesday the fall in leading securities in Wall Street was the heaviest day's decline recorded since 1931. The day's turnover amounted to 1,870,000 shares, which was the largest for four months. Yesterday the turnover was even larger, amounting to 2,260,000 shares. Heavy selling again took place of all the leading securities, which fell heavily. Towards the close, however, there was some recovery, which left prices a little above the worst points of the day; but the rally was a half-hearted affair, the market being nervous and unsettled. United States Steel, which has been up to about 128 this year, finished yesterday at 96⅛, against 97⅛ on the preceding day, and American Smelting closed at 81, against 82.

Practically all the security markets on Tuesday were upset by international political reports, but yesterday the Paris Bourse was more cheerful. The London Stock Exchange yesterday appeared to be more affected by the "slump" in New York than by the international position, the heavy falls in American prices having necessitated a certain amount of selling of British securities by British investors who have differences to meet in consequence of the fall in American securities. Throgmorton Street, therefore, had the appearance of being more nervous and unsettled than on Tuesday, but there was no selling comparable to that which took place in New York. In fact, the fall in prices on the London Stock Exchange yesterday was due as much to the absence of buyers as to the presence of sellers. The adverse developments in international politics caused a further rise yesterday in wheat, metals, and rubber.

EC

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, 16 de Setembro de 1937.

No.422.

Mez economico
de Agosto de 1937.

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
11 OUT. 1937
No 12457

801.2 Madeira

Senhor Ministro,

Tenho a honra de passar ás mãos de Vossa Excellencia o relatorio economico relativo ao mez de Agosto ultimo.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

/1

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

.R.S.

Emb.Londres/422/1937/Annexo.

R E L A T O R I O

No.3

Mez economico de
Agosto de 1937.

Na recente evolução da situação economica do Reino Unido, póde-se notar que, a despeito da confusão politica reinante no quadro internacional, os indices de prosperidade se affirmam e se consolidam. Dentre os factores que mais tem contribuido para isso destacam-se como os mais importantes:

1º - a continuidade da politica de dinheiro barato de Governo Nacional;

2º - o melhoramento da situação monetaria mundial que favorece a tendencia para a redistribuição do ouro;

3º - a elevação geral dos preços;

4º - a expansão do commercio internacional.

No mez de Julho começaram a apparecer os primeiros balancetes semestraes das grandes emprezas de commercio e navegação, com resultados bem favoraveis, indicativos de uma renovação da actividade economica em quasi todos os seus sectores. O mercado de fretes tem sido um dos mais beneficiados por esse estado de cousas. A procura de navios-cargueiros augmenta dia a dia, registando-se vendas de embarcações por quasi o dobro do seu custo anterior. A propria industria carvoeira tem aproveitado dessa intensificação do movimento maritimo de navegação e as suas exportações para o estrangeiro revelam um augmento apreciavel.

O crescimento das importações do Reino Unido, reflexo do alto nivel de consumo contribue sensivelmente para a recuperação

recuperação que se verifica no commercio internacional do mundo, dada a situação de paiz credor por que se caracteriza a Grã Bretanha. Por sua vez, as exportações do Reino Unido seguem em linha ascendente, como se vê do seguinte quadro estatistico que resume as cifras relativas ás suas industrias principaes:

	7 primeiros mezes de:			
	1929	1932	1936	1937
Carvão (milhões tons.)	33,9	23,2	19,6	22,7
Ferro e Aço (" " .)	2,6	1,1	1,3	1,6
Maquinas (" " .)	333,0	194,0	224,0	246,0
Fios algodão (Mil. lbs.)	100,6	90,0	89,7	98,2
Tecidos " (Milhões jardas quad.)	2,290,0	1,346,0	1,102,0	1,158,0
Fios lã (Milhões lbs.)	26,0	21,4	21,5	20,4
Tecidos lã (Milhões jardas quad.)	93,8	48,4	68,9	73,4

O quadro seguinte mostra a emissão de novos capitaes no mercado britannico, nos 7 primeiros mezes do corrente anno comparada a de igual periodo de annos anteriores:

(Em £ - '000, omittidos)

	1935	1936	1937
Gov. e Municip.	24.702	20.780	126.564
Commercio	128.723	125.216	99.516
	136.482	132.733	205.954
Reino Unido	10.543	12.369	18.305
Imperio	6.400	894	1.821
Estrangeiro			

A libra, em Agosto, valorizou em relação á cotação da moeda de 17 paizes e permaneceu estavel em relação a de 17 outros, inclusive a dos paizes Scandinavos e a dos Dominios (excepto o Canadá).

O "Agricultural Register", passando em revista os resultados da politica agricola do paiz, nos ultimos annos, define nos seguintes termos o objectivo governamental: "o desenvolvimento da producção nacional conjuga-se agora com a necessidade de recuperar os mercados estrangeiros e com a necessidade de proteger os caminhos maritimos para todos os fins nacionaes em caso de guerra". Accresce ainda que em vez de ampliar a assistencia que os agricultores solicitam para varios ramos da sua producção, O Governo contenta-se com os progressos realizados pela acção das tarifas, subsidios e quotas, deixando que as industrias beneficiadas consolidem as posições conquistadas.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 16 de Setembro de 1937.

No. 423

O problema do Mediterraneo
e a Conferencia de Nyon.

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
11 OUT. 1937
No 12457

900.1 (600)
- 601.3 (84)

Senhor Ministro,

O Accordo de Nyon, sendo de caracter technico, destina-se, como se sabe, unicamente, a impedir os "actos de pirataria" que constituem, sem duvida, uma violação flagrante das regras do direito internacional e dos principios elementares de humanidade. O Accordo não admitte o direito - tanto de um como de outro partido em luta na Espanha, de exercer a belligerancia ou de controlar, em alto mar, a navegação mercante, mesmo observando as leis de guerra. Essas medidas foram estabelecidas de maneira a não prejudicar o direito dos paizes participantes da Conferencia, no sentido de proteger a sua navegação mercante contra qualquer classe de ingerencia em alto mar.

2. O objectivo do Accordo se acha, assim, claramente definido. Além do mais, estipúla que todo submarino que atacar um navio mercante, contrariando as regras do direito internacional, será contra-atacado e, si possivel, destruido. A fiscali-

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

MGRS

fiscalisação do Mediterraneo occidental e do Canal de Malta - "com excepção feita para a zona tyrrheniana, onde a vigilancia é passivel de disposições particulares" - caberá á frota mixta anglo-franceza; no Mediterraneo oriental, quanto ás aguas territoriaes, cabe a vigilancia aos respectivos paizes interessados, e no que concerne ao alto mar - "com excepção feita para o mar Adriatico" - compete egualmente, até á entrada dos Dardanellos, á frota anglo-franceza. O Accordo adeanta ainda "estar entendido que os limites das zonas mencionadas e sua divisão serão, em qualquer epoca, susceptiveis de fiscalisação pelas potencias participantes da Conferencia, afim de que tenham conhecimento directo de toda mudança de situação.

3. As medidas technicas relativas á limitação do emprego de submarinos no Mediterraneo e, por outro lado, as recommendação feitas aos navios mercantes no sentido de seguirem as rotas aconselhadas, confirmam que o systema estabelecido visa unicamente a repressão aos "actos de pirataria", isto é, aos submarinos ignotos.

4. O Accordo, desse modo, associa os poderes que têm, de facto, interesses vitaes a defender no Mediterraneo num obra commum de segurança internacional. Restabelecer a normalidade do trafico no Mediterraneo - disse o Senhor Anthony Eden em Nyon - é não só proteger os principaes centros da civilização mas, tambem, salvaguardar um dos attributos mais preciosos: a moralidade internacional."

5. É, não ha duvida, quasi sui-generis a circumstancia de que os poderes representados na Conferencia de Nyon tenham conciliado tão rapidamente as exigencias dos legitimos direitos de todas as nações. Lamentou-se, porém, que Roma e Berlim tenham apreciado os resultados da Conferencia dentro de um espirito differente daquelle que presidiu a elaboração do plano de seguran-

segurança internacional.

6. Afim de melhor comprehender o esforço naval da Gran-Bretanha para assegurar a execução do Accordo, basta recordar que, em tempo normal, a frota ingleza no Mediterraneo se compunha de quatro navios de linha, um porta avião, sete cruzadores, trinta destroyers, submarinos e outras unidades. Actualmente, essa frota é constituida de quatro navios de linha: "Barham", capitanea, "Malaya", "Hood" e "Hanover"; de quatro cruzadores: "London", "Devonshire", "Shropshire" e "Sussex"; de quatro cruzadores ligeiros: "Delhi", "Dispatch", "Penelope" e "Galatea"; de um porta avião: "Glorious"; de trinta e um destroyers, sete submarinos, seis torpedeiros, sete porta-minas, quatro navios auxiliares, um navio de comboio e outras pequenas unidades.

7. Em annexo, tenho a honra de encaminhar a Vossa Excellencia os recortes dos jornaes inglezes que trataram do assumpto acima mencionado.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Caio de Mello Franco.

Emb.Londres/423/1937/Annexo

"THE TIMES"

Londres, 13 de Setembro de 1937.

Norway beat Great Britain by 74 points to 65 in the Athletic match held at Oslo during the week-end. (p. 4)

The Worthing Bowls tournament was concluded on Saturday when the finals of the rinks and triples were played. (p. 6)

The challenge cricket match between Yorkshire and Middlesex was begun at the Oval on Saturday. (p. 5)

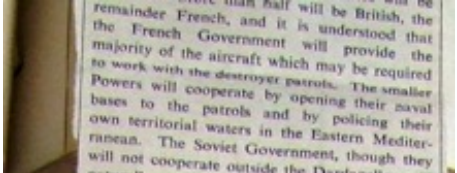
FINANCE AND COMMERCE

In "City Notes" comment is made on:—Speculation in the Franc; Managed Currency Risks; the Break in Wall Street; Home Municipal Finance; Toy-Making Profits; and Higher Freights. (p. 21)

In the foreign exchange market on Saturday a recovery took place in French francs, the rate on Paris being held at 138 29-32f. U.S. dollars were steady, the closing rate on New York being $4.94 9-16. Gold was quoted ½d. lower at 140s. 7d. an ounce, £121,000 being sold. Silver was unchanged for cash at 19 15-16d. an ounce, the price for forward delivery declining 1-16d. to 19¼d. (p. 21)

SUCCESS AT NYON

The delegates of the nine Powers assembled in conference at Nyon have lost no time in reaching agreement. They met on Friday; by Saturday night they had all agreed to join in preventing further piratical attacks on neutral merchantmen. The consent of all the Powers concerned can be counted upon in advance, the only possible exception being the Soviet Government, who, though their delegate, M. LITVINOFF, has been helpful in the private discussions at Nyon, have allowed or encouraged severe criticism of the conference in their Press. There are consequently good grounds for expecting the defensive plan to be set in motion by the middle of the current week. By then the sixty destroyers required to guard the Mediterranean trade routes from Port Said and the Dardanelles to the Straits of Gibraltar and from North Africa to Marseilles will be available. More than half will be British, the remainder French, and it is understood that the French Government will provide the majority of the aircraft which may be required to work with the destroyer patrols. The smaller Powers will cooperate by opening their naval bases to the patrols and by policing their own territorial waters in the Eastern Mediterranean. The Soviet Government, though they [illegible] will flotillas should make a continuance of piracy quite impossible. In any case the adhesion of the smaller Mediterranean States to the plan will be most gratifying to the British Government. France and Great Britain could unquestionably have furnished their own ships with complete naval protection against attack. But the threat of unprovoked attack was not confined to French and British vessels: the ships of other States were equally exposed to it, and since the days of the Algerine rovers piracy has been recognized as an evil that calls for international repression. The vigour displayed by the British delegation at Nyon and the readiness of HIS MAJESTY'S Government to assist the weaker Mediterranean States are wholly to be praised.



more than half will be British, the remainder French, and it is understood that the French Government will provide the majority of the aircraft which may be required to work with the destroyer patrols. The smaller Powers will cooperate by opening their naval bases to the patrols and by policing their own territorial waters in the Eastern Mediterranean. The Soviet Government, though they will not cooperate outside the Dardanelles, will naturally protect their own merchantmen should they need protection within the Black Sea. Of the Powers which have declined the Anglo-French invitation to Nyon, Italy, which is the most interested, will be informed to-day that the British and French Governments desire her cooperation, and the exclusion of the important trade routes through the Tyrrhenian Sea from the scheme on the ground that "they may form "the subject of special arrangements" indicates that London and Paris hope for the cooperation of Rome. The fact that the Russian Government will not take part in the Mediterranean patrol encourages the hope that the invitation will be accepted. The asperity of the recent Russian Notes to the Italian Government had furnished SIGNOR MUSSOLINI with an argument against participation in a scheme under which Russian warships might have operated in the Mediterranean waters which Fascism would close against the intrusion of "Polar Russia." Now that this possibility is removed there is surely no valid reason for the Italian refusal. The German official reaction to the plan will probably become clearer to-day when the British and French Governments formally announce the results of the conference to the Government of the Reich. In the meantime German Press comment is not encouraging.

These are the main features of the Nyon agreement. The patrol instructions agreed upon by the conference are equally direct and clear. The naval forces of the Powers engaged will fire upon and attempt to sink any submarine attacking a non-Spanish merchant vessel if the attack is contrary to the rules of international law as laid down by the London Naval Treaty of 1930. Under Article 22 of that Treaty submarines, like surface ships, may not sink or disable a merchant vessel "except in the case of persistent refusal "to stop on being duly summoned or of active "resistance to visit or search . . . without "having first placed passengers, crew, and ship's "papers in a place of safety"—which the Article further explains does not mean the ship's boats in a rough sea far from land and with no other vessel in sight. It may be added that the practice of the submarines recently engaged in attacks on neutral shipping has been entirely contrary to the Article in question. The naval forces will also fire upon and attempt to sink any submarine seen in the vicinity of an attacked non-Spanish ship in circumstances which give valid ground for the belief that the submarine has committed the attack in question. It is expressly stated that neither these special instructions nor the general agreement for cooperation between the nine Powers involve any concession to either of the Spanish parties of the right to exercise belligerent rights on the high seas. Finally, to avoid any mistakes or difficulties, no submarine of these Powers will put to sea in the Mediterranean unless accompanied by a surface vessel or when taking part in manoeuvres in certain areas; and the nine Powers will also close their territorial waters to any foreign submarine unless she is in urgent distress or is accompanied by a surface vessel. The reasons for these precautions are obvious enough and no Government interested in the protection of commerce in the Mediterranean can take justifiable umbrage at them.

Such are the results of a conference which was subjected to a deal of pessimistic criticism before it had met but which has confounded its critics both by the rapidity with which it has reached agreement and by the practical nature of the scheme adopted. Its success is the more praiseworthy since the first plan which the delegates were called upon to discuss on Friday had proved on examination to demand too large a measure of cooperation from the smaller States. They lacked the strength in destroyers to join in patrolling great stretches of the high seas, but their delegates were ready to help so far as their naval resources permitted, and the general spirit of good will enabled the conference to change its mind and adopt a new plan by Saturday night. For the broad outlines and the details of the measures adopted the naval advisers of the British and French Governments are chiefly responsible. They have produced a scheme which is likely to prove a serious deterrent to further outrages against neutral shipping on two of the great trade routes in the Mediterranean. If, as is hoped, the Italian Government decide to participate in the defence of neutrals against unprovoked attack on the Messina-Marseilles route and elsewhere, the cooperation of their powerful and highly efficient

Emb.Londres/423/1937/Annexo

"THE TIMES"

Londres, 11 de Setembro de 1937.

FINANCE AND COMMERCE

In "City Notes" comment is made on:—Revival in Home Railway Securities; Problem of the Franc; Treasury Bill Tenders; Increase in Australian Fares; Paterson, Laing and Bruce Plan; Grosvenor House Profits; Platt Brothers Scheme; and Yokohama Specie Bank Earnings. (p. 16)

A further fall occurred in the franc, the Paris spot rate closing at 139 1-16f. There was some recovery in forward francs, the discount on three months being 5¼f. Dollars appreciated to $4.94⅛. Gold rose 3½d. to 140s. 7½d. per oz., £281,000 being sold. (p. 16)

In the Stock Exchange yesterday Americans after an early rally experienced a fresh sharp break. Foreign bonds were also easier. Markets as a whole opened firm, and although easing during the afternoon did not wholly lose their initial improvement. (p. 16)

BACK TO THE FACTS

The Labour movement is engaged in the rather embarrassing task of shifting some of its political and industrial policies to firmer ground. It is transferring them from the region of speculation to the realm of fact. They undergo change in the process; they are stronger in the result. Those people who have put too high a trust in the rhetoric of party will find the atmosphere of the level plain less exciting, perhaps less stimulating, than that of the mountain top from which they have surveyed an imaginary Socialist State. It may take them a little while to realize that if they are being brought down from the clouds it is that their feet may be set on a more solid earth. Four remarkable decisions of the Trades Union Congress this week are items in this process of reconstructing the Labour Party's programme. Three of them had their origin in reports from the National Council of Labour, and the fourth, which was more definitely within the industrial sphere, originated with the trade unions. The National Council of Labour is a composite body in which the representatives of the General Council of the Congress, the Labour Party's executive, and the Parliamentary Labour Party are numerically equal. The weight of influence may not correspond exactly with this balanced representation, though not for the reason that the leadership may pass from preparation. The Labour movement has thus started a system of scientific inquiry into the policies that make up its electoral programme. It may in some instances require courage to accept the results. Certainly it did in the case of pensions. In other cases investigation may give added confidence and argumentative strength in furthering a policy adopted in the first place rather blindly and on emotional rather than logical grounds. In the light of ascertained facts the Labour Party could not, dare not, go on with its policy of State pensions of £1 a week at sixty years of age; the cost was prohibitive. As one member of the General Council said in this connexion, proposals meant for adoption must be practicable; and as SIR WALTER CITRINE said on another occasion, "we have to deal with a situation as "we find it." Facts are, first and last, very stubborn things. The Labour movement is showing a highly commendable resolve to ascertain the facts; then to face them and, if necessary, to re-shape policy. MR. BEVIN, whose presidential address was an illustration of the objective method of approaching industrial questions, announced the intention to form an advisory council of scientists which would not take away from the General Council any of its responsibility for the framing of policy, but would be available for expert consultation. This likewise is an admirable decision. The General Council is clearly in search of policies that will suit the circumstances of to-day and not those of an idealized future, and is intent on keeping its feet on solid ground. Of course there has been the taunt that the General Council is retreating. To retreat from the impracticable towards, it may be hoped, the attainable is not a movement that will lessen the General Council's credit. The dogmas of Socialism have less influence with the electorate than the actual proposals of Socialists.

which was more definitely within the industrial sphere, originated with the trade unions. The National Council of Labour is a composite body in which the representatives of the General Council of the Congress, the Labour Party's executive, and the Parliamentary Labour Party are numerically equal. The weight of influence may not correspond exactly with this balanced representation, though not for the reason that the leadership may pass from one section to another as individual forces wax and wane, but rather because the preponderance of strength, in membership and money, resides in the trade unions. To preserve the unity of the Labour movement and to abate the jealousies which are already active in local Labour parties because of the invincible strength of the trade union vote in the Party conference—a vote that may have been predetermined in the Trades Union Congress—it has become the practice to formulate all political decisions in the joint body. There may be still a preponderance of power in one part of the joint body, but at least the forms of democracy are, in this way, better observed. Responsibility for reviewing and re-writing Labour's political policy rests with the National Council. But the first to register a decision upon the result is the Trades Union Congress; and what the Congress thinks this month the Party conference will almost certainly think next month. The industrialists pronounce the first verdict and probably also the second and last.

There was a certain amount of camouflage as well as courage in the presentation of the changed policies to the Congress. Nevertheless the changes were made consciously and decisively. It was not openly confessed that, although the argument against non-intervention in the war in Spain was reiterated, the new decision turned sharply away from intervention by one democratic country or another and put on the League of Nations the whole responsibility for re-establishing democracy in Spain—or, in the words of the resolution, for enabling the Spanish people to recover their political and territorial independence. The criticism of non-intervention was whittled down to the demand that the Spanish Government should be left free to purchase munitions of war and that the insurgents should be denied that freedom. How the denial would be expressed in action the promoters of the resolution did not say; they left the problem to the same League of Nations which, in another connexion—and this can scarcely have been absent from their minds—they said was effectively little more than a name. In the discussion on the means of securing a shorter working week there was an amount of concealment that came little short of misrepresentation. This criticism does not lie against the General Council, for the Council took no part in shaping the decision, but against the sponsoring unions which, in circumstances that favour the success of hour-reducing agitations in some industries, no longer hold to the policy of proceeding by way of international convention and national enactment. They cast vicious stones at the Government, who have told them—what the recent experience of France has demonstrated—that to reduce individual output by a large reduction of the hours of labour may put a greater strain on the national economy than it can bear. Application of the essential test of ability to meet the added cost of reduced hours of work is implicit in the method of direct approach by the unions to the employers in particular industries. It was again on the recommendation of the National Council of Labour that the Congress threw over the principle of State pensions and accepted the principle of contributory pensions—insurance, in fact—sheerly on the ground that the money for State pensions on the desired scale is not and could not be made available. Theory surrendered to the plain force of facts. Again in respect of international policy and defence theory had to yield, though more reluctantly, to the realization that the desire for peace is not universal; that collective security, in any full meaning of the term, is at present unattainable; and that, even if this country were engaged in a security pact, the first blow of an aggressor might be directed against these islands. Therefore adequate armaments were essential.

All these four decisions are notable variations from the Labour policy which held the field until this week. The reason for the changes may be traced further than to the National Council of Labour. Before the pronouncements of the National Council there had been a period of study and research. In relation both to Spain and to national defence the study was of course of contemporary events, but the report on pensions included a financial survey which bore the marks of careful and thoroughly objective

Emb.Londres/423/1937/Annexo

"THE TIMES"

Londres, 21 de Setembro de 1937.

"A WORLD FREE FROM FEAR"

THE LEAGUE IDEAL

TEXT OF MR. EDEN'S SPEECH

FROM OUR LEAGUE CORRESPONDENT

GENEVA, SEPT. 20

The full text of Mr. Eden's speech at to-day's session of the League Assembly is as follows:—

I should first wish to say that we of the United Kingdom take special pleasure in the choice of this year's President, and in finding that the character and ability of his Highness the Aga Khan, which are so well known to us, are recognized in the signal honour done to him by the Assembly.

But it must be of interest to the League of Nations as a whole that the representative of India has been chosen in the year in which India has embarked upon so great an enterprise in representative government. Any change in the government of 300,000,000 people is of interest to all the world, and this change undertaken in full tranquillity is a good omen in the midst of the turmoil and fury in which so much of the world finds itself to-day.

We are met at a time of profound international anxiety. Though the people of the earth want peace they seem as far as ever from attaining to it. In two parts of the world at least—in the south-western corner of Europe and in the Far East—war is being waged as fiercely as at any time in history, while to the age-old bitterness of strife is added the deadly power of modern armament.

The influence of these events is everywhere felt. Even those of us here whose nationals are not engaged either directly or indirectly in either of these conflicts, even the most peace-loving among us, are now spending a vast proportion of national wealth upon armaments. Let me take my own country as an example. Last year I made a reference in this Assembly to the rearmament programme which we had then undertaken. Let me give an illustration to show what this has meant to one nation alone.

BRITISH REARMAMENT

At the present moment the aggregate tonnage of the principal types of warships actually building for the British Navy exceeds 450,000 tons. I take no account in this figure of ships already launched this year, nor of a further 55,000 tons which Parliament has authorized and which will shortly be put in

nationals are not now engaged in conflict, of the deterioration in international relations which has taken place in recent years. We were always conscious that a weakening of the existing system of international order must greatly increase the risks and anxieties, strains, and stresses the world over. In the long run such a weakening of international order could benefit no nation. It is benefiting no nation. It is true that in diverse parts of the world the warfare that has taken or even is taking place has resulted in territorial gain by one nation at the expense of another. But it has also resulted in the impoverishment of the victor to an extent only less than that of the vanquished.

When at the close of the Great War we, like other nations assembled in this hall, joined the League of Nations and sought to set up a new international order, it was not only from love of peace but from a conviction that aggression did not pay. We see no reason to modify or qualify that conviction. Indeed recent history may be held to confirm it.

FUTILITY OF WAR

The League was not originally formulated only as an ideal towards which men should strive. It was formulated as the practical application of a principle which, at least in 1919, was already generally accepted by the nations of the world—the principle that war does not benefit either victor or vanquished.

It may be that this view is not so generally held to-day, but so far as my country at any rate is concerned our attitude to war is exactly the same as it was in 1919. We believe war to be both wasteful and futile. We believe that it can confer no permanent benefit either on the nation that wins or on the nation that loses. Had war in 1914 and since been averted there can be little doubt that the world would be more prosperous and more stable than it is to-day. Nor do more recent hostilities invite a different conclusion.

In the last resort it is by its effect on the standard of life of the people that all political action must be judged. Conflict, whether internal or international, reduces that standard as surely as cooperation promotes it. Yet it seems that there are some who have yet fully to learn that lesson, and unless it is universally accepted and acknowledged this world may have to pass through yet more heartrending phases which bring with them untold suffering for all sections of the people. Until that period is reached this League of Nations, though it can play a part in certain spheres of international life, though it can still compose disputes, as it has done only this year, between its members—disputes which might otherwise have had the most serious consequences for all—yet it cannot play its part unhampered in the international sphere nor render its full service to mankind.

Let me at least make clear again our own views upon this matter. There is, in our judgment, no dispute between nations that cannot be settled by peaceful means. We are prepared now, as in the past, ourselves to seek such methods, and, as with politics, so with armaments. We are ready at any time to join in an international agreement for the reduction and limitation of armaments, but until such an agreement can be reached we are determined—and this applies to all sections of our people—to authorize such expenditure as may be necessary for our own defence and that of the territories of the British Commonwealth of nations, and for the fulfilment of our international

Government whose devotion to peace is everywhere recognized. It is for that same reason that we have from the first lent our full support to what is known as the policy of non-intervention. London has been the headquarters of the Committee that was set up to give effect to this policy, and through many difficult months we have sought by every means in our power to make that policy effective. It can be said that that policy has played the main part in preventing a European conflict. We have passed through a year of tense anxiety, a period during which sympathies have been sharply divided between countries and within countries. The conflict has not spread beyond the borders of Spain, and may I be allowed to add that such a consideration must be of the greatest moment to us all?

Though, therefore, the main object for which the policy was created has so far been achieved, it would be idle to deny that there have been wide breaches of the agreement. Engagements entered into have not been kept. There are foreign nationals in large numbers fighting on Spanish soil. No agreement has been reached for their withdrawal. That is a state of affairs pregnant with danger to the peace of Europe. We are ready enough to take our full share, and more than our full share, of responsibility for the policy of non-intervention. We have consistently supported that policy. If non-intervention has now to be discarded, it will not be for lack of patience on the part of its original sponsors. Let us not, however, conceal from ourselves this patent fact: if the policy of non-intervention is abandoned Europe will be swept into deeper and more dangerous waters. A leaky dam may yet serve its purpose, but we alone cannot decide the fate of this policy. Whatever that fate may be, there is one pledge that I can unequivocally give to this assembly—that the Government I represent will spare no endeavour to prevent war from engulfing Europe.

ABSENTEES FROM NYON

Let me now say something of the Nyon Conference. Recently there has arisen as an outcome of the conflict in Spain a new problem in the Mediterranean. Merchant ships of neutral States having no concern with the conflict have been attacked and sunk by submarines of unknown nationalities. It was to deal with this new form of piracy on the high seas that the French Government and ourselves issued invitations to a conference at Nyon. I have no intention of dealing in any detail to-day with the agreement reached there, but there is one comment I would like to make.

The situation with which we were called to deal required an urgent solution. We could have wished that all the Mediterranean Powers could have been present at Nyon to join in the working out and applying from the first a considered scheme. The United Kingdom Government sincerely regret that this was not possible. In the circumstances, however, what was required was a practical plan to be immediately elaborated by the technical experts of the nations assembled in conference and put into operation without delay. To have attempted to elaborate such a plan after communication with a country not represented at the Conference would have been in practice quite impossible. The plan agreed on by the Conference had to be in itself both workable and complete, and so we believe it to be.

I would, however, once more emphasize that it was owing to no desire of ours, to no decision of ours, that all the Mediterranean Powers were not present at Nyon. We had to work within the limitations imposed upon us, for us speed was

the supply of raw material should have felt unable to take part. The committee has done admirable service in presenting the facts and figures of the situation in a manner which would remove all misunderstanding of the essential problem from the minds of those who studied it; and the reports and recommendations are deserving of the most careful attention. The facts and figures adduced show conclusively that the problem of raw materials is not primarily or even substantially one of colonial possessions. In fact—and this is the figure I would leave on the minds of the Assembly—all colonial territories taken together produce only about 3 per cent. of the world's supply of raw materials. We have always deliberately refrained from pressing the preferential system beyond a certain limited point; and when last year we became free to introduce the preferential system into Nigeria, which is our largest African colonial market, we did not do so.

Acting in the spirit which prompted our policy in this respect, and wishing to give effect to the recommendation of the committee on raw materials, the British Government are ready, as part of the efforts now being made to effect economic and political appeasement and to increase international trade—but without prejudice to the principle of colonial preference—we are ready to enter into discussion with any Powers which may approach the United Kingdom Government for an abatement of particular preferences in non-self-governing colonial territories where these can be shown to place undue restriction on international trade.

This offer must, of course, be made subject to such reservations as may be necessary to secure reciprocal advantages to colonial products and to meet the competition of excessively-low-cost producers. Let me add that this offer is merely an extension of the policy which has guided the United Kingdom in our commercial relations with foreign countries. We have always been ready and still are ready to discuss with any country any proposals which that country thinks likely to be of mutual benefit. In making this statement, therefore, I refer not only to the British Colonial Empire but to the United Kingdom itself, but I am afraid that no modification of the British or any other preferential system can provide an adequate remedy for the difficulties of those countries which, by maintaining exchange control, find themselves at a disadvantage in obtaining imports of raw materials and other things which they require. For, as the Committee's report so clearly shows, the principal difficulties of these countries arise not in obtaining raw materials, whether from colonial areas or elsewhere, but in paying for those raw materials.

The whole of that section of the Report which is devoted to an examination of complaints and difficulties experienced with regard to the acquisition of and payment for raw material is of the greatest interest and importance in this respect. It is pointed out that the difficulties—and this is the truth and heart of our economic problem in regard to payment for raw materials are in large part bound up with the solution of wider economic problems which require concerted action to restore freer circulation in capital, goods, and labour. Here the lines of the Report coincide with those of the Economic Committee in its powerful argument for the relaxation of restrictions in trade, especially as regards quotas, clearings, and exchange control. The two reports are seen to be two aspects of the same international situation. Starting from different premises they reach the same conclusion, that only by simultaneous progress in three different directions—economic, financial, and political—can normal conditions of trade be restored and therewith normal and unimpeded access offered to supplies of raw

BRITISH REARMAMENT

...actually building for the British Navy exceeds 430,000 tons. I take no account in this figure of ships already launched this year, nor of a further 55,000 tons which Parliament has sanctioned, and which will shortly be put in hand. The last three naval programmes partly completed or in actual execution in the United Kingdom at the present time represent a total expenditure of £130,000,000. Naval personnel is being extended at a rate without precedent in our country in time of peace. Only on rare occasions in our history has a comparable naval effort been made.

At the same time, the programme of expansion and re-equipment of our Air Force is going forward, with the result that a formidable increase of offensive as well as defensive power is being effected, while the equipment of our land forces has proceeded with increasing momentum since I last spoke, and a continuous growth in the capacity for production of all three Services is taking place at vast expense.

I mention these facts and figures not so much to indicate the determination which exists among all sections of my fellow-countrymen to carry this programme through, but rather as an illustration of the consequences, even for those countries whose

...cerned, we must take account of the extent to which cooperation is forthcoming from those States, whether members of the League or not, whose aid is known to be indispensable. This, I submit, is the only criterion possible while the League's membership and its authority remains what it is to-day. Let me now make a reference to each of the conflicts with which the Assembly is preoccupied at the present time.

I speak first of Spain. A year ago we undertook, and ultimately Europe undertook, to support the initiative of the French Government to seek to circumscribe the Spanish conflict. That initiative was a courageous one. It was taken in the interests of peace by a

STRIFE IN SPAIN

So far, however, as collective action is con-

...of any avail. It is especially tragic that these hostilities on a vast scale should have broken out in the Far East at a time when the omens seemed more auspicious than for some time past for cooperation between the nations in that part of the world. Can any one doubt that if cooperation had been pursued benefits must have accrued where now there is only suffering to millions, to say nothing of the blow to trade and prosperity throughout the Far East?

TOWARDS FREER TRADE

I would now like to turn to the consideration of certain important economic questions which have been emphasized in the admirable reports published by the League. It is clear that we have many good reasons to be satisfied with the economic history of the past year. A disastrous fall in commodity prices which marked the onset of the crisis has been definitely reversed. Production has increased rapidly in many countries, but international trade has lagged behind the pace of domestic recovery and trade barriers have not fallen in the way we could have wished. There has been, none the less, an increase in trade both in quantity and in value during the last year, and certain contributions have been made to the freeing of trade and thereby, as I firmly believe, to a more wholesome political atmosphere.

My own country has sometimes been adversely criticized because, under the stress of the crisis of 1931, it adopted a policy of protection. I believe that such criticism is unfair, and that in point of fact during these difficult years the United Kingdom has made no small contribution to the maintenance of international trade. The United Kingdom's import market, which is by far the largest import market in the world, has been kept open to an immense range of raw materials, foodstuffs, semi-manufactured and wholly manufactured goods. During the period of closing markets we have accepted a steadily increasing percentage of the world's imports, rising from about 16 per cent. in 1929 to 17 per cent. in 1932 and to 18 per cent. last year. From 1933 onwards the value of our imports has steadily increased. In that year it had fallen to £675,000,000; in 1936 it had risen to £849,000,000. These figures are still increasing, and on the assumption that during the second half of the present year imports continue at the same level as during the first half, the United Kingdom's total imports will be valued at £967,000,000. Compared with 1933, the year that represents our lowest import figures, that represents an increase of 43 per cent. in our total imports.

This, I am sure the Assembly will agree, can be considered as a real contribution to the prosperity of international trade and as convincing proof that our economic policy is not narrow nor exclusive nor self-sufficient. Throughout this period we have taken whatever action has been open to us to assist in the removal of barriers to international trade, and in the pursuit of that policy during the last four years we have negotiated a number of bilateral agreements. It is not, I think, presumptuous to claim that these agreements have helped not a little in the general tendency towards the improvement of international trade.

The second great import market in the world is that of the United States, and it is a fact of the greatest importance that, under the leadership of President Roosevelt and of Mr. Cordell Hull, the United States Government have during these recent years adopted a vigorous and consistent policy for the reduction of trade barriers. The import markets of our own country and of the United States are the greatest import markets of the world. Together they represent nearly 30 per cent. of the world's total import trade. Last year we took 18 per cent. and the United States over 11 per cent. An agreement on the most-favoured-nation basis between these two countries for the reduction of their Customs duties would, we are convinced, be one of the most effective steps we could take not only in our interests but in those of the whole world.

RAW MATERIALS

May I for a moment refer to another matter which is before the Assembly for its discussion —the final report and recommendations of the committee for the study of the problems of raw materials? This inquiry has been of particular interest to us because it was set up on the initiative of the United Kingdom representative at the Assembly two years ago. We regret that certain countries which have regarded themselves as at a disadvantage in respect of

...benefit. In making this statement, therefore, I refer not only to the British Colonial Empire but to the United Kingdom itself, but I am afraid that no modification of the British or any other preferential system can provide an adequate remedy for the difficulties of those countries which, by maintaining exchange control, find themselves at a disadvantage in obtaining imports of raw materials and other things which they require. For, as the Committee's report so clearly shows, the principal difficulties of these countries arise, not in obtaining raw materials, whether from colonial areas or elsewhere, but in paying for those raw materials.

The whole of that section of the Report which is devoted to an examination of commercial policies and difficulties experienced with regard to the acquisition of and payment for raw material is of the greatest interest and importance in this respect. It is pointed out that the difficulties—and this is the truth and heart of our economic problem—in regard to the payment for raw materials are in large part bound up with the solution of wider economic problems which require concerted action to restore freer circulation in capital, goods, and labour. Here the lines of the Report coincide with those of the Economic Committee in its powerful argument for the relaxation of restrictions in trade, especially as regards quotas, clearings, and exchange control. The two reports are seen to be two aspects of the same international situation. Starting from different premises they reach the same conclusion, that only by simultaneous progress in three different directions—economic, financial, and political—can normal conditions of trade be restored and therewith normal and unimpeded access offered to supplies of raw material.

WORLD COOPERATION

The task before us cannot be confined merely to the sphere of economics. As the Report of the Economic Committee so clearly explains, the objectives which all Governments should affirm include on the one hand the preservation of peace, on the other the development of prosperity throughout the world and the improvement in the standard of living of the world's population. These aims are, in fact, interconnected. They are three aspects of one and the same objective—a world free from fear, fear of war, fear of impoverishment, fear of social disintegration and decline.

During the past five years the country that I represent has succeeded in maintaining and developing relatively prosperous conditions for its people; but we recognize that ultimately the well-being of all countries is linked together, and that our own trade revival will be placed on a more solid basis and can be carried further if a similar revival can be brought about in other countries which are not at present in so fortunate a position.

The United Kingdom Government are sincerely anxious to cooperate in a real effort to restore international trade, and for this purpose they are prepared to make their contribution; but any effort can be effected only if other countries now in difficulties are ready to modify their policies in such a way as to resume normal international trading relations and to restore confidence. All Governments, whatever their ideologies, have surely at least this one aim in common: they aim at promoting and improving the well-being of their people. How is that aim to be reached—on a basis of narrow nationalism or on a basis of cooperation with the rest of the world? If prosperity and a higher standard of living are to be attained in the degree which scientific progress appears to promise, then I believe that the choice must be for the wider conception of world economy.

Differences in political ideology need not stultify economic cooperation or even prevent political tolerance; but there must be agreement on one point, and that is that the restoration of economic conditions should be regarded as the objective of policy and so in the political sphere the world must choose peace. By cooperation we can achieve much; in conflict we shall lose all.

Emb.Londres/423/1937/Annexo

"THE TIMES"

Londres, 21 de Setembro de 1937.

Less nervousness prevailed in the foreign exchanges yesterday, and belgas, guilders, and Swiss francs all improved with the United States dollar, which closed at $4.95\frac{1}{4}$. French francs also showed appreciation at one time, but this was subsequently lost, the final quotation being 146 21-32f. In Lombard Street tenders are invited for Liverpool Corporation 12 months bills. Gold rose 1d. to 140s. 2d. an oz., £93,000 being sold. Silver declined 1-16d. to 19 13-16d. an oz. (p. 19)

The Stock Markets yesterday succumbed to a fresh bout of liquidation. It was affected largely by "the continued weakness of Americans and by selling from Amsterdam, this being responsible for weakness in Royal Dutch and Shell and other Industrials in which Holland is interested. Numerous shares in the commercial and industrial market fell sharply. British Funds maintained a firm tone. A further recovery took place in Japanese bonds. (p. 19)

MR. EDEN'S SPEECH

MR. EDEN is to be warmly congratulated on his speech at Geneva yesterday. No one with any knowledge of the political strains and stresses to which the Old World is exposed could find fault with his diagnosis of the international situation. As he reminded the Assembly in the opening words of the political portion of his speech, this is a time of profound international anxiety. War on the grand scale is raging in the Far East; a civil war, exacerbated if not kindled in the first instance by foreign propaganda, has been prolonged and embittered by foreign intervention in Spain. The influence of these tragic struggles has driven the most peace-loving and neutral-minded nations to look to their defences without counting the cost. The British nation, as the FOREIGN SECRETARY rightly claimed, is behind none in its devotion to international peace. The cruel logic of events has none the less compelled its Government to set its defences in order at vast expense. Rearmament, naval, aerial, and military, is in full swing. The account which MR. EDEN gave the Assembly of the expansion of the armed forces of Great Britain illustrated the painful and expensive consequences of the new era of international conflict, anxiety, and unrest into which three continents are drifting. And his statement of the facts and figures of British re-armament was the more effective since, as he would greatly further their interests and those of the world. Not less important was his offer to meet the grievances of those Powers, of which Germany is the chief, which complain that they are at a disadvantage in obtaining a sufficient supply of raw materials. The British Government, he said, were ready, though without prejudice to the principle of Colonial preference, to enter into discussion with such Powers for the abatement of particular preferences in non-self-governing Colonies. Here in precise terms is an offer on reasoned lines which reopens, possibly in a more acceptable form, the opportunity declined by the countries which refused to join the committee of inquiry into the distribution of raw materials set up by the League. If any Power holds that the offer does not go far enough, in spite of the evidence quoted by MR. EDEN, then its claims should be brought to the test of negotiation. In these matters no unilateral settlement is possible. British policy aims sincerely at cooperation in the restoration of international trade to its former vigour, but that aim cannot be realized unless the countries "now in difficulties" are also ready reciprocally to modify their national policies in such a way as to make a common effort possible.

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The account which MR. EDEN gave the Assembly of the expansion of the armed forces of Great Britain illustrated the painful and expensive consequences of the new era of international conflict, anxiety, and unrest into which three continents are drifting. And his statement of the facts and figures of British rearmament was the more effective since, as he explained, it had been undertaken with the ungrudging support of a nation which for all its power and resources regards war as a wasteful futility. But little as the British people like rearmament, ready as they are both to support and to join in any international agreement for the reduction and limitation of armaments, they have realized the dangers as well as the needs of the situation. Till such agreements are concluded they are determined to equip themselves without stint for the fulfilment of their definite international obligations and for the defence of their commonwealth. In emphasizing this determination and in explaining the philosophy that lies behind it, the FOREIGN SECRETARY clearly expressed the reasoned resolution of the British people.

In his more detailed references to the Spanish civil war MR. EDEN laid fitting stress on the necessity of closer and more genuine international cooperation. The policy of circumscribing a conflict which might otherwise have set the Great Powers of Europe by the ears had everything to recommend it. The initiative in proposing this policy was French, but London has for long been the headquarters of the international committee which was set up to make non-intervention something more than a pious phrase. A general agreement on these lines was reached quite early in the Spanish struggle. It served its purpose in that it prevented other nations from being drawn into the conflict. But MR. EDEN laid his finger on the dangers of the Spanish situation when he drew attention to the numerous and notorious breaches of that agreement, to the failure of certain Governments to fulfil the engagements into which their representatives entered in London, and to the continued presence of numbers of foreign troops in Spain. The details are well known though MR. EDEN did not elaborate them. Italian contingents and German specialists are aiding one side; Russian specialists and an international corps of volunteers are fighting on the other; and any further violation of prior engagements can only increase the probability of the abandonment of non-intervention with all the risks to the general peace that this must involve. Passing to the Nyon Conference, which had been rendered necessary by certain dangerous developments of the Spanish conflict, MR. EDEN again insisted that, while the British Government regretted the non-participation of Italy, the Governments responsible for the recent initiative were debarred from waiting for Italian adhesion when it entailed the postponement of an urgent and necessary defensive plan. He made it clear, however, that the arrangement of Nyon contains provisions for its reconsideration and, with them, a standing opportunity for the Italian Government to take its share. To the Sino-Japanese war with its wholesale slaughter and destruction he could only refer with the deep regret that must be common to all who had been encouraged to hope within recent months that new opportunities were opening for cooperation in the Far East to the common advantage of all the nations concerned.

Even more important, in some respects, was the FOREIGN SECRETARY'S considered statement upon international economic difficulties. The present unrest in the world is not wholly caused by economic grievances. National pride and ambition have their part in it. But while production has increased in many parts of the world, trade barriers retard the pace of recovery and for the worst of these the aim of economic self-sufficiency is largely responsible. MR. EDEN was able to demonstrate that protection, so far as it has gone in Great Britain, has not prevented it from making an impressive contribution to the recovery of international trade from the recent crisis. The United States, under the leadership of its PRESIDENT and MR. CORDELL HULL, has followed a parallel policy for the reduction of trade barriers, and MR. EDEN put before the Assembly the hope of an agreement on a most-favoured-nation basis between these two countries which

Emb.Londres/423/1937/Annexo

"MORNING POST"

Londres, 13 de Setembro de 1937.

NYON AND AFTER

Whatever else may be said about the Nyon Conference, it must be admitted that it has given a shining example of expedition. The purpose for which it was called has been achieved practically in a couple of days. No protracted debates, no references back to the Chancelleries for instructions, no waiting for the reports of sub-committees, have perplexed counsel or frustrated action. A plan, cut and dried, has been submitted for approval, and has been forthwith adopted —Russia, alone, expressing dissatisfaction. As it appears, however, that Russia was not prepared in any case to take a part in any patrol-scheme, her dissatisfaction is irrelevant and negligible. Her interest in the Conference really ended with the opportunity for mischief-making. It is not to be forgotten, however, that if the Nyon Conference has done its work so quickly, it is because it has been in effect a Two-Power Conference. France and Great Britain were not only the prime-movers, but the only Powers capable of carrying out the measures which they had concerted together. The assent which they obtained from their nominal collaborators, carried with it for those Powers no real responsibility, and did not lighten the burden which France and Great Britain have taken on their own shoulders. The concurrence that really matters—that of the Great Powers who were unrepresented at Nyon—has still to be obtained.

As for the plan which has been adopted for patrolling the trade routes of the Mediterranean and discouraging submarine attacks on neutral shipping, it is thorough-going enough to leave no doubt of the earnest intention by which it has been inspired. Sixty destroyers, French and British together, will police the Western Mediterranean, and their orders will be to sink any submarine at sight or sound which is found attacking a non-Spanish ship without coming to the surface and disclosing her identity, and without making provision for the safety of the crew. The naval experts are reported to be satisfied that these measures will afford the necessary protection to shipping, as well they may be. The way of the transgressing submarine will be hard indeed, after this scheme comes into operation; since protection is to be given equally, not only to French and British, but to all non-Spanish shipping. Soviet ships, for instance, carrying munitions to Spanish Government ports, will enjoy a much safer passage—a result which may have been contemplated, but which has not been mentioned as one of the ends to be attained. Meanwhile, British shipping—and presumably French —will continue to be protected from attack or challenge, whether by surface or submarine craft, for belligerent rights

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Italy is not as yet a party to the agreement, though her adherence would be welcomed, and a sphere in the Mediterranean would readily be accorded to her, if she would consent to patrol it. Her decision is of much importance as diminishing or increasing the difficulties which the Anglo-French scheme will encounter in active operation. Italian co-operation—promoting accord instead of disaccord—would not only relieve the strain which so extensive a patrol must involve, but would lessen the possibility of unfortunate accidents. Mediterranean shipping is to be advised to keep to prescribed routes, and foreign submarines are invited to keep out of the way. But there is no power to enforce these injunctions. The Mediterranean—as we have insisted, and as we hope to justify by our naval patrol—is a free highway. Suppose some patrol-ship, in the exercise of its vigilance, should make a mistake and sink the wrong submarine? Would it be enough to argue that the sunken submarine should not have been where it was met? Such an event, it may be said, is unlikely; but can the possibility be dismissed from the mind, however gratifying it may be to national self-esteem to know that Britain is vindicating the rules of the London Maritime Convention? Is it unnatural, either, to fear that, in spite of all our wishes and efforts, the policy of non-intervention in the Spanish War is in some danger of being transformed into a very active form of intervention?

Emb.Londres/423/1937/Annexo

"THE TIMES"

Londres, 16 de Setembro de 1937.

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THE TIMES THURSDAY

Francs suffered a heavy fall in the foreign exchange market, the Paris spot rate closing at 146¼f., against 138 23-32f. on Tuesday. The discount on francs for three months' forward delivery increased to 7¼f. Dollars appreciated slightly to $4.94⅛. In spite of large displacements of cash, the short loan market continued to be abundantly supplied with funds. Gold rose 2½d. to 140s. 6d. per oz., £396,000 being sold. (p. 18)

In the Stock Markets yesterday Industrial shares were affected by some forced selling, which caused sharp falls in a number of leaders. Americans after early heaviness experienced a substantial recovery. The Gilt-edged market remained firm, and higher prices were established for Foreign Bonds, among which Brazilians were prominent. (p. 18)

BETWEEN THE "FRONTS"

The difficulties which impede the desire of the British Government and people for international cooperation are only too obvious. The latest illustration of them may be found in the rather puzzling attitude of the Italian Government towards the Nyon Conference. The Conference was convened by the British and French Governments with the object of putting an end to a series of piratical attacks upon neutral shipping in the Mediterranean which had arisen out of the Spanish civil war. These attacks were chiefly made by submarines of unknown origin and also by aircraft and surface vessels, some of which were believed to belong to the naval forces of the Spanish Nationalists. They were carried out with a complete disregard of the rules for the conduct of naval warfare which were drawn up in the London Treaty of 1930 and were reaffirmed last November in the Submarine Protocol to which nearly every naval Power has adhered. Some of the ships attacked were carrying non-contraband cargo to Spanish ports. Others were not bound for Spanish ports at all.

As Italian vessels had already suffered from attacks, one of which was unquestionably made by aircraft belonging to the Valencia Government, it might have been expected that the Italian Government would have promptly accepted the invitation to a conference convened with the intention of making the Mediterranean, which SIGNOR MUSSOLINI recently described as the "life" of Italy, safe for international commerce. They nevertheless refused the invitation on the ground that the Soviet Government, which would be repeesented at Nyon, had sent a Note to Rome which accused Italian submarines of attacking Russian merchantmen. They could not, therefore, take part in the conference until the incident created by the dispatch of the Russian Note had been satisfactorily settled. As this settlement might not have been effected for months, and the situation on the Mediterranean trade routes permitted no such delay, the conference met without Italy. It drew up and accepted a plan of defensive action involving the patrolling of a large part of the Mediterranean by British and French destroyers. The Tyrrhenian Sea, that great stretch of the Mediterranean contained between Sicily, Corsica, Sardinia, and the Italian Peninsula, was purposely excluded from this scheme in the hope that Italy might cooperate with the other two Mediterranean naval Powers; and the resolutions passed by the Conference and accepted by the Governments represented there were communicated to the Italian Government together with a memorandum inviting Italian naval cooperation in the Tyrrhenian

interests which would be fraught with great dangers, and he states a dilemma which, for this country, does not exist.

Britain has been the consistent, if not always successful, promoter of non-intervention all round for reasons which concern the common interest equally with its own. And it has brought the more conviction to its persistence in that policy because Spain is probably the last country in Europe likely in the end to join either a Fascist or a Bolshevist International. Britain has had excellent trading and diplomatic relations with Spain under varying forms of government in the past. The British people count upon equally settled relations with the Spain of the future, whatever form of government that great country may reach at the end of the fierce and heartrending strife to which it has succumbed. They are confident that whatever régime emerges in a resettled Spain will be Spanish, and their leading desire is that Spain shall be allowed to establish it for itself without being made the battleground of ideas and forces that have no origin in the requirements of Spain itself, of Spanish independence and of the tradition and character of Spain. There is nothing complicated and nothing ambiguous in the motives which have led the predominant mass of British opinion to give convinced support to the chequered but still valuable policy of non-intervention, nor anything which seeks, or needs to seek, more advantage for British interests than it will secure for the legitimate interests of other Powers. The British Empire is not persuaded by experience that the answer to internal Communism is military. It is itself, as leaders of National-Socialist Germany have more than once testified, one of the world's bulwarks against social disruption. During twenty years the subsidized efforts of Communism have made no impression upon it because it has been able to oppose to them the appeal of its mature democratic tradition, the political intelligence of its peoples and the practical fruits of both these qualities in union. It does not seek to prescribe for other countries the means by which they shall maintain their institutions against subversion from within, nor will it suffer prescription from without. At the same time it diagnoses Communism as a disease resulting from war, poverty, and privation, and it holds that the only international preventive against it is cooperation on the widest front for ever-rising levels of social well-being and contentment.

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The hope that this invitation to cooperate in a good cause would be accepted by Italy has, so far, been disappointed. In their reply the Fascist Government point out that in case of the inclusion of Italy only the Tyrrhenian Sea would be entrusted to Italian control, while the remainder of the Mediterranean would be patrolled by British and French warships. These arrangements they describe as "unacceptable." The vital interests of Italy in the Mediterranean and the fact that the bulk of the Mediterranean traffic passes along her lines of communication "require Italy to insist that she should have con-"ditions of absolute parity with any other Power "whatsoever in whatever zone of the Mediter-"ranean." The reply, it will be observed, is equivocal. It does not state whether, even if Italian wishes were met, the Fascist Government would consent to adhere to the Nyon plan. Until this doubt has been cleared away, the British and French Governments might only be offering to stultify a policy which an imperative emergency has required, and a number of Powers have accordingly agreed to enact, if they suspended the execution of their pact. The importance of Italian interests in the Mediterranean is obvious: the Italian demand for parity is comprehensible; but the elementary test of any procedure will be whether it delays or furthers the answer to lawlessness on the high seas. Here again, as in the affair of the Russian Note, Italian *amour-propre*, which this country has no intention of offending, seems to have inspired a political attitude which is the reverse of helpful to the overriding general interest.

The Spanish civil war is the background and source of all these troubles, and it has been made the sounding-board for the antiphony of extremes which threatens at times to silence all reason and discrimination. The latest British initiative is, after all, consistent with the whole effort of the British Government from the beginning. In face of much discouragement it has striven all along to promote conciliation and agreement and to preserve the possibilities of a negotiated settlement of unsatisfied claims in Europe. It has pronounced upon no such claims in advance, and, for its own part, it has ruled none out. The hopes of moving forward to this goal by peaceful procedure have been shared by many and have had conspicuous reinforcement in a series of considered statements by HERR HITLER. Yet his closing address at the Nuremberg rally, not otherwise notably concerned with foreign affairs this year, seemed wholly to misread British motives in its broad policy towards the Spanish affair. The governing consideration has been so to ring round a violent clash between antagonists in Spain as to prevent its becoming a provocation to violence along similar lines in a wider field. When HERR HITLER represents British policy as influenced by considerations of trade to give a kind of left-handed assistance to "Bolshevism" in Spain, misunderstanding is coming near distortion. When, again, he confronts it with a choice between "a change of the balance of power "in favour of Germany and Italy" or a similar change "in favour of Bolshevism" he comes near the enunciation of an unrestricted policy of intervention on behalf of German and Italian

twenty years the subsidized efforts of Communism have made no impression upon it because it has been able to oppose to them the appeal of its mature democratic tradition, the political intelligence of its peoples and the practical fruits of both these qualities in union. It does not seek to prescribe for other countries the means by which they shall maintain their institutions against subversion from within, nor will it suffer prescription from without. At the same time it diagnoses Communism as a disease resulting from war, poverty, and privation, and it holds that the only international preventive against it is cooperation on the widest front for ever-rising levels of social well-being and contentment.

Emb.Londres/423/1937/Annexo

"THE TIMES"

Londres, 8 de Setembro de 1937.

U.C. AND SPAIN

STRAINING FASCIST AID TO REBELS

W. CITRINE ON DANGER OF WAR

FROM OUR SPECIAL CORRESPONDENT

NORWICH, SEPT. 7

The Trades Union Congress was re- ed here this morning, Mr. Ernest in presiding.

Mr. George Gibson, on behalf of the eral Council, commended to the con- the draft charter for the nursing fession which has been drawn up by a t committee of the T.U.C. and trade ons interested.

ast 10 years, Mr. GIBSON said, there had n a chronic scarcity of recruits for the sing profession. None of the suggested edies had worked and the scarcity had to become so serious that, in fact, the sys- m was on the verge of breakdown. In the ew of the trade unions interested the reason at that nurses had no effective voice in the ntrol and management of their own profes- n, and no say at all as to what their con- ions of labour ought to be. Recruits, as a ult, found themselves treated as extremely ll-paid charwomen. The committee set up by the General Council had been considering the possibility of improving organization among the nurses.

The reason why the profession was at so low an ebb was that tremendous influences were brought to bear on the nurses. They were taught to believe they had a status—and some of them believed that a close-up of a doctor was sufficient reward for all the de- mands of the profession. Sacrifice sounded a very good thing, but the sacrifices in the nurs- ing profession were always expected of the nurses. A pamphlet entitled "Off Duty" had now been published by the T.U.C. as part of a campaign to persuade the nurses that they could improve their own conditions but by material aims of their own conditions but by making it an efficient section of the social ser- vice—only through trade union organization.

AGE OF PROBATIONERS

Mr. J. W. SUMMERSKILL (Great Harwood Nurses spoke of difficulties caused by the gap between the school-leaving age and the age of entry of probationers to the general hospitals. Elementary girls were not accepted as pro- bationers under the age of 18, and unless a child passed a scholarship to a secondary school, and, perhaps, went on to a third-class examination in the meantime, he had to wait at home. He asked the com- mittee to suggest some way of bridging the gap. Another suggestion was that girls who intended to take up nursing profession should be appointed as helps in the children's wards or general helps in the children's charge of the nursery maids, to the persons in object.

Mr. B. SMITH (Yorkshire Workers) said that instead of allowing the various nursing bodies to compete for members, there should be one union to one section of the profession, the com- bined organization to be given a monopoly of the profession, setting up a separate profession, setting up a union for nurses.

LOW WAGES OF WOMEN WORKERS

ORGANIZATION URGED

In a section of the report dealing with the organization of women workers the General Council said that the women employed in the engineer- ing and electrical industries, who numbered over 300,000, formed a significant, but unorganized, section of the workers. Miss B. A. GODWIN (Association of Women Clerks and Secretaries), who moved the following resolution calling on the General Council to set up immediately an intensive campaign to secure a revi- sion of trade union recruitment among the unorganized women workers. She said that women were often employed primarily because they were cheap labour. The campaign should be directed to assisting adequate wages and decent conditions of work for all women workers, irrespective of whether they were employed by men or women. The first urgent task was to lessen the appalling gap between men's and women's rates of pay and women's rates of pay and women's

Mrs. M. H. GOURLEY (Union of Post Office Officials, London), seconding, said that since Hitler came to power German women had been swept out of offices and factories, and were now only allowed to work in factories for low wages.

Mr. F. WEBSTER (General and Municipal Workers' Union, Birmingham) said that in the women were forced into

brought before the T.U.C. over a long period. A joint committee representative of both interests was now charged to draw up the form of machinery to deal with these problems. The result would be representations to the Minister putting forward the collective views of all the interests.

The motion was seconded and carried without further discussion.

MARCHES OF UNEMPLOYED

Referring to the General Council's report on the marches of the unemployed, Mr. A. J. DOBBS (Boot and Shoe Operatives, Leeds) asked for a more explicit statement. He said that unemployed marches often put the local trades council in great difficulties. They had too many sideshows of this description and too many organizations working in a direction which placed loyal members of the T.U.C. and the Labour Party in grave difficulties. They were all sympathetic to the unemployed, but the General Council should straighten out this matter and let the rank and file members of the movement know exactly where they stood.

For the General Council Mr. CHAS. DUKES said they had had few replies to the inquiries they had made so local trades councils and they were compelled to leave the matter indefinite because the mind of the movement was in- definite. They could not be responsible for marches or demonstrations organized by un- affiliated bodies, and people in the distressed or other areas who desired to demonstrate should first put their proposals through the recognized channels.

PLAYING FIELDS

TRIBUTE TO NATIONAL ASSOCIATION

Mr. H. H. ELVIN, for the General Council, replying to questions on playing fields and sport, pointed out that through the good offices of the National Playing Fields Association games and sports gear had again been distri- buted among the unemployed associations attached directly to trades councils; and this was not the full measure of what the Playing Fields Association had done to help them. It was hoped that the £450,000 to be distributed by the King George's Playing Fields Founda- tion would be used very largely to subsidize schemes put forward by local authorities, and he made a special appeal to councils with Labour majorities to send in their schemes as quickly as possible.

Mr. Elvin also referred to the ban placed by the Amateur Athletic Association on the members of the British Workers' Sports Asso- ciation who were to have gone to the recent Workers' Olympiad at Antwerp. It was extraordinary, he said, that a representative of the A.A.A. had not sufficient knowledge of what was happening in the field of sport on the Continent to realize that by voting for the motion, moved and supported very largely by the representative of Germany, the only effect would be to exclude British athletes from parti- cipating at Antwerp. The T.U.C. would not take the ban lying down. They looked on it as a challenge to the workers' sport movement not only in this country but on the Continent.

LABOUR PARTY AND THE TRADE UNIONS

MR. DALTON ON COOPERATION

Mr. HUGH DALTON, M.P., chairman of and fraternal delegate from the Labour Party, said that ill-informed people sometimes spoke of trade union domination of the Labour Party and at other times of its domination by the intellectuals, whoever they might be. Such talk bore no relation to the realities they knew. There was no monopoly of wisdom or power in any section of their movement. But the trade union movement brought to the Labour Party many of its most characteristic quali- ties—commonsense and shrewd judgment in practical affairs, a spirit of comradeship which was strongest of all in time of trouble or crisis, good-tempered loyalty to majority deci- sions, and a democratic habit of mind, and these were great material and moral con- tributions.

During the past year there had been further cooperation between the political and indus- trial sides of their movement—a happy feature of the post-MacDonald era. On the political side they were determined that this close collaboration should continue up to and beyond their conquest of political power in this land. They had launched already their campaign for power and would prosecute it with the utmost vigour until the next General Election because they believed that, given energy, self-confidence, and true unity within their movement, they could win.

CRUSADE THIS MONTH

They were sending a letter to the home address of every delegate asking him or her to give support to the Socialist crusade week [illegible] September 19 to 26 when they hoped to

restraint was likely to make any appeal what- ever to the Fascist Powers, nor had any ques- tion of international law any real bearing on that problem. On the Government side Socialists, trade unionists, Communists, people who were not pledged to any political party but revered freedom rallied to the support of the Government, and everybody must honour them for the part they played. But there was no agreement to prevent volunteers going into the country at that time. What was the conse- quence? The Fascists had received without any shadow of doubt reinforcements from Ger- many and Italy transcending out of all measure the support given to the Government. So it could be seen that the absence of an agreement did not automatically mean that the Spanish Government got an advantage.

RISK OF WAR

As the cancellation of the Non-Intervention Agreement was not sufficient in itself, what was the positive policy of the Labour move- ment? It was to restrain the rebels, by force, if necessary, from being supplied by Italy and Germany. The moment you started to talk about the use of force you moved defi- nitely into the area where the risks of war became very considerable, and, despite the possibilities of misrepresentation, the speaker affirmed it to be the primary duty of the Labour movement in this country not to take such action if any other possible alternative was open to them. The trade union move- ment and the Labour Party hesitated very considerably before they were ready to affirm a policy which clearly involved the risk of war. All the way through they had seen that two countries, Great Britain and France, had been vital in this matter, and that their decisions would be unquestionably the decisive ones. The state of mind of the people in those coun- tries had to be taken into consideration. It would be very comforting to him, Sir Walter Citrine continued, to assume that the British people were whole-heartedly on the side of the Spanish Government, but he was bound to recognize that because of the campaign of misrepresentation that had been systematically conducted by a very large section of the English Press, and had received help from Conservative politicians, the people of this country were far from being completely united on this issue. The congress must not imagine that the people of this country had been straining at the leash to show their support of the Spanish Government. A not dissimilar situation had existed in France from the beginning. Nevertheless, when in June their Spanish comrades submitted to the inter- nationals a memorandum which, though moderate in language, envisaged not merely the possibility but the probability of the League of Nations taking decisive military or naval action to aid the Spanish Government, the National Council of Labour gave their full support to that document.

ATTACKS ON SHIPPING

Whatever semblance there might have been of neutrality or non-intervention was blown to smithereens by the telegram from Mussolini to Franco (which Sir Walter Citrine read to the Congress). The attacks on shipping in the Mediterranean had now led to Russia's charg- ing Italy with the sinking of two of her ships— a submission which seemed entirely in line with the possibilities.

He believed there was ground for optimism —that the Spanish Government would succeed in throwing off the yoke which had been riveted on a part of their country. They had built up an army which was not only larger but better equipped than the rebel army. There was every reason to believe that from their own resources the Spanish Government would be able to provide their forces with all the munitions they needed. The war, so far as one could see, might go on for one or more years. Much depended on what would take place when the League of Nations met and on what the Powers were ready to do. Time was on the side of the Spanish Government, and they would pull through provided always that they could avoid dissensions within their own ranks and that any extensive reinforcement to the rebels by arms and men could be pre- vented. It was on the second requirement that they should concentrate their attention in particular.

Mr. W. ZUK (National Amalgamated Furnishing Trades Association, London) seconded the resolution.

Mr. J. P. SHANLEY (Amalgamated Union of Upholsterers) said there was evidence that it was Italian and German forces which were sinking ships in the Mediterranean.

SIR WALTER CITRINE, replying to the criticism of the inadequacy of the amount of £37,000 collected on behalf of Spain, said that the congress could never put trust in the possibility of being able to maintain a major war out of voluntary contributions, or even the discussion arising out of it.

The resolution was carried.

Mr. J. DUCLOUX, fraternal delegate from the Cooperative Congress, and Mr. CARL T. BERG fraternal delegate from the Trades and Labour Congress of Canada, addressed the congress, which subsequently adjourned till to-morrow.

AGE OF PROBATIONERS

Mr. J. S. SCARGILL (Great Harwood) referred to the difficulties caused by the gap between the school-leaving age and the age of probationers to the general hospitals. Many girls were not accepted as probationers under the age of 18, and unless a girl left school at that age she had either to find some temporary occupation in the meantime or be a burden at home. He asked the committee to find some way of bridging the gap. It was suggested that girls who intended to enter the nursing profession should be encouraged to take up work in the children's hospitals as general helps in the children's wards, so that they could receive a grounding, or alternatively, as it were, to the persons in charge of the nursery schools with the same object in view.

Mr. R. SMITH (Distributive Workers) said that instead of having six separate unions to compete for the nurses' adherence, the committee should consider granting a monopoly to one union, if necessary, setting up a separate professional organization or trade union for nurses.

LOW WAGES OF WOMEN WORKERS

ORGANIZATION URGED

In a section of the report dealing with the organization of women the General Council said that the women engaged in light engineering and electrical apparatus, who numbered over 300,000, needed special consideration.

Miss B. A. GOODEN (Association of Women Clerks and Secretaries, London) moved a resolution calling on the General Council to begin immediately an intensified campaign of trade union recruitment among all sections of women workers. She said that women were often employed primarily because they represented cheap labour. The congress should aim at maintaining adequate wage standards for jobs, irrespective of whether they were performed by men or women. The immediate task was to lessen the appalling gap between men's and women's rates of pay.

Mrs. M. H. GODFREY (Guild of Insurance Officials, London), seconding, said that when Hitler came to power German women were swept out of offices and factories, but later were allowed to work in factories for low wages.

Mr. F. WEBSTER (General and Municipal Workers' Union, Birmingham) said that many women were forced into dull, monotonous occupations by the miserably low wages paid to their menfolk. He was appalled by the speeding up of women workers, which would leave its mark on the rising generation. Women were often employed only because they represented cheap labour.

The resolution was carried.

ALLEGED SWEATING

Mr. J. D. HISCOCK (National Amalgamated Union of Shop Assistants, London) invited the congress to record its wholehearted approval of his union's national campaigns to secure trade union agreements, and, believing that the time was opportune for a great movement to eliminate sweating from the distributive trades, to call on workers to join their trade union. He said that the union's campaigns had secured wage increases for 50,000 people who before suffered disgusting conditions. The resolution was carried.

Mr. E. C. TYLER (National Union of Commercial Travellers) moved a resolution asking affiliated unions to give all possible support to his own union in view of the extreme difficulty of organizing commercial travellers on a trade union basis because of the existence of a large number of commercial traveller associations of a non-union type.

The resolution was carried.

DISTRIBUTIVE TRADE AGREEMENTS

MINISTER OF LABOUR'S ACTION COMMENDED

Mr. G. M. HANN (Shop Assistants) moved the following resolution:—" This congress welcomes the statements made by the Minister of Labour advocating the extension of the principle of voluntary collective agreements in the distributive trades. It records its approval of the action of the Minister of Labour in calling together representatives of employers and workpeople in the distributive trades for the purpose of discussing the regulation of wages and working conditions in these trades. The congress declares that statutory regulations cannot be regarded as a substitute for voluntary collective agreements, and therefore urges the workers concerned to enrol inside their appropriate trade union in order that such agreements can be secured and maintained."

Mr. Hann said that for years the congress had carried resolutions calling for this, that, and the other thing from whatever Government was in power. At last they had made an impression, and the present Minister of Labour and his permanent officials had devoted a good deal of time and attention to the distributive trades.

EMPLOYERS' RESPONSIBILITIES

They had said to the employers: " You ought not to be permitted to escape your responsibilities. There is a traditional method in this country whereby wages and working conditions are determined over a very large field of industry and commerce, and we think it is your duty to seek understandings with the trade unions to extend voluntary collective agreements, and if you want legislation there ought to be some joint representation by all the interests within the distributive trades."

The Minister, continued Mr. Hann, called the employers' organizations together and put it to them very bluntly. For the first time in history the unions in the distributive trades had sat down with the whole of the employers' organizations for a joint examination of the difficulties and problems which the unions had

Mr. ELVIN also referred to the ban placed by the Amateur Athletic Association on the members of the British Workers' Sports Association who were to have gone to the recent extraordinary Olympiad at Antwerp. It was the A.A.A. had not sufficient knowledge of what was happening in the field of sport on the Continent to realize that by voting for the motion, moved and supported very largely by the representative of Germany, the only effect would be to exclude British athletes from participating at Antwerp. The T.U.C. would not take the ban lying down. They looked on it as a challenge to the workers' sports movement, not only in this country but on the Continent.

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During the past year there had been further cooperation between the political and industrial sides of their movement—a happy feature of the post-MacDonald era. On the political side they were determined that this close collaboration should continue up to and beyond their conquest of political power in this land. They had launched already their campaign for power and would prosecute it with the utmost vigour until the next General Election because they believed that, given energy, self-confidence, and true unity within their movement, they could win.

CRUSADE THIS MONTH

They were sending a letter to the home address of every delegate asking him or her to give support to the Socialist crusade week from September 19 to 26 when they hoped to secure 100,000 new members. If after five years' of political power they had carried out Labour's programme they would have accomplished a peaceful revolution and laid firm foundations of a Socialist commonwealth and an economic system intelligently planned for the common good.

But these things could come about only if these islands and the rest of the civilized world avoided the supreme catastrophe of war. The British Government had thrown away that moral leadership among the nations which Arthur Henderson exercised when he was Foreign Secretary. They had sacrificed again and again both the good name and the obvious interests of this country. By their feeble, evasive and ambiguous foreign policy they had gravely compromised the security and even the physical safety of the crowded population of these islands. Their class prejudice and conservative outlook had blinded them to the plain realities and to the significance—at least to Labour—of the Fascist menace. Britain needed a Labour Government and the world needed a Labour Government in Britain. (Cheers.)

THE WAR IN SPAIN

SIR W. CITRINE ON LABOUR'S PROBLEM

Sir Walter Citrine, general secretary, initiated a debate on the Spanish situation and moved the following resolution:—

" This congress expresses its deep abhorrence of the murderous attacks on defenceless men, women, and children in Spain by Franco's Fascists aided by German, Italian, and Moorish forces. It further deplores the fact that the British and other Governments continue to deny the legal Government of Spain the right under international law to purchase necessary arms and equipment, thus affording support to the Fascist rebels. The congress declares its complete solidarity with the Spanish Government in its new appeal to the League of Nations. The presence of a Regular Italian Army on Spanish soil is now officially and defiantly avowed by the head of the Italian Government. Acts of aggression against Spanish merchant ships and ships of other nations have been committed recently in different parts of the Mediterranean by ships of the Italian Navy. It should be obvious that armed foreign intervention in Spain, which now endangers the freedom of shipping in the Mediterranean, threatens to disturb international peace. It is, therefore, the duty of the Council of the League of Nations to examine this problem in all its aspects and to propose measures, including the withdrawal of foreign troops from Spain, which will effectively safeguard the peace of nations and enable the Spanish people to recover their political and territorial independence."

NEUTRALITY NEVER ACCEPTED

SIR WALTER CITRINE said that right from the beginning of the Spanish war the Labour Movement never hesitated to reveal their complete solidarity with their Spanish comrades. They had never accepted the position of neutrality. They had never concealed their hopes, and they had never concealed the support they desired to render. The problem for the Labour Movement, therefore, was what should they do to try to carry out their objects in helping the Spanish Government? The alternative to the Non-Intervention Agreement was not merely the cancellation of that agreement. It was an assumption that rested on very slender foundations that by cancellation the Spanish Government would automatically be supplied with the arms they needed and that, in some way, the rebels would be prevented from obtaining them. No question of moral

ATTACKS ON SHIPPING

Whatever semblance there might have been of neutrality or non-intervention was blown to smithereens by the telegram from Mussolini to Franco (which Sir Walter Citrine read to the Congress). The attacks on merchant ships, [illegible] had been [illegible] a submission which seemed entirely in line with the possibilities.

He believed there was ground for optimism that the Spanish Government would succeed in throwing off the yoke which had been riveted on a part of their country. They had built up an army which was not only larger but better equipped than the rebel army. There was every reason to believe that from their own resources the Spanish Government would be able to provide their forces with all the munitions they needed. The war, so far as one could see, might go on for one or more years. Much depended on what would take place when the League of Nations met and on what the Powers were ready to do. Time was on the side of the Spanish Government, and they would pull through provided always that they could avoid dissensions within their own ranks and that any extensive reinforcements to the rebels by arms and men could be prevented. It was on the second requirement that they should concentrate their attention in particular.

Mr. W. ZUR (National Amalgamated Furnishing Trades Association, London) seconded the resolution.

Mr. J. P. SHANLEY (Amalgamated Union of Upholsterers) said there was evidence that it was Italian and German forces which were sinking ships in the Mediterranean.

SIR WALTER CITRINE, replying to the criticism of the inadequacy of the amount of £37,000 collected on behalf of Spain, said that the congress could never put itself in the position of being able to maintain a major war out of voluntary contributions, or even the distress arising out of it.

The resolution was carried.

Mr. J. DICKINSON, fraternal delegate from the Cooperative Union, and Mr. CARL E. BERG fraternal delegate from the Trades and Labour Congress of Canada, addressed the congress, which subsequently adjourned till to-morrow.

"DAILY TELEGRAPH"
Londres, 9 de Setembro de 1937.

TO END THE PIRACY MENACE

WITHOUT waiting further for delayed replies, the Cabinet resolved yesterday that the Conference at Nyon on piracy in the Mediterranean should be opened to-morrow, and by its choice of the British representatives indicated clearly that it expects the deliberations to turn on the practical measures to be taken to end an intolerable situation. In this matter it is to everybody's interest that the Powers should get round a table and in agreement work out plans for a menace that affects all neutral shipping. If it were necessary, the British Navy could give adequate protection to vessels under the British flag and in the last resort that would be done. Independent action of that kind should not be required. There is a situation in which all nations should be willing to join in concerted action to clear the seas of the pirates. Unless a speedy stop can be put to such incidents as have been common during the last five weeks we should be back to conditions in which every rule of international law at sea would become a mockery.

For the unfortunate atmosphere in which the Conference will meet Russian diplomacy must carry the heaviest share of blame. In the midst of efforts to bring about a real co-operation in the Mediterranean, the two Notes to Italy must be regarded either as uncalculating clumsiness or a deliberate attempt to wreck any likelihood of joint action. The Conference is summoned, not to indict any nation, but to ascertain fact and take the necessary measures to secure the safe passage of the seas. To choose the eve of its assembly for the despatching of documents couched in the language of menace was to attempt to change its whole character and to make it certain that the deliberations would be conducted in an atmosphere of mutual suspicion. Notwithstanding this ill-advised intervention, it is clear that Italy and Germany, both of which have suffered from the pirates and have great interests at stake, would show wisdom in taking their places at the conference table and making it clear that concerted action is still possible in Europe where the interests of all nations are alike threatened.

Whatever be the form of the replies of Italy and Germany, the Conference must go forward, and every endeavour must be made to evolve plans that will make the Mediterranean safe for neutral shipping. Acting together or with the help of Turkey, Greece and other Powers, France and Britain can crush the pirates, but if a group of Powers have in this way to provide for the defence of all it will be a thousand pities. A great opportunity will have been missed to further the collaboration of Europe in keeping order. A situation in which there is a division of views as to what ought to be done will call for the utmost tact if it is not to lead to grave international complications. The heated language of the Russian and Italian Notes is a scarcely necessary reminder that the European atmosphere is explosive and that the most careful handling is necessary if a dangerous situation is to be avoided. A new diplomacy that prides itself upon its bluntness and directness of phrase and bandies reckless charges, such as those which emanated from Moscow, is certainly not the least of the obstacles to better understanding

"DAILY TELEGRAPH"

Londres, 9 de Setembro de 1937.

TO END THE PIRACY MENACE

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Emb.Londres/423/1937/Annexo

"DAILY TELEGRAPH"

Londres, 21 de Setembro de 1937.

THE TRADE ROUTE TO PEACE

In Mr. Eden's speech to the League Assembly an outspoken warning of the dangers which menace the world was bound up with a reaffirmation of the main principles of British policy. The steady resolve of our people to flinch from no burdens which may be necessary for the defence of the country and the Empire, as he once again declared, is the best service which at this troubled time they can give to the cause of peace. But Mr. Eden could point to endeavours which have a larger purpose than the vindication of our security and the restraint of aggression. He gave us reason to hope that sure progress is being made towards an agreement with the United States which might ease many an economic difficulty. His phrases were of studious caution. An agreement between the two countries for a reduction of their Customs duties, he remarked, "would be one of the most effective steps they could take, not only in their own interests, but in those of the world." It happens that the American Secretary of State, Mr. Cordell Hull, was also speaking yesterday, and his speeches are in close accord with Mr. Eden's. He made it clear that the United States is bent on winning success for a reciprocal trade treaty programme. From the improvement of international trade by this means the American Government hopes to break down the antagonisms of economic nationalism and produce better conditions of life throughout the world.

When Mr. Eden insisted that the way to prosperity is not through war, that the victor is almost as much impoverished as the vanquished, when Mr. Hull urged that the restoration of a busy flow of trade would give the nations well-being and content, they were preaching familiar truths. The Far East, as Mr. Eden sadly recognised, shows how little the truth of historic experience may affect national policy. Yet we may well have confidence that closer economic relations between the United States and the British Commonwealth of Nations would have a valuable influence on world affairs. From the tone of the two Secretaries of State it appears that they expect an arrangement mutually advantageous at no distant date. The difficulties are not to be minimised. We cannot, of course, abandon Imperial Preference or neglect the interests of the Dominions. Nor are the obstacles all on one side. But America made a great step forward when she offered to relax her traditional high tariff policy and there will be a hearty welcome from this side of the Atlantic for any scheme giving ourselves, the Empire and the world the advantages of expanding trade. From that may develop the monetary stability to which Mr. Hull looks forward, a new confidence and a new

country and the Empire, as he once again declared, is the best service which at this troubled time they can give to the cause of peace. But Mr. EDEN could point to endeavours which have a larger purpose than the vindication of our security and the restraint of aggression. He gave us reason to hope that sure progress is being made towards an agreement with the United States which might ease many an economic difficulty. His phrases were of studious caution. An agreement between the two countries for a reduction of their Customs duties, he remarked, "would be one of the most effective steps they could take, not only in their own interests, but in those of the world." It happens that the American Secretary of State, Mr. CORDELL HULL, was also speaking yesterday, and his speeches are in close accord with Mr. EDEN's. He made it clear that the United States is bent on winning success for a reciprocal trade treaty programme. From the improvement of international trade by this means the American Government hopes to break down the antagonisms of economic nationalism and produce better conditions of life throughout the world.

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There was no new departure in policy for the Foreign Secretary to announce. His stress on the formidable expansion of British naval and air power and its heavy cost was one more proof to all whom it may concern of national determination to maintain our power and place in the world. But he was not less faithfully recording the national purpose when he insisted on British faith in the settlement of disputes without resort to arms and on the British will to peace. Admitting the breaches of the Non-Intervention Agreement, he believes that "a leaky dam may yet serve its purpose." His brief reference to the Anti-Piracy plan gave Italy one more assurance that the British and French Governments were prepared to consider any proposals she may put forward. Once again the German claim to colonies was answered with regret that Germany would not take part in the inquiry into the supply of raw materials, and a demonstration that colonies provide but a small amount of the world's produce, while the difficulty of obtaining supplies is simply the difficulty of paying for them. Some time or other full discussion of the German claim will come, but there must be greater tranquillity in Europe first.

RE O SUPORTE

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, 18 de Setembro de 1937. EC

No.424.

Os systhemas de commercio
da Allemanha.

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
11 OUT, 1937
No 12457

810.(81) Madeira

Senhor Ministro,

Tenho a honra de passar ás mãos de Vossa Excellencia uma informação do Secretario Commercial desta Embaixada, Senhor Decio Coimbra, fazendo uma exposição de um estudo publicado pelo "Financial News" dos methodos de commercio da Allemanha.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Caio de Mello Franco

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

P.S.

Emb.Londres/424/1937/Annexo.

OS SYSTHEMAS DE COMMERCIO DA ALLEMANHA

Pelo Secretario Commercial Decio Coimbra

Londres, 18 de Setembro de 1937.

I As difficuldades da situação economica da Allemanha são estudadas em dois artigos do "Financial News".

II A escassez de materias primas, na Allemanha, como em outros paizes, foi causada pela enorme expansão da actividade industrial, como resultado da intensificação do armamentismo no mundo inteiro. Ate meados de 1936, a Allemanha poude attender ás maiores necessidades da industria de fabricação de armas e das industrias de exportação pela compressão das industrias que trabalham para o consumo interno, mas hoje em dia a falta de materias primas attinge a todas as industrias, pois que á escassez de textis, borracha, metaes basicos e couro accrescenta-se a de ferro e de madeira. As difficuldades de obtenção de artigos de alimentação, que antes se circumscreviam a lacticimos e carne, estendem-se ao trigo e ao centeio.

III Esse jornal considera os progressos realizados na industria de succedaneos como um dos maiores perigos para o commercio exportador allemão. A producção de succedaneos desviou os recursos que deveriam ser empregados no fortalecimento do commercio exportador que facilitaria a importação de materias primas. A falta de materias primas serve de base á propaganda para a devolução das colonias e constitue uma excusa para a execução do plano autarchico.

IV Segundo ainda esse jornal a politica agricola do Senhor Darré provocou a desorganização da agricultura do paiz e é responsavel em grande parte pelo fracasso das colheitas de 1936 e 1937, obrigando o Governo Allemão a adquirir no estrangeiro, alem das materias primas, enormes quantidades de cereaes e forragens. O desenvolvimento das exportações allemãs não tem sido sufficiente para o fornecimento de

de moeda estrangeira necessaria para essas acquisições. Na primeira metade de 1937 a importação allemã de materias primas augmentou de 16% no valor e só de 4% no volume. No 1º semestre de 1937, a Allemanha teve de pagar pela mesma quantidade de importação de igual semestre de 1933 20% mais, ao mesmo tempo que as suas exportações foram 5% mais baixas. O articulista mostra como o commercio exterior de 52 paizes foi, no 1º semestre de 1937, 34% mais alto do que em igual periodo de 1936 e que o intercambio commercial 26 paizes europeus augmentou de 29%, ao passo que o da Allemanha apenas cresceu de 20%. Ha ampla evidencia - diz esse jornal - que nos ultimos 12 mezes a qualidade das mercadorias allemãs exportadas tem sido bem inferior a que custuma ser, devido principalmente ás difficuldades de obter a materia prima conveniente.

V A parte mais interessante desse estudo é a que summaria as consequencias do systhema de clearings. A Allemanha é o paiz que figura com maior quantidade de accordos de clearing e accordos de pagamento. Em um total de 172 accordos de clearing a Allemanha apparece em 28 e entre accordos de pagamento ella figura em 8. Calcula-se que mais de 80% do commercio exterior da Allemanha processa-se por intermedio desses accordos. Apenas 10% do seu commercio com o estrangeiro póde-se considerar baseados na livre troca, por isso que ainda cerca de 10% se faz na base de trocas ou compensações. A Allemanha concluio accordos de clearing com quasi todos os paizes da Europa, com excepção da Grã Bretanha, França, Belgica e Irlanda, com as quaes fez accordo de pagamentos. Entre os paizes fora da Europa, ella concluio accordos de clearing com o Chile, a Argentina, Iran e Afghanistan e accordos de pagamento com o Canada, Africa do Sul, Mandchuria e Syria. Com excepção do Chile e da Argentina, o commercio da Allemanha com a America do Sul e a America Central é feito mediante o auxilio dos marcos chamados "Bank Aski". Com varios outros paizes-taes como E.Unidos, Japão, Egypto, China e India - a Allemanha tem

tem negociado em grande escala usando o systhema de compensações privadas e os marcos "Aski". Nos ultimos tempos, O Governo Allemão restringio essas compensações, não só por causa da tendencia para a elevação dos preços como tambem pela necessidade de cambio estrangeiro. Ao estudar os resultados dessa politica commercial, o "Financial News" chega á conclusão de que o systhema de clearings apparece como um dos mais importantes obstaculos á expansão do seu commercio externo. O systhema de clearings está sendo agora substituido pelo de accordos de pagamentos, nos moldes do que existe com a G. Bretanha, como mais conveniente. Entende, porém, esse jornal que difficilmente esses accordos de pagamento poderão se estender a outras nações, que não estarão dispostas a favorecer a acquisição de cambio estrangeiro por parte da Allemanha.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 18 de Setembro de 1937.

No.425

Actividades nazistas
no Brasil.
500.3(81)
2V3

1 18

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
11 OUT. 1937
No

Senhor Ministro,

Em additamento ao meu officio nº 405, de 4 do corrente, tenho a honra de passar ás mãos de Vossa Excellencia, em annexo, um recorte da revista "The Spectator", de 10 do corrente mez, contendo um artigo de Wilbur Burton, seu correspondente no Rio de Janeiro, sobre o augmento de propaganda nazista nos Estados de Santa Catharina e Rio Grande do Sul.

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Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Caio de Freitas

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

MPBB

Emb.Londres/425/1937/Annexo

"THE SPECTATOR"

Londres, 10 de Setembro de 1937.

Commonwealth and Foreign

SWASTIKA AND SIGMA IN BRAZIL

By WILBUR BURTON *Rio de Janeiro.*

THE two dominant features of Brazil today are German penetration on one hand and the increasingly strong bid for power by the "Action Integralista Brasileira" on the other. Whether there is any direct connexion between the two, as Brazilian anti-Fascists both believe and fear, is a moot question, but there can be no doubt that the Integralistas are the most potent faction of the Fascist ideological international that has yet developed in either of the Americas. They wear green shirts and their symbol is the Greek letter *sigma*, in its higher mathematical meaning of "totality," which they wear on their arms and paint on houses and walls all over Rio de Janeiro and other Brazilian cities. Their creed, as proclaimed in misty Portuguese, includes such concepts as "the totality of the universe" and a totalitarian State with "the spiritual over the moral, the moral over the social, the social over the national and the national over the individual"; and their less ethereal manifestations have included dosing allegedly backsliding comrades with castor oil and beating up wearers of the badge of the Brazilian Democratic Union.

They indulge in frequent street demonstrations, one of which recently in San Paulo resulted in considerable bloodshed. They claim a million members, and if all were eligible to vote, this would be about one-third of the total voting population. They are not, however, quite as strong as that, but they are the only political party with an organisation in every one of the United States of Brazil. Further, in the opinion of an observer who has spent about twenty years in Brazil and also was in Germany for three years before the triumph of Hitler, "the Integralistas are now in about the same stage as the Nazis in 1930." Under Brazilian conditions, this would not necessarily mean a wait of three years to get in power, although the same conditions might also work against them; in a crisis, the army would probably be the deciding factor, and while many of the officers are pro-Integralista, there are certainly large numbers of the rank and file who are not.

This is presidential campaign year in Brazil, with the election fixed for next January 3rd, and there are now three candidates in the field, including the Integralista leader, Plinio Salgado, who is as Hitleresque in appearance as he is in aspirations. The other candidates are the traditional types of Brazilian politicians: Dr. José Americo de Almeida, the nominee of the factions now in power, and Dr. Armando de Salles Oliveira, the nominee of the groups out of power (other than the Integralistas) who have formed the Democratic Union. In accordance with customary election procedure, no political principles are at stake, and the campaign revolves around personalities and intrigue, with the government nominee usually announced as winner, as result [illegible] opposition alleges incorrect counting of the [illegible] that the present ing that "Communism is the major danger faced by the army," while even the most moderate newspapers frequently publish articles or editorials on "the Communist menace to civilisation." Meanwhile, there is no restriction on Integralista activities, and I think it may be regarded as axiomatic that when a country suppresses Communist propaganda while not only allowing but encouraging Fascist propaganda, it is in grave danger of going Fascist. Further, wealthy Brazilians—many of whom are supporting the Integralistas—have apparently not observed that Fascism in both Italy and Germany is far more the master than the servant of capitalism.

Concurrently (if not otherwise) with the rise of the Integralistas has been intensive German penetration of Brazil. Economically this has been due to the "compensated" mark which is one of the higher flights of Hitlerian economic fantasy. If the reichmark equal 6.2 Brazilian milreis (a milreis is approximately 3d.), the compensated mark would equal five milreis, thus giving German goods a 20 per cent. advantage in the Brazilian market over goods of equal value from any other country. At the same time, Germany agrees both to buy and to pay only in goods at values fixed in compensated money. This not only means the dumping of German goods in Brazil, but also enables Germany to get raw materials in Brazil cheaper than she could elsewhere. One result is that Germany is now buying more cotton from Brazil than from the United States, while both United States and United Kingdom imports into Brazil have been declining. And besides trade losses, there have been extensive defaults on Brazilian federal, State and municipal debts to the United States and United Kingdom.

The total Brazilian external debt, most of which is in some stage of default, is £249,709,333, or about £62 per capita—which is more than a year's wages for any excepting the most highly-paid Brazilian workers. The overwhelming bulk of these debts are to British and American investors; none are to either Germany or Italy. In consequence of the recent negotiations in Washington by the Brazilian Finance Minister, Souza Costa, there will soon presumably be some modification of the compensated mark arrangement, from which Britain as well as the U.S. will benefit, but it cannot be anticipated that the existing German advantage will be entirely eliminated.

Politically, the definitely known German activities in Brazil include a vast amount of propaganda and an effort to make an oversea colony of the four or five hundred thousand Brazilian Germans. Many of these are concentrated in the State of Santa Catherina, and according to reliable reports the Brazilian public schools there are being used for Nazi propaganda. Many German residents doubtless oppose this, but if they have business or family connexions in Germany they can be whipped into line. There is a large German Nazi party in Brazil under the leadership of Herr von Cossel. At [illegible] party congress in Germany, he represented the [illegible] publicly proclaimed that "Germany and [illegible] complementary."

"THE SPECTATOR"

Londres, 10 de Setembro de 1937.

Commonwealth and Foreign

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By WILBUR BURTON

Rio de Janeiro.

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Ever since the uprising of 1935 the policy of the Vargas *régime* has played into the hands of the Integralistas. According to constantly reiterated official propaganda, the uprising was the work of Communists, and hence all organisation and propaganda on the left have been suppressed by the police. Although there were Communistic elements involved in the uprising, it actually appears to have been far more a typical South American revolt than a Marxian revolution, and certainly many of the so-called Communists arrested were no more than pale pink intellectuals. And today there is no evidence whatsoever of any Communist movement worthy of the name. Yet the Red scare continues, with the Minister of War, General Enrico G. Dutra, recently officially proclaiming that "Communism is the major danger faced by the army," while even the most moderate newspapers frequently publish articles or editorials on "the Communist menace to civilisation." Meanwhile, there is no restriction on Integralista activities, and I think it may be regarded as axiomatic that when a country suppresses Communist propaganda while not only allowing but encouraging Fascist propaganda, it is in grave danger of going Fascist. Further, wealthy Brazilians—many of whom are supporting the Integralistas—have apparently not observed that Fascism in both Italy and Germany is far more the master than the servant of capitalism.

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EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

NP

Londres, em 21 de Setembro de 1937.

RESERVADO

No. 428

O problema do Mediterraneo
e a Conferencia de Nyon.

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
11 OUT. 1937
No 12.537

900.1(609) Nodeje
601.3(84)
Ble

Senhor Ministro,

A rapida conclusão dos trabalhos da Conferencia de Nyon revela, antes de tudo, a vontade formal da Gran-Bretanha e da França de salvaguardar a liberdade de suas communicações maritimas no Mediterraneo. As decisões ratificadas pela Conferencia são, sob todos os aspectos, inspiradas nos principios do direito internacional maritimo, principios esses reconhecidos pelas grandes potencias occidentaes, durante e depois da guerra mundial: o respeito ao principio fundamental da liberdade dos mares, sem o qual o trafico maritimo será impraticavel. O Accordo de Nyon limitou as suas estipulações ao alto mar, evitando, assim, habilmente, de referir-se ás aguas territoriaes espanholas, isto é, tres milhas - cifra admittida pelas convenções internacionaes - e seis milhas, distancia reivindicada pelo Governo de Valencia.

2. Todo paiz deve gozar, com effeito, do direito de agir livremente dentro de suas aguas territoriaes. Renunciar

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

MGRS

Renunciar a essa regra elementar seria entrar em conflicto com o proprio principio de Não-intervenção. Assim, a liberdade dos mares não pode ser assegurada senão por uma policia de mares sufficientemente poderosa, ou seja a força naval encarregada da fiscalisação. Em tempo normal, essa policia representa a fiscalisação que cada poder maritimo exerce sobre a sua propria marinha mercante, graças aos seus navios de guerra, ou melhor, o "direito da exclusividade do pavilhão", como definiu o Professor Gidel no seu trabalho sobre o "Direito Internacional do Mar".

3. A Conferencia de Nyon, na opinião dos technicos, nada innovou quanto aos principios essenciaes. Um caso: si navios - de qualquer nacionalidade - praticarem actos de belligerancia, respeitando as leis de guerra, apenas os vasos de guerra do poder interessado poderão intervir. Ha quem affirme ser esse ponto de vista mais theorico que pratico, baseado no exemplo de que si um vapor grego é molestado ao largo das Ilhas Balneares, onde se encontrará o cruzador hellenico capaz de o fazer respeitar? O caso de "pirataria" faz, porém, excepção a essa regra. Por "pirataria", o Tratado Naval de Londres, de 22 de Agosto de 1930 (parte IV, artigo 22), entende que "um navio de guerra, ou submarino, não pode afundar ou tornar incapaz de navegar um navio mercante, sem haver posto, previamente, em lugar seguro, os passageiros, a tripulação e os papeis de bordo". O Professor Gidel chama de "pirataria" todo "acto de violencia contra um navio mercante commetido dentro de um espirito de lucro." Como, porém, em casos mais complexos, não se cogita de lucro, o Professor Bas-devant, em 1930 e 1936, fez adoptar sua concepção na Conferencia de Londres, sendo, aliás, substituida pela resolução Root, adoptada no Tratado de Washington, a proposito de submarinos.

4. A Conferencia de Nyon admittiu a solução das "rotas de patrulhamento" e não a de "comboios". A primeira goza da

da vantagem de se "adaptar em tempo de paz". Foi impossivel, durante o periodo da guerra mundial, induzir os navios de todos os pavilhões a se agrupar em Alger e em Oran, para atravessar o Mediterraneo sob a protecção dos torpedeiros britannicos ou francezes. Na ultima phase daquelle periodo, os poderes da "Entente" foram obrigados a renunciar o systema de "rotas", como pouco efficaz e muito dispendioso, em beneficio do de "comboios". Observa-se, porem, que a Conferencia de Nyon primou por definir "rotas mediterraneas", em longitude e latitude. Essas "rotas", por menores que sejam, devem ser frequentemente patrulhadas, para a sua absoluta segurança, o que exige, é evidente, grande reforço naval, reforço esse que será, na sua maioria, constituido de navios ligeiros. São unidades que, em todos os tempos, foram as mais frageis e as mais difficeis de substituição, nas marinhas modernas. O Almirante Jellicoe sempre constatou a insufficiencia de forças nos destroyers da frota britannica. O actual serviço de patrulhas necessitará de uns cincoenta torpedeiros modernos. Essas unidades, muito velozes, são, por outro lado, susceptiveis de se inutilizar rapidamente, quando mantidas em serviço por longo espaço de tempo. É de se esperar, pois, a sua substituição, tanto quanto possivel, por vapores menores, de valor offensivo mais reduzido, mas dotados de capacidade sufficiente para comboiar cargueiros lentos, desenvolvendo apenas de 13 a 15 nós.

5. A Inglaterra e a França possuem um numero considerave de"avisos" ou de pequenos navios auxiliares: o que prova - diga-se de passagem - a precariedade do uso de destroyers. A aviação, por sua vez, terá naturalmente papel importante na perigosa tarefa de "cachorro de pastor" da marinha mercante. Os porta-aviões serão de grande utilidade. A contribuição da Inglaterra, nesse particular, é enorme.

6. O objectivo, portanto, da "caça aos submarinos pi-

piratas", vae se tornando uma realidade. Nenhum paiz, ao que se saiba, nega a possibilidade do emprego de submarinos em tempo de guerra. Ao contrario. Alguns, até, julgam-no uma "arma indispensavel e comprehensivel, quando manejados humanamente". Fugindo, portanto, desse raio de acção, o submarino deve ser considerado como fóra da lei. É, pois, a essa medida salutar que se consagram, agora, as marinhas da Gran-Bretanha e da França, de accordo com as bases approvadas pela Conferencia de Nyon.

Tenho a honra de reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Caes de Mello Franco

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 22 de Setembro de 1937.

No.429

O problema do Mediterraneo:
Discurso do Senhor Anthony Eden.

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Comunicações
11 OUT. 1937
No 12157

900.1(600) Nadeje
601.3(84)
106

Senhor Ministro,

O discurso pronunciado hontem na Assembléa da Sociedade das Nações pelo Senhor Anthony Eden não desapontou a opinião internacional, que esperava ouvir uma definição clara e segura da politica geral da Gran-Bretanha. No estado de insegurança e anxiedade em que vive a Europa, fazia-se necessario que a Inglaterra insular dissesse a sua palavra em favor da causa da paz. Emquanto o problema do Mediterraneo se apresenta sob um novo aspecto, emquanto a politica de não-intervenção nos negocios da Espanha atravessa uma grise grave, emquanto a guerra no Extremo Oriente assola um Continente, a Inglaterra julga chegado o momento de definir com franqueza o seu ponto de vista internacional.

2. Em certos meios politicos de Londres existe, inegavelmente, uma accentuada tendencia para acreditar que os methodos politicos do Governo britannico se modificaram desde a chega-

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

MCBS

chegada do Senhor Neville Chamberlain á chefia do Governo. Alguns se esforçam mesmo para oppor a influencia pessoal do Primeiro Ministro ás doutrinas constantemente defendidas pelo Senhor Eden; outros insinuam que a cooperação anglo-franceza está diminuida, embora, apparentemente, os factos indiquem o contrario e, por fim, existem os que acreditam na extensão do "eixo Roma-Berlim", com a inclusão de Londres. Entretanto, até agora, tudo isso me parece proceder de um conceito absolutamente falso sobre a situação de facto deste lado da Mancha e sobre o interesse geral do "Commonwealth" das nações britannicas.

3. O discurso do Senhor Eden, cujas grandes linhas devem ter sido, naturalmente, aprovadas pelo Gabinete na sua ultima reunião, immediatamente antes da partida do Secretario de Estado para Genebra, cortará logo com todas as polemicas tendenciosas sobre o assumpto. Com effeito, a doutrina exposta pelo Senhor Eden em Genebra se enquadra perfeitamente na linha da politica britannica, tal como vem sido seguida até agora. "Nós não cessamos de estar persuadidos - disse o Senhor Eden - que um enfraquecimento do systema presente da ordem internacional, só poderá augmentar consideravelmente os riscos, as agitações, as pressões ou os movimentos de tensão nas relações internaes da Europa e do mundo." Accrescentou o Secretario de Estado que a Inglaterra se encontra disposta a adherir, em qualquer momento, a um instrumento internacional em vista da reducção e limitação de armamentos; mas que, tambem se encontra firmemente resolvida, emquanto um accordo não fôr concluido, a proseguir no curso de todas as despesas necessarias para assegurar a defeza dos territorios da communhão britannica, na execução dos seus compromissos internacionaes.

4. Após esse aviso referente ao armamento britannico, aviso dado em forma tão clara que ninguem poderá deixar de compre-

comprehendel-o, o Secretario de Estado para os Negocios Estrangeiros da Gran-Bretanha indicou que o seu Governo está disposto a manter um largo espirito de comprehensão e conciliação em todos os dominios. Procura collocar a Europa de sobreaviso contra a illusão de que a guerra pode ainda "pagar", trazer vantagens permanentes aos que a emprehenderem: um conflicto, quer seja de ordem interior ou de ordem internacional, continua o Senhor Eden, só pode abaixar o nivel moral e material de um povo. E no que concerne á politica de não-intervenção na Espanha, prediz que, se essa politica devesse serabandonada, a Europa se encontraria lançada numa terrivel aventura. Mas, qualquer que seja a finalidade da politica de não-intervenção, o Senhor Eden dá a solemne segurança de que a Inglaterra não deixará de envidar todos os esforços para impedir que a guerra assóle o Continente.

5. Referindo-se, em seguida, ao accordo mediterraneo de Nyon, deixa claro que o seu Governo, tal como o Governo francez, está disposto a examinar quaesquer suggestões que estejam de molde a facilitar o accordo, o que significa, evidentemente, que os pedidos que a Italia occasionalmente vier a formular, serão pesados e discutidos dentro de um verdadeiro espirito de collaboração internacional.

6. É de mistér salientar ainda que a parte do discurso do Senhor Eden referente aos problemas de ordem economica, não é certamente a menos importante. O Secretario de Estado para os Negocios Estrangeiros constata que as barreiras alfandegarias não foram reduzidas como seria de desejar, que mesmo certos paizes julgaram necessario estabelecer um systema de fiscalização nas trocas, encontrando-se assim numa situação de inferioridade com relação a obtenção de materias primas.

7. Annuncia por fim o Senhor Eden que a Inglaterra

Emb.Londres/429/1937/4.

Inglaterra está inclinada, a titulo de contribuição aos esforços um pról de um apaziguamento economico e politico e com o fim de intensificar as trocas, a entrar em negociações com as potencias que quizerem obter uma diminuição de tarifas preferenciaes nos territorios coloniaes britannicos.

Tenho a honra de reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Caio de Freitas Dantas

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 23 de Setembro de 1937.

No. 431

E. C.

Rivalidade da Allemanha e Estados Unidos nos mercados brasileiros.

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
11 OUT. 1937
No 1[illegible]

890.(42)(22)
890.(42)(81)

Senhor Ministro,

Tenho a honra de passar ás mãos de Vossa Excellencia, em annexo, um recorte do "Daily Herald", de 17 do corrente, reproduzindo um artigo do Senhor Douglas Jay, redactor financeiro daquelle jornal, sobre a rivalidade entre a Allemanha e os Estados Unidos no mercado brasileiro.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Caio de Mello Franco

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

MCRS

b.Londres/431/1937/Annexo

"DAILY HERALD"

Londres, 17 de Setembro de 1937.

Finance and Industry *Office: Palmerston House, E.C.2. Tel.: London Wall 4241 & 2452*

STRUGGLE FOR BRAZIL MARKET

U.S. Defeat Nazi Trade Tricks

By DOUGLAS JAY, Our City Editor

SIMULTANEOUSLY with the intensified activities of Nazi spies and agents in Brazil, great efforts have been made by Dr. Schacht to increase German exports to the important Brazil market.

The United States, however, seems to have won the decisive round in the struggle with Germany for Brazil's custom. Meanwhile, Great Britain is being ominously squeezed out.

The whole story is an interesting example of how Schacht's commercial dodges devised during the depression, are beginning to recoil on his own head in the changed circumstances of a world boom.

Brazil, by the way, has a population as large as France, and an area almost as large as the United States.

Since the commercial treaties between Brazil and both Germany and the United States were recently due to expire, Germany and the United States were very anxious to make favourable arrangements with the Brazil authorities.

U.S. Victory

GERMANY, however, has only secured extension of the previous treaty for three months, while the United States has achieved a new treaty which is designed—as was frankly stated by the United States Secretary of State, Mr. Hull—to frustrate the Nazi trick of pushing foreign trade by subsidised exports.

Rising purchasing power in Brazil, due to rising prices of raw materials is leading to increasing demand for manufactured goods from abroad. During recent years Germany has developed trade relations with Brazil by every possible means.

German exports to Brazil, after amounting in 1929 to 210 million marks, dropped to 48 million marks in 1932, rose to 118 million in 1935, and to 133 million in 1936. Two-thirds of the 1929 figure were thus regained.

Coffee Comedy

EXPORTS from the United States to Brazil, on the other hand, in 1936 had regained less than half of the 1929 export. While Germany, in 1929, only exported to Brazil half as much as the United States, in 1936 she exported more.

This was the result of Dr. Schacht's barter policy, based on the coupling of exports and imports by a system of accounts designed to prevent the transfer of foreign currencies.

Recently, for instance, Germany bought a large consignment of Brazilian coffee in return for coal. The Nazi authorities undertook that none of this coffee should be sold outside Germany. It is now believed in Brazil that much of it was sold in S.E. Europe.

The Nazis had previously hinted that cunning German chemists might turn the coffee into artificial silk or even high explosives!

To make this barter system work Germany has increased her imports of raw material from Brazil considerably, and Brazil has increased her purchases of German goods at the cost of other countries, especially the United States and Great Britain.

Frozen Debts

GERMANY'S imports from Brazil rose from 81 million marks in 1932 to 177 millions in 1935.

In 1936 they fell again to 131 millions. As has happened in each case in which Dr. Schacht has played this trick on one country or another, Germany began to contract frozen debts to Brazil which she could not or would not "transfer." Brazil, therefore, had to decrease her exports to Germany.

This gave the United States its chance in the trade negotiations with Brazil. These caused great anxiety in Germany. The Nazi organisation in Brazil was ordered to spend on Nazi propaganda the money collected from Germans in Brazil for "winter help" in Germany.

Cash

BUT these methods cannot withstand the United States' trump card: cash payment! Schacht's New Plan, partly successful in previous years when there were more sellers than buyers of raw materials in the world, has lost its power of attraction at the present time of growing demand.

Meanwhile, Great Britain seems to be playing the part of a spectator, although she pays cash like the United States, and has increased her imports from Brazil to a larger extent than Germany or the United States.

Britain Loses

BRITAIN imported from Brazil

SHARP FALL IN COPPER

Copper fell £1 17s. 6d. to £52 12s. 6d. per ton for cash on August statistics. These showed an increase in world refined stocks of 15,500 tons to 328,610 tons due to an unexpected drop mainly in foreign consumption from 180,600 tons to 170,150 tons. Turnover in London metal exchange yesterday 3,750 tons. Other base metals fell in sympathy. Tin £3 down at £261 15s. per ton for cash, lead fell £1 1s. 3d. to £19 18s. 9d. per ton and spelter 13s. 9d. to £21 per ton. Yesterday's turnover in spelter 2,750 tons.

LORD FORTEVIOT, who has been appointed Chairman of the Distillers Company, Ltd., in succession to the late Mr. Thomas Herd.

Franc Down & Up

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

NP

Londres, em 24 de Setembro de 1937.

No. 438

O problema do Mediterraneo:
a actual posição da Italia
em face do Accordo de Nyon.

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
11 OUT. 1937
No 12131

900.1 (600)

601.3 (84)
26

Senhor Ministro,

A versão que corria, ha dias, a proposito da posição da Italia em face do Accordo de Nyon, não tardou em se confirmar. A Italia está disposta a collaborar na patrulha do Mediterraneo. O Governo de Roma, respondendo á consulta dos Encarregados de Negocios da Gran-Bretanha e da França, relativa á interpretação exacta sobre a communicação italiana de 14 do corrente, isto é, que a questão de paridade de direitos deve ser comprehendida como implicando numa posição egual a das frotas anglo-francezas, afim de permittir a sua participação nas medidas adoptadas pela Conferencia de Nyon - iniciou, assim, as conversações dentro daquella base. Após a entrevista verificada no Palacio Chigi, o Conde Ciano declarou, por intermedio de um communicado official, que os Encarregados de Negocios da Gran-Bretanha e da França, depois de "assegurar que os seus respectivos Governos sempre reconheceram a Italia como uma grande potencia do Mediter-

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

MPB

Mediterraneo", propuzeram uma reunião, em Paris, de technicos navaes das tres potencias, afim de determinar as modificações de ordem pratica nos dispositivos estabelecidos em Nyon, de maneira a facilitar a participação da Italia.

2. Pode-se, portanto, considerar que, desta vez, um accordo de principio harmonizará as negociações anglo-franco-italianas. Tudo parace indicar, com effeito, que si a Italia se fizer representar na reunião de Paris, mostrará ipso-facto a sua disposição de assegurar uma activa collaboração no systema de "contrôle" no Mediterraneo. Assim, as conversações entre Londres-Paris-Roma, previstas para as semanas proximas, serão realizadas, como se espera, numa atmosphera de maior confiança e optimismo. Augura-se, portanto, que a politica internacional europea, com o rapido desenvolvimento da nova situação, não tardará a ingressar numa phase menos aguda.

3. A imprensa ingleza - como de resto os circulos politicos de Londres, - não esconde a sua satisfacção com a possibilidade da participação da Italia no plano de Nyon. Os seus redactores diplomaticos, unanimemente, se felicitam pelo successo das "potencias democraticas".

4. Em annexo, tenho a honra de passar ás mãos de Vossa Excellencia os recortes dos diarios "Times", "News Chronicle" e "Daily Herald", que tratam da materia acima mencionada.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Caio de Freitas Franco

Pt-Londres/438/1937/Annexo

"THE TIMES"

Londres, 22 de Setembro de 1937.

ITALY AND NYON

A MOVE FORWARD

JOINT TALKS IN PARIS

NAVAL EXPERTS TO MEET

From Our Own Correspondent

ROME, SEPT. 21

Count Ciano this evening informed the French and British Chargés d'Affaires that, in view of the recognition by the British and French Governments of Italy's position as a great Mediterranean Power, Italy accepted the Anglo-French proposal that naval experts from the three countries should meet shortly in Paris to adjust the Nyon Arrangement to include Italy. The text of the official statement read:—

In continuance of the preceding conversation with Count Ciano the Chargés d'Affaires of France and Great Britain—after having previously stated that the French and British Governments had never failed to recognize the position of Italy as a great Mediterranean Power—have proposed in the names of their respective Governments that naval experts of the three Powers should meet at Paris at an early date to determine practical modifications to be made in the Arrangement reached at Nyon, in order to allow Italian participation. Count Ciano has taken note of the declarations made to him and has communicated to the two Chargés d'Affaires the Fascist Government's agreement to the meeting proposed by Paris and London. The Fascist Government have kept the Government of the Reich informed of the present turn of events.

This statement was issued after a visit paid by Mr. Ingram and M. Blondel to Count Ciano late this afternoon. They had already called at the Palazzo Chigi in the morning.

For the moment, then, everything is proceeding well. It is, however, not disguised that difficulties may arise in the discussion of technical matters, and the tendency here is not to indulge in over-optimism. On the whole, however, the balance of opinion is hopeful and much satisfaction is felt everywhere that matters should have taken this favourable turn before the departure of Signor Mussolini for Germany.

FRANCO-BRITISH SATISFACTION

NO HALT IN PATROL

FROM OUR DIPLOMATIC CORRESPONDENT

The invitation to Italy to send a naval expert to Paris is the direct result of Count Ciano's verbal intimation of Italy's wish to be associated, on terms of parity, in the working of the Nyon scheme, when he was visited by the two Chargés d'Affaires on Saturday. In conveying the suggestion for a meeting between naval experts in Paris the French and British

GERMAN HOPES OF SETTLEMENT

THE DUCE'S VISIT

From Our Correspondent

BERLIN, SEPT. 21

There is every reason to believe that Germany would be glad to see the situation arising out of the Nyon Conference straightened out with the least possible delay, if only to create a more cheerful and convincing political background for a state visit which is to demonstrate above all the strength of the Rome-Berlin axis as a force in international politics. In addition, Germany does not wish to receive Signor Mussolini when he is at the peak of a controversy with Great Britain. It may be assumed accordingly that German advice to Italy has been to cooperate in the Nyon Arrangement for the present, if terms can be obtained from England and France which can be construed as a successful assertion of Italy's claims to equality of rights.

It need not be supposed, however, that Germany any more than Italy regards the Nyon Arrangement with anything but disfavour, and Press comment points to an attempt being made at a later date to reopen the whole question in the London Non-Intervention Committee. The Press, indeed, ties itself up in contradictions in the attempt to prove that England and France were not justified in calling a special conference to deal with Mediterranean piracy or in making the piracy a pretext for "precipitating questions of predominance in the Mediterranean." The *D.A.Z.*, in fact, asserts that "the fact that England defended with her warships the misuse of the British flag in the Mediterranean is, as is known, the real cause of the so-called piracy."

BELLIGERENT RIGHTS

It is not clear how statements of that kind are to be reconciled with the general German assertion that all attacks on the Mediterranean shipping have been made by Red submarines or aircraft. What is perhaps more significant, however, is the implied justification of the piracy as an instrument to force England and France into conceding General Franco the right to interfere with all shipping carrying supplies, contraband or otherwise, to the territory of the Valencia Government. Were belligerent rights conceded there would, it is stated here, be no further danger of piracy.

GERMAN CRITICISM OF MR. EDEN

THE COLONIAL OFFER

FROM OUR CORRESPONDENT

BERLIN, SEPT. 21

Mr. Eden's speech before the League Assembly yesterday is treated here with ridicule, which may be regarded as a continuation of the process of disparaging the British Foreign Secretary by contrast with the Prime Minister, who is regarded as a realist statesman with whom Germany and Italy could perhaps do business. Of Mr. Eden, with his so-called "League of Nations ideology" and refusal to share the German anxieties about Bolshevism, Germany affects to expect little.

The offer, accordingly, to abate colonial preferences in the interests of Powers who find difficulty in obtaining raw materials is treated with contempt. Germany, it is stated, must have colonies in which her own flag flies and the Reichsmark is current; not access to sources of raw materials which can be cut off at will by foreign Powers. Nor will she let her [illegible] be dependent on the

Governments have proposed in the names of their respective Governments that naval experts of the three Powers should meet at Paris at an early date to determine practical modifications to be made in the Arrangement reached at Nyon, in order to allow Italian participation. Count Ciano has taken note of the declarations made to him and has communicated to the two Chargés d'Affaires the Fascist Government's agreement to the meeting proposed by Paris and London. The Fascist Governments have kept the Government of the Reich informed of the present turn of events.

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The invitation to Italy to send a naval expert to Paris is the direct result of Count Ciano's verbal intimation of Italy's wish to be associated, on terms of parity, in the working of the Nyon scheme, when he was visited by the two Chargés d'Affaires on Saturday. In conveying the suggestion for a meeting between naval experts in Paris the French and British representatives expressed their Governments' satisfaction that Italy desired to take part in the patrol.

The Nyon Arrangement, because of its extreme urgency, has been put into effect without delay, and there can be neither halt nor hesitance in its operation. Now that Italy has expressed her willingness to be associated with the scheme procedure is to be begun in conformity with Paragraph IV (iii) of the Arrangement, which provides that the limits of the patrol zones and their allocation "shall be subject at any time to revision by the participating Powers in order to take account of any change in the situation." It is proposed that the first stage shall be a technical discussion by naval experts. Any conclusions which may be reached allowing for the inclusion of the Italian Fleet will necessarily have to be referred to the Nyon Conference as a whole.

ITALIAN DEMANDS

It will be recalled that on September 8, two days before the opening of the Conference, Italy and Germany both sent Notes declining the Franco-British invitations to them to attend. The Italian reply stated that Italy's early disposition to accept had been altered by "a new and serious element," the Russian accusations that she had been responsible for attacks on shipping. Italy, with Germany, made the counter-proposal that the piracy question should be referred to the Non-Intervention Committee.

On September 13, the day before the signature of the Nyon Arrangement, the French and British Governments informed the Italian Government of its terms, which were already agreed, including an invitation to Italy to become responsible for patrolling the Tyrrhenian Sea. The Italian Government replied next day that "her vital interests in the Mediterranean and the fact that the bulk of the traffic passes along her lines of communication require Italy to insist that she should have conditions of absolute parity with any other Power whatsoever in whatever zone of the Mediterrapean." Although this reply was not an unqualified refusal it was to this extent equivocal—Italy did not pledge herself in advance to adhere to the Arrangement on any terms.

Next day it was made plain from Geneva, whither the Nyon Conference had moved, that while an invitation to Italy to join in the anti-piracy patrol stood, the Nyon delegations considered that she herself must make the next move by approaching the conference.

On September 18, when the French and British Chargés d'Affaires in Rome called on Count Ciano to communicate the terms of the supplementary agreement extending the Nyon Arrangement to surface vessels and aircraft, and to ask for a more precise interpretation of the last Italian Note, Count Ciano "made it clear that the Italian Government, in raising the question of parity of rights, intended to establish a claim that, in order to enable the Italian Fleet to take part in the naval measures, a part must be reserved to it equal to that given to the fleets of France and Great Britain."

Mediterranean is, as is known, the real cause of the so-called piracy."

BELLIGERENT RIGHTS

It is not clear how statements of that kind are to be reconciled with the general German assertion that all attacks on the Mediterranean shipping have been made by Red submarines or aircraft. What is perhaps more significant, however, is the implied justification of the piracy as an instrument to force England and France into conceding General Franco the right to interfere with all shipping carrying supplies, contraband or otherwise, to the territory of the Valencia Government. Were belligerent rights conceded there would, it is stated here, be no further danger of piracy.

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THE COLONIAL OFFER

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RE O SUPORTE
AS PELA BASE
E N Ç A O

Pp.Londres/438/1937/Annexo

"DAILY HERALD"

Londres, 22 de Setembro de 1937.

BETTER NEWS TO-DAY

ITALY is ready to join in Mediterranean anti-piracy patrol. Japan has sent a more satisfactory reply to Britain's protest against the shooting of our Ambassador.

ITALY JOINING PIRACY PATROL

Accepts Anglo-French Terms

ITALY IS NOW READY TO JOIN IN THE MEDITERRANEAN ANTI-PIRACY NAVAL PATROL. A MEETING WILL TAKE PLACE IN PARIS SHORTLY BETWEEN BRITISH, French and Italian Naval experts to discuss the technical arrangements.

Unless an unexpected hitch occurs Italian ships will assist the British and French navies in their war against pirate submarines, surface and air craft in the Mediterranean.

This dramatic change of front followed a visit to Count Ciano, Foreign Minister, by Mr. Ingram and M. Blondel, British and French Chargés d'Affaires in Rome, yesterday.

Last Sunday Count Ciano had told them privately that Italy was extremely anxious to join the patrol. His words were in strong contrast with the indignant communiqués put out.

Realising that Britain and France meant to go on with the patrol regardless of

(Continued on Page 2, Col. 4: Editorial Page 12)

Japan's Note To Britain 'Satisfactory'

JAPAN'S considered reply to Britain's protest against the shooting of Ambassador Sir Hughe Knatchbull-Hugessen is believed to meet the requirements of the British Government.

It was handed to the British Ambassador in Tokyo, Sir Robert Craigie, yesterday, cabled to London during the night, and will be received by Mr. Eden at the Foreign Office this morning.

Sir Hughe was shot by Japanese airmen while motoring near Shanghai on August 26.

Britain's protest, sent to Japan on August 29, demanded an apology, punishment of the airmen, and assurance that such an outrage would not happen again.

In an interim reply the Japanese tried to suggest that none of their planes was at the scene of the shooting at the time.

WITH A SMILE. Mr. Eden arrived at Croydon from Paris last night.

The Lord [illegible] Aitchison, said that the accused man, 59-year-old James Weir Gilmour, had experienced the "most terrible provocation to which any man can be subjected."

Ordered Out

Gilmour was alleged so have murdered George Elrick.

[illegible] 26 yrs. [illegible] Elrick, which he [illegible] struck Gilmour on the head with a spade and killed him.

Lord Aitchison told the jury: "If you are satisfied that the accused found his wife in the act of adultery, or in such circumstances as reasonably conveyed to his mind that his wife had just committed or was about to commit adultery when discovered, you are entitled in the circumstances of this case to acquit him of murder and to find him guilty of culpable homi[illegible]

Emb.Londres/438/1937/Annexo

"NEWS CHRONICLE"

Londres, 22 de Setembro de 1937.

ITALY WILL ATTEND ANTI-PIRACY TALK IN PARIS

France and Britain Arrange Meeting: Geneva Is Anxious

LAST night it was agreed that Italy should take part, with Britain and France, in a naval conference in Paris to discuss the Italian fleet's co-operation in the Nyon anti-piracy patrol.

This development followed the intimation by Count Ciano to the British and French Chargés d'Affaires in Rome that the Duce now wished to co-operate.

The meeting will be one of technical experts and will be held at an early date.

Sicily to North Africa

Italian aims at the conference (states the News Chronicle Rome Correspondent) will be to secure permission to patrol the [illegible] from Sicily to North Africa.

Mr. Eden leaving [illegible] arrival at Croydo[illegible] last ni[illegible]

PULLED FROM LINE: SHOT DEAD

"A REBEL officer pulled one of

Is Anxious

LAST night it was agreed that Italy should take part, with Britain and France, in a naval conference in Paris to discuss the Italian fleet's co-operation in the Nyon anti-piracy patrol.

This development followed the intimation by Count Ciano to the British and French Chargés d'Affaires in Rome that the Duce now wished to co-operate.

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Sicily to North Africa

Italian aims at the conference (states the News Chronicle Rome Correspondent) will be to secure permission to patrol the zone from Sicily to North Africa.

But she is unlikely to achieve this objective in Paris. The technical experts can grant only "moral equality." They have no powers to give Italian warships a larger patrol area.

Geneva watches the conference with anxiety. While it is regarded as satisfactory that Mussolini admits his desire to co-operate in the Nyon agreements, it is feared in League circles that Italian destroyers may be presented with an excuse to cruise in the neighbourhood of Spanish coasts.

Italy announced her "decision" to attend the Paris conference in a communiqué in which she said that the "British and French Governments had never failed to recognise Italy's position as a great Mediterranean Power."

Steamer Attacked

The French steamer Koutoubia, on passage from Corsica to Casablanca with 700 passengers, reported at Tangier last night that she had been attacked by an aeroplane south of the Balearic Islands.

No damage was caused, but British warships in the neighbourhood rushed to her assistance and escorted her for some distance.

SUSPICION IN GENEVA

From VERNON BARTLETT

GENEVA, Tuesday.

THE proposal that Italy shall be represented at a technical meeting in Paris to discuss how she could take part in the Mediterranean anti-piracy work causes much less satisfaction than anxiety in Geneva.

It is satisfactory that the Duce now wants to co-operate, presumably in order to face Hitler with unimpaired international prestige.

But fear is expressed lest as a

TURN TO PAGE TWO, COL. THREE

Mr. Eden leaving
arrival at Croydo
last nig

PULLED FROM LINE: SHOT DEAD

"A REBEL officer pulled one of us out . . . he was Edward Dickinson, of Whitechapel . . . three soldiers shot him through the head at two yards."

Twenty-five of Dickinson's com

OVERSEAS

Three brothers have been charged with the murder of a Kentucky general who was to have stood his trial today for the murder of their sister 8

One million people watched the funeral procession of Dr. Masaryk in Prague 15

CITY

City men do not believe in the imminence of a big trade slump 2

There was a sharp recovery in the Stock markets yesterday... 12

9 CROSSWORD, 14

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 28 de Setembro de 1937.

No. 441

Evacuação refugiados nas Missões Diplomaticas em Madrid.

601.3(84) 06

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
- 3 NOV. 1937
No 1357

Senhor Ministro,

Com referencia ao seu telegramma nº 54, de 15 do corrente, tenho a honra de informar a Vossa Excellencia haver o Foreign Office, em resposta á consulta desta Embaixada, me communicado, por nota, que sente não lhe ser possivel fixar, antecipadamente, a despesa approximada de cada refugiado nas Missões Diplomaticas em Madrid, durante o periodo de transporte, de Valencia para Marselha, em vapor inglez.

2. Adeantou-me, ainda, o Foreign Office que, comtudo, trará ao meu conhecimento qualquer outra informação posterior sobre o assumpto.

3. Em annexo, remetto a Vossa Excellencia cópia da nota acima referida.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Caio de Mello Franco

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão, Ministro de Estado das Relações Exteriores.

MGRS

Emb.Londres/441/1937/Annexo.

No. W 17805/37/41.

FOREIGN OFFICE, S.W.1.
27th September, 1937.

Sir,

I have the honour to refer to your note No.65 of the 16th September, regarding the chartering by His Majesty's Government of a ship for the evacuation from Valencia to Marseilles of refugees in the diplomatic Missions at Madrid, and to inform you that he regrets that it is at present not possible to ascertain the cost of the evacuation of each refugee.

2. I shall not fail to communicate to you again directly I am in a position to obtain more precise information on this subject.

I have the honour to be,

with high consideration,

Sir,

Your obedient Servant,

(For the Secretary of State)

(a) Gladwyn Jebb.

Monsieur Caio de Mello Franco,

etc., etc., etc.

Confere:

M. G. Ribeiro da Costa
Dactylographo-Archivista.

Conforme:

Alfredo de Mesquita
2° Secretario.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 1º de Outubro de 1937.

No. 443

Relatorio politico nº 4.

600.(60)
36

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
- 3 NOV. 1937
Nº 13537

Senhor Ministro,

De accordo com a Circular telegraphica nº 1.120, recebida a 11 de Maio ultimo, tenho a honra de passar ás mãos de Vossa Excellencia o Relatorio desta Embaixada, correspondente ao mez politico de Setembro de 1937.

./1 Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Caio de Mendonça.

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

Emb.Londres/443/1937/Annexo.

RELATORIO

No.4

Mez politico de
Setembro de 1937.

Iniciou-se o mez de Setembro com o grave incidente anglo-nipponico, incidente esse que teve por origem, como se sabe, a aggressão levada a effeito por dois aviões japonezes contra dois automoveis, arvorando bandeira britannica, nos quaes viajavam, de Nanking para Shanghai, o Embaixador inglez, Sir Hughe Knatchbull-Hugessen, o Addido Militar, o Conselheiro Commercial e o Secretario da Embaixada. Como era de se esperar, o Governo britannico apresentou immediato protesto ao do Japão, que, em resposta, declarou lamentar o occorrido e prometteu envidar todos os esforços afim de apurar a veracidade dos factos. A nota nipponica foi considerada, porem, pouco satisfactoria, isso segundo a opinião dos principaes jornaes londrinos.

2. O problema do Mediterraneo agitou egualmente o scenario internacional da Europa. Verdade é que da Conferencia de Nyon surgiu a base definitiva que assegura a vigilancia naval naquelle mar. Mas, tambem, não se pode deixar de reconhecer que essa victoria dos Gabinetes de Londres e de Paris occorreu, como tudo, aliás, na hora presente, num terreno de promessas não realizadas. Explica-se. A recusa da Italia e da Allemanha em adherir ao pacto de Nyon é uma prova de que a segurança da paz persiste apenas no ambiente das <u>hypotheses</u>. A verdadeira "batalha diplomatica" que, agora, se trava entre as Chancellarias, principalmente entre os paizes onde prevalecem os systemas totalitarios e communistas, não permitte aos mais ousados defensores do paci-

pacifismo uma acção de maior alcance em beneficio do Continente.

3. A Russia parece "julgar ser a sua missão no mundo a de semeiar a discordia", mas os "homens de bem não se devem intimidar deantes dos actos arrogantes dos novos dictadores-aggressores". A situação européa, durante esse periodo, attingiu a a sua phase mais critica. É que os Governos de Valencia e de Moscow, unidos mais do que nunca, estão dispostos a encarar a crise actual com ferocidade e egoismo. A Italia e a Allemanha, por seu turno, afastando-se da collaboração de Nyon, concorrem, sem duvida, para aggravar a situação internacional, apesar de seus constantes protestos de solidariedade aos instrumentos de paz.

4. Comtudo, a rapida conclusão dos trabalhos da Conferencia de Nyon revelou a vontade formal da Gran-Bretanha e da França de salvaguardar a liberdade de suas communicações maritimas no Mediterraneo. As decisões ratificadas pela Conferencia foram, sob todos os aspectos, inspirados nos principios do direito internacional maritimo, principios esses reconhecidos pelas grandes potencias occidentaes, durante e depois da guerra mundial. Assim, o discurso do Senhor Anthony Eden, pronunciado na Assembléa da Sociedade das Nações, veiu se harmonizar com a opinião internacional, que esperava ouvir, como ouviu, uma definição clara e segura da politica geral da Gran-Bretanha.

5. No estado de incerteza e ansiedade em que vive a Europa, fazia-se necessario que a Inglaterra emittisse a sua opinião em favor da causa da paz. A doutrina exposta pelo Senhor Eden, em Genebra, enquadra-se perfeitamente na linha da politica britannica. A Inglaterra - disse o Secretario de Estado - está disposta a adherir, em qualquer momento, a um instrumento internacional em vista da reducção e limitação de armamentos mas que, tambem, se encontra firmemente resolvida - emquanto um accordo não fôr concluido - a proseguir no curso de todas as despesas necessarias pa-

para assegurar a defeza dos territorios da communhão britannica, na execução dos seus compromissos internacionaes.

6. Ao findar o mez politico de Setembro, falava-se, nos circulos diplomaticos, da possivel reunião, em Paris, de uma commissão de technicos navaes. Por óra, apenas existe um ligeiro esboço desse plano, que, no pensamento dos observadores internacionaes, estará fadado a perecer, em vista da ausencia de animo e de interesse da Italia e da Allemanha. Nos demais sectores politicos, nada se resolveu de maior importancia. Projectos e promessas continuam no campo puramente theorico. Dahi se deprehende, com facilidade, que os graves problemas occidentaes permanecem, ainda, num plano de profunda inquietação. No Oriente, infelizmente, a tendencia é para aggravar-se cada vez mais a situação politica, pois não ha, por emquanto nenhuma possibilidade de conciliação entre os interesses sino-nipponicos, em jogo.

7. Encerramos, assim, mais um mez politico, longe de qualquer solução pacificadora que nos permitta prognosticar um futuro de maior tranquillidade na esphéra da politica internacional.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 1 de Outubro de 1937. EC

No.444.

Relatorio economico
Nº 4.

801.2 Madeira

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
- 3 NOV. 1937
No 13537

Senhor Ministro,

Tenho a honra de passar ás mãos de Vossa Excellencia, em annexo, um relatorio sobre a actividade economica deste paiz no mez de Setembro do corrente anno.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Caio de Mello Franco

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

A.R.S.

Emb.Londres/444/1937/Annexo.

R E L A T O R I O.

Nº 4.

Mez economico de
Setembro de 1937.

1. A actividade economica no Reino Unido, durante o mez de Setembro findo, ultrapassou os indices de 1929, que é considerado o anno da prosperidade, em contraste com a depressão que se registou nos annos seguintes, principalmente no quatriennio .. 1931-35.

2. A população registada no trabalho é superior em 10% ao numero de 1929. Não só, porem, o numero dos empregados augmentou como tambem o volume da producção cresceu de um terço sobre as cifras de 1929. Até mesmo a industria textil que, devido á industrialisação do mundo, soffreu severas reduções, está produzindo 5% mais do que em 1929. A producção de alimentos, bebidas e tabaco eleva-se a mais de 20%; a de calçados 25%. Em 1929 a paralysação na navegação attingia a quasi 400.000, que, durante os annos de crise, subiram a 2.000.000. Actualmente caio a menos de 60.000. O consumo de electricidade dobrou as cifras de 1929. A producção de automoveis venceu todas as cifras anteriores e a de seda artificial representa o triplo da de 1929.

3. O intercambio commercial da Grã Bretanha com o mundo continua melhorando de mez a mez. As importações crescem na proporção do desenvolvimento da actividade industrial. As exportações passam por uma expansão similar.

4. A impressão geral, a despeito dos factores de perturbação que na Europa e na Asia entravam a prosperidade economica, é

é de que a phase de expansão - longe de ter chegado ao auge-- continuará na sua marcha ascendente, consolidando o progresso realizado e attingindo a mais altos niveis.

5. O stock ouro do Banco de Inglaterra cresceu de cerca de 80 milhões de libras com relação ás cifras do anno passado em igual mez, tendo chegado a 326.400.000, contra 248.700.000. O valor das notas em circulação elevava-se em 29 de Setembro a 488.500.000, contra 450.800.000 em igual epoca do anno passado.

6. O quadro seguinte dá uma idéa do movimento dos titulos por grupos de paizes:

Medio Janeiro - Junho, 1934 = 100

Fim Mez	Europa	Asia	Egypto	America Sul e Cent.			Completo Index	Não suspensos Bonds	Suspensos Bonds
				Paizes	provincias	Total.			
1936 Set.	94,7	110,7	99,9	98,8	89,0	96,4	99,7	104,3	94,8
Dez.	97,7	114,0	99,7	120,2	110,0	117,8	110,3	105,8	115,3
1937 Jan.	103,6	116,2	100,6	128,5	131,7	129,3	117,0	107,3	128,5
Fev.	102,9	120,0	99,6	131,8	131,8	131,8	119,0	108,1	131,4
Mar.	100,3	120,8	97,8	126,2	120,1	124,7	115,7	106,7	126,0
Abr.	100,9	120,2	97,1	124,7	122,7	124,3	115,4	106,6	125,4
Maio	101,6	123,1	98,3	124,3	120,7	123,4	116,2	108,0	125,3
Junho	101,3	125,5	98,1	124,8	118,2	123,2	116,6	109,8	125,1
Julho	105,9	117,6	97,9	127,8	117,5	125,3	116,7	106,3	128,6
Ag.	103,1	95,3	98,5	122,4	118,4	121,4	107,7	99,1	117,4
Set.	101,9	87,2	99,5	116,1	111,8	115,0	102,4	95,9	109,7

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 4 de Outubro de 1937.

No.450

A Conferencia annual do "Labour Party".

650.14(60)
136

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
- 3 NOV. 1937
No 13537

Senhor Ministro,

A Conferencia annual do partido trabalhista, inaugurada esta manhã, ás onze horas, em Bournemouth, deu ensejo a que 700 delegados se reunissem, para cuidar do interesse e do desenvolvimento do partido.

2. Em seu discurso inaugural, o Presidente, Senhor Hugh Dalton, ex Sub-Secretario de Estado, começou por declarar que, diante da situação presente, a Gran-Bretanha não pode se abster de cuidar, minuciosamente, dos seus armamentos. Mas, por mais urgente que seja a sua necessidade armamentista, diz o Senhor Dalton, está claro que isso não trará uma solução á crise presente. O armamentismo deve estar ligado a uma politica de prestigio á Sociedade das Nações, politica que determinará o respeito ao direito internacional. O Partido Trabalhista deve igualmente contribuir para o estabelecimento de um systema de segurança collectiva fortemente organizado e corajosamente applicado contra o aggressor,

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão,
Ministro de Estado interino das Relações Exteriores.

aggressor, qualquer que elle seja.

3. Em seguida o Senhor Dalton se entregou a uma violenta diatribe contra a politica do Governo Nacional. O Gabinete actual deve desapparecer, diz elle, e tanto o espirito como a direcção da nossa politica exterior devem ser modificados. O Governo actual não possue uma politica interior ou exterior definida, a sua acção se exerce ao "jour le jour", demonstrando sempre timidez, fraqueza, confusão e divisão.

4. Depois de indicar o numero excessivo dos "sem trabalho" na Gran-Bretanha, a alta continua do preço da vida, a passividade do Governo para remediar o actual estado das cousas, o Presidente chama a attenção do seu auditorio para os graves perigos que ameaçam o paiz. Não nos illudamos - declara o orador - a paz do mundo se encontra não somente periclitante, como ainda foi brutalmente violada, sem prévia declaração de guerra, tanto na Esphanha e na China, como aínda na Ethiopia, com os massacres vergonhosos das populações civis pelos bombardeamentos aereos, a destruição integral das cidades, e isso continuará emquanto a Inglaterra não affirmar de novo a sua influencia no mundo; accrescenta ainda não ser impossivel que a mesma cousa se repita, em escala mais ampla, em outros paizes da Europa, e em tempo proximo.

5. Como conclusão, o Senhor Dalton declara emfim que, a finalidade do partido está collocada na necessidade urgente de obter o poder para, usando delle, manter e estudar as liberdades democraticas na Gran-Bretanha, restabelecendo e consolidando assim a paz do mundo.

Tenho a honra de reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Caio de Melo Franco

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 4 de Outubro de 1937.

No. 451

Artigo do Senhor Ernest Hambloch sobre movimentos de caracter fascista no Brasil.

500.1
EB

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
- 3 NOV. 1937
No 13537

Senhor Ministro,

Tenho a honra de passar ás mãos de Vossa Excellencia, em annexo, o texto de um artigo publicado no "Fortnightly Review", de Outubro deste anno, assignado pelo Senhor Ernest Hambloch, autor do livro "His Majesty the President".

2. O artigo em apreço, intitulado "Fascist Trends in Brazil", estuda o desenvolvimento e a influencia do Fascismo, Nazismo e Integralismo no Brasil, chegando á conclusão que essas doutrinas politicas só têm conseguido obter certo apoio na opinião publica brasileira na medida em que se apresentam como adversarios das doutrinas do communismo russo.

./1

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Caio de Mello Franco

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

MGRS

the monasteries to the State. But it was in vain that Rome tried to re-open the novitiate or introduce foreign monks. The imperial government was adamant. By 1889, when the republic was proclaimed, many former ecclesiastical properties had come under state control and were being used for educational and other public services. In many respects indeed religious orders may be said to have been extinct. All that remained of them was a handful of septuagenarians dispersed among the last monasteries, where they mounted guard over property

FASCIST TRENDS IN BRAZIL.

By Ernest Hambloch.

TWO years after the march of the Black Shirts on Rome, some Italian enthusiasts of the new régime gave a luncheon in Petropolis—the Simla of Rio de Janeiro—to commemorate the event. Among the guests was a Brazilian writer with a reputation for disconcerting repartee. In the middle of one of those oppressive silences which sometimes descend on a large gathering of people engaged in the serious business of eating in company, an Italian lady turned to him and said :

"Don't you think that Fascism is a form of government admirably suitable for Brazil?"

"My dear lady," replied the Brazilian *littérateur*, "outside Italy the only rôle which Mussolini could fill would be that of a clown at a circus!"

But the Brazilian author, who was also a politician, had cleverly evaded the real issue which the questioner had raised. The Italian lady had not been far wrong indeed in implying that certain aspects of the fascist régime had long since been indistinguishable from the republican régime as practised in Brazil. That is one aspect of the question. There is also another consideration implied in the remark with which the Brazilian author startled his Italian hosts at the luncheon; it was a reminder of the existence of Brazilian liberal traditions, which made it impossible to think of grafting fascism on to Brazilian institutions, except perhaps "with a difference." Both aspects are important for a proper appreciation of the fascist question in Brazil.

Ever since the declaration of the Republic in 1889 the dominating influences in Brazilian public administration have always been the personal wishes allied to the increasing power of successive presidents. To some extent the personal feature

the monasteries to the State. But it was in vain that Rome tried to re-open the novitiate or introduce foreign monks. The imperial government was adamant. By 1889, when the republic was proclaimed, many former ecclesiastical properties had come under state control and were being used for educational and other public services. In many respects indeed religious orders may be said to have been extinct. All that remained of them was a handful of septuagenarians dispersed among the last monasteries, where they mounted guard over property

of government may be said to be the outstanding characteristic common to all South American republics. In consciously modelling their republican constitutions on that of the United States, the young South American nations unconsciously perpetuated the very system from which they hoped to escape when they proclaimed their independence from the metropolis a century ago. The regal powers which the presidential republican régime conferred on the Head of the new republican state took the place of the viceregal authority emanating from Madrid and Lisbon. Nevertheless, it is misleading to attempt to condense into the tabloid form of a South American conspectus the social and political questions and the financial and economic problems of "Latin American countries." Approximate geographical terms are apt to lead to approximate political thinking.

Of all South American countries Brazil is perhaps the most individual. It is the one which has least in common with its neighbours. Its ethnical formation is different; its historical traditions and political evolution are peculiar to it; and its language is exclusively its own. The period of "colonial government" in Brazil was followed, not by a republic, as in other South American countries, but by a national monarchy. The Brazilian monarchy thus instituted following the declaration of Independence in 1822 lasted for sixty-seven years. Its political existence had its roots in the slow but constantly increasing growth of responsible parliamentary government. At a very early stage of Brazilian political development it was established as a guiding principle that the people was "sovereign" and not the Head of the State.

With such antecedents, the powers inherent in the office of the president of the republic, though they grew to be almost despotic, were never admitted as really normal by Brazilian public opinion. The republic was proclaimed in 1889; and, though each succeeding president assumed more and more power, it is a remarkable fact that only once has a Brazilian president been forcibly removed from office. That was in October, 1930, and even then the revolution was a bloodless one. The truth is that the parliamentary instinct is still strong in Brazil. It is because of that fact, and not (as might seem) in spite of it,

the monasteries to the State. But it was in vain that Rome tried to re-open the novitiate or introduce foreign monks. The imperial government was adamant. By 1889, when the republic was proclaimed, many former ecclesiastical properties had come under state control and were being used for educational and other public services. In many respects indeed religious orders may be said to have been extinct. All that remained of them was a handful of septuagenarians dispersed among the last monasteries, where they mounted guard over property

that Brazilians will sometimes submit to relatively long periods of dictatorial government.

The 1930 revolution was in essence a revolt against the practice by which outgoing presidents secured the "election" of the successor they favoured. But when Dr. Getulio Vargas, who had been the unsuccessful candidate in the official election of 1930, dethroned the president whom he had wished to succeed and assumed power by a *coup d'état*, he at once dissolved the Chambers in the Federal Capital and closed the elected Assemblies in each of the twenty autonomous states of the country. Thereafter he governed as dictator. But though Brazilians generally were prepared to give a sort of political power of attorney to a president-dictator they showed no disposition to make those powers irrevocable. In 1934 a new constitution was promulgated, and the constituent assembly elected Dr. Vargas president of the republic. But that too was felt to be a *coup d'état*, for it meant that Dr. Vargas would be (as he has been) in power for over seven years, and it looked likely that he would try and perpetuate himself in power indefinitely. There were revolts, which were suppressed. But to combat this opposition the President withdrew constitutional guarantees and governed under a "state of siege." Further revolts were then tinged with a mild colour of communism; whereupon a "state of war" was declared. It lasted from December, 1935 to June, 1937.

Though these successive measures of repression might seem to have removed from the ordinary citizen in Brazil every vestige of liberty, yet ordinary life went on in the usual way. There were, it is true, numerous arrests and imprisonments—many, perhaps most of them unjust. Under the "state of war" the Judiciary itself was powerless, and the citizen had no court to which he could appeal from arbitrary acts of the Executive. At length, after a year's delay, a special Revolutionary Court was set up which was to try political prisoners. But public opinion was still restive. Dr. Vargas was too astute a politician not to be fully aware that though he had coercive measures at his disposal it is impossible to govern the Brazilian nation by coercion. He acted swiftly and without warning. He let the "state of war" lapse. Simultaneously all political prisoners

awaiting trial (there were hundreds of them) were released *en bloc*, and the press censorship was abolished. At the same time the federal Congress and the Judiciary regained their full liberty of action. Communism, on which charge the political prisoners had been arrested, was found to be a myth, and not Public Enemy No. 1, as the Government had for so long proclaimed it.

Thus political life in Brazil, with its acrimonious press campaigns, was re-established in June, 1937, with as little fuss as when it had been interrupted seven years before.

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It is of some importance to have this traditional background in mind in any attempt to appraise the present-day influence of fascism in Brazil. That influence undoubtedly exists today. Its form is threefold: German, Italian and national. But the Brazilian, who has a keen sense of the ridiculous, sees Italian fascism in the person of its protagonist and is inclined to view many of its manifestations, as I have suggested, as the antics of a "clown at a circus." Latin affinities enable Brazilians to probe the shallowness of the Italian variety. They are not, however, disinclined to toy with Fascism's later, German form. The National Socialism of Herr Hitler has something metaphysically nebulous about it which appeals to Brazilians. It makes at any rate a speculative appeal.

There are, of course, historical reasons to account for the relative ease with which German ideas spread in Brazil. In the early years of the Brazilian monarchy religious orders in Brazil had fallen into disorder and were indeed in many cases little more than "disorderly houses." The imperial government of Brazil tried to arrange a *concordat* with the Vatican, with the object of withdrawing control of monasteries and convents from Rome. But Rome was obdurate. At length, in 1855, an imperial decree prohibited both the novitiate and the recruitment of new monks and nuns. Even at that period the reluctance of Brazilians to enter religious orders was noteworthy; it is even stronger today. The 1855 prohibition was regarded as a matter of some gravity by the Vatican. The orders were rich, but the monks few; and by a mortmain law when any monastery had no more monks its property passed *ipso facto* to the national patrimony. Immense fortunes thus threatened to pass from

the monasteries to the State. But it was in vain that Rome tried to re-open the novitiate or introduce foreign monks. The imperial government was adamant. By 1889, when the republic was proclaimed, many former ecclesiastical properties had come under state control and were being used for educational and other public services. In many respects indeed religious orders may be said to have been extinct. All that remained of them was a handful of septuagenarians dispersed among the last monasteries, where they mounted guard over property rights which could not but fall into mortmain on their death.

For her intervention as an "honest broker" in Brazil's negotiations with the Vatican—after the separation of Church and State—Germany's reward was that foreign monks sent to help re-populate Brazilian monasteries should be predominantly German. The first cardinal's hat in Latin America was therefore bestowed on the archbishop of Rio de Janeiro, Dom Joaquim Arcoverde, a Brazilian. His immediate successor in the archbishopric, Dom Sebastião Leme, was also made a cardinal and is in office today. It was not, however, easy to recruit novices in Brazil. Moreover, that process required time. "Ready-made" foreign friars were required. But although the republican constitution admitted liberty of cults it prohibited the entry into Brazil of "beggars and individuals having no profession." Thus the entry of reverend gentlemen who proposed to live on public charity was barred. The difficulty was overcome by a Belgian friar, who was on good terms with the Minister of Foreign Affairs, Baron do Rio Branco. He opened an immigration agency *sui generis* and brought to Brazil successive levies of German friars. There were also a few Austrian, Dutch and Belgian friars among them. They were all clad in civil costume and duly furnished with passports in which they figured as mechanics, carpenters, stonemasons and so forth. Once in Brazilian territory they easily obtained naturalization papers, for in those days there was a dearth of skilled labour in the country. But there still remained the question of introducing them into the monasteries; and it was here that the remnant of the Old Guard of monks offered an unexpectedly stubborn resistance—on patriotic grounds. But a new Benedictine abbot, John of the Purification, was

the question. [illegible] youth is averse from entering seminaries; but the Brazilian people is profoundly Roman Catholic. The distinction between anti-Christianism and anti-Clericalism was too nice a point to merit discussion. The general sentiment was, as it still is, that General Franco is not only engaged in a war against Red Terrorism and against the worst excesses of Russian Communism, but that he is the paladin of a holy crusade against godless bolshevism and against the bloody disrupters of ordered society. The whole of the Brazilian press reflects that tone. Germany

appointed to replace the unbending old John of the Mercies; and the doors of Brazilian monasteries were thrown open to the German friars. There were public riots in protest; but the occupation of Brazilian monasteries by foreign friars, mostly Germans, was an accomplished fact. The State thus lost several million pounds, of which the German monks gained the greater portion.

The activities of the German monks then knew no bounds. They became large owners of real estate; opened schools and seminaries; started industries and, under the cloak of missionary work among the Indians, organized agricultural developments in the interior. Shipping enterprise also engaged their attention. Their financial reserves enabled them to undertake banking operations, and their economic position in the country was unrivalled by any other foreign community.

The political influence of Germany in Brazil grew side by side with the economic influence of the German monks. Before the War the abbot of the Benedictines at Rio de Janeiro was Miguel Kruse. His influence was so great that the order was nothing less than a "state within a state." But, rich as the order had grown, it was hard hit by the War, for it mortgaged or sold large blocks of valuable urban properties to finance German propaganda in Brazil.

The advent of the Hitler régime in Germany meant the revival of pan-Germanism in Brazil—a revival which the German monks and clergy there did everything to foster. The great majority of parish *curés* and many bishops and archbishops in Brazil are foreigners and not Brazilians, owing to the aversion of young Brazilians from taking holy orders. It is true that recent differences between Berlin and the Vatican have created certain difficulties between the Church in Brazil and the Swastika. But in the meantime an enormous amount of propaganda work has been done among Brazilians in extolling the virtues of the Nazi régime, more especially in its claim to be the bulwark against Communism and therefore (in spite of Ludendorff and *pace* Wotan) a Christian régime. It is also to be noted that Germany's economic position in Brazil today is stronger than it ever was and that Germany is a large buyer of Brazil's products.

In scientific circles and more especially among the medical class German influence has long been predominant.

To sum up: the Nazi régime fascinates many Brazilians of all classes. To them it represents a virile form of government as exercised by a peculiarly virile people. They see in it the great outpost of civilization against the Red Communism of Moscow; and in Moscow's balefully disintegrating influence many Brazilians allege they see a danger to their own country.

* * * * *

Signor Mussolini's fascism on the other hand is something different in Brazilian eyes. To them there is nothing subtle, nothing mystic about it. It fascinates less: but its influence is in some ways stronger than Nazism. The number of Italians in the state of S. Paulo alone is not much short of one million, and the number of Brazilians of Italian descent is still greater. The Italian community is hard-working and thrifty, and many of its members are wealthy industrial magnates. But by no means all—perhaps at heart not even the majority of Italians in Brazil are fascists. It was indeed not until after the *Duce* had concluded the Lateran treaty with the Pope that the organization of fascist propaganda in Brazil began to bear fruit, for Italian priests share with their German *confrères* the pre-dominating place among the clergy in Brazil.

General Badoglio, as he then was, was Signor Mussolini's first ambassador to Brazil and he always appeared in military uniform. Succeeding Italian ambassadors have enjoyed more and more influence in Brazilian governing circles. Italian anti-Fascists in Brazil were arrested and sent to Italy to be dealt with on a mere hint from the Italian Embassy. Indeed, the Cardinal Archbishop of Rio de Janeiro, the Papal Nuncio and the Italian Ambassador are said (by their enemies) to wield the powers of a triumvirate in any matters that interest them in Brazilian political life. Be that as it may, there is every evidence of the existence of close understanding between the Brazilian Government, Rome and the Vatican. Italian fascism is now thoroughly well organized in Brazil and even lukewarm Italians dare not do otherwise than be fervent adepts, in appearance at any rate. Otherwise they would find their means of livelihood imperilled.

But Brazil has her own fascist chief too: Senhor Plinio Salgado, whom his adherents refer to as the *chefe nacional*. Until a few years ago he was an obscure lawyer, and when he started his national-fascist movement he was laughed at. Today he counts one million adherents. The cabbalistic sign of the Brazilian Integralists is the Sigma. The salute is an Indian word of doubtful meaning: *Anauê*. There is also the inevitable coloured shirt: olive-green in this case. The programme is a mixture of Fascism and Nazism, with the latter influence predominating. Its force is rather quantitative than qualitative, and not many intellectuals have joined it: but some have, an outstanding figure being Gustavo Barroso, an authority on Brazilian folk-lore who, as a member of the Brazilian Academy of Letters and the creator of a kindred "Kim," made the official speech of welcome to Rudyard Kipling when the latter visited Brazil some years ago.

Integralism is not only tolerated but on occasions supported by the Brazilian authorities. It is, however, not "popular" in Brazil, and least of all in the industrial town of S. Paulo where the working classes dislike Italian fascism but detest Brazilian Integralism. As recently as July 19th they broke up a monster march of Integralists there by firing on them. There were several killed and many wounded, though the Integralist leader escaped unhurt. Integralism is, nevertheless, a movement which has grown with great rapidity and shows signs of taking root in Brazil.

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There are thus two foreign and one national fascist movements in Brazil. They detest each other cordially. But their common rallying-ground is that they are all advocates of strong government by strong measures and, if need be, by violence. They all despise deliberative assemblies or any other form of parliamentary or representative government. (The Integralist chief is now a candidate for the forthcoming presidential vacancy. He is not in the least likely to be elected; but it is significant that he will probably poll some 300,000 votes). There is nothing new in the fascist programmes and tenets in Brazil. Liberalism is for them, of course, mere weakness—a premium on feeble and corrupt administration and a sign of political and moral decadence.

Emb.Londres/451/1937/Annexo.

"FORTNIGHTLY REVIEW"

Londres, Outubro de 1937.

Until recently, however, the influence of this triple fascist movement was not particularly profound, though it was sufficiently widespread to claim attention. Brazilian political traditions were against any respect being accorded to fascist ideas, even though these might be tolerated. But two events—one local and one foreign—have given a tremendous impetus to the fascist movement in Brazil.

As a result of the success of the revolutionary movement of 1930 Dr. Getulio Vargas took office as dictator. Political ideas behind that movement were confused and conflicting. In the eventual sorting out of men, ideas and places the dissatisfied formed an opposition which (often quite wrongly) was accused of communist leanings. It then became the custom, favoured by those in power, to stigmatize any criticism of "constituted authority" as communism. In 1935 there was a revolt against the government and there is no doubt that Brazilians with communist ideas participated in it. Automatically the strength of the triple fascist movement, which stood for anti-communism, grew in force, because Brazilians with liberal ideas could not afford even to appear to hesitate when the whole of Brazilian society was being arbitrarily classified by those interested into two camps only: one of fascist sheep and the other of communist goats.

But that summary division was being recognized as absurd and it was being urged that a man might be a good Liberal without being a Red Enemy of ordered society, when the Spanish civil war broke out. It was then that the Nazi-Fascist-Integralist movement came into its own in Brazil. To criticize any word or deed of General Franco's was out of the question. There was also the religious side. Brazilian youth is averse from entering seminaries; but the Brazilian people is profoundly Roman Catholic. The distinction between anti-Christianism and anti-Clericalism was too nice a point to merit discussion. The general sentiment was, as it still is, that General Franco is not only engaged in a war against Red Terrorism and against the worst excesses of Russian Communism, but that he is the paladin of a holy crusade against godless bolshevism and against the bloody disrupters of ordered society. The whole of the Brazilian press reflects that tone. Germany

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and Italy stand forth as the Defenders of the Faith (in spite of the religious question in Germany); France is the *advocatus diaboli*; Russia is the Devil; while England is a wily money-lender trying to make the best of both worlds. The origins of the conflict in Spain, its theocratic aspects, the cross-currents of national interests and self-interest, the profound and tragic incompatibilities which separate district from district, divide family from family, and pit father against son and brother against brother—all that is passed over.

In Brazilian eyes the whole question is a simple one of right and wrong. There can be no good, it is argued, in a liberalism which is leagued with the Prince of Darkness. Russia is beyond the pale, and France nearly so, while England is ruled by Jewish interests. The Brazilian is being taught that modern civilization emanates from Washington. Nazi Germany and Fascist Italy are heroes, playing the part of saving the little that is left of European civilization. To the average Brazilian fascism is the only live political force. Liberalism is not merely dead. It is out of date.

That attitude does not mean that the intelligent Brazilian wants any of the national or imported brands of fascism as the official form of government in his own country. His reasoning is rather to the effect that Communism is a bad thing and that any régime which openly combats it must be a good thing. Liberalism does not make a fetish of that fight, and parliamentary forms of government encourage communism to raise its head.

Fascism in its imported and national forms has thus gained ground for negative reasons in Brazil, and not because of any positive virtues. In the meantime Germany and Italy—already very strongly entrenched economically in Brazil—have gained much political ground through fascism. Whether they will be able to hold it is another question.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 7 de Outubro de 1937. NP

RESERVADO

No. 453

A posição da Gran-Bretanha. O Senhor Neville Chamberlain.

900.1 (609) Nadeja

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
- 3 NOV. 1937
No 13537

Senhor Ministro,

O destino da Gran-Bretanha impoz a esta nação o dever de seguir attentamente os acontecimentos que se desenrolam no mundo inteiro. Já sua posição geographica parece assegurar-lhe o "esplendido isolamento".

2. De facto, no curso de dois seculos, isolada e activa, a Gran-Bretanha desenvolveu o seu commercio maritimo tão amplamente que, no seculo XX, mesmo depois da grande guerra, ainda se encontra ligado com todas as partes do mundo. É quasi axioma dizer-se que, as portas de Londres não se encontram mais ás margens do Tamisa, mas na extremidade das vias maritimas, em todas as partes onde tremula o pavilhão britannico.

3. Assim, o Senhor Neville Chamberlain, Chefe do Governo de tão vasto Imperio, deve assumir, cada dia, uma prodigiosa quantidade de encargos, os mais complexos, os mais delicados, pois lhe cumpre decidir, em ultima instancia, de materias que in-

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

interessam a Gran-Bretanha em primeiro lugar e, em seguida, a quasi todas as grandes nações.

4. Assim, como ainda ha pouco recordava um grande quotidiano parisiense, é justo prestar-se ao actual Chefe do Governo da Gran-Bretanha a homenagem que lhe é devida. Britannico, profundamente ligado aos interesses imperiaes, não se furtou entretanto, até agora, prestar a mais aguda attenção a todos os interesses vitaes da Europa e do mundo, interesses actualmente representados pela guerra na Espanha e no extremo oriente.

4. Ainda hontem, na exposição politica apresentada á conferencia dos conservadores, o Senhor Neville Chamberlain precisou a sua funcção e affirmou a sua vontade de desenvolver um trabalho de approximação das tres grandes potencias interessadas no Mediterraneo. - "Nosso objectivo director, proclamou, agora como sempre, é aquelle representado pela necessidade da restauração e da segurança da paz. Com prazer nós cooperaremos em qualquer plano que para esse ideal se incline".

5. E todas as pessoas que frequentam o Senhor Neville Chamberlain na intimidade, são accordes em affirmar que, a só certeza do dever cumprido, dá ao Primeiro Ministro da Gran-Bretanha o ar de placidez que lhe é tão peculiar. Ora, na hora presente o Senhor Chamberlain deve estar consciente dos perigos que o conflicto espanhol apresenta para a paz do mundo. Não ignora que a generalização do conflicto só trará o sacrificio de milhões de vidas humanas, sendo ainda a sua finalidade de effeitos imprevisiveis para a Europa e para o mundo. Elle e a Gran-Bretanha não desejam isso. Por seu lado a França, em tão graves conjecturas, deve tambem estar convencida que a melhor garantia, a mais efficaz, para a manutenção da paz, reside na sua intima collaboração com a Inglaterra, collaboração que trará como resultado, mais cedo ou mais tarde, uma participação italiana.

italiana.

6. Assim é, Senhor Ministro, que embora existindo hoje noticias pessimistas com relação á attitude franceza, noticias propaladas pela imprensa e pelos radios, referentes a uma resolução do Governo de Paris de abrir as suas fronteiras espanholas ao commercio de meterial bellico, quer me parecer que ainda não são noticias definitivas e que uma solução surgirá, solução capaz de evitar ou, pelo menos, adiar a abertura das fronteiras franco-espanholas. E nesse caso, não padecerá então duvida que, para tal adiamento, muito terá concorrido a influencia pessoal do Senhor Neville Chamberlain.

Tenho a honra de reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

(Caio de Mello Franco)

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 12 de Outubro de 1937.

No. 458

Lei de imprensa.

691.4(00)

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
- 3 NOV. 1937
No 13537

Senhor Ministro,

Tenho a honra de accusar o recebimento da Circular nº 1.150, NP/691.4(00), na qual Vossa Excellencia, a pedido do Senhor Ministro do Interior e Justiça, me solicita informar, com a possivel urgencia, si neste paiz estão em vigor medidas para acabar com os abusos de imprensa.

2. Em resposta, cabe-me levar ao conhecimento de Vossa Excellencia que, pelo officio nº 339, de 5 de Agosto ultimo, esta Embaixada forneceu a essa Secretaria de Estado todos os informes relativos ao assumpto acima mencionado.

Tenho a honra de reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Oswaldo Aranha.

A Sua Excellencia o Senhor Embaixador Mario Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 13 de Outubro de 1937.

No. 460

Deliberações do Gabinete inglez sobre a resposta da Italia.

601.3(84)
926

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
- 3 NOV. 1937
No 13537

Senhor Ministro,

O Gabinete britannico reuniu-se esta manhã, em Downing Street, sob a presidencia do Senhor Neville Chamberlain.

2. Segundo annuncia a imprensa de hoje, a sessão foi consagrada, na sua maior parte, ao exame da situação exterior em geral e ás relações politicas com a Italia, isso com relação ao problema espanhol em particular.

3. O Senhor Anthony Eden fez aos seus collegas uma exposição circumstanciada da situação resultante da recusa italiana de discutir o problema da retirada de voluntarios que, segundo Roma, está sempre dependente das decisões do Comité de Não-intervenção. Segundo se affirma ainda, já outras indicações precisas haviam sido dadas hontem pelo Senhor Eden ao Senhor Corbin, Embaixador da França, tendo o Senhor Eden, por sua vez, ouvido daquelle Embaixador, a exposição sobre o assumpto do ponto de vista de Paris. As palestras duraram duas horas. Entretanto

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão, Ministro de Estado das Relações Exteriores.

Entretanto, até este momento, nenhum communicado official foi publicado.

4. Se dermos credito, porem, ás primeiras noticias que circularam esta tarde, qualquer idea de acção immediata, como seguimento á recusa da Italia de participar nas conversações tripartidas, deve ser abandonada. Já o "Times" julgava esta manhã pouco provavel que o Governo de Londres estivesse disposto a modificar as linhas geraes da sua politica e que qualquer medida fosse agora tomada, medida cujas consequencias eventuaes possam aggravar a tensão politica européa.

5. Parece ser assim provavel que, em breve, o Gabinete inglez declare disposto a acceitar prudentemente a suggestão italiana de reiniciar-se as discussões sobre a retirada dos voluntarios, no seio do Comité de Londres, cujo methodo de trabalho é talvez dilatorio - como observa o "Daily Telegraph" - mas possuindo a vantagem de collocar freios á ingerencia aberta das nações interessadas no conflicto espanhol.

Tenho a honra de reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Caio de Mello Franco.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 25 de Outubro de 1937.

No.470

Difficuldades da
não-intervenção.

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
16 NOV. 1937
No 14036

601.3(84)
Bl

N.P.

Senhor Ministro,

Como seguimento á sessão de Quarta-Feira, do Comité de não-Intervenção, manifestou-se em Lobdres uma atmosphera de optimismo. Entretanto, após a sessão de Sexta-Feira, novamente a atmosphera tornou-se carregada. Será, pois, difficil prever-se qual será o resultado politico da proxima sessão.

2. Essas bruscas variações no clima internacional trazem, como resultado, o mau estar reinante. Assim, fica demonstrado que a confiança patenteada pela imprensa conservadora ingleza no organismo de não intervenção baseava-se, sobretudo, no immenso desejo da maioria da opinião publica deste paiz de vêr, mesmo á custa de alguns sacrificios, liquidada a grave questão do intervencionismo na Espanha.

3. Para complicar ainda mais a insegura situação europea, usa o Governo sovietico da sua politica dissolvente. Nocorrer dos debates de Sexta-Feira, o representante dos Soviets

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

Soviets formulou, com effeito, uma grave reserva: emquanto todos pareciam de accordo para que certos direitos de belligerancia fossem reconhecidos ás duas partes em acção após uma retirada "symbolica" de voluntarios internacionaes, o Senhor Maiski declarou - em termos de resto ambiguos - que o seu Governo não poderia encarar tal reconhecimento, senão posteriormente á retirada completa dos voluntarios. Ficou evidente que tal intervenção teve como finalidade o desejo secreto do Governo sovietico de torpedear a conferencia de não-intervenção.

4. Foi então que os melhores observadores diplomaticos, tanto inglezes como francezes, julgaram que a politica mais sabia seria talvez a de ignorar a attitude sovietica, procurando as Chancellarias empenhadas na questão, achegarem-se a uma formula de accordo capaz de unir os pontos de vista anglo-franco-italianos. Isolados os soviets - era o pensamento secreto dos melhores observadores - a paz mundial estaria assegurada. Evidentemente, tambem a imprensa da esquerda não perdeu a occasião para accusar o Governo fascista de má fé internacional, contestando o communicado official do Governo de Roma sobre o numero de soldados italianos na Espanha.

5. Mas a verdade - e que deve ser repetida - é que o Comité de não-Intervenção tem empregado altos esforços para limitar o incendio espanhol e impedir que as suas chammas consigam modificar o actual equilibrio europeu. Os progressos substanciaes já realizados nessa direcção não podem ser indiferentes aos amigos do General Franco - que verificam a mudança na attitude franco-britannica com relação á necessidade do reconhecimento de certos direitos de belligerancia á parte nacionalista espanhola.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafael de Sousa

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 26 de Outubro de 1937.

RELAÇÕES EXTERIORES
Communicações
1 NOV. 1937
No 14036

No.472

A nova sessão do
Parlamento britannico.

604.51(60)
Pb

N.P.

Senhor Ministro,

Sua Majestade Jorge VI, com a cerimonia habitual, abriu hoje a primeira sessão do Parlamento britannico do seu reinado.

2. Pouco antes do meio dia, foram illuminados os candelabros gigantescos, que ornamentam a sala da Camara, quando começaram a entrar os membros da Casa Real, que foram tomando lugar em redor dos dois thronos, aguardando a chegada dos Soberanos. Em seguida, a sessão desenroulou-se com a precisão custumeira. Depois de haver o Rei tomado o seu manto de arminho, formou-se o cortejo, que atravessou a sala longa até o local onde estavam armados os thronos. Os Soberanos sentaram-se e após uma breve pausa, Jorge VI levantou-se e fez o juramento de respeito pela religião protestante. Então o Grande-Chanceller, Visconde de Hailsham, entregou ao Monarcha o rolo de pergaminho e o Rei iniciou a leitura do seu primeiro discurso official.

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

official.

3. "Meus Lords e membros da Camara dos Communs - disse o Soberano - Foi com viva satisfação que a Rainha e eu recebemos, por occasião da nossa coroação, as provas de lealdade e de affeição dos meus povos e devoção á Corôa. A significação dessa cerimonia foi augmentada pela presença dos primeiros ministros dos meus Dominios, representantes do meu Imperio da India e dos de todas as partes do meu Imperio de Além-Mar. As deliberações da Conferencia Imperial que se seguiram immediatamente á Coroação provaram á evidencia o valor que têm taes reuniões, para discutir os interesses communs, e espero, sinceramente, que terão como resultado augmentar a segurança assim como a prosperidade e felicidade dos meus povos, em todas as partes do "Commonwealth" das nações britannicas. As minhas relações com todas as potencias continuam amistosas. Eu proprio e o rei do Egypto ratificamos o tratado de aliança. Na Primavera, realizou-se em Montreux, uma conferencia internacional para a abolição do regime das capitulações no Egypto. Devido ao espirito pratico e conciliador com que as delegações dos Governos representados encararam os problemas complicados de que tratava, a conferencia foi conduzida a bem.

4. "Ha um anno - proseguiu Jorge VI - que os meus ministros seguem, com inquietação e ansiedade, os tragicos acontecimentos da Espanha. Persistiram nos seus esforços para impedir que o conflicto se estenda além das fronteiras daquelle paiz. Sinto-me satisfeito ao notar o feliz resultado da conferencia de Nyon. Acompanho com a maior attenção o desenrolar das hostilidades entre o Japão e a China. Foram infligidos sofrimentos a não combatentes e innocentes, victimas de ataques aereos e navaes, que me causaram particular angustia. Faço votos para que a Conferencia das Nove Potencias, convocada para breve, contribua para

para pôr termo a este conflicto deploravel".

5. "No campo de limitação naval, sinto-me feliz ao declarar que o Tratado Naval, assignado em Londres, em 26 de Março de 1936, foi agora ratificado por todos os signatarios. Além disso para ampliar o alcance deste convenio, o meu Governo concluiu recentemente accordos navaes bi-lateraes com os Governos da Allemanha e da U.R.S.S. As clausulas da Carta de Lei do Governo da India, instituindo nas respectivas provincias governos responsaveis e os da Carta de Lei da Birmania entraram em vigor durante o corrente anno e acompanho,com vivo interesse, o desenrolar da situação naquelles dois paizes. Espero que, dentro em breve, possa pôr-se em pratica a totalidade do projecto da Federação da India".

6. Os creditos que concedestes para os serviços publicos e a vossa contribuição causam honra á dignidade da Corôa. Lords e membros da Camara dos Communs: noto, com grande satisfacção, o reforço e a melhoria das minhas tres forças de defesa no anno passado".

7. O Rei referiu-se, depois, ao pesado fardo do rearmamento e ao augmento do commercio, do trabalho e da economia, bem como ao poder de compra dos seus povos. Disse que as facilidades concedidas aos exercicios de recreio e á actividade ao ar livre, mais particularmente destinados aos membros mais jovens da communidade, tiveram sempre para elle um interesse e prazer especial. Alludiu á construcção de novos predios e á concessão de poderes addicionaes para a criação de novas empresas, nas regiões onde o desemprego se faz sentir em larga escala. Informou que approvara a regulamentação das condições de trabalho nas fabricas, bem como os projectos de lei relativos ás pensões e reformas. Referiu-se ás leis para auxiliar a industria e a criação de gado, producção agricola, etc. Alludiu ainda a outras

outras medidas importantes, entre as quaes a dos serviços da maternidade, regulamentação do trabalho agricola e terminou dizendo: "Rogo que o vosso trabalho tenha a benção de Deus Todo Poderoso".

8. Os trabalhos parlamentares foram adiados para 28 do corrente.

9. Em annexo tenho a honra de passar ás mãos de Vossa Excellencia o texto official da Fala do Throno.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Reijs de Thoren

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 27 de Outubro de 1937.

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Comunicações
16 NOV. 37
Nº 14036

No.477

Nazismo no Brasil.

500.3(81)
EVB

Senhor Ministro,

Em additamento ao officio nº 425, de 18 de Setembro ultimo, relativo ao desenvolvimento do nazismo no Brasil, tenho a honra de passar ás mãos de Vossa Excellencia, em annexo, recortes do "Times" (I), de 24 do corrente mez e do "Evening Standard" (II), do dia 25, contendo noticias sobre a extensão da propaganda nazista, especialmente nos Estados do sul do Brasil e as medidas recentemente adoptadas pelo Governo Brasileiro para reagir contra esse movimento.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Raji da Rocha

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

Emb.Londres/477/1937/Annexo I

"SUNDAY TIMES"

Londres, em 24 de Outubro de 1937.

BRAZIL ALARMED BY NAZI PENETRATION

ALL-GERMAN SCHOOLS

German penetration in the south of Brazil through the agency of a Nazi organisation called the "Landesgruppe," is reaching such proportions that leading Brazilians have called for drastic measures to curb it.

The first measure against the Nazis was the passing of a Bill dealing with foreign language teaching. Schools in the State of Santa Catharina were found to be using German as their basic tongue. On Brazilian Independence Day Government officials found a school in Santa Catharina where no Portuguese was spoken, and the school manager could not understand an order to give the teachers and pupils a holiday because he knew nothing but German.

When a peasant was found to translate the order to fly the Brazilian flag, the school manager said he had no Brazilian flag but offered to fly the Swastika flag instead.

"O Globo," a Rio de Janeiro newspaper (quoted by the British United Press), alleges that special agents have been sent from Germany, and actions of "traitors" are reported to Berlin. One German settler, a war pensioner, who refused to join the Nazi party, had his pension cancelled.

Dt.Londres/477/1937/Annexo II

"EVENING STANDARD"

Londres, em 25 de Outubro de 1937.

Evening Standard, Monday, October 25, 1937

Brazil Outcry Against Nazi Penetration

AREAS WHERE ONLY GERMAN IS SPOKEN

Orders From Berlin

RIO DE JANEIRO, Monday.

GERMAN penetration in the south of Brazil, through the agency of a Nazi organisation called the Landesgruppe, is reaching such proportions that leading Brazilians have called for drastic measures to curb it.

The Nazis are held to be carrying out plans originally made by the Kaiser.

The first measure against the Nazis was the passing of a Bill dealing with foreign language teaching. It was revealed that schools in the State of Santa Catharina used German as their basic tongue, and the Brazilian native tongue (Portuguese) was banned.

Many villages and towns in the south of Brazil have a distinctly German appearance, and on German holidays the Nazi flag is flown.

Recently, on Brazilian Independence Day, Government officials found a school in Santa Catharina where no Portuguese was spoken, and the school manager could not understand an order to give the teachers and scholars a holiday because he knew nothing but German.

SCHOOLS CLOSED

Not one of the pupils knew any Portuguese, and when a peasant was found to translate the order to fly the Brazilian flag, the school manager said he had no Brazilian flag, but offered to fly the Swastika instead.

The school and another of similar character were closed under the Bill, which is the only measure introduced to curb foreign activity since the Immigration Quota Law of 1934.

Large German colonies have existed in Santa Catharina, Rio Grande do Sul, and Parana, but it is only recently that they have taken on a political aspect, and Brazilians quote the recent utterance of Herr Ernst Bohle, head of the foreign organisations of the Nazi Party, that Germans abroad must remain faithful to the Fatherland.

According to a leading Rio newspaper, which sent a special correspondent to investigate, the Landesgruppe is the Nazi organisation in Brazil. ... is divided under district ... leaders on the ...

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According to a leading Rio newspaper, which sent a special correspondent to investigate, the Landesgruppe is the supreme Nazi organisation in Brazil.

The organisation is divided under district leaders and sub-district leaders on the regular Nazi model, and in each city or village there is an Ortsgruppe, the focus of local activity.

These groups are camouflaged as athletic associations and commercial associations.

The newspaper alleges that special agents have been sent from Berlin to ensure that Germans remain faithful to the party, and actions of "traitors" are reported to Berlin.

One German settler, a war pensioner, who refused to join the Nazi Party, had his pension cancelled.

THE KAISER'S AIM

In pre-war days the Kaiser aspired to enlarging German influence in Brazil, and there was a steady stream of German immigrants.

To-day there are more than 2,300,000 native-born Germans and about 3,500,000 persons of German descent in Brazil.

In recent years the quota of German immigrants has not been filled.

It is fixed at 3908 yearly, but in 1935 only 2423 entered, and last year only 1226.

German commercial influences are strong, and all of them form useful means of Nazi propaganda.

The largest ships touching Brazilian ports are German, and the Zeppelin service was an important factor to business enterprises in Brazil.

The Productos Chimico Bayer, a firm of German origin, supplies one-third of Brazil's chemical and drug products. German influence is strong in insurance and banking.

Trade has grown rapidly in recent years. From occupying fourth place in 1935, Germany jumped to first place as an exporter to Brazil, which bought £7,065,140 worth of German goods in 1936.

And for the first quarter of this year she continues to hold first place.—British United Press.

German Locomotives: Cheaper Than Ours

RIO DE JANEIRO, Monday.

The first of four German-built locomotives, costing £16,000 each, has arrived for service on the Central do Brazil Railway in the State of Minas Geraes.

Formerly nearly all the railway equipment which Brazil bought abroad came from the United States and Great Britain.

Cheaper German equipment is now gaining the market here.—Reuter.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 27 de Outubro de 1937.

S. DE E. D. AÇÕES EXTERIORES
Serviço de Informações
16 NOV. 937
No 14036

No.478

Deliberações no Comité de não-intervenção.

601.3(84) B6

Senhor Ministro,

Em additamento ao meu officio nº 470, de 25 do corrente. A longa sessão de hontem do Comité de não-intervenção deu ensejo á realização de sensiveis progressos. Isso parece ser tanto mais favoravel quanto mais aguda e inquietante era a situação creada pelos asperos debates de Sexta-Feira passada. A attitude do representante do Governo de Moscou não facilitava - por outro lado - um terreno para entendimentos, tendo o Senhor Maiski deixado entrever o desejo do seu Governo de difficultar a retirada de voluntarios nos dois campos espanhoes. Tudo indicava, pois, a viabilidade de um "impasse", trazendo, como resultado, a ruptura das laboriosas negociações.

2. Sem duvida, apezar do tom amargo de certas polemicas na imprensa europea, a Italia e a Allemanha, que jogam uma partida cerrada, jamais desejaram arcar com a responsabilidade da provocação de uma fallencia completa no Comité, assumindo as-

A Sua Excellencia o Senhor Doutor Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

RS

assim, em face da opinião internacional, a culpa da quebra definitiva e irremediavel da politica de não-intervenção. E tanto é isso mais verdadeiro quanto, com effeito, cada vez que aquelles dois Governos se encontraram acuados a uma ruptura imminente, souberam sempre encontrar as concessões necessarias para que o debate pudesse ser novamente iniciado, sem prejuizo dos pontos de vista sustentados pelos Senhores Hitler e Mussolini.

3. Entretanto, não padece tambem duvida que, uma vez feitas as enunciadas concessões que permittem ao Comité de Londres de continuar os seus trabalhos, logo constata-se novos recuos de principios no que se refere á interpretação dos accordos, quando se trata de traduzir em textos precisos as concessões offerecidas pelos Governos de Roma e de Berlim. Foi o que se verificou na semana passada, quando o Conde Grandi modificou a sua posição, acceitando, no que concerne á organização da retirada dos combatentes não espanhoes, formulas pelas quaes o seu Governo sempre demonstrára a mais viva aversão. Eis o motivo pelo qual, na Conferencia, as conquistas de terreno se fazem tão lentamente, numa verdadeira guerra de usura, como se os combatentes politicos estivessem, taes como os mesmos combatentes espanhoes, entrincheirados e fortificados nas suas posições.

4. Qualquer que seja, porem, o resultado do accordo hontem realizado entre os representantes das oito potencias - excluida apenas uma - a Russia - não resta duvida que o citado accordo muito contribuiu para aclarar e amenisar o clima politico. Quanto ao representante de Moscou, Senhor Maiski, foi elle o unico a formular reservas sobre os pontos acceitos "ad referendum" pelos demais membros do sub-comité; devo entretanto assignalar que elle proprio consentiu em submetter ao seu Governo o texto elaborado, o qual se refere á retirada dos voluntarios estrangeiros, ao reconhecimento eventual ás duas partes espanholas de

de certos direitos de belligerancia e, emfim, á reorganização do "contrôle" nas fronteiras da Espanha.

5. Eis uma parte dos expostos obstaculos que parecem levantados, como conclusão á sessão de hontem do Comité de não-intervenção. Com effeito, por uma lado o Conde Grandi deu a conhecer que seu Governo estava disposto a acceitar as conclusões das commissões de qualificação e contagem de voluntarios, sob condicção que taes commissões apresentem, pelas suas composições, garantias serias de imparcialidade; por outro lado, o representante da Italia deixou entrever que, no que se refere especialmente á regra de unanimidade para as decisões do comité, o facto da não obtenção da adherência de todos os Governos representados, não deve constituir obstaculo bastante para impedir a conclusão de um accordo. Como ainda a questão de uma retirada "symbolica" de combatentes não espanhoes parece momentaneamente afastada, e como a intervenção do representante da França, Senhor Corbin, nos debates de hontem, esclareceu o assumpto, ligando-o á conclusão de um accordo geral - o problema da reorganização do "contrôle" ás fronteiras da Espanha, o terreno se me afigura razoavelmente aplainado.

6. Fica, porém, de pé a attitude da União Sovietica. Já repetidas vezes o Senhor Maiski havia, em virtude das suas intervenções, seriamente difficultado os trabalhos do Comité de Londres. Hontem, formulou elle uma serie de reservas que são, evidentemente, destinadas a "embrulhar" as cartas e a tornar qualquer transação difficil, o que nos leva a considerar que, emquanto no extremo oriente - lá onde os seus interesses estão immediatamente em jogo - demonstra o Governo sovietico notavel paciencia (por justo temôr do Japão) nesta parte do mundo, especialmente na Europa occidental, onde a sua influencia quer ser ideologica, visivelmente deseja Moscou avivar a propagação do incendio até agora,

agora, felizmente, circumscripto ás pobres terras espanholas.

7. Assim sendo, parece-me de facil previsão affirmar que a Gran-Bretanha não se deixará arrastar pelo "jogo" sovietico e que a França não se separará politicamente da Inglaterra.

Tenho a honra de reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafael de Sousa

M.D.B.

27/5/8

LONDRES

OFICIOS

NOV.-DEZ.

1937

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 6 de Novembro de 1937.

No.488

N. D.

Troca de Agentes entre a Gran-Bretanha e a Espanha.

601.3(84)
(81)

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
29 NOV. 1937
No 14655

Senhor Ministro,

Como tive a honra de communicar a Vossa Excellencia em meu telegramma nº 89, de 4 do corrente, este Governo, tendo em vista a necessidade de defender os interesses britannicos na parte da Espanha sob o dominio do General Franco, que occupa actualmente 2/3 partes do territorio espanhol, resolveu entrar em contacto mais intimo com as autoridades nacionaes espanholas, nomeando agentes especiaes junto ao Governo de Burgos e permittindo, do mesmo modo, a presença de representantes nacionalistas neste paiz.

2. O Primeiro Ministro, Senhor Neville Chamberlain, ao annunciar á Camara dos Communs, na sessão de quinta-feira passada, essa resolução, informou ao leader da opposição, Senhor Attlee, que, por isso, o Governo não tencionava modificar a attitude que vem seguindo no conflicto espanhol, sendo tal attitude regida pelo accordo internacional de não intervenção.

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

intervenção.

3. A importancia dos interesses britannicos nos territorios effectivamente occupados pelas forças do General Franco, e a necessidade da protecção dos nacionaes britannicos nesses territorios, fez com que este Governo julgasse aconselhavel entrar em negociações com o chefe nacionalista espanhol, visando á nomeação, por parte da Gran-Bretanha e de Burgos, de agentes encarregados de defender os seus interesses respectivos.

4. Salientou a esse proposito o Senhor Chamberlain que esses agentes não teriam caracter diplomatico. A decisão do Governo britannico - disse - não era das que necessitavam previa consulta dos outros Governos interessados. O Governo francez, entretanto, fôra informado plenamente.

5. Parece segura a nomeação, por parte do General Franco, do Duque de Alba, presentemente em Londres, como seu agente principal neste paiz. Nada consta por emquanto sobre a personalidade do agente que será nomeado por este Governo a Burgos. Devo salientar aqui que os assumptos de caracter diplomatico continuarão a ser tratados entre o Embaixador da Gran-Bretanha em Hendaye, Sir Henry Chilton, e o Senhor Sangroniz, Chefe do Gabinete diplomatico do General Franco.

6. Com o intuito de apreciar no seu justo valor esta decisão do Governo britannico, deve-se ter em mente que este paiz procedeu de modo semelhante em casos anteriores de eguaes circumstancias. Em 1920, quando a Gran-Bretanha ainda se recusava a reconhecer o Governo russo <u>de facto</u> ou <u>de jure</u>, recebeu o Senhor Krassin como representante autorizado do Governo sovietico para o fim de continuar certas negociações e o Foreign Office tratou-o como a um representante estrangeiro, com direito á isenção, para certos effeitos, da jurisdicção dos tribunaes britannicos. Do mesmo modo, em 1919, a Gran-Bretanha recebeu e enviou agentes ao

ao Governo da Russia do Norte com o qual, é verdade, estava coope-
rando, conjunctamente com os seus alliados da Grande Guerra. No
famoso caso do Trent - durante a guerra civil norte-americana -
quando um cruzador do Governo Federal removeu dois agentes poli-
icos enviados pela Confederação de bordo de um navio inglez, o
advogado britannico, Earl Russel, citou a opinião do jurisconsulto
americano Wheaton, affirmando o direito de estados neutros de re-
ceber de Governos não reconhecidos, agentes especiaes, sem carac-
ter representativo e sem prerogativas diplomaticas.

7. Este Governo procedeu de modo semelhante em outras occasiões. Por exemplo, quando enviou um agente a Buenos Aires, em 1810, muitos annos antes de reconhecer a independencia da Argentina.

8. Seria assim, parece-me, erroneo interpretar a troca de agentes com as autoridades do General Franco, como importando de qualquer modo, no reconhecimento dessas autoridades de facto ou de jure. Era impossivel, evidentemente, desconhecer por mais tempo o facto de que existiam em territorio espanhol duas autoridades effectivas, situação á qual já Grotins se referiu quando falando justamente de um pais onde lavrava uma guerra civil prolongada, disse: "una pro tempore quasi duae gentes habetur".

9. Por outro lado,a resolução do Governo britannico constitue, evidentemente, um primeiro passo no caminho do reconhecimento da belligerancia,e o proprio Secretario de Estado para os Negocios Estrangeiros, Senhor Anthony Eden, declarou ha dias que não houve até agora em direito internacional um caso onde, por tanto tempo, se tenha negado a belligerancia a uma facção que déra sufficientes provas da sua força e de effectivo dominio dos territorios conquistados.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Régis de Oliveira

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 9 de Novembro de 1937.

No.490

As reivindicações coloniaes
da Allemanha e o Brasil.

602.77(81)
511.4
RB

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
29 NOV. 1937
No 14655

Senhor Ministro,

O "Sunday Sun", jornal de "Newcastle on Tyne", importante centro industrial deste paiz, publicou na sua edicção de 7 do corrente, recorte annexo, um artigo da autoria do Senhor Harold A. Albert, sobre as reivindicações coloniaes da Allemanha.

2. Affirma o Senhor Albert que a Allemanha, além de reivindicar as suas antigas colonias, está conquistando novos territorios coloniaes com uma politica de penetração pacifica. Declara a esse proposito:

> "A situação no Brasil tornou-se a tal ponto grave que os homens publicos brasileiros estão exigindo medidas drasticas para combater o perigo. Nos collegios do Estado de Santa Catharina o allemão constitue a lingua basica e a lingua brasileira se acha exilada. Milhares de crianças conhecem apenas a lingua allemã, as aldeas e as cidades da região tem apparencia nitidamente allemã e a bandeira nazista é içada regularmente. Aconteceu recentemente que os professores de collegio em todo o Brasil receberam ordem de dar um dia fe-

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

Emb.Londres/490/1937/2.

"feriado aos seus collegiaes. Numa cidade em Santa Catharina o collegio não fechou porque o professor só fallava o allemão e não comprehendera as instrucções portuguezas."

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Répi de Oliveira

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 10 de Novembro de 1937.

No.491

Café.

561.355

E.C

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
29 NOV. 1937
No 14655

Senhor Ministro,

Apresso-me em remetter a Vossa Excellencia nos sete recortes annexos, estrahidos do "Times" (I), "Financial Times" (II), "Financial News" (III, IV e V), "Daily Telegraph" (VI) e "Daily Express" (VII), de 9 e 10 do corrente, as noticias mais importantes publicadas na imprensa desta capital com relação á resolução do Governo Brasileiro de descontinuar a politica até agora seguida com relação ao café.

2. A decisão do Governo Brasileiro foi recebida com muita sympathia nos circulos financeiros que a consideram uma medida acertada e de consequencias beneficas para o paiz. Essa opinião reflectiu-se nas cotações dos nossos titulos que melhoraram de alguns pontos, e bem assim na taxa do cambio da moeda brasileira que se manteve firme.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafael de Sousa

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

Emb.Londres/491/1937/Annexo 1

"THE TIMES"

Londres, 9 de Novembro de 1937.

BRAZILIAN COFFEE POLICY

RESTORATION OF FREE MARKET

The following statement was made by the Brazilian Ambassador in London yesterday:—

Considering that it is necessary to bring the Brazilian coffee position into line with that of the other producing countries in order to assure to Brazilian coffee the position which it should have in the international markets, as well as to regularize the position of the legitimate interests of their own export market; and considering that despite all their efforts it has not been found possible to arrive at an agreement for the establishment of a quota system with the larger producing countries and to fix an agreed proportion between Brazilian and the other types of coffee: the Brazilian Government have resolved to adopt the principle of competition in its external policy regarding coffee, which is of paramount importance in the economic life of the country.

In order to avoid damage to the economic structure of the coffee industry, it is, however, indispensable that appropriate measures should be taken, including a reduction on the charges weighing on the product.

Brazil's position is favourable for this purpose, because by the May Convention of this year, already in operation, the current Brazilian crop was reduced to 30 per cent. of its total for the consuming markets.

This reduction will ensure a remunerative internal price at present exchange rates.

The reduction in the charges which weigh upon coffee and the banking assistance which the Government will provide are also factors favourable to the maintenance of the internal price.

These provisions, while increasing the resistance of Brazilian coffee to international competition, will also permit the Brazilian export trade to return to normal and will thus obviate the necessity of intervention, either direct or indirect, of the Coffee Department in the coffee market.

[illegible]wever, a certain lapse of time must [illegible]ccur between the adoption of these [illegible]heir being put into execution, [illegible]ve rise to speculation, [illegible]acy of the Government, as [illegible]ure the coffee markets in [illegible] Janeiro, and Victoria were [illegible]osed.

Emb.Londres/491/1937/Annexo 11

"FINANCIAL TIMES"

Londres, 9 de Novembro de 1937.

BRAZIL COFFEE INDUSTRY

GROWERS' NEEDS

GOVERNMENT HELP BEING SOUGHT

FROM A CORRESPONDENT

RIO DE JANEIRO, 8th Nov.

Brazil's new coffee policy is to be fully explained by the Finance Minister in the Chamber of Deputies on Friday next.

The farmers' organisation in Sao Paulo has telegraphed President Vargas suggestions for assisting coffee growers and exporters.

These include the advance of loans to farmers for a minimum period of one year, with interest at 6 per cent., the reduction of production costs by the lowering of railway freights, and the increasing of port stocks with a view to facilitating circulation.

They also seek the abolition of exchange confiscation and banking restrictions which hamper future sales, the creation of distributing centres in countries not dealing directly with Brazil, and revision of tariff barriers through compensation to consuming countries.

Emb.Londres/491/1937/Annexo 111

"FINANCIAL NEWS"

Londres, 9 de Novembro de 1937.

BRAZIL'S COFFEE POLICY

MAINTAINING INTERNAL PRICE

Following the reduction of the export tax on Brazilian coffee last week, the Brazilian Ambassador in London has issued a statement explaining the reason for his Government's action.

"The Brazilian Government," he says, "has resolved to adopt the principle of competition in its external policy regarding coffee, which is of paramount importance in the economic life of the country.

"In order to avoid damage to the economic structure of the coffee industry, it is, however, indispensable that appropriate measures should be taken, including a reduction on the charges weighing on the product.

"Brazil's position is favourable for this purpose because by the May Convention of this year, already in operation, the current Brazilian crop was reduced to 30 per cent. of its total for the consuming markets.

"This reduction will ensure a remunerative internal price at present exchange rates.

"The reduction in the charges which weigh upon coffee and the banking assistance which the Government will provide are also factors favourable to the maintenance of the internal price.

"These provisions, while increasing the resistance of Brazilian coffee to international competition, will also permit the Brazilian export trade to return to normal and will thus obviate the necessity of intervention, either direct or indirect, of the Coffee Department in the coffee market.

"As, however, a certain lapse of time must necessarily occur between the adoption of these measures and their being put into execution, which might give rise to speculation, prejudicing the policy of the Government, as a preventive measure the coffee markets in Santos, Rio de Janeiro and Victoria were provisionally closed."

Emb.Londres/491/1937/Annexo IV

"DAILY TELEGRAPH"

Londres, 9 de Novembro de 1937.

BRAZIL COFFEE DECISION

The Brazilian Ambassador in London yesterday stated that in view of the necessity to bring the Brazilian coffee position into line with that of the other producing countries to assure to Brazilian coffee the position which it should have in the international markets, and considering that it has not been possible to establish a quota system with the larger producing countries, his Government has decided to adopt a competitive external policy regarding coffee. To avoid damage to the economic structure of the coffee industry, appropriate measures, including a reduction on the charges weighing on the product, are to be taken. The reduction to 30 p.c. of Brazil's current crop will ensure a remunerative internal price at present exchange rates. As, however, a certain lapse of time must necessarily occur between the adoption of these measures and their being put into execution, which might give rise to speculation, prejudicing the policy of the Government, the coffee markets in Santos, Rio de Janeiro and Victoria have been provisionally closed.

Emb.Londres/491/1937/Annexo V

"FINANCIAL NEWS"

Londres, 10 de Novembro de 1937.

THE FINANCIAL NEWS, WEDNESDAY, NOVEMBER 10, 1937

THE BRAZILIAN COFFEE CRISIS

DRASTIC CHANGE IN POLICY

while those of riper years may be excused for running an approving eye over the Beauty, before returning to markets which could boast neither of these desirable attributes.

Rumour and Rally

This morning's rumour was that President Roosevelt has discovered a dreams of balancing his Budget, and markets all around the City opening. There was also news of a series of conferences among high United States officials who are perturbed by the fact that the New Deal is applying the monetary brake too rapidly, and that some loosening of credit restriction is believed to be imminent. This was also a minor bull point, although such rallies as these are not to be trusted very far. It only for the reason that business cannot expect to enjoy a rapid recovery.

Small Gains

Kaffirs at one time were looking better when the American market began to move ahead, the West Wit group being the most prominent. Subsequently, however, Paris was a seller and the market again finished on a somewhat dull note. De Beers, Consolidated Diamonds, and "Casts" all lost ground, which seems strange, as, when Wall Street improves, such shares generally move in sympathy.

Prices hardened at first in the "Jungle," but here again they were inclined to lose ground towards the close. Some enquiry also developed for West African Tin barely changed, but among Barrlers, there descriptions, but prices were practically unaltered. Australian Gold shares were has been some substantial demand for North Broken Hill. This was based upon local buying of a sound character, but there was little support from Australia.

	Johannesburg	London	Johannesburg	London
	Tues.	Tues.	Mon.	Mon.
Anglo Amer.	55/9	55/7½	56/	56/3
Cons. Diamonds	10/6	10/9	11/3	11/3
Cons. Main Rf.	72/	72/6	—	75/9
Durban Dp.	59/	58/11½	—	59/4½
E. Degrees	22/3	22/6	—	22/6
E. Rand Cons.	8/10½	9/	9/	9/3
E. Rand Props.	59/	58/9	59/3	60/
Kleinfontein	64/6	65/	55/6	55/
Modder	25/	25/	—	25/
Rand Leases	34/	33/9	34/	33/9
Randfontein	49/	48/9	50/6	50/
Vlaklaagte	36/	35/7½	36/	35/
Venterspost	30/9	31/3	31/	30/7½
Vlakfontein	33/9	33/1½	34/	33/9
W. Rand Cons.	142/6	—	—	140/
West Wits	140/	—	—	140/
Wit Nigel	4/	3/9	4/1½	3/9

JOHANNESBURG PRICES

Below we give prices ruling in Johannesburg yesterday and on Monday. Final London quotations are given for the same days:—

While a similar decline occurred in Lake George at 5s. 6d. Mexican Corps. finished a few pence lower at 4s. 9d.

New Venez. Gold put on another 3d., to 3s. 1½d., and Bolivars and Payer Rafted ¼ to ⅝ and ¾ respectively. Reports of the prospects of both companies appeared in yesterday's issue.

The shares were still depressed, despite the rally in the price of the metal, dealers again being inclined to mark down prices in view of the obscure outlook for the commodity. Malayan Tin fell another 1s. 3d., to 30s., and Hongkong showed a like decline to 23s. 9d.

Among the Miscellaneous Coppers, Anaconda rallied sharply to 5⅞, but Rio Tintos further receded to 16⅞.

PRICES DECLINE
SYDNEY WOOL SA

TATT GOLDFIELDS.—Oct., 2,410 tons; mine profit, £153. Note:—Profits still lo... slimes plant. Trial runs are now in p... Current month's operations should re... normal profits.

SOUTH KALGURLI CONS.—Oct., tons (including ore purchased), 10,138; re... clusive gold and exchange premium, ... Working costs, £11,221; development ... ture, £2,016. Profit in Australian ... after charging development expenditure ... Profit in sterling, £1,903. Capital exp... nil.

TANGANYIKA CENTRAL GOLD.—H... quarter to Sept. 30 (the figures in pa... are those of the previous quarter): Ton... 6,091 (1,350); yield in fine ounces, ... (2,520.76); yield per ton milled, 8... (11.67). Value of gold production, £... and charges, £17,414 or 26s. 11d. ... milled (216,011 or £766, 6d.); work... £11,814 or 37s. 2d. (£10,573 or 35s. 7d... 28,090 or 19s. 9d. (£6,083 or 17s. 10... velopment: Total footage, 455 ft. (... sampled, 305 ft. (280 ft.); payable, 9... dwt. over 61 in.). Fifth Level north ... ft.); average value, 11.8 dwt. over 58... vanced 115 ft. to point 419 ft. from ... crosscut in unpayable values. Exp... crosscuts east and west driven for 27... ore. No. 5 south 3 winze sunk furthe... 48 ft. respectively without encounter... and averaged over this distance 22.7 d... 71 in. width. Shaft sinking: No... erected and running, which will facili... ing of main shaft below 5th level. ... tion: Erection of new steel headgear ... as certain parts not arrived on mine. ... of two new sand treatment tanks com... and poles for carrying electric power ... No. 6 shaft placed in position.

SAN NICOLAS GOLD.—Oct., tons ... 1,560; value at par, £2,142; actual ... £3,297.

Emb.Londres/491/1937/Annexo V1

"FINANCIAL NEWS"

Londres, 10 de Novembro de 1937.

BRAZILIAN COFFEE CRISIS

(Continued from page 6)

that the producers of milds are likely to reduce their prices, too, in order to meet the increased Brazilian competition, the question of quality and consumers' taste will probably prevent Brazil from regaining completely her former unusually strong international position. For the time being the Brazilian Government will probably be well satisfied if it succeeds in raising Brazil's coffee exports to a comparatively small extent.

While any improvement in Brazil's international coffee position as a result of the new policy will certainly be slow in its early stages, the serious statistical position demanded immediate action. It can be taken for granted, therefore, that the elimination of very large parts of the present crop and surplus holdi... the future [illegible]

Royal Dutch	131.70	52,525.00	54 [illegible]

PARQUET—Cash Prices

Sucreries d'Egypte	763.00	762.00	
Rio Tinto	2,400.00	2,427.00	
Ordnd	1,558.00	1,382.00	
Central Mining	3,340 00	3,400.00	
Arbed	7,500 00	7,530.00	
Wagons Lits	84.00	87.00	
Canadian Pacific Railway	231.00	231.50	
7½% Turkish 1933	239.00	239.00	
Egyptian Unified	3,005.00	3,002.00	
5½% Young Loan	390.00	389.00	
Hallincrie Say	640.00	646.00	
Ford Co. of France	65.00	67 00	
Citroen Motors	601.00	600.00	
Air Liquide	1,110.00	1,116.00	
Clayeurs Reunis	476.00	481.00	
Pechiney	1,957.00	1,960.00	
Kts.Blissements Kuhlmann	653.00	649.00	
Lens	287.50	291.50	
Tréfileries & Laminoirs du Hav	897.00	897.00	
Denain Anzin	1,380 00	1,419.00	
Forges & Aciéries Nord Est	759.00	761.00	
Thomson Houston	138.00	141.00	
Générale Electricité	1,300 00	1,318.00	
Suez Canal Shares	23,410 00	23,900.00	
Société Générale	681.00	683.00	
Crédit Lyonnais	1,430.00	1,420.00	
Crédit Foncier de France	2,350.00	2,350.00	
Comptoir Nat. d'Escompte	675.00	685.00	
Banque de France	6,230.00	6,305.00	
" Paris	1,077.00	1,080.00	
4½% Rentes, 1937	102.75	103.00	
4½% " "B"	74.40	74.40	

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 23 de Novembro de 1937.

No.509

O pacto anti-comunista.

600.1(00) EVB

N. P

MINISTERIO DAS RELAÇÕES EXTERIORES
Serviço de Communicações
14 DEZ. 1937
No 15291

Senhor Ministro,

Tenho a honra de passar ás mãos de Vossa Excellencia, nos recortes annexos, extrahidos da imprensa de Londres e da provincia, interessantes noticias sobre o pacto anti-communista assignado em Roma a 6 do corrente entre a Allemanha, o Japão e a Italia.

2. Na verdade, o que houve foi a adhesão da Italia ao pacto já existente entre a Allemanha e o Japão, embora, segundo consta, a Italia não tenha propriamente adherido, isso por ter sido considerada potencia signataria original do pacto concluido em Berlim a 25 de Novembro de 1936.

3. Parece que os circulos politicos não attribuem uma importancia immediata a esse pacto. Assim mesmo uma corrente de opinião ingleza não interpreta o accordo assignado entre a Allemanha, o Japão e a Italia, como sendo apenas uma communidade de interesses e de acção das tres nações contra o Ko-

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão, Ministro de Estado das Relações Exteriores.

Komintern, representando a orientação commum da politica exterior das tres potencias signatarias. Certos circulos estão inclinados a considerar o objectivo ulterior do pacto como visando especialmente a Gran-Bretanha, ponto de vista que é certamente justificavel em vista dos enormes interesses britannicos no Extremo Oriente, de um lado, e a importancia que representa o Mediterraneo para as communicações imperiaes.

4. O pacto ficou aberto a outros paizes e parece que os seus signatarios originaes contavam com a adhesão immediata da Polonia. Essa, no emtanto, recusou, tendo presente, provavelmente, a sua extensa fronteira com a Russia dos Soviets.

5. A imprensa ingleza publicou, em varias occasiões, boatos sobre a provavel adhesão do Brasil ao pacto, boatos esses que adquiriram nova força depois dos ultimos acontecimentos politicos brasileiros. As informações contidas nas circulares dessa Secretaria de Estado, ás quaes esta Embaixada deu a devida divulgação, bem como as declarações feitas pelo Senhor Presidente da Republica á imprensa, desmancharam essa impressão.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Régis de Oliveira

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 23 de Novembro de 1937.

No.510

A visita do Rei Leopoldo
da Belgica á Gran-Bretanha.

a 30.(83)(60)
900.1(600)

AO DE E. NAS RELAÇÕES EXTERIORES
14 DEZ. 1937
No 15291

Senhor Ministro,

A 16 do corrente mez chegou neste paiz, em visita official ao Rei e á Rainha da Gran-Bretanha, Sua Majestade o Rei Leopoldo III da Belgica.

2. Recebido em Dover pelo Duque de Gloucester, o Rei continuou a viagem em trem especial para Londres onde o esperavam, na estação de Victoria, Sua Majestade o Rei Jorge, o Duque de Kent, o Primeiro Ministro, Senhor Neville Chamberlain, Sir Samuel Hoare, Secretario de Estado para os Negocios Interiores e muitas outras altas autoridades civis e militares.

3. No banquete realizado em honra do visitante real, no mesmo dia, em Buckingham Palace, ao qual assisti em companhia de minha Senhora, tendo tido, na minha qualidade de decano, o primeiro lugar entre os representantes estrangeiros, houve troca de brindes entre os dois Soberanos presentes. O Rei Jorge, na sua oração, alludiu á collaboração dos dois paizes na guerra mun-

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

mundial e, em seguida, aos seus esforços em prol da paz.

4. De especial interesse foram as palavras do Rei da Belgica que declarou:

> "Como as difficuldades politicas susceptiveis de ameaçar a paz muitas vezes têm a sua origem em causas economicas, é de grande importancia que a vida economica do mundo seja guiada e desenvolvida no caminho indicado pelas condições modernas. Ao Imperio Britannico cabe uma parte benefica nesta esphera, imprimindo á politica mundial a direcção a que alludimos."

5. É cedo ainda para concluir quanto ao resultado, na esphera da politica internacional, da visita do Soberano belga ao da Gran-Bretanha. Certamente não é demais consideral-a como passo capaz de estreitar a amizade entre as duas nações, amizade baseada sobre uma communhão de interesses muito real.

6. O convite feito pelo Monarcha belga ao Rei Jorge e á Rainha Elizabeth para visitarem a Belgica, no anno vindouro, sem duvida concorrerá para fortalecer a politica de paz em que se acha empenhado este paiz.

Tenho a honra de reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rui de Thomar

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 25 de Novembro de 1937.

No.514

N. P

Visita de Lord
Halifax a Berlim.

900.1 (600) Nadejo

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço
14 DEZ. 1937
No 15291

Senhor Ministro,

Lord Halifax, apenas de volta a Londres, conferenciou com o Senhor Eden, tendo em seguida os dois Ministros deixado o Foreign Office para, conjunctamente, em Downing Street, exporem ao Primeiro Ministro a presente situação politica internacional - após a visita do emissario inglez á Allemanha.

2. Tendo o grande jornal de provincia "Manchester Guardian" publicado em maneira sensacional as exigencias allemãs - na forma de uma exposição feita pelo seu correspondente diplomatico - já a imprensa de hoje, transcrevendo a reacção dos jornaes do Reich, aliás reacção desfavoravel, dada a forma aggressiva dos commentarios allemães, deixam entrever que a publicação do "Manchester Guardian", se não reflecte a verdade inteira, pelo menos foi prematura na sua informação.

3. Aliás nos meios officiaes inglezes já estava clara a indicação feita á imprensa e ao publico, collocando-os de

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

de sobre-aviso contra qualquer resolução prematura a proposito das sondagens em Berlim e em Berchtesgaden. Foi mesmo publicado, ha dois dias, que a informação relativa a um convite ao Senhor von Neurath e por elle acceito, de uma possivel visita a Londres, carecia absolutamente de fundamento. Teria tal informação sido inserida por equivoco na communicação official de Berlim. Esse desmentido, que é absoluto, não deixou de causar surpreza - pois já os meios officiosos, na persuassão de que fosse a noticia verdadeira, haviam tirado as suas consequencias no que toca á marcha geral das negociações anglo-allemãs.

4. O que parece certo, entretanto, é que a missão de Lord Halifax produziu importantes resultados, indicando uma preparação geral de terreno com o fim de uma discussão mais cerrada dos diversos problemas actualmente em elaboração. E esses problemas são todos os que estão na base do mal-estar do mundo, sendo que os governantes inglezes se mostram inclinados a acreditar que o primeiro passo que se impõe é de definil-os, para, em seguida, procurar remedial-os. Mas é tambem fóra de duvida que um exame franco e desassombrado de todas essas difficuldades poderá tomar varios mezes de estudo. Sob o ponto de vista psychologico, o fim a attingir, como já foi dito, é de dissipar os receios e as desconfianças existentes entre as nações e, sob o ponto de vista economico, trabalhar para abaixar as barreiras alfandegarias levantadas entre os diversos paizes, multiplicando, consequentemente, o intercambio commercial. Esse ideal, que é tambem o já expresso pelo Governo americano, foi formulado, ha dias, em Londres, pelo Rei dos Belgas.

5. Nesse sentido o "Times" lembra que, desde a Conferencia Economica de 1927 para a reducção das tarifas alfandegarias, buscou a Inglaterra repetidas vezes provocar um esforço geral em vista de reanimar o commercio mundial. A ultima ten-

tentativa nesse sentido é representada pelo accordo monetario a tres, concluido o anno passado na esperança de reduzir os "contingentes" e voltar-se á liberdade no commercio internacional.

6. Esse esforço para limitar a crise economica imperante no mundo deve ser combinado, no pensamento do Governo britannico, com o esforço politico e diplomatico agora iniciado com a visita de Lord Halifax a Berlim, em vista de "normalisar" ou de "pacificar" as relações politicas e economicas entre os povos.

7. Em annexo, tenho a honra de passar ás mãos de Vossa Excellencia as noticias referentes ao assumpto em apreço.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafael de Sousa

Emb.Londres/514/1937/Annexo.

The Times

15 de Novembro de 1937

THE BERLIN VISIT

LORD HALIFAX'S JOURNEY

DEPARTURE ON WEDNESDAY

AN EXPLORATORY TASK

From Our Diplomatic Correspondent

Arrangements have now been completed for Lord Halifax, Lord President of the Council, to leave London for Berlin on Wednesday for the purpose of seeing the Hunting Exhibition and of meeting Herr Hitler. It is expected that he will remain in Germany at least four days.

Plans for the visit were discussed in London last night between Mr. Chamberlain, Lord Halifax, and Mr. Eden, who had returned from Brussels earlier in the day. There is, it appears, no foundation for any suggestion that Lord Halifax's journey might be postponed.

The variety of topics and issues suggested in week-end speculations for discussion between Lord Halifax and the Führer finds no confirmatory echo whatever in authoritative British circles. The character of the visit is, as stated in the House of Commons by Sir John Simon, to be "entirely private and unofficial." Any idea, then, of a formal meeting at which Herr Hitler and Lord Halifax could be imagined confronting one another with elaborate lists of questions or draft proposals for an Anglo-German bargain is altogether remote from the British Government's mind. The meeting is, in fact, intended to be a quiet and informal beginning of a purely exploratory task—that of finding out where and how British and German aims may clash and of looking for the methods by which they can be reconciled.

It is not now expected in London that there will be parallel talks between British and Italian representatives. Such conversations, it is felt, will more probably have to wait until the international stresses proceeding from intervention in the Spanish conflict have been removed by effective fulfilment of the programme of

to know at the moment how much importance should be read into this warning: the wording is rather vague, but the sentences leading up to it are unmistakably strong.

The Party organization has apparently been angered at an article in a London evening newspaper which puts forward the artless suggestion that Herr Hitler was prepared to give a truce of 10 years on the colonial question in return for a free hand in Central Europe—"a journalistic swindle," the *Parteikorrespondenz* calls it; "an imputation of shady bargaining (*Kuhhandel*) which cannot be too sharply repudiated"; "absolutely despicable gammon"; "inventions from beginning to end and therefore intentional lies."

Germany (it is declared) has repeatedly communicated her colonial claims through the mouth of the Führer. She has nothing to add to that. And she has settled her Central European relations by treaties. She needs no foreign help, instruction, or permission for their interpretation or their extension. . . . We should also like to correct the bold assumption that Germany is seeking a *rapprochement* with the Western Powers by instigating the Four-Power Conference so long desired. The Reich has no particular reason for desiring such a conference.

The warning comes at the end. "If Lord Halifax's visit is to be made in such an atmosphere, then the serious question arises whether it would not be useful in the interests of political progress to postpone it at this moment and let it take place later, when, particularly in the British Press, there is a general calming down."

It can only be assumed that the true value of the London evening newspaper's contribution to the problem will very quickly be seen aright, and certainly there is no evidence that it has been heeded anywhere as yet except by a group in the Party organization. Unfortunately there is also no evidence to show how influential the group is, or why it should have answered so fully and so strongly an entirely unauthoritative article.

ITALY AND BRITAIN

GROUNDS FOR CAUTIOUS OPTIMISM

FROM OUR OWN CORRESPONDENT

ROME, Nov. 14

Little or no editorial comment is published on the developments of the last few days in Anglo-Italian relations, but to judge from personal impressions, from such indicators as newspaper headlines and from the dispatches of the London correspondents of the Italian papers, Mr. Chamberlain's words at Edinburgh on Friday have made a deeper impression here than any public statement of British policy for some time.

What is noted in particular, from the coincidence of this speech with signs of a fresh effort of British diplomacy in the direction both of Berlin and Rome, is that in the view of the British Prime Minister the friendship between Germany and Italy is apparently to be taken as a factor on which to build in working for peace,

to be "entirely private." Any idea, then, of a formal meeting at which Herr Hitler and Lord Halifax could be imagined confronting one another with elaborate lists of questions or draft proposals for an Anglo-German bargain is altogether remote from the British Government's mind. The meeting is, in fact, intended to be a quiet and informal beginning of a purely exploratory task—that of finding out where and how British and German aims may clash and of looking for the methods by which they can be reconciled.

It is not now expected in London that there will be parallel talks between British and Italian representatives. Such conversations, it is felt, will more probably have to wait until the international stresses proceeding from intervention in the Spanish conflict have been removed by effective fulfilment of the programme of action on which the Non-Intervention Committee is now embarked. To-morrow, after 10 days' adjournment to allow for technical spadework, Lord Plymouth's Sub-Committee is to resume its task of carrying that programme into effect.

GERMAN PRAISE OF MR. CHAMBERLAIN

GOOD WILL IN PRACTICE

FROM OUR CORRESPONDENT

BERLIN, Nov. 14

Mr. Chamberlain's speech in Edinburgh has had as good a reception here, both in official quarters and in the Press, as was given to the announcement of Lord Halifax's visit. "Here is a man of sound common sense," is the general tone of comment; "a practical man of business"; a man, as the *Frankfurter Zeitung* declares, who has transferred theoretical good will into practice. The speech is given almost in full in many newspapers. All give long extracts, and most of them add congratulatory comments.

In the Wilhelmstrasse it is still declared that no definite proposals will be discussed between Lord Halifax and the Führer, but every one in official quarters appears convinced that good will come of the meeting and that the road to Anglo-German understanding may be made easier. "In any case," adds the *Frankfurter Zeitung* (usually believed to be in close touch with the Wilhelmstrasse), "Europe is given a breathing space in which all that prevents an arrival at clear decisions will be eliminated. . . . It is useless to worry one's head by guessing at what may be discussed."

Among National-Socialist officers last night it was declared that Lord Halifax would, above all, return convinced of the sincerity of the Führer's desire for peace.

When, or even where, the meeting will take place has not yet been decided. In official quarters it is expected that Lord Halifax will remain in Germany at least four days, beginning next Thursday.

"VOLLEY OF GOOD WILL"

The newspapers have been given little to write concerning the visit, but almost all seize on Mr. Chamberlain's speech as a welcome opportunity for discussing hopes of an Anglo-German understanding, and they discuss the visit indirectly through the speech. The *Kölnische Zeitung* perhaps puts the points the most aptly:—

Recently there has been let loose almost a volley of good will on the part of England towards Europe, and in each instance it has been the Prime Minister, Mr. Chamberlain—in contrast to the Foreign Minister—who has struck a genial, warm, and sometimes almost hearty tone. . . . It may perhaps be said that under Mr. Chamberlain's influence British foreign policy is beginning to lose some of its inflexibility (or may one say stubbornness?) and to become more flexible and realistic. . . . Mr. Chamberlain does not shut his eyes to the fact that, in view of the hardening of political and world philosophical fronts, it has become necessary to seek a settlement, because only in this way can a collision be avoided. Nor did he omit in Edinburgh (as at every opportunity) to mention the strengthening of England and the unlimited sources of power behind her. No statesman yet has overlooked the power of England, but England has been in error as regards the power of other States and groups of States.

Others speak of a new period in international affairs in which the evidence of English good will comes opportunely at the time of "Litvinoff's defeat in Brussels and the flight of Moscow's underlings from Barcelona."

A JARRING NOTE

But in striking contrast to the usual note of harmony, the official *Korrespondenz* of the National-Socialist Party (produced extensively in some newspapers) has published a violent attack on the British Press and given a warning that Lord Halifax's meeting with the Führer may have to be postponed. It is difficult

OPTIMISM FOR CAUTIOUS

FROM OUR OWN CORRESPONDENT

ROME, Nov. 14

Little or no editorial comment is published on the developments of the last few days in Anglo-Italian relations, but to judge from personal impressions, from such indicators as newspaper headlines and from the dispatches of the London correspondents of the Italian papers, Mr. Chamberlain's words at Edinburgh on Friday have made a deeper impression here than any public statement of British policy for some time.

What is noted in particular, from the coincidence of this speech with signs of a fresh effort of British diplomacy in the direction both of Berlin and Rome, is that in the view of the British Prime Minister the friendship between Germany and Italy is apparently to be taken as a factor on which to build in working for peace, not as one to be set aside and when possible undermined. This is regarded as a new and extremely hopeful development in British policy. Hence the chance of a general improvement in the international situation is considered with moderate optimism. As one newspaper describes it in a headline, the reading of the political barometer shows "variable, with tendency to fair in the direction of the British Isles."

It is too much to expect this fresh impulse of British policy to be ascribed in Italy to anything else than the realization that the Rome-Berlin axis is a powerful factor in world politics to-day, and that Fascism and *Realpolitik* are steadily asserting themselves over the flaccid policy of the democracies.

BRIGHTER HORIZON

The *Tribuna*, the one newspaper which contains any editorial comment on Mr. Chamberlain's speech, writes:—

Italy has everything to gain from an effort which tends to "understand" the new energies which are making themselves felt to-day by the world in general and which constitute a fundamental element of balance and stability. If, therefore, these symptoms herald the gradual abandonment of those static and negative positions which so far have been the main cause of the misunderstandings, rebuffs, and suspicions of which Italy has recently had dramatic experience, we can safely assert that the dark horizon is beginning to open up towards a better and clearer atmosphere.

The readiness to face hard facts, with which the British Government are credited, is contrasted with the slowness of the French to adapt themselves to the new situation.

SUPORTE
PELA BASE

Embaixada/514/1937/Annexo.

The Times.

16 de Novembro de 1937.

A BERLIN STORM SUBSIDES

SCOPE OF THE TALKS

FROM OUR CORRESPONDENT

BERLIN, Nov. 15

After two somewhat anxious days in the Chanceries here the general plan for Lord Halifax's visit seems once more to be plain.

The indignation aroused in Government circles by what is described as the "outrageous calumny" of a London evening newspaper—that Herr Hitler would bargain colonies against a free hand in Central Europe—went very deep, and it now is clear that the *Parteikorrespondenz's* hint at a possible request for a postponement of the visit was by no means a political flourish. Indeed, the whole long statement bore the stamp, as it had the unmistakable language, of the highest authority. Although it was issued late on Saturday night and was published in many Sunday newspapers, it is still being reproduced in full to-day by such important newspapers as the *Frankfurter Zeitung*, the *Völkischer Beobachter*, and the *Berliner Börsen-Zeitung*. Almost every newspaper comments on it and expresses indignation.

At the same time, in happier light, there is much appreciation expressed for the tactful manner in which the incident has been discussed in many British newspapers, both in messages from Berlin and in comment in London. The explanation given by your Diplomatic Correspondent is particularly mentioned for the reassuring way it dismisses any suggestion of a cut-and-dried programme.

How, then, are the prospects of the visit left? Among National-Socialist officers it is declared that the storm was too great, the affront too deep, for the prospects to be entirely unaffected. They imply that some subjects, such as colonies, which might have been discussed with the utmost frankness, are now almost inevitably suspect—to be touched on, perhaps, but little more than that. The probable scope of the discussions, it is said, has been narrowed. On the other hand, in some diplomatic circles it is said that as no programme was fixed it is difficult to see how it could be narrowed, and here is expressed the hope that the conversations will be held in the frank explanatory spirit in which they had been planned. In the Wilhelmstrasse the hint was given that an early visit by Mr. Chamberlain would be most welcome, to continue the good work accomplished, as is desired, by Lord Halifax.

FROM HALDANE TO HALIFAX

One of the most outspoken articles among the many on Lord Halifax's visit is by Dr. Silex in his newspaper the *Deutsche Allgemeine Zeitung*. "From Haldane to Halifax" he has headed the article. Much of it is devoted to a close and scholarly historical comparison (of the kind in which German journalists have excelled) of the events of the two years, 1912 and 1937. But the kernel is the passage in which he answers the question: Does Germany threaten Great Britain?

Haldane's mission in 1912 (he writes) is often spoken of as the last attempt at a German-British understanding before the Great War. It failed. And now . . . ?

To-day, also, as in 1912, England gives the impression that she perceives danger to her vital interests, or at least that she is anxious about them. Yet a clear distinction is obvious. Nobody who knows the England of to-day will wish to assert that England feels herself directly threatened by Germany, as was the case in 1912. If England is anxious now about her vital interests she is thinking of the

15 de Novembro de 1937.

LORD HALIFAX'S MISSION

It is but natural, and indeed inevitable, that the news of Lord HALIFAX's impending visit to Berlin should arouse a lively public interest; though premature discussion of the event, and speculation as to its scope and purpose, are not calculated to serve whatever hopes and good intentions may be entertained. So much is evident enough from the reactions in the German Press to a forecast, published in a London newspaper, of the course which will be taken by any conversations between Lord HALIFAX and Herr HITLER. Those reactions, which are unfriendly and even violent in tone, are significant because they are of semi-official provenance, and are given front-page prominence by order in all German papers. Though they do not make a propitious prelude to the projected meeting, they may serve at least as a warning to the over-officious of the need for caution and reserve in a business which cannot be assisted, as the Prime Minister suggested, by public declamation. Meanwhile it is enough to know that the visit of Lord HALIFAX to Berlin will take place this week, and that it was yesterday the subject of consultation between the Prime Minister, the Foreign Secretary and Lord HALIFAX.

To have this event in the proper perspective, it is necessary to remember that it has grown out of a genuine invitation to Lord HALIFAX, as a Master of Foxhounds, to attend the Hunting Exhibition which has been organised in Berlin. He is by no means the only person in this country, interested in the hunt, who has received such an invitation, but the visit of a British Cabinet Minister to the capital of the Reich is no ordinary event, and it has occurred to those in authority, both here and in Germany, to make use of the occasion for an attempt to explore current problems, presented by the policies and interests of the two nations, on the chance and with the hope that a better understanding may be reached. Whether that end be attained or not, no harm can be done by private, friendly and face-to-face discussion of the difficulties. If it should prove that there is an essential and incurable incompatibility of purpose, then at least misunderstanding and illusion will have been removed. We shall all know more clearly where we are.

Common sense has suggested this meeting between Lord HALIFAX and the Fuehrer, and public opinion in this country will approve it accordingly. It cannot be too clearly realised, however, that there is no intention of trying to strike any sort of bargain. Lord HALIFAX is not commissioned for such an enterprise. It is not only untrue, but mischievous as well, to suggest that either party to these coming conversations approaches them with a scheme of policy in draft, and ready to be converted into a formal agreement. All that will happen is that two responsible statesmen will exchange ideas, freely and frankly, and explore the international situation as it presents itself to-day. Neither interlocutor will be committed to any definite undertaking. Each will simply learn what is in the other's mind; and it is just possible that from these exchanges something may emerge which will help to serve the future hour. Lord HALIFAX has well deserved the country's confidence, and the best help that can be given to him is to refrain from embarrassing him, at this stage, either with advice or even with publicity. He is going to Berlin primarily to see the Hunting Exhibition, and the most appropriate God-speed for his expedition, therefore, is to wish him "good hunting."

dres/514/1937/Annexo.

The Daily Telegraph.

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The Daily Telegraph
15 de Novembro de 1937.

LORD HALIFAX GOING TO BERLIN ON WEDNESDAY

TALKS DISCUSSED WITH PREMIER AND MR. EDEN LAST NIGHT

FRANK REVIEW WITH HITLER OF ANGLO-GERMAN RELATIONS

NAZI RESENTMENT OF RUMOURS NOT TO AFFECT POSITION

Viscount Halifax, Lord President of the Council, will leave London on Wednesday for his talks with Herr Hitler.

Last night he was in conference with the Prime Minister and Mr. Eden, who had returned during the day from Brussels. Lord Halifax has been instructed to examine, in a frank and friendly spirit, the problems hampering Anglo-German relations.

Although the visit had earlier been welcomed in Berlin, speculations in certain London newspapers aroused adverse comment in the Nazi Press yesterday.

Later, however, it was emphasised in Berlin that this criticism did not imply any change of policy.

Mr. Chamberlain, our Diplomatic Correspondent states, strongly favours the projected discussions as a means of advancing mutual understanding through personal contact.

OPPORTUNITY FOR CLOSER CONTACT

BY OUR DIPLOMATIC CORRESPONDENT

The Prime Minister consulted last night with Mr. Eden and Viscount Halifax, Lord President of the Council, on the latter's projected visit to Berlin this week.

The conference took place shortly after Mr. Eden had arrived back in London from Brussels.

Lord Halifax will leave on Wednesday. While the original basis of his visit was an invitation to attend the Hunting Exhibition now in progress in Berlin, it has been ascertained that Herr Hitler would welcome the opportunity for a general political conversation with him.

Although the German Press yesterday gave prominence to the view that the visit should be postponed, it was indicated in well-informed Berlin circles that no change of policy should be inferred from these statements.

I learn that when the question of Lord Halifax accepting the Berlin invitation was first raised, the Prime Minister strongly expressed the view that he should do so. Mr. Chamberlain felt that it provided an opportunity, without unnecessary formality, to establish closer personal contact between the British Government and Herr Hitler.

NO NEGOTIATIONS

Mutual Understanding Sought

At no stage has it been contemplated in London that Lord Halifax should be instructed to discuss, in the spirit of a negotiator, any of the vital questions of policy affecting Anglo-German relations. But it was, and is, felt that the personal contacts which he could establish would advance mutual understanding of aims and viewpoints.

While both Governments have the normal channels for exchanging views on current matters through their accredited Ambassadors, the Prime Minister has, I believe, been impressed by the extent to which the policy of the authoritarian Governments is vested personally in their respective heads. It was in recognition of this fact that he decided in August to exchange personal letters with Signor Mussolini on the desirability of working for restoration of mutual confidence between Britain and Italy.

POSSIBLE ROME VISIT

If Spain Problem is Settled

The continued unsatisfactory position in Spain has hampered further advance from that point. For that reason it is not expected that Lord Halifax's visit to Berlin will have an immediate sequel in a visit to Rome.

But it is not impossible that some [illegible] follow a satisfactory claims for 10 years in return for a free hand in Central Europe.

Other, unnamed, British newspapers were attacked for "insolent attempts to prejudice the talks which Lord Halifax will have in Germany by means of tendentious implications."

The statement went on to give two warnings about the conversations.

"Anyone," it declared, "who hopes, or even thinks, that the political friendship between Germany on the one side and Italy and Japan on the other can be made a subject of discussion is ignorant of the facts. The Berlin-Rome axis and the Communist Pact with Japan cannot be shaken. There must be no doubt on this point."

WESTERN PACT

No Desire for Talks

The second warning is so vaguely worded that it can hardly be understood. It appears to imply that Germany would refuse, if asked, to use her influence with Italy on behalf of Britain, in matters which she did not regard as within her competence.

On the colonial question it was stated that German public opinion had taken note of British and French views and would wait to see how matters developed.

Suggestions that Germany desired a Four-Power Western Pact must, it was stated, be corrected. She had no occasion to "long for" such conversations.

Moreover, it was added, Germany had no desire to try to cover the failure of a conference which had just come to an end by calling a new one.

"Her relationships in Central Europe," the statement concluded, "are covered by agreements. She needs no foreign assistance, advice, or authority in interpreting or extending these agreements."

PREMIER'S SPEECH

Proposals Welcomed

Before this statement was issued quarters connected with the German Foreign Office had welcomed Mr. Chamberlain's Edinburgh speech as leading to discussions which might produce a general easing of European tension.

Typical Press comments include:

Koelnische Zeitung.—"Under the influence of Mr. Chamberlain British foreign policy is beginning to lose its rigidity—not to say obstinacy—and to become more elastic and realist. He does not refuse to see the necessity, in view of the closing of the ranks of the political and ideological fronts, of seeking a compromise to avoid an otherwise inevitable clash."

Berliner Tageblatt.—"The future would hold great promise if Mr.

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If Spain Problem is Settled

The continued unsatisfactory position in Spain has hampered further advance from that point. For that reason it is not expected that Lord Halifax's visit to Berlin will have an immediate sequel in a visit to Rome.

But it is not impossible that some such step might follow a satisfactory arrangement ending foreign intervention in Spain.

Lord Halifax has been instructed primarily to explore, in a frank and friendly way, the problems at the root of the unsatisfactory position of Anglo-German relations. On his return he will report his impressions to the Prime Minister, the Foreign Secretary and the Cabinet.

Suggestions that Lord Halifax's journey was decided on during Mr. Eden's absence in Brussels are unfounded. The Foreign Secretary was consulted while he was in London last week.

NAZI CRITICISM

SPECULATION ON TALKS RESENTED

From Our Own Correspondent

BERLIN, Sunday.

A suggestion, believed to come from an authoritative Nazi party quarter, that Lord Halifax's visit to Berlin should be postponed, was given front-page prominence in the German Press to-day.

It was later indicated in well-informed quarters, however, that this suggestion was not meant to be taken literally. It was intended as an intimation to the British Government that if there was to be Press speculation beforehand on the character of the conversations they might as well not take place.

The reason given for the suggested postponement was that certain speculations in a London newspaper were calculated "to poison the atmosphere of the conversations before they begin." Particular exception was taken to a suggestion that Herr Hitler was prepared to drop his colonial claims for 10 years in return for a free hand in Central Europe.

Other, unnamed, British newspapers were attacked for "impudent attempts to prejudice the talks which Lord Halifax will have in Germany by means of tendentious implications."

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Berliner Tageblatt.—"The future would hold great promise if Mr. Neville Chamberlain should prove a man determined to close the unhappy epoch of missed opportunities."

MOSCOW CONCERN

SETTLEMENT IN EAST DESIRED FIRST

From Our Own Correspondent

MOSCOW, Sunday.

Lord Halifax's visit to Berlin this week is causing much concern here. Russia has always held the view that any attempt to ease European tension in the West without first settling the complicated problem of the East would encourage the Nazis to attack her.

While the Press has so far refrained from editorial comment on the projected talks, such headlines as "Britain and the Aggressor Countries," and paragraphs describing Lord Halifax as belonging to "the Germanophile wing of the Cabinet," indicate the Russian attitude.

The Government newspaper "Isvestia" gives prominence to assertions that the British Cabinet is not unanimously in favour of the talks and that the decision to send Lord Halifax to see Herr Hitler was mainly due to pressure from Sir John Simon and Sir Samuel Hoare.

It emphasises also the parallel negotiations with Rome, and alleges that the City of London has already given big financial aid to Gen. Franco and is about to discuss a loan to Italy with Count Volpi, the former Italian Finance Minister.

The official Tass Agency states that the French believe that Britain is seeking a rapprochement with both ends of the Rome-Berlin axis.

Londres/514/1937/Annexo.

The Daily Telegraph

17 de Novembro de 1937.

HALIFAX-HITLER TALKS

FURTHER COMMENT IN GERMAN PRESS

FROM OUR OWN CORRESPONDENT

BERLIN, Tuesday.

The German Press continues to show extreme sensitiveness towards any criticism, real or imaginary, of German policy in the forthcoming conversations between Viscount Halifax, Lord President of the Council, and Herr Hitler.

The apparently harmless suggestion which has been made in England, that the talks will be of an "exploratory" character, is met with a short rejoinder that there is nothing to explore.

The "Boersen Zeitung" says to-night: "We must point out that the Fuehrer and Chancellor has repeatedly laid down the main lines of his policy with the greatest clarity and precision and that this policy has been consistently pursued.

"It is only necessary to point to the exchange of Notes on the occasion of the recent Belgian declaration. Germany has always opposed a policy of pin-pricks from whatever side it may come."

The "Deutsche Allgemeine Zeitung" considers that if there is anything to "explore," it is British foreign policy, and, above all, Mr. Chamberlain's ideas of the part to be played by Germany in Europe now that a fresh balance of power has been brought about.

ANTI-BRITISH CARTOON

Preaching from the same text, the writer of the leading article in to-night's "Hamburger Fremdenblatt" says that British foreign policy has for some time not displayed any clearly recognisable lines.

The cartoon published in the Nazi party weekly, "Das Schwarze Korps," shows Mr. Eden perspiring freely as he lies uneasily on a hard bed, his head upon a stone block labelled "Versailles."

Weights representing Spain, German East Africa, India, "the Arabian question," and the Pact of Mutual Assistance, have crushed him almost flat, while his top hat, decorated with a Union Jack, is floating in a puddle labelled "Mediterranean."

Anti-English cartoons of this kind now appear practically every week in the newspapers run by and for Nazi party formations. This particular one is obviously intended to coincide with the arrival of Lord Halifax.

DISAPPOINTMENT

...ndres/514/1937/Annexo.

The Financial News.

15 de Novembro de 1937.

EUROPE WEEK BY WEEK

...L LORD HALIFAX'S VISIT LEAD HITLER TO CLARIFY HIS POSITION ?

...ERMANY'S ECONOMIC DIFFICULTIES GROWING MORE ACUTE

By Our Foreign News Editor

...y's visit to Berlin raises the all-important question of ...boration in Europe. ...e developments of German ...y make it, indeed, highly ...r good or for ill, that the ...ernment should obtain a ...r of what German intentions

...'s close alliance with Italy, ...e of the alliance to Japan, ...e game in Spain, the renewed ...h Austria and Czecho- ...d above all the intensity ...e demand for colonial re- ...ng pressed on, are an array ...ffectly disturbing to render ...essential.

...time, it is at least doubtful ...e Nazi Government considers ..., from the point of view of ...rest, to clarify its position. ...e has up to date so success- ...d in troubled waters that he ...d be excused for showing ...e to do anything which might ...mitation of his own freedom ...Nor has he given any recent ...e that he would welcome a ...ropean settlement.

...o guard against future dis- ..., therefore, it will be well ...e visit of the Lord President ...uncil as purely informatory, ...ut any constructive results as ...

A STRANGE RUMOUR

...e strangest rumours that has ...connection with Lord Halifax's ...eport that Herr Hitler might ...to enter into a ten-years' truce ...e German colonial demands. ...bservers in Germany strongly ...s a possibility. They point out ...German Government has so ...committed itself to colonial revi- ...would find it exceedingly diffi- ...back without loss of prestige. ...must not be forgotten that the ...paganda is for the regime the ...e means with which to divert ...ontent caused by economic ... There is no present evidence, ...prospect, that these conditions ..., in fact, rather the reverse ...the case.

...SURE ON INDUSTRY

...e evidence that the German ...is about to add one more ...table to the long row of blun- ...have marked its economic ...der the trebe influence of arma- ..., civil public works and ...ures for the Four-Year Plan, ...e capacity of German indus- ...utilised to its fullest extent. ...index of industrial production ...which stood at 54 in 1932 rose ...again last!

...applying the brake to the ...now determining this record ...German industry, the Govern- ...ahead vigorously ahead with the ...while still further in- ...expenditure for military pur-

...is that industry is forced to ... new plant, to replace obsolete ..., above all, owing to the ...shortage of labour, to carry out ...process of rationalisation, ...ment of manual by machine labour. Thus a vast amount of new private capital expenditure is being added to the existing high level of productivity.

In the circumstances, it must be expected that the raw material difficulties experienced by German industry will become even more severe.

FOOD SITUATION WORSE

Concurrently, the food situation has taken a turn to the worse. Only a month ago it seemed that the large potato crop of this year would make it possible for the Government to get on without sacrificing too much foreign exchange for food imports. The widespread appearance of the foot-and-mouth disease has now caused a quite unexpected disturbance of dairy products supplies, and it seems that a considerable increase in imports will become necessary.

Meanwhile, every day brings fresh evidence of the growth of State Socialism in Germany. The latest measure taken by the Government in this direction is the compulsory nationalisation of two private railway companies. The share capital of the two companies is about Rm.45,000,000. The two railways are to be incorporated in the Reich Railway Co., and shareholders are compensated on a 1:1 basis with Reich Railway bonds. As these are quoted slightly below 100, while the shares of the two private companies stood somewhat over par, the shareholders incur a small loss.

BUSINESS MEN APPREHENSIVE

Although the Government is at pains to assert that this nationalisation measure is an exceptional step, rendered imperative by the Four-Year Plan, German business circles are apprehensively asking themselves how many more of such measures will be rendered imperative by the Four-Year Plan.

Perhaps the answer may be found in the "N.S. Rheinfront," one of the official organs of the Nazi Party. In a leading article last week the paper stated that the Third Reich was about to put into practice article 13 of the programme of the party, which says: "We demand the nationalisation of all private trusts." The paper then continues to cite the formation of the "Reich Iron and Steel Co., Hermann Goering" as the first important step in the struggle against "big capitalism."

The article concludes by demanding that the means of production, which during the days of liberalism had passed into private hands, should once more become the property of the people.

SWISS MONETARY MOVES

For months the Swiss monetary authorities have been distressed by the continuous influx into Switzerland of large sums of foreign refugee capital. In order to safeguard against the dangers of the presence of such short-term capital the Swiss National Bank has taken some measures of considerable importance. It has concluded a "Gentlemen's Agreement" with the Swiss Bankers' Association, under which the banks have agreed to convert foreign sight deposits into demand deposits subject to three months' notice, and to refuse to accept further foreign sight deposits. Exceptions are to be made for the "normal" commercial and credit transactions of foreign banks. Demand deposits which are withdrawn in less than six months will have to pay a fee of 1 per cent. per annum, while interest will be paid only for deposits of nine months and over. Furthermore, the banks will ask foreign holders of safe deposits to sign a statement that no Swiss banknotes are kept in those safes. It also appears that the banks are considering to exercise a control over safe deposits to this effect.

GOLD HOLDINGS

It cannot, of course, be denied that some kind of counter measure against the excessive influx of vagabond capital into Switzerland had become necessary. From September 23, 1936, to November 6, 1937, the total gold and foreign exchange holdings of the Swiss National Bank (including the Exchange Equalisation Fund) have risen from 1,536,000,000 francs to over 3,880,000,000 francs. That is equal to 900 francs per head of the population; no other country in the world has anything like such a gold reserve.

The actual amount of foreign refugee capital in Switzerland at present is difficult to estimate. What is certain is that it constitutes a considerable danger to Switzerland's monetary and economic stability. For one thing, the years 1933 to 1935 have shown the havoc which the sudden withdrawal of vast sums of foreign capital can create. Besides, the money and capital market is rendered so liquid that the interest is pressed below a desirable level.

The weakness of the Swiss franc which has resulted from the announcement of the "gentlemen's agreement," shows that the measures are having some initial success.

TAX RELIEF IN NORTH RHODESIA

CONTINUED PROSPERITY

BULAWAYO, November 14.—The continued prosperity of North Rhodesia was reflected in the speech of the Governor, Sir Hubert Young, at the opening of the Legislative Council session at Lusaka.

Native taxation will probably be lowered, and other tax reliefs include 6d. off the petrol duty and remission of the entertainments tax.

The estimated revenue is £1,800,000, of which £220,000 will be put to reserve and tax remission.—Exchange Telegraph.

124 COUNTRIES' ARMS

LEAGUE OF NATIONS' YEAR-BOOK

The League of Nations has published the new edition of the "Statistical Year-Book of the Trade in Arms and Ammunition," now in its thirteenth year. This edition contains information on the imports and exports of arms, ammunition and other implements of war of 62 foreign countries and 62 colonies, protectorates and mandated territories.

Every effort is made to overcome the difficulties inherent in the lack of clear distinction in the data for many countries between arms and ammunition for war and for sport, or self-defence, and the absence of any international and universally adopted system of classifying arms and ammunition.

Most of the statistical tables have been brought up to date, in general up to December 31, 1936, from the most recent publications obtainable.

Londres/514/1937/Annexo.

The Manchester Guardian.

15 de Novembro de 1937.

FRANCE EXPECTS LITTLE FROM LORD HALIFAX'S VISIT

Hitler and the Colonial Issue

A MINOR MATTER AS COMPARED WITH AUSTRIA AND CZECHO-SLOVAKIA

From our own Correspondent

PARIS, NOVEMBER 14.

Lord Halifax's visit to Germany has not caused any particular reactions here, favourable or unfavourable. If Lord Halifax, it is argued, becomes more fully informed of Germany's wishes and intentions so much the better, though it is naturally expected that no commitments of any kind will be made without previous consultation with France.

On the whole, the visit is viewed from here with a certain amount of scepticism. However remote its chances, France would naturally welcome a general agreement which would help to calm Germany and so reduce the danger of war in Europe. But nothing strikes the French as more dangerous and short-sighted than the suggestion made in certain British quarters that the easiest way of "calming" Germany would be by giving her a "free hand" in the East. For once Germany had gained control of Austria and Czecho-Slovakia she would be virtually dominating Europe and France, and England's relatively reduced strength would be an encouragement to her to launch upon even more dangerous adventures elsewhere—and not necessarily in the East.

If the choice were ever to lie between German domination of Europe (which a "free hand in the East" implies, while "fair" offers like an Austrian plebiscite are only calculated to camouflage Germany's real intentions) and, on the other hand, colonies for Germany, ninety-nine Frenchmen out of a hundred would unquestionably be in favour of a colonial settlement, accompanied, of course, by international guarantees that the satisfaction of Germany's colonial claims would not be followed by a new attempt to gain domination in Eastern Europe and eventually in the whole of Europe.

The French are aware that Hitler has always considered colonies as an incidental—and, indeed, as an undesirable incidental—if the matter tends in any way to check Germany's expansion in Europe. It is assumed here that his sharp criticism in "Mein Kampf" of the Kaiser's colonial policy, which he pursued "at the expense of an European policy," still holds good in the Führer's mind.

If, in general, the French are prepared in certain conditions to consider favourably a transfer of colonies to Germany, they would (as M. Jacques Kayser said in a recent article in the "Œuvre") make an exception in the case of Togoland, which would, under German rule, be a strategic point from which Germany could threaten to paralyse completely the mobilisation of France's black troops in Africa. Further, France, of course, would be unwilling to be alone in making colonial concessions to Germany.

Emb.Londres/514/1937/Annexo.

The Manchester Guardian

15 de Novembro de 1937.

LORD HALIFAX TO LEAVE FOR GERMANY ON WEDNESDAY

Talk Last Night With Premier & Mr. Eden

NAZI ORGAN'S STRANGE HINT OF POSTPONEMENT

Does Berlin Really Want the Visit?

FROM OUR POLITICAL CORRESPONDENT

LONDON, SUNDAY NIGHT.

Lord Halifax, the Lord President of the Council, will leave for Berlin on Wednesday. This evening he met Mr. Chamberlain and Mr. Eden (just returned from Brussels) and had a talk with them about his coming meeting with Herr Hitler.

There is much reticence about the visit in British official quarters, which seems to be founded on the belief that the less said between now and the meeting the better. The belief certainly finds some justification to-night in the angry denunciation of the British press which appears in the Nazi News Service. The whole British press, which might have been thought to have discussed Lord Halifax's visit with restraint and sobriety, seems to be attacked because one or two papers have suggested that Herr Hitler is ready to subordinate and even abandon Germany's colonial claims if Great Britain will look with a kindly eye on German ambitions in Central Europe.

There is naturally some speculation about the meaning of this ill-balanced attack, for it is even carried to the length of suggesting that if this is the atmosphere in which the conversations are to be conducted it would be better to drop them. It is wondered whether somebody besides the Nazi News Service has not also lost a sense abrupt way in which Baron von Neurath's visit to London was cancelled.

AN OPPORTUNE LORDS DEBATE

There is an opportune debate in the House of Lords this week on the European situation. On Wednesday Lord Allen of Hurtwood will move a resolution inviting the Government to say what its view is of the grievances and disabilities "from which certain nations claim to be suffering," and what procedure it would favour for "the ultimate negotiation of an all-round settlement within the framework of the League of Nations and the Pact of Paris." The motion was tabled before it was known that Lord Halifax was going to Berlin and would meet Herr Hitler there, but this development endows the debate, which must have been important anyhow, with an even greater importance.

The motion raises the whole subject-matter of the coming Hitler-Halifax talks and any answer the Government makes must touch on the Berlin conversations at some point. Mr. Chamberlain has renounced diplomacy by declamation, but quite consistently with that renunciation he could put up Lord Plymouth in the House of Lords, where declamation of the kind Mr. Chamberlain has in mind is never heard, to say in a sober way what the Government hopes

does Germany's colonial claims if Great Britain will look with a kindly eye on German ambitions in Central Europe.

There is naturally some speculation about the meaning of this ill-balanced attack, for it is even carried to the length of suggesting that if this is the atmosphere in which the conversations are to be conducted it would be better to drop them. It is wondered whether somebody besides the Nazi News Service has not also lost a sense of proportion or, alternatively, whether Lord Halifax is really wanted in Berlin. This may be taking the News Service article too seriously, but people cannot altogether forget the anyhow, with an even greater importance.

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NAZI BULLETIN'S OUTBURST

From our own Correspondent

BERLIN, NOVEMBER 14.

Does Germany want Lord Halifax to come here at all? An extraordinary article written in angry and indeed arrogant language was issued in the early hours of this morning to the press reiterating the points upon which German policy is unchangeable and asking whether it would not be better to postpone the visit.

The article is issued by the National Socialist Party Correspondence, an official Nazi party news service.

The article, in which it is even suggested that it might be better if Lord Halifax's visit were postponed, denies with particular vehemence reports or conjectures that Germany is willing to discuss during Lord Halifax's visit the temporary renunciation of her colonial claims in exchange for a free hand in Central Europe, by which a plebiscite would be pressed upon Austria and a demand would be made upon Czecho-Slovakia to grant administrative autonomy to the Sudetic German minority. [Extracts from the article follow this message.]

EARLIER CANCELLED VISITS RECALLED

Is the party bulletin's article completely authoritative and, if so, does it indicate that Herr Hitler has changed his mind upon the desirability of Lord Halifax's visit? The fact that the visit of Sir John Simon and Mr. Eden was postponed by a diplomatic indisposition of Herr Hitler in 1934 is recalled in this connection. The visit later took place but was abortive except perhaps for the educational effect upon both sides, but particularly upon the British. The cancellation of Baron von Neurath's visit to London is fresh in the memory. It is true that this was only a "postponement," but it has proved to be an indefinite one, and it was as sudden as it was unexpected.

If the Nazi party bulletin is not fully authoritative in the sense that it does not portend the cancellation of the visit or an intimation to Lord Halifax to abandon the plan, does it indicate differences of opinion within the Nazi party itself concerning the visit's utility? In other words, is it an expression of opinion on the part of those quarters which regard an understanding with Great Britain as possibly dangerous to the present triangular course of Germany's foreign policy? Again, there is the possibility that the article may reflect only the anger of the Propaganda Ministry (which controls the home press) with the foreign press.

But, in any case, the article bears the authority of somebody of consequence if not the Propaganda Minister himself. Nothing that is not authorised can, of course, be published at all in Germany. The article, moreover, was rushed into the last editions of the Sunday morning press. In two of the leading Berlin papers it was made the lead with great headlines.

EXTRACTS FROM THE ARTICLE

The statement, which sharply rebukes the foreign press for its speculations on the forthcoming talks between Lord Halifax and Herr Hitler, says (as transmitted by Reuter):

If Lord Halifax's visit is to take place in such an atmosphere the serious question arises whether it would not be more profitable in the interests of a lessening of political tension to postpone the visit for the time being and to let it take place when—especially in the British press—that calmness has been restored which in other countries is usually called decency and love of truth.

There should certainly be an open and frank discussion on many subjects in the conversations which Lord Halifax will have in Germany with competent German statesmen.

But to hope or to believe that the political friendships which unite us with Italy and Japan could be the subject of discussion is completely to misjudge the situation.

Nobody can shake the political reality of the Berlin-Rome axis and of the anti-Comintern Pact with Japan.

Likewise, any insinuation that Germany would be prepared to influence her political friends in matters which concern them alone must be described as completely erroneous and far from reality.

With regard to the Colonial question it should be said that the German public have taken note of the views entertained in London and Paris. It will know how calmly to await further developments.

The audacious assertion that it is Germany's wish on the occasion of Lord Halifax's visit to seek a rapprochement with the Western Powers in order to bring about a four-Power talk for which she longs should be rectified to the effect that, so far as the Reich is concerned, it has no cause to long for this talk, as there exists no subject for controversy between Germany and these Powers which might be discussed.

Germany does not want to cover up the obviously shameful failure of a conference of the Powers which has just ended—presumably a reference to the Brussels Conference—by a new conference.

The statement then charges a number of British newspapers in particular with "sensationalism." It referred especially to the report of one London paper that Hitler would offer Lord Halifax a truce on the colonial question in exchange for a free hand in Central Europe. This is described as "cheeky journalistic impudence" and a "dastardly swindle." The statement proceeds:

There is not a single word of truth in this assertion. It is pure invention from beginning to end and therefore an intentional lie. . . . Germany has repeatedly informed the world through the mouth of the Führer of its colonial claims and has nothing more to add to it.

Germany has regulated her Central European relations by treaties. She does not need help from the outside advice or permission for their interpretation and completion.

Suggestions of such "barter," it adds, cannot be rejected too strongly.

The late Sunday edition of the "Hamburger Fremdenblatt" devoted the major part of its front page to the statement, heading it with the words "International poison-mixers at work" across the entire page. "Der Montag" publishes the statement under these headlines: "Germany refuses to tolerate the impudence of the British press: a plain answer to the new campaign of lies: Berlin will not yield to any compromise."

The Manchester Guardian

18 de Novembro de 1937.

LORD HALIFAX'S MISSION

In the House of Lords yesterday, Lord ALLEN (Nat. Lab.) moved:

That this House views with profound anxiety the progressive deterioration in the international situation that has developed during the last few years; supports the Government in their determination to ensure this country's strength and in their attempt to find some immediate solution of the successive crises that now confront the world; but would welcome at this stage a statement, to be made either in the British Parliament or at the League of Nations, indicating a comprehensive policy directed to a consideration of the grievances and disabilities from which certain nations claim to be suffering, and outlining the procedure which the Government would favour with a view to the ultimate negotiation of an all-round settlement within the framework of the League of Nations and the Pact of Paris.

Lord ALLEN began with a moving tribute to the memory of Mr. Ramsay MacDonald, whom he described as "one of the great peacemakers of our age." Turning to the subject of his motion, he said that his object was to divert the discussion of foreign affairs from the somewhat sterile controversies in which they had recently become involved. "I do not deny," he said, "that the world is threatened by outrageous acts of aggression; but I am doubtful as to the wisdom or helpfulness of confining our attention to considering how those acts of aggression can be forcibly resisted.

"Events certainly demand that we should not retreat from the use of collective force. We employed this method successfully at Nyon. We may have to exercise economic pressure in the Far East." But he proposed to ask the Government to consider the art of peacemaking and not merely the art of using force. To-day public opinion was asking one question more insistently than any other in foreign affairs: Could nothing be done or even attempted to bring about a general appeasement, at any rate in Europe? Might there not be some procedure to this end that we had overlooked?

Lord Halifax's Visit

His motion was tabled three weeks ago. Since then had come the news of the visit of the Leader of the House to Germany. He believed that visit had been welcomed by the whole nation and by all parties. There was no man in British public life more magnificently equipped for the rôle of ambassador of peace. The policy of the Government was one of prudence. Its policy was based upon the League of Nations. Not only must the effort towards appeasement be comprehensive in quality but it must be directed towards the consideration of the grievances—justifiable or unjustifiable—under which certain nations claimed to be suffering.

The Government watched the uprising of dictatorships of Left and Right. It wondered to what extent those dictatorships were really permanently founded. In the meantime it was determined that this country should be strong. So far as he was concerned in a world highly armed, when the peoples of all nations were unwilling to give up their arms, he owed support to this Government in the determination that we should be strong.

The surest road to peace was to restore the authority of the League of Nations. His motion asked for a well designed effort for general appeasement. It was based on a belief that an effort to defeat an aggressor must not ignore the weapon of justice. Germany lay at the heart of the world's geography. There was no doubt that European peace and world peace depended upon an understanding with Germany more than upon any other single event. There was nothing which would do more to prevent a world war and to assist peace than an understanding with Germany at this critical moment.

Missed Opportunities

Germany's recent offers had been rejected. We had discussed pacts of security and not grievances and had sent Germany clumsy questionnaires. "Oh, the pity of those missed opportunities," he added. The Government was approaching world problems piecemeal. This method was of no avail. To-day it was psychology more than economics which dominated the mood of aggrieved nations. The problem of colonies might become a festering sore, like reparations. This problem could not be approached in isolation.

"We cannot start handing colonies around like cards in a game of 'beggar my neighbour'," he went on. Germany had used wrong arguments in this connection and our arguments in reply had also been erroneous. He asked for some statement of British policy, a preliminary declaration covering all points in dispute. He was not asking for a world conference, which would make confusion worse confounded and might be merely a new platform for angry disputation.

In the all-round settlement which he contemplated the signatories must become members of the family of the League of Nations and there must be a limitation of armaments. "Germany," he added, "must be asked to state her attitude on the question of collective security and what she is prepared to put into the common pool." Since Britain had determined to be strong it was incumbent that she should be magnanimous.

LORD SNELL

Imminent Danger

Lord SNELL (Leader of the Opposition) also began with a tribute to Mr. Ramsay MacDonald. The time had not yet come, he said, when a balanced estimate of Mr. MacDonald's career could be attempted, but when all the necessary qualifications were made he believed that the working class, from whom he sprang, would have in it a hearty and justifiable pride. (Hear, hear.)

The motion was timely, for the international situation was immensely complex, with a drift towards imminent danger. The deterioration in the situation had been chiefly due to a lack of moral courage on the part of the leading nations, including our own. No one had been willing to supply the leadership of appeasement.

If the Government desired to lead in the direction suggested by Lord Allen the most important contribution that could be made to peace would be to attempt to return to the old ways, to reduce and destroy the war-provoking, penalty-imposing barriers to trade in various parts of the world and return to the free exchange of goods and services.

He believed very profoundly that the world could not go on as it was at present without disaster. "If there be grievances," he added, "let those grievances be examined and let us face them in a generous spirit. We cannot have civilisation destroyed either by dictators on the one hand or by truculent die-hard patriots on the other. The issue is too serious to allow of that being done.

"The world is full of reasonable people, and they know, as we know, that there is no short cut to peace. There should be consideration within the framework of the League of the colonial question and the possibility of applying the mandate system to territories at present in our possession and in dispute. There should be a renewed attempt to secure a revised form of procedure, and we should make a desperate attempt to end the arms race.

"I am under no spirit of illusion about Germany, and just because I am not I am all the more bound to see that she suffers no injustice. I am not satisfied with the general chorus on this question which says that the colonies would not help Germany if she had them. If they would not, then we should not suffer much loss if we handed them back to her. I am not saying that these things are possible but that they should be examined."

The Labour party wished God-speed to Lord Halifax in the great work in which he was engaged. "We are at the parting of the ways," he concluded. "The days are big with fate for us all, and we are faced with enormous problems concerning which each must make up his own mind where he stands. I personally believe even now that if our country would show the world the way the world could be won back to the paths of peace."

House of Lords

LORD HALIFAX'S VISIT TO

Warning Against Expecting Too Much from It

GERMANY'S CLAIM TO COLONIES

In the House of Lords yesterday the debate was resumed on Lord Allen of Hurtwood's motion calling for a statement from the Government outlining the procedure which the Government would favour with a view to the ultimate negotiation of an all-round settlement of international problems and grievances within the framework of the League of Nations and the Pact of Paris.

Lord CREWE (Leader of the Liberal peers), after paying a tribute to the memory of Mr. Ramsay MacDonald, referred to the visit of Lord Halifax to Berlin. "Both from his personal character and from his past achievements," he said, "there is nobody who could be mentioned before Lord Halifax for the purpose of stating the mind of Great Britain at this difficult time."

It was most difficult in these days to realise precisely what were the views of the German Government with regard to the peace of Europe and of the world. It was extremely important to clear up what were the actual facts about the dread of Communism which was so freely expressed in many parts of Europe. "No appeasement of the European situation can possibly be brought about" he added, "until the facts of Communism are known and are accepted by all the countries of Europe."

In any international conversations which took place the position and the future of Poland would be an important factor.

Turning to the question of colonies, he said: "I do not feel at all sure that the application of the mandate system to such communities as the African colonies has been in its result a happy one. It is open to Germany to say, 'It is all very well. You did not annex our colonies. You rather boasted that you did not wish to add to those thousands of square miles of your territory, but except for the fact that they are to a certain extent Free Trade areas what is the practical difference so far as we are concerned between their position as mandated colonies and what they would have been if you had annexed them?'"

It could not be disputed that there was an impression—not merely in this country and not one which had been fractiously raised for party purposes in this country—that the Government's policy in foreign affairs had lacked clear definition and firm purpose. Therefore he thought it would be for them to consider how soon they would be able to draw some rather sharper and blacker line of general policy than that which they had been able to produce so far.

He did not think anyone could remember any period at which it had been so difficult to look forward to the future with any attempt at foretelling what the state of Europe and the world was likely to be in a few months' or a year's time. Any man would be rash to forecast the future within even that short period.

LORD SANKEY

Desire for Peace

Lord SANKEY (Lab.) said all of them were agreed on one point—they all wanted peace. It was probable that in nearly every country an overwhelming majority of people also wanted peace. Nations were prepared to make great sacrifices for war. What risk were they prepared to incur for peace? "You cannot sentence a great nation to death or to penal servitude for life," he added. "You may impose harsh terms upon them, but is there to be no time for reconsideration? It is a mistake to single out any particular nation and to regard it as your potential enemy for the next ten years."

They would all like to see an all-round settlement, but he could not help feeling a little apprehensive as to the wisdom of trying to do too much at first. "But," he went on, "is Great Britain alone to be called upon to make sacrifices and to incur risks? If we are called upon to make such sacrifices and such risks other nations too should be similarly called upon.

"We are not the only nation in possession of land which belonged to others before the war. If there is to be an all-round settlement I ask whether in the ultimate result the claims of the German-speaking inhabitants of the Southern Tirol are to be considered.

The most important thing for the League to consider to-day was whether we were to have the United States and Germany in the League or whether we should retain the article on sanctions in the Covenant. "You cannot have both," he added. "At present it might be better to have the United States and Germany in the League and article 16 out of the Covenant."

Lord STONEHAVEN (C.) said two members of the House had dealt with the question of the German colonies and had submitted, as they were entitled to do, a particular point of view. There was an exactly opposite point of view about which he proposed to say nothing, not because he did not feel strongly enough about it but because when Lord Halifax was in Berlin trying to establish a satisfactory atmosphere for future negotiations the less said about anything which might form a subject of discussion between us and Germany the better. He had referred to it quite briefly because if there was no word said from the other side there would be misunderstanding abroad and in Africa.

Lord NCEL-BUXTON (Lab.) said the feeling towards this country in Germany had deteriorated in recent times. "Public feeling," he added, "has been worked up to a rather heated point and we must realise that an unfortunate incident might possibly make it very difficult for the German Government to appear to accept any sort of humiliating drawback."

No one could doubt that interest in the colonial question had "caught on" among the German people.

REARMING

A Danger to Peace

Lord PONSONBY (Lab.) deprecated the practice of shouting pronouncements across Europe. "The Diplomatic Service should be used more than it is," he said. "Diplomats should not be relegated to the position of office keepers. One of the curses of the machine age to-day is the loud-speaker, the amplifier, and the megaphone because they really make people think that if you talk loud enough you can be more persuasive. They desecrate speeches and make sermons sound like street cries."

If we went on with collective security it was impossible to get Germany to come and talk. Force was not the basis upon which we could build up peace.

He sympathised with the Government in the difficult task which they were facing. "Dictators," he added, "are difficult, and the more they become aware of the internal discontent behind them the more inclined they are to display a certain truculence in their foreign relations. But I see no reason whatever for armed conflict on any of the outstanding questions of to-day. Where there is goodwill I think that they might be solved."

It had been taken for granted that we were strong because we were rearming and that our rearmament made us a peaceful element in the world, but the piling up of arms was one of the initial causes of war. Every soldier, sailor, and airman who enlisted to swell the numbers beyond the ordinary was a distinctly detrimental factor and an enemy of democracy.

If we were going on with the piling up of armaments, that was the real danger of war. Air-raid precautions making the whole population believe there was an imminent danger of air raids in this country—what was the effect of that? A sort of feeling of being scared was growing in the country. What, when it came and if it did come to a terribly tragic outbreak of that new sort of warfare, were bombproof shelters, gas-masks, and other precautions going to do against panic leading to revolution and riot? There was no protection against that. He could not understand why the Government did not see that they were simply taking a leaf out of the book of the dictators.

LORD SWINTON

Lord Halifax's Mission

Lord SWINTON (C.—Secretary for Air), in a tribute to Mr. Ramsay MacDonald, said those who knew him or served with him must have been struck by two characteristics—his courage in good times and bad, and his spirit of service.

Turning to the motion, Lord Swinton said the rearmament programme which the Government was necessarily pursuing was with universal consent, because everyone in this country and outside knew it was pursued with only one purpose—that the country could be strong for peace.

He was sure the Government would not serve the purpose they had at heart if at this moment they made a statement on what they thought should be the terms on which a lasting world settlement could be reached. It was not this country alone which could say what should be the terms of the

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It was unwise to state a number of pecific terms which it was thought hould find a place in any settlement. 'We believe," he added, "that the will o agreement is not only in this country but that it is present in other countries too. We shall make little or no progress unless when we do enter upon negotiations we do so in the spirit that we shall be met as frankly and sincerely in these negotiations as we enter upon them ourselves."

Dealing with Lord Halifax's visit to Germany he said: "He is indeed the ideal person for that purpose as interpreter of English life and English thought. But I would say two things about that visit. The real value of a visit of that kind is that it should be a natural thing for that visit to be paid, that it should not be regarded as some extraordinary and exceptional event. Do not let us expect too much from it. The worst service that could be done to any part of a negotiation is to surround that particular visit or, that particular discussion with a tremendous glare of publicity and ask at every stage: 'What is he doing?—How far has he succeeded?—What is the result?'

"If that is to be the way in which these sort of visits are to take place they will do more harm than good and we shall make them quite impossible. I would be content if as the result of visits of this kind it was simply said, 'We talked frankly and freely and we understand one another a great deal better.'

"After all, international relations, like human relations, are based on mutual understanding and the breeding of mutual confidence."

Raw Materials

With regard to the problem of raw materials, he maintained that the "block" was not due to tariffs; the real "block" was caused by the instability of currencies and by the exchange controls which followed from it, and it should be to remove this instability that our efforts should be directed.

It was not practical or desirable for the Government to make a comprehensive statement at the present time. The Government themselves should decide what were the methods which gave the best hope of achieving a lasting peace.

Lord DICKINSON (Lab.) said we must be prepared to lead the way. He believed we could do that with ease in regard to the territories we held under the League mandate. It would be no injury to the native inhabitants if those territories should be retransferred to Germany, nor would it constitute any military danger to the British Empire comparable to the gain to Europe arising out of the removal of a constant source of irritation. Some people might say the proposal meant the betrayal of the people now protected under British rule, but he did not admit that.

Lord Allen withdrew his motion and the House rose at 7 19.

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...e House of Lords yesterday the ...as resumed on Lord Allen of ...'s motion calling for a state... from the Government outlining ...olicy which the Government ...ursue with a view to the ...negotiation of an all-round ...ent of international problems ...ences within the framework ...ague of Nations and the Pact.

...ORD (Leader of the Liberal ...ore paying a tribute to the ...y of Mr. Ramsay MacDonald, ...to the visit of Lord Halifax to ...Both from his personal charac... ...his past achievements," he ...e is nobody who could be ...ed before Lord Halifax for the ...of easing the mind of Great ...this difficult time."

...most difficult in these days to ...recisely what were the views of ...ent Government with regard to ...s of Europe and of the world. ...extremely important to clear up ...the actual facts about the ...Communism which was so ...concerned in many parts of ...

"No appeasement of the ...situation can possibly be ...ssful," he added, "until the ...ism and Communism are known and are ...by all the countries of Europe." ...international conversations ...declare the position and the ...Ireland would be an important ...

...to the question of colonies, he ...did not feel at all sure that the ...of the mandate system to ...ountries as the African ...had been in its result a happy ...to open to Germany to say, 'It ...very well. You did not annex our ...You rather boasted that you ...to add to those thousands ...square miles of your territory, but ...for the fact that they are to a ...different Free Trade areas what is ...practical difference so far as we are ...concerned between their position as ...colonies and what they would ...even if you had annexed them?'" ...could not be disputed that there ...an impression—not merely in this ...but very much which had been ...

year's time. Any man would be rash to forecast the future within even that short period.

LORD SANKEY

Desire for Peace

Lord SANKEY (Lab.) said all of them were agreed on one point—they all wanted peace. It was probable that in nearly every country an overwhelming majority of people also wanted peace. Nations were prepared to make great sacrifices for war. What risk were they prepared to incur for peace? "You cannot sentence a great nation to death or to penal servitude for life," he added. "You may impose harsh terms upon them, but is there to be no time for reconsideration? It is a mistake to single out any particular nation and to regard it as your potential enemy for the next ten years."

They would all like to see an all-round settlement, but he could not help feeling a little apprehensive as to the wisdom of trying to do too much at first. "But," he went on, "is Great Britain alone to be called upon to make sacrifices and to incur risks? If we are called upon to make such sacrifices and such risks other nations too should be similarly called upon.

"We are not the only nation in possession of land which belonged to others before the war. If there is to be an all-round settlement I ask whether in the ultimate result the claims of the German-speaking inhabitants of the Southern Tirol are to be considered.

The most important thing for the League to consider to-day was whether we were to have the United States and Germany in the League or whether we should retain the article on sanctions in the Covenant. "You cannot have both," he added. "At present it might be better to have the United States and Germany in the League and article 16 out of the Covenant."

Lord STONEHAVEN (C.) said two members of the House had dealt with the question of the German colonies and had submitted, as they were entitled to do, a particular point of view. There was an exactly opposite point of view about which he proposed to say nothing, not because he did not feel strongly enough about it but because when Lord Halifax was in Berlin trying to establish a satisfactory atmosphere for future negotiations the less said about anything which might form a subject of discussion between us and Germany the better. He had referred to it quite ... there was no word ... would ... the colonial question had "caught on" among the German people.

REARMING

A Danger to Peace

Lord PONSONBY (Lab.) deprecated the practice of shouting pronouncements across Europe. "The Diplomatic Service should be used more than it is," he said. "Diplomats should not be relegated to the position of office keepers. One of the curses of the machine age to-day is the loud-speaker, the amplifier, and the megaphone because they really make people think that if you talk loud enough you can be more persuasive. They desecrate speeches and make sermons sound like street cries."

If we went on with collective security it was impossible to get Germany to come and talk. Force was not the basis upon which we could build up peace.

He sympathised with the Government in the difficult task which they were facing. "Dictators," he added, "are difficult, and the more they become aware of the internal discontent behind them the more inclined they are to display a certain truculence in their foreign relations. But I see no reason whatever for armed conflict on any of the outstanding questions of to-day. Where there is goodwill I think that they might be solved."

It had been taken for granted that we were strong because we were rearming and that our rearmament made us a peaceful element in the world, but the piling up of arms was one of the initial causes of war. Every soldier, sailor, and airman who enlisted to swell the numbers beyond the ordinary was a distinctly detrimental factor and an enemy of democracy.

If we were going on with the piling up of armaments, that was the real danger of war. Air-raid precautions making the whole population believe there was an imminent danger of air raids in this country—what was the effect of that? A sort of feeling of being scared was growing in the country. What, when it came and if it did come to a terribly tragic outbreak of that new sort of warfare, were bombproof shelters, gas-masks, and other precautions going to do against panic leading to revolution and riot? There was no protection against that. He could not understand why the Government did not see that they were simply taking a leaf out of the book of the dictators.

LORD SWINTON

Lord Halifax's Mission

Lord SWINTON (C.—Secretary for Air), in a tribute to Mr. Ramsay MacDonald, said those who knew him or served with him must have been struck by two characteristics—his courage in good times and bad, and his spirit of service.

Turning to the motion, Lord Swinton said the rearmament programme which the Government was necessarily pur... with universal consent, ...country and

The Manchester Guardian

22 de November de 1937.

door had been opened. No arrangements have been made for a visit by the German Foreign Minister to London. (11)

The Japanese have taken Soochow and are pressing on in the direction of Nanking. (11)

The Japanese are demanding new rights in the Shanghai International Settlements. (14)

General Franco has accepted in principle the proposal to send to Spain Commissions to investigate the number of volunteers. (14)

A number of important arrests have been made during the week-end following the discovery in France of an arms plot. (11)

The Duke of Aosta, cousin of the King of Italy, is to be Viceroy of Abyssinia in succession to Marshal Graziani. Signor Mussolini has made himself Minister for Italian East Africa. (14)

Flying Officer Clouston and Mrs. Betty Kirby-Green reached Croydon on Saturday, having flown to the Cape and back in under six days. (7)

FOREIGN FIELDS

Lord Halifax has now talked at length with Hitler. What he discovered from Hitler or Hitler from him is not known, but whether the mutual discoveries, if there were any, were agreeable or disagreeable to either side, the search for a more precise knowledge of aims and methods should be of service; the damage would only arise if our Government, having obtained a clearer view of the roads that might be followed, chose the wrong one. No such danger arises at the moment. Whether there was not some such danger recently is a different matter, as was shown by the pother caused by a newspaper announcement. When the "Evening Standard" said that the "basis" of the Halifax-Hitler talks was to be that we should give Germany a "free hand" in Eastern Europe and that Germany should not press her colonial claims against us, it was at any rate only saying something that was consistent with the outlines of Germany's policy from "Mein Kampf" onwards and that would, further, be approved by a powerful group of people in this country who consist partly of politicians outside the Cabinet and partly of Ministers within it. There has, of course, been no Cabinet decision in favour of such a plan, and if it was ever pressed on the Prime Minister it was not finally accepted. We know, however, that Germany has a "colonial" grievance. We are by no means so sure what importance she really attaches to it, but since she states it emphatically and since she has a certain "case" we have to grapple with it; there is little doubt now that both the British and the French Governments would be willing to "do something" and not to stop short at mere words.

Events are moving with a threatening rapidity; that is why Mr. Chamberlain is justified in trying to draw nearer to Italy and to Germany, provided that it can be done without betraying parties or principles that are of greater price than the accommodations which he seeks. We became estranged from Italy by the Abyssinian war. The Spanish war, in which Italy and Germany were the first to intervene by arms, increased the strain. Japan followed with her attack on China, the disorder in Europe fomenting and fomented by violence in the Far East. A whole body of ambitions and grievances was gathered up at last in the Anti-Comintern Pact of Germany, Italy, and Japan. Anti-Bolshevism is the creature's name; it is ugly but astutely chosen, for it comprehends whatever the three signatories may disapprove; the tentacles of all three will whip out against a "Bolshevistic" opponent of any one of them, and in these days even a Government led by Mr. Chamberlain may be thought "Bolshevistic." Under this specious guise the triple block is an agreement for mutual support, at present only moral and diplomatic. Unless some means [illegible] produced by the [illegible] nts. (Observe that last [illegible] Russia, having for [illegible] the British plan for [illegible] one important point, [illegible] gave way.) Mr. Chamberlain had desired, and no doubt still desires, to agree with Italy. But Signor

opinion; it is cautious, reserved, and ready to suspect that the United States may be used by interested parties, but it is also generous in spirit, quick to be moved by wrong-doing, and not unmindful of its own national interests. The "concerted effort" for which the President has asked is not to be seen merely in diplomatic approaches. It is to be seen beneath the surface of the proposed trade agreement between the British Empire and the United States, the two most powerful groups among "the peace-loving nations." It is to be seen more formally in the Brussels Conference. That body indeed seems likely, for many different reasons, to do little enough for China. But it meets again to-day and it should at least not end without the United States and Britain being confirmed in their intention to work together for their declared ends in the Far East, which, in its effects at least, means everywhere else as well.

Guardian

de 1937.

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...thing" and not to stop short at ...
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But the issues of principle have spread beyond Europe; they overshadow the world. To Spain is added Japan, and to both the Anti-Comintern Pact. The United States is anxious, and has reason, to keep out of European feuds. But what has been and is happening is not European or Asiatic; it has a universal character. "The landmarks and traditions," said President Roosevelt on October 5, "which have "marked the progress of civilisation "toward a condition of law, order, "and justice are being wiped away." Watching the nature of the wars in Spain and in China, "if these things "come to pass in other parts of the "world," he said, "let no one imagine "that America will escape, that it "may expect mercy," and "the "peace-loving nations must make a "concerted effort." The President has to respect his American public opinion; it is cautious, reserved, and ready to suspect that the United States may be used by interested parties, but it is also generous in spirit, quick to be moved by wrong-doing, and not unmindful of its own national interests. The "concerted effort" for which the President has asked is not to be seen merely in diplomatic approaches. It is to be seen beneath the surface of the proposed trade agreement between the British Empire and the United States, the two most powerful groups among "the peace-loving nations." It is to be seen more formally in the Brussels Conference. That body indeed seems likely, for many different reasons, to do little enough for China. But it meets again to-day and it should at least not end without the United States and Britain being confirmed in their intention to work together for their declared ends in the Far East, which, in its effects at ...means everywhere else as well.

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The Manchester Guardian

24 de Novembro de 1937.

BACKGROUND OF THE TALKS WITH HITLER

Germany's Far-Reaching Demands

PRICE OF RETURN TO LEAGUE AND COLONIAL "TRUCE"

The "Free Hand" in Central Europe

FROM OUR DIPLOMATIC CORRESPONDENT

[The Prime Minister yesterday stated that he hoped to be in a position to make a statement to-day in Parliament on Lord Halifax's visit to Germany. Lord Halifax, whose report will be considered at to-day's meeting of the Cabinet, yesterday gave the King an account of his conversations.]

LONDON, TUESDAY NIGHT.

Lord Halifax's visit to Berlin has perhaps been useful after all. For Germany's wishes or demands, as far as this country is concerned, are now known. A fairly detailed statement of these demands was received here before Lord Halifax left for Berlin, so that the basis of the conversations between Herr Hitler and Lord Halifax—or, rather, the basis of what Hitler said—was known in advance.

Germany's demands might have been guessed or deduced with fair accuracy from recent German statements, both public and private (some of the latter have been particularly frank), and, of course, from "Mein Kampf." But it is important that her demands should have been stated afresh on the occasion of Lord Halifax's visit to Germany, when they formed the background to his conversation with Hitler, or, rather, to the words Hitler addressed to him.

SIX POINTS

These demands may be summarised as follows :—

1. Germany is willing to rejoin the League of Nations on condition that the Covenant is redrafted, that the clauses relating to "sanctions" are amended, that every connection between the League and the peace treaties is severed, that the clause relating to so-called "war guilt" is cancelled, that the "minorities treaties" are revised, and that Italian sovereignty over Abyssinia is recognised by the British Government.

2. Great Britain is asked to consent to a reorganisation of the Czecho-Slovak State on the model of the Swiss Federal system, the "Sudetenland" (the part of Czecho-Slovakia mainly inhabited by Germans) being allowed to acquire a status analogous to that of a Swiss canton.

3. Great Britain is asked to pledge herself to refrain from giving the Austrian Government any diplomatic, political, or military assistance.

4. Germany pledges herself to refrain from raising the colonial issue for a period of six years if Great Britain will, in return, pledge herself to assist Germany in recovering her former colonies when the six years are over. [illegible] requires to establish no naval

the independence of Austria, and retains a free hand so as to safeguard her own position in Austria, indeed in all Central Europe.

It is conceivable that Germany's Central European policy might have consequences affecting the whole European balance of power, and therefore the vital interests of Great Britain. And yet this country is asked to commit herself to complete disinterestedness in advance—a negative commitment, it is true, but a very heavy one indeed, and one wholly out of keeping with her present and her traditional foreign policy.

CZECHO-SLOVAKIA

With regard to Czecho-Slovakia, the trend in that composite State is towards a federal solution in any case. The German proposal, if carried out, so far from promoting that solution would wreck it, for, if carried out, as it would be, under German pressure—Great Britain, and therefore France, standing aside—it would not be a federal solution at all. It would at best mean the German domination of Czecho-Slovakia and at worst the dismemberment of the Czecho-Slovak State.

As for the "Sudetenland" (the region inhabited by the Sudetic German minority), the analogy with Switzerland is very deceptive. Switzerland has a national cohesion strong enough to make a federal status possible. Czecho-Slovakia has not enough cohesion as yet. A cantonal system, if prematurely imposed, would mean disruption. It would mean the union of the Sudetenland with Germany in effect, even if not in a formal sense. It would, indeed, be a second Anschluss.

Germany demands the revision of the "Minorities Treaties." Her reasons are not very clear. These treaties have not been a success, but they do impose duties as well as rights on the national minorities and do make them part of the Genevan order. It is presumably Germany's purpose to loosen them from this order.

The German proposals contain, so to speak, the "Greater Germany" in embryo.

If Germany returns to Geneva when her conditions have been fulfilled, she returns as conqueror. Having received a free hand in Central and Eastern Europe, she will have a large number of satellite

OF RETURN ... EAGUE

...allowed ... is to that of a Swiss can...

3. ...itain is asked to pledge herself to refrain from giving the Austrian Government any diplomatic, political, or military assistance.

4. Germany pledges herself to refrain from raising the colonial issue for a period of six years if Great Britain will, in return, pledge herself to assist Germany in recovering her former colonies when the six years are over. Germany promises to establish no naval or military bases in her former colonies.

5. Germany promises to do her best in restoring peace to Spain when the British Government has given de jure recognition to the Government at Salamanca.

6. Germany promises to do her best in restoring peace to the Far East.

WHOLLY UNACCEPTABLE

The British Government is in no way committed to acceptance of these proposals and, indeed, they prove on examination wholly unacceptable. But all serious proposals coming from Germany require careful scrutiny—these, which are certainly serious, above all,—for there is an influential group of politicians in this country and a certain section of British opinion that would favour an Anglo-German "settlement" on some such basis.

The German proposals are skilfully wrapped in Genevan "ideology." Their real significance is apparent when the wrapping is removed. What Germany demands is a "free hand" in Austria and in Czecho-Slovakia. Although Great Britain has interests in both countries she is asked to pledge herself to refrain from even impinging on any situation that may arise in them, no matter how her own interests (which are commercial as well as political) may be affected by that situation. In fact, Great Britain is really asked to recognise Austria

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The German... ...contain, so to speak, the "G... ...ermany" in embryo.

If Germany returns to Geneva when her conditions have been fulfilled, she returns as conqueror. Having received a free hand in Central and Eastern Europe, she will have a large number of satellite States at her disposal within the League. With all this—and with amendments of the Covenant favourable to herself—she could make a bid for a kind of hegemony within the League, especially if Japan were to return to Geneva as well. Italy would be her close associate on the Council, and Geneva might become the fulcrum of the Rome-Berlin axis.

ISOLATING GREAT BRITAIN

For this country acceptance of the German proposals would mean a crisis in Anglo-French relations. It would profoundly disturb Anglo-American relations, which have been developing so favourably of late. It would isolate Great Britain and compel her to carry out a programme of rearmament far more prodigious than her present programme, for she would have to make up for the loss of good and powerful friends. Nor would she have gained the friendship of Germany; indeed, the opposite is true, for there can be no Anglo-German friendship with a weak England but only with a strong England within the framework of a general European settlement.

The German proposals, interesting as they are, cannot be regarded as a basis for a new British foreign policy. It is hoped—and there is some reason to believe—that the course followed by British foreign policy heretofore will be authoritatively reaffirmed in the near future.

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in both countries she is asked to pledge herself to refrain from even impinging on any situation that may arise in them, no matter how her own interests (which are commercial as well as political) may be affected by that situation. In fact, Great Britain is really asked to recognise Austria and Czecho-Slovakia as German "spheres of interest."

The consequence would be, if this country were to agree, that all Central and Eastern Europe, including the Balkans, would become a German "sphere of interest," for, having secured an ascendancy in Austria and Czecho-Slovakia, Germany would have no difficulty in extending that ascendancy eastwards and south-eastwards. France, deprived of British co-operation, would be quite unable to exercise a restraining influence.

ABSORPTION OF AUSTRIA

That Germany means to absorb Austria is well known. The process of absorption might be difficult and might have far-reaching consequences. While Great Britain cannot commit herself to the defence of Austria against absorption (that is to say, against the "Anschluss"), she has hitherto emphasised her interest in

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FRANCE INFORMED

PARIS, NOVEMBER 23.

M. Chautemps, the French Prime Minister, this afternoon received Sir Eric Phipps, the British Ambassador, and, it is learned, informed the French Government of the results of Lord Halifax's visit to Germany.—Reuter.

HERR VON RIBBENTROP

Back to Berlin Again

Herr von Ribbentrop, the German Ambassador, left London yesterday for Berlin. He is on his way (according to Reuter) to attend a banquet to be given there to-day by the Japanese Ambassador, which Herr Hitler is expected to attend.

The banquet marks the first anniversary of the conclusion of the German-Japanese Anti-Comintern Agreement, and the German Cabinet Ministers and heads of the armed forces will be present.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 3 de Dezembro de 1937.

No.529

O problema colonial allemão.

602.77(81)

S. S. DAS RELAÇÕES EXTERIORES
Serviço de Informações
29 DEZ. 1937
No 15908

Senhor Ministro,

O problema colonial allemão tem sido objecto de multiplas interpellações na Camara dos Communs.

2. Assim é que ha dois dias o deputado liberal Mander, interpellando o Senhor Eden, perguntou se não lhe parecia chegado o momento de fazer comprehender a Allemanha que em caso algum as suas antigas colonias lhe seriam restituidas sob soberania, significando-lhes bem não existir nenhuma possibilidade de estudo sobre a extensão do systema mandatario e de "internacionalisação" de administração colonial, salvo em caso de liquidação definitiva, no qual caso a Allemanha deverá cooperar de novo em Genebra, no sentido de chegar-se á pratica de uma convenção de desarmamento.

3. Sir Henry Page Croft, conservador extremista, perguntou por sua vez ao Senhor Eden, se está sciente que qualquer suggestão tendente a restituir á Allemanha uma parte do Imperio colonial britannico, encontra viva oposição na opinião de todo o

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

o Imperio. Emfim o deputado trabalhista Shinwell chamou a attenção do Senhor Eden sobre o facto que - julgam os trabalhistas - a politica do Governo continua incerta e ambigua. O Senhor Eden limitou-se a responder genericamente aos interpellantes, que nada mais tinha a accrescentar á resposta já dada anteriormente, em nome do Governo britannico.

4. Dois jornaes - o "Daily Telegraph and Morning Post", conservador, e o "News Chronicle", liberal, occupam-se de novo com o problema colonial. Ambos mostram-se accordes em reconhecer que ainda muitas semanas, consagradas ao estudo aprofundado da materia, deverão passar antes que se possa chegar a uma solução satisfactoria sobre o assumpto. E o proprio redactor diplomatico do "Daily Telegraph" indica que nenhuma decisão foi ainda tomada, mesmo quanto á forma que revestirá o exame das suggestões allemãs apresentadas a Lord Halifax. "De qualquer maneira - accrescenta - será necessario uma consulta aos Dominios e ás potencias mandatarias, isso além de estudos in loco, tanto politicos como militares e economicos, estudos que só podem ser longos."

5. Parece certo, entretanto, que as propostas a serem eventualmente feitas á Allemanha, serão baseadas sobre uma expansão economica germanica, mais do que, em importantes transferencias de territorios, isso porque me parece ainda certo que o Governo britannico jamais admitirá a suggestão de se crear uma Companhia - mais ou menos inspirada na formula antiga que nós brasileiros outr'ora conhecemos, como foi a Companhia das Indias - Companhia na qual o Reich seria o principal accionista, para a exploração dos territorios centro-africanos que agora se acham na posse são indiscutida ou de Portugal ou da Belgica.

6. Por outro lado, concomitantemente com o exame da queztão colonial, espera-se, em Londres, apenas a possibilidade para o inicio de conversações com a Italia, no desejo de regula-

regularisar as relações anglo-italianas e affirma-se que uma moderação na propaganda italiana crearia uma atmosphera mais favoravel ás futuras discussões entre as duas potencias.

7. O redactor diplomatico do "News Chronicle" prevê que caso seja a Belgica levada a ceder territorios, a Gran-Bretanha poderia, a titulo de compensação, abandonar-lhe uma banda do territorio adjacente ao Congo-Belga.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafael de Sousa

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 8 de Dezembro de 1937.

No.538

O augmento dos desempregados.

650.44(60)
836

D.F.C.

S. D. E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
29 DEZ. 1937.
No 15908

Senhor Ministro,

As ultimas estatisticas inglezas sobre o "chômage" para o mez de Novembro proximo findo, assignalam que o numero dos desempregados na Inglaterra augmentaram de 108.954 individuos relativamente á cifra apresentada no mez de Outubro do anno corrente.

2. O total dos desempregados officialmente inscriptos era, a 15 de Novembro, de 1.499.203 individuos. Convem, entretando, notar que essa cifra é inferior na proporção de 69.860 inscriptos á cifra apresentada em Novembro de 1936.

3. Verifica-se, porém, que o augmento do "chomage" é sensivel de tres mezes a esta parte, sendo ainda mais accentuado do que no anno findo.

4. Tratar-se-ia, pois, de outro factor além da epocha invernal, não parecendo, entretanto, que tal possa ser exclusivamente imputado á depressão economica do paiz, mas sim antes á

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

RS

á guerra sino-japoneza e á penuria das materias primas, que está gravemente affectuando certas industrias britannicas.

Tenho a honra de reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafael de Loureiro

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 8 de Dezembro de 1937.

No.539

Viagem de G. Lansbury
á Europa Central.
A 30.1(60)(80)

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
29 DEZ. 1937
Nº 15308

Senhor Ministro,

O Senhor George Lansbury, antigo leader do Partido Trabalhista, deixará hoje esta cidade para effectuar uma viagem de estudos na Europa Central.

2. O Senhor Lansbury passará inicialmente por Praga onde se avistará com o Presidente Benes, encontrando-se ainda com o Primeiro Ministro e o Ministro dos Negocios Estrangeiros da Tchecoslovaquia.

3. Irá em seguida a Varsovia, onde será recebido pelo Presidente Moscicki e o Coronel Beck. Não deixará tambem de passar por Vienna, onde, á convite da Sociedade literaria "Vienna Kulturbund"; fará uma conferencia sobre a paz do mundo. Encontra-se-á ainda, na mesma occasião, com o Chanceller austriaco, Schuschnigg.

4. O Senhor Lansbury explicou ha dois dias, diante de um grupo de parlamentares pacifistas, os fins de sua presente

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

presente viagem. Insistiu, sobretudo, sobre o aspecto economico da sua missão. Alem da questão da volta á liberdade commercial, que julga ser o melhor meio de promover a paz, estudará ainda com os seus interlocutores certos problemas especiaes dos paizes que atravessará, taes como o tratamento aos judeos polonezes e aos "objectores" de consciencia na Jugoslavia.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafi dos Santos

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 8 de Dezembro de 1937.

No.541

A reorganisação no alto commando do exercito.

620.(60)

S. de E. dos Negocios Exteriores
29 DEZ 1937
No 15908

Senhor Ministro,

As mudanças annunciadas para breve no alto commando britannico, occasionaram hontem alguns protestos na Camara dos Communs.

2. O Senhor Greenwood, leader do "Labour Party", na ausencia do Senhor Attlee, mostrou-se surpreso por não ter o Ministro da Guerra annunciado com antecedencia tal decisão governamental. Entretanto, em resposta, o actual Ministro da Guerra, Senhor Hora Belisha, sustentou que a mudança decidida pelo Governo, mesmo sem conhecimento previo do Parlamento, representava um acto perfeitamente constitucional.

3. Em seguida o General Sir Alfred Knox, conservador, irmão mais velho do General Sir Harry Knox, que acaba de deixar voluntariamente o "Army Council" (Conselho do Exercito) para deixar o lugar a um official mais jovem, protestou então com certa amargura, declarando que na realidade Sir Cyril Deverell e Sir

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

CRS

Sir Harry Knox, não se haviam retirado voluntariamente, mas haviam recebido o "bilhete azul". O interpellante pergunta então, ironicamente, se os quarenta annos de experiencia dos dois Generaes distituidos não contariam tanto com os seis mezes de experiencia do Ministro do "War Office".

4. A Camara dos Communs não pareceu aprovar o ataque pessoal ao Senhor Hora Belisha e contentou-se com enviar os seus interlocutores á declaração publica que foi feita sobre a retirada dos dois officiaes superiores reformados, o que foi acceito por ambos os interpellantes.

5. Sir Alfred Knox explicou em seguida que seu irmão, o General, não fora o inspirador da sua interpellação.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafael de Sousa

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 8 de Dezembro de 1937.

No.542

Bloqueio das costas
governamentaes espanholas.

M. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
29 DEZ 1937
No. 15308

601.3(84)
P6

Senhor Ministro,

Uma resposta foi enviada hoje á primeira das duas "notas verbaes" recentemente communicadas pelas autoridades de Salamanca ao Embaixador da Gran-Bretanha, Sir Henry Chilton. A primeira das citadas notas confirmava o aviso de Radio-Salamanca relativo ao bloqueio dos portos governamentaes e a collocação de minas ao largo das costas espanholas.

2. A resposta ingleza, enviada a Handaya a Sir Henry Chilton, reitera as declarações precedentes inglezas, segundo ás quaes Londres não reconheceria ao Governo de Salamanca o direito de declarar um bloqueio, pois os direitos de belligerancia não foram concedidos ás autoridades nacionalistas.

3. Lembra ainda a nota ingleza que, em virtude do exposto, os navios inglezes que estiverem em legitimo commercio com os portos governamentaes, gozarão, como no passado, da protecção da marinha britannica. No que especialemente concerne

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

concerne ás minas sub-marinas, a resposta ingleza recorda que a 8a. Convenção da Haya prohibe a collocação da minas ao largo das costas de um inimigo, quando existe como unico objecto á intercepção da navegação commercial. Toda a acção contraria á citada Convenção constituirá uma infracção ao direito internacional, mesmo se, e tal não é o caso presente, os direitos de belligerancia forem reconhecidos aos combatentes.

4. A segunda "nota verbal" de Salamanca, occupando-se mais particularmente do commercio de laranjas, ainda não chegou á Londres.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafs de Sousa

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 9 de Dezembro de 1937.

SP

No.545

A defesa anti-aérea britannica.

620.6(60)
Nb

S. DE E. DAS RELAÇÕES E
Serviço de Comm
29 DEZ. 1937
No 15908

Senhor Ministro,

A Camara dos Communs adoptou, em terceira e ultima leitura, o projecto de lei sobre as precauções a serem tomadas em vista da defesa anti-aérea.

2. Durante a discussão, o Senhor O.E. Simmonds, conservador, que foi membro da missão parlamentar enviada a Paris e Berlim para o estudo das medidas a serem tomadas naquellas capitaes para assegurar a protecção da população civil, citou a organização de França como exemplo a ser seguido pelas autoridades britannicas.

3. Sir Samuel Hoare, Ministro do Interior, resumiu os debates, affirmando duas causas, a saber: 1º) a impossibilidade de se assegurar uma immunidade completa contra os ataques aereos ás populações pertencentes a paizes profundamente industrialisados; 2º) a impossibilidade de se consagrar á defesa passiva, sommas de dinheiro ou effetivos por demais consideraveis.

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

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consideraveis.

4. Sir Samuel salientou ainda que na Allemanha e em França, esforçavam-se ambos os Governos para conservar uma balança igualitaria entre a defesa passiva e a defesa activa anti-aérea, o que, segundo lhe parece, enfraquecerá o "sentido da offensiva". Ha ainda, accrescentou Sir Samuel, uma questão de bom senso a indicar que a melhor maneira de se assegurar a defesa de Londres é de se crear uma aviação forte e vigorosa, capaz de condemnar a aviação inimiga e de defender a cidade.

Tenho a honra de reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafi de Lima

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 9 de Dezembro de 1937.

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Communicações
29 DEZ. 1937
No 15908

No.550

Uma moção de reprovação
ao Senhor Attlee.

601.3(84)
(B)

Senhor Ministro,

Um deputado conservador, o Senhor Siddall, apresentou uma moção de reprovação ao Chefe do Partido Trabalhista, por ter, em discurso pronunciado na Espanha a 6 do corrente, proclamando a invencibilidade da Republica espanhola. O Senhor Liddall, que pedirá hoje ao Senhor Chamberlain a discussão dessa moção para a semana proxima, accusa o leader trabalhista de ter faltado a sua palavra.

2. O Senhor Eden, com effeito, declarou a 6 de Novembro proximo findo á Camara dos Communs, que os Senhores Attlee e Noel Baker, assim como Miss Wilkinson, antes de partir "tomaram o compromisso formal de nada fazer que fosse em contradicção com a politica de não-intervenção, que é a seguida pelo Governo britannico." Ora, o Major Attlee e os seus companheiros declararam: "Nós estamos impressionados pela organização e a energia do povo espanhol e como vós mesmos, estamos certos da victoria."

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

MCRS

victoria."

3. Na sua proposta de reprovação, o Senhor Liddall chama ainda a attenção para o facto que o Senhor Attlee recebe uma indemnisação parlamentar de 2.000 libras annuaes, isso na sua qualidade de Chefe da oposição e cita a phrase seguinte do discurso do Chefe trabalhista: "Quando nós voltarmos a Londres, cidade administrada por socialistas e operarios, organisaremos um meeting publico para falar ao povo da situação real deste paiz e lhe dizer a verdade sobre a Espanha republicana, invencivel e invencida."

4. O Chefe da oposição parlamentar britannica terá assim implicitamente promettido fazer pressão sobre o Governo de Londres para modificar a sua attitude no que toca á Espanha lealista.

5. Na verdade, essas palavras estão conformes á doutrina que o Senhor Attlee sempre sustentou na Camara dos Communs. Mas tal incidente terá como effeito crystalisar bruscamente as preferencias dos partidos extremos na Camara dos Communs.

Tenho a honra de reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rafael de Sousa

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

9 IEC

Londres, em 10 de Dezembro de 1937.

No.559

Situação economica da Allemanha.

650.(81)
Rb

S. DE E. DAS REL. EXTERIORES
Serviço de Informações
29 DEZ. 1937
No 15908

Senhor Ministro,

Tenho a honra de passar ás mãos de Vossa Excellencia uma serie de 7 artigos que publicou, recentemente, "The Financial Times" sobre a situação economica da Allemanha, da autoria do Senhor Norman Crump,-escriptor bem conhecido e autoridade em questões economicas- que me parecem ser de grande interesse a essa Secretaria de Estado e ao Ministerio da Fazenda, pelos resultados praticos, segundo parece, que foram conseguidos na moderna Allemanha.

2. Esses artigos, como Vossa Excellencia se dignará verificar, versam sobre os seguintes pontos: I. Estudo preliminar; II. Orçamento e divida publica; III. O plano quatriennal; IV. Despesas com armamentos e Obras publicas; V. Commercio exterior e restricção cambial; VI Trabalho, salario e custo da vida; VII. Conclusão.

Aproveito a opportunidade para reiterar a Vossa Ex-

A Sua Excellencia o Senhor Embaixador Mario Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

Emb.Londres/559/1937/2.

Excellencia os protestos da minha respeitosa consideração.

Reginaldo Lourenço

The Financial Times

30 de Novembro de 1937.

TIMES, Tuesday, 30th November, 1937

ECONOMIC CONDITIONS IN GERMANY—I

NAZI PLANNING: EXPANSION OF CREDIT: CHARACTER OF INTERNAL RECOVERY

The following is the first of a series of seven articles on the economic situation in Germany. This article is a general survey. Subsequent articles will discuss in detail the Four Year Plan, Public Finance, Foreign Trade and Exchange, Employment, Wages and Cost of Living, with a final summary of conclusions.

Mr. Crump, who is a well-known writer on economic affairs, has recently visited Germany, where the authorities concerned gave special facilities for information to THE FINANCIAL TIMES. *Based on comprehensive new data, much of which has hitherto not been published, this series gives the first review of the facts of Germany's economic and financial position.*

By NORMAN CRUMP

The Third Reich came into being early in 1933 in the depths of the world depression. Economic nationalism was spreading throughout the world. Already Germany had imposed exchange restrictions and postponed payment of most of her foreign debt. She was at once a victim as well as a leading exponent of the new doctrine.

At home, when Herr Hitler entered into power, he was faced with nearly six million unemployed. One of his first announcements was that he would abolish unemployment within four years. To-day, with unemployment reduced to under 500,000, Herr Hitler has achieved his end, and his promise and its execution represents the first key to Nazi economics.

From 1933 to 1936 everything was subordinated to the creation of employment. The chief instrument was the provision of the necessary finance by the Government to anyone who was thereby enabled to offer fresh work.

NEW SET OF CONTROLS

In a normal economic system such indiscriminate expansion of credit quickly creates corresponding difficulties. It leads to an internal rise in prices and wages, unsound banking and credit conditions, a depreciation of the exchanges and a flight of capital abroad. To prevent these, Germany had to set up and extend a new set of controls. These in effect represent the essential bearings of the new economic machine. If any of these bearings were to be removed the machine would cease to function properly.

At home wages and prices are kept virtually stationary. All new capital issues are controlled, and in practice new borrowing is limited to Government purposes or to those new public enterprises sponsored by the Four-Year Plan. Industrialists are nominally free agents, but in practice execute the Government's desires. The export of capital from Germany abroad is prohibited, exchange dealings and imports are controlled. Even when goods have been imported the authorities can direct to whom they are to be supplied. Most of Germany's foreign trade is conducted by means of exchange clearing or payments agreements.

CREDIT AND PRODUCTION

With these controls established, and also with a general faith in the Government extending to the currency and the banking system, things can be done which would be impossible under a free economy. In particular, any creation of credit can be translated into increased production without dissipating itself in rising prices, wages or costs. On the other hand, any increase in the standard of living must arise from an improvement in employment and the number of hours worked, and from diversion of workers from unskilled to skilled occupations rather than from any increase in wage rates.

While there has been some improvement in real wages (a point which is generally unknown in England) and a greater improvement in the general standard of living (due to the disappearance of unemployment), the total improvement is limited. Hence the expansion in production has far outrun the expansion in consumption. Taking 1928 = 100, production in 1933 stood at 61.5 and in July, 1937, had reached 119.1, whereas the rise in the retail trade figure has been from 60 to a little over 80.

A large part of Germany's activity has, then, been devoted to production of capital goods, and such a policy forms part of the Government's own designs for fostering rearmament and construction work for the Four-Year Plan. But there is a limit to the internal capital development of Germany, now clearly reflected in her desire for colonies as providing fresh scope for capital development. This again is a point which has hardly received sufficient attention outside Germany.

"WORK-CREATION" BILLS

In order to create work, the Government began by granting subsidies, partly in the form of tax-credit certificates (available for the payment of certain taxes at a later date) and partly direct. Next came the well-known "work-creation" bills, drawn by employers in general and accepted and endorsed by special institutions set up for the purpose. These could be rediscounted at the Reichsbank and so were taken freely by the whole banking system. In other words, they could be turned into cash, and were therefore both an important and potent instrument for the general expansion of credit, causing a consequent expansion in production.

The same system of special bills is used in financing rearmament and the Four Year Plan, and in a sense rearmament grew out of the original concept of creating work. The number of bills held by the banking system has risen from Rm.4,966 millions in 1933 to Rm.11,046 millions in 1937, or, at Rm.12.30 to the pound, nearly £1,000 million sterling. Obviously this is a heavy liability. But in this way the ball was set rolling and increased activity has naturally meant a substantial saving on unemployment relief and a pronounced buoyancy of the national revenue.

It has also produced an abundant supply of credit, increased liquidity and general repayment of bank loans, and made for a steady increase in savings available for investment. (Savings for 1933 are quoted at Rm.12,359,000, and in 1937, July, at Rm.17,716,000). Meanwhile all the economic controls have been maintained, so that none of this momentum is dissipated in higher prices or a flight of funds abroad.

Modern Germany argues that there is no inflation unless prices begin to rise; and as prices are controlled it appears that according to this definition there can be no inflation. Credit is an instrument to be used for creating employment. There are no inhibitions over gold reserves, reserve ratios and the like. In counting the cost, so it is argued, it is fair to take into consideration savings effected through the reduction of unemployment. The measure of the country's ability to undertake fresh development work simply depends upon the margin between the country's power to produce and its capacity to consume.

CHANGES ILLUSTRATED

Some of the fundamental economic changes in Germany are illustrated in the following tables:—

TABLE I

ECONOMIC CHANGES

	1929	1932	1937
	(Rm. millions)		
National income..	77,000	45,000	68,000
Government tax rev. (gross)...	*	6,600	13,500
Production (under 1928=100) ...	87.1	54.0	119.1
Number of workers employed (millions) ...	17.9	12.5	19.1
Number of workers unemployed (millions) ...	1.89	5.57	0.47

* No comparable figure available.

(Details of prices, wages and cost of living will be discussed in the article on labour conditions.)

TABLE II

FINANCIAL CHANGES

	1929	1932	1937
	(Rm. millions)		
Reichsbank—			
Note circulation	5,043	3,561	4,876
Bills & cheques	2,608	2,805	5,052
Gold	2,283	806	66
At other banks—			
Bills discounted	4,106	2,161	6,044
Advances	11,227	8,670	5,971
Deposits	21,753	14,694	16,502

STRIKING IMPROVEMENT

Economically the improvement since 1932 is very striking. There has been a net increase in the employment and production since 1929, and this in part explains Germany's anxiety regarding her raw material supplies. In fact, she is determined to raise the whole level of economic activity well above the pre-depression level, and to do so she must either import raw materials in excess of the 1929 volume or else manufacture substitutes at home. To view Germany's economic perspective, however, it is essential to realise that she is not content with restoring the 1929 level of activity, and, indeed, that she has already gone beyond it.

Continued on Page Eight Column Five

CONDITIONS IN GERMANY

NAZI CH...

NO BIG CREDIT EXPANSION

PROBLEMS STILL TO BE FACED

On the financial side, the expansion in the bills held by the banking system is very marked, and most of these bills arise out of either the work creation or the rearmament activities of the Government. Meanwhile, the increase in the note circulation is not excessive. The main change is that to-day the note issue is almost entirely fiduciary, being covered by bills and cheques as a substitute for the gold reserves of eight years ago.

The increase in bank deposits is also very limited, possibly because of the absorption of savings in long-term Government loans. Also the greater prosperity of industry has caused the repayment of old bank advances as well as the creation of fresh deposits. Once the disappearance of the country's gold reserves are admitted, together with the general maintenance of faith in a purely fiduciary currency, it is arguable that there has been no inordinate expansion of credit. It is important to realise this fact, admittedly with its attendant reservation, for so far there has been a disposition here to assume that Germany has indulged in an orgy of inflation.

SELF-SUFFICIENCY AIM

To sum up, the Third Reich has built a fence all round Germany, controls most phases of economic life inside, and has subordinated everything to the creation of full employment, to rearmament and a desire for self-sufficiency. Many of these points will be discussed in subsequent articles, but the overriding consideration is that Germany's new economic machine is working and has brought about a remarkable improvement in production and employment. It is true that this improvement is mainly in the manufacture of capital goods, with any expansion in consumption taking second place. The banking and credit system also has to play its allotted part, while Germany is not finding it so easy to expand her foreign trade and her supplies of raw materials from abroad. These are some of the problems awaiting solution.

But for the moment the new system works, and so far there is no justification for apprehensions of an early financial or economic breakdown.

The Financial Times

1 de Dezembro de 1937.

TIMES, Wednesday, 1st December, 1937

ECONOMIC CONDITIONS IN GERMANY—II

THE FOUR YEAR PLAN : A PERMANENT SCHEME : REACTIONS ON FINANCE

The following is the second of a series of seven articles. The first, published yesterday, was a general survey of economic conditions in Germany. Subsequent articles will discuss Public Finance (including armament expenditure), Foreign Trade and Exchange, Employment, Wages and Cost of Living, with a final summary of conclusions

By NORMAN CRUMP

From the economic standpoint, the Four Year Plan is the most important of the recent developments in Germany. It completely dominates a large section of Germany's economic policy.

The second "Four Year Plan," as it is often called to distinguish it from the 1933 Four Year Plan to abolish unemployment by 1937, was officially announced a year ago. Much of the preliminary staff-work had been previously carried out, so that it was possible to put the plan into execution immediately upon its announcement.

The declared object of the plan is to ensure an adequate supply of essential raw materials. As was pointed out yesterday, Germany is thinking in terms of a scale of production and consumption well above the pre-depression level. In the background may be memories of the blockade of 1914-19, a desire to avoid similar pressure in the event of another war, and even a realisation of the potentialities of economic sanctions, if universally and drastically applied. But the declared motive is the provision of an adequate raw material supply in times of peace.

FREQUENT CHANGES

The term "Four Year Plan" is largely a slogan. The Plan is to be a permanent feature of German economic life, and four years is only the time by the end of which the Plan is to be fully in operation. The Plan itself is entirely elastic. It is continually being modified, altered and expanded to meet Germany's growing and changing raw material needs, and to take account of new inventions. Its execution is in the hands of a highly complex organisation.

When the Plan was conceived, the first task was to find out what raw materials Germany needed. The next question was how much Germany was able to or could afford to import from abroad. The answers to these questions showed how much of the different basic materials Germany had to produce at home.

GOVERNING FACTORS

The next step was to decide where each kind of raw material could best be produced. This required the co-operation of industry, which has naturally been forthcoming. Existing factories are being enlarged and new factories for the production of raw materials are being built. The determining factors are the availability of the necessary plant and labour—particularly the latter, which largely determines the geographical location of the new factories.

It may come as a surprise to many people in England to learn that some of these factories are even located in the frontier districts, in contrast to the new armament factories which are placed in the middle of Germany. To this extent the Four Year Plan is a peace-time rather than a war-time measure.

The organisation of the Four Year Plan is concentrated in Berlin. There are no branch offices, but any "drive" required behind the Plan is exerted through the Party Gauleiters (Provincial leaders). The real function of the Four Year Plan Office in Berlin is to ensure that the new factories are built and opened according to schedule, and that the desired home production of raw materials is achieved and maintained. This may sound a simple matter, but in practice it means that the Four Year Plan Office now largely determines, both generally and in detail, the whole of Germany's economic policy.

FINDING CAPITAL

Thus the Four Year Plan Office has to find the finance needed for the construction of the new factories. It has power to open the capital issue market for this purpose or to suggest that manufacturers should divert their liquid reserves to this end. It can call upon the banking system, upon the Reich funds and even upon the Finance Ministry for assistance, though Government financial help is confined mainly to research work.

The amount of capital invested in Four Year Plan factories is not disclosed, but it was stated very recently that 30 per cent. of the total was derived from manufacturers' reserves, 50 per cent. from issues of shares and securities, 8 per cent. from bank credit and co-operative loans and 12 per cent. from Reich funds and the national revenue. This, again, is a new fact of some significance, for it suggests that the Plan is being largely financed out of the nation's savings.

COMPLETE CO-OPERATION

Next, the Four Year Plan Office organises the supply of the raw materials needed for the construction of the new factories. Here, again, it has very wide powers. It can divert raw material imports to its own needs. It can, and does, prohibit the exportation of certain classes of machinery, etc., on the ground that they are needed at home for the execution of the Plan. It can control consumption.

Thus, certain kinds of wood may no longer be used for fuel and the peasants are being made to burn coal instead. The Four Year Plan co-operates with the Ministry of Agriculture in several important respects. As examples may be mentioned the stimulation of the growth of textile materials at home, the manufacture of refrigerators and potato desiccators so as to prevent food wastage, and the diversion of skim milk from pig-feeding to the manufacture of plastic materials.

Similarly, the supply of labour for the construction and operation of the new factories has to be planned. There is no rigid division between production for the Four Year Plan and general industrial activity. In many cases one section of a factory will be engaged upon Four Year Plan work, while the remainder of the factory will be engaged upon general production. Labour is not conscripted and there are no special rates of pay. Steps are taken, however, for the training of skilled labour of a suitable description.

Raw materials produced under the Four Year Plan include synthetic oil, "buna," or synthetic rubber, synthetic textile materials (zellwolle or staple fibre), plastic materials, etc., etc. The efforts to further the growth of natural textile materials have already been noticed. On the metallurgical side, fresh prospecting is going on in Germany, but probably with little chance of success. Much more important is the new scheme for smelting low-grade iron ore embraced in the Hermann Goering steelworks.

TEXTILE PRODUCTION

Elaborate progress charts are kept. To quote some facts which hitherto have not been disclosed, the last of the new factories for the manufacture of staple fibre is due to be completed in the first quarter of 1938. From then onwards the scheduled production of staple fibre will have been achieved. The actual schedule of production from the initiation of the Plan, and the estimated reduction in imports, of textile raw materials is shown below:—

	Home production (tons thousand)	Reduction in import values (Rm. millions)
1936	42.8	79.6
1937	94.2	145.3
1938	140.3	168.6
1939	148.4	168.6
1940	146.6	168.6

The objective thus is a home production of 146,000 tons of textile materials, and this will have been reached by the second quarter of 1938. Similar progress charts exist for all other raw materials, and it may now be stated that so far the execution of the Plan is if anything ahead of schedule.

Common arguments in favour of the Plan consist first of allegations of a growing world shortage of essential materials, such as petroleum; and second of an allusion to the fact that certain synthetic materials such as rayon, bakelite and plastic materials are already being produced upon a commercial basis after a lapse of less than a generation after their invention. The second argument carries the greater conviction, and it is not impossible that bona and synthetic oil may in time become serious competitors of natural rubber and oil.

Continued on Page Eight Column Five

Emb. Londres/559/1937/Annexo.

CONDITIONS IN GERMANY

Continued from Page Six Col. Six

FOUR YEAR PLAN

Dangers in its Operation

At present the cost of production remains very high, and heavy duties, partly for revenue purposes, are imposed upon the imported natural products. Still the Four Year Plan is meant to be a permanent feature in German economic life, and the cost of making these products may in time become greatly reduced.

In conclusion, it is necessary to emphasise the importance of the Four Year Plan in German economic life. To-day everything else must give way to it. The desires of industry and of individual manufacturers must be subordinated, and it can override the Reichsbank's natural wish to expand exports and regulate imports so as to augment Germany's supplies of foreign exchange. It overshadows the Board of Trade, and, indeed, makes full use of the latter's machinery for regulating imports so as to ensure that its own raw material needs have priority. It has, of course, to co-ordinate its own needs with those of rearmament, which also enjoy priority, but the Four Year Plan will continue after rearmament is complete. On the other hand, the Four Year Plan is already adding its quota to the national output. The products of the Four Year Plan factories are passing into consumption, and are not being accumulated as reserves against future emergency.

The main danger to-day of the Four Year Plan is that it represents a new demand upon and a new element in the economic machine, and so adds to the danger of overlapping between various official economic interests—a danger which in certain respects appears serious. The Plan is, in fact, the new focus of the Third Reich's economic policy. As such it has come to the centre of the stage, and everything has had to make room for it.

German savings for 1933 should have been quoted yesterday as Rm.12,359,000,000 and for July, 1937, as Rm.17,716,000,000.

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cerned, our turnover to date is very satisfactory, and the orders on our books in each case are also in excess of last year. This being so, I feel that as long as we appreciate the situation as referred to above, we can go forward with confidence to meet any difficulties we may have to overcome.

Before concluding, I know you will agree with me that our appreciation should be conveyed to our distributors and dealers for their loyalty and energy in distributing our products to the purchasing public. No company or group of companies such as ours can succeed in placing its products with the purchasing public unless they are assisted by an energetic and progressive sales organisation. Owing to our increased production in the past few years, our distributors and dealers have had the opportunity of securing greater returns for the efforts they have put forward, and I congratulate them on the increased prosperity which they have achieved, and express the hope that the future will bring to them further increases in this direction.

ALLOCATIONS TO RESERVE

Returning to the report of the directors, it will be noted that there is a balance of £294,547 available after providing for the dividends on the Five per Cent. and Seven per Cent. Cumulative Preference shares. Out of this figure your directors recommend that £85,000 be transferred to the general reserve account and £10,000 to the buildings reserve account. You will appreciate that this recommendation is in accordance with the company's policy of building up a sound financial position, and in this way making a large proportion of the profits earned available for the future development of our business. After making these reserves it is recommended that a dividend of 15 per cent. on the Non-Cumulative Preferred Ordinary shares, and a dividend of 15 per cent. on the Deferred Ordinary shares be paid. Subject to these appropriations being agreed the carry-forward will be £149,880, the corresponding figure last year being £141,610.

I should like particularly to mention how much we appreciate the loyal services which have been rendered by the staff and the works employees in our various factories. Their efforts have been of the greatest assistance in creating the successful results which we have reviewed to-day, and I know that we can with confidence count upon their continued co-operation in the very progressive policy that this company intends to follow in the years to come.

(Gentlemen, I have pleasure in proposing that the report and accounts as presented be received and adopted, and I ask Mr. W. E. Rootes to second the resolution.

Mr. W. E. Rootes (deputy-chairman) seconded the resolution and it was carried unanimously.

The dividends as recommended were announced; the retiring directors

course, to the striking rise in the prices of lead and zinc which took place during the first half of the year. When I last addressed you I allowed myself to take an optimistic view of the prospects of these metals, which I thought had been too long under-valued. I certainly did not anticipate, however, the extraordinary demand, partly legitimate but largely speculative, which drove these and other commodities up to levels from which a reaction was in any case inevitable: nor did I anticipate the series of political and economic shocks in various quarters of the globe which have accentuated that reaction. In spite of these violent and unsettling fluctuations, I am still of the opinion that the long range outlook for both lead and zinc is fundamentally healthy, and that they will take their full share in the recovery of commodity values which may be expected to accompany a return to saner and more tranquil conditions.

Ore treated for our own account amounted to 638,729 tons, resulting in the production of 70,486 tons of lead concentrates and 69,863 tons of zinc concentrates. The tonnages of ore treated and of lead concentrates produced were the largest since the opening of the mine, as also was the silver content of the lead concentrates. On the other hand, the production of zinc concentrates again declined with the falling off of the zinc content of the ore in depth.

SUBSIDIARY SOURCES OF REVENUE

Turning to secondary sources of revenue, our sales of pyrite concentrates amounted to approximately 82,000 tons, showing an increase of 32,000 tons over the previous year. With the additional plant now available for the recovery of this by-product, we look for some further expansion in this section of our business. We expect also during the current year to commence earning some additional revenue from the recovery, in the form of a low-grade copper concentrate, of the small copper content of the Stanley ore. The necessary equipment for this purpose was installed last summer, and production is now proceeding, although the metallurgical problems connected with the process are not yet fully solved. A further source of revenue lies in the treatment of ore for our neighbours, Kopanolk Mines, Ltd., in the new section of the concentrating plant which was constructed for the purpose and brought into operation last June.

As I foretold last year, there has been a further rise in operating costs per ton of ore treated. Apart from the increases in wage rates, in the cost of supplies and in sea freights, which were the inevitable result of the recent improvement in industrial conditions, the depth at which we are mining, though still comparatively shallow, is increasing year by year; this, of course, involves higher costs for pumping, hoisting, filling and ventilation.

The Financial Times

2 de Dezembro de 1937.

TIMES, Thursday, 2nd December, 1937

ECONOMIC CONDITIONS IN GERMANY—III

GERMANY'S BUDGET AND NATIONAL DEBT

RESOURCES AVAILABLE FOR ARMAMENTS

The following is the third of a series of seven special articles. Those published on Monday and Tuesday were: I. A General Survey; II. The Four Year Plan.

To-morrow's article forecasts the 1938 Budget and estimates Germany's total expenditure on armaments.

By NORMAN CRUMP

The last Budget published for the German Reich was for the financial year ended 31st March, 1935. Since then there has been no Budget or return of annual expenditure. Returns of revenue collected are available to date, while the Reich also discloses the details of the funded, floating and external debt. The complete short-term indebtedness of the Reich is not disclosed. Much of it is not direct debt, but consists of bills accepted and endorsed by special institutions set up by the Government. In this way the amount spent on rearmament is withheld from the public.

One of the consequences of the recovery of the past four years has been a rapid growth in the Reich revenue. This is shown in the following table, which compares tax revenue with the national income:—

(Rm. millions)

Year	Reich tax gross	Rev. net*	Nat. inc.	Ratio of gross rev. to nat. inc.%
1929-30	9,172	5,879	76,000	12.1
1932-33	6,647	4,925	45,000	14.8
1933-34	6,846	4,956	47,000	14.6
1934-35	8,223	5,728	53,000	15.5
1935-36	9,654	7,064	57,000	16.9
1936-37	11,492	8,881	62,000	18.5
1937-38	13,500†	10,900†	68,000	19.9

* After deducting the Reich's contribution to the Provinces. † Estimated.

The last column shows that there has been a definite increase in the burden of taxation, though the latest figure of 19.9 per cent. is probably little higher than to-day's British ratio of tax revenue to national income.

HIGHER TAX YIELD

Nevertheless, the fact remains that since 1932-33 the net tax revenue collected by the Reich has risen from Rm.4,900 millions to Rm.10,900 millions, and that this increase is due mainly to the general recovery in the country. This is a fact of the utmost importance which has so far not been appreciated abroad. It suggests that Germany may be nearly at the end of the period of the most serious strain upon her credit. To give some details of revenue, comparing 1932-33 and 1937-38, the income-tax yield has risen from Rm.1,383 to Rm.3,204 millions, partly because more people are both earning and also passing from the lower to the higher categories of taxation, partly because of the general increase in the national income and partly because of more efficient collection. The yield of the turnover tax has risen from Rm.1,364 to Rm.2,389 millions, but owing to the restrictions on imports the yield of Customs duties has only risen from Rm.1,106 to Rm.1,383 millions.

A further important source of revenue which does not appear in the returns is the saving on unemployment relief. An unemployed worker draws relief at the rate of Rm.60 a month or Rm.720 a year. In 1933 there were 5½ million unemployed and to-day there are 500,000. This represents a gross saving of Rm.3,600 millions for this year compared with 1933. This saving has been growing year by year since 1933 with the decline in unemployment. It is not surprising to learn that by now the Reich finances expect to obtain a share of this saving amounting to Rm.2,000 millions a year.

REVENUE SURPLUS

The 1934-35 Budget showed expenditure of Rm.8,000 millions. By then net tax revenue had improved to Rm.5,728 millions, while miscellaneous sources of revenue, some of which persist until to-day, amounted to about Rm.800 millions. The net budget deficit thus was Rm.1,472 millions. At that date no rearmament expenditure was included in the budget. Any money spent by Germany on rearmament was found in other ways. Setting the 1934-35 expenditure against the miscellaneous revenue for that year, it appears that the Reich requires for all purposes other than rearmament and public works a net tax revenue of, say, Rm.7,200 millions. This figure may have increased since 1934-35, but not by very much. It may be fair to place it between Rm.7,500 millions and Rm.8,000 millions.

Any tax revenue surplus to this amount, and also any receipts from the unemployment fund, are obviously available to finance rearmament or public works, to redeem outstanding short-term debt, or for any other Government purpose. In 1937-38 the amount so available was, at a conservative estimate, about Rm.5,000 millions, and smaller amounts were available in 1935-36 and 1936-37.

THREE YEARS' FIGURES

Thus the expansion in revenue, due to the general recovery and to heavy taxation must have made during the three years 1935-38 an appreciable contribution to the cost of rearmament and public works amounting, perhaps, to Rm.8,000 millions.

These calculations are summarised in the following table. Many of the figures shown as estimates are little better than guesswork, and the main object of the table is to show the results in convenient form.

	1935-36	1936-37	1937-38	Total for 3 years 1935-38
	(Rm. millions)			
Net tax revenue	7,000	8,900	10,900	26,800
Deduct ordinary expenditure, less miscel. revenue	7,200	7,500*	7,800*	22,500
Ordinary surplus (+) or deficit (−)	−200	+1,400	+3,100	+2,300
From Unemployment Fund	600*	1,200*	2,000*	3,700
Total cash receipts from current sources	400	2,600	5,100	6,000

* Estimated.

Continued on Page Eight Column Five

Emb. Londres/559/1937/Annexo.

CONDITIONS IN GERMANY

Continued from Page Six Col. Five

NATIONAL DEBT

Big Expansion in Five Years

The next point to consider is that of the Reich national debt. The disclosed debt is set out in the following table:—

March 31st	1929	1932	1933	1934
		(Rm. millions)		
Funded	7,071	7,724	7,775	8,416
Floating* ...	990	1,722	1,948	2,188
Total				
Internal debt	8,061	9,446	9,723	10,604
External debt	877	2,706	2,621	1,811

March 31st	1935	1936	1937
	(Rm. millions)		
Funded	8,315	9,830	12,268
Floating*	2,487	2,918	2,383
Total			
Internal debt ...	10,802	12,748	14,651
External debt ...	1,730	1,698	1,480

*The floating debt total excludes tax-credit certificates.

As already stated, the Reich has an almost complete monopoly over the capital issue market. Between 31st March, 1932 and 1937, there was a net increase of Rm.5,200 millions in the internal debt, accruing partly out of new savings of the nation called into being by the general recovery. Between 31st March, 1935 and 1937, the net increase was Rm.3,800 millions. This, like additional tax revenue, was available for rearmament or public works, for the redemption of undisclosed short-term debt and for other unrevealed purposes.

The reduction in the external debt since 1932 is chiefly due to the devaluation or depreciation of foreign currencies. The main impression left from a survey of the Reich's financial position is that during recent years increasing amounts have become available for expenditure upon rearmament and public works. How far this meets Germany's requirements in these directions will form the subject of tomorrow's article.

NITRATE RAILWAYS

IQUIQUE-LA NORIA LINE'S POSITION UNCHANGED

The report of the Finance Committee of the Chamber of Deputies on the Budget for 1938 shows slightly higher estimates for revenue and expenditure than was previously expected, owing to the depreciation of the franc. The figures are:—

Revenue: Frs.54,251 millions (£369 millions);

Expenditure: Frs.52,691 millions (£358 millions);

Surplus: Frs.1,560 millions (£11 millions).

This estimated surplus will, it is calculated, cover the greater part of the cost-of-living bonuses for civil servants and pensioners voted last week, amounting to about Frs.1,700,000,000 (£11.7 millions), giving a net deficit of under £1,000,000.

In order to speed up the Budget deliberations, which begin to-morrow morning, it has been agreed that the Chamber will take the vote on the total estimates before the general debate.

It is hoped that the Chamber will have passed the first reading of the Budget estimates by 15th December, so that the Senate may be able to take the Budget in hand by 16th December.

ESTIMATES HIGHER

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M. BONNET'S STATEMENT

M. Bonnet, Finance Minister, said this evening that he would have heavy liabilities to meet at the beginning of the New Year. He preferred to make an appeal to the savings of the people, by means of a loan, to meet these obligations.

In this way he would be able to a large extent to keep in reserve the Frs.10 milliards (£67⅕ millions) which could still be taken from the Bank of France in the form of advances to the State.

The bonds will be repayable at par on 1st December, 1940: at 106 on 1st December, 1943: and at 112 on 1st December, 1946. The Bonnet Four per Cent. bonds issued last August and falling due next August will be taken in exchange for the new bonds at Frs.975.50 per Frs.1,000 bond.

It is expected that the total amount of the new loan will be around Frs.2,000 millions (about £13,500,000). The official announcement will appear in the "Journal Officiel" to-morrow.

The proceeds of the issue, it is believed, will be utilised to refund the Exchange Equalisation Fund and, if necessary, the Bank of France the gold now being paid out to repay the London banking credit of £40,000,000.

price will be Frs.950 per Frs.1,000 bond —that is, 95½ per cent.

Emb.Londres/559/1937/Annexo.

The Financial Times

3 de Dezembro de 1937.

...L TIMES, Friday, 3rd December, 1937

ECONOMIC CONDITIONS IN GERMANY—IV

EXPENDITURE ON ARMAMENTS AND PUBLIC WORKS

UNDISCLOSED DEBTS: THE 1938 BUDGET: HOPES OF A BALANCE

The following is the fourth of a series of seven special articles which began on Tuesday last. Previous articles have been: I—A General Survey; II—The Four Year Plan; III—Budget and National Debt. The series will continue on Monday next with V—Foreign Trade and Exchange, followed by VI—Employment, Wages and Cost of Living, and VII—Conclusions.

By NORMAN CRUMP

Yesterday's article described the growth in the Reich's revenue and the increase in the disclosed National Debt. It can be shown that during the three financial years to March, 1938, the net yield from these sources, and also from the saving on unemployment relief, available for expenditure upon rearmament and public works might be of the order of Rm.14,000 millions, or, at Rm.12.50 to the pound, £1,120 millions sterling. The purpose of the present article is to examine the bearing of this figure and other data upon the probable cost of rearmament to date.

Let us begin by analysing this figure of Rm.14,000 millions, covering the three years from 31st March, 1935, to 31st March, 1938.

NEW BORROWING

The suggestion was made yesterday that at a rough estimate the total cash accruing during this period from surplus revenue and the Unemployment Fund may be of the order of Rm.8,000 millions. New net borrowing during the same period may bring in Rm.6,000 millions; for in 1935-37 alone it amounted to Rm.3,800 millions, leaving an estimated Rm.2,200 millions for 1937-38.

These figures are estimates, and must be accepted with corresponding reserve. Still, as stated, they point to a total sum of around Rm.14,000 millions becoming available for rearmament or other purposes during these three years from revenue or disclosed borrowing alone. This is equivalent to an average of less than Rm.5,000 millions a year, obviously far less than has actually been spent.

UNREVEALED SPENDING

The method of financing rearmament and other public works is in principle very simple. Bills are drawn by the manufacturers concerned, and are accepted and endorsed by special institutions. They can then be rediscounted at the Reichsbank, and so can be taken up by the Golddiskontbank (which issues its own promissory notes against them), by the banking system, and by the insurance companies, and by anyone who wants a rediscountable short-term investment.

These bills are renewed from time to time and ultimately are to be redeemed out of surplus revenue or the proceeds of direct Government borrowing. In this way the cost of public works and rearmament is kept temporarily out of the disclosed and direct National Debt. The amount of these bills and other short-term Government borrowing is not disclosed, and so it is impossible to deduce anything further from the three years 1935-38. The only line of approach is to tackle the problem from the other end.

The present hope is that by next year (1938-39) revenue and direct borrowing will have expanded to the point where it will prove possible to prevent any further expansion in the undisclosed short-term debt. By 1939-40 it is hoped to be able to begin repaying short-term debt. This hope makes it possible to attempt a very rough guess at the Budget position of next year. Put net revenue at Rm.13,000 millions (against Rm.10,900 millions for this year). Add Rm.2,000 millions, a conservative figure, for the receipts from the Unemployment Fund. Place the year's new borrowing at Rm.3,000 millions. This makes total cash receipts for the year of Rm.18,000 millions.

MAKING UP LEEWAY

Now keep the net ordinary expenditure (less miscellaneous revenue) at an estimated Rm.7,500 millions. This leaves next year a margin of Rm.10,500 millions available for rearmament and public works. These calculations are again summarised in tabular form:—

	1938-39 (Rm. millions)
Net revenue	13,000
From unemployment fund ...	2,000
New disclosed borrowing ...	3,000
Total cash receipts	18,000
Deduct ordinary expenditure	7,500
Surplus available for rearmament, etc.	10,500*

* £840 millions at Rm.12.50 to £1.

It may be that the cost of rearmament will be lower next year than in 1936-37 or 1937-38. It is impossible to prove this, but it is obvious that Germany had much leeway to make up when she began rearming several years ago.

The general impression in Berlin to-day is that she has nearly made up this leeway, in which case it would be natural for the annual cost of rearmament to decrease. On the other hand, the authorities have no hesitation in scrapping obsolescent war material, and their experience in Spain has been useful in that respect. Still, if they adopt a policy of heavy renewals, they may find that their hopes of avoiding further short-term borrowing next year may not be fulfilled.

If the peak of rearmament expenditure is now being passed this would suggest that the cost of rearmament and public works during each of these two years lay somewhere between Rm.10,000 and Rm.15,000 millions. The cost in 1935-36 may have been lower, as the new programme was then only in its early stages.

For the three years 1935-38, inclusive, rearmament, including public works, may reasonably be taken to have cost some Rm.35,000 millions (£2,800 millions). As stated above, about Rm.14,000 millions was available out of surplus revenue, the unemployment fund and direct borrowing.

EXPANDING REVENUE

This points to a possible increase during the past three years of rather more than Rm.20,000 millions (£1,600 millions) in undisclosed short-term debt. This must be added to the undisclosed short-term debt in existence on 31st March, 1935.

These figures must be regarded as estimates only. They are based on the data described. This attempt at deduction may be entirely wide of the mark, for there are many pitfalls, many imponderables, whose importance it is impossible to assess. In estimating the cost of rearmament no attempt has been made to separate capital expenditure upon new equipment and munitions and the cost of maintaining the forces.

The outstanding facts are that both the tax revenue and the savings of the nation are expanding, so that in spite of the heavy cost of rearmament the Budget problem may be now nearly at its climax. Nor is the huge mass of short-term debt necessarily an insoluble problem, though it is a danger point. If short-term debt is continually and indefinitely renewed, it is for most practical purposes transformed into long-term debt.

BANKING PROBLEM

Economic recovery is at present helping to solve Germany's Budget problem as well as her unemployment problem, so that even in the difficult field of public finance gloomy forebodings are diminishing.

The real question is how the banking system can continue, based as it is so largely on a mass of indirect Government short-term borrowing. It remains to be seen whether this mass of borrowing can be either funded or assimilated permanently into the banking system.

The Financial Times

6 de Dezembro de 1937.

TIMES, Monday, 6th December, 1937

ECONOMIC CONDITIONS IN GERMANY—V

FOREIGN TRADE RESTRICTIONS AND EXCHANGE CONTROLS

IMPORT AND EXPORT TRENDS : THE RAW MATERIAL PROBLEM

The following is the fifth of a series of seven special articles on Economic Conditions in Germany which began on Tuesday last. Previous articles have been: I —A General Survey; II—The Four Year Plan; III—Budget and National Debt; IV—Expenditure on Armaments and Public Works. To-morrow will be published: VI—Employment, Wages and Cost of Living, with VII—Conclusions, to follow on Wednesday.

By NORMAN CRUMP

Probably the most acute problem for Germany during the past four years has been that of foreign trade and exchange.

The Third Reich has in many respects achieved its first aim of abolishing unemployment and restoring a scale of activity surpassing even that of 1929. But the prior implication of this is the need for a supply of raw materials commensurate with the new scale of activity. Many of these raw materials either have to be imported or substitutes made at home. On the other hand, exchange and import restrictions are an essential part of the new machinery of control, whereby new injections of credit can be made to expand production rather than be dissipated in price increases, exchange depreciation and the flight of funds abroad. Exchange control thus constitutes an integral part of the Nazi economic machine.

CONTROL MACHINERY

The machinery of German exchange control is complex in detail, but simple in principle. Nominally the pre-1931 gold parity of the mark is maintained—almost alone among European currencies. Movements of capital out of the country, however, are either prohibited altogether or rigorously controlled. There can be no flight from the mark, and Germany is immune from the wanderings of "hot money." Various forms of encouragement are given to most exports, though in a few cases specific home needs, such as rearmament or the Four Year Plan, restrict them. All foreign exchange needed for imports is allotted under license by authorities, and a very elaborate machinery exists for this purpose. Finally, practically all Germany's import and export trade is conducted either through bi-lateral "Payments" or "Clearing" Agreements.

PAYMENTS AND CLEARINGS

Under a "Payments" Agreement, the amount of Germany's imports from a given country is conditioned by the amount of her exports to that country. For England the ratio is 55 of imports to 100 of exports, the remaining 45 being available for the service and repayment of debts due to England and of course for further imports. For certain of the Dominions and other countries the ratio is one to one. These Agreements work smoothly on both sides, and trade is conducted at the free or nominal rate of exchange, say Rm.12.30 to the pound.

Under a "Clearing" agreement the importers in each country pay in their own currency into a special account. Exporters are similarly reimbursed from this account. Certain of the debts are repaid in blocked marks. The defects of such a system, which accumulates where exports exceed imports, thereby reducing the purchasing power of the country concerned, are obvious. Before the war Germany was [illegible] Clearing Agreements, but since 1934 she has [illegible] Clearing Agreements with [illegible] countries, including [illegible] countries, including [illegible] countries, including

of course for further imports. For certain of the Dominions and other countries the ratio is one to one. These Agreements work smoothly on both sides, and trade is conducted at the "free" or nominal rate of exchange, now Rm.12.30 to the pound.

Under a "Clearing" agreement the importers in each country pay in their own currency into a special account. Exporters are recouped from this account, and in certain cases old debts are repaid out of clearing accounts. The defect is that surpluses may accumulate where they are not needed, thereby reducing Germany's power to buy essential raw materials elsewhere.

During the depression Germany was able to conclude favourable clearing agreements with South - Eastern Europe, as those countries badly

By NORMAN CRUMP

however, is determined by 28 Control Boards, each dealing with an industry or group of industries. These Boards not only allot the exchange permits to importers but also direct the importer to sell the goods to such final consumers as the German authorities determine—whether to the export industries, the Four Year Plan industries and the rearmament industries, or any one else. These Boards are responsible to the Board of Trade, which, in turn, has to meet the various needs of the country.

Here there arises a conflict of interest. The Reichsbank, with an eye upon Germany's supplies of foreign exchange, naturally desires the export industries to receive preference in the allocation of raw material imports. During the past year, however, the

material shortage justified? A partial answer is given in the tables at the end of this article, comparing imports and exports in 1929, 1932 and 1936. These details of imports and exports by value and volume were compiled specially for this article. To interpret them it must be remembered that the German home production index was 101.4 in 1929, 54 in 1932, and 111.1 in 1936. It is this year 119.1.

Raw material imports for 1936 on the average are hardly commensurate in volume with those of 1929. In some cases they fall below 1929, in other cases they are greater. The main point is that they fall far short of the increase in home production which has taken place since that date.

Continued on Page 6 Col. 4

COPPER GROUP FIRM

STRONG

GERMAN TRADE CONDITIONS

Continued from Page Four Column Six

RAW MATERIALS AND NEEDS

ANNUAL IMPORTS COMPARED

Thus there is some apparent justification for German assertions that raw material imports are falling short of her present-day needs. It is also true that exports are well below the 1929 level, which provides the main basis for German complaints that she cannot finance her current raw material need. On the other hand, there is no doubt that if Germany had concentrated upon export trade, rather than upon rearmament and self-sufficiency, she could have captured considerably more of the world's export markets.

It appears that there is no probability of an early devaluation of the mark or of the removal of exchange restriction. The latter are an integral bearing in the Nazi economic machine while the former will not be

contemplated at least until the chief world's currencies are definitely stabilised. It is obvious that Germany has not as yet expanded her foreign trade, both import and export, in proportion to the expansion in her home activity. Whether she could reasonably expect to do so under her present internal system is very questionable, but her failure to effect it hitherto explains many of her present desires and anxieties.

Raw Material Imports

	Volume (1,000 tons)		
	1929	1932	1936
Textiles (raw materials)	985	801	685
Ores	20,567	5,373	22,547
Timber products	7,335	2,627	5,093
Hides, skins, leather, furs	498	518	583
Oil seeds	2,597	2,390	1,661
Oils	2,235	2,096	3,235
Coal and coke	11,297	6,536	6,767
Fats	256	406	173
Chemical raw materials	1,284	661	1,405
Crude iron and steel	1,086	530	341
Crude petroleum	349	368	983
Bauxite, etc.	981	201	387
Non-ferrous metals and scrap	1,272	597	895

	Value (Rm. millions)		
	1929	1932	1936
Textiles (raw materials)	1,770	597	590
Ores	506	118	289
Timber products	593	138	248
Hides, skins, leather, furs	244	160	145
Oil seeds	861	320	226
Oils	317	133	169
Coal and coke	213	91	85
Fats	225	151	60
Chemical raw materials	75	134	285
Crude iron and steel	198	68	48
Crude petroleum	23	11	25
Bauxite, etc.	11	5	20
Non-ferrous metals and scrap	716	175	190

Exports

	Volume (1,000 tons)		
	1929	1932	1936
Machinery	745	443	382
Electrical equipment	206	116	132
Coal and coke	40,176	25,938	37,803
Semi-manufactured iron and steel	3,558	1,535	2,548
Iron and steel products	1,001	469	571
Textiles	95	84	184
Chemicals (semi-manufactured)	2,607	1,107	1,195
Chemicals (manufactured)	48	32	41
Glass	152	95	117
Potash	1,082	461	643
Oils and grease	93	125	209
Cement and other building materials	1,890	758	818

	Value (Rm. millions)		
	1929	1932	1936
Machinery	1,443	764	606
Electrical equipment	629	343	258
Coal and coke	860	360	389
Semi-manufactured iron and steel	721	284	336
Iron and steel products	928	410	388
Textiles	546	629	1,700
Chemicals (semi-manufactured)	439	128	101
Chemicals (manufactured)	320	215	178
Glass	163	77	76
Potash	67	23	25
Oils and grease	27	22	23
Cement and other building materials	88	27	21

Emb.Londres/559/1937/Annexo.

The Financial Times

7 de Dezembro de 1937.

TIMES, Tuesday, 7th December, 1937

ECONOMIC CONDITIONS IN GERMANY—VI

LABOUR CONDITIONS AND THE COST OF LIVING

GROWTH OF EMPLOYMENT: WAGES AND HOURS: THE QUALITY QUESTION

This is the sixth of a series of special articles on Economic Conditions in Germany which began on Tuesday last. Previous articles have been: I—A General Survey; II—The Four Year Plan; III—Budget and National Debt; IV—Expenditure on Armaments and Public Works; V—Foreign Trade and Exchange Controls. The final article, containing a summary of conclusions, will be published to-morrow.

By NORMAN CRUMP

"Work for all" is a fundamental plank in the Nazi platform. The German worker is assured that he will be found employment, if he is fit to undertake it. He and his family are also able to receive relief in case of need, from organised sources such as the "Winter-Help" and the "Mother and Child" organisations. The German "Labour Front," which has replaced the old trade unions and which now embraces both employers and workers, looks after the worker's interests and also provides him with cheap and organised recreation by means of the "Strength through Joy" movement.

On the other hand he may not organise himself in trade unions, nor may he agitate for higher wages, and his weekly income is subject to deductions for taxes, social insurance contributions and nominally voluntary contributions to the Labour Front and Winter-Help fund. These deductions amount in all to about 13 per cent. of the average wage of all German workers.

A NEW STATUS

Both employers and workers have in fact been given a new status, in conformity with the ideals of National Socialism. The employer becomes the "leader" of his firm, while his workers are called "the suite." As leader, the employer has fairly full powers, but numerous safeguards are provided against the abuse of those powers. Thus, in all firms with more than 20 employees, a Mutual Trust Council is elected consisting of two or more representatives of the workers, according to the size of the firm. This council's functions are merely advisory, but it must be consulted by the employer.

Next a Labour Trustee is appointed, by the Reich, for each of the 14 industrial districts of Germany. In case of dispute between an employer and his workers, the Labour Trustee must intervene, and he possesses wide powers. Finally there is in each district a Court of Social Honour, consisting of a judge and two assessors, one assessor being an employer and the other a member of a Mutual Trust Council.

LABOUR RELATIONS

These Courts deal with offences against "Social Honour" — that is, disloyalty towards the firm—committed by either employer or worker, and the Courts can inflict penalties, including fines, abrogation of the qualification to be leader of the firm or member of the Mutual Trust Council, or dismissal from employment. Thus the whole of the labour relations within each firm are subject to control from above, and neither employer nor workers are free agents.

Unemployment has ceased to be a serious problem. Since 1932 it has been reduced from 5,570,000 to 469,000. In estimating the significance of this reduction it must be remembered that some 650,000 to 750,000 men are now serving in the armed forces, a further 250,000 are engaged in the year's labour service for young workers, while 250,000 are enrolled in the party organisation. A young worker normally joins the labour service for one year, followed by two years in the army.

The number of employed workers has risen during the same period from 12,500,000 to 18,500,000. Some idea of where the increase has come about is shown in the following table dealing with some of the leading industries of the country:—

	In thousands		Increase from 1933 to 1936
	1933	1936	per cent.
Mining	420	485	15.5
Building materials	214	331	54.7
Iron and metal production ...	244	447	83.2
Iron and steel manufacturing	261	377	44.4
Machinery	311	641	106.1
Railway & road construction ..	148	321	116.9
Chemical Indus.	178	238	33.7
Textiles	694	798	15.0
Timber working	252	331	31.3
Food	506	535	5.7
Clothing	401	454	13.2
Building	666	2,057	208.9

A further improvement in most industries is expected to be shown for 1937.

The hours worked per week have remained unchanged in the consumption goods industries at around 44 hours per week. In the capital goods industries there has been a definite increase from just under 40 hours in 1932 to 47 hours in 1936, with probably a further increase this year.

THE WORKER'S INCOME

This change in hours is of importance in assessing the average earnings of German workers, for rates of pay are customarily expressed in marks per hour. Thus, while a worker's rate of pay may have remained unchanged, his actual income will in many cases have risen in proportion to the increase in the length of his working week. Overtime may provide him with a further source of income, while there has also been some general transfer of labour from the unskilled to the skilled classes.

These points are brought out in the following table, showing index numbers of money and real earnings:—

WAGES
1934=100

	1935	1936	1937
Average hourly wage	103.1	105.1	107.4
Average gross earnings over 4 weeks...	104.3	108.8	113.2
Cost of living	101.6	102.8	103.2
Real wages (hourly)	101.4	102.3	104.1
Real wages over 4 weeks' average ...	102.6	105.8	109.7

Since 1934 the cost of living has risen by 3.2 per cent., according to official calculations. There has been an average increase in hourly wage rates of 7.4 per cent., and in gross earnings over a period of four weeks of 13.2 per cent. After allowing for the rise in the cost of living, real hourly wages have risen by 4.1 per cent., and real wages over the four weeks by 9.7 per cent. Special stress is laid in official German circles on the increase in earnings per week. Foreign opinion, it is argued, has concentrated too much upon hourly earnings which by themselves present a slightly misleading picture.

The moderate size of the increase in the cost of living, as shown by official index numbers, is largely ascribed to rigorous control over prices. In certain respects the picture presented by the official figures needs considerable qualification. So far as can be ascertained there is no general food shortage. But shortages of particular foods occur from time to time, and quality is distinctly variable. This question of quality also throws a new light upon the cost of living.

PRICE AND QUALITY

For example, a pair of boots may not cost much more than five years ago, but if two pairs of boots only last as long as three pairs used to last it is obvious that there has been an increase in the cost of living, quite apart from actual prices. Again, it is questionable how far Germany may be living upon her reserves of certain essential foods, such as fats. The recent outbreak of foot-and-mouth disease is the sort of event that seriously upsets official calculations.

Substitute textile materials give rise to humorous comment. A stock music-hall joke is about the comedian's new suit, which, no doubt, would last for ten years, and then be melted down for sugar! Such straws point to the general feeling about recent changes affecting the real cost of living and the standard of living. It is obvious that the official cost of living figures cannot tell the whole story; and in any case such improvement as may have occurred is from the low standard of the depression.

VOCATIONAL TRAINING

The Labour Front is nominally a voluntary organisation replacing the 160 trade unions, which previously existed. About 99 per cent. of the workers in the country are enrolled. Contributions vary with wages, the average contribution being Rm.1.50 a month. Great stress is laid upon vocational training, and the teaching of young skilled workers to supply the need of industry and to increase production. The Labour Front gives help to the handicrafts and trade and also assists young people to start in business.

The "Winter-Help" is a highly organised State charity, which has superseded nearly all former charities. Last year the fund's total income was Rm.600 millions. This left a surplus of Rm.50 millions, which was handed over to the "Mother and Child" organisation, which works in conjunction with the "Winter-Help" and on the whole is regarded as the more important of the two.

Continued on Page Ten Column Three

CONDITIONS IN GERMANY

Continued from Page Six Col. Six

STATUS OF LABOUR

Small Employers' Troubles

The function of the "Mother and Child" organisation is to look after the mother for six weeks before and a similar period after the birth of her child. It provides help in the house, arranges for the other children to be looked after and provides nurseries. Its benefits are confined to those of healthy stock and pure German descent. Both organisations go so far as buying up and distributing surplus farm produce and fish, and arranging for the feeding of a million pigs out of household refuse. They have actually educated parts of Germany into eating fish, to the great benefit of the fishing industry.

WORKERS' ADVANTAGES

Materially the average German worker is better off than he was five years ago, if only because he has at present the prospect of assured employment. In return, he has lost much of his personal freedom, judged by English standards, and has become a cog in a highly organised but benevolent machine. Probably there is a greater degree of contentment among the workers than among the employers—particularly the small employers who are no longer masters in their own houses.

The employer, too, has to cope with all the general rules and regulations of the new economic machine, including import and exchange restrictions, export subsidies and the needs of rearmament and the Four Year Plan. All these involve a fair amount of detail work and clerical labour, and while it is denied that these are serious, they must press more hardly upon the small employer than upon the big industrial combine.

On the other hand, the employer has an assurance of new orders and of a moderate degree of profit; banking statistics show how he has been able to get out of debt. In short, both employer and worker can be reasonably comfortable if they are content to play their allotted part in Germany's new economic and social machine. On the whole, most of them are content to do so, and at least they have escaped from the depression, loss, unemployment and anxiety of five years ago. But the cost has been the sacrifice of their social and industrial freedom.

Emb.Londres/559/1937/Annexo.

The Financial Times

8 de Dezembro de 1937.

THE FINANCIAL TIMES, Wednesday, 8th December, 1937

ECONOMIC CONDITIONS IN GERMANY—VII

CONCLUSIONS : INTERNAL STRAIN : THE FUTURE : OPENING A CLOSED SYSTEM

The following article concludes the series begun in THE FINANCIAL TIMES on 30th November. A list of previous articles in the series is given at the end of this article.

By NORMAN CRUMP

However novel its methods, Germany's present economic system is so far functioning well. The country has emerged from the depression of five years ago and there are no grounds for anticipating early financial or economic difficulties. Germany has, in fact, gained in strength since the early days of the Nazi experiment of stimulating employment by means of an almost indiscriminate creation of credit. To-day credit expansion is being translated into greater liquidity, more abundant savings, full employment, buoyant revenue, and a national income more than 50 per cent. greater than at the time of the depression.

CONTROLLED ECONOMY

It is useful to contrast the German recovery of 1933-37 with that of England and the United States. All these countries have brought about a noticeable expansion of credit. But whereas England and the United States preserved a free economy and were able to base their credit expansion largely upon new acquisitions of gold, Germany has adopted a controlled economy. She has based her credit expansion upon bills and other instruments representing largely new capital development, which has now been completed and is not fully remunerative or self-liquidating. On the other hand, both England and the United States possess to-day both surplus labour—that is, unemployed—and a surplus potential credit supply—that is, the extremely liquid condition of both the British and American banking systems. To-day both labour and credit in Germany are fully employed.

PLANNED RECOVERY

To continue the contrast, the United States and England have on the whole achieved a trade recovery in most branches of industrial activity. Germany's recovery is based mainly and deliberately upon organised internal development, carried out as a national plan under the direct leadership and control of the Government. In England and the United States the currency was either devalued or allowed to depreciate to a level which made trade remunerative and facilitated recovery. In Germany the reichsmark has nominally been maintained at its parity with gold. Instead, the attempt has been made to prevent internal prices and wages from rising. Externally a balance has been preserved between imports and exports, partly by direct control and partly by export subsidies, compensation or clearing agreements and other mitigations of the overvaluation of the reichsmark caused by Germany's nominal adherence to gold.

There is an even more important point to be noted. England and the United States have preserved a free economy, but the whole of Germany's system depends upon widespread and complex measures of control. Germany needs control for two fundamental reasons. First, her currency is almost entirely fiduciary and she has practically no gold or foreign exchange. Therefore she must prevent the efflux of capital, whether German owned or foreign owned, abroad. She must equally prevent a purely fiduciary currency from having its normal inflationary effect, and so she must control prices and wages. Next, she has made national development and the creation of employment one of her chief objectives. Therefore she must ensure that the Government has first call on the national savings, and so she must control the capital market and limit the distribution of industrial dividends. She must again control prices and wages so as to prevent any fresh creation of credit from dissipating itself in a decline in internal purchasing power, and also to keep national consumption within bounds. This last means that from the workers' point of view, Germany has deliberately chosen full employment rather than a high or even an easy standard of living.

REICHSMARK DOUBTS

Self-sacrifice epitomises one important aspect of Nazi economic policy.

One lesson of this is that it is idle to look for a devaluation of the reichsmark or a relaxation of the exchange restrictions. Germany's present system of currency control is one of the main bearings of the whole of her new economic machinery. While she may be able to make her own people confide in a purely fiduciary currency, she cannot induce the same confidence in the outside world.

Germany's economic achievements to date have already been described in the previous articles. What is the outlook, and what difficulties lie ahead?

The first difficulty is that of devising and operating a system of Government-controlled economic planning for a large, modern, highly industrialised nation. Possibilities of over-lapping and of conflicting aims continually arise and have to be reconciled. This danger is the most noticeable in the case of Germany's import trade in foods, and still more in raw materials. Thus the Reichsbank and the exchange authorities are anxious to secure for the export industries a copious supply of raw materials, for it is only out of the proceeds of exports that Germany can obtain foreign exchange with which to finance her imports. The rearmament industries equally need raw materials from abroad. So too does the Four Year Plan, for the construction of new factories. While the interests of the plan occasionally demand that certain exports should be curtailed. All these needs have to be reconciled, and the attempt to reconcile them have revealed acute divergences of opinion. Dr. Schacht's resignation from the Ministry of Economics shows how the Four Year Planners have come to preponderate. The truth is that beyond a point these various needs are irreconcilable, and it is a question whether the elaborate machinery of control over imports and industrial activity is robust enough to stand the strain, which affects both industry and agriculture.

RAW MATERIAL NEEDS

Then there is the raw material problem. Germany is aiming at an industrial activity even greater than that of 1929, but so far her raw material imports have hardly recovered to the 1929 level, let alone anything greater. Nor does Germany feel that she can expand her exports sufficiently to pay for all her raw material needs; and indeed the recent claims of rearmament and home development have led to her missing, this year, a very real chance of recapturing a substantial slice of the world's markets. Instead this genuine need for raw materials has given rise on the one hand to a persistent demand for colonies, and, on the other hand, to an intensified search for self-sufficiency regardless of cost, as exemplified by the Four Year Plan. This in turn intensifies her problems of foreign exchange and essential imports. To that extent she is in a vicious circle.

Another problem is that so far recovery has been necessarily concentrated in the capital goods industries. The control over prices and wages sets an upper limit to any increase in consumption and so to recovery in the consumer's goods industries. So far rearmament and public works have provided the capital goods industries, and indeed the whole country, with full employment, but ultimately (say, after the next five years) the possibilities of further home development will be less obvious.

COLONIAL CLAIMS

This is another angle of Germany's demand for colonies. Development work in new areas might postpone for a further period the day when Germany will ultimately have to switch over her chief industrial activities from capital to consumption goods. This will imply raising the standard of living—that is, the level of real wages. It will be a delicate operation, to say the least of it, for it will imply the readjustment of the present controls over prices and wages.

Alternatively there is the question how long German labour will tolerate the present standard of living, limits to individual freedom and indeed the whole Nazi system of benevolent autocracy. In many ways the worker's life is made easy and pleasant for him, and he is perhaps happier than many of the small employers.

Continued on Page Ten Column Six

CONDITIONS IN GERMANY

Continued from Page Six Col. Five

PARTING OF THE WAYS

CO-OPERATION OR ISOLATION

Still, the standard of living is low, and of course the worker is a cog in an industrial, political and social machine. All this in time may lead to a gradual deterioration in the efficiency of labour.

There is in fact a choice before Germany, and to some extent before the world to-day. Possibly Germany can perpetuate and develop her present system of planned economy, which can only be operated inside the ring fence of her frontiers. Alternatively, she can blend planning and national development with a gradual return to a freer economy, especially in her relations with the outside world. To this last suggestion many Germans reply that the chief difficulty is currency instability and economic nationalism abroad. They add that Germany might be prepared to devalue the mark in terms of gold, as part of a world currency stabilisation scheme and a general return to gold. She is not prepared to abandon gold and link on to sterling or the dollar.

The first difficulty before Germany is whether she can combine a system of planned economy at home with free economic intercourse with the outside world.

DEBT PROBLEMS

This intercourse requires certain ...ncial changes at home. She ...t settle her outstanding debts, pos... by keeping the capital sum of the ...ots intact, but persuading her creditor not to press for early repayment and to accept a much lower rate of interest. In some way, possibly with help from abroad, she must reconstitute her reserves of gold and foreign exchange and ...o base her currency and credit upon ...thing more tangible than bills ...senting work already completed. ...anks must acquire and guard their ...n cash reserves and not rely solely upon their rediscounting facilities at the Reichsbank. These changes must be grafted on to her present system of planned economy, as part of the conditions necessary to the resumption of free economic intercourse with her neighbours.

It is certainly very difficult to see how she could do so in the present state of her economy. When rearmament and the home development programme, including the Four Year Plan, are complete, she may be able to resume more normal economic relations with the outside world. She cannot do so at present.

GERMANY AND THE WORLD

This raises the final question. Do her present rulers desire the resumption of normal economic relations with the rest of the world? Or do they ...

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DEBT PROBLEMS

This intercourse requires certain financial changes at home. She must settle her outstanding debts, possibly by keeping the capital sum of the debts intact, but persuading her creditor not to press for early repayment and to accept a much lower rate of interest. In some way, possibly with help from abroad, she must reconstitute her reserves of gold and foreign exchange and also base her currency and credit upon something more tangible than bills representing work already completed. Her banks must acquire and guard their own cash reserves and not rely solely upon their rediscounting facilities at the Reichsbank. These changes must be grafted on to her present system of planned economy, as part of the condition necessary to the resumption of free economic intercourse with her neighbours.

It is certainly very difficult to see how she could do so in the present state of her economy. When rearmament and the home development programme, including the Four Year Plan, are complete, she may be able to resume more normal economic relations with the outside world. She cannot do so at present.

GERMANY AND THE WORLD

This raises the final question. Do her present rulers desire the resumption of normal economic relations with the rest of the world? Or do they not prefer to continue the present system of a closed, planned economy, based on internal development and self-sufficiency? And if so, can they see it through, either internally, or with the maintenance of sufficient economic relations with the rest of the world?

This question involves matters of politics as well as of economics, and politics lie beyond the scope of these articles. Germany is so big and important a country industrially that she and the outside world have everything to gain by co-operation. Clearly the answer is that each country is entitled to institute and operate its own economic and industrial system, and each country has its own economic background, traditions, and methods of life.

At the same time each country must learn to live with its neighbours. Therefore, the line of approach is for Germany and her neighbours to begin by finding and developing all possible points of economic contact, and then to look for ways of relieving such points of friction as are found to exict. This will mean some give and take on both sides. We, for instance, must recognise that Germany might become a formidable competitor in the world's markets. We must be prepared to face that competition as one of the consequences of any re-establishment of free economic intercourse between Germany and the world at large. This again is looking ahead.

GOOD WILL ESSENTIAL

Meanwhile the main purpose of these articles has been to describe at first hand the workings of the economic system evolved under the Third Reich. It is essential to recognise its fundamentals if we are to find a sure basis for permanent and real economic co-operation with Germany. With mutual knowledge and good will it should be possible to find the solution to one of the most urgent and important questions before the world to-day.

The previous articles and the dates on which they appeared were as follows:—

EXPANSION OF CREDIT: CHARACTER OF INTERNAL RECOVERY, 30th November;
REACTIONS OF FOUR YEAR PLAN ON FINANCE, 1st December;
BUDGET AND NATIONAL DEBT, 2nd December;
EXPENDITURE ON ARMAMENTS AND PUBLIC WORKS, 3rd December;
FOREIGN TRADE RESTRICTIONS AND EXCHANGE CONTROL, 6th December;
LABOUR CONDITIONS AND COST OF LIVING, 7th December.

EMBAIXADA DOS ESTADOS UNIDOS DO BRASIL

Londres, em 14 de Dezembro de 1937.

No.564

Um projecto para
40 annos de paz.

900.1(600) Nadeje

S. DE E. DAS RELAÇÕES EXTERIORES
Serviço de Comunicações
13 JAN. 1938
No 609

Senhor Ministro,

Nos meios diplomaticos de Londres causou certa curiosidade a affirmação do redactor diplomatico do jornal da esquerda "The People", affirmação que noticia a existencia de esforços diplomaticos secretos em vista de assegurar á Europa quarenta annos de paz. As seguintes concessões seriam, segundo aquelle jornal, offerecidas pelo Senhor Eden á Allemanha e á Italia.

1º- Reconhecimento da conquista da Ethiopia;

2º- Concessão de colonias á Allemanha depois de uma conferencia geral das potencias que possuem territorios coloniaes;

3º- Abolição da clausula das sancções no pacto da Sociedade das Nações;

4º- Separação do pacto e do tratado de Versalhes.

2. Em troca a Italia e o Reich declarar-se-iam satis-

A Sua Excellencia o Senhor Embaixador Mario de Pimentel Brandão,
Ministro de Estado das Relações Exteriores.

satisfeitos com as suas possessões coloniaes, assegurando a plena independencia da Espanha, garantindo ainda o respeito ás fronteiras européas actuaes e assignando, emfim, um pacto especial de não-aggressão com a Gran-Bretanha e a França.

3. Segundo o redactor do "The People", a retirada da Italia da Sociedade das Nações poderia ter effeitos salutares, forçando as potencias interessadas a procurar uma solução para questão européa, fóra do organismo de Genebra.

Aproveito o ensejo para reiterar a Vossa Excellencia os protestos da minha respeitosa consideração.

Rejis de Oliveira