

Documents K Rome Vol. II

~~Secret~~

PROBABILITY
of an
Outbreak of War
Documents K
Naval Attaché
ROME

Volume 1
Documents Numbers 1 to 49
(5 Jan. 1937 - 18 April 1940)

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E. O. 11652, Sec. 3(E) and 5(D) or (E)

OSD letter, May, 3, 1972

By SLR

Date MAY 22 1973

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ATTACHE'S REPORT C-10-M.15600-c

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From T Date 8 Jan., 1937 Serial No. 4 File No. 103-100
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 Subject ITALY - INTERNATIONAL RELATIONS - ANGLO-ITALIAN MEDITERRANEAN AGREEMENT
 Reference

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COMMENT ON ANGLO-ITALIAN MEDITERRANEAN AGREEMENT

CONFIDENTIAL

MAY 2 1937

1. The successful conclusion of the British Italian Mediterranean Accord is one of the most constructive and essential steps for the security of European peace, aside from its stabilization of the situation in the Mediterranean Basin.
2. For more than a year there has existed between Great Britain and Italy a dangerous latent and inactive state of conflict which has necessarily acted to the detriment of each and which has made all of Europe uneasy. Now, in the opinion of the Italian press, the law of the good neighbor has been applied and the resumption of collaboration between Italy and England will result in a feeling of greater security not only in the two nations involved, but in all European countries and particularly those with Mediterranean interests.
3. The agreement may be summarized as pointing towards three ends: The improvement of Anglo-Italian relations; the improvement of relations with all other Mediterranean powers whose rights and interests will be respected; and a new guaranty of peace and security. It may be noted that the Italian press makes a point of mentioning that the Agreement with its extensive functions of peace and security has been concluded entirely outside the League of Nations and without any reference thereto.
4. The importance to both England and Italy of free navigation in the Mediterranean is obvious. From the Italian point of view, figures for past years show that of all Italian imports, more than three-fourths came by sea. Of the maritime imports more than three-fourths entered the Mediterranean through the Straits of Gibraltar. Imports through the other two entrances of the Mediterranean were smaller but the importance of these two routes cannot be minimized. The route through the Suez to East Africa is now vital to the life of the new Italian Empire. The free route through the Dardanelles is of the highest importance to Italy considering the importance of the Black Sea ports in the supply of essential war materials.
5. Speculation is rife as to the repercussions this new agreement will have upon other problems of Anglo-Italian relations such as the Locarno project, the Naval Agreement, the Montreux Treaty, and the Spanish revolution. It seems probable that Italy will be reluctant to cooperate at Locarno. The Italian press stresses the fact that the agreement has in no way altered Italian relations with Germany and insists that German-Italian friendship and collaboration are as close as ever. The replies of both Italy and Germany to the Franco-British Neutrality Note, published today, indicate continued solidarity of front between the two powers on the Spanish question. It may be expected that Italy will, before long, consent to sign the London Naval Treaty of 1936. An indisputable source states that such an assurance was given by Count Ciano to the British Ambassador at Rome during the discussions of the Mediterranean Treaty. In considering the Treaty of Montreux, the apparent coldness which has existed between Italy and Turkey

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cannot be overlooked. Relations between Great Britain and Turkey on the other hand are excellent, and it is possible that, following British advice, Turkey will adopt a more friendly and conciliatory attitude towards Italy. A week ago there was concluded a new Turkish-Italian Trade agreement which may be the forerunner of closer collaboration between the two countries.

6. Concerning the Spanish revolution, opinion in Rome seems to be that having received definite assurances that Italy does not wish to and will not expand into the Western Mediterranean, England, while not openly supporting the Fascist Spanish insurgents, may in the future be less of a deterrent to the Franco cause than in the past.

7. Undoubtedly Italy will take the first favorable opportunity to undertake negotiations for an accord with France regarding the Mediterranean Basin which would be another favorable step in promoting European peace. Whether this can be done until a change of government in France takes place is a matter for examination.

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 OSD letter, May, 4, 1972
 by SLB Date MAY 22 1972

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Subject ITALY INTERNATIONAL RELATIONS
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INDEX (See Form 100) and (101) on GEN. GENERAL POLITICAL SITUATION.
 INDEX (See Form 100) on May 4, 1937
 MAY 22 1937

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1. From an unquestionable source it has been learned that the Italian reply to the British note regarding the proposed international control of the frontiers and coasts of Spain for the exclusion of foreign volunteers and war materials, will accept such control by land and sea. In accepting the international control of the movement of volunteers into Spain Italy will point out that it is not enough to ensure the policy of non-intervention and will again stress the necessity of providing against the indirect intervention of propaganda and finance.
2. It is also reported that the German reply will be along parallel lines and will probably emphasize that the root of interventionist activity is the Spanish gold reserve now in the bank of France and that if this gold were controlled and kept for the reconstruction of Spain after the civil war instead of being used to buy armaments and hire volunteers, the war would soon be over. The Italian press stresses the continued intimate complete concord of Berlin-Rome action towards Spain.
3. It is worthy of note that the Italian and German replies avoid reference to control of movement of volunteers into Spain by "air". While the number who could enter by such means would be limited, it is worthy of note that this point, it is understood, will not be covered in their replies.
4. General Goering's visit to Rome during the past week undoubtedly portends events of great importance in the European situation. He conferred at length twice daily for several days with Mussolini. The discipline of the Fascist Party is such that it is practically impossible to penetrate the secrecy surrounding these discussions. The Italian press represents that Goering's visit was entirely personal, made exclusively for rest. Upon his arrival in Rome about 11 p.m. he was received at the railway station by the Duke, the Minister of Foreign Affairs and a large gathering of the highest civil, military and Fascist officials, a guard of honor was paraded and every outward honor and courtesy normally extended in a state visit of the highest importance was rendered. General Goering was received in private audience by the King of Italy with whom he later dined then accompanying him to a gala performance at the opera in his honor. Mussolini gave him an official luncheon of about 150 Italian and German guests only at the Palazzo Venezia; the Minister of Foreign Affairs tendered him a large official dinner and the King invited him to a special private shoot on his reserve. General Goering then went to Naples to be the guest of the Prince of Piedmont, Crown Prince of Italy. After his return to Rome he held further conversations with Mussolini.
5. Undoubtedly the Spanish situation and the future Government was one of the important subjects fully canvassed. It is understood that these discussions dealt largely with the conditions expected to exist in Spain subsequent to the Spanish civil war.

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6. The government spokesman in the Italian press emphasizes that the Luce has again confirmed that the Rome-Berlin "axis" continues to be the basis of Italy's foreign policy and all other collaborative actions on Italy's part, such as the "gentlemen's agreement" for the Mediterranean, are harmonized therewith. Doubtless one reason that General Goering's visit was scheduled at this time was the desire for some outward manifestation of the Rome-Berlin continued intimate accord following the Anglo-Italian Mediterranean agreement.

7. As a result of the successful conclusion of the Anglo-Italian Mediterranean accord, Mussolini has undoubtedly modified his policy towards the Spanish conflict. From an indisputable source it is learned that he recently told a high foreign personage that he wished all foreigners could be cleared out and kept out of Spain to afford the Spaniards a chance to settle their own destiny. The sincerity of this conviction is not questioned. It should be borne in mind, however, that there has been absolutely no change in the Luce's unalterable conviction that the establishment of a Communist government must not be permitted in the Iberian peninsula or on the shores of the Mediterranean, to which view Hitler is reported to fully subscribe.

8. Another important subject undoubtedly discussed by Mussolini and Goering is that of raw materials and economics. The outstanding importance of securing adequate raw materials occupies the constant attention of both Germany and Italy. General Goering is responsible for the sour rear Plan and is the czar of the supply and control of raw materials in Germany. Numerous problems in this field present themselves to these two Powers as a result of their agreements regarding the Danube basin and their over-lapping interests in the fields of commerce and economics in that area.

9. Nothing in the discussion of the Spanish situation or the important question of raw materials should necessitate secrecy. It seems therefore not unreasonable to conclude that the political and military situation in Eastern Europe must have been under review at these highly important conversations.

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E. O. 11652, Sec. 1.55 and 1.61 or (2)

OSD letter, May 4, 1972

By SLR

Date MAY 22 1973

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FOREIGN
PRESS COMMENT ON PRIME MINISTER EDEN'S SPEECH ON FOREIGN POLICY

4

1. The following extracts from the Government Spokesman's comments on ~~Prime~~ Minister Eden's speech on Foreign Policy in the House of Commons on 18 January, and the article published in the London Times dedicated also to Foreign Policy, are submitted as of interest and indicative of the attitude of the official Italian press:

"It is said that the important article in the Times, which was published on the eve of Hitler's speech on the conclusion of the four year plan was 'Inspired'. It has the air of wanting definitely to point out British Foreign Policy in order to orientate its judgments and affirmations. The general tone seems notably more conciliatory towards Germany than that of Eden's previous speech, severely received by the German press."

"The program of the Times is that of a general "hands across the border". All the nations of Europe should fraternize without regard to opinions or political credo, from Fascists to Communists, in this moment, dark and perhaps decisive as regards the peace of the Western World."

"To Spain must be restored her national perspective, lost because of foreign intervention".

"We subscribe to the wish, as does England, for a "strong and independent" Spain. We are less in agreement as regards the methods ~~*****~~ England abstains from the battle against Communism, but her First Lord of the Admiralty had to denounce, day before yesterday, in a stormy session of the Commons, the sabotage and criminal plottings which the communists carried out against British men-of-war without any regard whatsoever".

***** The Fascist nations do not pretend that England become Fascist. They merely ask not to be put into the same sack with Communism with such facility"

"Regarding the exploration in the West of "new methods of approach", these paths should direct themselves on economic and political terrain ~~*****~~

"As regards world armament policy, everyone talks of disarming but instead they all rearm. Where does one begin in order to return to the policy of disarmament? Which is the state that cannot make her own the words written by British Prime Minister Baldwin, contained in his message of these last few days to a Conservative member of Parliament ~~***~~ "The Government proceeds to its rearmament program with haste in order to serve the cause of peace. We believe that our country cannot sustain its part and fully contribute to the cause of peace and prosperity if it has not the backing of the force necessary to command respect and attention". With these declarations all states are authorized to arm themselves. And in view of the fact that armaments are a problem of relations no state can be the first to stop behind England who arms herself with great force in the name of ~~peace~~."

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BRITISH ARMAMENT POLICY

1. In the GIORNALE D'ITALIA of 7 February appears the following article by Virginio Gayda, government spokesman:

LET NOBODY BE DECEIVED

Hoare's speech the other day is a most concrete and significant manifestation of British policy. Going to the Admiralty from the position of Foreign Minister, Hoare has drawn from the traditional spirit of that body an extraordinarily animated attitude and speech, as his Bradford statements further bear out. Those statements no longer seek the shadows of that reticent, generic, stereotyped speech which is used as a blind for covering all sorts of intentions. In resolute, frank terms they specify policies, programs and action.

Four points of the speech should be considered.

First, the announcement that British naval construction will be tripled without regard for cost. Let no country, he said, illude itself as to the pace of our construction. We Italians do not illude ourselves if only because we have never done so. We note, however, this intensive armament policy, the facts of which restore clarity and order to mere words.

Too much loose talk has been put into circulation on the subject of armaments.

President Roosevelt in his last speech to Congress had the air of throwing upon the shoulders -strong shoulders though indeed they are- of the Fascist countries responsibility for massive armaments which the militant democracies allegedly dislike.

Eden, in turn, states on January 19th that British armaments are no part of the purpose of British policy. Hoare makes this clear too. British armaments are a part of the facts, if not the purposes, of British policy.

It is thus a matter of definite knowledge that England is speeding up her thorough-going naval reconstruction. Disarmament, along with so many other rosy hopes, is relegated to the attic.

Second, quantitative naval program. England, Hoare boasted, will have the biggest navy in the world. This statements, of evident interest to the entire world, in view of the policy it reveals, will perhaps arouse mixed emotions in the United States. The London-Washington

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agreement for absolute parity, based on the assumption of perpetual peace between the two Empires, was concluded in 1929. Today, instead, England—following the procedure known to the French as unilateral repudiation—shows aside the formula of parity for a return to the ambitious principles of absolute supremacy. The whole system of naval ratios, at which statesmen and technical experts have worked hard for years, is exploded by this determined resumption of freedom of action.

Third, qualitative naval program. All countries must realize, Hoare said, that Great Britain is still able to build the best, strongest, fastest ships in the world. We, indeed, would not deny that British naval construction is excellent. But Hoare's boast, which was perhaps made for internal consumption, runs a few degrees above normal temperature. There are other less gigantic navies which, for their own purposes, however, are just as strong, fast, and -we would say- daring and intelligent as the British. The Italian navy, for example. It is not asleep either. In particular it is not content with what has already been done and what is already known. The courage of its men and the disquieting singularity of its types were certain matters taken into consideration during the perturbed period of sanction.

Fourth, the announcement of a strong expeditionary force ready to embark at any moment. England, one would conclude, is adding to her navy a permanent army such as she has never possessed. This is of interest to the British Empire. It cannot, however, be unconnected with the desires France has often expressed and with the evidence of an Anglo-French military collaboration amounting virtually to an alliance. This fact accordingly is of direct concern to Europe and its politico-military system.

Hoare does not dwell on future plans but explains present facts. And his statements confirm the legitimate character of Mussolini's statements on Italian armaments in his speech of November 1st and Hitler's statements on German armaments in his speech of January 30th.

An armaments race is starting again. Hoare's speech comes just after the majority approval given -and by the Communists also- in the French Chamber to military appropriation involving 1,011 million francs more than the previous year for naval armaments alone.

Democracy, which blocked disarmament, today multiplies it armaments. Such is the fact. We have no criticism to make. In particular after the Gentlemen's Agreement, we have no dispute with England.

We demand only that these facts be allowed to speak for themselves in their own eloquent language, without adding to them the Leaguistic and

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From T Date 2/9, 1937 Serial No. 64 File No. 103-
(Commence new series each January first) (Subst proper number from O. N. I. Index)

Source of information PRSS

Subject ITALY INTERNATIONAL RELATIONS GREAT BRITAIN
(Nation reported on) (Index title as per Index sheet) (Subtitle)

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- page 3 -

pacifistic speeches which depict guns as garlands of white lilies with which to crown the Goddess of Peace.

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From T Date 11 Feb., 1937 Serial No. 68 File No. 302-300
(Commence new series each January first) (Select proper number from O. N. I. Index)

Source of information OFFICIAL

Subject ITALY - FINANCE - BUDGETS - NAVY, AIR FORCE.
(Nation reported on) (Index title as per Index sheet) (Subtitle)

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VARIATIONS IN CURRENT ITALIAN BUDGET

L. Among variations in the current Italian Budget, officially announced on 5 February, 1937, are the following:

MINISTRY OF MARINE

(a) Increases

| | | | |
|--------|---|----|-------------------|
| Par. 2 | - Maintenance Ministry Buildings, etc. | L. | 15,000 |
| 13 | - Travel Expenses and Allowances for Missions | | 50,000 |
| 29 | - Crew clothing fund | | 5,000,000 |
| 30 | - Messing crews..... | | 7,500,000 |
| 40 | - Berthing, etc. | | 500,000 |
| 49 | - Building maintenance, etc. | | 2,000,000 |
| 53 | - Signal and radiotelephonic service etc. | | 500,000 |
| 54 | - Maritime and coast defense, etc. | | 5,000,000 |
| 55 | - Automobile Services, etc. | | 350,000 |
| 56 | - Fuels - Liquid and solid, etc. | | 15,800,000 |
| 57 | - Consumable supplies, etc. | | 2,500,000 |
| 58 | - Purchase and installation of machinery, etc. | | 500,000 |
| 59 | - Operating fund, Navy Yards, etc. | | 850,000 |
| 61 | - Supplies and maintenance Navy Yards | | 15,000,000 |
| 63 | - Daily wages, piecework wages, etc. | | 5,000,000 |
| 72 | - Post allowances for salaried workers, etc. | | 1,500,000 |
| | Total increase | | 60,065,000 |

(b) Decreases

| | | | |
|---------|---|--|---------|
| Par. 77 | - Improvement of war efficiency of Naval Bases, etc. | | 140,000 |
|---------|---|--|---------|

AIR MINISTRY

Increases

| | | | |
|---------|---|----|------------------|
| Par. 14 | - Contingent Fund. | L. | 2,000,000 |
| 23 | - Travelling Expenses, etc. | | 2,000,000 |
| 37 | - Salaries, etc., working personnel | | 2,000,000 |
| | Total | | 6,000,000 |

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From T Date 5 March, 1937 Serial No. 115 File No. 103
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 Source of information PRESS - CONTACTS
 Subject CENTRAL EUROPEAN NATIONS - INTERNATIONAL RELATIONS - EUROPEAN POWERS
(Nation reported on) (Index title as per index sheet) (Subtitle)

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CENTRAL EUROPEAN SITUATION ~~CONFIDENTIAL~~
 (2) Sec. 8(2) and (3) of (2)
 (3) Letter, May, 4, 1935
 Date MAY 22 1937

1. Austrian Restoration: A reliable American News Correspondent stated that Count Ciano personally told him that Italy could not contemplate a Hapsburg restoration.

Other Italians in high positions hint at a German-Italian secret Military Alliance and a possible Anschluss.

The Italian attitude towards a Hapsburg restoration suffered a sudden change from pro to con after the recent visit of Von Neurath to Vienna. The object of that visit was said to be the smashing of the Hapsburg pretensions.

2. German Colonial Claims: Great Britain's decisive rejection of Germany's pleas for the return of her colonies is said to be simply playing into the hands of Hitler. This will be his excuse for going into the Ukraine.

A reliable informant who has recently travelled in Germany states that there can be no doubt of Hitler's determination to make his move eastward, if not this Spring then certainly later.

3. British and French Rearmament: Italy and Germany are both alarmed and annoyed at the vast projects for rearmament on the part of Britain and France, coming at a time when the tempo of their own armament efforts are beginning to lag for acute economic reasons, it may have the effect of precipitating whatever hostile action may be contemplated, for the two Fascist nations foresee that their own strength will decline in relation to that of the others as time passes. They keenly feel their economic weakness and this may make them more desperate.

4. German-Italian Diplomatic Moves. On the one hand Germany has been securing her eastern frontiers by pledges to respect Dutch, Belgian, Swiss and Luxembourg neutrality and territorial integrity. On the other hand Italy is building up her Balkan ties, especially with Yugoslavia, Turkey and Greece. Together with her Spanish venture these moves tend to secure her position in the Mediterranean more and more.

Polish-German negotiations of various sorts have been taking place, without any definite report of results. It is here and in Czechoslovakia that a decision must soon be made if it is really contemplated to attack Russia.

A Polish-Danzig understanding is reported in the Italian Press.

The Rumanian Police are reported by the Italian press as having closed 118 Masonic Lodges in a campaign for the suppression of Masonry.

The Yugoslav Ministry of Interior reports an active campaign to suppress centers of Communism.

| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
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From T Date 29 March, 1937 Serial No. 157 File No. 103
(Commons new series each January first) (Select proper number from O. N. I. Index)

Source of information Official

Subject ITALY ITALO-YUGOSLAV TREATY
(Nation reported on) (Index title as per index sheet) (Subtitle)

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ITALO-YUGOSLAV TREATY.

CONFIDENTIAL

Copy to: Ambassador, Roma

MAY 29 1937

Copy to: Mr. A. W. D. ... in Talala ...

1. The following is a translation of the text of the treaty signed by Ciano and Stojadinovic yesterday at Belgrade, just released in today's press:

- Article 1. The High Contracting Parties agree to respect their common land frontiers as well as the frontiers of the two countries on the Adriatic, and in case one of them should be the victim of an unprovoked aggression on the part of one or more states, the other party agrees to abstain from any action that might favor such aggressor.
- Article 2. In case of international complications, and if the High Contracting Parties are in agreement that their common interests are or may be menaced, they agree to consult as to the proper measures to take for their protection, with one another.
- Article 3. The High Contracting Parties reaffirm their desire not to have recourse in their mutual relations to War as an instrument of their national policy and to regulate all divergencies or conflicts arising between them by peaceful means.
- Article 4. The High Contracting Parties agree not to tolerate upon their respective territory, or to tolerate in any way, all activity which might be directed against the territorial integrity or the established order of the other Party, or which might be of such a nature as to be prejudicial to the friendly relations between the two countries.
- Article 5. In order to give their existent commercial relations a new development more appropriate to the friendly relations established between the two countries, the High Contracting Parties agree to consolidate and to amplify their existing commercial exchanges, as well as to seek the means for a more extensive economic collaboration. To this end special agreements will be concluded without delay.
- Article 6. The High Contracting Parties agree that nothing in the present accord shall be considered as contrary to the international engagements now in force in the two countries and which are published.
- Article 7. The present treaty will have a duration of five years. Save for its denouncement after six months notice, it will be prolonged by tacit consent from year to year.
- Article 8. The present treaty shall be ratified.

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page 2.

2. This treaty is in line with Italy's policy in the Mediterranean and embraces the "good neighbor" policy with respect to Yugoslavia. This treaty is highly important to Italy from a political, economic and military viewpoint. It opens up to Italy vital sources of raw materials and food products essential to her in peace and war. The immediate proximity of this source secures uninterrupted supply.

3. Italy's diplomatic efforts with respect to the Balkans and Little Entente deserve close attention. This important rapprochement between Italy and Yugoslavia is a step in Italy's present ambition towards replacing France's former leadership in the Little Entente. It is another important step in Italy's policy of concluding bi-lateral pacts with Mediterranean states and in promoting the stabilization of European peace. In view of France's former predominant leadership in the Little Entente and Britain's influence in Yugoslavian foreign policy as evidenced by her inclusion among the sanctionist group and the Mediterranean Mutual Assistance Accord, this Italo-Yugoslav treaty is an outstanding diplomatic victory for the Duce.

4. It may be of interest to note that Duvich, a Croat, was the highest Italian official contact of the Croats for influencing Italian policy against Yugoslavia. Aside from the evident desire to create promotion for Ciano, this was a factor in the change of the head of the Ministry of Foreign Affairs and the transfer of Duvich to a distant post overseas undoubtedly was partially influenced by his political activities in connection with the Croats and Yugoslavia.

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UNCLASSIFIED

E. O. 11652, Sec. 205 and 500) or (S)
 OSD Letter, May 4, 1972
 By SLR Date MAY 20 1972

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From F Date 23 April, 1937 Serial No. 888 File No. 105
 Source of information Official and unofficial - Observations
 Subject ITALY INTERNATIONAL RELATIONS AUSTRIA
(Nation reported on) (Index title as per index sheet) (Subtitle)

Reference

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ROME PROTOCOLS
MEETING OF ITALIAN AND AUSTRIAN CHIEFS OF GOVERNMENT
AT VENICE, 22 APRIL, 1937.

Copy to: Ambassador, Rome.

1. The following official communique on the conversations of the Duce and Schuschnigg was issued shortly before the closing of the weekly pouch this afternoon 23 April, 1937:

"During the Venice meeting the Italian Chief of Government and the Austrian Chief of Government has had various conversations inspired by the cordial friendship which unites Italy and Austria. In these conversations the relations of Italy and Austria with other countries were examined, as well as those problems directly interesting the two countries.

The Duce and the Federal Chancellor noted with satisfaction the perfect identity of the views of the two governments and, on this occasion, confirmed the principles upon which their friendship is based. In particular they once again pointed out the favorable results of the application of the Rome Protocols in complete accord with Hungary, and they expressed the faith that their collaboration will favor and consolidate the bonds of friendship between Italy and Austria.

They furthermore expressed the certainty that this collaboration will lead to the common end which is the creation of a general systemization in the Danube Basin. They are convinced that such a systemization could not be usefully conceived without Germany's active participation.

They are convinced that the Rome Protocols which are open to other Danubian States under certain conditions to be defined from time to time, the accords concluded last year by Austria and Italy with Germany and the recent Italo-Yugoslav accord, are adequate to guarantee a favorable development of the Central European situation in the interests of the participating countries and in the general interest of European peace.

The Federal Chancellor took advantage of this occasion to fully examine with the Duce the question of Italo-Austrian economic relations and to stress the important contribution made by Italy towards the economic reconstruction of Austria by means of the active Italo-Austrian commercial exchange. The two Chiefs of Government have decided to continue this policy."

2. The meeting of the Duce and the Austrian Federal Chancellor today is one of the periodical conversations between the Chiefs of Government of the members of the Rome Protocols. This meeting in Venice closely follows the recent visit of the Austrian Chancellor Schuschnigg to the Chief of the Hungarian Government at Budapest where Austro-Hungarian relations under the Rome protocols were fully discussed. It is believed that the Venice meeting presages important economic developments.

3. At the Venice meeting today, Austro-Italian relations with respect to the political, economic and military situation in the Danubian Basin -

| | | | | | | | | | | | | | | | | | | | | | | | |
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page 2.

Balkans undoubtedly came under full review. It is believed that among the questions on the agenda of this conference were:

- (a) the Rome-Berlin affiliation and its implications for Austria;
- (b) the political interests of Italy and Austria with reference to the Austro-German act of 11 July, 1936, and the general aspects and functioning of Italo-Austrian relations with neighboring States and particularly Austro-Czechoslovakian political and economic relations;
- (c) the recent Italo-Yugoslav treaty and its consequences on Austrian trade;
- (d) the functioning of the Italo-Yugoslav treaty with respect to the system of the Rome Protocols and extension of them to include Yugoslavia;
- (e) the Hapsburg restoration upon which both are probably agreed as untimely;
- (f) Italian involvement in Spain and Italy's future policy and intended commitments therein;
- (g) discussion leading to negotiation of a collective agreement between the members of the Little Entente and the signatory powers of the Rome Protocols embracing economic collaboration and accord.

4. It is of interest to note that the Hungarian Prime Minister, M. Daranyi, in a speech at Szegedin, 18 April, 1937, laid particular emphasis on Hungary's bonds of friendship with Italy and Austria and that he took a more conciliatory attitude towards the Little Entente. He said that close collaboration with Italy and Austria within the framework of the Rome Protocols offered the best guarantee for a pacific development in Central Europe. He said Hungary was ready to pave the way for correct relations with those States with which she had disputes on a basis of mutual accommodation and equal rights.

5. In view of the divergent political and military views of the States under the Rome Protocols and the Little Entente, the only basis which offers prospects of a common meeting ground for the promotion of peace in this area, with consequences upon general European peace, is in the economic field.

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From T Date 28 April, 1937 Serial No. 254 File No. 105700
 Source of information Press - Observation
 Subject ITALY INTERNATIONAL RELATIONS MIDDLE EUROPEAN NATIONS
 (Nation reported on) (Index title as per index sheet) (Submitting Office)

Reference _____

REASON: _____
 MIDDLE EUROPE
 ROME PROTOCOLS - DANUBE BASIN
 Copy to: Ambassador, Rome.
 CONFIDENTIAL
 Date: MAY 22 1937

1. The absence of any reference in the official communique, issued following the recent meeting of Mussolini and Schuschnigg in Venice, to the customary reaffirmation of Italy's vital interest in Austria's independence, and Signor Gayda's (Italian Government Spokesman) press statement that Nazis would be included in the Austrian Cabinet, resulted in a strong reaction in Austria. The Austrian Chancellor found it necessary to issue an immediate official denial of the Italian Government Spokesman's press statement. The Venice meeting appears to have dealt at some length with the following subjects:

- (1) The Hapsburg restoration.
- (2) Czechoslovak-Austrian political and economic relations.
- (3) The Italo-Yugoslav Treaty.
- (4) Support of Austrian Chancellor Schuschnigg's position in Austria.

2. The Duce is said to have negotiated the Italo-Yugoslav Treaty without consulting the other members of the Rome Protocols, an unpleasant surprise to Austria and Hungary.

3. Yugoslavia has always strongly opposed restoration of the Hapsburg Monarchy; Italy has been the chief bulwark of Schuschnigg's desire for restoration. Italy's withdrawal of this support and declaration regarding its indefinite postponement disillusioned Austria. Schuschnigg's position with the strong Catholic party and the Monarchists, both essential to him, was weakened. One object of the Venice meeting was to strengthen, through public indication of Italy's support, Schuschnigg's position in Austria.

4. The Italo-Yugoslav Treaty is no more popular with Hungary. The Duce has been Hungary's principal champion and hope regarding what she considers her just claim for revision of her boundaries, which affects both Yugoslavia and Roumania. The Italo-Yugoslav Treaty lends indirect Italian support to confirmation of Yugoslavian boundaries, thus adversely affecting Hungary's aspirations for territorial revision of her boundary with Yugoslavia, including an outlet on the Adriatic at her old port of Fiume.

5. A visit of the Italian King-Emperor to Budapest approximately May 16 - 20, 1937, accompanied by the Minister of Foreign Affairs, Ciano, has been arranged. This visit of the King to such a small country is partially a sop, and incidentally to return the recent visit of the Regent of Hungary to Italy. Ciano will have the unpleasant duty of assuaging Hungarian disappointment at Italy's desertion of her revisionist aims. This is a delicate matter as the Magyars are different from any other European race.

6. The Italian Foreign Minister, Ciano, is now on a visit to Tirana. It is the first time an Italian Foreign Minister has entered Albanian territory - a compliment to this small country. It is reported that Ciano's mission in Tirana is arrangement of marriage of an Italian woman to King Ahmed Zog I.

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REMARKS

page 2.

Q. 11828, 11829, 11830 and 11831 or (20)
 OND Index: May, 4, 1937
 MAY 22 1937

7. Italy is on the verge of contracting a treaty of "Friendship" with Roumania which undoubtedly will include important political and economic provisions affecting the Danube Basin - Balkans. It can hardly be negotiated without another blow to Hungarian revisionist hopes regarding her eastern border with Roumania.
8. Upon the occasion of the King's visit to Budapest this month, it is believed Ciano will take with him a draft of the contemplated Italo-Roumanian Treaty with a view to obtaining Hungary's approval, an unpleasant and difficult task.
9. Austria gives indications of desiring the same liberty of action with respect to treating with Czechoslovakia as did Italy with Yugoslavia; the Duce appears to have agreed to this at the Venice meeting as within the framework of the Rome Protocols. Czechoslovak-Austrian relations have been satisfactory for the past two years, with some recent improvement. They have had a commercial agreement for some eighteen years and are largely complementary economically. Czechoslovakia has extended economic and financial assistance to Austria, and has an unfavorable trade balance with her this year. Italy, having to some extent undermined France's predominant influence in the Little Entente, through the aforementioned treaties with Yugoslavia and Roumania, is accused of desiring to isolate Czechoslovakia.
10. The Duce reluctantly has reconciled himself to the eventual loss of Austria to Germany some years hence. Italian press attacks on Czechoslovakia reflect the intimate Italo-German collaboration, for Italy has no personal conflict of interests with Czechoslovakia. An Austrian-Czechoslovak rapprochement, odious to Germany, would seriously embarrass the Berlin-Rome Axis. At Venice Schuschnigg took the position that in its foreign relations Austria will continue to base her policy on the Rome Protocols "of which the independence and sovereignty of Austria form an integral part" and the truce with Germany, but he will neither now nor later "take any part in the formation of blocs". The Rome Protocols will continue in effective operation, with Austria and Hungary less ardent members. Czechoslovakia and Austria are beginning to turn hopeful eyes towards London regarding equilibrium in Central Europe.
11. The Italo-Yugoslav Treaty is not without effect on the Little Entente and is obviously unwelcome to Czechoslovakia. (What Mussolini will offer Austria and Hungary by way of compensation remains to be seen; perhaps economic trade concessions).
12. Promotion of a general collective economic agreement of the members of the Rome Protocols, Danubian Basin States and Germany is obviously attended by many complexities.

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page 3.

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13. It appears the Duce realizes Britain has not forgotten her moral defeat over the Abyssinian question and intends to repay it with interest. Britain seems unwilling to give realistic effect to the "Gentlemen's Agreement", resume their former traditional friendship and accord the Italian Empire opportunity to develop. Britain is preoccupied with visions of a rising Central Mediterranean Power and expanding new Empire on the flanks of her Empire lines of communication. She envisages future threats to rich Anglo-Egyptian Sudan sought between the pincers of Italian East Africa and Libya, severance of the life-line of the Empire in the Red Sea and Sicilian Channel and the eventual possibility of an Italian base in the Balearics. Italy's increased influence in the Eastern Mediterranean and the Duce's role as Protector of Islam with consequent effect upon her Mohammedan populations, irritate Britain.

14. British policy in Spain is similarly motivated entirely by her future Empire interests.

15. The Duce earnestly desires peace and must have it for consolidation of Italian East Africa. He prefers complete agreement with Britain and is reluctant to form an alliance with Germany because of the latter's aggressive ambitions regarding Austria and the Danube Basin, combined with perhaps not unlimited trust of the German dictator. Advances regarding Italian adherence to the German-Japanese Alliance were coolly received by him.

16. Mussolini appears to be giving Britain a last chance, hoping to come to a satisfactory agreement. Anticipating probable failure, he is proceeding rapidly to line up a powerful defensive bloc and strengthen ties with Germany. Britain's attitude during the next few months will decide whether she will force Italy into a German Alliance in self-defense.

17. Colonel General Goering has had several interviews with the Duce in Rome this week. German Foreign Minister Von Neurath will arrive 3 May and the German War Minister is due here 9 May ostensibly to participate in the Italian celebration of the Foundation of the Italian Empire.

REASONS

Z. O. 11452, Sec. 3(E) and 3(F) of GDS

OSD letter, May, 1, 1937

By SLR Date MAY 22 1937

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Source of information CONSULAR REPORT
ITALY - NATIONAL GOVERNMENT - WAR MAKING POWER

Subject ITALY - ARMY - MOBILIZATION PLAN
(Nation reported on) (Index title as per Index sheet) (Subtitle)

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ITALIAN PRECAUTIONARY MILITARY MEASURES

1. The American Consul at Palermo, under date of 30 April, 1937, reported as follows:

"About ten days ago a meeting was called by the military command at Palermo of all reserve and active officers of the rank of colonel and above, at which they were instructed to hold themselves in readiness for any emergency in view of the extreme delicacy of the international situation. They were told that the supply of materials for equipping the army was not sufficient for further increases in its number, clothing in particular being mentioned as deficient; that in the struggle which was imminent this country must gain a quick victory, as its supplies of raw materials were not adequate for a prolonged war; that they were not to be deceived by the actual optimistic tones of the press, as the future was exceedingly dark and obscure, etc.; and that undue dependence was not to be placed on reports of the establishment of friendship to the eastward (alluding doubtless to the agreement with Jugoslavia), as that was where the first blow would be struck".

2. In the opinion of the Naval Attaché the extreme delicacy of the international situation referred to was with reference to Spain. The last sentence is not given any credence.

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From T Date 15 MAY, 1937 Serial No. 870 File No. 103-100

Source of information AFROSA

Subject ITALY - INTERNATIONAL RELATIONS - GREAT BRITAIN

Reference

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ITALIAN PRESS COMMENT ON CONDITIONS IN ENGLAND

1. The following article, published in the MESSAGGERO of 13 May, 1937, is quoted:

"THE WHITE WIG"

"Dense fog on the Thames; the spring is very late up there. To the unfavorable weather forecasts are added those of the political situation. We do not refer to the bus strike in the city of London; this is almost an irrelevant fact in a nation in which strikes are tending to become a national sport and are taking the place of football for which enthusiasm is waning. The stopping of the bus service in London coincides with the ceremony of the coronation; the guests will not be the ones to suffer. They do not use the common conveyance. The crowd will suffer; but who can expect that a democracy which has no heart for the miners who are "buried alive" in the inhuman mines of Wales will be moved by the passing discomfort of the London crowd owing to the sudden suppression of their means of transport? In London the bus drivers strike during the coronation festivities; in Paris, the working organizations governed by Jouhaux, the "dictator of the masses", are martyring the Exposition even before it is opened. This is a pretty "pendant" which seems made on purpose for the harmony and equilibrium of the fraternal Anglo-French chronicles. But the political fog we mentioned covers many other things."

"Under this fog there is an assembly, or rather a meeting, of the representatives of various European countries; a meeting for which the regal ceremony is merely the occasion or pretext. "L'Oeuvre", the ultra-left Parisian journal, which will be represented at the ceremony by Madame Thabuis, speaks of it as of something equivocal and suffocating and paints in violent colors "the misleading atmosphere of pacific plebian orgy and princely and diplomatic confusion", which has been created for this exceptional event in the British metropolis. Princely and diplomatic confusion - we will leave the Princes aside and follow for a while the movements of the diplomats. Under the sign of the crown which is about to be placed on the head of a new Sovereign (please God it will not produce further thorns), the British Government firmly awaits the Swedish delegation. Will the iron deal be concluded? England wants the monopoly of all the metals in Mother Earth's lap for her cannon, her battle-ships and her armament. It is an attempt at "blockade" which is unprecedented in history. To the sound of the sterling even the water we drink and the air we breathe should become anglicized. These are the prospects of democratic peace."

"In his own country Mr. Delbos is not treated with the deference to which his office would entitle him. Even the popular Front papers speak of him only with tolerance. And yet his position is neither simple nor happy. At London he will be in an awkward situation confronted by the inexorable Litvinoff. The man of Moscow insists that France should ensure to the Soviet

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Republic the exact proportion of military assistance which France would get from the Red Army in case of conflict. Russia considers herself more necessary to France than France is to her; she feels mistress of the situation, also because of the arrogant and imperious preponderance that the communists have acquired in the popular front, and wishes to dictate her laws to the government of Blum. M. Delbos will be in an embarrassing not to say humiliating situation at the London meeting."

"He may have further displeasures on other sides. Belgium refuses to "play". Eden has come back from Brussels with empty hands and a bitter taste in his mouth: Belgium not only will never associate herself to the projected "front" against the Rome-Berlin axis but even contemplates the possibility of a cordial agreement with Germany and is thinking of a new Western pact even though of limited proportions. In the Balkans, things are going on as though the French intrigue, which was so active in the past, now makes no impression. The Yugoslav representative whom Delbos will have occasion to meet during the London ceremonies, is the same who signed and resolutely placed into effect the "Adriatic friendship" with Italy. And the Roumanian representative is no longer, alas!, the dear and worthy Mr. Titulescu. And the Turk ... But we will not continue. It may be discouraging to those who hope for marvellous "combinations" and formidable solutions from the London meeting, but of course we must admit that it will offer many compensations for any possible "défaillance".

"An English newspaper, for instance, comforts itself by spreading before our Italian eyes, with great satisfaction, the picture of the immense size and opulence of the British dominions. "O Italians who are celebrating your empire", this paper implies, "ours is a very different matter". And we cannot contradict it. The empire which Italy has conquered for herself represents, in comparison with the British Empire, merely "a place in the sun". But we ask, if it is so modest and cannot be compared with the other, why did England try desperately to deny it to us and still cannot forgive us? As to France, she also has her consolations. Classic democracy triumphs even in the medieval ceremonies at London. This is proclaimed by the "populaire" of Leon Blum which announces that the coronation procession will be dominated by the white wig of the "speaker" of the House of Commons: "There is more democracy in that wig than in the black or brown shirts". Irrefutable words. Democracy, at the best, is a powdered wig in a world from which wigs disappeared long ago. The black shirt is the uniform of the sons of the people - the uniform of workers. Who can believe that the sun of the future will shine on a white wig?"

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From T Date 18 May, 1937. Serial No. 271 File No. 105-100

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Subject ITALY INTERNATIONAL RELATIONS GERMANY

Reference

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GERMAN-ITALIAN RELATIONS

Copy to: Ambassador, Rome.

1. The official communique issued following the Mussolini-Von Neurath conferences in Rome was very non-committal and little has been learned regarding the agenda. The substance of the communique indicated that the German Foreign Minister had a series of cordial conversations with the Duce and Foreign Minister Count Ciano, during which the major political and economic problems of interest to Germany and Italy were discussed. This exchange of views was said to confirm the close parallel lines of interest and identity of the two countries' intentions. It was asserted that the two countries intend to continue a concordant policy in all major questions on the basis and in the spirit of the Italo-German agreements signed at Berlin in October, 1936; and that both countries affirm their intention of continuing every effort towards a wider collaboration with other powers to ensure a greater and more secure European political and economic stability.

2. The Italian Government spokesman commented editorially on the economic problems examined which were said to be: commercial exchange and reciprocal economic assistance between Italy and Germany; collaboration in the territory of the Empire; agreement on and respect of mutual commercial interests in Europe, especially the Danubian basin; exchange of views as to the new world economic agreements projected in Washington. In these problems, Italy's and Germany's interests and positions are parallel.

3. Signor Gayda says that, as to the new world projects for economic agreements, Italy and Germany are ready to collaborate on three conditions:
 (1) that they should be practical and not utopian;
 (2) they should be based on respect for the interests of all nations without monopolistic tendencies for any particular powers;
 (3) that consequently they should not interfere with the policy of economic autarchy which adverse external conditions have imposed upon Italy and Germany.

4. It is believed that among other subjects discussed were:

- (a) German and Italian concordant policy and action in Spain;
- (b) Political and economic interests of both countries in the Danubian basin as affected by the recent Italo-Yugoslav treaty, the Venice conference of Mussolini and Schuschnigg and other concurrent conferences between the States concerned in the Danubian basin. The special position of Austria is one of the main center of the Danubian problem.
- (c) Reconstitution of a Western pact to replace that of Locarno; the effects of the new neutrality policy of Belgium.
- (d) Italian adhesion to the German-Japanese alliance.
- (e) Japanese recognition of Spanish Insurgent Government.

5. The Italian Government spokesman comments that it is superfluous to state that Baron Von Neurath's visit to Rome is of the greatest importance and actuality and that it is clear that Italy and Germany are faced with an offensive organization of groups and tendencies; it is therefore right and proper that, while confirming their desire for wider European collaboration, they should

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page 2.

provide for defense by the solidarity of their relations and the development of concordant diplomatic action in Europe.

6. Upon the conclusion of his recent conversations with Mussolini in Rome, General Goering proceeded direct to Belgrade, Jugoslavia, to confer with the Prime Minister of that State, which is not without significance. It is believed that during the Mussolini-Von Neurath conversations the diplomatic groundwork was fully explored to permit of early military conversations should they be determined upon dependent on development of events, particularly in Spain. The German Minister of War, Von Blomberg is due to arrive in Rome May 20. Reliable information indicates that the rumor current in Rome about two weeks ago that Von Blomberg would arrive in Rome to attend the anniversary of the foundation of the Roman Empire, 9 May, 1937, was erroneous and that at no time was it contemplated for him to come earlier than 20 May. Von Blomberg's visit apparently has been timed to coincide with the conclusion of the King of Italy's visit to Budapest, May 16-20, thus offering opportunity for immediate discussion of the results of the Italo-Hungarian conversations in Budapest. It is likewise of interest that Von Blomberg comes fresh from his conferences in London with the British Prime Minister and Foreign Secretary.

7. The German Naval Attaché informed me this date that he has been unexpectedly summoned by telegraph to Berlin, leaving immediately. This officer has been called to Berlin about 4 times for consultation during the past 6 months. When he is actually in Italy, at least 50% of his time is spent in visiting various parts of Italy. In my opinion, he has undoubtedly made by far the most extensive inspection of any Military, Naval or Air Attaché in Rome.

8. Settlement of the international aspects of the Spanish conflict must precede agreement on a reconstituted Western Pact; both essentially must antedate any general economic agreement looking to the stabilization of the general political and economic situation in Europe. The Spanish situation is reaching a very critical international phase.

9. The Duce's conviction that Britain's huge rearmament program is directed against Italy is driving him closer into welcome German arms and spurs him on to formation of a defensive bloc. German-Italian collaboration has become more intimate consequently.

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From T Date 14 May, 1937 Serial No. 276 File No. 103-100

Source of information Press and observation

Subject ITALY INTERNATIONAL RELATIONS GREAT BRITAIN

Reference

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ANGLO-ITALIAN RELATIONS

Copy to: Ambassador, Rome.

1. The past two months have witnessed a steadily diminishing cordiality of Anglo-Italian relations which have deteriorated to a point where they are little, if any, better than prior to the conclusion of the "Gentlemen's Agreement".
2. The conflict of British and Italian Empire interests in Spain, the Mediterranean and East Africa is the basic cause. Italy's policy embraces consolidation of the Empire and extension of her influence which Britain regards as a threat to the security of her own Empire. The Spanish conflict bids fair to afford a first test.
3. Italo-German indirect participation in the conflict threatens the British object of a stale-mate in Spain; British indirect interference in the Nationalist blockade of the Bilbao-Santander coast in relieving the garrison of Bilbao with food supplies, delaying Franco's success in that area, combined with indirect Franco-Russian participation, are equally irritating to Italy and Germany. If Franco wins and a separate Red Catalan state remains, will the latter disturb the status quo of the Mediterranean shores which the Anglo-Italian "gentlemen's agreement" supported? Britain and Italy may be expected to take different views on this subject.
4. Germany's desire for restitution of her colonies is an important factor influencing her attitude towards the Spanish situation.
5. Japanese recognition of the Burgos Government this week is an important development and indicates a further German-Japanese conciliatory step in bidding for Italy's adherence to their alliance.
6. The banning this week of all but three English newspapers from Italy and the re-call of all Italian press correspondents from England on the eve of the coronation reflects Italian irritation at the British press treatment of Italian international political interests in general and Italian interests in Spain in particular.
7. The Italian press devoted only two lines to the coronation of the British King, confining comment to a simple announcement of the occurrence.

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Source of information OBSERVATIONS - CONTACTS

Subject ITALY - INTERNATIONAL RELATIONS - GREAT BRITAIN
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ANGLO - ITALIAN RELATIONS

Copy to: Ambassador, Rome.

1. The Italian Ministry of Aeronautics this week cancelled authority previously given to the British Air Attaché, Rome, to visit certain aviation activities at Turin and in Sardegna.
2. A request of the British Naval Attaché, Rome, to visit northeastern Italy (the same trip covered by the Assistant United States Naval Attaché, Rome, about two weeks ago) was disapproved this week by the Italian Ministry of Marine. The action of these two Ministries is the result of the tension in Anglo-Italian relations.
3. From reliable sources it is reported that Italian Foreign Minister, Ciano, has issued instructions to the Italian Press to cease immediately adverse press articles regarding Britain. The British Military and Naval Attaches, Rome, have stated in conversation, that they regard the British press campaign against Italy equally unfortunate.
4. Since Ciano's moderate speech on Foreign Affairs, which is reported to have been well received in England, it is reported, but not confirmed, that the British Government is taking some action with reference to their own press with regard to Italy.

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From T Date 31 May, 1937 Serial No. 321 File No. 205-205
 Source of information official press (Communications news section each January last) (Official report number from O. N. I. Index)
 Subject ITALY POLICY FOREIGN
INTERNATIONAL RELATIONS
 Reference (Station reported on) (Index title as per Index sheet) (Subject)

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ADDRESS TO THE CHAMBER OF DEPUTIES ON MAY 15, 1937, BY COUNT GIANO, THE MINISTER FOR FOREIGN AFFAIRS

In preparing to set forth before the Fascist Chamber the work carried on in the field of foreign policy, I think it is useful, to the end of clarity and brevity, to review chronologically the outstanding events of the past few months in order to take our bearing on the present situation.

End of Recitations.

On July 15, 1936, Year IV of the Fascist Era, there ended in what was defined as the surrender of the belligerents, the experiment of Garvum operations. A sterile but instructive experiment, not only because it served to demonstrate with overwhelming evidence the military and civic qualities of the Italian People, but also because, when encountering the first hard and immediate test, certain ideologies which had in the world, though not among us, met with fever and gained followers, had demonstrated the artificiality of their construction and above all their extreme perilousness.

It is pertinent to refer to this fact now, in order to throw light upon the general situation in which Europe found itself at the end of the Ethiopian campaign. Upon all international relations, and frequently also upon the internal situation of many countries, the failure of the League policy had repercussions of extraordinary import. It cannot therefore be ignored in an examination of subsequent events and of all developments of European politics.

Italy, immediately she had issued forth from the great test, manifested her clearest desire for collaboration, communicating to the League of Nations on June 29th the fruitful and ample program of the task assigned to the present and the future generations in the newly won territories. Even those who are ever quick to sound the alarm at our slightest gesture had that time to admit that Fascist Italy was giving proof of great measure and moderation. Even the least responsive minds, after what had occurred, felt a vague uneasiness in regard to our country, and everything, even the affirmations explicitly made to us without our having sought them, would have indicated that a gesture of courageous and proper loyalty the right and just cause of Rome would have been recognized in the new reality of the Italian Empire.

Recognition.

I desire to emphasize immediately, to avoid all equivocation and misinterpretation of this statement, that we have neither asked nor solicited recognition of the Empire.

Our policy is too greatly imbued with sound realism to attach substantial importance to a gesture, which in any case is one of pure formality and reciprocal interest. It is, moreover, nothing new for recognition to come tardily. But new for that is the course of history arrested. Indeed certain hesitations call to mind Horace's farmer, who, being unable to make up his mind to ford the stream, lay down upon the bank till it should cease flowing.

The absence of the so-called de jure recognition — and the difference between that and what is called de facto recognition is as fine as at times is

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perplex the weary judgments - detracts not a single leaf from the laurel wreath of our victory nor hurls the tricolor from flying in the sky of the conquered, pacified, and industrious Empire.

But I shall immediately add that such recognition has been most welcome to us when it came as a spontaneous manifestation on the part of these peoples, and there are now many of them, who in this way desired to convey to Italy their friendliness and offer their collaboration.

Policy towards the League.

We often hear the question; what is Italy's position in the League of Nations? What will her future attitude be? Sometimes indeed these questions are formulated in so ambiguous a way as to make one suspect that they contain at the bottom a warning or an invitation.

Our succinct reply is that our present or future attitude is connected with what the League of Nations will do and with what it will become.

In the Milan speech the Duce, with sylphesque brevity, set forth his view on the League of Nations: "Balkan or perish".

Now even the most ardent enthusiasts of League ideology admit that the craft is leaky from bow to stern. But instead of putting their finger on the cover in the system, instead of admitting that the institution has, in the many tests it has come up against, proved unequal to the task assigned to it, they now seek to save the essence thereof by blaming its systematic collection of failures upon the lack of League spirit among individual members.

But is it not precisely in the fact that the League fails to inspire complete confidence even in those who are its most active members that one may find the proof of its inefficiency and its artificial vitality?

At any rate, even with regard to the problem of League reform, Italy maintains a waiting attitude, not over-confident but not dogmatically sceptical.

I shall say, since this rumor frequently reappears, that we have no reform proposal to launch at the opportune moment; frankly, we have no motives of gratitude toward the League such as to induce us to make an effort to save its endangered life. If the history of our country pursued its great course, we owe it to the genius of a leader and the faith of a people. For its part Geneva did everything it could to have things turn out far differently.

Therefore no initiative on our part, now or in the future. But if a real occasion should be presented to render service to the cause of peace, of that peace which we want with firm, realistic, and objective determination, the Fascist Government would not fail to give its constructive collaboration.

Spain

In the already complicated European atmosphere the Spanish revolution began last July. The movement broke out following a series of crimes and political vendettas which induced General Franco and the other leaders of the Army, the depository of the honor and prestige of Spain, to set forthwith and declare open hostilities upon a Government that was preparing the subjugation of the country to the ideology and systems of the Bolshevik international.

During the development of the conflict international sympathies were oriented towards one side or the other, according to the internal regimes of each country. Europe threatened to split into two opposing camps. In view of this danger the

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From **T** Date **21 MAY, 1936** Serial No. **551** File No. **100-100**

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well-known decisions, which led to the creation of the Non-Intervention Committee, were taken. Italy from the beginning offered her contribution, inspired by a constant, solid realism. As far back as August 5, 1936, we saw the problem in its integrity and pointed out the necessity of assuming definite commitments also as regarded the prohibition of public subscriptions and the sending of volunteers for the two parties in conflict. Our suggestion was not accepted. The struggle continued and took on increasingly vast proportions. As was to be expected, volunteers poured in for both sides in great numbers.

The measures taken by the London Committee to circumscribe the conflict are known, and others are still under study. Although, in the practical application of the central measures adopted, certain deficiencies have been encountered such as to make one rather sceptical of the absolutely air-tight character of the central system, we nevertheless declare and confirm that for our part we shall respect with Fascist loyalty and scrupulousness the commitments assumed.

The formal recognition made on November 18, 1936, of the Government of General Franco by the Fascist Government, along with the Government of the Reich, is unambiguously justified by the fact that more than three-fifths of the territory, inhabited by the definite numerical majority of citizens, constitute the redeemed Spain, and it is also a proof of sympathy for this valiant soldier who has animated and led the national awakening of his people.

Having thus established the specific points of Italy's loyal collaboration in the policy of non-intervention, I feel called upon to draw attention to the grave peril represented by the periodic offensives of a certain international press which in fascist Italy's regard continues to be inspired only by resentment, hatred, and falsehood.

When recent vicissitudes come to be recorded by the objectivity of history and not by the sectarian spirit of certain newspapers, it will be definitely documented that the victorious valor of the Italian volunteers in Spain, was, during the struggle against red tyranny, everywhere wholly worthy of their heroic traditions.

GERMANY

I alluded above to the danger that Europe should, following the Spanish conflict, split into two opposing blocs. And since there has been much talk and discussion of this subject and since the blame for such an eventuality is potentially shalked down against one country or another, I think it well to point out that the Duce, since he first took charge of foreign policy, has always sought tenaciously to avoid the division of Europe into two hostile camps and the irreparable digging of that gulf between the great powers which the Treaty of Versailles had already traced. For fifteen years Italy has sought to encourage a policy of conciliation and cooperation among those countries whom the war had divided, and to that end more than once she urged upon Europe the necessity of going forward to meet the material and moral needs of Germany, who must, both because of her own right and because of international necessity, resume in the work of European reconstruction that place which is due her. It was impossible to expect an effective, sincere contribution from the German People so long as it was crushed by the weight of reparations, so

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long as it had a price upon its head, so long as it was curtailed in its activities as a sovereign state. This truth has always been proclaimed by Fascism, and we were the first to uphold the necessity of terminating a paradoxical situation which prevented the restoration of Germany to the fulness of her rights and her historic function.

Nobody can perceive in our policy any intention of producing perilous and menacing seissions. On more than one occasion the policy of Fascist Italy and that of Nazi Germany have found themselves advancing along two parallel lines.

This has been particularly evident as regards the western part; Belgian Security; Austrian policy and the Danubian Basin in general; the anti-Bolshevik stand; Spanish affairs, and more particularly the question of non-intervention, territorial integrity of Spain, and recognition of the national Government of General Franco; all questions upon which European international activity has centered during the past few months.

The parallelism of policy, which had already existed and was gradually becoming more and more distinctly marked, was confirmed and regulated during the personal contacts at the time of my visit to Berlin. The visit recently made us by the Foreign Minister of the Reich and those of the other Nazi officials have strengthened and continually brought up to date this fruitful collaboration.

It is not a bloc we have formed. It has already been said that the political system passing between Rome and Berlin is an axis, not a partition. It is inspired by real and deep sentiments of collaboration among all peoples and conceals nothing mysterious and obscure. The practice of the past months has instead revealed that the parallel policy of the two great authoritarian States of Europe constitutes a most useful factor for security, and peace, a girder about which have been and will be oriented all the forces which intend to save civilization from the Bolshevist menace and perform a fruitful and lasting work of reconstruction.

Italo-German friendship has already deeply permeated the social strata of the two Countries. This is very important, for if international friendships emanating from the intentions of the two Governments do not penetrate the inner consciousness of the peoples, they are unavailingly destined to be broken. Italo-German collaboration will be continued in that spirit, which requires no protocols in addition to those signed on the occasion of my visit to Germany. With the same effectiveness as in the political field it will be carried on also in the economic sphere, wherever the two great Nations may show their vigilant sense of international responsibility.

AUSTRIA AND HUNGARY

An international instrument which, in the course of a now sufficiently long experience, has proved vital and efficient is the agreement that unites Italy, Austria and Hungary. On the basis of the Rome Protocols, our collaboration with these two neighboring countries yields obvious results and represents a sure element of equilibrium in Central Europe.

During the recent Venice meeting, as shown by the document published at the end of the conversations, Italy confirmed her policy of friendship toward Austria, who, in her turn, maintains a fundamental and unalterable basis of her international activity the Rome Protocols and the Austro-German Agreement of July 1936.

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So change, then, in the friendship between ourselves and Austria. Those who hoped that that friendship was to work against Germany should be undeceived. Such was not and is not our intention, nor is it among the desires and possibilities of Austria herself. This should be noted by those who hastily took it upon themselves to spread a not disinterested alarm. And since there are still those who, with every breeze that blows, feel it their duty to announce sudden changes in Italian policy, it is well to say once for all that Fascism is not founded on a "tour de valeur" policy and that, just as it is true that we use much caution and long reflection before choosing any road or marking out any goal, it is equally true that, when a decision has been taken, we are not easily deflected from it.

Our friendship with Hungary, with the passage of time and events, is sounding out increasingly deep and sturdy roots in the hearts of the two peoples. And within a few days the Magyar capital can open its throbbing heart to the August person of His Majesty the King Emperor.

ITALY

The conclusion of Mediterranean agreement between Italy and Great Britain in Rome on January 2nd of this year was hailed by world public opinion as an event destined to represent one of the pillars of European pacification. The fact that, after a long period of tension, Great Britain and Italy judged the time had come to reach a loyal agreement through the recognition of their reciprocal rights and interests in the Mediterranean, appeared of singular importance. The origin, development of negotiations, the text of the agreement are here well known to require further illustration. In brief, the declaration confirms the vital importance to both countries of freedom of entry to, exit from, and transit through the Mediterranean; repeats that Italian and British interests are not conflicting; precludes any intention of altering the status-quo of the Mediterranean basin, and pledges both countries to respect each other's interests and rights in that area. The agreement was completed by an exchange of notes relating to respect under all circumstances of the territorial integrity of Spain, which, however, may I say, we had never even remotely considered violating. At the time the agreement was signed the British Government conveyed to us its satisfaction and its hope that the agreement would mark beginnings of further collaboration between the two Governments in the cause of peace and international security. For our part we replied that this satisfaction and this hope were fully shared by the Fascist Government.

In fact, in the changed atmosphere that resulted immediately after the conclusion of the agreement and although on the part of Great Britain there was no juridical recognition of the Empire, nevertheless it was possible in January to conclude certain accords referring to the Empire and regulating grazing and water rights among the frontier tribes, as well as trade in transit to and from Italian East Africa through the ports of Berbera and Zeila and the roads leading from those two localities to the Italian frontier. The accords proved useful and satisfactory to both parties.

It was, however, not very censuring to note, shortly afterward, that certain unexpected obstacles had, if nothing more, slowed down the process of rapprochement which, with good-will on both sides, had seemed to be in progress. To explain this fact, it had been said in certain quarters that Italy had stiffened her position vis-à-vis the British Empire following the decisions of the London Government with

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regard to disarmament. This is wholly inaccurate. The British decisions in no wise perturbed us for we do not deny to others that right which, after the failure of the Disarmament Conference, we have fully claimed for ourselves, a right which we are methodically translating into reality.

FRANCE

As regards our relations with France, we did not feel that we should, at the time of the agreement with England, conclude accords of any kind, because we did not think, as we still do not think today, that the atmosphere between the two Nations has ever become so troubled as to demand public clarification. The abnormal situation of the French diplomatic representation in Rome, upon which discussion often turns, is due to a general decision of the Fascist Government that foreign plenipotentiaries who have the honor to represent their country at the Quirinal must present letters of credence addressed to the Sovereign with the titles of King and Emperor to which our laws entitle him and which no guest, diplomat though he be, may take it upon himself to ignore or slight. This is a provision of general character, not directed specifically against anybody and not containing discrimination with regard to any country. If certain diplomats presented their letters in the old form and these were accepted by us, this depended on the fact that agreement had been granted several months previously and that the decision taken by us referred to the future, and naturally did not contemplate the past.

There exist between ourselves and France no essential questions that divide us in a profound way. For our part we are waiting patiently and also without futile reprimations for an amendment which on the part of France signifies the intention of placing relations between the two countries on a different plane.

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LOCARNO

One field in which the collaboration of Italy and Germany with the great western powers has recently been carried on regularly and assiduously, but for the time being without tangible results, is that of the negotiations for the renewal of the Treaty of Locarno. From last September to date eleven notes have been exchanged among the five powers directly concerned in the case by the Treaty, namely, Italy, Germany, Great Britain, France and Belgium. These notes have served, if nothing more, to set forth with notable clarity the positions respectively assumed on this problem by the powers concerned. It must be noted that these positions are still rather divergent. Nor could it be otherwise in view of the fact that the five powers still have different ideas of what the new security pact for Western Europe should be; that they evaluate in different fashion what the relations should be between this pact and the obligations regarding assistance to which they are individually pledged with other states; and that they find themselves in formally and substantially different positions with respect to the League of Nations.

The old Treaty of Locarno had the great virtue of being a clear and simple instrument. It was a pact of peace between France, Germany and Belgium, supported by a pledge on the part of Italy and England to give immediate armed assistance to the power attacked. Such was the political intention of the former Treaty: "The spirit of Locarno" which tended to create the essential conditions for a Franco-German rapprochement and to prevent France and Germany from pursuing an open and underground policy of mutual encirclement.

It was said that the spirit of Locarno had quickly faded. Now, after so many vicissitudes, pacts and new attitudes, one wonders whether it has not vanished completely.

Italy's present position with regard to a new Locarno is the following. We are ready to renew the agreement, to resume in full the former guarantee obligations on condition that the original characteristic structure of the Treaty of Locarno is not substantially altered. Such is the practical proposal which we made to the powers: instead of giving ourselves up to doctrinary disputes, which could never possibly be settled, on the structure of new security pacts, we should take the old Treaty, which in final analysis successfully served its purpose, and bring it up to date so that it may answer the conditions that have been formed since 1923.

A new element has resulted from Belgium's policy. That country has affirmed the principle that, while expecting a guarantee of inviolability of her frontiers and of assistance against aggression, she is not obliged to grant a reciprocal guarantee. Belgium has made a cardinal point of this new position in her foreign policy. On our part, on March 12th we gave Belgium formal assurances that we were ready to guarantee her integrity under any circumstances, jointly with France, Great Britain and Germany, without asking for a reciprocal guarantee. A similar communication was made by the Government of the Reich, with whom in this matter also we have proceeded and shall continue to proceed in close agreement.

The fact that we desire to resuscitate the Treaty of Locarno in its former essential elements as a western pact does not mean that we wish to ignore the vital interests of other nations in other geographical zones of Europe, first among them the interests of Poland, with whom our relations have always been most cordial

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and who lifted questions even before the Geneva decision. We have these interests in all their urgent reality in mind, but we believe that the first step towards which our efforts and determination must be bent is the restoration of a system of security for Western Europe which, if it is to be solid, must have a specific scope and a clearly defined character.

We shall still work in this direction. But we point out that we will not subscribe to the convening of a Conference until a diligently completed preparatory work gives absolute assurance of positive results.

BALKANS
Yugoslavia

A recent diplomatic agreement which has been widely echoed in the world was the Belgrade Pact. Everybody is familiar with the alternating vicissitudes of our relations with the neighboring Yugoslav Kingdom since the end of the war. It is also known how, through polemics and accords the causes of discussion gradually diminished and disappeared, so that the Duce in his Milan speech had occasion to say that there now existed between the two countries "the necessary and sufficient conditions of moral, political and economic nature to place the relations between these two countries on a new basis of concrete friendship".

The Duce's statement met with loyal welcome in Yugoslavia and in the acute sensibility of her Prime Minister. After long and careful negotiations, during which all existing problems were examined, discussed and solved, we came to the point of stipulating and signing the Belgrade Pact which, not only in letter but above all in spirit, is destined to open up a new era of peaceful and fruitful collaboration between the two people such as we sincerely desire and such as is in the natural order of things. The Italo-Yugoslav Treaty, which as you know is of solid structure and broad scope, without for that reason being in the slightest way directed against anyone whatsoever, is a further document attesting to the part which Italy is taking in the work of reconstruction, actively and realistically in accordance with that style of hers which leads her to value the convincing eloquence of facts above the vain sonority of words.

On the whole our relations with the countries of the Balkan peninsula may be considered highly satisfactory.

Albania

My recent visit to Albania afforded an opportunity not only of seeing with interest and gratification the rapid progress that country is making, but also of appreciating the depth and sincerity of sentiment uniting to us the Albanian people, which, as we wish to acknowledge, has been a faithful friend to us, even and especially in difficult moments.

Turkey

With Turkey, following the Milan conversations, relations have returned to that atmosphere of cordiality which was consecrated by the Italo-Turkish Treaty of March 30, 1922, and which had been troubled solely by a sterile and not spontaneous suspicion. It may now with satisfaction be affirmed that following a open clarification, sentiments of mutual confidence have been restored between Italy and Turkey. All questions still pending will also find their solution before long.

Greece

Relations with Greece, Rumania and Bulgaria are cordial and susceptible,

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Trade Policy

Before going on with a cursory examination of our anti-European policy, I shall dwell for a moment on the activity carried on in the sphere of trade policy.

During the period of sanctions our movements of trade were brusquely checked, except for those with non-sanctionist countries and with Switzerland, who, loyal to the traditions of an unalterable friendship, had reserved the right to continue commercial relations with us.

When the end of the sanctionist regime was announced, those who had already made a number of errors in calculation in our regard thought they would find Italy anxious to resume the old connections and ready to accept any condition imposed upon her rather than lose a moment after the midnight marking the lifting of sanctions struck. A further disappointment was in store for them. Conditions were made, not suffered, by us in order to bring about a program which we had elaborated with great calm and firm decision. For the future we were disposed, indeed anxious, to resume trade, but would restrict imports to necessary products, would pay with our goods and not with foreign exchange. A rule as elementary as fair: to buy only from those who buy from us.

To that end we declared all quota and payment agreements null and void through their non-application on the part of the sanctionist countries, and we based our negotiations upon the following inflexible rules:

- no payment in foreign exchange would be made to liquidate frozen commercial credits, but a margin of Italian exports over imports would be employed gradually to pay arrears;
- the establishment of a ratio between imports and exports making such a margin possible;
- the restriction of imports from abroad of raw materials and to certain manufactured or semi-manufactured goods of particular interest, with rigorous prevention of all imports not essential to the life of the country;

The negotiations led to the conclusion of a twenty-three temporary agreements or of treaties and thus created the new net-work of trade.

With Russia, alone among the countries with whom we came into contact, it was impossible to conclude negotiations, since that country demanded a margin of many tens of millions in her favor and we failed to see any reason for a treatment so exceptionally favorable to the Soviet Union.

The work done in this sector has been of great size. And I desire at this time to point out that the ministries concerned in international trade have given their enthusiastic and concordant cooperations, first among them the Under-Secretariat for Foreign Trade and Exchange, which has validly borne the great part of the technical preparation of the accords.

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Extra-European Relations.

The strengthening of Fascist Italy through that great event of contemporary history, the founding of the Empire, has broadened the horizon of our interests and activities; this not only because our new greatness automatically led to an intensification of relations and trade, but also because the struggle we had successfully sustained and the victory we had won aroused a keener international interest in our country than ever before. If on the one hand there was aligned against us the coalition of incomprehension and jealousy, on the other hand we attracted the sympathy and solidarity of all that which represents the world today, the force of youth, renovation, and future. It is in this atmosphere that Imperial Italy actively resumed her policy in other continents.

Arab Countries

In the first place our attention was drawn to those countries lying along the Mediterranean Basin.

Our friendly policy toward the Arab-Moslem world has a long and solid tradition. Not only does it respond to a clear-cut and deep-rooted feeling, but it is a natural necessity for us to maintain the best of relations with the Arab peoples, who contribute an intensive and fruitful activity to the development of Mediterranean life. After the conquest of the Empire this necessity was even more greatly felt when one considers the number of Moslems inhabiting Italian Africa and the fact that the countries surrounding it and those on the shores of the Red Sea are Moslem.

These are intimate and obvious and the sole reasons for our Islamic policy. And it is futile to search that policy, as has been done, for elements of menacing perturbation and plot against the positions of other countries. To those who have affirmed that this cordiality of relations with Arabs shows a lack of international solidarity on our part, it may be easily replied that proof of far more serious lack of international solidarity was given by certain western countries when, in defense of a slave-holding regime, they coaligned against the civilization of Rome.

We have in the Arab countries of the Mediterranean and the Red Sea sincere and valuable friends whom we intend to cultivate with the utmost care and who received concrete proof of our friendliness during the visit made by the Duce to Libya. Every day we receive evidence of the impression made by this event throughout the unbounded Islamic world which, in accord with its traditions, has liked in the Duce the wisdom of the statesman combined with the impetus of the soldier.

E G Y P T.

In our daily activity there is frequent demonstration of concrete understanding of the necessities and legitimate aspirations of the Arab nations. Just yesterday Italy without barter gave her support to Egypt's demands for the abolition of the capitulatory regime. We are sure that Egypt, appreciating the

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page 11

confidence we have shown we feel in her and her future, will, in exercising the new prerogatives of sovereignty, facilitate and guarantee the work of the flourishing and numerous Italian community, which for decades has made an incomparable contribution to the progress and prosperity of the country,

Transoceanic Affairs

The internal organization of the Ministry itself shows the renewed attention that Italy today brings to bear on the policy of distant countries. The Division of Transoceanic Affairs, recently created, watches over and coordinates our material and moral interests in other continents and directs Italian expansion, which at all points appears to be developing in a hardy and promising fashion. Simultaneously with the creation of the central directive body, provisions were made for a thorough reorganization of the offices abroad. Not only were there changes in the staffs of our representations in a number of overseas countries, but also new offices were created where, for political and commercial reasons, this seemed a useful step.

Our work in Asia has been carried on with particular interest and in a cordial spirit of collaboration.

J a p a n

Our relations with Japan have been furthered by the spontaneous recognition made by the Empire of the Setting Sun of Italian sovereignty over Ethiopia. Our friendship with Japan dates from a long time back and springs not only from mutual respect and admiration for the industrious and military qualities of the two peoples, but also from the attitude openly assumed by the Japanese Government against the menace of Bolshevism and in the defense of order.

Much has also been done in the sphere of commercial and cultural exchanges and much more is scheduled for the immediate future.

C h i n a

Equally cordial are the relations between Italy and the Chinese Republic. The policy of intensive collaboration which has long been carried on in China has developed along the contemplated lines, and the sum total of our interests in that country of infinite resources and unbounded possibilities is increasing at a satisfactory pace.

To the two missions, naval and aeronautical, that have been working in China for some time, there has now been added a third and highly important one of a financial character. Unanimous testimony shows that the activity carried on by experts in three delicate sectors of Chinese national life is such as to confer high prestige upon our Country.

T r u s t a n d S i a m

Our exchanges are intensive with the other Asiatic countries, among which I

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page 12

desire to mention, because of their solicitous attention toward Fascist Italy, Iran and Siam.

United States.

Similarly watchful interest is brought to bear on our relations with the American Republics.

With the United States, following the denunciation of the Treaty of Commerce and Navigation, negotiations have been in progress for the conclusion of a new treaty, and there is also under examination the new draft consular convention, submitted through the channels of the Embassy by the American Government.

Although it cannot be said that recent developments have led to a particular intensification of political relations between the two countries, nevertheless the Fascist Government is following with attentive sympathy the efforts of American statesmen to facilitate world economic construction and is ready, whenever the occasion may be presented, to give its most active contribution.

For our part we should be happy if a better acquaintance with our ideals and our achievements should permit the American public not to be so frequently misled by a propaganda the origins and pretents of which can easily be recognized.

Latin America

A vast field for our commercial and cultural expansion is represented by the countries of Latin America. In each of these our activity has in recent times had continual possibilities for intensification, and a proof of the steadily increasing interest of these countries in Fascist Italy is furnished by the many requests for military and civil missions which we have regularly granted.

Special mention should be made of our political and commercial relations with Brazil, who, not being a member of the League of Nations, did not apply sanctions and, during the Ethiopian conflict, maintained in our regard a cordial and not forgotten attitude of friendship.

Italians Abroad

Italian communities abroad—and not only the numerically more important ones, but also the smallest and most remote—have received the utmost attention on the part of the Division of the Italians Abroad. In the first place there has been a progressive increase in the number of schools, the real and solid defense of the national spirit of our communities abroad.

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page 13.

From figures which, in proportion to the great masses of Italians throughout the world, were in the past ridiculously low, the Regime has progressively attained far higher ones, nor do we intend to stop there. Between subsidized and government institutions we have today more than 800 schools abroad, with a total of 2000 teachers and 150,000 pupils, and among whom are many foreigners drawn by the great fascination of our culture and the renewed prestige of our greatness.

Cultural institutions also, which from the very beginning have proved an efficacious means for the diffusion of our thought and language, have been improved and multiplied so that today in all the leading capitals of Europe and America these centers of national irradiation are in full and beneficial activity.

So much for language and culture. As regards the work of organizing Italian committees, on the other hand, this has been brilliantly handled by the Fascists abroad, by the youth organizations, by the Dopolavoro (Workers' Recreational Organizations), and by the Welfare Association. A few figures will illustrate the work better than any comment. There are today 28 Fasesas and 432 Fascist Sections, incorporating 155,000 regularly enrolled nationals and 11,975 Italian women. There are 244 Dopolavoro organizations. There are 171 "Case d'Italia" (Italian Centers). There are 85,000 children enrolled in the Italian youth organizations abroad. The Regime will shortly make it possible for 20,000 of these to know how their country looks, by granting them hospitality in the seaside and mountain camps.

But what has served especially to weld the moral unity of Italians abroad and to try their national and Fascist faith was the bitter test to which our committees were subjected during the smuglist period. Morally isolated, materially injured by a frequently merciless boycott, afflicted by a defeatist and false propaganda, the Italian committees knew no hesitation or weakness but drew together in a band of faith and reflected in the very house of the foreigner the unanimous determination of the distant fatherland.

I could not, finally, recall the participation of Italians abroad in the imperial undertaking without paying homage to the four thousand volunteers who put on the black shirt and without rendering touched and proud tribute to the memory of those who fell in heroic combat.

Before concluding my report, I desire to thank Comrades Fera, Corio, Silva, De Marzio and Giunta for the contribution they made in their interesting speeches to the debates on foreign policy. Special thanks are due to Comrade Gaetano Palverelli who in his extensive report gave renewed and lucid proof of the keen enthusiasm with which he undertakes the study of such important problems.

In the difficult and frequently insidious international situation, which has frustrated many efforts and withered so many hopes, Fascist Italy has instead been able to proceed decisively and unwaveringly to a series of concrete and fruitful achievements which have in the person of the Duce found not only an enlightened inspirer but also an assiduous and sure leader.

To us are given the honor and joy of being able to dedicate ourselves near at hand to the services of him who has made glorious the present of the country and is tenaciously preparing an even greater tomorrow.

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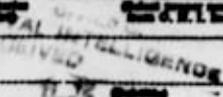
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From T Date 23 July, 1937 Serial No. 401 File No. 103-100
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CONFIDENTIAL BRITISH-ITALIAN RELATIONS

U. S. 11602, 2nd Ed. 1937
 ORD letter May 1937
 WAF 22 1937

1. Foreign Minister Eden's speech of 19 July, 1937, in the House of Commons, on Foreign Affairs, was most conciliatory towards Italy, and was timely. The British compromise plan for continuance of Non-intervention control was the subject of favorable Italian comment.
2. The following passages in Mr. Eden's speech has been the subject of favorable reaction by Italian officers and civilians with whom the Naval Attache has come in contact since the speech:

"This country has every intention of defending its national interest in the Mediterranean, as elsewhere in the world. (Cheers). There must be no mistake about that. Yet it is important that there should be no misconception anywhere; while we are determined to defend our own interests we have no intention of challenging those of others. That is why we made with Italy the Mediterranean Agreement of last January. We stand by that agreement".

"If the Mediterranean is for us a main arterial road - and it is - yet there is plenty of room for all on such a road. If we intend to maintain our place on it - and we do - we have no intention of seeking to turn anybody else off it. Least of all do we wish to interfere with those who geographically dwell upon it. There is ample room for all. Free traffic through and out of the Mediterranean is the common interest of Great Britain and of all the Mediterranean Powers."

"BRITAIN AND THE RED SEA."

"In the light of certain reports which have reached me there is one further categorical assurance I should like to give. This country has no intention of pursuing towards any other country a policy either of aggression or of revenge. Such a possibility has never even occurred to the British people. The word "vendetta" has no English equivalent. The foreign policy of this country will never be based upon such a sentiment. If any apprehensions exist upon that score they should be instantly allayed. To entertain them is truly to misconceive the British character. We wish to live in peace and friendship with our neighbours in the Mediterranean as elsewhere, for while we will defend our own we covet naught of theirs. The moment is perhaps opportune to add that what I have said about the Mediterranean applies equally to the Red Sea. It has always been, and it is today, a major British interest that no great Power should establish itself on the eastern shore of the Red Sea. I need hardly add that this applies to ourselves no less than to others".

3. Unless practical effect is given by the British Government to these utterances of the Foreign Minister, only a temporary improvement of British -

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Italian relations will result.

4. From conversations with the British Naval Attaché it appears that Britain is seriously concerned regarding alleged Italian propaganda activities in Palestine and among Mohammedans. Specific representations have been made upon several occasions regarding radio broadcasts in Arabic from Bari and the Duce has recently ordered their discontinuance, accompanied by the statement that Italy has no desire to increase Britain's difficulties in Palestine. Undoubtedly the possible consequences to the interests of the British Empire from the threat of such agitation among Mohammedans is an important factor in influencing British policy towards Italy.

5. The press of both Italy and England appears to have discontinued their campaigns against each other, at least for the time being. The tone of the presses is mutually better.

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 OSD letter, May 1, 1972
 By SLR Date MAY 29 1973

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From T Date 30 AUGUST, 1937 Serial No. 425 File No. 103-100

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VISIT OF BRITISH MEDITERRANEAN FLEET TO VENICE.

1. Improved British-Italian relations are reflected in the present visit of the 1st Cruiser Squadron of the British Mediterranean Fleet to Venice. For a number of years past it has been the custom of the British Mediterranean Fleet to pay an annual summer visit to Italian Adriatic ports. For the past two years, however, due to strained relations between the two countries, this visit has been omitted.



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ITALIAN RELATIONS WITH EUROPEAN STATES

SEP 21 1937

1. The past week has served more to confuse than clarify Italian relations with other European states and the Italian position in European affairs. A week ago the conference of Mediterranean powers was proposed to deal with the safeguarding of neutral vessels in the Mediterranean and there was reason to believe that Italy would participate in a helpful manner, being represented by the Foreign Minister, Count Ciano. Soviet Russia then addressed a note to the Italian Government, openly accusing the Italians of sinking Russian ships and demanding reparations; Italy promptly disavowed all responsibility and Russia repeated her allegations. The Italian press has been violent in denouncing this Soviet "impudence" and Italian refusal to sit at the Mediterranean Conference table with Russia was a foregone conclusion. It appears that the Russian accusations were well timed to forestall Italian and German participation in the conference. German-Italian collaboration was evident in the almost identical notes which were delivered yesterday in which each declined the invitation to participate. The Conference is scheduled to meet today, but its success without Italian and German cooperation is extremely doubtful.

2. The visit of Mussolini to Germany, which has been rumored for some time, has been announced during the week to take place September 25th. This visit, Mussolini's first visit of state to a foreign power, is calculated to impress all Europe with the state of solidarity existing between Italy and Germany and is hailed enthusiastically by the government-controlled Italian Press. That this meeting between Hitler and Mussolini is taking place just at the time when British-Italian relations are to be reviewed is not to be overlooked. The matters to be discussed have not been made public, and only the obvious probable topics of the conversations have been hinted at in the press, namely - (1) The Mediterranean problem, involving relations with Britain and France, (2) The Danube problem, viewed in the light of the Rome protocols and the German-Austrian pact, (3) the Spanish war, (4) the Far-Eastern conflict, (5) German-Italian cooperation in Abyssinia, and (6) The German Colonial question. This last question was the subject of an editorial two days ago by the government spokesman, in which he again recognized Germany's need for colonies and her right to them.

3. Italian participation in the Spanish conflict continues to be open and the Italian press gives prominent publicity to the activities of Italian forces on the war front.

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From T Date 24 Sept. 1937 Serial No. 467 File No. 103-100
 Source of information OBSERVATIONS, - CONTACTS, FRANCE.
 Subject EUROPEAN POWERS - INTERNATIONAL RELATIONS - NYON CONFERENCE.

Reference (Nation reported on) (Index title as per index sheet) (Subtitle)

RECAPITULATED
 11 SEP, Sec. 3025 and 3026 with
 Call letter, May, 1, 1937
 Date MAY 22 1973
 Copy to Ambassador, Rome

1. The French and British Governments invited the Italian Government to participate in the Nyon Conference convened against piracy in the Mediterranean. Italy had originally intended to take part in the conference. After receipt of the two Russian notes Italy replied she could not participate until the incident created by them had been satisfactorily settled, but did not refuse to collaborate in the proposed plan and indicated the London Non-Intervention Committee as the place for negotiations.

2. On 13 September the 1st note containing decisions of the Nyon Conference dealing with submarine attacks was communicated to Italy, who regarded the offer of only the small Tyrrhenian Sea as her zone as unacceptable. After communicating with Germany, Italy demanded "conditions of absolute parity with any other power in all zones of the Mediterranean". Sunday, 19 September, the 2nd Note was delivered to Italy containing a supplementary agreement extending to surface vessels and aircraft the arrangement reached at Nyon for the suppression of piracy, also asking for explanations on the terms of the Italian note, since (it was now alleged) the note had given rise to contradictory interpretations regarding the acceptance or refusal of Italy to collaborate in the work of patrol in the Mediterranean. Count Ciano explained that "in raising the question of parity the Italian Government intended to establish that in order to participate in the naval measures the Italian fleet must have a position of equality with the fleets of France and Great Britain". This reply was communicated to the British Government.

3. On 20 September the British and French Charges d'Affaires at Rome delivered to Ciano an invitation from their governments to send naval experts to Paris to discuss the necessary modifications of the Nyon Arrangement and Supplementary Agreement to provide for Italian participation with the British and French fleets. The French Naval Attaché, Rome, states Ciano accepted this invitation immediately, accompanied by the declaration that he desired Italian participation in the patrol arrangement to be concluded by 24 September (on which date the base is scheduled to depart for Germany). An official of the Italian Ministry of Marine informed me this meeting will occur in Paris 27 September.

4. The British Naval and Air Attaches, Rome, were called to London by cabled orders September 21st in preparation for this conference and to receive their Ministries' instructions regarding Anglo-Italian Conversations to be undertaken shortly by Lord Perth, their Ambassador, Rome, and Count Ciano, with a view to settlement of outstanding differences of the two Empires. These conversations were arranged on Mussolini's initiative last month. The British Naval and Air Attaches return to Rome September 23th.

5. Italy's adhesion to the Naval Measures in the Mediterranean established at Nyon may be expected on the basis of parity of participation with the British, French and Italian Fleets, to become effective shortly, with a consequent clearer atmosphere and relief of tension.

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E. O. 11652, Sec. 20E and 20D) or (S)

OSD letter, May, 3, 1972

DATE MAY 29 1973

BY SLR Date _____

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6. Soviet Russia is expected to object to modification of the Nyon decisions, but Britain and France are prepared to secure Italian collaboration regardless of Russian opposition.

7. The Nyon scheme first proposed contemplated allocation of a zone to each country to patrol, including zones for Soviet Russia and the smaller signatory Powers. This was altered on the ground it would be a disproportionate burden on the latter with their meager resources. Britain and France then undertook to divide between them the patrol of the entire Mediterranean except the small Tyrrhenian sea offered Italy. The French Naval Attaché now informs me that with Italian participation the scheme will be modified to provide for "mixing" the vessels of the three countries in the patrol of all zones. This question of "zones" may arise as one of the debatable problems. Probably Italy will be satisfied with equality with France as to number of participating vessels. It may be expected that England will manage to exercise "control" of the entire patrol (as she always does on the sea) and that France and Italy will acquiesce.

8. Undoubtedly sinkings of vessels in the Mediterranean in August reached a stage calling for action. After the Soviet attempt to sabotage the Nyon Conference through her two notes to Italy, the French-British method of action produced a dangerous situation.

9. The French and British could not have failed to know that "allocation" of only the small "inland" Tyrrhenian sea (regarded as virtually territorial waters) as the Italian zone, while the British and French assumed to their Fleets practically the exclusive monopoly of the administration of Mediterranean security patrol of several thousand miles of the main trade routes of the Mediterranean, would be entirely unacceptable to Italy. Ignoring Italy on the purely formal ground of her absence from Nyon was a stupid blunder that came near having serious consequences. It was obvious that a scheme of Mediterranean patrol not shared by Italy had its dangers. Despite Eden's undoubted desire not to divide Europe into two camps, Nyon did exactly that. Foreign Minister Eden allowed French-Russian influence to predominate at Nyon, seemingly unable to overcome his antipathy to Italy. For Great Britain and France to pursue an independent policy in the Mediterranean without Italy, and in view of the naval non-participation of the other signatories of the Nyon agreement, was not calculated as in a spirit of collaboration or even friendship. Fortunately a dangerous situation was saved by Chamberlain upon his return from vacation 20 September. In my opinion, Eden's action at Nyon can hardly have pleased the British Prime Minister and it may prove another step towards a new Foreign Minister. Italian information credits Eden with being the representative of extensive city (London) Jewish financial interests and considers this backing the chief obstacle to his being superseded.

10. The British Naval Attaché, Rome, states that after learning Italy

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 OGD Letter, May, 1, 1937
 By SLR Date MAY 22 1973

would not send representatives to Nyon, their embassy here received no instructions to ascertain from Italy on what basis she would participate in the proposed patrol arrangement. This would have seemed a timely and prudent step towards securing collaboration of the principal Mediterranean great power. It appears possible that Britain utilized this opportunity to reassert her prestige in the Mediterranean, their press commenting thereon thus: "Altogether British prestige seems to stand higher than for many months". France was glad of the opportunity to placate her communist ally, Russia, and at the same time demonstrate the value of the French connection to Eastern European Powers, particularly the smaller states who have shown signs of wavering towards the Fascist Countries.

11. The decisions of the Nyon Conference would place Italy, the only great power exclusively Mediterranean and whose shores are almost encircled by the waters of the Mediterranean, in a position where her submarines could not engage in any routine maneuvers or submerged activities of any description without being subject to attack by patrol vessels. This training is essential to Italy with her rapidly expanding large submarine force. Such an invasion of sovereign rights could not reasonably have been expected. Even conceding such rights, Italy would suffer a far greater handicap and inconvenience because a very large part of her navy consists of submarines, practically all of which are habitually stationed in the Mediterranean, whereas the case is far different with those of the far flung British Empire and France. Under the Nyon Arrangement, Italy could not send a single submarine to sea, even on the surface (such as a routine transfer from Taranto to Tobruk) without sending another special surface vessel as escort and even then only after notification to the participating powers.

12. Throughout this entire period, Italy has kept the Reich Government fully informed of every step, sometimes in advance.

13. Having precipitated this critical situation, the approaching visit of the Duke to Germany 24 September apparently gave pause for calm reflection. Sensing that he might turn more receptive ears to German intrigues on this visit, the British Prime Minister acted and Italian naval experts were invited to Paris to mollify Italy. See Naval Attache Rome's Serials Nos. 310 of 4 June 1937, and 414 of 6 August, 1937.

14. Failure of the League to register the political demise of the Emperor Haile Selassie not only is a bitter disappointment to Italy but has been regarded as an ominous symptom of the lack of British good will. Recognition of the Ethiopian conquest continues to be a prerequisite to any rapprochement in Anglo-Italian relations.

15. Mussolini desired the Anglo-Italian conversations to take place immediately following his exchange of notes with Chamberlain. The British, however,

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OSD Letter, May 1, 1973

By: [Signature]

Date: MAY 22 1973

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wished to defer them until after the League September session and utilized the death of the brother of their Ambassador to Rome as an excuse for delay in the latter's return to Italy and initiation of the conversations. A British Embassy Attache here put it "the death of Lord Perth was most fortuitous at this particular time".

16. Following the decisions of the Nyon Arrangement, Britain and France withdrew all their vessels from the Naval Control in Spanish waters. In effect that decision destroys the Non-Intervention Committee. Thus Non-Intervention, upon which Britain has been insistent all along (instead of recognizing belligerency in Spain) collapses, never having been successful or practicable. London and Paris still maintain that the Non-Intervention scheme still operates. The only part that continues to function is the embarking of neutral observers on ships bound for Spanish ports. A small British force continues off the coast of Spain as protection for British shipping, as an independent normal function of the Navy.

17. Apparently the German Press, concerned in the potential isolation of Italy, should incidents arise out of the collective anti-piracy measures taken by other powers, counseled caution against being provoked by Nyon, at the same time warning Britain and France that an issue had been raised on which Italy could not compromise. The German and Italian press regarded English and French action as assuming a position of privilege in the Mediterranean. The German press commented on the speech of General Negrin, Spanish representative to the League; "England's representative in Geneva listened calmly to Negrin's speech on the same day that 100 Spanish aeroplanes threw bombs at the English destroyer (Fearless). This fact itself suffices as commentary on the painful scene at Geneva".

18. The Spanish civil war is the back-ground and source of the difficulties which brought about the Mediterranean patrol system. It seems difficult to understand, if the powers concerned are neutral and want Non-Intervention in Spain, why they withheld recognition of belligerency. The failure of the powers to recognize the belligerency of the Spanish Nationalists forces one to conclude selfish interests dictate their policy.

19. Communist Russia, through its Government and Press, attempted to wreck the Nyon Conference and divide Europe into two hostile groups, and continue its efforts to sabotage any hopes of good feeling between London and Rome.

20. German press supports Italy and criticizes England for "her supreme egotism and short sightedness". With France as an accomplice, Britain is charged with conspiring to seize naval control in the Mediterranean - an action described as "preventative and challenging" to Italy. "Under the camouflaged cloak of collective action against aggression", it is stated, "and with the aid of small powers playing the role of diplomatic puppets, the two western powers have

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E. O. 11652, Sec. 303 and 305 or 306

GPO Station, May 4, 1973

MAY 29 1973

been able to make themselves policemen of the Mediterranean". German writers see no pretense of international action, but only a barefaced attempt to increase Anglo-French power.

21. Comment in Italian and German press argues that when Nationalist Spanish submarines attack Soviet ships carrying war supplies to and Valencia, they will be at the mercy of the patrol vessels. Obviously recognition of belligerency would avoid such dangerous complications, would clarify the Spanish situation and piratical attacks, obviate necessity for a Mediterranean patrol and promote stability of European peace.

22. The departure of armed metropolitan units for Lybia, a normal movement in accordance with an announcement made some months ago, was seized upon by parts of the British and French press printing alarming reports under blazing headlines such as "Surprising Italian move in Mediterranean", "New menace to Great Britain in Egypt", "More Italian troops for Morocco", and "The Duce responds to the Anglo-French patrols by sending 3000 men to Lybia", etc. Such anti-Italian journalistic attacks are unfortunate in misleading British public opinion.

23. It is of interest to note that the airplane attack on the British destroyer Fearless off the north coast of Spain by Spanish Hebe receives scant notice in the English press.

24. Having been specially convoked from its summer recess by the President of the Republic, the Kurutay (Grand National Assembly, met in Ankara September 1st and ratified the Arrangement signed by Turkey at Kyon. This extraordinary session, lasting only a few hours, was considered necessary because of the undertaking assumed by Turkey with reference to the entry of British and French warships into Turkish waters and ports in the performance of patrol duties.

25. General Inonu, the Prime Minister, said that although Turkey had no direct interest in the political questions which threaten the peace of Europe, the Turkish nation, believing that another European war would have dire consequences for the whole world, was willing to do everything in its power to avoid such a disaster. For that reason Turkey had subscribed to the Kyon Arrangement, which had enabled Europe to breathe again. Turkey evidenced anxiety over a possibility of becoming involved in war over a matter (Spanish conflict) in which she has no concern.

26. The British and French Naval Attaches, Rome, believe that one or two Italian submarines were involved in the so-called piratical attacks in the Mediterranean. Neither of them has any knowledge of any definite proof of such occurrences. They base their belief on:

(a) The apparent impracticability of the only two known submarines possessed

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would have been valuable.

30. I am of the opinion that probably two Italian submarines did participate in the attacks in the Mediterranean, that the attack on the British destroyer Havock was a case of mistaken identity. (This vessel closely resembles the Spanish destroyer and is easily confused at night) and that her attacker was probably a Spanish submarine.

31. It is of the highest importance that an accord in principle was reached before Premier Mussolini's departure for Germany. To have let the Laeiz depart for Germany with the feeling of isolation and resentment engendered by the Myon parley might have resulted in commitments which could have gravely influenced European stability.

32. One of the greatest difficulties is the failure of the British and French public, and even the Governments, to recognize the fact that Italy has become a first class power. Probably Britain finds it regrettable to argue with a former third class power which she became accustomed to scotch or ignore when Britain enjoyed dominance of the Mediterranean. It seems impossible for Britain to bring herself to treat with Italy as a full equal and the spirit in which the technicalities of the patrol scheme are dealt with at the approaching meeting in Paris will probably be no exception.

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E. O. 11652, Sec. 303 and GDS as amended

OSD letter, May, 4, 1973

By SLR

Date

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(Continuation cover sheets each January first) (Subject proper number from O. N. I. Index)

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Subject ITALY INTERNATIONAL RELATIONS GERMANY
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MUSSOLINI'S VISIT TO GERMANY.

1. Premier Mussolini left Rome 24 September on a State visit to Germany, returning 30 September. This is the first time the Duce has left Italy in 12 years, the last time being when he visited Switzerland to sign the Locarno agreement. It is his first official State visit as Chief of Government and Leader of Fascism. The visit has more than an ordinary diplomatic value; its importance is evident.
2. Special precautions were taken to ensure his safety in North Italy, Austria and Germany. 4000 - 5000 police and gendarmes, one every 80 yards within earshot of each other, were stationed along the railroad from frontier to frontier on Austrian soil. A broad strip to right and left of the railway was likewise strongly guarded and sentries posted in pairs in all streets in Innsbruck leading to the railway line and stations and in the vicinity of conduits and crossings. From the Austrian frontier to Munich, 16,000 - 17,000 troops were stationed along the railway line. In Munich minute precautions were taken to safeguard the Duce, the streets being lined with thousands of Nazi SS guards, and a house to house search in advance was conducted. Precautions in Berlin were much less and a freer demonstration of the population was possible.
3. Elaborate decorations were displayed in Munich, Berlin, Essen and other points in celebration of the Duce's visit. A magnificent reception, unprecedented in the history of German manifestations, according to the press of Germany and Italy, was accorded Mussolini. He was received by Hitler, the Cabinet, Heads of the Armed Forces, etc. A special guard and other honors were accorded.
4. On the eve of Mussolini's departure for Germany, the Italian government spokesman and press stated that the visit did not project any diplomatic moves or the conclusion of any new conventions, pacts, agreements or protocols between Italy and Germany and none would be signed during the visit which was intended to demonstrate the solidarity of interests and purpose. It was further emphasized that no military alliances were to be stipulated nor would there be laid any foundations for "some dark plot against European peace".
5. According to the Italian press, the note of the meeting between the two Chiefs was on that of the Party which expresses the political ideology and the military forces which defend it. It was stated that the Rome-Berlin axis is not a bloc but only a resolute solidarity for a realistic and concrete desire for European peace and that "this solidarity is not closed to any nation of goodwill, beginning with England, France and Poland". The addresses of the Duce and the Führer to the masses in the Sports Stadium at Berlin appear to have been conducted with a view to imposing solidarity of national masses in the same manner in which the Italo-German solidarity of men, government, purposes and political ideologies has been furthered. The anti-Communist solidarity was renewed, reaffirmed and strengthened.

6. According to the Government spokesman, the peace envisaged by the two Chiefs is based upon four essentials: (1) complete comprehension and due respect for Fascism and National-Socialism as ideological movements and regimes essential

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page 2.

the other countries; (2) the right of political, technical and especially moral parity must be recognized in Europe to Italy and Germany; (3) a greater sense of comprehension of the right of life and progress must be revived, that is, international justice must operate with deeds not with words; (4) for the sake of European solidarity all nations must regain a minimum of pride in the common defence against subversion and a minimum of comprehension for its common danger.

7. It seems probable that Mussolini and Hitler exchanged views and apparently reached decisions regarding the Mediterranean, Spanish and Austrian questions. The Eastern Europe or Central Europe-Danube Basin is a harder nut to crack.

8. The Duce received a splendid reception on his return to Rome, in recognition from the Italian view of his having made Italy great and increased its prestige abroad as well as internally.

9. The extent of the ovation accorded to the Duce in Germany, his impressions of her vast war machine as evidenced in the military reviews and the largest Army field maneuvers ever conducted in Germany, cannot have failed to affirm the value of the Rome-Berlin axis under present conditions in Europe. The visit to the huge Krupp plant was of psychological significance in affirming the ability to supply the huge war machine.

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 OSD letter, May, 4, 1978 page 2.
 By SLB Date MAY 2 9 1978
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earliest possible settlement of their differences with Italy and that they had represented to their Government that their hands were tied and they were not able to deal with other important international problems concerning the Empire. They had specifically in mind Italy and the Mediterranean situation, the Spanish conflict, the uprisings in Palestine where the situation is almost as serious as it was when Britain despatched a special division consisting of famous organizations about a year ago, and the Far Eastern conflict. He expressed the opinion that settlement with Italy would be practicable until the Spanish conflict is over. He said there could hardly remain any doubt that Foreign Secretary Eden was definitely biased against Italy and had a great antipathy for her and he doubted whether settlement of their differences could be achieved while he remained in office.

3. ANTI-PIRACY PATROL. The British proposals as prepared to be put forward at the Paris meeting provided for Anglo-French control in the Western Mediterranean west of Sicily, in the Eastern Mediterranean from Malta south-east and in the northern part of the Aegean Sea, in the vicinity of Malta along the main shipping route; French control for the French coast, and Italian control in the Tyrrhenian, Adriatic, southern portion of the Aegean and part of the area between Sicily and the African coast between Tunis and Tripoli. The central area along the Sicilian Channel was recognized to be difficult of settlement and was regarded as only tentative. He expressed surprise and irritation at not having been informed to date what decisions had been reached at the Paris meeting of Naval Experts. An oral request to the Ministry of Marine for an appointment with Admiral of Division Gairneri Biscia (one of the two principal Italians representing Italy at the Paris meeting) to ascertain the Italian Ministry's views regarding the decisions arrived at at the Paris meeting, was "put off and evaded" by the Gabinetto of the Ministry of Marine and no appointment was given. He was not informed when the Lyon anti-piracy patrol became effective nor of the areas at present assigned to the British patrol. He expressed dissatisfaction at the lack of information furnished by his home office.

4. TRIPARTITE CONFERENCE. He anticipated that non-recognition of Ethiopia would constitute also an insuperable barrier to realistic progress of the proposed conference. He subscribed to the opinion that Italy would not participate without German representation and would suggest the Non-Intervention Committee as the proper agency for such discussions; that Italy would not agree to withdraw her volunteers and that if she did not agree, that France is prepared to open the Pyrenees border. He therefore viewed the situation as extremely serious and one that might result in a first-class crisis arising between these two countries.

5. In conclusion, in response to an inquiry as to his opinion regarding British-Italian relations at present, he said: "On the whole I think they are good".

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Source of information OFFICIAL

Subject ITALY - INTERNATIONAL RELATIONS - JAPAN, GERMANY.

(Nation reported on)

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ANTI-COMINTERN PACT -
GERMANY, ITALY AND JAPAN.

Copy to: Ambassador, Rome.

- As reported by despatch to the Department this date, it has been definitely confirmed that the German-Japanese-Italian Anti-Comintern Pact will be initiated tomorrow, Saturday, 6 November, 1937, in Rome.
- Special attention is invited to the following reports of the Naval Attache, Rome:

- Confidential Serial 423 of 16 November, 1936.
- Confidential Serial 489 of 4 Dec. 1936, paragraphs 3 and 4.
- Confidential Serial 50 of 29 January, 1937, paragraph 5.
- Serial 414 of 8 August, 1937, paragraph 4.

- Adhesion of Italy to the Tripartite Anti-Comintern Pact appears to be definitely connected with Italian support of Germany's colonial demands and German reinforcement of Italy's Mediterranean and Spanish policy.

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NOV 23 1937

SOUTH AMERICAN INTEREST IN ITALIAN MILITARY AFFAIRS

Copy to: Ambassador, Rome.

1. Increasing South American interest in Italian Military Affairs is reflected by the following:

- ARGENTINA - Military Attache accredited to Italy.
- BOLIVIA - Military Attache, Military Attache for Air, and Assistant Military Attache for Air accredited to Italy - 1st appointment.
- CHILE - Military Attache accredited to Italy - 1st appointment since 1931.
- ECUADOR - Military Attache accredited to Italy - 1st appointment since 1931.
- URUGUAY - Military Attache accredited to Italy - 1st appointment.
- PARAGUAY - Italian Naval Mission to Paraguay. *(By error; see letter N.A. Rome Jan 28, 38 in this folder)*
- PERU - Italian Air Mission, 6 officers, to Peru.
- BRAZIL - Brazilian Mission in Italy - connection purchase of Italian Submarines.

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and threatening course, especially after the decisions of the seventh congress of the Moscow Komintern in July-August, 1935, which we were among the first to point out and illustrate and which inspired the first anti-Communist Italo-German agreement contained in the Berlin protocols of October 1936, and the subsequent German-Japanese agreement of 25 November, 1936.

These decisions declare open war against the non-communist political regimes of the world and especially against Fascism not only in Italy and Germany but in Japan, Poland and other strong countries. An article by Karl Radek, at that time still an accredited agent of Bolshevik policy, published in the "Izvestia" of 1 August, 1935, is illuminating. For the purposes of the Communist world revolution it divided the States into three categories - the satisfied, the restless and the dissatisfied "like Italy, Japan and Germany". It went on: "the two first categories are our allies against the third. When we have defeated this third category we can start revolution among the others, thanks to the "popular fronts", and destroy their States". Equally illuminating was the secret report on the plan and tactics of the world revolution presented to the congress by Pieck. After affirming that the task of the congress "is to organize a world popular front" it indicated Japan, Germany and Italy as the first objectives of the battle, invoking an alliance of the Soviets with the democracies which would later be the more easily liquidated.

This program is today under way in the tumultuous events in many countries. After the seventh Moscow congress, Communism has rapidly propagated in Europe, Asia, America and the colonial territories. Its action has been felt from Switzerland to Brazil. The policy of "popular fronts" is being developed under the eyes of all, from France to Spain, where it quickly precipitated according to the pre-established plan of the Red revolution, from Great Britain to other countries of Europe and to America.

Communist penetration in Asia, of which France has already had to acknowledge the presence in Tonkin since 1930, and which Japan discovered in her own territory in the same year with branches in Korea and even Formosa, is revealed today in its true colors in China. Outer Mongolia and Sinkiang - that mysterious autonomous Chinese province which comprises Eastern Turkestan and part of Zungaria - are already invaded. The Government of Nanking itself feels its direct influence and is unable to unify its immense provinces which are riddled with communist propaganda and swarming with Red bandits and militias and is fatally drawn into an anti-Japanese current and solidarity with foreign States which openly support Communist policy in Asia.

It is therefore the clear and unavoidable duty of the strong and courageous nations to intervene and form a firm, combative defense before it is too late. Hence the new Rome Protocol, prepared by the undeviating policy of Mussolini and elaborated by Minister Ciano, which associates Fascist Italy - the first historical center of open anti-communist rebellion - Germany, who has also redeemed herself from Bolshevik corruption, and Japan who is engaged in the difficult anti-communist struggle in Asia.

Everyone will recall Mussolini's words of 1 November, 1936, in his great

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page 6.

bloc of forces of the three nations on all the seas of the world.

Having once proved - as events in Europe, America and Asia have now proved - that Communism has ceased to be an internal matter of this or that unfortunate nation, and has become an internationally organized operation carried on by diverse means with the sole purpose of world revolution, the antithesis between bolshevism and peace becomes obvious and irreconcilable. Thus the isolation, if not the destruction, of Communism becomes the prime condition for restoring the possibility of constructing and maintaining peace in the world.

Italy, Germany and Japan once again place themselves at the head of civilization not only by their great contributions of ingenuity and labor but by the supreme defense which they ensure. The event has an historical value.

But the three Powers are not alone. While their courage has led them to take openly the direct responsibility of the anti-Communist battle, they know that the precede many other healthy and robust nations and that they represent the spirit of hundreds of millions of men who are not fortunate enough to have equally resolute governments but fully realize the dangers of Communism. Poland, Switzerland, Portugal, Austria, Hungary, Yugoslavia, Brazil and other Latin American countries are also resolved to face communism with intransigence, drawing their strength from their own conscience and from the respect they have for their national civilizations.

The three signatory Powers of the pact thus also know that they are not operating only for their national interests, for the defense of their regimes, but generously to protect also the other nations of the earth, the great Empires with their vulnerable colonies and the small undefended nations and, although they do not merit it, the very democracies which are so slow in understanding, befogged as they are in their daily internal squabbles.

It is therefore surprising - though not very much so - that the reactions of Paris, London and Washington are bitter and polemical. But they thus reveal above all the iniquity of contacts or the advanced Communist influence in the three great democracies which only see in the association of the strong and resolute young countries the usual coalition of dictatorships. And yet it is these very democracies, holders of the greatest riches in the world and with the most comfortable bourgeois life, that have most to lose by Communism which is already trying to penetrate their immeasurable empires.

For those who speak of the pact as a "catapulting of peace", it may be repeated that the Rome Act is not a military alliance and plans not conquest but defense against the tragic destructive conquests of spirit and territory by Communism. But certainly - and we repeat it clearly - this act is also an expression of force in which are condensed and associated the active and ready powers of three great nations. This association will be better defined by its reception by the other nations. The Triple Association does not menace but withstands all menaces and resistance. And undoubtedly, Italy, Germany and Japan will find other vast and important fields of collaboration in this solidarity besides the Communist problem.

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page 5.

Thus Italian foreign policy which, by this act is projected into the Far East, is extending on a truly world plane with new and wider capacities which reflect the presence of the Empire.

Eighteen months after the end of the Ethiopian war, the imperial victory given by Mussolini which leapt out of the circle of the sanctionist seige, is completed with this significant extension of Italian power in the world.

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103-100

From T Date 4 FEBRUARY, 1938 Serial No. 66 File No. 902-100
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 OOD Index, May, 1, 1938
 Date MAY 2 2 1938

"Where Roosevelt appears to deplore the lack of success of his attempts—endeavors which have been unnoticed—for a general arms limitation—forgetting the fact that he let slide into silence the open invitation extended him by Mussolini, the "Dictator", in a declaration to an American news correspondent on the 27th of May, 1937— he simulates alarm for the "unprecedented speed of armament" also loosed, after the French initiative, by the 400 million Pound Sterling credit voted by the Laborites in Commons—and he sees "the World prey to extreme tension", British newspapers rush in to discover the warlike reason for the democracies' armed block against the authoritarian regimes. The YORKSHIRE POST which is to be classed among the intimate friends of Mr. Eden, hazarded to write yesterday, for example, the following words:

"Not until there is substantial proof of the changed attitude of the dictatorships and military regimes who, by reason of economic difficulties brought on through their autarchic experiments, are moved to menace the world, the democracies will have no choice except that of being strong and resolute in defending their liberty'.

"The YORKSHIRE POST seems to forget that economic autarchy, bandied about as a war instrument, is simply a means of defense whose necessity was demonstrated as urgent and clear during the period of the aggressive sanctions imposed against Italy by London and Geneva working in the service of British Imperial interests.

"But more revealing than the matter of autarchy, to use the language of the YORKSHIRE POST, is the immediate gesture of the democracies intended to oppose the authoritarian regimes. And, interpreted in the light of the discourses alone which for two years now, have appeared in the newspapers and have otherwise manifested themselves, this opposition tingles with the spirit of war.

"In their manifestation of solidarity at the Meifeld, Mussolini and Hitler both spoke for peace with justice for all and offered a helping hand to all states showing a good will. Their appeal fell on deaf ears. The so called friends of peace, on the other hand, evidently do not wish collaboration and harmony if it presupposes universal justice and the exclusion of vassalage and of downtrodden and uncomplaining serfdom.

"But where are these menacing manifestations on the part of the authoritarian regimes against the terrified democracies, to the tinkle or billions, should guard themselves? Germany who for almost 15 years has stood for the unheard of military inferiority imposed by Versailles, working peacefully on her internal reconstruction, offers reciprocal non-aggression pacts to all her neighbor states, arms herself only within the limits demanded by the

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arguments of others. Italy has carried out the Ethiopian campaign after having supported by a documentable period of forty years of Abyssinian aggression; she did so only to approximate her colonial positions to those already attained by the great democracies, following the exact trail blazed by them in wars of conquest, wars not always directed against barbarous negro tribes. To confuse a colonial expedition with menacing aggressiveness in the civilized world would signify, in the light of history, the banishment from the consortium of civilized countries even the United States who have extended their political unity and rich territorial possession by means of pitiless war waged against the native population; and with the United States also France and England who laid down their trail of Empire in Africa and Asia with fire and with iron, and who today defend their old and their recent acquisitions with these same means.

* * * *

"Hypocrisy still dominates the world. And this is its first misadventure. But it is the candid formula which masks egoisms and the overbearing attitude, finally managing to pass off as a sublime act of peace the new American 15 and a half billion lire bloc destined for cannons and torpedos, while the world danger of the modest armaments of authoritarian states, staggering under the weight of misfortune, is loudly bewailed.

RECLASSIFIED

E. O. 11652, Sec. 3(e) and 3(f) or (g)
 OSD letter, May, 1, 1972
 By SLR Date MAY 22 1973

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 Subject ITALY INTERNATIONAL RELATIONS POWERS
U.S.A.A. NAVY POLICY
 (Indicate title as per index sheet) (Indicate title as per index sheet)

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ITALIAN REACTION TO TESTIMONY BEFORE CONGRESSIONAL COMMITTEE OF CHIEF OF NAVAL OPERATIONS, ADMIRAL W.D. LEAHY, U.S.NAVY.

1. The following editorial in the GIORNALE D'ITALIA of 4 February, 1938, by the Government Spokesman, Virginio Gayda, is quoted as of possible interest:

DON'T SEARCH FOR PRETEXTS

"Admiral Leahy's declarations to the U.S. Senate Committee for Naval Affairs in explanation of the 20% increase in strength of the North American Fleet asked by President Roosevelt are to be noted in their tendencies but above all in that certain points demand an immediate clarification.

"We have already written that the U.S. can arm themselves as much as they wish. We are not, as the TIMES would have it, downhearted nor restive because of such armament. We ask only that no search be made for pretexts, that the responsibilities of third parties not be dragged in to camouflage home responsibilities. Admiral Leahy who, justly, in the light of his profession, wishes a strong American Navy, sidesteps this issue of clarity. His numerous references to Italy who reputedly has greatly added to complication of world foreign policy and naval problems, require, for example, urgent need of examination.

"Admiral Leahy would like to find in the 1930 London Naval Conference the beginning of the downfall of the naval arms limitation policy. He should not be able to forget that the failure of this Conference is due above all to the fact that England and France were not able to come to an agreement. Nor should he forget that at that conference it was attempted to deny Italy all the rights recognized as due her at the 1922 Washington Naval Conference. And if the Italian factor had any part in the disorganizing of the Conference all blame can be laid to this attempt of altering an already consecrated principle of balance and justice. Italy could not admit of backsliding instead of maintaining positions already gained. The United States who in naval policy have ameliorated progressively their position to the point of arriving at parity, guaranteed by Treaty, with Great Britain, thus surpassing the fleet which traditionally ruled the waves, cannot deny this right to Italy.

"Admiral Leahy wishes to recall attention to the fact that Italy has not yet adhered to the 1936 London Treaty and continues to abstain from furnishing information regarding her naval construction. He evidently forgets that a Treaty is the result of collaboration just as the carrying out of it implies cooperation. After signing of the 1936 Treaty, there were most clearly lauding for Italy the premises of an effective international collaboration among the principal Treaty signatories.

"Admiral Leahy also drags the Italo-German-Japanese Anti-Comintern Protocol into the case; he defines it as "the rising of a strongly armed three

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- PAGE 2 -

nation bloc" and affirms that this Protocol must be borne in mind when American Naval defense is under consideration.

"This is a tendentious and wilfully mistaken interpretation of the Italo-German-Japanese front. The Anti-Comintern Pact does not intend to threaten anyone but is intended only to defend the three parties against the aggressive Communist menace which is particularly directed against them. In this defense project the Protocol policy acts also in the interests of all the huge and wealthy Empires, including the United States which are poisoned by the corrosive menaces of Communism that do not exclude from their activity the life and work of the middle class and plutocratic states.

"We should not like to see Admiral Leahy himself fall victim to the maneuver carried out in certain quarters and which is intended to attribute to certain other designated nations that spirit of aggressiveness which belongs above all to the originators of the move. The phrases in which he presupposes an eventual attack directed against the American coasts are, to say the least, superfluous. Whatever country in the world would think of attacking the United States? Admiral Leahy spoke of defense, but other orators who defend President Roosevelt's program speak of the necessity of assuring the United States Navy the possibility of maintaining strength thousands of miles away from its coasts. And here the principle of strength takes on an aspect which no longer is one of defense only.

"Republican Senator Johnson, Senator Hamilton Lewis, Democratic Senator Bone and Representative Congressman Martell echoed these sentiments in Congress.

"It is useless, then, that the BALTIMORE SUN, try to pass off jokingly the points which we made in our previous article. Facts must be met with facts and not with useless ironical chatter which betrays an inability to answer documentedly."

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ITALIAN PRESS CAMPAIGN REGARDING U.S. NAVAL EXPANSION. Includes handwritten notes and dates like MAY-2-1938.

1. A vigorous, antagonistic and critical press campaign has been waged by the Italian press during the past two weeks on the subject of United States naval expansion. All possible support to Japan has been accorded by the Italian press. This campaign unquestionably has official Government approval. The following article by the Government spokesman, Virginio Gayda, in the Giornale d'Italia of 15 February, 1938, has been the subject of widespread comment in the European press:

COLLABORATION IN WAR - AMERICAN POLICY.

"Everyone by now has realized that the reasons given for the new burst of speed in the armaments race proposed in the United States, with the shrewd intervention of President Roosevelt, are nothing but a pretext. Actually this new armed power which the United States wish to establish, without regard to expense, is above all for the purpose of raising the tone and results of their foreign policy.

"The United States want to increase the already large number of their ships. For this purpose, on the eve of the parliamentary discussion which should lead to the approval of the projects, a disquieting atmosphere of alarmism is being created - almost as though the enemy were at the gates and there were not an hour to lose.

"The United States also want to increase the tonnage of their battle-ships - typically offensive units. For this purpose they seek in Japan's silence on her naval program the motives for a reaction to an alleged but unconfirmed increase in Japanese tonnage.

"We repeat that the United States can arm themselves as they like. This is a matter which regards their own sovereign rights. But these armaments must not be confused with their talk of peace or with the in-existent requirements of an increased need for defense in relation to in-existent menaces from the various authoritarian regimes.

"The most typical case is the Japanese pretext. There has been a rumor, still unconfirmed, that the Japanese propose to lay down new naval units of over 35,000 tons - the maximum limit provided by the London Naval Agreement. The rumor has never been confirmed at Tokio. And it is to be supposed, under the circumstances, that it was started by the same Anglo-Saxon circles which have circulated throughout the world press. On the basis of this rumor the governments of London, Washington and Paris have each sent notes to Japan demanding explanations, asking for figures on the naval program, and reserving themselves the right to begin construction of units of over 35,000 tons if the reply is not satisfactory. Japan refuses to announce her naval construction plans but denies that she is contemplating building super-ships. At Washington and London this attitude is considered equivocal and it is made the basis for the new programs comprising ships of 45,000 tons and over. Since the opulent democracies have the millions, it is useful that while speaking of peace they should spend them on means of war.

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page 3.

States, mainly because there is no interest in doing so but also because it would be a hopeless undertaking. With their great military forces, internal wealth, the favorable strategic situation offered by the protection of two oceans, the great industrial development which supports their armament, the United States are safe from all menace. And the more that Japan is occupied in the political and economic reconstruction of China, the more she will isolate herself in Asia and will have, for many generations, more vital tasks than that of seeking adventure in the direction of the United States.

"It is, rather, interesting to notice the development at Washington of the Monroe theory - the successive progress of the imperialism of dollars - the theory of isolationism. "Continental isolation" or the defense of national territory, is becoming "hemispheric isolation" or a program for defense, with arms and for North American interests, of a whole hemisphere. Nor is that all. There now comes the tendency to "collective action" which is already evinced in the subterranean understandings between the United States and Great Britain which aim towards an Anglo-Saxon command of the world and to the obvious consequent risks which must be urgently countered by great armaments.

"And it is no good talking, as they like to do at London and Washington, of the need for great forces in order to protect simultaneously the various parts of the scattered Empire or the two national coasts of the Atlantic and Pacific. In the fatal years 1893-96 which they try to forget, England employed her Imperial Fleet in order to concentrate, at one point and against a single objective, no less than 300,000 tons, thus showing clearly that at the right moment the forces can be united and used against one single country.

"These armaments, and especially the spirit which is being created around them, amount to an effective collaboration for war. To indicate, while arming, a definite enemy, is to create against him a state of mind favorable to the use of those arms. Those democracies which are building up the great means for war, justifying them with a designated objective, are taking on great responsibilities in respect of the destinies of their nations and the history of civilization."

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E. O. 11652, Sec. 3(E) and 3(D) of (S)

OSD letter, May 3, 1972

By SLR Date: MAY 22 1973

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page 6.

would undoubtedly result in tremendously strengthening the Danubian axis and the tripartite anti-Comintern pact, probably involving commitment to a military alliance.

7. The recent German Army and diplomatic surge and her greatly increased demands upon Austria are not without their influence upon Italy and Britain in their desire to reach an agreement. Once such an agreement is achieved and mutual confidence restored, Mussolini will feel freer to deal with the important aggressive German ambitions in Central and South Eastern Europe. The approaching visit of the Polish Foreign Minister back to Italy is another factor stressing the urgency of time in rapidly settling Anglo-Italian problems.

See:

- N.A. Serial #488 of 6 October, 1927, par. 6.
- N.A. Letter #2-5(265) of 12 November, 1927, par. 3, to Director C.N.I.
- Reference (a).

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OSD letter, May, 1, 1972

By SLR Date MAY 22 1973

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From T Date 27 Jan., 19 59 Serial No. 29 File No. 104-400
 (Comments new copies each January first) (Subject proper number from O. N. I. Index)

Source of information CONSULAR REPORT
 ITALY - NATIONAL GOVERNMENT - WAR MAKING POWER. REVOLUTIONARY,
 Subject ITALY - POLITICAL PARTIES - STABILITY OF PARTY IN POWER/RADICAL TENDENCIES
 (Status reported on) (Index title or per index sheet) (Subject)

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LOYALTY OF SICILIANS

~~CONFIDENTIAL~~

1. The following comments on the Loyalty of the Sicilians to the present Italian Government are quoted from a report made by the American Consul at Palermo, Sicily:

"In the event of war, I doubt very much that Italy can depend on the loyalty of Sicilians, but that there is any danger of a revolt by the populace I doubt even more. First, because it is powerless to revolt without the aid of military forces and, secondly, because from all outward appearances, the spirit of the people has been crushed. Since I have been in Palermo, the meekness of the people in the face of want and misery has been a source of perpetual wonder to me. Formerly I was under the impression that Italians, particularly Sicilians, were a spirited people, but the well-to-do class here now seem to me furtive and apprehensive in manner and the poorer people resigned to misery.

"I have been informed by well-to-do Sicilians that never in their memory have the poorer people of Palermo suffered from hunger and the lack of the necessities of life as they have this winter. The cost of living has risen steadily in the past few years and unemployment in the cities has increased. The high cost and inferior quality of all manufactured articles are particularly noticeable. That feature raises the cost of living all around, for if a producer of common foodstuffs, a fisherman for instance, must pay excessive prices to clothe his family he in turn must ask high prices for his fish. Bread, regardless of cost, is very poor in quality, the wheat flour so mixed with other ingredients as to make it unpalatable and impossible to toast."

DECLASSIFIED

E. O. 11652, Sec. 3(E) and 3(D) or 4
 OSD letter, May, 4, 1972
 By SLR Date MAY 22 1973

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From T Date 5 May, 1939 Serial No. 162 File No. _____
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PAGE TWO

CONFIDENTIAL

plans and did not know where the first blows would fall if war came.

7. The British Naval attache and others in the British Embassy have been much interested in what they have been told regarding my visit to Belgrade and my audience with Prince Paul. The new British ambassador, Sir Percy Lorraine, is an old friend of Prince Paul's and expects to have a talk with him when Prince Paul comes to Rome about the middle of this month. The British Naval attache in Athens, who is also accredited to Yugoslavia, will go to Belgrade shortly after Prince Paul returns to that city.

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E. O. 11652, Sec. 3(E) and 3(D) or (G)

OSD letter, May, 4, 1972

By SLR Date MAY 22 1973

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From **T** Date **18 August, 1939** Serial No. **336** File No. **107-1009**
 Source of information **Press**
 Subject **(ITALY) POWERS** **INTERNATIONAL RELATIONS**
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Principles 1-7-11
MISCE LANEOUS ITEMS OF CURRENT INTEREST FROM THE ITALIAN PRESS

- ITALIAN MERCHANT SHIP LAUNCHED.** *Messaggero*, 13 August: The motorship CALINO was launched yesterday at Monfalcone. It was built by the Cantieri Riuniti dell'Adriatico for the Societa' Adriatica and will be used on the line between Italy, Pireus, Rhodes and Alexandria.
- BRITISH NAVAL MOVEMENTS.** *Giornale d'Italia*, 13 August: A despatch from Singapore states that 12 British units including submarines and destroyers will arrive at that port on Wednesday for a visit of 15 days. The aircraft carrier EAGLE and destroyer DEFENDER will arrive on Friday and will stay for some weeks.
- GERMAN SHIPS VISIT DENMARK.** *Messaggero*, 13 August: A group of whits of the German fleet has begun a series of official visits to Danish ports. The flagship QUELSENAU has arrived at Ronne and six minelayers at Aarhus, Jutland.
- NORWEGIAN AERONAUTICAL PURCHASES.** *Messaggero*, 13 August: It is reported from Oslo that the Norwegian Air Force has purchased Curtiss planes with a speed of 500 kms. to a value of 3 million crowns from the United States. It is stated that Norway has obtained a license for the manufacture of this type of plane.
Osservatore Romano, 17 August: A report from Oslo states that a special commission under General Gulliksen, Inspector General of the Norwegian Air Force, has left for Italy to purchase Italian aeronautical material for a value of 2 million crowns.
- REPATRIATION OF ITALIANS.** *Messaggero*, 17 August: Forty Italian families left Corsica yesterday for repatriation to Italy.
- BADOGGIO RECEIVED BY DUCE.** *Messaggero*, 18 August: The Duce received Marshal of Italy Pietro Badoglio yesterday and conferred with him upon questions of a military nature.
- ITALIAN FORTIFICATIONS.** *Giornale d'Italia*, 12 August: The Duce received the following report on an inspection of the fortifications on the Franco-Italian frontier from Marshal of Italy Emilio De Bono:

"I have completed the inspections and visits which you ordered me to make of the defenses on the western frontier, proceeding as fast as the season permitted me to reach the various places. I began in April with the Maritime Alps and had to wait until July and early August to visit the Cozie and Graie Alps.
 "From the reports I have submitted you will have formed an idea of the state of the roads, fortifications and surrounding country and of the troops detailed to garrison the fortifications.
 "I feel it my duty, however, upon completion of my task, to assure

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page 2.

you that everywhere work is being performed with the maximum speed and energy in order to complete every last detail necessary for the fullest efficiency of the defensive equipment and to render the living conditions of the troops as comfortable as possible.

"Every pass is guarded; every possible road open to enemy infiltration is supported by rear fortifications which are now almost all in a condition to put up strong resistance.

"The fortifications are garrisoned by the Frontier Guard. I have already minutely described in my reports the measures required by this new Corps. I am glad, however, to repeat here that all the officers and men of this Corps are fully conscious of their task and the sacrifices it entails.

"To enter the fort entrusted to their bravery, patience and constancy and not to leave it except in pursuit of an enemy - this is their creed.

"In view of all this I feel able to affirm without boasting that, with the aid which Providence has given us of the bulwark of the Alps, our defensive system will never permit an enemy foot to trample the sacred soil of our country."

8. SALZBURG MEETING. The Italian press of 14 August quotes the following communique from the German D.N.B.:

"Today's Italo-German conversations had the purpose of clearing up questions held over from yesterday. The meeting was held in a spirit of duty and under the right of consultation based on both the friendship and the formal agreements existing between the two countries. The two Ministers examined all political problems previously broached, finding the Italian and German policies to be in complete agreement. They are fully and concordantly convinced that these problems must and can be solved.

"It goes without saying that the problem of Danzig, which is now one of the most urgent, was an important item. The democracies' pacts of coalition provoke an ever-increasing stiffening of Poland's attitude, by which Germany is severely stricken not only in her honor but in the treatment of her co-nationals. The conversations have resulted in 100% agreement. Not a single problem was left in suspense.

"As regards rumors circulating abroad according to which Count Ciano's visit will be followed by other meetings, well-informed German circles point out that the Salzburg conversations have dealt exhaustively with all acute questions so that further conversations do not appear necessary. Semi-official German circles stress the extraordinary friendship and cordiality which have obtained at the meeting of the two Ministers which, it is observed, documents in the two Axis Powers not only a totalitarian friendship but also a totalitarian readiness."

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9. "UNITY". The following article by Virginio Gayda is translated from the *Giornale d'Italia* of 13 August:

"Complete agreement between Italy and Germany has been confirmed at Salzburg at the cordial meeting between Count Ciano and von Ribbentrop.

"And since in France they are again hinting at uncertainty on Italy's part, we once again state that there is and has been no Italian hesitation or divergence in anything to do with the policy and possible action of the Pact of Steel in Europe or outside it.

"It will be well if the warmongers of both hemispheres can be fully persuaded of this fact. Nowadays illusions are dangerous. Each government and party must assume full responsibility. For the full exercise of this responsibility, complete information is necessary. This information comprises knowledge of the intractable solidarity between Italy and Germany in all problems connected with the vital interests of either of these nations or of Europe which it is hoped to solve peacefully, and in war, if the warmongers and "encirclers" should succeed in starting it.

"There is thus complete unity of viewpoint and action between Rome and Berlin on the Danzig question, which is regarded as specially delicate at the moment. The Salzburg meeting has merely confirmed everything that was agreed at the Milan meeting of 7 May. The Danzig question will be solved along the lines of its natural gravitation. In this inevitable march of history Italy and Germany have no need to take any initiative. They know that time will do all that is necessary. But nevertheless, Germany cannot remain unmoved by the provocations and attacks on her national rights and firm policy. The pact of steel is ever ready to act with that automatic mechanism in which its strength lies.

"It should be remembered that the alliance signed at Berlin on 22 May is based on recognition of the intimate association of the interests of the two powers which naturally leads to the intimate association of their actions and risks. These interests comprise the general revision of the peace treaties and the conditions they have created insofar as they offend the elementary national rights and justice of distribution which are irreconcilable with the principle of balance of forces and rights, that is, truce.

"Italy and Germany hope that the revision may be made with the help of reason and generosity - by peaceful methods. They cannot avoid noting however that the rest of Europe is working along exactly contrary lines. It is only natural that they should bring their understanding up to date and stand ready to face together any event that may arise.

"This has been done at Salzburg and Berchtesgaden. It is not necessary to give advance information to the warmongers and maneuverers of the other side as to the plans laid down."

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page 4.

10. **"THE LAST WARNING"**. The following editorial by Giovanni Ansaldo is translated from the 'Telegrafo' of 15 August:

"We must not let ourselves be illuded by these mid-August days when everyone is vacationing in the mountains or by the sea. We must not be illuded by the sight of all the fields and beaches of Europe full of people in search of cool air and amusement. The European situation is serious; beneath the apparent summer somnolence, it is one of the most serious that has arisen since 1918; in fact we may say that it is as serious as that of September 1938.

"This situation derives from the state of tension in relations between Germany and Poland over the Danzig question. Let us look at this question once more in its simplest reality.

"Danzig is a German city - fully and absolutely German, as even the redactors of the Versailles Treaty were forced to admit in 1919, and as even those who still hope to defend that treaty are forced to admit today.

"It was natural, and was foreseen by all reasonable persons, that this ultra-German city should sooner or later free itself from the bonds of the "Free City" constitution imposed at Versailles and seek to re-unite itself to Germany; and it was natural, and always expected, that as soon as her hands were free, Germany would re-take it.

"This reunion of Danzig to Germany appeared inevitable from the first moment in which there arose the great people's movement in Germany.

"Under these circumstances it is obvious that if there had been any real statesmen in the democracies, they would years ago have sought to eliminate friction and facilitated the passage of Danzig to Germany. But the contrary happened. Far from doing any such thing, the men in power in the democracies have been working for a year to complicate the Danzig question making it more acute and dangerous. After having recognized di fatto the union of Austria to Germany, after having recognized the right of union to the Sudetens, they have placed a veto on Danzig whose German citizenship is as incontestible as that of Austria and the Sudetens and have done so in the most offensive way for Germany - inciting Polish opposition and promising military support to Warsaw.

"Actually, these democratic statesmen have seen the Danzig question as an opportunity to "revenge themselves" for Munich and to make a clear stand in their policy of encircling Germany. From the moment in which Chamberlain gave the famous "guarantees" to Poland and undertook to go to her assistance whenever she felt it necessary, the Danzig question ceased to be a purely national matter and became a banner for the mobilization of all the anti-German and anti-Fascist forces.

"It is comprehensible that from that moment the German desire to solve the Danzig question increased in direct proportion to the obstacles raised, and what had been a request founded on German national sentiment became a necessity for the prestige of the Regime and the honor of the country.

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page 5.

"It is not possible that a nation such as Germany should renounce one of her most beautiful and important cities just because world anti-Fascism encourages the Polish colonels to deny it to her. It is not possible that it should continue to tolerate the blackmail of the encirclement powers which deny her Danzig just to test her and see if they cannot inflict upon her a first diplomatic defeat after so many victories; and no special information is needed in order to realize that sooner or later the German government will feel the moral necessity of acceding to the wish of the Danzig population and will annex Danzig to the Reich.

"Herein lies the gravity of the situation. If Germany should annex Danzig and the Poles should brandish the blank check given them by Chamberlain, and if the French and English statesmen should tender payment for the check in the blood of their own countrymen and intervene, there will be general war; not, it should be noted, for Danzig which becomes merely an episode, but because of the policy of encirclement against the Axis Powers.

"There remain, perhaps, five minutes in which to avert this catastrophe. Let us read again the German communique on the Salzburg conversations. After affirming the absolute solidarity between the two Axis powers and the complete agreement of German and Italian policy, the note says: 'The two Ministers, however, are convinced that these problems must and can be solved.' No one in the democratic countries can imagine that this is a merely conventional phrase; it shows that the two Ministers really are convinced that there is still a chance of peaceful solution.

"It is now up to the other side to consider their responsibilities. The Polish colonels who command at Warsaw will do well to meditate upon the history of their country which is independent today not thanks to the arms of the democracies but thanks to the blow dealt by Germany twenty-five years ago at Tannenberg to the Empire of the Tsars; they will do well to remember that Pilsudski sided with the Central Powers in the European war, not with Russia; finally, they will do well to weigh the tremendous risks they are running in making their country into an instrument of the anti-German coalition and imperilling it merely for the sake of stopping a definitely German city from re-joining its mother country.

"The statesmen of the western democracies, on the other hand, should consider carefully once again if it is advisable to unloose a storm whose results may be imponderable but will in any case upset the organization of the whole world - of which they are the greatest beneficiaries.

"The Salzburg meeting and the German note are the last warning to all interested parties to accept the natural and just solution of the Danzig question and give up the policy of encirclement. May they heed this warning which is given them, eye to eye, for the last time."

11. "ROOSEVELT AND JAPAN". The following article is translated from 'Relazioni Internazionali' of 5 August:

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From **T** Date **18 August, 1939** Serial No. **356** File No. **103-100**
 Source of information (Continuation new series each January first) (Select proper number from O. N. I. Index)
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page 7.

lead, the prerogatives of the executive in the field of foreign policy, establishing to some extent, by a not unpopular act, the balance which had been upset by Congress' refusal to approve the modification of the neutrality act during this session as desired by the Government and a large section of public opinion.

There is no doubt that public opinion has been growing increasingly favorable towards a positive policy of resistance to Japan and that an isolationist circles American intervention in the East is regarded, to some extent, with less suspicion and fear than direct interference in the European situation. This is shown by the proposal made about a month ago by Senator Vanderberg, a noted isolationist, in regard to the denouncement of the trade treaty with Japan. Although the Senate Foreign Affairs Commission decided on 26 July to postpone discussion of the Vanderberg project, it was an eloquent indication of the country's state of mind. And in fact the pure and simple denouncement of the treaty, in spite of the brutality of the form which is without precedent in the history of the United States, was generally approved.

For the moment the effect of the American move is purely psychological. Commenting thereon, the Secretary of State said that the practical consequences will depend essentially upon the events of the coming 6 months, that is on the attitude of the Japanese government towards American interests in China. It is premature to anticipate the measures that may be adopted or proposed by the government to the new Congress at the beginning of 1940, especially since it is not yet possible to estimate the attitude of American mercantile circles towards measures which, while striking at Japan's war efficiency, would greatly disturb trade relations between the two countries.

The type of measure that the government will attempt to impose is fairly evident. The imposition of special customs tariffs upon goods which enjoy export premiums; the suspension of purchase of gold and silver in Japan; the increase of customs taxes on imports of raw or manufactured silk which is one of the most important items in American-Japanese trade; the application of an embargo on exports to Japan of war materials, which is already the subject of a proposal by Senator Pittman - all these are steps which would increase the economic difficulties of Japan and weaken her chances of carrying on the war in China to a fully victorious conclusion.

In 1938 Japanese imports from the United States amounted to 915 million yen, equal to about one half of the imports outside the blocked yen. In this figure, war materials (oil, scrap iron, steel, copper, cast iron, machinery, etc.) represented about 60% of the total. Exports to the United States amounted in the same year to 425 million yen, in which silk and cotton products were preponderant. In 1937 and 1938 America purchased gold and silver in Japan to a total of 415,209,650 and 4,202,856 dollars respectively.

It is therefore easy to realize that a simultaneous restriction of imports and American exports from and to Japan may greatly affect the Japanese trade situation, reducing both her available foreign currency and her supplies of raw material required for military operations and for commercial export to

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(Commence new series each January first) (Subject proper number from G. N. I. Index)

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page 6.

other countries. All this is of course theoretical. We do not yet know if the American industrialists and farmers will be willing to tolerate a large-scale dislocation of the Japanese export trade. And on the other hand, Japan does not lack possibilities of compensating the drop in supplies from America by purchasing elsewhere.

The new trade treaty between Germany and Japan of 28 July is not only a proof of the effective solidarity between the Powers of the anti-Communist front, but also an example of the possibilities of maneuver that Japan has towards reducing the effect of the American action. The latter would undoubtedly be extremely serious if Great Britain should decide to follow the example of her sister democracy. But apart from the various objections to the denouncement of the 1911 Anglo-Japanese trade agreement, there can no longer be a simultaneous action in this regard by both the powers and consequently no simultaneous results - both because it is unlikely that the British government would take a decision during the parliamentary vacations, and because the Anglo-Japanese treaty contemplates 12 months advance notice of denouncement. Thus before Japan's commercial relations with her two major clients and suppliers can become effectively damaged, the international situation may be so modified as to render an actively anti-Japanese policy useless or impracticable to the United States and Great Britain."

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From T Date 24 August, 1939 Serial No. 341 File No. 104-100
(Commence new series each January first) (Select proper number from O. N. I. Index)

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Subject ITALY POLITICAL FORCES POLITICAL PARTIES
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M. J. ...
ITALIAN POLITICAL ACTIVITIES
 Reported split in Fascist Party and decoration of Foreign Minister by the King.
Extra report

1. A reliable contact reports that the following rumor was received from a source considered fairly reliable:

A slight split in the Fascist Party had recently taken place. Alfieri and Starace have had some disagreement with other Fascist officials. It is believed that these two lean towards the Royalists and are very much against Italy going to war. It was further stated that at the meeting between Hitler and Ciano, it was understood that Hitler was very dictatorial and tried to tell Ciano what he wanted Italy to do. Ciano is supposed to have told Hitler in no uncertain terms just what Italy was willing to do and just what she would not do. For this standing up to Hitler, it is reported that the King was so pleased that he presented the Collar of the Annunziata to Ciano on his return.

21 1939



INTELLIGENCE

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U. S. O. 11652, Sec. 3(E) and 3(D) (1938)

OGD letter, May, 4, 1932

By SLR

Date MAY 22 1973

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From T Date 1 Sept., 1939 Serial No. 352
 (Commence new series each January first) (Indicate proper number in N. I. Index)

Source of information CONTACT

Subject GREAT BRITAIN - INT. RELATIONS - POWERS.
GREAT BRITAIN - POL. FORCES - POLICY - FOREIGN. NAVAL INTELLIGENCE
 (Nation reported on) (Index title as per index sheet)

Reference 011946 + SIX

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BRITISH NAVAL ATTACHE'S CONVERSATION WITH AMIRAGLIO DI DIVISIONE ODOARDO SOMIGLI. (Italian Navy).

1. On 31 August, the Naval Attache called on Ammiraglio di Divisione Odoardo Somigli to pay his respects as the Ammiraglio had recently come to Rome for duty. Nothing of particular interest developed during the visit.

2. On the previous day, 30 August, the British Naval Attache had made a similar call from which he came away flabbergasted. He said that Ammiraglio Somigli's views on the present international difficulties were exactly those of any well informed Englishman. The points made by Ammiraglio Somigli during the conversation were as follows:

1. We cannot go on having a crisis every six months.
2. Apart from ourselves, the people will become restive and difficult to govern.
3. The Italian people do not want war.
4. Apart from their natural inclination they have had many wars recently and are tired.
5. Mussolini can feel the pulse of the people and that is why he has worked so hard for peace.
6. When Bowyer-Smyth said that if Germany makes a single move to disturb Poland by force Great Britain will attack at once, Admiral Somigli argued that it was not only the only course but that it was the right course.
7. Admiral Somigli and Captain Bowyer-Smyth agreed that there would be no peace in Europe until German aggression, which has risen three times in the last hundred years, is stopped once and for all times but Somigli added that he understood that the people of England bear not the slightest ill will against Germany. In fact, they wish Germany well.
8. When Bowyer-Smyth said (as a feeler) that England might have let Danzig stew in its own juice, Somigli said that was not possible as there was a principle at stake.

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E. O. 11652, Sec. 2(D) and 2(D) of (S)
 OND letter, May, 4, 1978
 By SLN Date: MAY 22 1973

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From T Date 2 Sept. 1939 Serial No. 353 File No. 103-100
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 Reference 21111 + 518

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FRENCH NAVAL ATTACHÉ'S CONVERSATION WITH ADMIRALIO DI DIVISIONE ODOARDO SOMIGLI (ITALIAN NAVY).
Entire report

1. The new French Naval Attaché, Le Capitaine de Fregate de Larosiere, whom the Naval Attaché had known in Constantinople fifteen years ago, came to make his first call on 25 August. He is keen and intelligent, speaks English, Italian and German, and has a nice personality. This is his second tour of duty in Rome and he knows and is liked by many Italian Naval Officers.
2. He recounted a conversation he had with Admiral Somigli a few days ago. Somigli, who has just relieved Admiral Campioni as Chief of the General Staff (corresponding to C.N.C.), was Chief of Cabinet in 1935 at the time the sanctions were imposed. Then the British fleet was concentrated in the Mediterranean and most of the Duce's advisers were telling him that the operations in Ethiopia were impossible against the active opposition of the British Fleet. However, Admiral Cavagnari and the then Commander Somigli pointed out that there was no close accord between the British and French, that France had not agreed to military sanctions and that in all probability the British Fleet would not take action against the Italian convoys. This proved to be correct and possibly accounts in part for the high standing of Somigli with Cavagnari and the Duce today. Somigli is probably slated to relieve Cavagnari as Undersecretary in three or four years.
3. Somigli reminded de Larosiere of these circumstances and acknowledged a debt to France on that occasion. He also said that he realizes that the situation now is quite different from the situation in September, 1938. Then neither France nor Great Britain was prepared. Now they are both prepared. Then they were not in accord. Now they are in close agreement and will act together. De Larosiere said that Germany appears to believe that she can take Danzig in her own way and that England and France will do nothing about it. Somigli agreed with this and said that Germany will make the mistake of finding herself at war with England for the second time in 25 years. De Larosiere said that a war would be ruinous to the civilization of Europe and that, considering the things now taking place in the Far East, it would mean the downfall of the white man. Somigli agreed that that might be true but said it would just have to work out. He said that he realized that in a war at sea Great Britain and France were much more powerful than Germany and Italy but that the Italian Navy was a good one and things did not always work out as they were expected to. He said he had studied the situation and would be ready with some surprises. De Larosiere has the greatest admiration for Somigli.

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E. O. 11652, Sec. 1.2(D) and 1.4(D) or (G)
 OSD letter, May, 1, 1972
 By SLR Date MAY 22 1973

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GERMANY POL. FORCES POLICY FOREIGN
 (Index title as per index sheet)
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CONVERSATION WITH GERMAN NAVAL ATTACHE

~~CONFIDENTIAL~~

1. Today at noon I called on the German Naval Attache, Captain Werner Lowisch, by appointment in order to ask him what information he had on the reported torpedoing of the British liner Athens 200 miles west of the Hebrides Islands and, if the report were true, to try to find out what the German intentions were in regard to unrestricted submarine warfare.

2. When told of the report which came over the radio at 0715 this morning, Lowisch was very much surprised and said that he did not think it could possibly be true. He said that he did not know anything about the distribution of the German naval forces or their operating plan but that he did know that submarine Commanders had strict orders to comply with international law. He said that the unrestricted submarine warfare of the last war was something that would never happen again. He said that the sinking of this ship without warning in the first few days of the war would be too horrible to contemplate and that he felt sure that a submarine Commander who did such a thing would not only be punished but he might even be given the death penalty.

3. The Naval Attache said that he was glad that Lowisch knew nothing about the report as that indicated that it was probably just another rumor or false alarm like the false air alarms that London has been having. This led Lowisch to say that when he heard of the London air alarm sounded only a few minutes after war was declared, he thought it might be true because that is just the sort of show that Goering might put on. Goering is the kind who would like to have the whole air force take off at the same time just to show what a large force he has. The Naval Attache again said that he was glad that the report of torpedoing was false and added that that sort of thing would bring the United States into the war, to which Lowisch replied "Of course".

4. When the Naval Attache expressed his regrets at the outbreak of war and reminded Lowisch that at our last meeting he had said that Hitler would not go to war over Danzig, he said that up until the last minute he believed that war would be avoided. When asked if that belief was based upon the idea that England and France would not go to war with Germany because of the Soviet-German pact he replied in the negative. He said that at first he thought that the statesmen would find some way to give Danzig back to Germany without going to war. Then, when the pact with Russia was signed, he thought there was more of a possibility of a war with Poland but even then hoped that the question would be settled by negotiation.

5. Lowisch said he fully appreciated the effects of war on the countries involved and even said that he was glad that Italy did not go in because, if Italy did join the war, Turkey would declare war and all of Europe would be involved. When asked how he thought Italy stood with regard to the war, he said that he had said to his Ambassador that in a long war it would be impossible for Italy to stay neutral, that Italy would have to go one way or the other.

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ATTACHE'S REPORT C-10-1/9632-H

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From T Date 9 Sept., 1939 Serial No. 307

SEP 13 1939 File No. 100-100

Source of information PRESS CONTACTS

Subject ITALY INTERNATIONAL RELATIONS & CURRENT EVENTS

Reference (Cite as per index above)

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Page 4 3rd Paragraph and CONTINUED Page 5. CURRENT EVENTS AND COMMENT. 2 SEPTEMBER - 7 SEPTEMBER, 1939.

CONFIDENTIAL

1. ATTITUDE OF ITALIAN PRESS:

The Italian press during the past week has refrained from publishing any anti-British or anti-French editorials or comments. However, headlines and remarks have been playing up German advances in Poland and stressing the loss of British planes in action. This is to be expected inasmuch as practically all news services serving Italian newspapers are German and all German bulletins are stated as facts. Many times during the week the papers have played up the part that Il Duce played, or attempted to play, in preserving peace.

The supposed Italian Government Spokesman, Gayda, has written only one article this week in which he attempted to clarify Italy's position. It was very weak, merely stressing the initiative of Mussolini in attempting to prevent war. He states Italy has a clear National conscience, that she will remain present and vigilant for the protection of all Italian interests and in order to insure that the course of events shall follow the direction necessary for establishing and hastening true peace with justice in Europe.

2. LACK OF WAR ENTHUSIASM:

In several instances it has been noticed that units of troops marching through Rome to the railway station, believed to be enroute to Libya, appeared sullen and downcast and were given no demonstrations or ovations by the civil population. Also when the news was received of the outbreak of hostilities the civil population in Rome accepted the news without enthusiasm and appeared to be surprised and fearful of the consequences for Italy.

Italians contacted are divided in opinion as to whether or not Italy will be drawn into the war.

It is rumored that 350 Blackshirts residing at Casale Monferrato were recently given orders to report for duty. It is stated that only 20 reported, the remainder being arrested by the military police and lodged in jail.

3. PRECAUTIONS AGAINST INTERNAL DISORDERS:

It has been reported from a reliable authority that several days ago members of the Fascist Militia placed small stocks of machinegun ammunition in several houses commanding the streets leading to the Villa Torlonia, the residence of Il Duce, apparently in preparation to protect that residence in case of internal disorders or revolution.

4. COMMENTS BY AMERICAN CONSULS - PALERMO and NAPLES:

Palermo - 25 August.

B-9

- 1 -

OP-30 17

| Division | A. F. C. - P. C. | | | | Message | C. K. G. | Int. Sec. | W. College | M. R. | N. R. | O. R. | I. S. R. | C. A. R. | E. S. | S. S. A. | M. S. R. | A. S. S. | U. S. M. C. | M. G. |
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~~CONFIDENTIAL~~

MAY 22 1973 PAGE TWO

It is rumored that all the defenses of the island are fully manned. About ten war vessels are at present in the harbor of Palermo. I am unable to ascertain the names of the vessels, but they comprise the Fourth Naval Division under the command of S.A.R. Aimone di Savoia, Duca di Spoleto. Airplanes are continuously seen flying over the waterfront and some distance out to sea. A flotilla of submarines is said to be stationed at Trapani. Last Sunday, in driving to Mondello, a seaside resort, I noticed a number of constructions, twenty or thirty each covered with white sheeting, at the base of Monte Pellegrino which I presume are anti-aircraft guns mounted for protection of the oil reservoirs in the vicinity.

Naples - 30 August, 1939.

There have been no developments peculiar to Naples within the last week, except the concentration here of most of the important ships of the Italian Merchant Marine. A list of the ships now in the harbor is appended.

It is reported that the furniture is being removed from some of the passenger ships, presumably to prepare them for use as hospital or troop ships. There was also an unconfirmed report that troops were to sail from here last night for Libya and Albania. This rumor is of doubtful value.

There is also a common story to the effect that the bay of Naples is closed at night with chain booms. Some story mongers say mines, but that is hardly considered credible at this time.

SHIP CLEARANCES:

LOMBARDIA

SHIPS IN PORT:

CONTE DI SAVOIA
 VULCANIA (Enroute from N.Y.)
 GRADISCA
 CALIFORNIA
 TEVERE
 ESPERIA
 PASCOLI
 BELVEDERE

FIRONE
 CORMANIA
 SATURNIA
 AUGUSTO
 KEE
 4 CRUISERS
 8 DESTROYERS
 2 TORPEDOBOATS
 5 SUBMARINES.

RESTRICTIONS ON USE OF PRIVATE AUTOMOBILES:

Commencing at Midnight, September 3rd, the use of all private vehicles has been prohibited. Diplomatic Corps cars are exempted and it is understood that career consuls will be issued permits for the use of their cars.

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PAGE THREE

~~CONFIDENTIAL~~

Since this order went into effect a rumor has been heard that the restrictions on the use of automobiles will probably be lifted in a few days but that gasoline will be rationed.

RESTRICTION ON PURCHASE OF COFFEE AND SUGAR BY DIPLOMATS:

On September 3rd the Foreign Office notified the Embassy that each Diplomatic Officer's family will be permitted to purchase 7 kilos of coffee and 15 kilos of sugar monthly. This order will govern until November 1st, after which time it will be necessary for each Embassy to import these supplies.

ANTI-AIR RAID EXERCISES:

Anti-Air Raid exercises were conducted in Rome on the nights of August 31st, September 1st and September 2nd. Only blue globes were used in all street lights and headlights of automobiles were required to be covered with colored material. Since September 2nd, blue globes in most cases have been replaced by the normal light globes and an order was posted that the exercises would be discontinued after the night of September 2nd.

PURCHASE OF MEATS:

A decree was issued that commencing Monday, 4 September, meat cannot be purchased on Thursdays and Fridays.

OPERATION OF ITALIAN LINE STEAMSHIPS:

It was officially stated on September 4th that the COMTE DI SAVOIA and REI have been, or are in the process of being, converted into troop transports. However, it is now reliably reported that the REI will sail on September 8th and the regular schedule will be taken up after that. At first it was stated that the REI would sail on the 5th. However, this delay was probably caused by necessary re-conversion from a troop-ship.

ITALIAN TROOP MOVEMENTS:

It has been fairly reliably reported that about 20,000 troops recently left Bari and Brindisi, most probably for Libya. It is estimated that the present number of troops in Libya is between 125,000 and 150,000.

An Italian infantry M.C.O. attached to a Rome Regiment last night stated to a reliable contact that he is now attached to a Rome military hospital having contracted an illness while on the way to Libya. He stated that one-half of his organization was sent to Libya and the other half to Sardinia.

It is thought that possibly the sending of troops to Sardinia, if true, might be for a bargaining point when the French and Italians start conversations.

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S. O. 1164, Sec. 303 and 307 as amended

O.N.I. Index, May, 1939

By S.I.R.

MAY 22 1973

PAGE FOUR

~~CONFIDENTIAL~~APPREHENSION IN YUGOSLAVIA:

A report received from Yugoslavia states that Yugoslavia is becoming alarmed over possible trouble from Hungary, and is mobilizing 400,000 men.

ITALY'S POSITION:

It is reliably reported that Ciano stated that Italy would not make any additional announcements regarding neutrality. The statement of the Council's position published at the time of commencement of hostilities between Germany and Poland still holds. Ciano stated that all Italy wants is to be let alone.

A rumor received from Italian sources says that the King was reported to have made the statement in his household that he would abdicate before he would sign a declaration of war. Later it was rumored that the Prince of Piedmont (crown prince) told Il Duce that the King and the Italian people did not want to go to war.

CONVERSATION WITH BRITISH NAVAL ATTACHE:

The following was obtained from a conversation with the British Naval Attache on September 4th:

12 British planes had bombed Kiel resulting in one direct hit on a German Battleship (thought to be 2,000 pound bomb). 5 English planes were shot down by A.A. and fighting planes. The weather was bad apparently - low ceiling which necessitated the British planes coming below the clouds.

He had the idea that England might try to get command of the Baltic. However, he stressed the point that he did not know any of her plans. He thought the bombing of Kiel was part of this plan, otherwise he could see no particular reason to have bombed it.

If Germany had the idea that if they limited their attacks England might do the same, he said this was a mistake. Now that a state of war exists England will carry on offensively, doing every possible act to gain her military objectives.

He thought the German Naval Attache's explanation of the sinking of the Athenia was probably true. If it was torpedoed by a submarine it was evidently a mistake by the Commanding Officer, probably inexperienced. He said he would hate to be in this commanding officer's shoes when he gets back to Germany.

He inquired if we had any information about the capture of the Bremen. He said that he had no confirmation of it.

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PAGE FIVE

MAY 22 1973

A reconnaissance flight was made by the British recently over German territory and 6 million leaflets were dropped.

He thought that it was probable that the Germans would retaliate for the Kiel bombing by bombing Chatham. There are military objectives in Chatham, but if it were bombed undoubtedly some of the bombs would go astray and kill many civilians. He hoped if this were the case that a protest would not be made.

He thought that the item intercepted this morning reporting a naval engagement between German and British vessels and planes in which several ships on both sides were heavily damaged and several planes shot down was most improbable.

He thought that Russia could not give Germany many supplies primarily due to the condition of Russian railroads. He thought that the war would not last long. Upon being questioned as to whether this would be due to internal trouble in Germany, he was rather vague in his reply.

TRANSFER OF ITALIAN NAVAL ACADEMY:

It is reliably reported that the Italian Naval Academy at Livorno was moved to Bologna during the week ending September 2nd.

EVACUATION OF PEASANTS IN SARDINIA:

From two sources it has been reported that peasants in Sardinia are being evacuated. It is said that they are very angry as they are required to leave with crops still in their fields.

From a more authentic source it is stated that the evacuation consists of moving all grain, foodstuffs and cattle to the plateau in the center of the island (about 6,000 feet elevation). The peasants, as yet, have not been required to move but they are permitted to accompany their flocks if they wish. All crops, with the exception of the corn, have been harvested. Schools in the vicinity of the northern coast have been moved further inland. It is estimated that Italian troops in Northern Sardinia number about 25,000.

ADDITIONAL ITALIAN WAR MEASURES:

The sale of coffee in bulk or as a beverage is prohibited. Not more than 7 ounces of sugar may be sold to any one person at a time.

Restaurants are not permitted to serve more than one plate of meat or fish to one person at a meal.

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PAGE SIX

Civil airplanes cannot fly over Italian territory, including Italian Africa and the Dodekanese. This restriction does not apply to regular air lines.

All places of amusement must close at 11:00 p.m.

On 30 August the papers published notices inviting all those who could do so with their own means and especially the old and women and children to move from large cities in Lombardy, Liguria, Tuscany, Lazio, Campania, Sicily and Sardinia, to small centers in the country. It is not believed that any large portion of the civil population will move unless ordered to do so by the Government under definite arrangements, which apparently have not yet been made.

A notice in the press states that Italy has sufficient stocks of wheat and wheat products, rice and sugar, to meet her needs.

Other than the above no specific precautions with regard to protection of civil population have been taken to date.

No A.A. shelters are being dug in Rome.

No steps have yet been taken to close museums and protect works of art, and very few gas masks are being bought by the civil population, although they are on sale in fairly adequate quantities.

A decree has been issued prohibiting the installation of plants operating exclusively by liquid fuel combustion.

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E. O. 11652, Sec. 302 and 303, (b) (3)

GSD letter, May, 4, 1972

By SLR

Date MAY 22 1973

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Signal Log
 CONVERSATION WITH BRITISH NAVAL ATTACHE, 8 SEPT. 1939.
 ITALIAN POLITICAL POSITION; ITALIAN CONVOYS; GERMAN SUBMARINES NOT TO USE ITALIAN PORTS.
Entire Report

1. The Naval Attache called on the British Naval Attache on the afternoon of 8 September to see if there was any late news of war operations and also to find out if there had been any change in the feeling of the British regarding the present semi-neutral attitude of Italy.

2. The British Naval Attache said that he had no news of the war and was getting very little from London except what came over the radio. He hoped that the new Ministry of Information would soon start to keep the Embassy better informed.

3. In reply to a question he said that there had been no recent change in the attitude of the Italian Government; that the British were confident that as long as the King, Mussolini and Ciano were in power Italy would not go with Germany; that this policy might change if these three were overthrown and power got into the hands of the pro-German element, such as Starace, Alfieri and Farinacci; that he thought Italy right now might join England and France for a consideration but that the temper of his own Government was not to give but to demand; that his government had done everything possible in the way of appeasement to keep out of the war but having gotten into it would see it through. When his attention was called to the fact that Italy seemed to be going ahead with war preparations, the British Naval Attache replied "Not against us". When surprise was expressed at the fact that the British and French had not demanded that the Italian troops be removed from the French border as a gesture of good faith, the British Naval Attache stated that such a demand might embarrass Mussolini and upset the present good relations.

4. The British Naval Attache said that the friendly attitude of the Italian Navy toward England was clearly demonstrated in conversations he had at the Ministero yesterday, 7 September. He went to the Ministero to make some arrangements regarding operations in the Mediterranean (which he inadvertently told me and then said they were secret and requested me not to discuss them or to report them to the Department) and had been met more than half way in all of his suggestions. He first went to the office of Ammiraglio Parona, Chief of Cabinet, who took him to see Ammiraglio Cavagnari, who sent for Ammiraglio Somigli. All three were very friendly and he talked to them individually and collectively for nearly two hours.

5. Ammiraglio Somigli said that the troops which had been sent to Libya recently had been sent in convoys, to avoid visit and search by such British men-of-war as might be sighted. The troops embarked at Brindisi, Bari and Naples and the transports assembled at Messina. From there they were escorted by two destroyers to Tripoli, Bengasi or Tobruk. In order to keep well clear of the Greek coast and to avoid giving alarm to that country the convoys going to Tobruk first took a course for Bengasi and then followed the African coast around to Tobruk. Ammiraglio Somigli said that some of these

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PAGE TWO

troops were replacements but others were to increase the forces in Libya. He did not say anything about the number of troops transported. The British Naval Attache was under the impression that no troops had been sent recently to Albania or the Dodekanese.

6. Ammiraglio Parona said that he thought Hitler did not want to fight England and France and that when Poland had been crushed Hitler would try to make peace with those two countries. He asked what England would do in that case. The British Naval Attache asked Parona what he would do if he were in England's place and the latter replied that there was only one thing to do and that was to continue the war until Hitler was defeated.

7. Ammiraglio Parona asked if there would be any German submarines in the Mediterranean and the British Naval Attache asked Parona what he would do in Germany's place, adding that it was most probable that German submarines would try to attack the British Mediterranean Fleet. Parona said it was a long way to come. The British Naval Attache agreed and said that the German submarines were not very large, that they would have difficulty getting through the English Channel and would have to go north around Scotland, and that in the Mediterranean they would be a long way from their bases. Ammiraglio Parona leaned forward in his chair and said "And by god they cannot use Italian Ports".

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E. O. 11652, Sec. 3(S) and 3(D) or (E)
OSD letter, May 4, 1972
BY SLR Date 8/10/81

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From T Date 18 Feb., 1940 Serial No. 65 (Comments new series each January first)

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 Subject ITALY ARMY POLICY NAVAL INTELLIGENCE
 (Nation reported on) (Index title as per index sheet) (Scheme)

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MOVEMENTS OF MILITARY ATTACHES RESTRICTED

~~CONFIDENTIAL~~

1. Today the Military Attache was called by telephone from the Ministry of War and informed that henceforth all areas near the frontiers of Italy and all seaports where military and naval activities existed, such as La Spezia, Taranto, etc., would be considered restricted zones. All Military Attaches were requested to inform the Ministry of War by letter whenever they planned to visit any of these areas as they would be kept under surveillance during such times.

2. To date no such restrictions have been placed upon the movements of Naval Attaches.

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GSD letter, May 4, 1972

By SLR Date MAY 22 1973

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From T Date 1 March, 1940 Serial No. 98

Source of information CONTACTS
ITALY/POWERS POLITICAL FORCES POLICY FOREIGN/DOMESTIC

Subject ITALY/POWERS " " INT. RELATIONS
(Index title as per index sheet)

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102-105/200
 102-100
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CURRENT EVENTS AND COMMENT
 23 FEBRUARY TO 1 MARCH, 1940.

~~CONFIDENTIAL~~

(1) Anglo-Italian Commercial Difficulties: No signs during past week of improvement in commercial relations. Reliably reported contracts were ready for signature when something happened between February 2nd and February 8th causing Italy to call off deal. No excuse given. English puzzled but believe due to German threats. Difficulties over coal may be reason. After March 1st, British Government refuses to give payment guarantees to British coal exporters.

Italian Ambassador to London, Bastianini, returns to Rome, believed in connection with coal negotiations.

(2) French Purchases in Italy: French say deliveries on contracts proceeding satisfactorily. Italy seems anxious continue deliveries and receive payments. French orders placed in "defensive war" category.

Reported that Cantieri Riuniti Adriatica, Trieste, will build 4 ships for France, 10,000 - 11,000 tons each.

Consul at Leghorn says a train load of small trucks with Italian markings recently crossed into France. Believed part of large order.

(3) Information from Budapest: Reported that Csaky's position is becoming untenable and rumored that he has offered to resign. Rome believed to be annoyed at Foreign Minister because of impression he gave Russia that Venice meeting was not directed against Russia and press articles considered inimical to Roumania. Italy apparently thinks Hungary putting revisionist claims ahead of Balkan peace. Reported Germany has no intention disturb Hungary but will intervene if she takes direct action against Roumania.

(4) Rumor of Floating Mines in Mediterranean: Consul Report stated that floating mines had been observed in vicinity Malta which believed broken loose from Malta. Inquiry made of Ministry of Marine discloses that the Ministry has received only one such report (Feb. 1st) which was investigated immediately. Suspected objects proved to be small buoys.

(5) Miscellaneous: Mr. Welles' visit to Italy causes much discussion. Friendly feeling for U.S. shown by citizens and hope expressed that visit will contribute to peace.

Believed that Italy will not provide large deliveries of railway equipment to Germany.

Apparently many Austrian Italians in the Upper Adige, who refused to return to Germany, being allowed to remain and operate farms as before. Many young men repatriated to Germany making efforts to return to Italy.

Two ships reported clearing Naples during past two weeks with supplies and some armaments for Finland.

Summary of fantastic rumors heard during the past week. Cannot be taken seriously.

1. ANGLO-ITALIAN COMMERCIAL DIFFICULTIES:

| Director | A-B-C-D-E | F-G-H-I-J | K-L-M-N-O | P-Q-R-S-T | U-V-W-X-Y-Z | Other |
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 O. N. I. Sec. 302 and 303 or 304
 O. N. I. Section, May, 4, 1973
 Date MAY 22 1973

PAGE TWO

~~CONFIDENTIAL~~

During the past week there have been no signs of improvement in the Anglo-Italian commercial relations. It has been learned from an absolutely reliable source that Caproni representing certain big Italian commercial interests went to London trying to sell airplanes and armaments. It is said that Caproni's visit was sanctioned by the Duce. The talks were carried out in an extremely friendly manner and upon conclusion Caproni offered to initial the rough contracts. The English said that would not be necessary as they considered them as gentlemen's agreements and the smooth ones could be signed later. Something happened between February 2nd and February 8th causing the Italians to notify the British that the deal was off. No excuse was given and the British are unable to discover the reason for this sudden "about face". They believe that it is possibly due to German threats. However, the coal problem is so closely tied up to all Anglo-Italian Commercial questions that the main difficulty may lie there. It is understood from the same informant that the British Government refuses to give payment guarantees to British coal exporters after March 1st. In the past the exporters have hesitated to ship more coal to Italy due to the fact that she is greatly in arrears in payment, which fact necessitated the British Government to previously give guarantees to these exporters. The British say they do not know what will happen after today, March 1st.

The return to Rome of Bastianini, Italian Ambassador to London, is interpreted in reliable quarters as being in connection with the Anglo-Italian coal negotiations.

2. FRENCH PURCHASES IN ITALY:

From French Embassy sources it is confirmed that deliveries on French contracts are proceeding satisfactorily. Italy seems most anxious that these deliveries and payments continue uninterrupted. It is understood that the reason these deliveries are being made is that the French contracted for articles which can be placed in defensive war categories.

The Italian Agent for the U.S. Steel Export Corporation stated confidentially to a very reliable contact that an order has been placed for 22,000 tons of steel for shipbuilding at the Italian Cantieri Riuniti Adriatica in Trieste, for use in constructing for the French Government four ships of from 10 to 11 thousand tons each. Also reports of sale to the Lancia Company of \$200,000 worth of special steel for automobile construction for the French.

The American Consul, Leghorn, states that from a source considered authentic, it is learned that recently a train load of small trucks bearing Italian markings crossed the border into France. It is presumed that this shipment is a portion of the large order placed by France in Italy.

3. INFORMATION FROM BUDAPEST:

It is reported from Budapest that from Foreign Office sources it is

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O. I. 652, Sec. 813 and 817 or 818

PAGE THREE

~~CONFIDENTIAL~~

AD letter, May, 4, 1941 MAY 22 1973

learned that Rome is annoyed at the Hungarian Foreign Minister because he had given Russia an impression contrary to that desired by Italy in assuring the Soviet Foreign Office that the Venice meeting was not directed against Russia and because of recent articles in the papers considered inimical to Roumania. Italy apparently considers Hungary as advancing her claims against Roumania rather than maintaining an attitude towards protecting peace in the Balkans. There are reports that Italy has threatened to deal directly with Roumania. It is reported in Budapest that Germany has no intention of menacing Hungary as she is anxious to maintain a friendly flow of materials from southeast Europe. However, she will be compelled to intervene should Hungary take any direct action against Roumania. Unconfirmed rumor says that Csaky's position has become untenable and that he has offered to resign.

4. RUMOR OF FLOATING MINES:

The American Consul at Palermo during the past few days sent a despatch to the Embassy, and followed it up with a confirmation letter which arrived today, to the effect that floating mines had been observed in the Mediterranean, probably broken loose from their moorings at Malta, and were considered a menace to American vessels. It seems that this information was given him by an officer of the British Consulate at Palermo who stated that he was so informed by Masters of British vessels. He presumed that the masters were advised at Malta of the mines and had been told to be on the lookout. However, upon inquiry being made at the Ministry of Marine yesterday (28 Feb), information was received that the only knowledge of any floating mines had been a report received on February 1st of two mines observed in the vicinity of the Island of Lampedusa, southwest of Malta. Upon receiving this report the Ministry dispatched a ship to that vicinity, located the floating objects, and found them to be two small mooring buoys. This was the only report of mines received by the Ministry, and we were informed that should a report be received, this office would be immediately notified by telephone.

5. MISCELLANEOUS:

The arrival of Mr. Welles and his short stay in Rome have been the subject of much discussion among unofficial observers. From what is gathered in Rome, as well as information contained in reports received from Consuls, there is evidence of a friendly feeling towards the U.S. on the part of Italian citizens. Everywhere is expressed the hope that Mr. Welles' trip may have some concrete results towards peace.

Upon completion of the recent German-Italian trade negotiations held in Rome the general thought is that Italy will not provide large deliveries of railway equipment to Germany. Italian firms seem reluctant to place orders for machinery and machine tools in Germany owing to the possibility that these might be requisitioned by the Germans upon completion.

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PAGE FOUR

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An informant who recently returned from the region of northern Italy states that apparently the former reports to the effect that the inhabitants of the Alto Adige of Austrian origin who did not return to Germany would be obliged to move to southern Italy are not true. It seems that many Austrian-Italians who refused to return to Germany are still allowed to remain and operate their farms as before. It is understood that many young men who were recently repatriated to Germany have been making efforts to return to Italy.

The Consul General at Naples reports that two ships, one Italian and one Norwegian, left Naples within the past two weeks with supplies for Finland. The Norwegian ship carried mines, trucks and castor oil to be delivered to Bergen. Details of the other cargo are not available but he has been assured that there were some armament equipment in it.

There have been a considerable number of fantastic rumors during the past week, none of which can be taken seriously, as they lack any confirmation. Among these rumors may be listed the following: Two German submarines operating in the Mediterranean; Heavy deliveries of ammunition going to the Island of Rhodes; Large quantities of artillery ammunition arriving in Italy from Germany (said to be old Czechoslovak army stocks); Fortifications now in process of erection on the Brenner Pass are not directed against the Germans but against France, as they are aimed to oppose any French turning movement coming through Switzerland (German source); 30,000 German officers and technicians now in Russia engaged in advisory capacity, with a view to effecting reforms in the Soviet military and economic establishments.

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E. O. 11652, Sec. 2(E) and 5(D) of G.O.
 OSD Letter, May, 3, 1972

By SER Date MAY 28 1973

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"IN THE FRAMEWORK OF THE ALLIANCE".

Article by Virginio Gayda translated from the Giornale d'Italia of 20 March, 1940. Author states that the meeting between Hitler and Mussolini was arranged during von Ribbentrop's visit to Rome. It is an important but not exceptional event, part of normal manifestations of Axis and Alliance. Rome-Berlin relations remain intact. It is not opportune to allay indiscreet curiosity in regard to subject of Brenner conversation. Only four persons were present, the Duce, Hitler, Ciano and von Ribbentrop, and none has made any statement. Therefore no outsider authorized to make conjectures. Rumors of alleged peace offensive by Duce in connection with Sumner Welles' visit must be put a stop to. Hostile reaction of democracies against this alleged peace move prove their invariable bellicosity. No further comment to be made. Aspects of war already threaten Italy's interests thus confirming utility of Italo-German solidarity. Italian interests must be considered within framework of Alliance. This, amongst other things, was essential purpose of Brenner meeting.

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1. The following article by Virginio Gayda is translated from the Giornale d'Italia of 20 March, 1940, and is representative of the general attitude of the Italian press in regard to the Brenner meeting:

"The meeting between the Duce and the Fuehrer, arranged during the German Foreign Minister's recent visit to Rome, has left a wake of contradictory conjectures and ferment in the world press. It is undoubtedly the dominant fact in the present European situation, and is destined to have repercussions on the course of events. But it cannot be called an exceptional fact. It is part of the normal manifestations of the Axis, the normal application of the Treaty of Alliance of 2 May 1939.

"In spite of contrary hopes and hasty conclusions, the Axis and the Alliance between Rome and Berlin remain intact. It is therefore natural that besides the daily diplomatic and economic collaboration, there should be direct contact between the two great Chiefs of Government.

"What subjects were discussed at the Brenner? This is not the time to allay the indiscreet and anxious curiosity of those outside our frontiers. A few remarks and explanations will suffice for the present.

"First of all we wish to denounce the arbitrary conjectures circulated by the press of the other belligerents. The greater part of the political conversation at the Brenner, which lasted exactly from 10.18 to 12.30, and the talk during the half-hour lunch that followed, was held in the presence of the Foreign Ministers Ciano and von Ribbentrop, the private conversation between Hitler and Mussolini being very short. Only four persons were present at the conversations. None of them has made any statement. No outsider, therefore, is authorized to make conjectures or try to reconstruct the discussions.

"This being established, it is necessary to put a stop to the rumors of an alleged peace offensive arranged between the Duce and the Fuehrer and entrusted to the Duce in connection with Sumner Welles' visit. It is absurd and grotesque that the democracies, which have always denounced the allegedly chronic aggressivity of Italy, should now persist

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in attributing to the Duce the permanent task of a messenger of peace and perpetual mediation. Everything that could be done for peace the Duce did between the end of August and the beginning of September 1939. Now a part of Europe is at war. The whole world is arming. Italy too is completing her armament in order to protect her independence and assure the legitimate defense of her interests which will have to be considered in the cause of true peace and the construction of a more just Europe. It is then entirely out of place to think of the Duce as running to and fro between the capitals of Europe in the service of a peace which no government has yet asked for.

"But the hostile reaction which was immediately manifested in the press and political circles of the belligerent democracies against the supposed "peace offensive", once again confirms the incurable bellicosity of the great democracies.

"There is nothing else to be said today. Silence reigns over the subject and significance of the Brenner meeting. The new European war still promises to be long, arduous and complex. Every day new problems and situations arise. But in the face of these problems there is confirmed the balance, affinity and collaboration of interests that constitute the spirit and concrete basis of the Axis and the Alliance between Italy and Germany. The European war has already revealed significant aspects that threaten Italy's interests and positions and confirm the utility of Italo-German solidarity.

"It will not be forgotten that this solidarity had two essential aims; the construction of a more just Europe, based on parity of rights and means; and the safeguard of Italian interests together with those of Germany. These interests are directly connected with various European and world matters in war and in peace and must therefore be considered and brought up to date within the framework of the alliance. This, amongst other things, was the essential purpose of the Brenner meeting."

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Source of information OBSERVATIONS

Subject ITALY-POLITICAL FORCES - NATIONAL GOVERNMENT - WAR MAKING POWER.
" " " " POLICY - FOREIGN/DOMESTIC
(Notices reported on) " " INTERNATIONAL SITUATIONS

Reference " " " " SUMMARY OF INTERNATIONAL SITUATION.

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ITALY'S PRESENT POSITION

Before the war, Italy, as a partner in the Rome-Berlin Axis, was violently agitating for the correction of wrongs. Her grievances were directed mostly against France. Axis affairs came to a head at Salzburg on 11, 12 and 13 August and Italo-German relations became less cordial although the Italian Press continued to support Germany. After breaking off of Anglo-Italian Commercial relations, and particularly after the Brammer meeting of Mussolini and Hitler, the Italian Press became violently pro-German and indications of possible internal changes in Italy became apparent. Mussolini is strongly pro-German but majority of Italian people are pro-ally. Mussolini is the dominant figure in Italy although he has lost some of his following. Although the Italians hate Germans and Germans have the greatest contempt for Italians, Italy is strongly supporting Germany in the game of power-politics. There is a strong anti-British feeling in Italy, despite the strong anti-German feeling. Anglo-Italian commercial negotiations have been resumed. Relations between Italy and France are good despite present appearances. Italo-Russian relations have been uniformly bad and are so at the present time. Italy is the champion and protector of Hungary. In the Balkans, there is fear of Italian aggression in Yugoslavia and Greece. Italian relations with Bulgaria are good. Roumania fears that eventually Italy will give active support to the Hungarian claims in Transylvania and to the Bulgarian claims to the Dobruja. Turkey distrusts Italian intentions and is supporting British control in the Mediterranean. Italy is financially and economically in bad condition and is dependent upon overseas sources for food and raw materials. Italy's armed forces are fairly strong but not well balanced and lack reserves of material and equipment. Internal conditions in Italy are anything but good. The Italian people do not want to go to war and Italy will probably maintain her position of "non-belligerency" while continuing to play power-politics.

1. It seems appropriate at this time to try to summarize Italy's position relative to the war and the factors pertinent thereto.

BACKGROUND:

2. It must be remembered that right up to the beginning of hostilities, Italy precariously occupied one end of the Rome-Berlin Axis which for some time had been violently and belligerently agitating for the correction of wrongs said to have their source in the Versailles Treaty. Italy had enlarged her empire through the conquest of Ethiopia and the occupation of Albania. Following the Anglo-French efforts to "encircle" the Axis Powers, (the Anglo-French offer of a guarantee to Poland, Anglo-French negotiations in Moscow, Anglo-French offers of guarantees to Roumania and Greece, and finally the announcement of the impending treaty between Great Britain and Turkey), Italy and Germany had exchanged views at Milan on 6 and 7 May and, on 22 May, 1939, in Berlin, had signed a Treaty of Alliance which had been widely ballyhooed in an endeavor to make the world believe that Germany and Italy would fight side by side, although foreign observers within Italy knew that Italy was not prepared to support a major war.

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Italy's immediate and most publicized grievances were mainly directed against France and called for better conditions for Italian nationals in Tunis, a free-port in Djibuti, reduction in Suez Canal tolls, and representation on the Board of Directors of the Suez Canal. Italy's discontent dates from the Versailles Treaty which failed to fulfill the promises of the Pact of London, including Italian claims on the Dalmatian Coast and on the borders of Libya, Eritrea and Somalia, and was intensified by the Sanctions, which are said to have thrown Italy into the arms of Germany.

3. The Axis affairs came to a head at Salzburg on 11, 12 and 13 August when Ciano was informed of Germany's intentions by Hitler and Ribbentrop. Evidently for the first time, he was told that Germany would attack Poland on 1 September, and was asked what Italy would do. He called attention to the fact that in the exchange of views at Milan on 6 and 7 May it had been agreed that neither country would immediately provoke a war because Italy required 3 years to prepare for war and Germany needed 4 years. It is said that he expressed disagreement with the views of Hitler and von Ribbentrop, that England would not declare war if Poland were invaded, and informed them that Italy would not go to war unless attacked. He was badly browbeaten on that occasion, if information is correct, and returned to Rome a disillusioned man. At Salzburg he had been informed that favorable progress had been made in the commercial negotiations in Moscow, the objective of which had been a limited detente to neutralize Russia and prevent her from joining the policy of encirclement. Evidently he had no knowledge of a contemplated German alliance with Russia. On the evening of 21 August, 1939, Ciano received a telephone message from Ribbentrop saying that the latter intended to go to Moscow on 23 August to sign the pact of non-aggression between the Reich and the U.S.S.R. On 1 September, 1939, when Germany invaded Poland, a meeting of the Council of Ministers, at which the Duce presided, announced that Italy would not take the initiative in military measures, thereby establishing for Italy a policy of "non-belligerency" rather than one of "neutrality"

4. From the beginning of the war to the present time, Italy has striven energetically to maintain her status of non-belligerency. On the one hand, to appease Germany, but without mentioning the axis until recently, the Government-controlled Italian press has continued to give lip service to the alliance with Germany and has loudly supported German claims. It has given greater prominence to news from German sources than that from Allied sources. This was true to a gradually lessening degree up to the time of breaking off of Anglo-Italian commercial negotiations in February. Then, and particularly after the Brenner meeting of Mussolini and Hitler, the Italian Press turned violently pro-German and is so at the present time, most of the foreign news being under a German date line. Since then attacks on Russia and Communism have been less frequent than in the past. During the first five months of the war editorials and speeches of prominent Party members frequently contained passages which were not only strongly anti-democratic but anti-bolshevik and anti-bourgeois, praising the authoritarian and totalitarian style and pointing out that the

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present Italian position may not be perpetuated - that Italy may take up arms. Italy has supplied Germany with food products, oil and gasoline, and other necessities, as far as practicable under pressure of the Allied Blockade, and has carefully avoided antagonizing Germany. On the other hand, the pro-German sentiment in Italy has greatly lessened and Italy has cooperated with the Allies to the extent dictated by self-interest. The change in the Italian Cabinet which took place on 31 October, 1939, got rid of some of the most strongly pro-German members. Italian shipping has complied with the requirements of the Allied contraband control - under pressure, of course - and has profited thereby. Factories in Italy have accepted large contracts for war materials for the Allies and in certain instances deliveries are known to have been made. Italian firms have refused to sell openly certain imported materials to Germany for fear of getting on the black list of the Allied Control. Generally, Italian economy has become so closely associated with the Allied cause that Italy would have difficulty in extricating herself, although there have been indications in recent weeks of an effort to do so. Put briefly, Italy is afraid of the military power of Germany and afraid of the effect of the sea power of the Allies - literally between the devil and the deep sea.

RECENT DEVELOPMENTS:

5. However, during the past few weeks there have been indications of a changing external situation and of a changing domestic situation, obviously related to the following events. Something happened between 2 February and 8 February, probably the application of German pressure, which caused Mussolini to give orders on the latter date that no war materials or war equipment be supplied to England. British buying agents went home. Long before that date Britain had warned Italy that the sea-borne coal from Germany would be stopped by the blockade, because of the foreign credit thereby obtained by Germany, and on 1 March this was actually done. Thereafter an anti-English attitude developed in the Press but editorial comment was restrained. On 10 March Ribbentrop arrived in Rome for a two day visit, the Italian coal ships held by the British blockade having been released the day before his arrival, and on 18 March Mussolini and Hitler conferred on the Italian side of the Brenner Pass. In the meantime Mr. Sumner Welles had arrived in Rome on 15 March where he remained until 19 March. Mr. Playfair of the British Treasury is now in Rome and Italo-British commercial negotiations have been reopened, not to make a cover-all agreement but a separate agreement for each category of material. Present conversations concern coal and difficulties have been encountered regarding the method of payment. Mr. Rodd of the British Treasury is expected to arrive in the near future with new instructions.

6. Heretofore, the pro-German sympathy of Mussolini and a small minority has been balanced by the anti-German attitude of the Crown, the Vatican, Ciano, the most important members of the Government, and the great majority of the Italian people and this balance has served to maintain Italy's position of

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"non-belligerency". Since the Brenner meeting the indications of a change have been more pronounced. Anti-ally articles are more numerous and more virulent and condemnations of Russia are lacking. Although little is known of that meeting, one thing is certain - that the Axis and the Alliance have been taken out of cold storage and revived, whether permanently or for present use remains to be seen, and high-power politics are again being played. It is said that Hitler initiated the Brenner meeting in order to reestablish and strengthen contact with Mussolini and to convince him that Nazism and Fascism must live or die together and that Mussolini gave assurances of the attitude of Italy in the event of an offensive.

7. It should not be forgotten that Mussolini is the dominant figure in Italy. Although he has lost some of his following, he has absolute control over the Army, Navy and Air Force and over the Police. It is said that he feels deeply his obligations to Germany under the Alliance and that he believes that Germany will win the war. It is possible that he is disturbed by Ciano's growing popularity and feels that the country is swinging too far toward the allies and away from the Nazi-Fascist conception, which would affect his own control. While tacitly admitting that his own position is none too secure (there is a rumor that Ciano will go to Libya as Governor or to Abyssinia as Viceroy), Ciano has stated that he does not foresee a pronounced change in Italy's position, although the Press may continue pro-German and there may be other pro-German developments.

INTERNATIONAL RELATIONS

GERMANY:

8. The relations between Italy and Germany are remarkable in character and are so unstable as to be difficult to understand or evaluate. From the unification of Italy until 1935, Italy relied upon the friendship and protection of Great Britain. Then, when her Ethiopian venture was threatened by Sanctions, Italy turned to Germany for support. Basically, Italians hate Germans and Germans have the greatest contempt for Italians. Their Alliance has been solely for mutual profit in high-power politics. For many months before the outbreak of war Italy was overrun by Germans in large numbers. German tourists filled the resorts and show places, German military Missions visited and inspected Italian military units and defense works and were given prominent places at all reviews and parades, and German political and economic groups were received with high honors and much publicity in Rome. The "solidarity of the Rome-Berlin Axis" was widely advertised. Now, only a few Germans are to be seen in Italy and Groups, such as the Economic Mission of Dr. Clodius, come and go with little publicity.

9. On his last visit to Rome, Ribbentrop was received with noticeable coolness as compared to his former visits. Today there exists a definite anti-German sentiment in Italy, both in the Government and among the people,

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although Mussolini is among those who still sympathize with Germany. The remaining pro-German element is very much in the minority. People say openly that if Italy has to go to war it will not be on the side of Germany. Italy does not trust Germany and for that reason is now in process of expending large sums on strengthening defense works on the Italo-German border, particularly in the vicinity of the Brenner Pass and in the area near the junction of Italy, Germany and Yugoslavia. Italy is indebted to Germany politically for support given by Germany during the Ethiopian incident and financially, principally, as a result of the repatriation of Germans in the Alto Adige, and is dependent upon Germany for certain commodities, especially coal. By openly breaking with Germany, Italy would become dependent upon Great Britain for coal, which is essential for her industries, and would come under the absolute domination of that Power. Because of fear of Germany, to some extent because of Mussolini's leaning toward Germany, and a desire to avoid coming under dominance of England, and for profit, Italy has paid lip service to the Alliance and supplied materials to Germany. Since the Brenner meeting of Hitler and Mussolini, the Italian Press has turned more strongly pro-German and there are indications of possible pro-German changes in Italy, both internally and externally, but no fundamental change in Italy's position relative to the war is probable.

ENGLAND:

10. In spite of the anti-German sentiment referred to above, there is now and has been since the Sanctions a strong anti-British feeling in Italy. Nearly all Italians believe that "Sanctions" was a British device to protect her route to India and the British empire at the expense of legitimate Italian expansion. Anthony Eden, in particular, is anathema to all Italians. Since the war began, the operation of the British contraband control has intensified this feeling. As a practical matter, to assure profits, Italian shipping has conformed to the requirements of the blockade, and Italian merchants have avoided getting on the Allied black list by refusing to sell openly to Germany, but resentment is felt at the stringency of contraband control which, in effect, puts Italy on rations.

11. After the war started, the British were slow in taking advantage of the usefulness to their cause of Italian industry. When they did finally look to Italy for war equipment and essential materials, it is not improbable that, following their usual practice, they tried to link commercial contracts with political demands in a general agreement. At any rate, although the British eventually signed contracts with Italian manufacturers totaling a large sum, the necessary validation of these contracts by authorities in Rome was not forthcoming and to date the British have not been able to get deliveries on any of their war material contracts. Material completed on British contracts is now on the shop floors of Italian factories, authority for delivery having been refused. On 8 February, Mussolini issued orders forbidding the sale of armaments to Britain. Negotiations which had been going on with respect to Italian war materials for Britain were suspended and British buyers left Italy. The British believe that this

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Italian attitude was dictated by German pressure.

12. On 1 March Britain's threat to cut off Italy's sea-borne supply of coal from Germany was put into effect and Italian coal ships coming from Germany were seized. Normally, Germany supplies about 7 million tons of coal a year to Italy, 4 million tons by rail and 3 million tons by water, and England supplies 5 million tons. This exportation of coal gives Germany foreign credits which the Allies are endeavoring to reduce to an absolute minimum. The British gave advance notice to Italy that the sea-borne coal shipments from Germany would be stopped and offered to furnish an equal amount of coal from England at the price paid by the British consumer, in addition to the 5 million tons of coal annually sold to Italy by England. Italy objected to the price and method of payment, although urgently in need of coal. On 9 March England released the Italian coal ships on the understanding that no more Italian ships be sent to Germany for coal, and continued to ship English coal to Italy under Government guarantees, which expired 31 March. In the meantime, during Ribbentrop's visit to Rome, an agreement was reached whereby Germany agreed to ship a million tons of coal per month to Italy by rail. The Anglo-Italian Commercial negotiations have now been reopened. Instead of a general agreement, separate agreements will be made regarding each category of materials and coal is the first being considered. An agreement is not easy of accomplishment as Italy wants to pay for the coal with such items as perfume, marble and fruit while Great Britain wants merchant ships and war materials in payment.

13. The Anti-British sentiment in Italy is not likely to lessen unless and until an agreement of mutual advantage can be reached because this sentiment is founded on a realization that, more than any other power, Great Britain can throttle the foreign trade of Italy, cut off absolutely necessary imports, and ultimately block the political and territorial aggrandizement to which Italy aspires.

FRANCE:

14. The loudly shouted grievances of Italy against France were conceived in the moments of France's weakness under a socialistic government. As soon as the war started the French spirit revived, Blum and the Communists were decisively relegated to the background, and all of France was drawn together against the external enemy. From that moment practically nothing has been heard of the Italian grievances until the present anti-Ally flare-up started. On the contrary, until the Brenner meeting anti-French feeling in Italy had almost disappeared and the Franco-Italian border is now guarded by only a handful of men on each side. To date France has handled Italy with kid gloves but, on good authority it is stated, will in the future take a stronger attitude toward Italy.

15. Before the war the French information service had determined (1)

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11532, Det. 210 and 211 (4)

OSD letter, May 1, 1973

By E.L.R. Date MAY 22 1973

PAGE SEVEN

that Italy would not fight and (2) that Italian industry could be utilized to provide equipment for the Allies, and thereby prevent Italian industry from working for Germany. Accordingly, as soon as Italy had assumed a non-belligerent status and before German pressure on Italy could interfere, French purchasing agents invaded Italy with gold in hand. Contracts were signed, said today to total 2 billion lire, which gave to France urgently needed war equipment and materials and to Italy sorely needed work for her industries and greatly needed foreign exchange. It may be said that relations between Italy and France are good, despite present appearances.

RUSSIA:

16. In theory Bolshevism is the natural enemy of Fascism, as it is also of Nazism. The fact that these three dictatorships today have many characteristics in common is beside the point. Every Dictator needs an external enemy against whom he can keep the people aroused and Russia fills the bill perfectly for Italy. In 1922 the march of Fascist columns on Rome saved Italy from Communism. Although, for commercial reasons, Italy was among the first of the European nations to recognize the Soviet Government, Catholic Italy abhors the atheistic doctrines of the Soviet and Italo-Russian relations have been uniformly bad. In Spain, Italian troops and planes fought against Communistic forces which were aided by Russia. Italy sent equipment, accompanied by a few men, to Finland to help repel the Russian attack. Now there is fear of Russian invasion of the Balkans and Italian interests are in jeopardy. Just what steps Italy would take to combat Russian invasion of the Balkans are not clear. Italy has agreed to give Hungary all possible assistance to repel a Russian attack. If the Russian invasion were directed towards Roumania, Italy would probably take no action to prevent Russian occupation of Bessarabia but, if the Russian advance should go beyond the river Prut, Italy might send assistance to Roumania and might even join an Allied naval force in the Black Sea. Troops and planes going from Italy to Hungary would have to cross Yugoslav territory and this might lead to complications. Germany has expressed a "wish" that relations between Italy and Russia were better but Italy will not take the initiative toward improving relations. The respective Ambassadors in Rome and Moscow have returned home on "leave" leaving Charges d'Affaires in both capitals.

BALKAN STATES:

17. Italy has important political and economic interests in the Balkan Peninsula but the Italian dream of hegemony in the Balkans will be difficult to realize. The Balkan Entente, avowedly organized to keep peace in the Balkans and to keep Bulgaria and Hungary in their places, is also directed against Italy. Italy is the champion of Hungary, has supported the Hungarian-Yugoslav rapprochement, and is on good terms with Bulgaria. All other Balkan states have reason to distrust Italy.

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18. Italo-Yugoslav relations have never been good because of Italy's claim to the Dalmatian coast. Italian possession of Zara and Lagosta does not help to clear the atmosphere. The occupation of Albania by Italy did nothing to allay the fears of Yugoslavia. Notwithstanding the Italo-Yugoslav Treaty of Friendship of 26 March, 1937, Yugoslavia's distrust of Italy is so intense that all movements of Italian troops in northern Albania or near the Italo-Yugoslav border are closely watched and looked upon with suspicion and Yugoslavia even accuses Italy of spreading Communist propaganda in Yugoslavia in order to keep that country weak and to have an excuse for invasion. It is said, though unsubstantiated, that a request of Italy to send troops across Yugoslav territory to help Hungary or Roumania against Russia, in case of necessity, has been refused.

19. Greece has had experience of Italian invasion in the Corfu incident and looked with grave concern upon the occupation of Albania by Italy. Together with other Balkan states Greece looks upon Albania as a spring-board for Italy if the latter should endeavor to force her way eastward. The Italian naval and air base at Laros in the Dodecanese dominates the Aegean Sea. Movement of Italian troops near the Albanian-Greek border are closely followed in Greece. Although the existing non-aggression pact between the two countries was reaffirmed 2 November, 1939, Greece is apprehensive of Italian encroachment.

20. Although Roumania and Italy are each strongly antagonistic toward Russia and Roumania has oil and wheat to trade for Italy's manufactured goods and both countries are of Latin culture, Roumania looks askance at the friendship of Italy with Hungary and Bulgaria. Roumania believes that eventually Italy will give active support to the Hungarian claims in Transylvania and possibly to the Bulgarian claims to the Dobruzia. An Italo-Roumanian Commercial Agreement was concluded recently at Bucharest in which Italy got substantial concessions regarding oil supplies and exchange rates between the Lira and the Lei.

21. During recent weeks there has been much talk of an effort to form a Balkan Neutral Bloc, with or without Hungary and Bulgaria and with Italy prominently mentioned as an instigator of the effort and as a guiding spirit. Italy denies this rumor. Pertinent factors are (1) Italy would not want to be associated with such a project if it failed (2) The Balkan States would not agree to an increase of Italy's influence in the Balkans (3) The interests of Italy and Germany clash in the Balkans and Italy does not want to antagonize Germany (4) Association with such a group might decrease Italy's chances of remaining out of the war.

TURKEY:

22. Turkey dislikes the close proximity to Turkish territory of the Italian fortified islands in the Dodecanese group (formerly Turkish) and

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strongly distrusts the intentions of Italy in the Balkans and in the Near East. Turkey wants peace in the Balkans, is opposed to increased Italian influence in the Balkans and is supporting British control in the Mediterranean, which position clashes with Italian interests.

FINANCE AND ECONOMY

23. Italy's finances are in very bad condition and there appears to be no prospect of immediate improvement, unless Italy unrestrictedly opens her shipyards and factories to the services of the Allies. This is not probable because of German opposition. Italy's gold reserve is very low and her means of obtaining foreign exchange are limited. During the past six weeks there have been indications that Italy has lost control over the exchange rate of the Lira. For a long time the Lira has been pegged at 19.8 to the dollar, with a rate of 25.6 to the dollar for tourists. These rates have not been changed but manufacturers who urgently require raw materials have been given authority to import the material and to find the foreign exchange where they can, paying whatever may be necessary for it. On this basis transactions have taken place through the banks in which as high as 35, 40 or even 50 lire to the dollar have been paid. This permits the importation of urgently needed raw materials without exporting "valuta", and avoids, for the moment at least, the crash which would come if the Lira were thrown openly on the market but, as the British Commercial Attache recently said, it amounts in effect to the rape of the Lira. That many Italians realize the precarious situation of the Lira is indicated by the fact that they are putting their cash into material things such as jewelry, antiques, houses, extra clothing and stocks of food. Some Italians say openly that the Lira will eventually be worth nothing.

24. Statistics show that in foodstuffs and animal fats there is normally in Italy a shortage of all important items except rice and olive oil and that reserve stocks are practically non-existent except in the case of rice and possibly wheat. Although these shortages are not large, they must be made up by imports from overseas countries, or from the Danubian basin, where German needs clash with Italian needs.

25. With regard to essential raw materials, Italy's position is nothing short of desperate. Only about 20% of Italy's coal requirements are mined in Italy and that is of very poor quality. No iron, copper and other essential raw materials, with the exception of aluminum and lead, are mined in Italy or its colonies in quantities worth considering. The great volume of raw materials is normally imported from overseas. At present Germany is endeavoring to supply Italy's coal requirements by rail but it is doubtful that this can be accomplished.

ARMED FORCES

26. The Italian Army is well organized and well trained but lacking in

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certain types of artillery and in reserve equipment. It has had recent experience in Ethiopia, Spain and Albania but, for the most part, not against well trained forces supplied with modern equipment. It has been the general opinion in the past in certain countries that the Italian is not a natural fighter and does not make a good soldier. Because of the intensive training of youth under the Fascist Regime during the past eighteen years, this opinion will have to be revised to some extent. At the present time there are about 1,200,000 men under arms in the Italian land forces.

27. In the Italian Navy there are now in commission two modernized battleships. Two other modernized battleships and two new ones of 35,000 tons each will be ready to join the fleet this summer or fall. Two others of 35,000 tons, under construction, will not be completed until next year. There are in commission in the Italian Navy seven modern 10,000 ton cruisers and twelve undergar light cruisers; fifty-seven undergar destroyers and thirty four undergar torpedoboats, plus twenty-nine overgar but servicable ones; approximately one hundred and twenty submarines; and about fifty M.A.S. boats. This constitutes a formidable force for operations in the Mediterranean. The large number of submarines, aided by M.A.S. boats and aviation and operating from Sicily, Pantelleria, Sardinia, Tripoli, Cyrenaica, and the Dodecanese Islands, as well as from the Italian mainland, could effectively block passage through the Mediterranean and seriously threaten an enemy force in either end of that sea. Generally speaking, Italian surface ships are built with a view to operating from a shore base without emphasis on radius of action or self-sustaining qualities. About two thirds of the submarines are of the "coastal" type. The Navy has had no recent war experience and even the older officers are without general war experience because of the limited operations of the Italian Navy during the World War. It is doubted that the routine exercises of the Italian Navy are such as to make officers and men proficient in the art of modern warfare at sea. Non-rated men in the crews are conscripts as are some of the specialists.

28. The Italian Air Force has had war experience in Ethiopia, Spain and Albania, but only in Spain was any opposition encountered. It has a total of about 5500 planes, including all types, of which about 2000 may be considered first line planes. It has many experienced and excellent pilots but generally the pilots lack sufficient hours in the air because of the cost of and scarcity of gasoline.

INTERNAL CONDITIONS

29. Internal conditions in Italy are anything but good. There is a great deal of grumbling and dissatisfaction. The recent increase in the cost of living has caused hardship and suffering amongst the poorer classes. Others are hoarding food, clothing, fuel, etc.; against harder times to come. Many items, such as laundry soap, have almost disappeared from the market. A real pinch is just beginning to be felt. War preparations are continuing to be made in Italy and people ask where it is leading them. They say that the wars in

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PAGE ELEVEN

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Ethiopia, Spain and Albania were only a great expense and that the Empire has been of no material benefit to Italy. Confidence among the people in the leadership of Mussolini has lessened definitely.

SUMMARY AND CONCLUSIONS

30. When her blustering attitude in international relations, her flaunted military preparations and threats, and her territorial and political demands and aspirations are considered in relation to her financial and economic poverty, her absolute dependence upon overseas sources for food and raw materials, and her disturbed internal conditions, it would seem that Italy is playing a dangerous role. It is certain that the vast majority of the people of Italy do not want to go to war and, if drawn into the war, would prefer to fight on the side of the Allies. On the other hand it is certain that Mussolini, dominant figure in Italy, is strongly anti-English, is strongly pro-German and is helping the German cause by all means short of entering the war. If Italy is drawn into the war on the German side, her strategic position in the center of the Mediterranean, combined with her large air force and submarine force, would give Italy absolute control over the traffic through the Mediterranean and would preclude Allied operations in the Near East and Balkans requiring transport and supply by that route. On the other hand, Italy's shipping would be wiped from the seas, her imports of food and raw materials would stop, her factories would be idle, replacements of war material would be impossible, she would be attacked by land from the French border, and the hardship, suffering and discontent within her own borders might lead to internal disturbances. It is probable that Italy would collapse within a few months. All things considered, one is constrained to believe that Italy will maintain her attitude of blustering "non-belligerency" as long as possible and will endeavor to profit at the peace conference by a strong military readiness to fight for her claims.

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E. O. 11652, Sec. 303 and 304) or (3)

OSD letter, May, 4, 1972

By SLR

Date MAY 22 1972

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REPORT OF CONVERSATION WITH CONTE LEONARDO VITETTI

1. The following brief of a conversation between an entirely reliable American informant and Conte Leonardo Vitetti, an important official of the Foreign Office, was repeated to the writer within an hour or two after it took place on 16 April. There are reasons for belief that the statements and opinions given represent the true feelings of the speaker.

2. Vitetti exhibited signs of extreme worry and doubt regarding the present political and military situation. He said that Italy is sitting on a volcano and does not know from day to day what new development may affect Italy's present position. He said that if Germany wins in Scandinavia, Hitler may turn to the Balkans and might even do so in combination with Stalin. If this happens, Italy may be involved and Europe would surely be overrun by the Nazis because Hitler is invincible on land. It would be a terrible thing for Europe. England must win in Scandinavia and the only way that England can win is with the help of the United States. He said the United States was the deciding factor in the last war and only the strength of the United States can win this one for the Allies. During the conversation he repeated several times "Tell Bob that the United States must help England". He asked if she thought the United States would help England and said that he was afraid that the help might come too late. He said that the war could not continue a long time and that things happen quickly in this war and only prompt assistance could be of any value. During the conversation he was severely critical of Hitler and of Nazism. When asked if he approved of the extermination going on in Poland and it was pointed out to him that Italy did not do the same thing in Albania, he said "No, that is not the way of the Latin race".

NOTE - The "Bob" referred to is a mutual friend in the United States, whom the informant will see in a few days.

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From T Date 18 APRIL, 1940 Serial No. 194 File No. 103-1003
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 Subject ITALY POLITICAL FORCES POLICY NAVY INTELLIGENCE
ITALY POLITICAL FORCES INTERNATIONAL INTELLIGENCE
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ANSALDO'S RADIO SPEECH TO THE ARMED FORCES

1. The following is a translation of a radio address delivered on 15 April, 1940, by Signor Giovanni Ansaldo over the Italian State Broadcasting System:—

"The Norwegians were standing off by themselves at the top of Europe, intent on risking as many cod as they could. They were concerned more than anything else with conditions of life within the country and with giving each worker his little house and garden.

"They knew nothing of the ideologies or the European conflict; and they had no intention of participating in it."

He then referred to the unfortunate Norwegian Foreign Minister, awakened by the french and British at 5:30 in the morning on the telephone to learn that they had proceeded to mine the Norwegian sea, and a little later called up by the German Minister who warned him that the Reich had decided to protect Norway and that consequently German troops were landing in Norway. He then said:—

"After the events of the past week it may be said that no people in Europe can isolate itself from the conflict. This is a terrible war which at a given moment swoops down on those who had thought to stay out of it.

"All Italians who think that this country can stay out of the present conflict are mistaken; and those who think that this country should strive only to earn a little foreign exchange are deceiving themselves. All those Italians who think that Italy can withdraw into herself and think of nothing else are mistaken and self-deceived.

"This program failed in a little country like Norway. Just think whether it could succeed for us, who have frontiers with the belligerent countries, and Mediterranean interests.

"Just as war fell upon Norway it might fall upon Italy.

"You are all (too?) proud of your uniforms to admit that Italy can allow war to fall upon her and Italy is preparing and at the occasion and moment most convenient to her.

"That occasion (and moment) which a month ago might have been very remote may now be much nearer than is thought. We must prepare for war not only materially (but spiritually and) accustom ourselves (to the idea?) that it may be from one week to the next; and when we go to bed at night we think of the adventure that Berell M. Koth who woke to learn that his country had been invaded That war has now fallen upon Norway but we are Italians, citizens of a great empire, and we must not allow ourselves to be awakened by the ringing of the telephone or the blowing of bugles; the bugles will be blown by ourselves to the appropriate party".

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2. Signor Ansaldo is the editor of the Leghorn daily newspaper IL TELEGRACO which is owned by Italian Minister of Foreign Affairs Count Ciano.

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