CABINET 41 (35).

Meeting of the Cabinet to be held at No. 10, Downing Street, S.W.1., on WEDNESDAY, 31st July, 1935, at 11.0 a.m.

AGENDA.

1. FOREIGN AFFAIRS - (If required).

2. MALTA: PROPOSED LEGISLATION.
   (Reference Cabinet 5 (35) Conclusion 6).
   Memorandum by the Secretary of State for the Colonies.
   (C.P. 156 (35) - already circulated).

3. REMOVAL OF ROYAL ORDNANCE FACTORIES (Woolwich, Enfield, Waltham, etc.).
   Note by the Secretary covering:
   Memorandum by the Secretary of State for War covering Report of an Inter-Services Committee.
   Extract from the 269th Minutes of the Committee of Imperial Defence.
   Joint Memorandum by the Treasury and the War Office, circulated with the approval of the Chancellor of the Exchequer and the Secretary of State for War.
   (C.P. 145 (35) - already circulated).

4. UNEMPLOYMENT INSURANCE (NORTHERN IRELAND) AGREEMENT.
   Memorandum by the Chancellor of the Exchequer, covering draft Bill.
   (C.P. 158 (35) - circulated herewith).

5. ARRANGEMENTS FOR THE RECESS.
   (Reference Cabinet 31 (34) Conclusion 9).

(Signed) M.P.A. HANKSY.
Secretary to the Cabinet.

Whitehall Gardens, S.W.1.,
29th July, 1935.
CONCLUSIONS of a Meeting of the Cabinet held at 10, Downing Street, S.W.1., on WEDNESDAY, 31st JULY, 1935, at 11.0 a.m.

PRESENT:
The Right Hon. Stanley Baldwin, M.P., Prime Minister. (In the Chair).

The Right Hon. J. Ramsay MacDonald, M.P., Lord President of the Council.

The Right Hon. The Viscount Hailsham, Lord Chancellor.


The Right Hon. The Viscount Halifax, K.G., C.S.I., C.I.E., Secretary of State for War.

The Right Hon. Sir Philip Cunliffe-Lister, G.B.E., M.P., Secretary of State for Air.


The Right Hon. Walter Runciman, M.P., President of the Board of Trade.

The Right Hon. Walter Elliot, M.C., M.P., Minister for Agriculture and Fisheries.


The Right Hon. Ernest Brown, M.C., M.P., Minister of Labour.

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., 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, M.P., Minister without Portfolio.

The Right Hon. Oliver Stanley, M.C., M.P., President of the Board of Education.

The Right Hon. A. Ormsby-Gore, M.P., First Commissioner of Works.
1. The Secretary of State for Foreign Affairs informed the Cabinet of the latest developments in the situation in the Italo-Abyssinian dispute. Since the Meeting of the Cabinet referred to in the margin he had concentrated his efforts on inducing France to realise the gravity of the position. He had seen the French Ambassador a few days ago, when the latter had suggested that at the forthcoming Meeting the Council of the League of Nations should not extend its discussions outside of the Conciliation Committee. The Secretary of State had deliberately adopted a somewhat negative attitude towards this proposal and had pointed out that it would be useless to do nothing except to start further discussions by the Conciliation Committee of Four, as that would convey the impression that the Council was disinterested itself in the question to the advantage of Italy. He believed that his remarks had been passed on to Paris. A few days later he had seen the French Ambassador again and had suggested, firstly, that if a fifth Arbitrator were appointed, that would be a new factor in the situation but not a sufficient one; and, secondly, that it might be well for a request to emerge from the Council of the League that the three Powers signatories of the Treaty of 1906 should deal with the question urgently and, if possible, on bases to be laid down by the Council itself. The Council might then arrange to keep in touch with the proceedings, or even to remain in session. This would give a double procedure: first, to strengthen the Conciliation Committee, and, second, the three-Power talks, watched by the Council.
That proposal had been passed on to Paris, and he learned that M. Laval liked it. In fact, there were signs of its coming back in the form of a French proposal! The Minister for League of Nations Affairs had seen M. Laval and had discussed with him the very weighty Despatch which had been sent to His Majesty's Ambassador in Paris, and had reported that M. Laval liked our proposals, though he thought it might be difficult to get Signor Mussolini to accept them. He felt, therefore, that an advance had been made, in so much as the French Government was now fully alive to the dangers of letting matters drift, and he thought they could be relied upon to put all pressure on Italy. In reply to a question as to how he envisaged the relation between the three-Power Meeting and the Council, he explained that his proposal would bring the Council up against realities. He was most anxious to secure precision in the three-Power discussions. His idea was that the Council should either adjourn for a week or two, or keep in being to watch the three-Power talks. If the Council did not formulate the general lines on which the three-Power talks should take place, he would not, for that reason, desist from working for these discussions. In reply to another question, he thought it doubtful whether the Abyssinian delegate would wish to open the large question, notwithstanding the sinister turn of recent events, if he saw a prospect of progress being made along the lines suggested above. If, however, the Abyssinian delegate should press for a discussion from a wider point of view the Council would have to consider the matter. Much depended on how far it was found possible to bring precision into the three-Power talks.
In the discussion the question was raised as to what attitude would be taken if the British representative were asked to say whether the United Kingdom was prepared to fulfil its obligations under the Covenant. It was explained that the Minister for League of Nations Affairs would adopt the line of the Despatch sent to Paris, as suggested at a Meeting of the Cabinet, namely, that both we and France had our commitments and therefore were greatly concerned to see that the emergency did not develop to the point where the question of their fulfilment arose.

The question was also raised as to how long the decision referred to in the margin should be maintained, viz., that we should not for the present issue licences for the exportation of arms or munitions of war to either Italy or Abyssinia.

There was general agreement that if a new situation should arise the Secretary of State for Foreign Affairs should reopen the matter.

The Secretary of State for Foreign Affairs made the following request to Ministers who might contemplate referring to the Italo-Abyssinian dispute in public speeches:

1. That they should be careful not to convey any idea that the situation was hopeless.

2. That they should be extremely cautious in any references as to what this country would or would not do in the event of an outbreak of hostilities.

The Secretary of State undertook to communicate with the Prime Minister or whoever was acting for him in the event of any new situation developing.

(For Cabinet arrangements during the Recess in connection with the Italo-Abyssinian dispute, see Conclusion 8.)
2. The Secretary of State for Foreign Affairs reported that he was still trying to make progress with the Air Pact, but at the moment had nothing special to report.
3. The Cabinet had before them a Memorandum by the Secretary of State for the Colonies (C.P.-156 (35)) asking authority to introduce next Session a Bill to repeal the Malta Constitution Letters Patent and to invalidate (if that proved to be necessary) everything done during the provisional régime since the suspension of Parliamentary Government in Malta in 1933. This proposal did not raise any issue new to his colleagues, but he invited reference to certain Memoranda by his predecessor in office and to the Conclusions of the Cabinet relating thereto.

After hearing a full statement by the Secretary of State for the Colonies, in which he developed the various points in his Memorandum, the Cabinet agreed —

That the Secretary of State for the Colonies should be authorised to prepare a Bill to repeal the Malta Constitution Letters Patent, with a view to the setting up by Order in Council of a form of Government in which the supreme legislative and executive power should remain with the Governor, with a Council to assist him.
4. The Cabinet had before them the following documents on the subject of the removal of Royal Ordnance Factories (Woolwich, Enfield, Waltham etc.) circulated by direction of the Prime Minister (C.P.-145 (35)):-

A Memorandum by the Secretary of State for War, covering the Report of an Inter-Services Committee:

An Extract from the Minutes of the 269th Meeting of the Committee of Imperial Defence:

A Joint Note by the Treasury and the War Office, circulated with the approval of the Chancellor of the Exchequer and the Secretary of State for War.

The discussion focussed mainly on the proposal contained in the Joint Note by the Treasury and the War Office in favour of the adoption of Chorley, in Lancashire, as the site for transfer of the Royal Ordnance Factories to be removed from Woolwich and Waltham. While Chorley was generally accepted as a suitable site for the main factory, the advantages of South Wales, from the point of view of unemployment, were pressed. Emphasis was laid on the psychological importance of giving some help to isolated special areas, the populations of which it was difficult to move to other centres, and which were liable to become embittered by the fact that they felt themselves boycotted because their record was a bad one. The advantages from the point of view of industrial expansion of having more than one establishment were admitted, but this was said to increase the cost rather seriously. Incidentally in the discussion the question was raised of the desirability of dealing with the floods especially in the entrances to the valleys, which are a bar to development in South Wales.
The question was also raised of the social effect of the removal on Woolwich, the centre of a great co-operative movement and of extensive housing schemes.

After considerable discussion the Cabinet agreed —

(a) To accept the following recommendation by the Committee of Imperial Defence, viz.:

"(a) To approve in principle the recommendations of the Report of the Committee on the removal of the Royal Ordnance Factories forwarded with the Memorandum by the Secretary of State for War (C.I.D. Paper No. 208-A)."

(b) That the Secretary of State for War should have authority, after such examination of the Chorley site as he might deem necessary having regard to the risk of leakage if there were too great delay, to proceed, subject to Treasury consent, with the purchase of a site at Chorley, in Lancashire:

(c) That the Secretary of State for War, in consultation with the Minister of Health and other Ministers as required, should form an Inter-Departmental Committee, composed of representatives of —

- The War Office,
- The Treasury,
- The Ministry of Health,
- The Ministry of Labour,
- The Scottish Office —

with instructions to consider (on the assumption that the principal part of the establishments concerned would be removed to Chorley, in Lancashire) the following questions:

1. The possibility and desirability of establishing some part of the proposed new factories at some site in South Wales:

2. The best site for the Cordite Factory at Waltham whenever it should be decided to move it:

3. The best means of mitigating the social consequences of the removal in the Woolwich area, including such matters as the effect on housing and the Woolwich Co-operative Society.

(d) That the utmost secrecy should be preserved for the present as to this decision.
The Cabinet had before them a Memorandum by the Chancellor of the Exchequer (C.P.-158 (35)) on the subject of a new Agreement with Northern Ireland on Unemployment Insurance, which required to be confirmed by legislation in both countries. The Chancellor asked authority of the Cabinet for the Treasury to hand in a Financial Resolution on the night of July 31st and to introduce a Bill on the lines of the preliminary draft attached to his Memorandum as soon as opportunity offered in the autumn.

The Secretary of State for Scotland informed the Cabinet that on the previous evening he had sent a letter to the Chancellor of the Exchequer, informing him of certain reactions which the new agreement would produce in Scotland, and asking that, if possible, there should be some delay in handing in the Financial Resolution, so as to give him time to take the necessary steps to avoid the threatened difficulties. He himself had only received C.P.-158 (35) on July 30th and had only been able to write to the Chancellor of the Exchequer on the previous evening.

After some discussion the Chancellor of the Exchequer asked that he might be left to discuss the matter with the Secretary of State for Scotland, whose wishes he undertook to meet so far as this might prove possible.

The Cabinet agreed:

to approve in principle the Memorandum by the Chancellor of the Exchequer (C.P.-158 (35)) leaving to the Chancellor of the Exchequer and the Secretary of State for Scotland to settle the date on which the Financial Resolution should be handed in.
6. On the suggestion of the Prime Minister the Cabinet agreed to the following arrangements for the Recess:

(a) That during the Prime Minister's absence abroad, the Lord President of the Council should act for him, and if the Lord President should himself go abroad, the Chancellor of the Exchequer should act for the Prime Minister until his return.

(b) That if the Minister acting for the Prime Minister deemed it necessary to hold a meeting of Ministers he should normally summon only those within easy reach of London. In the event, however, of a real emergency arising — in connection, for example, with the Italo-Abyssinian dispute — he should summon a full meeting of the Cabinet, in which case the Prime Minister himself would return.

(c) That a meeting of the Cabinet should be held on Tuesday, September 24th, to deal with immediate business, but that only those Members should be summoned who were within convenient reach.

(d) That regular meetings of the Cabinet should begin on Wednesday, October 2nd, when the Prime Minister hoped that all of his colleagues would be present.

(e) That as regards the Italo-Abyssinian dispute, the Secretary of State for Foreign Affairs, who would be within easy reach of London, should keep the Cabinet Minister acting for the time being for the Prime Minister in close touch with all developments in the situation, and should inform him if he deemed any meeting of Ministers to be necessary.

(f) That Cabinet Ministers should inform the Secretary to the Cabinet as to their addresses and changes of address, whether they were at home or abroad, in order that the Secretary might be able to summon the meeting at short notice if desired by the Minister acting for the Prime Minister.

Whitehall Gardens, S.W.1.

CONCLUSIONS OF A CONVERSATION AT No. 10,  
DOWNING STREET, ON TUESDAY, AUGUST 6,  
1935, at 2.30 p.m.

PRESENT:-
The Right Hon. Stanley Baldwin, M.P., Prime Minister.
The Right Hon. Sir Samuel Hoare, Bt.,  
G.C.S.I., G.C.B., C.V.O., M.P.,  
Secretary of State for Foreign Affairs.
The Right Hon. Anthony Eden, M.C., V.P.,  
Minister for League of Nations Affairs.

Sir Robert Vansittart, G.C.M.G., K.C.B., M.V.O.,  
Permanent Under-Secretary of State for Foreign Affairs.
Colonel Sir M.P.A. Hankey, G.C.B., G.C.M.G., G.C.V.O.,  
Secretary to the Cabinet.

This Meeting was held in order to enable the  
Minister for League of Nations Affairs to report  
the results of the recent Meeting of the Council  
of the League of Nations at Geneva to the Prime  
Minister and the Secretary of State for Foreign  
Affairs, and for the three Ministers to confer on  
the line to be taken by the Minister for League of  
Nations Affairs at the forthcoming Meetings of the  
three Powers signatories to the Abyssinian Treaty  
of 1906.
The Minister for League of Nations Affairs reported that at Geneva the French representatives had acted markedly in line with the British. This applied especially to M. Leger.

It was noted that this development was in conformity with the wishes of the Cabinet (Cabinet 40 (35), Conclusion 1).

Ministers were informed that the probable course of events next week would be Anglo-French Conversations for a day or two, after which the tripartite discussions would begin.

In the course of the discussion reference was made to an interim Memorandum by the Chiefs of Staff Sub-Committee on the military implications of the application of Article XVI of the Covenant of the League of Nations (C.O.S.-388) which had been sent to the Ministers present pending the working out of details, which was still in progress.

The attitude to be adopted by the Minister for League of Nations Affairs at the forthcoming Meetings, and certain other matters arising consequentially, were discussed, and Conclusions were reached which may be summarised as follows:-

(a) That the Minister for League of Nations Affairs should do his utmost to maintain the close relations already established with the French Government on the Italo-Abyssinian dispute:

(b) That in the preliminary conversations with the French Government his aim should be to establish a programme for later discussion with the Italian representative. This programme would probably have to be drawn in such manner as to bring home to the Italian representative that the ultimate choice before Italy lay between the following alternatives:-

(i) Acceptance from Abyssinia of certain concessions on points in the Italian case which His Majesty's Government have already told the British Ambassador in Rome (who did not have occasion to use them) that they could support, if the case was made out, viz.:—
“(1) in so far as threats to, or violations of, the Italian frontiers are concerned:

(2) in respect of aggressions such as Walwal affray if proved against Abyssinia to our satisfaction and that of the League of Nations:

(3) in respect of breaches if proven of treaties between Italy and Abyssinia. Further

(4) in a general way His Majesty’s Government would be willing to support Italy in pressing Abyssinia to permit to Italians and other foreigners the usual and reasonable facilities for trade, habitation etc. with regard to which she has been obstructive in the past:

(5) as regards slavery His Majesty’s Government could support insistence on Abyssinia putting into force such future measures as the League may think necessary and remediing past failures to carry out her obligations in this matter.”

(Telegram to Rome No. 365, of July 19th.)

It was foreseen, however, that there was no prospect of so limited a programme sufficing to bring Italy to an accommodation. The indications were that the French Government would propose to apply joint suasion at Addis Ababa with a view to extracting a maximum offer from Abyssinia. It was also pointed out that the more attractive the offer to be induced, the better would be the prospects of the first course and the less the prospect of having to consider the alternative course below. Possibly the French Government might have other additions to suggest, and the Minister for League of Nations Affairs might, at his discretion, remind them that they had never made any concession to Italy comparable with the British cession of Jubaland.

OR

(11) The carrying out by the League of Nations of the procedure laid down in the Covenant, including, in the last resort, consideration by the members of the League of their obligations thereunder.

In any reference to this latter aspect the Minister for League of Nations Affairs should be guided by the approval given by the Cabinet to the lines suggested by the Secretary of State for Foreign Affairs on Wednesday, July 24th, where he indicated that in discussions with the French

"The underlying assumption would be that both Powers realised their obligations and were jointly interested to find a way out of the difficulty".
The Minister for League of Nations Affairs would, of course, be on his guard against giving the French Government any opportunity to suggest to Italy that we were pressing them to commit themselves to sanctions. Any detailed discussion of sanctions should be avoided, as this does not arise at present and, if it arises at all, belongs rather to discussions at a later stage.

(c) That the Minister for League of Nations Affairs who would be accompanied by the Permanent Under Secretary of State for Foreign Affairs in Paris, should, as far as possible, keep in touch with the Prime Minister, who would be in France at the time of the Meetings, and in particular should arrange to report the position verbally to him after the conclusion of the Meetings, in order that he might decide whether, and when, to summon a Meeting of the Cabinet. It appeared probable to the Ministers present that if the Paris Meetings did not produce a satisfactory result, a Meeting of the Cabinet would be required before the end of August, when important decisions might be necessary.

Lake Tsana.

(d) That if the three-power Conference should not achieve a satisfactory result, the question of Lake Tsana would become important, and the Minister for League of Nations Affairs should have discretion to warn the Italian representative that this was an important British interest. He might repeat the warning given by Sir Edward Grey (afterwards Earl Grey of Fallodon) in 1915:

(e) That in the meantime the Foreign Office should examine the question of Lake Tsana in its political and technical aspects, and consult the Defence Departments on any aspects of the question which might concern them: Defence Aspects.

(f) That the Secretary to the Cabinet and Committee of Imperial Defence should inform the Chiefs of Staff Sub-Committee that the Prime Minister would be glad if they would consider the following questions:-

(1) At once to examine the question of what the position would be if Italy took the bit between her teeth:

(2) On the assumption that the contingency referred to in (1) might take place, are there any steps that ought to be taken at once to provide against it?

In the latter connection the Secretary of State for Foreign Affairs said that the Foreign Office would have no objection to
any relatively quiet steps being taken, such as, for example, the raising of the anti-aircraft defences of Malta to the approved scale. They would not even object if the movement of anti-aircraft guns became public.

2, Whitehall Gardens, S.W.1.

August 6, 1935.
CABINET.

ITALO-ABYSSENIAN DISPUTE.

Conference of Ministers held at No. 10 Downing Street on Wednesday, 21st August, 1935, at 5.0 p.m.

PRESENT.

The Right Hon. Stanley Baldwin, M.P.,
Prime Minister. (In the Chair).

The Right Hon. J. Ramsay
MacDonald, M.P., Lord President
of the Council.

The Right Hon. Sir John Simon,
G.C.S.I., K.C.V.O., G.C.B.,
K.C., M.P., Secretary of
State for the Home Department.

The Right Hon. Sir Samuel Hoare,
K.C.B., G.C.S.I., G.B.E., C.M.G.,
K.C., M.P., Secretary of State for
Foreign Affairs.

The Right Hon. Anthony Eden, M.C.,
M.P., Minister for League of
Nations Affairs.

THE FOLLOWING WERE ALSO PRESENT:

Sir William Malkin, K.C.M.G.,
C.B., C.I., Legal Adviser,
Foreign Office (for part of
time).

Mr. W. Strang, C.M.G.,
Counsellor, Foreign Office
(for part of time).

Mr. Francis Hemming, C.B.E. .......................... Joint
Mr. W. D. Wilkinson, D.S.O., M.C. ........................... Secretaries.
The meeting was held for the purpose of a preliminary discussion of the latest phase of the Italo-Ethiopian dispute; the intention being to clear the ground to some extent in order to expedite the business at the Cabinet of the following day.

THE MINISTER FOR LEAGUE OF NATIONS AFFAIRS gave his colleagues an account of the proceedings at the Three-Power Conversations in Paris. The order of events had been as follows:-

15th August.

This day had been devoted to informal preparatory conversations; M. Laval and Mr. Eden had seen Signor Aloisi separately. Signor Aloisi had put forward as a basis for discussion the suggestion that the United Kingdom and France should give some public recognition of Italy's need for expansion, and should recognise also that Italy had a special position, both economic and political, in Abyssinia. Signor Aloisi had made it clear that economic concessions in Abyssinia would be of no value to Italy unless those concessions had the backing of an Italian military garrison.

In return for these declarations Signor Aloisi had offered an assurance of Italian co-operation at Geneva.

Mr. Eden had made it clear that the above suggestions (which amounted practically to giving Italy a Class C Mandate) offered no hope of a solution.

16th August.

First regular session of the Conference.

Mr. Eden had made it clear that this country
would not endorse an Italian military and economic occupation of Abyssinia.

M. Laval had produced certain Quai d'Orsay drafts, which Signor Aloisi had declined to accept.

The British and French experts had then been invited to work out a new draft. Before this draft had taken shape M. Laval had sent a message to the French Embassy in Rome, instructing them to warn Signor Mussolini that our forthcoming offer would represent the limit of concession open to us.

The Conference had resumed as soon as the experts' draft had taken concrete form; this had been the draft of which the substance had appeared in the newspapers. After displaying much unwillingness, Signor Aloisi had been induced to send it to Rome. His main objections to the draft had been that it made no provision for any special Italian economic and military position in Abyssinia; on the contrary, it reserved British and French rights in Abyssinia, and laid stress on the independence and integrity of that country.

17th August.

No reply was received from Italy and no meeting took place.

18th August.

Signor Aloisi had separate interviews with the United Kingdom and French Delegates. He had communicated the Italian reply to both. Its substance was that the Anglo-French proposal was unacceptable to Italy, from every point of view. To Italy, Abyssinia represented a menace to be destroyed, whereas the Anglo-French view was apparently that Abyssinia should be given increased authority and placed on an equality with the three Powers now in
Conference. Signor Mussolini reserved his right to make a statement of his case at Geneva.

In reply to an enquiry whether he had any alternative suggestions to put forward, Signor Aloisi had told Mr. Eden that the Italian view remained exactly as it had been developed to him (Mr. Eden) earlier in the year.+

A break had now been recognised to be inevitable and the Communiqué which had appeared in the Press had been drawn up.

19th August.

The Conference being over, Signor Aloisi and Mr. Eden had taken their farewells of M. Laval, who had convened it. No particular meaning need be attached to the fact that Signor Aloisi had not asked for a further talk with Mr. Eden that day - they had parted on friendly terms the previous evening.

Mr. Eden's talk with M. Laval had made it clear that the latter had not yet fully thought out the implications of the Meeting on September 4th. He had said, however, that France did not want to turn her back on the United Kingdom and what it stood for; he begged, nevertheless, that the British Government would realise France's difficulties.

+ The Minister for League of Nations Affairs reminded his colleagues that the Italian proposal, as Signor Mussolini had developed it in the Spring of the present year, had been that Italy should acquire the sovereignty over a circular area including about two-thirds of the population of Abyssinia - in fact over all Abyssinia except a central plateau. Over this plateau Italy wished for a Protectorate.

These were Signor Mussolini's proposals for a peacefully negotiated settlement. On the other hand, he had said that if it came to a war he would wipe Abyssinia off the map.
THE SECRETARY OF STATE FOR FOREIGN AFFAIRS regarded the harmonious Anglo-French front which had been maintained up to the present time as an unexpectedly good factor. It had been understood in Paris that the Italians had put every sort of pressure on M. Laval to come down on their side; they had been giving it out in Paris that the British Empire was in a state of decline, especially from the military point of view. It was significant that M. Laval had not listened to them. It was not, of course, possible to judge how long the present united front would hold.

THE LORD PRESIDENT OF THE COUNCIL enquired whether M. Laval had given any indication of his probable attitude at Geneva on September 4th.

THE MINISTER FOR LEAGUE OF NATIONS AFFAIRS said that he himself had received no indication. Sir Robert Vansittart, however, had obtained the impression from his talks with M. Léger that France would be prepared to take part in economic sanctions.

Incidentally Sir Robert had obtained very definite impressions of the extent of the Italian propaganda in Paris. The Italians had been going about speaking of Abyssinia as the first stage in their African conquests; of seizing domination in the Mediterranean from British hands, and in general of renewing the glories of the Roman Empire.

THE PRIME MINISTER enquired whether Sir Samuel Hoare has any information regarding Germany's intentions.

THE SECRETARY OF STATE FOR FOREIGN AFFAIRS said that the Prime Minister's question raised the whole problem of how far the non-Member States would participate in economic sanctions. The non-Member States which it was necessary to consider were the United States, Germany, Japan and Brazil.
His view was that these States might conceivably be induced to take part in economic sanctions. The chances of their doing so were, he thought, improved by the latest investigations of the Foreign Office, which had disclosed the possibility of applying economic sanctions in two separate stages. While there could be no hope of non-member States participating in a second and more stringent stage, there was no reason why they should not participate in a first stage - i.e., in sanctions involving no belligerent action. Such measures might be negative, not positive. For example, the States participating might simply refuse to accept imports from Italy. If the greater part of the world went even as far as that the effect on Italy might be considerable.

In particular, he had been in touch with the United States Chargé d'Affaires. The latter's Government were taking the Abyssinian question very seriously, and their participation in the first stage of economic sanctions did not appear inconceivable.

THE LORD PRESIDENT OF THE COUNCIL enquired whether Sir Samuel Hoare had had in mind that the step of refusing to export to Italy might be reserved for the second stage.

THE SECRETARY OF STATE FOR FOREIGN AFFAIRS was inclined to think that this might be wise. Obviously such a sanction would be vastly more effective than a refusal to admit imports.

The Secretary of State went on to say that the Minister for League of Nations Affairs and himself, after considering the position at home and abroad, were clear in advising their colleagues that it was nothing less than essential to follow the regular League of Nations procedure in this crisis. The Council Meeting on September 4th was the necessary first step. Events at this Meeting might take several turns; one possibility
was that they might develop in the following stages.


Second Stage. Italian Statement (probably lengthy) of their case and Abyssinian answer.

Third Stage. Consideration of the two cases by the League of Nations Council (possibly assisted by a Sub-Committee) and pronouncement.

The fact must be faced that at any time during these processes the news might arrive that war had begun. The following matters would then at once be added to those already under consideration:

(a) Whether Article 16* of the Covenant had been violated, and if so by whom.

(b) What economic and military action could or should be taken.

(c) In the event of economic sanctions being found desirable, the question whether all Member States were prepared to co-operate.

(d) The further question of what non-Member States were prepared to co-operate.

(e) The question whether the non co-operation of certain States was likely to make economic sanctions of no account.

At this stage in the Meeting the question was raised (in particular by the Chancellor of the Exchequer and the Home Secretary) whether Sir Samuel Hoare's suggestion that economic sanctions might be divisible into two or more stages, of increasing stringency, was consonant with the actual terms of Article 16 (see Appendix).

It was prima facie difficult to agree that this could be so, having regard to such phrases as "shall ipso facto be deemed to have committed an act of war against all other Members of the League, which hereby undertake immediately to subject it to the severance of all trade or financial relations".

* For Article 16 of the Covenant see Appendix to the present Minutes.
THE MINISTER FOR LEAGUE OF NATIONS AFFAIRS said that the answer to these doubts was to be found in the Resolutions regarding the interpretation of Article 16 which the League of Nations Assembly adopted in 1921. Certain of these Resolutions were intended to become amendments to Article 16; as such they had never come into force since the requisite number of States had not ratified. Others of the 1921 Resolutions were specifically adopted by the Assembly as aids to the application of the Article. The precise legal position of these latter Resolutions was somewhat uncertain but on the whole there was no reason to doubt that they could be treated as rules for guidance recommended to the Council and to the Members of the League. It was in the light of certain specific Resolutions, among those just referred to, that the Foreign Office experts had advised that the application of economic sanctions by stages was legitimate.

A further material consideration was that at the time when the League Covenant had been framed the expectation had been that membership of the League would be universal. At present this was far from being the case and they were entitled to interpret Article 16 in the light of that fact.

THE HOME SECRETARY was inclined to agree, to a certain extent. He was not yet satisfied, however, that there were not certain steps such as "the severance of all trade or financial relations" which were of automatic application and in no way dependent on the "stages" of economic sanctions which the Council might recommend.

* The more important of these Resolutions will be found reproduced in Appendix V to C.P.169(35).
THE SECRETARY OF STATE FOR FOREIGN AFFAIRS, turning to the conversations with the leaders of non-Government parties which had taken place, said that he had been left with the impression that there would be a wave of public opinion against the Government if it repudiated its obligations under Article 16 - that was to say, its obligations under the principle of collective responsibility, on the assumption that France would go as far as we were prepared to do. It was abundantly clear that the only safe line for His Majesty's Government was to try out the regular League of Nations procedure.

Of course, if France found it impossible to proceed to extreme measures, there could be no question of "putting her in the dock". On the other hand, it would be desirable to make a statement at some stage in the September proceedings, to the effect that if all other Member States were ready to carry out their obligations, we also were ready.

THE LORD PRESIDENT OF THE COUNCIL said that he recognised to the full the advantages of proceeding by stages in the matter of economic sanctions. It must be admitted, however, that a piece-meal procedure would be correspondingly slow in producing effects and he would not be surprised if, in the meantime, the Italians managed to pull off a great initial success. It might be difficult to commend the piece-meal procedure to public opinion in the countries co-operating in the sanctions.
THE HOME SECRETARY raised the question whether it was desirable to make any pronouncement on behalf of His Majesty's Government during the interval before 4th September.

THE SECRETARY OF STATE FOR FOREIGN AFFAIRS thought it better to refrain from any public statement.

At this stage Sir William Malkin and Mr. Strang entered the Meeting.

THE SECRETARY OF STATE FOR FOREIGN AFFAIRS informed Sir William Malkin and Mr. Strang of the difficulty which Ministers present had found in reconciling Article 16 with the piece-meal method of applying economic sanctions which appeared to be contemplated by the 1921 Resolutions.

SIR WILLIAM MALKIN thought that the actual terms of certain of the interpretative Resolutions were very helpful in this connection.

Resolution No.1. read as follows:

"The resolutions and the proposals for amendments to Article 16 which have been adopted by the Assembly shall, so long as the amendments have not been put in force in the form required by the Covenant, constitute rules for guidance which the Assembly recommends as a provisional measure, to the Council and to the Members of the League in connection with the application of Article 16."

Resolution No.4. contained the words:

"It is the duty of each Member of the League to decide for itself whether a breach of the Covenant has been committed ....... "

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Resolution No. 6. read as follows:—

"If the Council is of opinion that a State has been guilty of a breach of the Covenant, the Minutes of the meeting at which that opinion is arrived at shall be immediately sent to all Members of the League, accompanied by a statement of reasons and by an invitation to take action accordingly. The fullest publicity shall be given to this decision."

Article 9 provided for the possibility, for various sufficient reasons, of certain States remaining loyal to the principle of economic pressure but not themselves co-operating in its exercise.

Article 14 was very relevant. It read as follows:—

"In cases of prolonged application of economic pressure, measures of increasing stringency may be taken. The cutting-off of the food supplies of the civil population of the defaulting State shall be regarded as an extremely drastic measure, which shall only be applied if the other measures available are clearly inadequate."

THE SECRETARY OF STATE FOR FOREIGN AFFAIRS thought it might now be accepted that the sweeping phrases of Article 16, such as "the severance of all trade or financial relations" were to be interpreted in the light of the "glosses" of 1921. For example, he thought it would be legitimate to refuse to receive Italian imports while continuing to export to Italy.

SIR WILLIAM MALKIN agreed that this would be the case, if the Council of the League had recommended that particular sanction. In such an event the Member States who followed the Council's advice would have satisfied
their obligations under Article 16.

THE LORD PRESIDENT OF THE COUNCIL recalled the fact that the situation of 1924, in which an attempt had been made to close a gap in the Covenant, had been the result of the deliberations of 1921.

THE HOME SECRETARY wondered whether it was possible to get round the following words in Article 16:

"it shall ipso facto be deemed to have committed an act of war against all other Members of the League".

SIR WILLIAM MALKIN said that this point was met by the third of the Resolutions adopted as rules for guidance. It read as follows:

"The unilateral action of the defaulting State cannot create a state of war; it merely entitles the other Members of the League to resort to acts of war or to declare themselves in a state of war with the covenant-breaking State; but it is in accordance with the spirit of the Covenant that the League of Nations should attempt, at least at the outset, to avoid war, and to restore peace by economic pressure."

THE CHANCELLOR OF THE EXCHEQUER wondered whether any other country was in the position in which we found ourselves, that we had supplied Italy with coal to the value of £500,000 and not yet obtained payment and, if a break occurred, would presumably never do so.

It was suggested that a similar position might possibly obtain with regard to oil imports into Italy from Rumania.

THE HOME SECRETARY enquired whether the Foreign Office had considered a situation in which Signor Mussolini might decide that a waiting game suited his interests, and in which he would accordingly not strike until after the close of the September deliberations at Geneva.
THE SECRETARY OF STATE FOR FOREIGN AFFAIRS said that, as he read the situation, Italy would probably go to war within two or three weeks of September 4th.

In reply to a question, SIR WILLIAM MALKIN said that the function of the League Council in the matter of a breach of the Covenant was only to give an opinion; each Member of the League had then to decide the question for itself.

THE HOME SECRETARY pointed out that in practice the States represented on the Council would already be publicly committed by their votes on the opinion referred to.

The Committee were informed that the Members of the Council at the present time were Argentina, Australia, Chile, Czecho-Slovakia, Denmark, France, Great Britain, Mexico, Portugal, Poland, Russia, Spain and Turkey.

SIR WILLIAM MALKIN called attention to one of the proposed amendments to Article 16 adopted in 1921, which included the following words:

"In deliberations on this question in the Council, the votes of Members of the League alleged to have resorted to war and of Members against whom such action was directed shall not be counted".

The fact that this amendment remained unratified might be taken as meaning that the adverse vote of the offending State would prevent the Council from recording an opinion. The contrary, however, was arguable.

THE SECRETARY OF STATE FOR FOREIGN AFFAIRS said that it was now clear that each Member State must take its own decision. States were not in the position in which they must all simultaneously sever trading relations etc.

SIR WILLIAM MALKIN pointed out that in practice sanctions would be ineffective unless they were concerted,
and that the best place for concerting them would appear to be at a meeting of the League Council.

THE LORD PRESIDENT OF THE COUNCIL was still not clear that the opinion of the League Council was not to a certain extent an operative opinion. He thought it would be difficult to get over the words "hereby undertake immediately to subject" in Article 16.

THE HOME SECRETARY pointed out that this was cleared up by the Eighth of the Resolutions adopted for guidance. This read "The Council shall recommend the date on which the enforcement of economic pressure, under Article 16, is to be begun, and shall give notice of that date to all the Members of the League".

In reply to a question, THE SECRETARY OF STATE FOR FOREIGN AFFAIRS agreed that our attitude on the piecemeal application of economic sanctions must be fundamentally affected by the view taken by the non-Member States.

THE CHANCELLOR OF THE EXCHEQUER thought that we might find ourselves in considerable difficulties even if the United States and Japan, for example, were induced to prohibit trade with Italy. The possibility would still remain that the activities of German shipping might render the sanction meaningless; in such a situation we should have to be very careful if we were not to land ourselves in war with both Germany and Italy.

THE MINISTER FOR LEAGUE OF NATIONS AFFAIRS hoped that in practice economic sanctions would not be begun until a Committee of the League Council had carefully worked out the methods of their application - that is, until it had ascertained definitely what attitude the non-Member States were going to adopt.

THE SECRETARY OF STATE FOR FOREIGN AFFAIRS said that such an investigation by experts might very probably lead.
to a decision not to impose economic sanctions.

THE PRIME MINISTER enquired whether the President could bind the United States in the matter of economic sanctions.

THE CHANCELLOR OF THE EXCHEQUER was uncertain of the answer. If it were found, however, that the President could not do so the situation would be much simplified.

As he (the Chancellor of the Exchequer) saw the situation it could be summed up in the following statement:

(1) Even the mildest economic sanction might in the end lead to war.

(2) If this were true, steps ought to be taken to put our armed forces into a state of readiness.

THE SECRETARY OF STATE FOR FOREIGN AFFAIRS agreed. Signor Mussolini in his present frame of mind was not a normal man, and it was conceivable that some apparently innocuous action on our part, e.g. in connection with the Mediterranean or with Lake Tsana, might be taken as a casus belli.

THE MINISTER FOR LEAGUE OF NATIONS AFFAIRS thought it even possible that Signor Mussolini might so regard a British decision to raise the embargo on the export of arms to Abyssinia.

THE HOME SECRETARY called attention to the fact that Australia was a Member of the League Council at the present time.

THE SECRETARY OF STATE FOR FOREIGN AFFAIRS said that at his meeting with the Dominion High Commissioners that day Mr. Bruce had said that in his opinion the League Council must make a bona fide investigation into the question of economic sanctions; but that the result of the investigation would be that economic sanctions would be found useless for the present purpose.
SIR WILLIAM MALKIN said that what had been contemplated in 1921 was that the League Council would have the assistance of a Technical Committee in its investigation.

THE LORD PRESIDENT OF THE COUNCIL was clear that it was out of the question for the British Government to make any statement to the effect that Article 16 could not operate in the present crisis, before the Council Meeting on September 4th.

THE SECRETARY OF STATE FOR FOREIGN AFFAIRS thought that we should have to agree a form of words very carefully with France before we said that the machinery of economic sanctions would not work. The French might agree that it would not work in the present crisis, but they would nevertheless want to keep it intact for use against Germany.

It was imperative to discover M. Laval's intentions within the next 14 days.

THE PRIME MINISTER called attention to M. Laval's genuine difficulties.

THE CHANCELLOR OF THE EXCHEQUER said that if the final decision was against economic sanctions we should have to be most careful not to say "we were prepared to use them but France was not". The formula would have to be something to the effect that we and France had come jointly to the conclusion that they would not work.

THE HOME SECRETARY called attention to certain provisions of the Kellogg Pact. The steps to be taken under that Pact, if one signatory were to break it by using war as an instrument of policy, were not dissimilar from the first stage of economic sanctions as proposed by Sir Samuel Hoare.

THE SECRETARY OF STATE FOR FOREIGN AFFAIRS agreed.
THE LORD PRESIDENT OF THE COUNCIL said that, if Italy proceeded to extremes, it would be a great shock to British public opinion if no outward action were taken by H.M. Government. He had been encouraged by the present discussion to hope that it would be possible to discover a completely pacific method of applying economic sanctions against Italian trade.

He realised that it remained to be considered whether legislation (and thus the early summoning of Parliament) would be necessary in that case.

THE CHANCELLOR OF THE EXCHEQUER enquired what view the Foreign Secretary took of Sir Austen Chamberlain's suggestion that there should be a meeting of the signatories of the Kellogg Pact.

THE SECRETARY OF STATE FOR FOREIGN AFFAIRS thought that this might be a very useful card to play at a later date. It would be a mistake to play it at present and thus to sidetrack the League of Nations. To do so now might disturb France and offend Italy unnecessarily.
THE SECRETARY OF STATE FOR FOREIGN AFFAIRS thought that the British embargo would be definitely unfair to Abyssinia if it were continued longer. It would be necessary, of course, to lift the embargo as regards Italy also. He had been glad to find that Mr. Lansbury shared this view.

THE HOME SECRETARY agreed.

THE HOME SECRETARY called attention to the fact that, once Italy had started war against Abyssinia, she would be entitled under international law to "visit and search" British ships for contraband – a deplorable situation. This would be quite apart from any question of blockades.

SIR WILLIAM MALKIN agreed. No question of blockades could arise as regards Abyssinia, which was a land-locked State.

THE SECRETARY OF STATE FOR FOREIGN AFFAIRS said that the present position as regards the British Mediterranean Fleet was that the Admiralty considered it very undesirable that it should remain at Malta. To move it to Gibraltar would be in the nature of a retreat, and the present plan was accordingly that it should move to Egyptian waters on August 29th. It might then be based on Alexandria and Haifa.

The Admiralty were considering the desirability of making this move earlier than August 29th.

There remained also for decision the question of the Home Fleet.

These were naturally matters for decision by the Cabinet. His colleagues might be interested to know that Sir Herbert Samuel had suggested that the Mediterranean Fleet should be strengthened.
THE LORD PRESIDENT OF THE COUNCIL thought it important that Italy should be given no excuse for saying that the British Fleet had gone to the Suez Canal.

THE SECRETARY OF STATE FOR FOREIGN AFFAIRS said that about 8 anti-aircraft guns/still remained to be sent to Malta, of those which it had been already decided to despatch. The reason was that the 900 men required to work the guns were Reservists and that their calling up might occasion alarm. This was a matter which would have to be decided by the Cabinet.

2, Whitehall Gardens, S.W.1.

22nd August, 1935.
APPENDIX.

ARTICLE 16 OF THE COVENANT OF THE LEAGUE.

THE terms of Article 16 are as follows:

"1. Should any Member of the League resort to war in disregard of its covenants under Articles 12, 13 or 15, it shall ipso facto be deemed to have committed an act of war against all other Members of the League, which hereby undertake immediately to sever the trade or financial relations, the prohibition of all intercourse between their nationals and the nationals of the covenant-breaking State, and the prevention of all financial, commercial or personal intercourse between the nationals of the covenant-breaking State and the nationals of any other State, whether a Member of the League or not.

2. It shall be the duty of the Council in such case to recommend to the several Governments concerned what effective military, naval or air force the Members of the League shall severally contribute to the armed forces to be used to protect the covenants of the League.

3. The Members of the League agree further, that they will mutually support one another in the financial and economic measures which are taken under this Article, in order to minimise the loss and inconvenience resulting from the above measures, and that they will mutually support one another in resisting any special measures aimed at one of their number by the covenant-breaking State, and that they will take the necessary steps to afford passage through their territory to the forces of any of the Members of the League which are co-operating to protect the covenants of the League.

4. Any Member of the League which has violated any covenant of the League may be declared to be no longer a Member of the League by a vote of the Council concurred in by the Representatives of all the other Members of the League represented thereon."

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