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(F 4849/3918/10)

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SECRET.

THE WAR OFFICE,

LONDON, S.W.1.

19th May, 1939.

Sir,

I am commanded by the Army Council to state for the information of Lord Halifax that they have had under consideration the points raised in Foreign Office letter No. F 3949/3918/10, dated 4th May, 1939, concerning the position of British nationals in Shanghai in the event of war with Japan.

2. The Council note that two issues have in fact been raised, namely, the situation arising from war between this country and Japan and that arising should the Japanese insist on occupying the International Settlement as part of their present campaign in China.

They would observe, however, that in the former circumstances at all events, namely that of war between this country and Japan, there will be for consideration the position not only of British nationals in Shanghai but equally that of those in other parts of China.

3. The Council agree to the proposal that the French and United States Governments should be consulted. The Foreign Office letter under reference was not received until after the conclusion of the Staff Conversations recently held with the French in London, but further conversations are to be held between the local British and French Commanders in the

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The Under-Secretary of State,  
Foreign Office,  
Downing Street,  
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resistance might influence the Japanese troops to commit against foreign civilians excesses which might otherwise be avoided.

8. The question of the previous evacuation of British civilians appears to be primarily a political and naval one but the Council agree that in the circumstances it cannot be regarded as a practical solution. In the opinion of the Council, however, it must be accepted that in the event of war with Japan British civilians can expect no effective protection from British or French troops.

9. It seems possible however that in stations in which there are American garrisons, if indeed in the event of war these garrisons were not withdrawn, that the United States Government might be induced to approach the Japanese authorities with a view to British nationals being interned under American protection.

10. There remains to be considered the situation which might arise if in the course of the present campaign against China, although still at peace with Great Britain, the Japanese should attempt to occupy the International Settlement in Shanghai.

The Council agree that the French and United States Governments ought certainly to be made aware that the British Commander has been instructed that in such an event no forcible opposition should be offered. They are, moreover, strongly of the opinion that the Italians should not be informed since they would without doubt pass the information on to the Japanese.

11. In the view of the Council however the position of/

of the British garrison is not entirely analogous to that of the French. The French are protecting their own concession and if its occupation were attempted by the Japanese would presumably have a legal right to resist, should they so choose. Whether they would be prepared to join the British and Americans in offering resistance to a Japanese occupation of the International Settlement which did not involve violation of the French concession seems open to doubt.

On the other hand it would appear that the only legal right which the British and American forces possess in the International Settlement is to protect their own nationals and that individually the Japanese have an equal right to introduce troops into any part of the Settlement.

Resistance to an attempted Japanese occupation of the Settlement could not be successful if the Japanese were determined to press their attempt whatever the consequences and in such circumstances resistance, in the opinion of the Council, could only lead to an armed clash and possibly to war.

On the other hand, if confronted by a show of force the Japanese might not press their attempted occupation, despite the loss of prestige involved, if they considered it contrary to their interests to embark on war with the Powers concerned.

Owing to the situation in Europe it seems likely that at present the Japanese would have less hesitation in incurring war with Great Britain than with the United States. Should therefore the latter demur at the British policy of offering no forcible resistance, it might be

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suggested to them that that policy could only be reversed on condition that if the British forces offered resistance they would be supported by the American forces in Shanghai and further, that if war resulted, the United States would forthwith enter it as our ally.

Moreover unless it was known to the Japanese that such an agreement had been reached there would be no deterrent to a forceful occupation of the Settlement.

13. Assuming, however, that it remains the accepted policy not to resist by force, the situation of British civilians in Shanghai in the event of a Japanese occupation of the Settlement would be no worse than that of British nationals in other occupied areas in China, for example, in Hankow. If the British troops remained in Shanghai it seems possible that the Japanese might acquiesce in their employment in the role of gendarmes strictly for the protection of British nationals as individuals against lawlessness on the part of the Chinese, though even this might be regarded as an admission of Japanese inability to maintain order.

Alternatively, if the French Concession remained inviolate the French might agree to afford shelter pending their evacuation from Shanghai to any British nationals who feared to remain under Japanese jurisdiction.

14. In conclusion I am to state that the first conversations between the local commanders in the Far East are likely to take place at an early date. If, therefore, in the opinion of Lord Halifax it is desirable to include in the agenda discussion of the position of

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British civilian nationals in China in event of war with Japan or of a Japanese occupation of International Settlement of Shanghai, an early decision will be necessary.

15. I am to add that copies of this letter are being sent to the Admiralty and to Colonel Hollis, Committee of Imperial Defence.

I am, etc.

(Signed). E. W. LAMBERT.