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MINUTE DESCRIBING DEVELOPMENTS WHICH RENDERED
INAPPLICABLE INSTRUCTIONS CONTAINED IN FOREIGN
OFFICE TELEGRAM TO WASHINGTON 1828 OF THE
8th AUGUST.

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1. The concluding paragraph of Lord Lothian's note to the State Department No. 459 of the 26th September read as follows:

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"Further I am to invite attention to the last paragraph of my letter to Mr. Sumner Welles, dated 8th August, 1940, in which I felt obliged to stipulate in connexion with the air facilities which they were offering, that any British air transport undertaking designated by His Majesty's Government engaged in the operation of air transport services between the West Indies and North and South America will have the unconditional use of these facilities - i.e. aerodromes, wireless installations, etc. - established by American interests on British soil and that these facilities will be made available to such British undertakings at reasonable commercial charges. This is no doubt also a matter which will have to be considered when the details of the leases are under discussion."

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2. The note in which this passage occurred was prompted by Foreign Office telegram 2268 of the 15th September, which instructed the Ambassador formally to reserve the position of H.M. Government as set forth in his telegram 1956, making it plain that we would expect the U.S. Government to grant to us in the areas we had leased to them the equivalent of any facilities and privileges which they may accord to South American Republics. Washington telegram 1956 informed us that Mr. Cordell Hull had announced to Lord Lothian that, owing to alarm on the part of the South American States lest our bases-destroyer agreement implied the first step towards Anglo-American hegemony, he had decided to declare that the bases had been given and acquired in the interests of hemispheric defence and that any privileges the U.S. Government might accord to South American Republics in their own harbours would also be accorded to them in the leased bases. By stipulating in the note which he addressed to the State Department with reference to this declaration that any British air transport undertakings would have the unconditional use of facilities established in the leased areas, the Ambassador has given the impression to the U.S. Government that we would be willing to make these leased areas available for Pan-American Airways, which is contrary to our present attitude. This attitude is set forth in a note by Sir Francis Shelmerdine, Director-General of Civil Aviation, of the 4th October. In paragraph 4 of this note it is pointed out that the interests of British civil aviation require that the hands of American air transport operators shall not be further strengthened as the result of the present negotiations. In particular, on the North Atlantic route it is important that the bargaining value of our existing civil aviation bases shall not be lost by the creation of new ones out of our control; and in the West

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Indies that the position of Pan American Airways shall not be further consolidated. It is also important that the U.S.A. should be precluded from making air facilities available for the commercial air operations of nationals of third Powers. In the light of this consideration the note recommends (see paragraph 5, sub-heading (2)) that the use of the bases to be leased to the United States should be limited to defence purposes.

3. Lord Lothian was unaware of the attitude of the Air Ministry as thus defined when he drafted his note under reference, and the fact that he included the passage in question was the natural result of earlier instructions sent to him at a time when the bases agreement had not yet been concluded. The history of these instructions is as follows. On the 4th August Sir Arthur Street of the Air Ministry wrote a semi-official letter to the Foreign Office requesting, with reference to the war Cabinet decision of the 29th July, that it should be suggested to Lord Lothian as quickly as possible that provision should be made for the unconditional use by any British transport undertakings of the facilities which H.M. Government had offered to the United States Government. These proposed facilities, it will be recollected, included a lease to Pan American Airways of a small area near Trinidad aerodrome, a lease of approximately a square mile for an aerodrome at British Guiana, and permission for Pan American Airways to construct an aerodrome near Kingston, Jamaica. On receipt of this letter it was pointed out to the Air Ministry that Sir Arthur Street had made his suggestion without knowledge of the fact that, as a result of Lord Lothian's telegram 1579 of the 1st August, the question of facilities in British possessions had become merged in the problem of acquiring destroyers (N.B. In the last-named telegram Lord Lothian had reported that the U.S. Government would probably be willing to transfer destroyers to us in exchange for the sale to the United States of definite air and sea bases in Newfoundland, Bermuda, Trinidad, and possibly one or two minor islands). After further consultation between the Air Ministry and the Colonial Office, the following paragraph was inserted in our telegram to Lord Lothian 1828 of the 8th August: "We understand that the United States Government propose to work through Pan-American Airways who already enjoy many facilities in British territory in Caribbean area. These facilities are all in connexion with operation of marine aircraft. Effect of present proposals would be to give Pan-American Airways chain of land aerodromes in same area and so enormously strengthen their position. We want to ensure that British undertakings will be able to use the same facilities, in particular for operating British air services between the West Indies and North and South America and we want to safeguard ourselves against Pan-American Airways raising heavy charges for user. You should therefore make it clear at once that we assume that provision will be made for the unconditional use of these facilities (aerodromes, wireless installations, etc.) by any British air transport undertakings designated by H.M. Government engaged in operation of air transport services

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between West Indies and North and South America, and further that it will be provided in some appropriate manner that these facilities will be made available to such British undertakings at reasonable commercial charges". In the earlier part of this telegram Lord Lothian was authorised to inform the President that in any communication to Congress he could give an assurance that as soon as we obtained destroyers and other material, H.M. Government would make available the naval and air lease facilities which the Cabinet had decided to offer at their above-mentioned meeting on the 29th July. He was also told that a similar assurance could be given in regard to the further facilities mentioned by Colonel Knox, subject, however, where necessary to the prior approval of the Governments concerned, and we added that we should much prefer that these further facilities should take the form of leases, and not sale. In his acknowledgment of this telegram Lord Lothian informed us (see his telegram 1653 of the 8th August) that he had made it clear that H.M. Government must stipulate that British air transport undertakings should be afforded the facilities for which we had asked (N.B. It is plain from the passage in his note to the U.S. Government under reference that this request was imparted to the U.S. Government in a personal letter to Mr. Sumner Welles of the 8th August).

4. As a result of further developments the facilities offered by the Cabinet on the 29th July became obsolete; President Roosevelt, informing the Ambassador on the 13th August that this offer was too complicated and restricted, to convince Congress that the security of the United States would be increased as a result of the transfer of destroyers to us (vide Washington telegram 1703 of the 13th August). By the 22nd August the negotiations had reached a point where the U.S. Government were insisting that if we were to secure the destroyers we must agree to an exchange of notes by which the U.S. Government would grant us the destroyers in return for naval and air bases. In his telegram 1789 of the 22nd August Lord Lothian, after commenting upon the proposed text of these letters and a conversation which he had had with Mr. Sumner Welles on that day for the purpose of securing amendments to them, informed us that "all the other matters such as the precise rights of each side in the naval and air bases, the right to use air bases by British Commercial Airways, etc., are matters to be worked out by joint agreement in the leases themselves, and I have reserved the discussion of these things in the leases".

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5. It is evident from this summary of the past history that in the absence of any revised instructions on the point Lord Lothian did not realise that circumstances had altered and remained under the impression that our wishes as stipulated in paragraph 2 of our above-mentioned telegram 1828 of the 8th August still held good. It was for this reason that he took the opportunity to renew his previous intimation to the State Department of the 8th August in the concluding passage of his note under reference.

FOREIGN OFFICE,
25th October 1940.