CABINET 35 (35).

Meeting of the Cabinet to be held at No. 10, Downing Street, S.W.1., on WEDNESDAY, 3rd JULY, 1935, at 11.0 a.m.

AGENDA.

1. DISPUTE BETWEEN ITALY & ABBYSSINIA (ETHIOPIA) - (If required).
   (Reference Cabinet 34 (35) Conclusion 5).

2. THE PROPOSED AIR PACT.
   (Reference Cabinet 34 (35) Conclusion 6).
   Air Pact and Air Limitation Agreement:
   Memorandum by the Secretary of State for Foreign Affairs.
   C.P. 135 (35) - circulated herewith.

3. THE GENERAL PURPOSES COMMITTEE.
   (Reference Cabinet 34 (35) Conclusion 2).

4. THE MEAT NEGOTIATIONS: EXTENSION OF CATTLE SUBSIDY.
   (Reference Cabinet 32 (35) Conclusion 9).
   Memorandum by the Minister of Agriculture and Fisheries.
   C.P. 133 (35) - already circulated.

5. TEACHERS (SUPERANNUATION) BILL.
   (Reference Cabinet 34 (35) Conclusion 12).
   Statement to be made by the President of the Board of Education.

(Signed) M.P.A. HANKEY,
Secretary to the Cabinet.

2, Whitehall Gardens, S.W.1.,
2nd July, 1935.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1., on WEDNESDAY, 3rd JULY, 1935, at 11.0 a.m.

PRESENT:
The Right Hon. Stanley Baldwin, M.P., Prime Minister. (In the Chair).
The Right Hon. Neville Chamberlain, M.P., Chancellor of the Exchequer.
The Right Hon. J.H. Thomas, M.P., Secretary of State for Dominion Affairs.
The Most Hon. The Marquess of Zetland, G.C.S.I., G.C.I.E., Secretary of State for India.
The Right Hon. Malcolm MacDonald, M.P., Secretary of State for the Colonies.
The Right Hon. Lord Eustace Percy, Minister without Portfolio.
The Right Hon. Oliver Stanley, M.C., M.P., President of the Board of Education.
The Right Hon. Ernest Brown, M.C., M.P., Minister of Labour.
1. The Prime Minister informed his colleagues that, in order to enable those members of the Cabinet who desired to be present at the Fleet Exercises to be held on the day following the Naval Review, the weekly Meeting of the Cabinet would be postponed from Wednesday, July 17th, to Thursday, July 18th. He anticipated that on Tuesday, July 16th, the Mines Vote would be put down for the House of Commons. In order to facilitate the arrangements for Parliamentary business he invited all members of the Cabinet to inform the Secretary as to whether they would be attending (1) the Naval Review on Tuesday, July 16th, (2) the Fleet Exercises on Wednesday, July 17th, or, alternatively, whether they would be in London on either or both July 16th and 17th.
2. With a view to a decision, not the same day but at an early Meeting, the Secretary of State for Foreign Affairs gave the Cabinet a full verbal appreciation of the grave situation that has arisen owing to Italy's menacing attitude towards Abyssinia as revealed in the reports of the recent conversations between the Minister for League of Nations Affairs and M. Mussolini, which had already been circulated to the Cabinet.

A discussion of a preliminary character followed.

It became clear that the action envisaged by M. Mussolini would involve a breach of —

(i) The Agreement of December 13, 1906, respecting Abyssinia, under which the United Kingdom, France and Italy bind themselves, inter alia, "to cooperate in maintaining the political and territorial status quo in Ethiopia as determined by the state of affairs at present existing ...":

(ii) Article X of the Covenant of the League of Nations:

(iii) The Kellogg Pact — important from the point of view of American opinion.

An invasion of Abyssinia would, therefore, raise the issues envisaged by Article XVI of the Covenant, which involved collective, but not individual, commitments for the signatories. If those obligations were ignored or evaded, a heavy blow would be struck at the whole of the Pacts and Agreements on which the post-war system of Europe had been built up. It would amount to an admission that the attempt to give the League coercive powers was a mistake — an admission that would have serious effects in increasing the existing confusion abroad, as well as on public opinion at home.

The responsibility of the Powers on which the burden of fulfilling Article XVI would fall was recognized to be a heavy one, since it involved
not only the present dispute and relations with Italy, but also the whole of the existing international system. If France was prepared to honour its obligations, other nations would probably follow. Without French co-operation the application of Article XVI was out of the question, and as yet the attitude of France was uncertain.

The Cabinet were informed that a telegram had already been sent to Paris to ascertain whether M. Laval had any concrete proposals of his own which he intended to put forward at Rome or elsewhere (Telegram No.163 of July 3, to Paris).

There was general agreement that the visit of the Minister for League of Nations Affairs to Rome had been of advantage in removing all doubts as to M. Mussolini's attitude.

The various courses open to the Cabinet which emerged from this preliminary discussion may be summarised as follows:—

(1) Should we endeavour to detach ourselves from the Abyssinian affair, or were we bound to fulfil our obligations under the Covenant?

(2) Should we approach the French Government in order to ascertain whether they were prepared to honour their obligation under the Covenant?

(3) Should we appeal to Article XIII of the Agreement of 1906, which provides, inter alia, that "In no case shall one of the three Governments interfere in any manner whatsoever except in agreement with the other two", and Article IV, which provides that "In the event of the status quo laid down in Article I being disturbed, France, Great Britain and Italy shall make every effort to preserve the integrity of Ethiopia. In any case, they shall concert together....."?

If the United Kingdom and France were in agreement, might not the adoption of this course avert a crisis, and
might it not in any event be preferable to allowing the shock of the dispute to fall direct on the League of Nations?

In connection with the third of the above questions the Cabinet were reminded that the Treaty of 1906 had been concluded when the Powers had a tendency towards the partition of Africa, and it was suggested that the Italians might use this as evidence of the desire they attribute to the United Kingdom to keep them from acquiring colonies.

The Cabinet were reminded that previous investigation of economic sanctions had shown that (since they involved blockade) they were almost bound to lead to hostilities.

There was general agreement that, while it was necessary to continue to keep the Dominions abreast of the development of the situation, it was unnecessary to send any communication to them as to future action pending further discussion by the Cabinet.

The Cabinet agreed —

(a) That, before the question of Abyssinia was discussed again by the Cabinet, the appropriate Sub-Committee of the Committee of Imperial Defence should consider and report on the application of Article XVI of the Covenant to Italy, including the possible closing of the Suez Canal. The Sub-Committee should be authorised, if necessary, to consult the Staffs of the Defence Departments and/or the Chiefs of Staff Committee direct:

(b) That the Minister for League of Nations Affairs should be added to the Sub-Committee for the purposes of this Inquiry.

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* A small Sub-Committee of the Advisory Committee of the Committee of Imperial Defence on Trade Questions in Time of War.
3. The Cabinet had before them a Memorandum by
the Secretary of State for Foreign Affairs (O.P.-185
(35)) on the subject of an Air Pact and an Air
Limitation Agreement, in which he reported the
results of the recent visit to Paris of the Minister
for League of Nations affairs, and suggested for
Cabinet approval the reply that should be made to
M. Laval's request about the accompaniment of the
Air Pact by bilateral military arrangements and as
to negotiations for a General Settlement.

Reluctance was expressed by some members of the
Cabinet to discuss a Paper on so important a subject
which it had only been possible to circulate on the
previous evening. In view, however, of the urgency
of some action to break the present deadlock on both
the Air Pact and limitation of air armaments, and of
the fact that a good deal of the ground had been
covered at the Meeting of the Cabinet referred to
in the margin, the Cabinet decided to deal with the
question.

In the course of the discussion it was made
clear that the intention was not to conclude
bilateral pacts, but rather to complete the Air Pact
by bilateral military arrangements between the Powers
concerned, so as to facilitate the operation of the
Air Pact.

The attention of the Cabinet was called to an
extract from an earlier Memorandum by the
Secretary to the Cabinet and Committee of Imperial
Defence in which he drew attention to the difficulty
of concerting plans with more than one nation
to give effect to reciprocal guarantee Treaties
The Cabinet were informed, however, that what
was now contemplated was not plans, but quite
simple bilateral arrangements containing such
technical provisions as might be agreed to be
necessary for rendering the Air Pact effective.

The Cabinet were reminded that, as the
Dominions would be suspicious of any bilateral
pact, it would be necessary to explain to them
the nature of the bilateral arrangements now
contemplated.

Attention was called to the need, in negotia­
tions with France, to keep in mind the objection
already expressed by the German Government to
bilateral pacts.

The Cabinet agreed —

(a) That the following principles should,
form the basis for the conclusion of
bilateral military arrangements:

(i) There should be no bilateral
arrangement without an Air
Pact:

(ii) There should be no bilateral
arrangement with one party
only:

(iii) His Majesty's Government in
the United Kingdom were
prepared to agree to bilateral
military arrangements either
accompanying or following an
Air Pact, provided that other
parties make no objection.
That, subject to the above, the Secretary of State for Foreign Affairs should be authorised to inform the French Government that His Majesty's Government in the United Kingdom would be prepared to agree to the accompaniment of the Air Pact by a bilateral military arrangement containing such technical provisions as might be agreed to be necessary for rendering it effective as between this country and France. This would be on the understanding that His Majesty's Government will propose a similar agreement between the United Kingdom and Germany, and between the United Kingdom and Belgium. In return, the French Government would be asked not to object to the immediate initiation of discussions between all the Locarno Powers with a view to the negotiation (as distinct from the conclusion) of an Air Pact and Air Limitation Agreement. The French Government would not be encouraged to believe that we had in any way agreed to the technical provisions which they have suggested as suitable for inclusion in the bilateral arrangement:

That the time and nature of any communication on the subject to Germany should be left to the Secretary of State for Foreign Affairs, who would consult the Prime Minister, and the Lord President of the Council if the latter so desired.
4. The Prime Minister informed the Cabinet that there was some hope of the draft reply by the Government to Mr Lloyd George being ready for consideration by the Cabinet at their next regular weekly Meeting. The Cabinet must understand, however, that this could not be guaranteed.
5. The Cabinet had before them a Memorandum by
the Minister of Agriculture and Fisheries (C.P.-133
(35)) seeking authority to submit to the Committee
of Home Affairs a Bill to extend the Cattle Industry
(Emergency Provisions) Act, 1935 (which expires at
the end of September, when Parliament will be in
recess) until the end of June, 1936, with power to
extend by Order of the Appropriate Ministers, if
circumstances so require, for a further and final
period not exceeding three months to the end of
September, 1936, the Order being subject to approval
by Resolution of each House of Parliament. The
Chancellor of the Exchequer, the Secretary of State
for Scotland, the Secretary of State for Home
Affairs, the Secretary of State for Dominion Affairs
and the President of the Board of Trade agreed that
action along these lines was desirable, and the
Minister of Agriculture and Fisheries asked
authority to take the necessary Parliamentary steps
immediately after the Bill (a draft of which was
attached to the Memorandum) had been considered
and approved by the Committee of Home Affairs, with
a view to its passage into law before the House
rises for the Summer Recess.

The Minister of Agriculture and Fisheries stated
that he would discuss the total liability on the
Exchequer contemplated under the Bill (C.P.-133 (35),
Para. 8) with the Chancellor of the Exchequer.

At the request of the Secretary of State for Foreign
Affairs he undertook to consider whether the period
could be extended until November 7, 1936, the date
when the Argentine Agreement would terminate.

At the request of the Secretary of State for Dominion
Affairs he agreed to keep in mind, in any announce­
tments that were being made, the bearing of the
question on the Meat Negotiations with the Dominions.
He agreed with the Secretary of State for the Colonies in the importance, particularly from the point of view of public opinion, of measures being taken for improving efficiency in return for an extension of the subsidy to farmers, but pointed out the difficulty of working out details until the nature of the long-term agreements was known.

The Chancellor of the Exchequer drew attention to the following extract from C.P.-133 (35), Para.7:-

"In introducing the Financial Resolution it is, I think, necessary to make it clear that the further payments to be made are, like those already made from the Exchequer, advances which will be recoverable from the Cattle Fund by the Exchequer, as circumstances may permit, when the former comes to be fed from the proceeds of the levy".

He observed that this point was not in the Bill.

As the Minister of Agriculture and Fisheries foresaw difficulties in introducing the point into the Bill, the Chancellor of the Exchequer reserved his position on that point.

The Prime Minister informed the Cabinet that, owing to the exigencies of Parliamentary business, the introduction of the Financial Resolution would probably have to be delayed a little.

Subject to the above, the Cabinet agreed —

(a) To approve in principle the proposals in C.P.-133 (35) as summarised above:

(b) That if circumstances should render this course necessary, the Minister of Agriculture and Fisheries should be authorised to arrange for the Financial Resolution covering his proposals to be on the Order Paper of the House of Commons immediately after the Bill has been considered and approved by the Home Affairs Committee, but without waiting for the Committee's Conclusions to be considered by the Cabinet.
6. The President of the Board of Education recalled that on June 25th last the Cabinet agreed to his proposal to introduce a Bill to implement an agreement made with the Teachers that no teachers affected by the salary cuts should suffer any reduction in their annual superannuation allowances exceeding 3 per cent. This approval, however, had been given on the understanding that, owing to the state of the Parliamentary time-table, it might be impossible to introduce the Bill at any rate before the Recess. Not only the Government Chief Whip, but also the Whips of the Labour and the Liberal Parties, were agreed in anticipating that the legislation would be unopposed.

In order to save a week of Parliamentary time, the Cabinet agreed —

(a) That if the Committee of Home Affairs at their meeting on the following day (Thursday, July 4th) should approve the Bill, the President of the Board of Education should have authority to proceed at once with the steps necessary for the introduction of the Bill without waiting for the Conclusions of the Committee of Home Affairs to come before the Cabinet:

(b) To take note that, under the plan proposed by the President of the Board of Education, the Financial Resolution on which the Bill has to be based would be put down on Thursday afternoon.
The Prime Minister informed the Cabinet that a Bill was necessary in order to meet the legal difficulties which were thought to have arisen in connection with

(1) The recent appointment of Mr. Eden as Minister Without Portfolio for League of Nations affairs;

and

(2) The proposed appointment of a second Under-Secretary to the Foreign Office.

At his request the Cabinet agreed --

That the House of Commons Disqualification (Declaration of Law) Bill, 1935, should be considered by the Committee of Home Affairs at their Meeting on Thursday, July 4th, and, subject to the views of the Committee, might be introduced in the House of Commons forthwith without further reference to the Cabinet.

3, Whitehall Gardens, S.W.1.,

July 3, 1935.