CABINET 52 (35).

Meeting of the Cabinet to be held in the Prime Minister's Room, House of Commons, on Monday, 9th December, 1935, at 6.0 p.m.

AGENDA.

THE ITALO-ABYSSINIAN DISPUTE.

(Reference Cabinet 51 (35) Conclusion 1).

Note by the Minister for League of Nations Affairs, covering a record of a conversation held in Paris on Saturday, 7th December, 1935, between the Secretary of State for Foreign Affairs and Monsieur Laval.

(C.P. 233 (35) - circulated herewith).

Note by the Secretary of State for Foreign Affairs, containing an account of the Paris Conversations, together with recommendations as to action to be taken.

(C.P. 235 (35) - circulated herewith).

Memorandum by the President of the Board of Trade regarding Oil Supplies for Italy.

(C.P. 236 (35) - circulated herewith).

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

2, Whitehall Gardens, S.W.1.

9th December, 1935.
CONCLUSIONS of a Meeting of the Cabinet held in the Prime Minister's room, House of Commons, on MONDAY, 9th DECEMBER, 1935, at 6 p.m.

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

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

The Right Hon. J. Ramsay MacDonald, Lord Chancellor.

The Right Hon. The Viscount Hailsham, Lord Chancellor.


The Right Hon. Malcolm MacDonald, 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. J.H. Thomas, 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. Ernest Brown, M.C., M.P., Minister of Labour.

The Right Hon. Neville Chamberlain, M.P., Chancellor of the Exchequer.


The Right Hon. A. Duff Cooper, D.S.O., M.P., Secretary of State for War.

The Right Hon. The Viscount Swinton, G.B.E., M.C., Secretary of State for Air.


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

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


The Cabinet held a Special Meeting to consider the following documents in connection with the Italo-
Abyssinian dispute:

A Note by the Minister for League of Nations Affairs (C.P.-233 (35)) covering a Record of a Conversation held in Paris on Saturday, December 7, 1935, between the Secretary of State for Foreign Affairs and M. Laval:

A Memorandum by the Secretary of State for Foreign Affairs (C.P.-235 (35)) giving an account of the Paris Conversations, together with urgent recommendations as to the action to be taken. Attached to the Memorandum was a note on Procedure, and suggested draft telegrams to Rome outlining proposals which the United Kingdom and French Governments proposed to submit to the Committee of Five at Geneva as a basis of negotiation for a settlement of the dispute:

A Memorandum by the President of the Board of Trade (C.P.-236 (35)) on the subject of oil supplies for Italy, annexing a memorandum by the Anglo-Iranian Oil Company and the Shell Group, which made it clear that the Companies do not consider that a voluntary limitation of shipments to Italy could be effected, and that in their view they would incur real risks in Italy if by their own voluntary action they endeavoured to restrict shipments. A Memorandum by the Petroleum Department of the Board of Trade was also attached, bringing up to date the information contained in Annex I to C.P.-218 (35).

A revised version of the Annexes to the note was circulated shortly before the Meeting.

The Prime Minister informed the Cabinet that the Meeting had been summoned at the request of the Secretary of State for Foreign Affairs. In a short letter (which the Prime Minister read to his colleagues) covering his Memorandum and its Annexes the Secretary of State had strongly recommended that his proposals should be adopted. The Prime Minister said that both the President of the Board of Trade and the First Lord of the Admiralty were absent through indisposition. The latter had informed him that he supported the recommendations of the Foreign Secretary.
The Minister for League of Nations Affairs asked the Cabinet to agree to two amendments to the proposed procedure. It had been arranged at the Paris conversations that Signor Mussolini should be informed in full of the proposals to be submitted to the Committee of Five at Geneva by the British and French Governments as a basis for discussion, and should be asked to agree to them in principle, and the Emperor of Abyssinia was to be notified in an appropriate form that this attempt at peace was being made and that the Abyssinians would have the fullest opportunity of explaining their position to it at the Committee of Five. As the new proposals went in some respects a good deal further than the earlier proposals of the Committee of Five, in so much as they involved exchanges of territory in the North, as well as in the South and East of Abyssinia, it seemed fairer to the Emperor to treat him exactly the same as Signor Mussolini and send him the whole proposals. His Majesty's Ambassador in Paris had agreed to this suggestion, and it was hoped that he and Sir Robert Vansittart (who was in Paris) would be able to arrange this with the French Government. A second point of procedure which, after mentioning it to the Prime Minister, he had asked Sir Robert Vansittart to arrange, was that, instead of postponing the Meeting of the Committee of Eighteen on December 12th, which the British and French Governments had no authority to do, the Meeting should take place as arranged and the British and French representatives should state that they were engaged on a peace effort and ask the Committee to refer the matter to the Committee of Five (Spain, the United Kingdom, France, Turkey and Poland). That, admittedly, increased the risk of leakage, but,
as the French had already allowed the proposals to leak out into their Press, this did not much matter. If the course he now proposed were adopted, the Committee of Eighteen would probably adjourn, and the question of the oil sanction would be postponed. The Minister for League of Nations Affairs then explained the Paris proposals with the aid of maps, which were handed round. He emphasised that the proposed exchange of territory in the North would be the hardest for the Emperor of Abyssinia to accept, but he would receive compensation in an outlet to the sea; and he pointed out the extent of the territory that it was proposed to include in the area for economic development, the whole of which, however, was non-Amharic. He added that he had received a personal message from M. Laval to the effect that at Geneva he would want to interpret the proposals as generously as possible for Signor Mussolini. He then added certain details of the proposals that he had gathered from Mr. Maurice Peterson, of the Foreign Office, who had been present at the Paris discussions. The Minister for League of Nations Affairs, while supporting the Foreign Secretary's proposals, felt bound to warn his colleagues that some features of the proposals were likely to prove very distasteful to some States Members of the League of Nations, including States represented on the Committee of Five. He mentioned also that M. Laval, while stating that France would honour her obligations to the League and its Member States in the event of an Italian aggression as the result of further sanctions, had made clear in the conversations that sanctions were unpopular to an important section of French public opinion. This, which had perhaps influenced the Foreign Secretary, raised doubts as to whether, in the event, active French co-operation could be relied on, particularly if Signor Mussolini should accept the proposal /but the Emperor of Abyssinia
should refuse. If the League of Nations as well as the Emperor should reject the proposals the French attitude was hard to forecast.

The proposals were discussed by the Cabinet at some length. It was recognised that if Italy, Abyssinia and the League should all accept the proposals as a basis for discussion the position would be satisfactory as conforming to the declared policy of the Government. If Italy and the League should accept, but Abyssinia should refuse, the position would be more difficult, as France would feel justified in refusing to cooperate in further sanctions or their consequences. If both the League and Abyssinia should reject the proposals, while Italy accepted them as a basis, the position would be one of uncertainty and difficulty. In that event the first thing to be done would be to try and negotiate for a more acceptable basis; but the possibility was recognised of an undesirable position arising in which the League was divided on the question of sanctions and of our having to decide whether we would still adhere to our recommendation of this proposal.

The Emperor, it was pointed out, was unlikely to give a definite acceptance of the proposal, even as a basis of discussion; he was likely at least to ask for an Italian withdrawal from occupied territory or an armistice — and that would raise the difficult question of whether the present economic sanctions could be maintained during an armistice. It was suggested that economic sanctions, once raised, could never be reimposed. These, however, were felt to be problems for the future.

Among criticisms of the actual proposals were that they were better for Italy than those of the Committee of Five: that it would be said that Italy's resort to force had gained her more than she could have
obtained otherwise: that the suggested Chartered Company was rather a dubious proposition: and that the sphere of economic exploitation for Italy was unduly extended. On the other hand the proposals fell a good deal short of what Signor Mussolini had demanded in the summer.

The question was raised as to why the proposals had not been sent to the League of Nations before they were sent to Italy, and whether this could not still be done. It was suggested that M. Laval had probably thought it more advantageous from the point of view of Signor Mussolini’s amour propre to send the proposals to him in the first instance. Proposals from the United Kingdom and France were far more likely to receive favourable consideration from Signor Mussolini than if they emanated from the League.

There were, it was suggested, obvious advantages in getting the assent of the two parties, if this could be done, before submitting proposals to the League, and everything possible should be done to secure this.

There was general agreement in the proposal of the Minister for League of Nations Affairs that the proposed peace terms ought to be communicated to Abyssinia at the same time as to Italy, and that the Emperor should be strongly pressed to accept them as a basis for discussion, or at least not to reject them. The fact that the terms had leaked out in the Paris Press made this indispensable. M. Laval’s agreement to a telegram to Abyssinia ought, it was urged, to be obtained the same evening, and our agreement in the draft telegram to Italy ought to be made conditional on his acceptance of this.

Towards the end of the discussion the Secretary of State for Air informed the Cabinet that, from such slight information as he had received by
telephone from Paris, the conversations on air co-operation were not proceeding very favourably.

The Cabinet agreed —

(a) To support the policy of the Secretary of State for Foreign Affairs as set forth in his Memorandum (C.P.-235 (35)) and the (amended) Annexes:

(b) To approve the modification of procedure proposed by the Minister for League of Nations Affairs with the object of securing the support of the League of Nations to the basis for discussion as soon as possible: that is to say, that the Meeting of the Committee of Eighteen at Geneva should take place on December 12th, as already arranged, and that the British and French Representatives should inform the Committee generally of the position and invite it to refer the examination of the peace proposals to the Committee of Five. Meanwhile it was assumed that the decision on the Oil Sanction would be adjourned:

(c) To authorise the Minister for League of Nations Affairs (in the absence of the Foreign Secretary) to despatch the (revised) draft telegram (annexed to C.P.-235 (35)) to Rome, provided that a similar telegram is sent by France and this country to Abyssinia:

(d) To ask the Minister for League of Nations Affairs to take immediate steps to obtain the agreement of the French Government to (c), and to point out to them that, as the proposed basis for discussion had leaked out in the French Press, it is impossible to make a communication to one party and not to the other:

(e) That, when the proposed basis is forwarded to Addis Ababa, a message should be sent to the British Minister asking him to do his best to induce the Emperor to accept, or at least not to reject it out of hand:

(f) That the Meeting of the Cabinet on Wednesday, December 11th, should be held at 10 a.m. in order to afford an opportunity for further discussion of these matters in the light of the latest developments before the departure of the Minister for League of Nations Affairs for Geneva.

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