

The Advisory Committee on Trade Questions in Time of War

Orest Babij

While a great deal has been written about interwar British defence policy, historians have paid relatively little attention to the organization of imperial defence within the higher levels of government in Great Britain. Working under the umbrella of the Committee of Imperial Defence (CID) were a host of committees concerned both with the day-to-day management of imperial defence problems and with planning for the possibility of a major war. This structure was unique; most of the committees were interdepartmental, composed of members of the armed services and the relevant civil ministries, such as the Home Office, Foreign Office, Board of Trade, Board of Customs and Excise, Colonial Office and India Office, to name a few. This committee structure has been criticized by some historians, who argue that it retarded efficient and quick decision making.¹ Others, however, have taken a renewed interest in this field, most notably G. A. H. Gordon, who has examined the relationship between the Admiralty and the Principal Supply Officers Committee (PSOC), and Martin Doughty's work on merchant shipping.² Other vast areas, such as the Oil Board, Air Raids Precautions, Overseas Defence and Joint Planning Committee have remained unexplored. The omission of these committees from serious study has led to an incomplete understanding of the function of the CID and of the formulation of interwar defence policy in general. By surveying the work of one these CID committees, the Advisory Committee on Trade Questions in Time of War (ATB),³ this essay will attempt to broaden our historical understanding of the nature of the higher organization for war in Britain. It will also examine the views held in Britain about the effectiveness of blockade as a policy instrument and on the commercial aspect of war as a whole in light of the experiences of the Great War and of the imperatives of interwar foreign and defence policies.

The CID had been instituted on a temporary basis by Prime Minister Arthur Balfour in 1902, but was formally established in 1904 on the recommendation of the War Office (Reconstitution) Committee, otherwise known as the Esher Committee, after its chairman, Lord Esher. In its investigation of the organization of the War Office after the Boer War, the Esher Committee also had noticed a wider shortcoming in imperial defence organization:

The British Empire is pre-eminently a great Naval, Indian and colonial power. There are, nevertheless, no means for co-ordinating defence problems, for dealing with them as a whole, for defining the proper functions of the various elements, and for ensuring that, on the one hand, peace preparations are carried out upon a consistent plan, and, on the other hand, that, in times of emergency, a definite war policy, based upon solid data, can be formulated.⁴

The CID was to rectify these problems. Quickly, the committee grew in size and began to spawn a host of sub-committees which dealt with a variety of issues from the preparation of war plans to the study of the Defence of India. From 1916 until 1923 the committee itself was in suspension, but many of its sub-committees remained active.⁵

On 11 February 1920 one of these committees, the Coordination Committee of the CID, appointed several specialist sub-committees to examine various aspects of British defence organization during the Great War. The intention was "to overhaul the experiences of the late War over a wide range of subjects while memory was still fresh."⁶ Among these committees was one which was charged with investigating Trading, Blockade and Enemy Shipping. It met for three years, and did not submit its lengthy report until the end of May 1923.⁷

This report was the first major, interdepartmental examination of the efficacy of economic warfare during the Great War, and its recommendations set the stage for all subsequent examinations. Overall the report had three salient features. First, while it stated that the Admiralty remained the foundation of any organization dealing with economic pressure, it acknowledged that the Great War had shown that the commercial side of modern war had become far more complicated than merely maintaining a traditional naval blockade of the enemy's coastline.⁸ During the war, the British blockade organization had evolved into an extremely complex organism, incorporating elements of many different departments, including the Foreign Office, Ministry of Shipping, Board of Trade, Board of Customs and Excise and, of course, the Admiralty. Diplomatic pressure had been crucial in closing supply lines to the Central Powers through neutral countries,⁹ but so had been the withholding of insurance and finance for neutral cargoes, the chartering and control of neutral shipping and the use of bunker control to limit the cruising of neutral ships. To be effective, however, the blockade organization had also required close coordination with insurance and financial markets in the City.

Second, the report foresaw that in any future war on the scale of the Great War, the commercial side might be as important as the military one. Indeed, the committee believed that the British economic weapon had been powerful in the last two years of the war. Thus, in order to prepare adequately for another such war, and to avoid the confusion which had characterized and hindered British blockade policy in 1914-1916, the committee recommended that a permanent advisory sub-committee of the CID be constituted. Its task would be to prepare the governmental machinery for the conduct of future economic warfare by maintaining a current contraband list, preparing all the necessary legislation to make blockade effective at the onset of war, and organizing the nucleus of an economic warfare organization.

The last salient feature of this report was its conservative and cautionary interpretation of the British blockade experience in the Great War. It concluded that the use of the economic weapon during the war had been facilitated by a specific and favourable set of circumstances.¹⁰ All of Germany's most important neighbours had been involved in the war and those countries which had remained neutral were so small that it had been relatively easy to ration their imports. Financial control had been possible only because all the great financial centres of Europe had been involved. Moreover, most of the world's shipping had been used in the war, and the amount of neutral tonnage had remained a small proportion. This had facilitated regulation of trade through the control of shipping. In the future, the report warned, an attempt to pursue economic warfare policies, in the absence of such favourable circumstances, might be unsuccessful. The committee added one final caveat. Economic warfare, or economic sanctions, as an instrument of policy was a double-edged weapon. Restrictions imposed on British trade, finance and shipping as part of a blockade against another power potentially might damage British interests; trade would suffer, financial transactions might move from the City to other centres, and overseas markets could be lost. In the end, the application of economic warfare had the potential to hurt the economic and commercial pillars which supported the British Empire more than it upheld them.¹¹ Before resorting to economic warfare in the future, its costs and benefits would have to be weighed carefully.

This lengthy report finally was considered by a meeting of the CID in late 1923, where its recommendations were accepted in the main and a permanent advisory committee, titled the Advisory Committee on Trading and Blockade in Time of War, was established as a sub-committee of the CID. Victor Wellesley, at the time head of the Far Eastern Department of the Foreign Office (FO), and later a supervisory Assistant Under-Secretary of State in the FO, was nominated as the first chairman of the new committee.¹² By 1925, however, the committee was chaired by a junior minister, initially, Lord Robert Cecil, who had served as Minister for Blockade in the Great War. The new committee's terms of reference were very broad:

The main business of this committee would be to see that all the administrative machinery that can be prepared in advance for exerting economic pressure on an enemy in war-time is in readiness and that it is kept up to date. They will deal with all questions of organization for a future war and will see that the list of contraband is modified from time to time as occasion requires.¹³

The so-called ATB began work in the summer of 1924 by laying out the broad outlines for its investigation. But it was not until 1925 that major progress was made in preparing a projected economic warfare organization.¹⁴ By this time, the ATB had spawned two sub-committees, one to look into the legal aspects of blockade policy and a second to examine problems associated with bunker control of oil and coal. As well, in 1925 the committee began to prepare a hypothetical test case of the commercial side of a future war. The enemy selected for this test was Japan, and the committee began to examine the problems of fighting an economic war against this East Asian power.

This enquiry clearly showed the limits both of the effectiveness of economic warfare and of Britain's ability to wage it. In a war against Japan, it was clear that the favourable conditions which had so facilitated the economic war against Germany would not exist.¹⁵ First, at the outset of the war it would not be possible for the Royal Navy to effect a naval blockade of the Japanese home islands.¹⁶ Second, Japan could import all its war requirements from the United States and, in addition, it financed most of its exports in the US, not Britain. As a result, a British economic war against Japan would be highly dependent on the attitude of the US. Without active American participation, the effect of any British sanctions against Japan would be lessened. These, however, were not the only problems which hampered the exercise of economic measures against Japan.

When the ATB investigated the possibilities of controlling shipping to Japan, as part of the blockade machinery, the situation also did not appear favourable.¹⁷ A Contraband Control Service in East Asia would be difficult to implement. While it was possible to check vessels proceeding eastward to Japan from South Africa or the Mediterranean at the port of Penang, it would be impossible to monitor ships sailing from the west coast of the Americas. But even cargo that had been checked at Penang could avoid the blockade by being transhipped at ports in China, Siam, Annam, or the Philippines without further British control. During the Great War this type of leakage had been plugged through bunker controls. Through this mechanism, ships had been prevented from bunkering (that is, taking on coal) sufficiently to avoid ports where a Contraband Control Service existed. On the route to East Asia, the committee reported, bunker control would not be effective for two reasons: first, because of the switch from coal to oil, and second, because of the number of bunkering and oil stations located on foreign soil that drew their supplies of oil and coal from sources beyond British control.

While this exercise showed that British economic action in a war against Japan would be limited, it did serve a useful function, as the process of preparing the estimates for a war against Japan helped the ATB both to sharpen the blockade machinery and to prepare its skeletal blockade organization. Indeed, by 1929 the committee was able to report that most of the mechanisms for blockade were in place and codified and that most of the important questions of procedure, as opposed to policy, had been considered.¹⁸ Over the next four years the committee continued its work, albeit after 1930 under a new name, the "Advisory Committee on Trade Questions in Time of War." This period of its activity culminated in March 1933, with a major report on the economic measures that could be taken to exert pressure on an enemy.

The purpose in framing this report was to consolidate the work of the committee over the previous thirteen years into one large, comprehensive document.¹⁹ The report presumed that the navy remained the central weapon for exercising economic pressure, either by driving the enemy's merchant shipping from the high seas or by blockading its coasts. The report focused on those measures, both maritime and non-maritime, which could be used to supplement naval action. These included control of British, allied and neutral shipping, the naval reporting organization and trade, finance, insurance and bunker controls. In addition, the report listed all possible methods of exercising control over the trade of neutral countries and outlined the structure of any future wartime blockade machinery. While this report was modified after 1938 in its details, its outline became the basis for preparing the British economic warfare organization and its conduct during the

Second World War. When the report was considered by a meeting of the CID in early April 1933, however, attention was drawn to the fact that the machinery envisaged in the report was predicated upon the existence of a formal state of war, and it was suggested that the ATB should consider in more detail the application of economic sanctions without the existence of a formal state of war.²⁰ As a result, a new Sub-Committee of the ATB, on Economic Pressure, was established. Its mandate was: "to examine the general problem of exerting Economic Pressure on a foreign country in a situation not involving a formal declaration of war, and to ascertain to what extent our existing preparations can be adapted to such a situation."²¹

This committee, however, only formalized a process begun much earlier. For while the ATB had been set up to examine the problems involved in waging an economic war on the scale of the First World War, its terms of reference had quickly, and informally, broadened. During several crises in the 1920s, the committee found itself offering its expert opinions to the CID on the peacetime application of economic sanctions. The first such report was prepared in 1925 and involved an assessment of the practicability of applying effective sanctions by the League of Nations against Turkey during the Anglo-Turkish crisis over the control of the oil-rich province of Mosul in northwest Iraq, a British mandate. The report was not sanguine about the prospects for effective economic action against Turkey. It advised that, even in the most favourable circumstances, with every state in the League participating, a blockade of Turkey would cause that country little more than annoyance. Even this, the committee admitted, would be difficult to achieve unless economic action was accompanied by a declaration of war which would allow for the exercise of belligerent rights, such as blockade.²²

This skepticism about the utility of economic sanctions in peacetime characterized all the committee's future reports. This is evident in its recommendation on the possibilities of using economic sanctions to support British interests in China.²³ In March 1926, the Chiefs of Staff, in examining the situation in China resulting from the Cantonese anti-British boycott, advised that the only practical measure which could be undertaken would be a blockade of the approaches to Canton. They asked that the ATB investigate whether such a blockade would be effective,²⁴ and the report by the ATB showed that it would not. Moreover, the report stressed that the foreign concession at Shameen would have to be evacuated before the imposition of a blockade. Once Shameen was evacuated, it would be difficult to reestablish the British position there.²⁵ If the concession were not evacuated, the War Office reported that it would be highly difficult to protect it militarily.²⁶ When the CID met to consider the question, it accepted the ATB's opinion.²⁷

Again, in early 1927, as part of the response to the capture of the British concession at Hankow by the Nationalist Chinese, the ATB was asked to consider the application of a broad range of sanctions against China.²⁸ The committee concluded that a maritime blockade of the south China coast could be made effective, but that this would have little effect on the Cantonese. In the north, any maritime action would be dependent on the attitude of Japan, which had significant interests in Manchuria. But the committee warned that any such action on the part of Britain might have the unfortunate consequence of uniting all the Chinese factions. Indeed, the committee dismissed any more limited financial and economic measures as possibly hurting British interests more than the

Chinese. Thus, although Britain had the ability, if it declared a state of war against China, to close down all Chinese maritime trade in the south, this was an ineffective weapon as it might gravely hurt British interests and mortally damage British trade.

All these reports maintained a theme consistent with the conclusions of the original inquiry in 1923. That is, the ATB consistently stressed the double-edged nature of a blockade, and because of its wide membership the committee was able to consider carefully the effects of a blockade not only on an enemy but also on the British Empire. Coming at a time of high unemployment in Britain and of major challenges to the commercial position of the British Empire from Germany, Japan and especially the United States, fears of hurting British commerce and trade had a great resonance with policy-makers and politicians.²⁹ The potential harm of any blockade was weighed carefully.

This factor became very evident as the ATB investigated the possibility of applying League-wide sanctions against Japan in the aftermath of the latter's actions in Manchuria in 1931.³⁰ The ATB made it clear that while Japan was vulnerable to economic pressure due to its dependence on the import of raw materials, the application of effective economic pressure on the island would be problematic. Without the participation of the US, "the whole plan would be futile." Even if the United States did participate, many other countries would likely attempt to evade the sanctions. And once evasion began, "it would grow like a snowball," as traders would not stand idly by and watch their rivals capture their trade. Overall, the committee concluded that it could not envisage a scenario in which League sanctions would be effective. Furthermore, if sanctions were imposed on Japan, there would be negative repercussions within the British Empire. Not only would British trade and commerce be damaged (as, of course, law-abiding British manufacturers would not try to evade the sanctions), but relations between India, Australia and Great Britain would be harmed. Lastly, the committee concluded that the imposition of economic sanctions might drive Japan into declaring war on some, or even all, of the powers exercising sanctions.

This pessimistic evaluation was reiterated a year later, but this time with regard to Germany. In May 1933, shortly after the ATB sub-committee on Economic Pressure had been instituted, it was given its first task, which was to examine the possibility of applying economic sanctions against Germany to prevent its rearmament. This lengthy report was a gloomy analysis. The committee concluded that even if Britain, Poland, France, Belgium, the Little Entente powers, the British Dominions, the US and Italy all participated conscientiously in sanctions, it was still doubtful whether economic pressure would be effective. Yet the report doubted that all these countries would participate and, as with Japan, it predicted that widespread evasion of sanctions would take place. In fact, the "nations of the British Commonwealth, including the Dominions, would be among the first to feel the reactions of economic pressure on Germany. This effect would be immediate, severe and possibly long lasting."³¹ The British coal trade would be hurt, perhaps permanently, while if Germany stopped paying its short-term loans in Britain, a first-class financial crisis would result in the City. In a later report on the possibility of League-wide sanctions against Germany, the committee again ruled out the use of peacetime economic sanctions as a method of preventing rearmament.³²

As the 1930s wore on, the ATB devoted itself to expanding the scope and detail of the organization of economic warfare. The committee did prepare two reports on the

application of sanctions in the Italo-Abyssinian dispute in 1935, both of which reiterated the cautious approach of the ATB's previous reports, but it produced no further reports on the peacetime application of sanctions.³³ Given this, what conclusions can be drawn from the first fourteen years of the committee's existence?

First, the committee's existence ensured that the Great War experiences of blockade and economic warfare would not be forgotten. More important, the work of the ATB ensured that any future economic warfare organization would mirror that of 1917-1918, although considerably updated for modern conditions.³⁴ This is an example of the effectiveness of the CID structure at preserving operational knowledge and in providing prompt, inter-departmental advice during crisis periods. Second, the ATB showed quite clearly that within the defence and policy-making establishment in Britain there was a healthy skepticism about the application of peacetime economic sanctions and pacific blockade. This skepticism was also tempered by a healthy fear of damaging Britain's international commercial and financial position as a result of hastily-applied sanctions, a fear which reflected a predominant 1920s concern over Britain's position in the world economy. Third, the ATB's reports both expressed and supported British doubts about the effectiveness of the coercive powers of the League of Nations and the burden which would fall primarily on Britain to act as the League's enforcement arm should that organization ever impose full sanctions against another member. Lastly, the Admiralty maintained a somewhat uneasy relationship with the ATB. While the Admiralty was an important element on the committee, on the whole naval officers took a far more optimistic view of the power of naval blockade and economic sanctions as weapons in the British arsenal. Yet more often than not the Admiralty was forced to bow to the pressure of wider governmental opinion.

What effect did the ATB's work have on policy formulation? In general, it had a negative influence, either blocking certain options or providing a certain measure of support for others. In other words, the committee's reports did not really sway any members of the CID or Cabinet when they considered British responses to crises such as those in China in 1926 and 1927. But the reports, reflecting as they did a broad range of professional opinion within Whitehall, could and did act as important supports for the policy of a certain minister or department. For instance, the ATB's conclusions on the ineffectiveness of sanctions against southern China in 1926 and 1927 supported the moderate policy which the Foreign Office and the Foreign Secretary, Austen Chamberlain, were trying to pursue, against the hard-line approach of the Colonial Office and the strident calls of the Governor of Hong Kong, Cecil Clementi, for a full-scale naval blockade of Canton. In other instances, the ATB's recommendations closed off a possible avenue of policy. In 1933 and 1934, for example, its conclusions on both limited and League sanctions against Germany effectively ended the hopes of Sir John Simon, the Foreign Secretary, to use concerted League action to prevent German rearmament.

Overall, the work of the Advisory Committee on Trade Questions in Time of War shows that there are still many areas of British interwar defence policy which should be studied in greater depth. Previous generations of historians have tended to confine their research either to Cabinet or departmental files, such as the Admiralty or War Office archives. Yet, defence planning was never delegated solely to any one department and large elements of every war plan, even the navy's Far Eastern war plans, had an inter-

departmental dimension which was debated within the CID structure. The lack of prior historical study of the CID sub-committees has led to an incomplete understanding both of the nature of policy formulation in Great Britain in the interwar years and of the reasoning behind many important decisions. Further work on such topics as the PSOC and the Oil Board would rectify this deficiency and lead to a greater depth and breadth in our knowledge of British interwar imperial defence policy.

Lastly, there is a contemporary dimension to the ATB's work, for its conclusions present an interesting point of historical comparison for modern policy-makers. The use of United Nations-sponsored economic sanctions, such as those against Serbia or Iraq, is widely regarded as an effective, yet peaceful, method of punishing transgressors. As such, sanctions have become more widely used recently and great expectations are often placed on their effectiveness. Today's leaders, however, would be well advised to keep in mind that nearly seventy years ago the ATB concluded that the peacetime application of economic sanctions was a tool of doubtful utility and a double-edged weapon.

NOTES

* Orest Babij is currently completing his PhD thesis on interwar British imperial defence policy at St. Antony's College, Oxford. He has published several articles on the interwar Royal Navy.

1. See the argument in Gaines Post, Jr., *Dilemmas of Appeasement: British Deterrence and Defence, 1934-1937* (Ithaca, NY, 1993).

2. G.A.H. Gordon, *British Seapower and Procurement Between the Wars: A Reappraisal of Rearmament* (London, 1988); Martin Doughty, *Merchant Shipping and War: A Study in Defence Planning in Twentieth Century Britain* (London, 1982).

3. This committee is briefly mentioned in W.N. Medlicott, *The Economic Blockade* (2 vols., London, 1952), I, 3-36, *passim*, but the author examines only the late 1930s and ignores completely its activities in the 1920s and early 1930s.

4. As quoted in a memorandum prepared by Sir Maurice Hankey, secretary to the Committee of Imperial Defence (CID), for the incoming Prime Minister, James Ramsey MacDonald, 14 June 1929, Public Record Office (PRO), MO (29) 5a, Hankey MSS, Cabinet Office Papers (CAB) 63/41.

5. The early development of the CID can be traced in Nicholas D'Ombraïn, *War Machinery and High Policy: Defence Administration in Peacetime Britain, 1902-1914* (London, 1973). Less satisfac-

tory is F.A. Johnson, *Defence by Committee: The British Committee of Imperial Defence, 1885-1959* (London, 1960). While the latter work provides a good overview of the CID, it was written before the archives for the interwar period were opened and does not deal adequately with the work of the majority of the sub-committees.

6. PRO, CID 938-B, CAB 4/18, Advisory Committee on Trading and Blockade, Fifth Annual Report, Covering Note by Chairman, 29 April 1929.

7. The following paragraphs are based on CID 428-B, CAB 4/9, Sub-Committee on Trading, Blockade and Enemy Shipping, Report, 30 May 1923.

8. For general histories of the blockade of Germany during the First World War, see Marion Siney, *The Allied Blockade of Germany, 1914-1916* (Ann Arbor, 1957); A.C. Bell, *A History of the Blockade of Germany and of Countries Associated with Her, 1914-1918* (London, 1961); C.E. Fayle, *A History of the Great War: Seaborne Trade* (London, 1927); and A.J. Marder, *From the Dreadnought to Scapa Flow: The Royal Navy in the Fisher Era, 1904-1919* (5 vols., Oxford, 1961-1970). All these works, however, are dated and there is a need for a fresh examination of blockade policy during the Great War.

9. For the diplomatic problems associated with maintaining the blockade of Germany during World War I, see B.J.C. McKercher and Keith Neilson, "'The Triumph of Unarmed Forces: Sweden and the Allied Blockade of Germany, 1914-1917,'" *Journal of Strategic Studies*, VII, No. 2 (1984), 178-199; and Esme Howard, *Theatre of Life: Life Seen from the Stalls, 1903-1936* (Boston, 1936).
10. Even before the war the Admiralty had concluded that Germany was especially vulnerable to blockade. Keith Neilson, "'The British Empire Floats on the British Navy: British Naval Policy, Belligerent Rights, and Disarmament, 1902-1909,'" in B.J.C. McKercher (ed.), *Arms Limitation and Disarmament: Restraints on War, 1899-1939* (Westport, CT, 1992), 21-41.
11. This was a point made emphatically in a Treasury memorandum on Financial Blockade attached as Appendix X to CID 428-B, CAB 4/9, Sub-Committee on Trading, Blockade and Enemy Shipping, Report, 30 May 1923.
12. PRO, CID 178 Mtg., CAB 2/4, 19 December 1923. The following departments were represented on the new committee: Treasury, Foreign Office, Colonial Office (later the Dominions Office), India Office, Home Office, Admiralty, War Office, Air Ministry, Board of Trade, Department of Overseas Trade and the Board of Customs and Excise.
13. CID 533-B, CAB 4/12, Advisory Committee on Trading and Blockade in Time of War, First Annual Report, 8 November 1924.
14. CID 658-B, CAB 4/14, Advisory Committee on Trading and Blockade in Time of War, Second Annual Report, 9 December 1925.
15. There is a vast literature on British interwar plans to wage a maritime war against Japan, the so-called "Main Fleet to Singapore Strategy." These works, however, almost completely ignore the wider economic and political dimensions of this war planning in favour of a myopic concentration on the RN's plans to move its main fleet to East Asia. Malcolm H. Murfett, "Living in the Past: A Critical Re-Examination of the Singapore Naval Strategy, 1918-1941," *War and Society*, XI, No. 1 (1993), 73-103; James Neidpath, *The Singapore Naval Base and the Defence of Britain's Eastern Empire, 1919-1941* (Oxford, 1981); Paul Haggie, *Britannia at Bay* (Oxford, 1981); W. David MacIntyre, *The Rise and Fall of the Singapore Naval Base, 1919-1942* (London, 1979); and Stephen Roskill, *Naval Policy Between the Wars* (2 vols., London, 1968-1976). Christopher Bell, "The Royal Navy, War Planning and Intelligence Assessments of Japan Between the Two World Wars" (Unpublished paper presented to the Yale University International Security Studies Symposium on Intelligence and International Relations, 3 May 1996), is the beginning of a much needed corrective on this subject.
16. CID 746-B, CAB 4/15, Advisory Committee on Trading and Blockade in Time of War, Third Annual Report, 10 December 1926.
17. CID 852-B, CAB 4/17, Advisory Committee on Trading and Blockade in Time of War, Fourth Annual Report, 21 December 1927.
18. CID 938-B, CAB 4/18, Advisory Committee on Trading and Blockade in Time of War, Fifth Annual Report, 29 April 1929.
19. CID 1107-B (Revise), CAB 4/22, "Summary of Measures that can be Taken to Exert Economic Pressure on the Enemy," 25 November 1938.
20. CID 258 Mtg., CAB 2/5, 6 April 1933.
21. CID 1126-B, CAB 4/22, Advisory Committee on Trade Questions in Time of War, Seventh Annual Report, 20 December 1933.
22. CID 660-B, CAB 4/14, "Possible Action by the League of Nations to Bring Economic Pressure to Bear Upon Turkey," 24 December 1925.
23. For the context of British problems in China see Edmund S.K. Fung, *The Diplomacy of Imperial Retreat: Britain's South China Policy, 1924-1931* (Oxford, 1991); William Roger Louis, *British Strategy in the Far East, 1919-1939* (Oxford, 1971).
24. CID 677-B, CAB 4/14, "Situation in China, With Special Reference to Canton-Report by the Chiefs of Staff," 12 March 1926.
25. CID 681-B, CAB 4/14, "Blockade of the Approaches to Canton," 26 March 1926.

26. CID 722-B, CAB 4/15, "The Military Implications of a Blockade of Canton," 8 October 1926.
27. CID 211 Mtg., CAB 2/4, 29 March 1926.
28. CID 771 -B, CAB 4/16, "Possibilities of Exerting Economic Pressure on the Nationalist Government of South China," 16 February 1927.
29. During and after the First World War New York had emerged as a significant financial competitor to London, and British overseas markets were penetrated greatly by other powers. During the 1920s British exporters and the City worked hard to maintain their world position and to try to regain markets from the Americans and others. P.J. Cain and A.G. Hopkins, *British Imperialism: Crisis and Deconstruction, 1914-1990* (London, 1993); and B.J.C. McKercher, "Wealth, Power and the New International Order: Britain and the American Challenge in the 1920s," *Diplomatic History*, XII (1988), 411-441.
30. CID 1083-B, CAB4/21, "Economic Sanctions Against Japan," 2 March 1932. For the context of the Manchurian Crisis, see Christopher Thome, *The Limits of Diplomacy: The West, The League and the Far Eastern Crisis of 1931-1932* (London, 1972).
31. CID 1118-B, CAB 4/22, "Economic Pressure on Germany - Report," 30 October 1933.
32. CID 1128-B, CAB 4/22, "Economic Pressure on Germany-Possible Action by the League," 25 January 1934.
33. CID 1188-B, CAB 4/23, "Economic Pressure on Italy," 30 September 1935; CID 1194-B, CAB 4/24, "The Italo-Abyssinian Dispute, Economic and Financial Sanctions," 11 October 1935.
34. This conclusion is in line with recent scholarship which explores the extent to which British actions in the Second World War were based on lessons learned during the first. See, for instance, John Ferris, "Airbandit: C3I and Strategic Air Defence During the First Battle of Britain, 1915-1918," in Michael Dockrill and David French (eds.), *Strategy and Intelligence: British Policy During the First World War* (London, 1996), 23-66.