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CABINET.**DISPUTE BETWEEN ITALY AND ABYSSINIA.****NOTE BY THE SECRETARY OF STATE FOR FOREIGN AFFAIRS.**

THE Cabinet will wish to have my views of the position. I am therefore sending them the following account of the Paris conversations together with my urgent recommendations as to the action which we should take. As a result of the length of the talks and the fact that I am leaving Paris to-night, I have dictated this memorandum in great haste. I hope none the less that the main features of the situation will be made clear in it to my colleagues. In any case I am sending Mr. Peterson with it to London in order that he should be available for the Cabinet or for any other discussions which may take place. As he has been present at all the conversations he is in full possession of the details of a complicated negotiation.

It was evident from the beginning that M. Laval was more anxious than ever for peace and that he was also very nervous as to the effect of the oil embargo upon Signor Mussolini.

My colleagues will see that he began with a statement as to the risks of the embargo. I thought it best before embarking upon a more detailed discussion of the oil question to raise with him at once the main issue of French military support in the event of an Italian "mad-dog" act. It will be seen in the account of the conversation that M. Laval gave me a satisfactory answer and implemented it by agreeing to immediate recourse between the General Staffs and Air Staffs in Paris and a continuation of the naval talks in London. His answer was more satisfactory and more categorical than might have been expected, and he repeated it in even more categorical terms before saying good-bye to me this evening.

There is considerable doubt both in the Embassy and outside as to whether in actual fact the military assistance would be forthcoming without a risk of internal disturbance. Whether the risk of such a contingency be great or small, the fact remains that there is such a risk, and that this being so, it is wise for us to avoid if we can the actual contingency.

Having dealt with the main issue we then proceeded to a long discussion of the basis of a possible settlement. The point that emerged most prominently was the practical impossibility of getting a negotiation even started unless we are prepared to make an arrangement that enables Italy to retain a part of the occupied territory of Tigre, including not only Adowa and Adigrat, but Makale. I took the responsibility of saying to M. Laval that, provided that the rest of the terms were reasonable and moderate, I saw no reason why we should not attempt to include an exchange of this territory in the exchange of territory that we are contemplating as a result of the cession of a port to Abyssinia.

We then proceeded to the question of the port. As we had not finished this part of the discussion and there were many issues that we had not begun even to consider, I agreed, very reluctantly from my personal point of view, to spend a further day in Paris. This decision obviously gave M. Laval and his colleagues great satisfaction and the extra time proved indeed to be indispensable.

Accordingly we began this discussion with the question of the port for Abyssinia and then proceeded to deal with the question of territorial rearrangement in the north and east and the question of economic concessions in the south and south-west.

Mr. Peterson will give a detailed account of the discussions. Suffice it for me to say that we eventually succeeded in reducing very greatly the scope of the territorial cessions. Indeed, we have now reduced them to frontier rectification in Danakil and Ogaden, and the exchange of a port, either Assab in Eritrea or Zeila, for the occupied territory in Eastern Tigre.

The result of this reduction is to make it more possible to extend the area in which we contemplate that Italy should be given an economic monopoly. I would point out to my colleagues that, provided that the economic monopoly is not another name for the transfer of sovereignty or the institution of a mandate, the bigger the area, the better is our answer to the Italian claim for colonial expansion and economic development.

As to the form of the economic monopoly we had a great deal of discussion, M. Laval pressing continually for what really amounted to a transfer of Abyssinian sovereignty. Eventually, however, we agreed that such a proposal would certainly be unacceptable to the League, and that this being so, the most that we could do was to recommend an economic monopoly over a specified territory—incidentally, non-Amharic territory—under the political supervision of the League organisation proposed by the Committee of Five for the whole of Abyssinia. Here, again, Mr. Peterson will describe the details of the kind of régime that we contemplate.

Put, therefore, in a sentence, the basis of our proposals is—

- (1) an outlet to the sea for Abyssinia;
- (2) in exchange for the outlet, the cession of some of the occupied territory in Tigre to Italy, and a frontier rectification in the east and south-east;
- (3) a large zone in the south and south-west, in which Italy, acting under the League, will have the monopoly of economic development.

Having provisionally agreed to this basis of negotiation, we then passed to the difficult question of procedure.

Here, again, after a long discussion, we have reached the following provisional recommendations:—

I. That we should, without further delay, take these proposals back to the Committee of Five. I pressed very strongly this proposal, as I was extremely reluctant to take an individual responsibility in place of what should be collective responsibility for the terms of an agreement. After some discussion, and much to my surprise and satisfaction, M. Laval agreed with my proposal.

The effect will be, if it is adopted, that the Committee of Five will meet on Thursday, and will receive from the French and ourselves a report upon very general lines of the basis that we propose. If the Committee approves of this basis, it can then either continue with the detailed negotiations itself or can delegate a further investigation of the details to the French and ourselves.

In the meanwhile, in order that Signor Mussolini should not think that we are settling the affair behind his back, and intending to hurl proposals at his head without any warning, I recommend that the British and French Ambassadors in Rome should, in identic language, give to him, preferably to-morrow afternoon, the formula annexed to this report. All that they should do is to give him the heads of the discussion upon which we are prepared to embark. M. Laval assured me in this connexion that he would use all possible pressure upon him to ensure his accepting this basis of discussion, and that, in the event of his refusing, M. Laval would make it perfectly clear that the oil embargo must proceed.

II. We also agreed that in an appropriate form we should let the Emperor know that we are making this attempt at peace, and that the Abyssinians will have the fullest opportunity of explaining their position to it at the Committee of Five. M. Laval was under the impression that Signor Mussolini would certainly wish to send a representative to the Committee of Five. If he does, so much the better.

III. As to the oil embargo, we both agreed that on no account could we make anything in the nature of a bargain with Signor Mussolini. We could, however,

make it clear to him that if the negotiations had not started satisfactorily, it would be impossible for the embargo to be delayed. If, however, the negotiations have so started and the procedure that I suggest has been adopted, M. Laval and I would contemplate the Committee of Five meeting on Thursday before, or instead of, the Committee of Eighteen. The Committee of Five would then take the responsibility of saying that negotiations had started, that they approved of the general principles upon which they were taking place, and that in these circumstances they advised that the Committee of Eighteen should not meet until a further opportunity had been allowed for the negotiations to succeed.

My colleagues will see that the advantage of this procedure is to put the responsibility of the adjournment of the oil question upon the Committee of Five, and to substitute for the meeting of the Committee of Eighteen a discussion in the Committee of Five in which it will be made plain whether or not the Committee approves of the line that we have been taking.

I own that I should be extremely glad if in this way we could get our very dangerous responsibility shared by the other members of the Committee.

Summing up the position, I would strongly recommend the action that I have described to the Cabinet, and that it should be taken at once. It is essential in my view that the communication about the basis of the negotiation should be confidentially communicated to Signor Mussolini at once. By this I mean to-morrow afternoon. The recommendations, in my view, have two great advantages. In the first place, they reduce the question of territorial cessions to a minimum. In the second place they bring back the League into the front of the picture and put the responsibility for the settlement where it should lie—upon the shoulders of the League rather than upon the French and ourselves.

(Initialled) S. H.

Paris, December 8, 1935.

ANNEX I.

PROCEDURE.

1. As soon as the British Government has given its final approval to the proposals drawn up by the two Ministers, the Ambassadors at Rome of the two Powers will receive instructions to communicate to Signor Mussolini *strictly confidentially* the outline of the proposals which the two Governments would submit to the Committee of Five.

Signor Mussolini will be invited to say urgently whether he accepts in principle this basis of negotiation, without prejudice to the result of the discussions which would take place before the Committee. He would be warned that, if this procedure was adopted, the Committee of Five could meet on the 12th December and that its meeting would take away the object of the meeting of the Committee of Eighteen.

Finally, Signor Mussolini would be invited to arrange for the collaboration of the Italian Government with the Committee of Five which was to meet on the 12th December.

2. On the 10th December (assuming that the communication suggested above could be made at Rome on the 9th) instructions would be sent to the two Ministers at Addis Ababa to inform the Emperor that the British and French Governments are seeking a solution by conciliation based upon the principles contained in the proposals made in September by the Committee of Five and accepted by Abyssinia.

The Emperor would further be informed that the Committee of Five would set to work on the 12th December and that the Abyssinian representative would be heard by the Committee.

3. It is necessary to make sure immediately that M. de Madariaga considers himself empowered to summon on his own initiative the Committee of Five.

4. If so, and if a favourable reply in principle is received from Signor Mussolini, M. de Madariaga will be asked to summon the Committee for the morning of the 12th December.

If M. de Madariaga considers it necessary to have a fresh mandate from the Council, it will be necessary as soon as the reply from Rome is received to call a meeting of the Council of the League of Nations.

ANNEX II.

SUGGESTED DRAFT TELEGRAM TO ROME.

Please make to Signor Mussolini jointly with your French (British) colleague the following urgent communication :—

Before the meeting of the Committee of Eighteen arranged at Geneva for the 12th December the United Kingdom and French Governments, anxious to see an early end put to the Italo-Abyssinian conflict, in the general interest by agreement between the parties, and in accordance with the invitation extended to them on the 2nd November at Geneva by the representatives of a large number of States members of the League of Nations to pursue their efforts of conciliation, have, in the course of the recent conversations between Sir Samuel Hoare and M. Pierre Laval in Paris, endeavoured to draw up the bases of an agreement. In this connexion they have referred to the efforts already made at Geneva and to the previous exchanges of views with the Italian Government, since they are anxious to take account of Italian aspirations in so far as these can be made compatible with the principles of the Covenant of the League of Nations and respect for Ethiopian sovereignty. They are convinced that the arrangement to be come to should be drawn up under the direction of the Committee of Five, which received from the Council of the League of Nations in September last its mandate of conciliation, and they have decided to make certain suggestions urgently to that Committee.

Before taking this step, however, M. Laval and Sir Samuel Hoare are anxious to make sure that Signor Mussolini would accept this basis of negotiation in principle without prejudice to the result of the discussions which would subsequently take place before the Committee. They have consequently decided to communicate to him at once, strictly confidentially, all the proposals which their Governments would propose to submit to the Committee of Five, and which are contained in the Annex to the present telegram. They hope that the reply of the Italian Government may reach them within a period which, in view of the imminence of the meetings at Geneva, will not exceed twenty-four hours. If, as they hope, this reply in principle is favourable, the French and United Kingdom Governments will immediately take the necessary steps in order that the Committee of Five may be called together on the 12th December. In that case the meeting of the Committee would take away the object of the meeting of the Committee of Eighteen which is fixed for the same day. Sir Samuel Hoare and M. Pierre Laval attach the greatest importance to learning at the same time from Signor Mussolini whether he is ready to arrange for the collaboration of the Italian Government with the Committee of Five.

Convinced that the Head of the Italian Government will appreciate the friendly spirit which inspires this communication, they address to him an urgent appeal that he should without delay take part in a negotiation for improving the international situation with the most favourable prospects.

SUB-ANNEX.

I.—*Exchanges of Territories.*

The Governments of Great Britain and France agree to recommend to His Majesty the Emperor of Ethiopia the acceptance of the following exchanges of territory between Ethiopia and Italy :—

(a) *Tigre*.—Cession to Italy of Eastern Tigre approximately limited on the south by the River Gheva and on the west by a line running from north to south passing between Axum (on the Ethiopian side) and Adowa (on the Italian side).

(b) *Rectification of Frontiers between The Danakil Country and Eritrea*, leaving to the south of the boundary line Aussa and the extent of Eritrean territory necessary to give Ethiopia an outlet to the sea to be defined below.

(c) *Rectification of Frontiers between the Ogaden and Italian Somaliland*.—Starting from the tri-junction point between the frontiers of Ethiopia, Kenya and Italian Somaliland, the new Italo-Ethiopian frontier would follow a general north-westerly direction, cutting the western Shebeli at Iddidole, leaving Gorahei to the east, Warandab to the west and meeting the frontier of British Somaliland where it intersects the 45th Meridian.

The rights of the tribes of British Somaliland to the use of grazing areas and wells situated in the territories granted to Italy by this delimitation should be guaranteed.

(d) Ethiopia will receive an outlet to the sea* with full sovereign rights. It seems that this outlet should be formed preferably by the cession, to which Italy would agree, of the port of Assab, and of a strip of territory giving access to this port along the frontier of French Somaliland.

The British and French Governments will endeavour to obtain from the Ethiopian Government guarantees for the fulfilment of the obligations which devolve upon them regarding slavery and arms traffic in the territories acquired by them.

II.—*Zone of Economic Expansion and Colonisation.*

The British and French Governments will use their influence at Addis Ababa and at Geneva to the end that the formation in Southern Ethiopia of a zone of economic expansion and colonisation reserved to Italy should be accepted by His Majesty the Emperor and approved by the League of Nations.

* For the alternative proposals for an outlet to the sea at Zeila, please see further draft telegram to Rome (Annex III).

The limits of this zone would be: on the east, the rectified frontier between Ethiopia and Italian Somaliland; on the north, the 8th parallel; on the west, the 35th meridian; on the south, the frontier between Ethiopia and Kenya.

Within this zone, which would form an integral part of Ethiopia, Italy would enjoy exclusive economic rights which might be administered by a privileged company or by any other like organisation, to which would be recognised—subject to the acquired rights of natives and foreigners—the right of ownership of unoccupied territories, the monopoly of the exploitation of mines, forests, &c. This organisation would be obliged to contribute to the economic equipment of the country, and to devote a portion of its revenues to expenditure of a social character for the benefit of the native population.

The control of the Ethiopian administration in the zone would be exercised, under the sovereignty of the Emperor, by the services of the scheme of assistance drawn up by the League of Nations. Italy would take a preponderating, but not an exclusive, share in these services, which would be under the direct control of one of the principal advisers attached to the Central Government. The principal adviser in question, who might be of Italian nationality, would be the assistant, for the affairs in question, of the Chief Adviser delegated by the League of Nations to assist the Emperor. The Chief Adviser would not be a subject of one of the Powers bordering on Ethiopia.

The services of the scheme of assistance, in the capital as well as in the reserved zone, would regard it as one of their essential duties to ensure the safety of Italian subjects and the free development of their enterprises.

The Government of the United Kingdom and the French Government will willingly endeavour to ensure that this organisation, the details of which must be elaborated by the League of Nations, fully safeguards the interests of Italy in this region.

ANNEX III.

Further Draft Telegram to Rome.

The bases of settlement which I am communicating to you also provide that Ethiopia shall receive, in full sovereignty, an outlet to the sea, and that this outlet should preferably consist of the cession of the port of Assab and of a strip of Eritrean territory giving access thereto.

Should this solution present objections which in your view might militate against the acceptance of our proposals, you may add that, failing such an arrangement, the Government of the United Kingdom and the French Government are prepared to facilitate Ethiopia's access to the sea in the manner which they stated to the Committee of Five.
