

London, July 27th, 1933

LEAGUE OF NATIONS

**MONETARY AND ECONOMIC CONFERENCE**

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REPORTS APPROVED BY THE  
CONFERENCE ON JULY 27th, 1933,  
and  
RESOLUTIONS ADOPTED BY THE BUREAU  
AND THE EXECUTIVE COMMITTEE

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## I. REPORT OF THE BUREAU

### I. PREPARATION OF THE CONFERENCE

1. The Powers which participated in the Lausanne Conference, on the conclusion of their work, undertook to decide upon "the measures necessary to solve the other economic and financial difficulties which are responsible for, and may prolong, the present world crisis". Consequently they decided to request the League of Nations to convene a Monetary and Economic Conference for this purpose, the agenda for which was to be drawn up by a preparatory commission of qualified experts.

2. The Council of the League of Nations, having decided at its meeting on July 15th, 1932, to comply with this request, set up a small Committee (Committee for the Organisation of the Conference) under the chairmanship of Sir John Simon, which was instructed to consider what practical steps should be taken.

3. As the result of decisions taken at that same meeting by the Council of the League of Nations, and on October 6th, 1932, by the Council's Committee of Organisation, the Preparatory Commission of Experts was finally set up as follows :

(a) One financial and one economic expert from each of the following countries :

Germany, Belgium, United Kingdom, China, United States of America, France, India, Italy and Japan.

(b) Six experts appointed by the Council of the League of Nations, belonging to the following nations :

For financial questions : Poland, Switzerland, Finland ;

For economic questions : Czechoslovakia, Hungary, Argentine Republic.

(c) Two experts appointed by the Bank for International Settlements.

(d) One expert representing the Rapporteur on financial questions to the Council of the League of Nations (Norway).

In addition, an invitation to take part in the work of the Preparatory Commission was issued to the International Labour Office, which appointed three delegates, and to the International Institute of Agriculture, which appointed one.

The participation of the United States of America was the outcome of a correspondence between the Government of the United Kingdom and the Government of the United States, in which it was stipulated that reparations, inter-governmental debts and specific tariff rates (as distinct from customs policy) should be excluded from the programme, whereas the problem of silver would be included among the monetary questions.

4. The Preparatory Commission of Experts met for the first time at Geneva from October 31st to November 7th, 1932, under the chairmanship of Dr. L. J. A. Trip, President of the Netherlands Bank and representative of the Bank for International Settlements. It met for the second time at the beginning of January, 1933. Its findings, embodied in a Draft Annotated Agenda which was to serve as the basis for the work of the Conference, were submitted on January 19th to the Chairman of the Committee of Organisation and forwarded a few days later in that form to the States invited to the Conference.

### II. INAUGURATION OF THE WORK OF THE CONFERENCE

5. His Majesty the King opened the work of the Conference at an inaugural meeting held on June 12th, 1933, at 3 p.m.

The Right Honourable Ramsay MacDonald assumed the Presidency, in accordance with a resolution requesting him to do so which the Council of the League of Nations adopted at its meeting on January 25th, 1933.

Sixty-seven States were invited to take part in the work of the Conference. Sixty-four complied with the invitation and sent representatives. In addition the following are taking part in its work in an advisory capacity : the Economic Committee, the Financial Committee, the Organisation for Communications and Transit of the League of Nations, the International Labour Office, the International Institute of Agriculture and the Bank for International Settlements.

### III. TARIFF TRUCE

6. Some weeks earlier the United States Government, at a meeting of the Committee of Organisation, had taken the initiative of proposing the institution of a tariff truce for the period of the Conference. At the time at which the Conference began its work, fourteen States had, subject to various reservations, acceded to that measure, thereby agreeing that they would not before June 12th, nor during the proceedings of the Conference, adopt any new

measures which might increase the many difficulties now adversely affecting international trade, subject to a right to withdraw from this agreement after 31st July on one month's previous notice. Forty-seven States afterwards acceded to the truce, making a total of sixty-one States, representing nearly 90 per cent. of the trade of the world.

#### IV. WORK OF THE CONFERENCE

7. At the first meeting, the Right Honourable Ramsay MacDonald, in assuming the Presidency of the Conference, outlined the general plan of the Conference's work on the basis of the Annotated Agenda drawn up by the Preparatory Commission of Experts.

His Excellency M. P. Hymans, delegate for Belgium, was appointed Vice-President by the Conference.

The Bureau of the Conference was set up and was composed of representatives of the following countries: Argentine Republic, the United Kingdom, Canada, China, Czechoslovakia, France, Germany, Hungary, Italy, Japan, Mexico, Netherlands, Spain, Sweden, Union of Soviet Socialist Republics, United States of America.

8. After seven plenary meetings, the general discussions closed on June 15th. The representatives of thirty-four States spoke, explaining the views of their country regarding the problems which the Conference was called upon to solve.

9. In order to pursue a method of work in consonance with the suggestions of the Preparatory Commission of Experts, the Conference set up two main Commissions, on each of which all the Nations were represented :

##### *Monetary and Financial Commission :*

President: The Honourable James M. Cox (United States of America); Vice-Presidents: H.E. M. G. Jung (Italy); Dr. Victor Kienböck (Austria); Rapporteur: H.E. M. Georges Bonnet (France).

##### *Economic Commission :*

President: H.E. M. H. Colijn (Netherlands); Vice-Presidents: M. C. V. Krogmann (Germany); H.E. M. Thomas Le Breton (Argentine Republic); Rapporteur: The Right Honourable Walter Runciman (United Kingdom).

10. After adopting at its first meeting, on June 16th, a programme of work, the Monetary and Financial Commission set up two Sub-Commissions :

(a) One to consider "*Immediate Measures of Financial Reconstruction*," with the following items on its agenda :

Credit Policy ;  
Price Levels ;  
Limitation of Monetary Fluctuations ;  
Exchange Control ;  
Indebtedness ;  
Resumption of International Lending.

(b) The other to consider "*Permanent Measures for the Re-establishment of an International Monetary Standard*", with the following items on its agenda :

Functions of Central Banks ;  
Co-ordination of their Policies ;  
Monetary Reserves ;  
Silver.

Whenever the need became apparent, each of these two Sub-Commissions appointed small sub-committees to study special problems or endeavour to harmonise divergent opinions with a view to framing draft resolutions to be submitted to it.

11. The Economic Commission divided up its programme of work as follows :

(a) *Commercial policy :*

Return to normal conditions of trade ;  
Progressive abolition of trade restrictions and foreign exchange control ;  
Tariff and treaty policy, including the régime of the most-favoured-nation clause.

(b) *Co-ordination of production and marketing :*

Wheat and other foodstuffs (sugar, wine, coffee, etc.); raw materials (coal, timber, etc.) ;  
Industrial and agricultural agreements, etc.

(c) *Measures other than Customs duties and prohibitions :*

Various measures coming under the heading of indirect protectionism ;  
Marks of origin ;  
Veterinary and phyto-pathological questions.

(d) *Direct and indirect subsidies (especially shipping subsidies).*

(e) *Public works.*

Sub-Commissions were set up in course for the study of the items of this programme, as well as a number of small Sub-Committees. Parallel with the work of the organs of the Conference negotiations were carried on between countries producing wheat on a large scale and ultimately extended to importing countries. Similarly, certain private international organisations created for the study of the production and marketing of certain products and raw materials were asked to co-operate with the competent organs of the Conference.

12. On the whole field of work, the common aim of all delegations was to find solutions of the problems which would constitute the basis of international conventions and agreements. When the major issues before the Conference were approached in this spirit, the negotiations rapidly revealed their close interdependence. A temporary understanding during the present period of uncertainty regarding exchange ratios was found to be an essential condition for the continuance of the discussion of the full programme of the Conference by all the delegations. In the absence of such an understanding at the moment, it was recognised as desirable to reconsider the programme of work with a view to selecting those questions on which discussions might most usefully proceed, and to deferring for the time being those which could not be solved until a greater degree of monetary stability had been secured. The Bureau accordingly requested the Committees to study their agenda with this object in view.

13. On the proposals of the two main Commissions of the Conference, it was decided, on July 6th and 11th, that the organs mentioned below should proceed with the following work :

(1) *Monetary and Financial Commission :*

(a) Sub-Commission I (Immediate Measures), to proceed in the first instance to the discussion of the subject of indebtedness.

(b) Sub-Commission II (Permanent Measures), to take up the resolution already adopted by its Sub-Committees on the co-operation of Central Banks and on the creation of Central Banks in certain countries where they do not as yet exist, and to pursue through its Sub-Committees the examination of the question of silver and any other subject on its agenda which might by general agreement be considered suitable for discussion.

(2) *Economic Commission :*

The following Commissions to continue their work :

(a) The Sub-Commission on Co-ordination of Protection and Marketing and its various Sub-Committees (wheat, sugar, wine, timber, coal, etc.) ;

(b) The Sub-Commission on Indirect Protectionism.

With regard to the Sub-Commission on Commercial Policy and the Sub-Commission on Subsidies, it was decided that reports should be prepared showing the different views which had emerged during the discussions, and establishing the position from which future work should proceed.

14. The reports relating to the above work are annexed hereto. They will be submitted to the Conference by the rapporteurs on financial and economic questions.

The ground has to a large extent been cleared and the way prepared for further constructive action. These documents clearly show the importance of the discussions which have taken place and the initial results obtained. Certain of these results have been incorporated in the form of unanimous resolutions which should constitute the basis of the final convention and recommendations of the Conference.

It should be pointed out that wheat was not dealt with officially. Protracted discussions, however, took place first between the exporting countries and then between those countries and the importing countries and it is hoped that these conversations may before long lead to concrete agreements.

## V. ARRANGEMENTS FOR THE FUTURE OF THE CONFERENCE

The Conference is recommended to entrust to its Bureau the task of organising the work to be carried out by the Committees in preparation for the resumption of the plenary meetings of the Conference and its main Commissions.

For this purpose the Bureau recommends the adoption of the following resolution :

The Conference,

Empowers the President, Vice-President and Bureau :

(1) To take whatever action they may consider likely to promote its success, whether by the convocation of any committee set up by the Conference or of representatives of States especially concerned in any particular problem or by the reference to experts for study of any special question ;

(2) To determine the date of the re-assembling of the Conference.

**ANNEX I**

**REPORT OF THE MONETARY AND FINANCIAL  
COMMISSION**

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President : The Honourable James M. COX (United States of America)

Vice-Presidents : H.E. M. Guido JUNG (Italy)

Dr. V. KIENBOCK (Austria)

Rapporteur : H.E. M. Georges BONNET (France)

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## I. REPORT BY H.E. M. GEORGES BONNET (FRANCE)

1. The Monetary and Financial Commission began work under the Presidency of Governor Cox on June 16th. It decided at its first meeting to adopt the Draft Annotated Agenda drawn up by the Preparatory Commission of Experts as the basis of its programme.

With a view to systematic study of its programme, the Commission divided into two Sub-Commissions. The first on "Immediate Measures for Financial Reconstruction", with H.E. M. G. Jung as President, had the following subjects on its agenda :

- Credit Policy ;
- Price Levels ;
- Limitation of Monetary Fluctuations ;
- Exchange Control ;
- Indebtedness ;
- Resumption of International Lending.

The second Sub-Commission on "Permanent Measures for the Re-establishment of an International Monetary Standard", with Dr. Kienböck as President, was charged with the study of the following points :

- Functions of Central Banks ;
- Co-ordination of their Policies ;
- Silver ;
- Gold Exchange Standard and other Means of economising Gold ;
- Distribution of Monetary Reserves.

All the countries represented at the Conference were entitled to take part in the work of the two Sub-Commissions, and representatives of the Financial Committee of the League of Nations and the President of the Bank for International Settlements were also invited to participate.

Further, each of the two Sub-Commissions entrusted the study of certain special problems and the drawing up of draft resolutions to small sub-committees as circumstances required.

2. A number of meetings were devoted by each of the Sub-Commissions to a detailed exchange of views on the general aspects of the questions forming their programme as outlined above. This initial work brought to light the inter-dependence of the majority of the problems involved, and the necessity for first settling certain fundamental questions which might pave the way to the agreements which it was the function of the Sub-Commissions to seek. It was, however, agreed after a full exchange of views that solutions of these fundamental problems on an international basis were for the moment impossible, and that in these circumstances it was better to postpone their discussion. The Sub-Commissions accordingly decided to concentrate on those points the discussion of which was likely to lead to immediate results, and in agreement with the Bureau of the Conference they modified their programme accordingly.

3. In these circumstances, they achieved the results which you will find embodied in the Reports they have prepared. These Reports have been adopted by the Monetary and Financial Commission and I, in my turn, have the honour to submit them to you for your approval (see Annexes 1 and 2).

4. The Sub-Commission I unanimously adopted the text of a resolution relating to indebtedness submitted to it by the Drafting Committee set up for the purpose. The adoption of this resolution was accompanied by interpretative explanations from the delegations of the Argentine Republic and the Dominican Republic.

The Sub-Commission I brings its Report to a close with the statement that the discussion of the other subjects on the Agenda did not proceed far enough to do more than outline the main problems to be solved. It adds that it will, however, be prepared to resume its task at a later stage.

5. The Sub-Commission II unanimously adopted the following five resolutions :

(a) A resolution relating to the return to monetary stability, the adoption of gold as an international monetary standard, its use for monetary requirements and the legal cover of Central Banks.

The Bulgarian delegation made a reservation with regard to this resolution.

(b) A resolution relating to the creation of Central Banks.

(c) A resolution relating to the need for close and continuous co-operation between Central Banks and to the part which might be played by the Bank for International Settlements in this connection.

(d) A resolution relating to the adaptation of the Central Banks of certain agricultural countries to the special economic conditions of those countries.

The Yugoslav delegation entered a reservation to this resolution.

(e) A resolution relating to silver, the adoption of which was accompanied by explanations from the Mexican delegation and an interpretation by the French delegation.

Sub-Commission II further mentions in its Report the communication made to it by one of its Sub-Committees regarding the general principles of the monetary policy of Central Banks. All the Governments represented on the Sub-Committee approved these principles, except the United States delegation, which considered discussion of the question at this time premature, it being understood that the Federal Reserve Banks would be glad to confer at an opportune time with other Central Banks on questions of this character to the extent that they were compatible with national policies.

With regard to the part of its agenda dealing with the gold exchange standard and other methods of economising gold, and the distribution of monetary reserves, Sub-Commission II was not able to complete its Report during the present session.

It took note, however, of a recommendation made to it by the Sub-Committee entrusted with the study of these questions, to the effect that the Bank for International Settlements would examine the problem of the gold exchange standard as soon as possible and would, in particular, consider how far it might be found possible to avoid some of the drawbacks which this system has revealed in the past. The Conference will certainly wish to endorse this recommendation.

6. The Conference will not fail to appreciate the importance of the results already obtained. It is, I think, reasonable to suppose that, when the future work of the Monetary and Financial Commission has led to the conclusion of wider agreements, these agreements will embody the principles which the resolutions adopted record.

Before concluding my report, I should like to draw the attention of the Conference to the extreme importance of the discussions which have taken place at the meetings of your Monetary and Financial Commission and of its various organs of enquiry and which could not be faithfully reflected in the resolutions submitted to you. The questions reserved for further study also gave rise to exhaustive discussions in which all those taking part were inspired by a sense of the grave nature of the task devolving upon this Conference and by a wish to reach solutions which would justify the hopes the whole world has set upon it. If your Commission has not on this occasion solved all the problems submitted to it, it feels sure that a way will soon be found to reconcile views which, differing as regards means, are identical as regards the ultimate aims. On the resumption of the general discussions, which the Bureau will be empowered to arrange for when the time comes, the real value of the substantial work done by your Monetary and Financial Commission at this first session will become fully apparent.

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## II APPENDICES

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### APPENDIX I

#### REPORT OF SUB-COMMISSION I: IMMEDIATE MEASURES FOR FINANCIAL RECONSTRUCTION

Chairman: H.E. M. Guido JUNG (Italy)

Following the appointment of the Sub-Commission on Immediate Measures for financial reconstruction by the Monetary and Financial Commission to consider the following questions—credit policy, price levels, limitation of currency fluctuations, exchange controls, problems of indebtedness, resumption of lending—the first meeting of your Sub-Commission was held on June 19th and five public sessions were held between June 19th and 21st, in which a general discussion took place on the questions of credit policy and price levels. A draft resolution was submitted by the United Kingdom delegation (document Conf. M.E./C.M.F.8) and a further resolution was proposed by the United States delegation (document Conf. M.E./C.M.F.14).

Four public sessions followed between June 22nd and 27th, in which a general discussion took place on the problems of indebtedness. Draft resolutions were submitted by the Hungarian and Roumanian delegations (documents Conf. M.E./C.M.F.13 and 15).

On June 27th, it was decided to appoint a Sub-Committee to make concrete proposals relating to the procedure to be adopted.

This Sub-Committee met the same day and decided to appoint two Drafting Committees to prepare resolutions, the first on the question of credit policy and the second on the problems of indebtedness.

The first Drafting Committee met on June 28th, and discussed a paper submitted by the United Kingdom delegation. However, the working of this Committee was deferred in view of certain events affecting the possibility of reaching, for the time being, full agreement on the terms of resolutions on the subject.

The general policy was reviewed by the Bureau of the Conference at its meeting on July 6th, when it requested each Sub-Commission to draw up as soon as possible a list of questions which, in the circumstances, could be usefully studied.

Your Sub-Commission held two public sessions on July 7th in connection with this request, and a proposal of the United Kingdom delegation that all the items on the agenda should be included in the list to be submitted to the Bureau was adopted by 25 votes to 15, with one abstention; 23 delegations were not present. Three of these subsequently expressed their adherence to the United Kingdom proposal.

On July 11th, the Bureau of the Conference decided to recommend that your Sub-Commission should proceed for the time being with the discussion on the problems of indebtedness. This task was confided to the second Drafting Committee appointed on June 27th, which held five private meetings between July 12th and 18th, and reported through the Chancellor of the Exchequer on July 20th to your Sub-Commission the following resolution, which was unanimously adopted:

1. The service of external debts is in different degrees an important item among the liabilities in the balance of payments of many countries and can only be assured if the debtor country can procure the necessary resources. The facility with which such resources can be procured in the present and in the future may depend on the revival of economic activity and credit. It would be assisted by a return to a reasonable degree of freedom in the movement of goods and services and the creditor countries in particular should co-operate to this end. It will also depend on the economic and financial policy adopted by the debtor country. In present conditions a solution of the problem of indebtedness may in certain cases be necessary for the re-establishment of equilibrium. It should not, however, be dealt with in such a way as to impair credit.

2. The conditions in the debtor countries vary considerably and it is not possible to lay down a uniform treatment applicable to all cases. But debtors should make every possible effort to meet the service of their debts and to fulfil their contracts. It is indispensable, indeed, for the restoration of credit that contracts should be respected in the absence of modifications agreed between the parties concerned.

3. When arrangements are recognised to be necessary care should be taken by all concerned to secure the maintenance of confidence. They should, therefore, be limited to those cases where they are unavoidable, be made directly between debtors and creditors and be based on the debtor's ability to pay. As regards State loans, it is in the interest of the creditors themselves to conclude arrangements of such a nature as will permit the adoption at the same time of a programme of economic and financial restoration by the debtor countries and its effective application.

4. It is desirable that in each of the countries concerned there should exist organisations in a position to represent the several classes of creditors in respect of foreign loans, including, in suitable cases, short as well as long term loans, and that such organisations should maintain such contact with one another as may be necessary to facilitate their proceedings. The Commission therefore recommends to the Governments of these countries that they should encourage the creation of and contact between organisations of this kind where they do not already exist, at such times and in such measure as action can in their view be usefully applied.

5. The question of intergovernmental debts lies entirely outside the field of discussion of this Conference.

The discussion of the other subjects on the agenda did not proceed far enough to do more than outline the main problems to be solved. Your Sub-Commission will however be prepared to resume in order that its task can be completed at a later stage.

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## APPENDIX 2

### REPORT OF SUB-COMMISSION II: PERMANENT MEASURES FOR THE RE-ESTABLISHMENT OF AN INTERNATIONAL MONETARY STANDARD

Chairman: Dr. V. KIENBÖCK (Austria)

1. On June 19th, the Monetary and Financial Commission decided to divide its work between two Sub-Commissions. Sub-Commission II, with which this report deals, was set up to consider Permanent Measures for the Re-establishment of an International Monetary Standard. The agenda proposed for the Sub-Commission was:

The Functions of Central Banks;  
The Co-ordination of their Policies;  
Monetary Reserves;  
Silver.

2. All the delegations at the Conference were invited to send representatives to the Sub-Commission. The representatives of the Financial Committee of the League of Nations and the President of the Bank for International Settlements were also invited to co-operate in its work.

Dr. V. Kienböck (Austria) was appointed President of the Sub-Commission.

3. At its first meeting (June 19th) the Sub-Commission took as the basis of its discussions a draft resolution submitted by the United States delegation (document Conf. M.E./C.M.F. 5), the second part of a proposal submitted by the Swiss delegation to Sub-Commission I (document Conf. M.E./C.M.F. 2), and the second part of proposals submitted by the Roumanian delegation on behalf of the Bulgarian, Latvian, Polish, Roumanian, Czechoslovak and Yugoslav delegations (document Conf. M.E./C.M.F. 4). It was decided to set up two Sub-Committees, one to deal with the question of silver and the second to deal with the technical monetary problems connected with the working of the gold standard. Senator Pittman presided over the former and Dr. Kienböck, and in his absence Mr. Postmus, over the latter.

4. At its second meeting on June 20th, the Sub-Commission unanimously adopted the following resolutions (document Conf. M.E./C.M.F.9) :

I. (a) That it is in the interests of all concerned that stability in the international monetary field be attained as quickly as practicable ;

(b) That gold should be re-established as the international measure of exchange values, time and parity being for each country to determine.

5. After private discussions and conversations among the delegations primarily concerned, the Sub-Commission, on July 20th, on the recommendation of the Sub-Committee on Silver, unanimously adopted the following draft resolution which was based on a draft submitted by the United States delegation :

Be it resolved to recommend to all the Governments Parties to this Conference

V. (a) That an agreement be sought between the chief silver producing countries and those countries which are the largest holders or users of silver, with a view to mitigating fluctuations in the price of silver ; and that the other nations not parties to such agreement should refrain from measures which could appreciably affect the silver market ;

(b) That Governments parties to this Conference shall refrain from new legislative measures which would involve further debasement of their silver coinage below a fineness of 800/1000.

(c) That they shall substitute silver coins for low value paper currency in so far as the budgetary and local conditions of each country will permit ;

(d) That all of the provisions of this Resolution are subject to the following exceptions and limitations :

The requirements of such provisions shall lapse on April 1st, 1934, if the agreement recommended in paragraph (a) does not come into force by that date, and in no case shall extend beyond January 1st, 1938 ;

Governments may take any action relative to their silver coinage that they may deem necessary to prevent the flight or destruction of their silver coinage by reason of a rise in the bullion price of the silver content of their coin above the nominal or parity value of such silver coin.

6. The Sub-Committee on Technical Monetary Problems began its work on June 21st, with a consideration of monetary gold reserves, taking as the basis of its discussion clauses (c), (d) and (e) of the draft resolution presented by the United States delegation (document Conf. M.E./C.M.F.5). Mr. Fraser, President of the Bank for International Settlements, was appointed rapporteur.

7. At the fourth meeting of the Sub-Commission held on June 28th, the following resolutions were presented (document Conf. M.E./C.M.F.19 (1)) :

I (c) That under modern conditions monetary gold is required not for internal circulation but as a reserve against Central Bank liabilities and primarily to meet external demands for payments caused by some disequilibrium on the foreign account. It is consequently undesirable to put gold coins or gold certificates into internal circulation.

(d) That in order to improve the working of a future gold standard greater elasticity should be given to Central Bank legal cover provisions ; for instance, in so far as the system of percentage gold cover is applied a minimum ratio of not more than twenty-five per cent. should be considered as sufficient ; similar elasticity should be achieved by appropriate measures where other systems are applied. However, such changes must not be taken as an excuse for unduly building up a larger superstructure of notes and credits ; in other words the effect of this resolution should be to increase the free reserve of Central Banks and thereby to strengthen their position.

These resolutions were unanimously adopted by the Sub-Commission with an amendment proposed by the Egyptian delegation that the word " minimum " should be inserted before " ratio " in draft resolution (d). The Bulgarian delegation while accepting the draft resolution (c) made the reservation that in present conditions its Government was unable to use its Central Bank's gold reserves to meet the disequilibrium on the foreign account because such a step would prove seriously prejudicial to public confidence in the note circulation.

The German delegation having proposed to insert the word "temporary" before "disequilibrium" in draft resolution (c), in order to make it clear that the resolution did not favour the use of Central Bank gold reserves to meet a permanent disequilibrium in the balance of payments, withdrew its proposal upon the Rapporteur explaining that the resolution did not mean that Central Banks of countries with a permanent deficit in their balance of accounts would have to be deprived of the whole of the gold in their possession and so compromise the internal note circulation.

8. The Sub-Committee on Technical Monetary Problems resumed consideration of the remaining items of its agenda on June 29th, dealing with co-operation among Central Banks. In this connection it took into consideration a proposal by the Roumanian delegation concerning the adaptation of the Central Banks of agricultural countries to the special conditions of those countries (document Conf. M.E./C.M.F.18).

9. On July 11th, the Bureau of the Conference adopted a resolution that—

The Monetary and Financial Sub-Commission II should take up the resolutions, already adopted by its Sub-Committees, on Central Banking co-operation and on the creation of Central Banks in certain countries where they do not now exist, and should pursue, through its Sub-Committees, the examination of the question of silver and any other subject on its agenda which may by general agreement be considered suitable for discussion.

10. In pursuance of the Bureau's resolution, the Sub-Commission met on July 14th, and unanimously adopted the three following resolutions (documents Conf. M.E./C.M.F.20, 21(1), 22):

II. The Conference considers it to be essential, in order to provide an international gold standard with the necessary mechanism for satisfactory working, that independent Central Banks, with the requisite powers and freedom to carry out an appropriate currency and credit policy, should be created in such developed countries as have not at present an adequate Central Banking institution.

III. The Conference wish to reaffirm the declarations of previous conferences with regard to the great utility of close and continuous co-operation between Central Banks. The Bank for International Settlements should play an increasingly important part not only by improving contact, but also as an instrument for common action.

IV. The Sub-Committee has taken note of the suggestions of the Roumanian delegation with a view to securing the adaptation of the Central Banks of certain agricultural countries to the special economic conditions of these countries and of the views expressed in the discussion thereof. The Sub-Committee feels that the local conditions in each country will to a very large extent determine the solutions to be adopted in this matter and suggests that if any countries desire advice on these questions in view of their technical character they might appropriately be considered by the international organisations specially competent to advise on these matters.

The Yugoslav delegation made a declaration accepting resolution IV, at the same time stating that the legal minimum cover should not be diminished below the percentage recommended by the Sub-Commission in resolution I (d).

11. The Sub-Commission held its final meeting on Monetary Problems on July 20th. The following resolution (document Conf. M.E./C.M.F.23) was communicated to it:

The Sub-Committee approves the annexed statement of general principles of Central Banks monetary policy which was laid before it.

(1) The proper functioning of the gold standard requires in the first place the adoption by each individual Central Bank of a policy designed to maintain a fundamental equilibrium in the balance of payments of its country. Gold movements which reflect a lack of such an equilibrium constitute therefore an essential factor in determining Central Bank policy.

(2) Gold movements so far as they seem to be of a more permanent character should normally not be prevented from making their influence felt both in the country losing gold and in the country receiving gold.

(3) While gold should be allowed freely to flow out of and into the countries concerned, Central Banks should always be prepared to buy gold at a publicly announced fixed price expressed in their currency, and to sell gold at a publicly announced fixed price, expressed in their currency, the latter at least when exchange rates reach gold points.

(4) Central Banks should obtain from their markets the fullest possible information concerning the demands that might be made upon their reserves.

(5) Since as already stated under (1) the proper functioning of the gold standard requires in the first place the adoption by each individual Central Bank of a policy designed to maintain a fundamental equilibrium in the balance of payments of its

country, the discretion of each Central Bank in regulating the working of the gold standard in its own country should remain unimpaired. Central Banks should, however, recognise that in addition to their national task they have also to fulfil a task of international character. Their aim should be to co-ordinate the policy pursued in the various centres in order to contribute towards the satisfactory working of the international gold standard system.

Moreover, they should endeavour to adapt their measures of credit regulation, as far as their domestic position permits, to any tendency towards an undue change in the state of general business activity. An expansion of general business activity of a kind which clearly cannot be permanently maintained, should lead Central Banks to introduce a bias towards credit restriction into the credit policy which they think fit to adopt, having regard to internal conditions in their own countries. On the other hand, an undue decline in general business activity in the world at large should lead them to introduce a bias towards relaxation.

In pursuing such a policy the Central Banks will have done what is in their power to reduce fluctuations in business activity and thereby also undue fluctuations in the purchasing power of gold.

(6) With a view to arriving at an agreed interpretation of the data revealing the tendency of developments in general business activity, and at an agreed policy, Central Banks should consult together continuously, each Central Bank in case of difference of opinion, acting on its own judgment of the situation. The Bank for International Settlements constitutes an essential agency for Central Bank action designed to harmonise conflicting views and for joint consultation. This instrument should continue to be employed, as far as possible, for the realisation of the principles set forth in the present note. It should continuously examine the application of the principles of the working of the gold standard and study such modifications thereof as experience may prove desirable.

Agreement on the resolution was reached by all governments represented at the Sub-Committee on Technical Monetary Problems, except that of the United States of America, which considered discussion of the question at this time premature, it being understood that the Federal Reserve Banks would be glad to confer at an opportune time with other central banks on questions of this character to the extent that they are compatible with national policies.

The Sub-Commission further took note of a report from the Sub-Committee on Technical Monetary Problems concerning the remaining subjects on its agenda, including a draft resolution submitted by the Irish Free State delegation (document Conf. M.E./C.M.F.12). The report was as follows:

The Committee has not been able during the present session to complete its report on the section of the Annotated Agenda dealing with the gold exchange standard, with other methods of economising gold and with distribution of monetary reserves.

As regards the gold exchange standard, the Committee recommends that the Bank for International Settlements should as soon as possible proceed to a study of the question and particularly that it should examine to what extent it will prove possible to avoid certain of the defects which this system has revealed in the past.

12. The Sub-Commission was asked to clarify the permanent principles of monetary policy that ought to be pursued in future. It is satisfactory to note that it has achieved a measure of success in this task since it has proved possible to reach full agreement on certain important problems. This may be seen from the text of resolutions approved. The same unanimity was evident also in regard to the necessity of central bank co-operation. Finally it should be stated that the important task which the Bank for International Settlements must discharge in the future was fully recognised.

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**ANNEX II**

**REPORT OF THE ECONOMIC COMMISSION**

President : H.E. M. H. COLIJN (Netherlands)

Vice-Presidents : M. C. V. KROGMANN (Germany) ; H.E. M. Thomas LE BRETON  
(Argentine Republic)

Rapporteur : The Right Honourable Walter RUNCIMAN (United Kingdom)

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## I. REPORT BY THE RIGHT HONOURABLE WALTER RUNCIMAN (UNITED KINGDOM)

The work of the Economic Commission opened with a general discussion which revealed the necessity of dividing up the vast material with which the Commission had to deal into specific groups of questions as follows :

(a) *Commercial Policy*, including :

- (1) Return to normal conditions of trade ; gradual abolition of restrictions upon the exchange of goods and of foreign exchange control, etc.
- (2) Tariff and treaty policy, including the régime of the most-favoured-nation clause.

(b) *Co-ordination of Production and Marketing* :

Wheat and other foodstuffs (sugar, wine, coffee, etc.) ; raw materials (coal, timber, etc.) ; industrial and agricultural agreements, etc.

(c) *Measures other than Customs Duties and Prohibitions* :

- (1) Various measures grouped together under the designation of " indirect protectionism".
- (2) Veterinary and phyto-pathological measures.
- (3) Marks of origin.
- (4) Direct and indirect bounties, in particular, shipping subsidies.

The Economic Commission set up three Sub-Commissions to study these three groups of questions.

(d) *Public Works* : The Commission itself dealt with the question of public works.

### AD (a) COMMERCIAL POLICY

Chairman : M. C. V. KROGMANN (Germany)

As regards restrictions upon the importation of goods, the discussions of the Sub-Commission have shown that all delegations are prepared in principle to support the gradual abolition of these restrictions subject to the provisos mentioned in the Report (Annex 1).

The debates on tariff policy have also shown that the various countries unanimously consider a lowering of the excessive tariffs as absolutely indispensable. Although the methods advocated by the various delegations in order to attain this end differ, the discussions have nevertheless made it clear that in all countries tariff disarmament is regarded as essential if international trade, which is contracting more and more is to be revived.

The régime of the most-favoured-nation clause was likewise the subject of very keen discussions. This régime has also been shaken by the effects of the economic depression ; it is therefore not surprising that the traditional interpretation of this clause raises serious difficulties in the present crisis. In the Sub-Commission, several delegations voiced the desire that the rigidity of the clause should be relaxed by the recognition of certain new exceptions. There was not sufficient time, however, for the Sub-Commission to reach definite conclusions in this matter.<sup>1</sup>

### AD (b) CO-ORDINATION OF PRODUCTION AND MARKETING

Chairman : H.E. M. Thomas LE BRETON (Argentine Republic)

This Sub-Commission had at first occupied a comparatively modest place among the great problems to be discussed ; it developed, however, beyond even the limits originally contemplated. It was directed to meeting a deeply felt want, for one after another the delegations interested in certain important branches of production asked that the latter should form the subject of a special study. The Sub-Commission's task became increasingly complicated and more and more Sub-Committees were set up.

Naturally, they could not hope, in the short time that remained to them, to reach precise and definite agreements concerning the products under consideration. Thanks, however, to the goodwill of the members of the Sub-Commission, it has been possible in almost all cases to make satisfactory progress. In this list of products, including not only the principal agricultural commodities, but also some important raw materials, it was only possible to organise so vast and complicated an inquiry in so short a time owing to the obvious desire for such an inquiry of the producers themselves, represented by the delegations concerned.

There was, in short, an impression that this examination of possibilities of agreement would enable the evil to be attacked at the root and would prepare the ground for a useful resumption of the discussions on general problems which had been temporarily suspended.

But at the same time, it was recognised that there are serious difficulties in proceeding from the laying down of general principles to their practical application, especially as it was necessary to bring together the interests of producing and of consuming countries.

<sup>1</sup> At the last meeting of the Economic Commission, the United States delegation brought forward a suggestion for the further development, during the recess and later stages of the Conference, of a programme on Commercial Policy. The text is reproduced in Appendix 6.

Furthermore, opinion is divided as to whether, in normal times, the framing of agreements regulating production and trade is in principle desirable, but it seems obvious that the exceptional period through which we are passing may call for exceptional remedies. Consequently several delegations have insisted on the necessity of avoiding giving the impression that the adoption of measures to co-ordinate production can be defended except as a temporary expedient employed in abnormal circumstances.

In the existing situation of the Conference the progress which this Sub-Commission has achieved undoubtedly represents one of the most useful contributions which could be made to the scheme for economic recovery. M. Le Breton's report, with its numerous annexes concerning the different products studied, will give a precise idea of the work done.

#### AD (c) (1 to 3) MEASURES OTHER THAN CUSTOMS DUTIES AND PROHIBITIONS

Chairman: M. SUTENS (Belgium)

##### 1. *Various measures grouped under the heading of indirect protectionism.*

The term indirect protectionism covers the most diverse and variable measures. For several years, a very large number of cases have been exhaustively studied by the Economic Committee of the League of Nations with the co-operation of the national administrations and of qualified experts.

As regards this extremely complicated and elusive question, the Sub-Commission considered that it was more practical to direct its efforts towards finding a general formula to be embodied in commercial treaties. It is of opinion that the adoption of an equitable treatment clause would form the simplest and most effective means of meeting the difficulties constantly arising in the sphere of indirect protectionism.

Finally, the Sub-Commission recommends the convening of a special Conference at an appropriate date on the basis of the work already accomplished by the Economic Committee of the League of Nations, in respect of certain customs formalities.

##### 2. *Veterinary and phyto-pathological measures.*

As regards *veterinary* measures, the Sub-Commission recommends that the draft conventions prepared by the Economic Committee of the League of Nations should be submitted to an international diplomatic conference and that the work being carried out under the auspices of that Committee, in particular that relating to the trade in meat and livestock, should be continued and extended.

In regard to *phyto-pathological* questions, and especially the problems raised by the control of the importation and exportation of plants and vegetable products, the Sub-Commission requests the International Institute of Agriculture to undertake certain work.

It also provides for the adoption of certain principles designed to ensure better international co-operation in these two fields.

##### 3. *Marks of Origin.*

Although on this important question the efforts of the Sub-Commission did not lead to the establishment of a draft agreement which could be unanimously accepted, it is nevertheless satisfactory to note that the Sub-Commission considers it possible to achieve substantial progress by means of an international agreement. Agreement was reached on a number of important points and the Sub-Commission asks the Bureau of the Conference to provide for the continuation of its work.

#### AD (c) (4) BOUNTIES AND SUBSIDIES

Chairman: Dr. E. L. BURGIN (United Kingdom)

The influence which many categories of bounties and subsidies may exercise on international economic relations was not contested in the Sub-Commission. Among such measures shipping subsidies were subjected to a particularly close study on account of their effect upon the organisation of maritime shipping and the freight market.

Several delegations belonging to countries which are of special importance from the point of view of maritime shipping were of opinion that a discussion regarding the possibility of regulating this matter could only be usefully pursued when the special circumstances which had led to the adjournment of part of the Conference's work had disappeared.

In these circumstances, the Sub-Commission has decided merely to submit a summary of its work, which will serve as a useful basis for subsequent discussions.

#### AD (d) PUBLIC WORKS

An examination of this question by the Economic Commission had to be postponed at the express request of the representatives of the International Labour Office, who were kept at Geneva until the end of June by the International Labour Conference.

As the problem of public works has both economic and financial aspects, it had been understood from the beginning of the Conference that it was to be considered by a sub-committee to be set up by the Economic Commission and the Monetary and Financial Commission.

The Economic Commission examined this question in the presence of representatives of the International Labour Organisation and the Organisation for Communications and Transit of the League of Nations. It has not been able, however, to set up a sub-committee for this purpose since the Monetary and Financial Commission has for its part not yet been able to consider this problem.

The Economic Commission recommends that the Bureau of the Conference appoint this sub-committee, which should be composed in such a way that due regard would be had both to the economic and social and to the financial aspects of the matter and convene it as soon as circumstances permit (see letter of the President of the Commission to the President of the Conference, Appendix 5).

In addition, the American delegation submitted a proposal to the Economic Commission advocating a reduction of hours of work and the introduction of a scale of wages rising in proportion to the increase in production. The Commission proposes to refer this question to the sub-committee, the appointment of which it is recommending to the Bureau, in order to consider the problem of public works and other means of reducing unemployment.

## II. REPORT BY H.E. M. THOMAS LE BRETON (ARGENTINE REPUBLIC) ON THE WORK RELATING TO THE CO-ORDINATION OF PRODUCTION AND MARKETING

### A

The Sub-Commission had before it a proposal by the French delegation (document Conf. M.E./C.E.18) which had asked the Conference to examine the possibility of agreements between Governments on certain products for which the intervention of the latter appeared to be necessary.

It was therefore confronted with a vast plan of action and, in order to prepare the ground, it was anxious to begin by a discussion of the general principles which should govern the agreements to be concluded with a view to a readjustment of supply and demand. Extreme caution is necessary in regard to such matters: any mistake in application might bring about the opposite results to those desired.

A plan submitted by the United Kingdom delegation (document Conf. M.E./C.E.17) defined the conditions which all schemes of this nature should fulfil, all of them resting on the fundamental idea of the necessity of obtaining a carefully balanced proportion. It was exhaustively discussed and the Sub-Commission, taking into account the observations made by various delegations, arrived at the following test, which in view of its importance I here reproduce in full (document Conf. M.E./C.E.33):

1. In order to assist in the restoration of world prosperity, it is essential to increase the purchasing power of the producers of primary products by raising the wholesale prices of such products to a reasonable level.

2. In the exceptional conditions of the present world crisis, concerted action is required for this purpose. Apart from any other measures that may be taken to restore the purchasing power of producers and consumers and thus to increase demand, it is desirable that plans should be adopted for co-ordinating the production and marketing of certain commodities.

3. Any agreements to give effect to such plans should conform generally to the following conditions:

(a) The commodity must be one of great importance for international trade in which there is such an excess of production or stocks as to call for special concerted action.

(b) The agreement should be comprehensive as regards the commodities to be regulated, that is, it should not be so narrowly drawn as to exclude related or substitute products, if their inclusion is necessary or desirable to ensure the success of the plan.

(c) It should be comprehensive as regards producers, that is:

(i) it should in the first instance command a general measure of assent amongst exporting countries, and within these countries a substantial majority of the producers themselves:

(ii) where necessary or desirable for the success of the plan, it should provide for the co-operation of non-exporting countries whose production is considerable.

(d) It should be fair to all parties, both producers and consumers, it should be designed to secure and maintain a fair and remunerative price level, it should not aim at discriminating against a particular country, and it should as far as possible be worked with the willing co-operation of consuming interests in importing countries who are equally concerned with producers in the maintenance of regular supplies at fair and stable prices.

(e) It should be administratively practicable, that is, the machinery established for its administration must be workable, and the individual Governments concerned must have the power and the will to enforce it in their respective territories.

(f) It should be of adequate duration, that is, it should contain provisions for its continuance for such a period as to give assurance to all concerned that its objects can be achieved.

(g) It should be flexible, that is, the plan should be such as to permit of and provide for the prompt and orderly expansion of supply to meet improvement in demand.

(h) Due regard should be had in each country to the desirability of encouraging efficient production.

## B

The details of the agreements to be concluded could obviously be settled only by the countries concerned. The Sub-Commission considers, however, that it has facilitated the conclusion of such agreements by unanimously approving the principles on which they should be based. Although, however, these principles have received unanimous support, I would point out that several delegations have strongly emphasised the necessity of not prejudicing the future of the consuming countries, and in particular those which lack raw materials.

Moreover, the discussions of the Sub-Commission have given prominence to two ideas to which attention should be drawn :

The attempts made hitherto to organise certain special branches of production have rarely been successful, but it was observed that such attempts were isolated and remained within the ambit of a single category of producers and consequently were completely at the mercy of the opposing interests concerned.

Within this Conference, on the other hand, such attempts are considered as so many parts of a concerted scheme intended to give fresh impetus to economic life. It follows that, while taking most careful account of the opinion of those directly concerned, without whose sincere co-operation it is very difficult to operate schemes of this kind satisfactorily, the Governments seem called upon to consider these schemes.

It has been pointed out that their direct intervention may even, in certain cases be necessary, provided always that it may, and perhaps should, have a purely temporary character.

## C

The choice of products towards which the first effort at organisation was directed, was to depend on two conditions :

- (1) The greatest possible number of producers were to be included ;
- (2) The product must lend itself as much as possible to international regulation.

The French delegation proposed to examine and conclude Government agreements on the best way of regulating the production of and trade in the following products : *Wheat, Wine, Timber, Cotton, Wool, Coal, Copper, Silver.*

The list of these products was supplemented by *Sugar* at the request of Cuba and the Netherlands, *Coffee* at the request of the Brazilian delegation, *Cocoa* at the request of the delegates of Ecuador and Venezuela, *Tobacco* at the request of the delegates of Bulgaria, Greece and Turkey, *Dates* at the request of the delegation of Iraq, *Tin* at the request of the United Kingdom delegation and the delegation of the Netherlands. *Silver* was placed on the agenda of a special Sub-Committee of the Monetary Commission.

A memorandum explaining the agreement recently reached on *Tea* has also been laid before the Sub-Committee.

In the case of *Wool* there was no question of any measures affecting production, but only of a lowering of customs tariffs, and it seemed that in these circumstances the question came within the terms of reference of the Sub-Commission on Commercial Policy.

The same applied to *Dates*.

As regards *Tobacco*, the demands of the tobacco producing countries also refer mainly to the question of customs duties. At Geneva, meetings organised by the Commission of Enquiry for European Union had already considered the problem of tobacco grown by Greece, Turkey and Bulgaria. The Sub-Commission for the Co-ordination of Production, to which no definite proposals had been submitted, was not able to examine the possibility of an agreement between European and extra-European producers.

For lack of time the question of cotton was not touched upon.

The Sub-Commission proceeded to examine each of the other products on the list. In many cases it set up special smaller Sub-Committees to deal with a particular article. The countries specially concerned with that article were represented on the Sub-Committee together with other countries which represented the consumer's interests.

The results obtained by the Sub-Commission for each of the products under consideration, are enumerated below :

D

(a) FOODSTUFFS

1. *Dairy Products*

The International Institute of Agriculture has been requested to make a preliminary study of the question in agreement with the International Agricultural Commission, the International Dairy Federation, and the Economic Committee of the League of Nations.

2. *Sugar*

The Bureau of the Conference has been requested to keep in touch with the International Sugar Council and with the countries concerned and to summon, when it thinks it expedient, a further meeting in order to bring about the conclusion of a general agreement.

3. *Wine*

The International Wine Office is instructed to follow in co-operation with the Economic Committee of the League of Nations and the International Institute of Agriculture, the various points of the plan drawn up by the Sub-Committee.

4. *Coffee*

Suggestions and proposals of the exporting countries with a view to the co-operation of production and marketing, and possibly for the organisation of some international body, to be submitted to the Secretary-General of the Conference.

5. *Cocoa*

The chief cocoa-producing countries have been invited to submit to the Secretary-General of the Conference their opinions and proposals with a view to summoning a subsequent meeting.

(b) RAW MATERIALS

1. *Timber*

As useful negotiations are in progress discussion has been adjourned until the beginning of October, 1933, when a further meeting may be arranged.

2. *Coal*

The competent organisation of the League of Nations will follow this work and ensure that all interests have been safeguarded. The Council of the League of Nations is requested to call a Conference of the principal producing and consuming countries to examine the measures to be taken if this effort has not within six months given the desired results.

3. *Copper*

The Governments of the copper-producing countries are invited to submit before September 15th to the Secretary-General of the Conference their views and proposals concerning the organisation of the production and international trade in copper with a view to the summoning of a meeting to examine whether it is desirable and possible to conclude an agreement.

4. *Tin*

It has been recommended that the countries which are not members of the International Tin Commission, should enter into negotiations with that Commission.

### III. APPENDICES

#### APPENDIX 1

##### REPORT OF SUB-COMMISSION I: COMMERCIAL POLICY

(Revised text taking into consideration the observations of the Belgian, Estonian, Hungarian, Latvian, Lithuanian, Persian, Polish and Union of Soviet Socialist Republics delegations.)

The terms of reference conferred upon the Drafting Committee of Sub-Commission I by the Bureau of the Conference are worded as follows :

“ In order not to lose the benefit of all the discussions which have taken place up to now in this Sub-Commission we suggest that a Drafting Committee of this Sub-Commission should be appointed to embody in a report the different ideas and different points of view which have manifested themselves during the debates. This document will form a valuable basis when the discussion can be resumed.”

In accordance with these terms the Drafting Committee has prepared the following report :

#### I

##### GENERAL OBSERVATIONS

1. The Sub-Commission set up to study the problem of Commercial Policy has, in the course of its discussions, considered two fundamental questions :

- (a) Abolition and reduction of quantitative restrictions to the exchange of goods and progressive restoration of normal exchange ;
- (b) Tariff policy and the most-favoured-nation clause.

2. It should be stressed at the outset that the hypothesis on which the whole work of the Sub-Commission was based was the stabilisation, or at any rate the *de facto* stability, of currencies. When events showed that this hypothesis could not be realised, at any rate at the moment, several countries, in view of the fluctuations in the exchanges, deemed it necessary to reserve full liberty of action in the matter either of quantitative restrictions, or foreign exchange control or customs tariffs.

Other delegations were of opinion that it would be expedient to endeavour to draw up a positive and constructive programme, indicating the measures which they were prepared to take in the sphere of commercial policy when stability had been achieved. This divergence of opinion made unanimous agreement impossible.

#### II

##### QUANTITATIVE RESTRICTIONS TO THE EXCHANGE OF GOODS

All the delegations are agreed that these restrictions, whether direct or indirect, must disappear as soon as possible. Reservations have, however, been made by some delegations in regard to the maintenance of quotas for agricultural products until such time as sufficient progress has been made in the international co-ordination of production. In this connection, other delegations representing agricultural countries declared that their countries could not abolish the import prohibitions imposed on manufactured articles so long as other countries found it necessary to maintain restrictive measures on the import of agricultural produce.

Certain delegations have expressed the opinion that the maintenance or introduction of certain restrictions may be necessary as a means of carrying out concerted programmes for the co-ordination of production and marketing.<sup>1</sup>

Various proposals have been submitted :

1. The unconditional and complete abolition within the shortest possible time of all import prohibitions and quotas and of any other arbitrary restrictions ;
2. The concurrent abolition of import quotas and exchange control by the simultaneous conclusion of two general conventions so framed as to establish a progressive parallelism between their effects ;
3. The conclusion of a convention based on the text of the 1927 Convention for the Abolition of Prohibitions and Restrictions of Imports and Exports, so modified as to adapt it to present circumstances (in particular, a transitional system and a 100 per cent. quota system would be introduced) ;
4. The conclusion of an immediate truce to restrictive measures was also advocated.

<sup>1</sup> The Persian delegation would like to draw attention to the observations reproduced in document Conf. M.E./C.E.16. In this document, the Persian delegation stated that in view of the various circumstances and especially in view of the economic régime which prevails in one of the neighbouring countries with which Persia has important commercial relations, the Persian Government has been forced to take adequate measures for the protection and development of its new industries and for the safeguarding of the vital interests of the country.

The Sub-Commission began the study of a draft agreement of principle for the Return to Normal Conditions of Trade which was prepared on the basis of the discussions on this question. Consideration of this draft did not, however, go beyond the Preamble, and the General Undertaking, the final text of which has not yet been determined (document Conf. M.E./C.E./Comité de Rédaction I and Addenda 1, 2 and 3) since certain delegations made their undertaking contingent not only upon the *de facto* stability of currencies, but also on the progress made in the restoration of the monetary and financial situation, and with regard to exchange control, the organisation of the production of certain commodities, excessive tariffs and indirect protectionism in its various forms.

### III

#### TARIFF POLICY AND THE MOST-FAVOURLED-NATION CLAUSE

##### A. *Tariff Policy*

The problem of tariff policy has been discussed by the Sub-Commission.

The need and urgency of reducing excessive customs tariffs were unanimously admitted. Views differed, however, as to the best means of effecting this tariff disarmament.

It should be noted that some delegations held that before tariffs are reduced, the present customs truce should be prolonged, but made stricter; that is to say, it should not be subject to the reservations which make it almost inoperative. Other delegations were opposed to this suggestion, being of the opinion that the truce favours countries which have hedged themselves round with a policy of exclusive nationalism.

With regard to the actual means by which the problem of tariff demobilisation should be attacked, three different points of views have been voiced in the Sub-Commission.

- (1) A collective or general convention could alone attain the desired result;
- (2) Customs duties could only be lowered by the conclusion of bilateral treaties;
- (3) No method should be excluded; that of a general convention and that of bilateral treaties might be adopted concurrently.

Among the countries which are in favour of a collective or general convention, some consider that tariffs should be gradually reduced by uniform annual percentages (principle embodied in the Ouchy Convention).

Those delegations which recommend bilateral treaties, on the other hand, argue that a horizontal reduction of customs tariffs would not be equitable since it would penalise countries with moderate tariffs and would take no account of the special situation of each country. It would also disturb the balance of the general system of customs tariffs.

##### B. *The Most-favoured-Nation Clause*

This problem has also been studied by the Sub-Commission especially from the point of view of the exceptions that might be allowed in order to make its application more elastic and better suited to present conditions.

There was a general opinion in favour of the maintenance of the most-favoured-nation clause, in its unconditional and unrestricted form—naturally with the usually recognised exceptions—stressing the points that it represents the basis of all liberal commercial policy; and that any general and substantial reduction of tariffs by the method of bilateral treaties is only possible if the clause is unrestricted, and that this method would avoid the constant resumption of negotiations.

However, certain delegations manifested a strong tendency in favour of allowing new exceptions in addition to those hitherto unanimously admitted, on the ground that, although the unconditional and unrestricted most-favoured-nation clause does, under normal conditions, secure for trade the indispensable minimum of guarantees and prevents arbitrary and discriminatory treatment, if insisted upon with too great rigidity, it may obstruct its own purposes in a period of crisis and difficulty such as we are now passing through.

As regards the nature of these exceptions, opinions differed very widely, and the following recommendations were made:

An exception in favour of collective conventions for the reduction of economic barriers, open to all countries.

An exception in favour of agricultural products;

An exception in favour of agreements arising out of historic ties between certain countries, subject to a favourable opinion by the Council of the League of Nations;

An exception in favour of agreements binding only those countries which undertake to accept a certain regime and to maintain a certain standard of living for their population;

An exception in favour of the agreements contemplated at Stresa and in favour of regional and collective agreements concluded under the auspices of the League of Nations;

An exception based on reciprocity and equitable treatment.

A request was also made to examine the possibility of special temporary agreements between creditor and debtor States in order that the latter might be enabled to discharge their debt services in goods.

The Sub-Commission has not had time to ascertain the views of the different delegations in regard to the above proposed exceptions.

\*  
\* \* \*

Specific proposals on tariff policy have been submitted by the Cuban delegation (bases of a convention with a view to preventing tariff wars, document Conf. M.E.6) and by the Roumanian delegation (document Conf. M.E./C.E.57). Further, a draft Economic Charter submitted personally and in his own name by M. Clavier, a member of the Persian delegation, has been distributed to the Conference at the request of the Persian delegation (document Conf. M.E.12).

#### IV

##### OTHER PROPOSALS

The Soviet delegation has submitted two proposals, the first for a *Pact of Economic Non-Aggression* (document Conf. M.E./C.E.15) and the second regarding the question of *extending the import possibilities of various countries and of the conditions on which such extension would be possible* (document Conf. M.E.16).

The Economic Commission took note of these proposals and decided to place them on its agenda when the time came for the resumption of the work of the Monetary and Economic Conference.

The Czechoslovak delegation has proposed that the question of an international Customs agreement on wool should be examined and that the delegation of Iraq has raised the question of the Customs treatment of dates (document Conf. M.E./C.E.72), and that the Estonian, Latvian and Lithuanian delegations have submitted to the Conference a draft resolution concerning the quantitative restrictions imposed on the import of agricultural produce (document Conf. M.E./C.E.107).

These two points have not yet been submitted to the Sub-Commission's consideration.

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#### APPENDIX 2

##### REPORTS RELATING TO THE CO-ORDINATION OF PRODUCTION AND MARKETING OF THE FOLLOWING PRODUCTS:

- |                      |              |
|----------------------|--------------|
| (a) Dairy Products ; | (f) Timber : |
| (b) Sugar ;          | (g) Coal ;   |
| (c) Wine ;           | (h) Copper ; |
| (d) Coffee ;         | (i) Tin.     |
| (e) Cocoa            |              |

---

##### (a) DAIRY PRODUCTS: RESOLUTION ADOPTED BY THE SUB-COMMISSION II ON JULY 18TH, 1933

The Conference,

Considering the great importance of the production and exportation of dairy products in agricultural economy and universal economy ;

Considering the extremely serious situation of this branch of production ;

Considering that for the above reasons the delegations of several countries deem it necessary for the Governments to constitute without delay an "International Dairy Council" for the purpose of reducing competition between the countries exporting butter and other dairy products by co-ordinating production and marketing ;

Considering, moreover, that although certain institutions have already dealt and are dealing with this question, several delegations are nevertheless of opinion that it has not yet been sufficiently studied to allow of definite conclusions being drawn and, in particular, of an immediate solution of the problem being realised ;

Requests the International Institute of Agriculture, in agreement with the International Agricultural Commission, the International Dairy Federation and the Economic Committee of the League of Nations to make a preliminary study of the question ;

And invites the Governments of the various countries to send to the Secretariat of the League of Nations, before September 10th next, all the data at their disposal on this question, and in particular to inform it of their views on the constitution of an "International Dairy Council", in order that the questions may be definitely settled at the next Session of the Conference.

(b) SUGAR : RESOLUTION ADOPTED BY THE SUB-COMMISSION

The Sub-Committee on Sugar, after taking note of the report submitted to it by the International Sugar Council on the results of the negotiations pursued up to the present with the various exporters and importers of sugar, thanks the Council for that report and expresses the opinion that these results make it possible to contemplate the conclusion of a general agreement on the production and marketing of sugar.

It requests the Bureau of the Conference to keep in touch with the International Sugar Council and to take the steps necessary for the continuation of negotiations with the countries concerned, in particular with a view to obtaining replies, as soon as possible, from the countries whose attitude it has not so far been possible to ascertain.

It will be for the Bureau of the Conference, when it thinks it expedient, to summon a further meeting of the countries concerned in order to bring about the conclusion of a general agreement.

(c) WINE : RESOLUTION ADOPTED BY THE SUB-COMMISSION

While some members hold that the recommendations and resolutions embodied in the Memorandum of the International Wine Office should be carried into effect as soon as possible, especially those concerning the reduction of excessive customs duties and of internal taxes and dues levied on wine, the abolition of obstacles in the way of international trade in wine, the extension of credit facilities for wine production, the protection of appellations of origin and the development of the distillation of surplus wine.

The Sub-Commission agrees that in the present state of affairs it is essential that its field of action should be limited to measures capable of immediate realisation.

I

The Sub-Commission notes with interest that it is the intention of wine-growing countries, in order to encourage the consumption of wine and grapes throughout the world, to organise propaganda first in the producing countries to increase national consumption, and then in countries which have hitherto consumed little or no wine, more particularly by showing the nutritive health and medicinal value of wine and grapes, by promoting the consumption of fresh and dried grapes, juices, syrups, grape-sugar and concentrated must in Moslem countries and by preparing for the opening of new markets, chiefly in Africa and Asia. These are measures well adapted for private initiative, and wine-growers and dealers are invited to make the necessary efforts in this direction.

The Sub-Commission also notes with interest the efforts made in this direction in wine-growing countries by governmental action and particularly by the creation in those countries of national wine propaganda committees.

Similarly, the extension of the consumption of dessert grapes is contemplated and the establishment of an annual international grape festival in the Autumn is advocated as well as the creation in every country of grape centres or grape cure resorts.

II

Other measures are matters for the initiative of Governments. Thus it is for each country to put a stop to the excessive expansion of vineyards throughout the world, resulting since the beginning of the century in an increase of the world's vineyards by 600,000 hectares and in a production exceeding that of 1900 by 32 million hectolitres.

All Governments are invited to take within their own frontiers any steps that may be necessary, having regard to the extent to which their national vineyards have unduly increased and taking into account the wealth already built up in districts where the extension of the vine zone has not assumed dangerous proportions. For this purpose, Governments should embody in their laws measures for the establishment of official statistics showing the area of their vineyards and the yield of the annual harvest of wine and grapes and, finally, should require producers to submit an official and compulsory statement of their harvests.

The Sub-Commission is of opinion that it is for the different Governments of the countries concerned to encourage viticultural co-operation as an effective means of enabling wine-growers to improve their wine and ensure its preservation.

It is also recommended that measures should be enacted by each wine growing country to improve the quality of the wine produced, both by the selection of vines and by the establishment of a fairly high minimum for the alcoholic strength of wine.

### III

Lastly, and this is a point the Sub-Commission desires to stress, some of the resolutions in the memorandum of the International Wine Office could be given immediate concrete effect, because they are such as to be capable of acceptance by the Governments represented at the London Conference.

To this end it submits to the Governments the following proposals :

A. *Uniform Presentation of the Results of Analyses of Wines.*

The Sub-Commission recommends that an International Commission be summoned, on which each of the countries concerned should be represented by two qualified wine chemists who would jointly prepare a complete and definitive text for notation and the determination of the methods to be employed in order to show both falsifications and the quality of wine.

B. *International Convention for the Protection of Wines.*

The Sub-Commission recommends the conclusions of an international convention whereby the interested States would undertake to supplement, insofar as they have not already done so, their internal legislation for the purpose of ensuring joint and effective action against fraud in the matter of wines.

Such legislation should deal, in particular, with (1) The prohibition of watering and the use of false descriptions of wine ; (2) Regulation of sweetening ; (3) Compulsory declaration of harvests ; (4) Supervision of the production, circulation, sale of and the trade in wines, which must fulfil conditions laid down by law ; (5) Measures to be taken in the event of infringement of the regulations enacted.

C. *International Convention concerning the Institution of Annual Inquiries into the the Composition of Wines and the Constitution of Wine Indexes.*

The Sub-Commission recommends the conclusion of an international convention whereby the interested Governments would undertake (1) To protect producers of wine which is natural but abnormal in its composition, from unjustifiable prosecution by affording them means of demonstrating their good faith by producing authentic records ; (2) To set up as complete analytical records as possible which, while giving chemists and laboratories entrusted with the suppression of fraud reliable bases for establishing their conclusions, shall also constitute valuable material which may be available to oenologists of all countries.

D. *International Conventions upon Customs Nomenclature.*

The Sub-Commission invites States represented at the London Conference, to whom the draft unification of Customs Nomenclature prepared by a Committee of experts appointed by the Economic Committee of the League of Nations has been submitted to expedite the consideration of the articles of this Nomenclature which deal with wine.

### IV

With a view to enabling the above resolutions to be eventually put into effect, the Sub-Commission proposes that the International Wine Office be asked to follow, with the co-operation of the Economic Committee of the League of Nations and the International Institute of Agriculture, the various points of the programme drawn up, in order to make it possible, if necessary, to co-ordinate the work done with the various Governments.

(d) COFFEE : RESOLUTION ADOPTED BY THE SUB-COMMISSION

The Sub-Committee on Coffee of the Monetary and Economic Conference, having studied the proposals submitted by the Brazilian delegation on the co-ordination of production and marketing of coffee, and

(a) Considering that coffee is one of the commodities of great importance for international trade ;

(b) Considering also that its production has in recent years been greatly in excess of consumption, as revealed by the present position of world stocks and level of prices :

Is of opinion that coffee is one of the commodities as regards the production and marketing of which the desirability and practicability of concerted international action, in the terms of the decision taken (document Conf. M.E./C.E.33) ought to be further considered ;

And for this purpose, recommends that the exporting countries should examine the possibility and the practical manner of regulating their production and supply as well as the possibility and the practical manner of approaching the importing countries in order to obtain greater facilities for the stimulation of its consumption by the removal or attenuation of present restrictions or commercial barriers of any kind.

In view of the impossibility of further examination of the subject during the present stage of the Conference, and in order to provide the basis for future discussion, it is proposed that any suggestions or proposals of coffee exporting countries for the co-ordination of production and marketing of coffee and possibly for the organisation of some international body, should be submitted to the Secretary-General of the Monetary and Economic Conference for distribution among, and examination by, the other exporting countries.

(e) COCOA : RESOLUTION ADOPTED BY THE SUB-COMMISSION

The Sub-Committee expresses the desire that the situation of the cocoa market should be duly studied, taking into account the present production and consumption and the existing stocks of the various qualities, which it is impossible to do before the early adjournment of the Conference.

The Sub-Committee, therefore, invites the chief cocoa producing countries to study this question and to submit to the Secretary-General of the Monetary and Economic Conference, as soon as possible, their views and proposals with a view to the summoning of a meeting of experts qualified to study the organisation of the production of the international trade in raw cocoa.

Further, it invites the States interested to take the necessary measures to study the means of combating diseases of the cocoa plant in collaboration with the International Institute of Agriculture in Rome.

(f) TIMBER : RESOLUTION ADOPTED BY THE SUB-COMMISSION

The Sub-Committee on Timber,

Recognising the importance of maintaining a balance between supply and demand on the timber market ;

Desirous of encouraging international collaboration with a view to improving the conditions of the timber market ;

Taking note of the declarations formulated on this subject by the delegations of the different countries represented at the Conference ;

Being of opinion that the efforts made to bring about collaboration between the chief timber exporting countries by the formation of groups and by agreements between groups should be pursued and supplemented, by agreements with the importing countries which would take account of all the interests involved ;

And noting that negotiations are now proceeding in regard to such agreements for the export of soft wood, sawn or planed :

Decides to postpone its discussions until the beginning of October 1933, so as to allow the different countries to study the possibility of framing and possibly concluding such agreements, and in the meantime to collect the whole of the statistical information required, through the International Timber Committee.

The Sub-Committee is further of opinion that each country, acting in concert with the League of Nations and the International Institute of Agriculture, should organise rational statistics of the production of, and international trade in, timber.

(g) COAL : RESOLUTION ADOPTED BY THE SUB-COMMISSION

In view of the importance of the coal problem for world economy, the Conference invites :

(1) The principal producers to endeavour to organise coal production on an international basis, on the understanding that the agreements to be reached shall be followed and supplemented, if necessary, by agreements with the importing countries ;

(2) The competent organisations of the League of Nations to follow the above efforts and to ensure that all interests involved shall be safeguarded, in particular those of the importing and consuming countries. For this purpose, the Sub-Committee entrusted by the Economic Committee of the League of Nations with the study of the coal problem might again be convened ;

(3) The Council of the League of Nations to convene a conference of the principal producing and consuming countries to study what measures should be taken if the results referred to in paragraphs (1) or (2) above have not been achieved within a time-limit of six months.

(h) COPPER : RESOLUTION ADOPTED BY THE SUB-COMMISSION

The delegation of the United States of America calls attention to the desirability of considering plans for the co-ordination by international agreement of the production and marketing of copper, which was included among the products mentioned in the proposal made by the French delegation on June 19th (document Conf. M.E./C.E.8). In order to provide the basis for the future discussion of plans for the co-ordination of production and marketing of copper, further preliminary studies should be made. Accordingly, it is proposed that the Governments of

the copper producing countries submit to the Secretary-General of the Monetary and Economic Conference, before September 15th, 1933, their views and proposals concerning the organisation of the production of copper and of the international trade in this product, with a view to the summoning of a suitable meeting to examine whether it is possible and expedient to conclude an agreement.

(i) TIN : REPORT ADOPTED BY THE SUB-COMMISSION

1. The Sub-Committee has examined the existing international scheme for the control of tin, to which it is suggested that such countries as now produce the metal in appreciable quantities, and are not at present participants in the scheme, should adhere. Discussion did not elicit any substantive criticisms of that scheme ; no suggestions were made for its amendment ; no alternative methods of control were proposed.

2. The Sub-Committee consider that the existing scheme of control is framed upon sound lines ; that it is in accord with the principles which have been accepted by this Conference as those which should govern the framing of plans for the co-ordination of production and consumption ; that it has worked smoothly in actual practice for a period of over two years ; and that it has been largely successful in achieving its main objectives.

3. In the course of the discussion, the Chairman of the International Tin Committee which has been responsible for the working of the scheme (under the direction of the Governments signatory of it) emphasised that it had been consistently mindful of the interests of the consuming countries. It was no part of the Tin Committee's policy or the policy of the Governments they represent, to force up the price of tin unduly. The scheme does not attempt to regulate or control prices, except indirectly by adjusting production to demand, and by making a reasonable provision for the reduction of admittedly excessive stocks. The International Committee have, however, at hand two most powerful weapons which can be used to prevent prices from rising unduly. The first is the International Tin Pool, which works in close *liaison* with the International Tin Committee, and which held on July 1st a stock of 20,000 tons of tin (as compared with a total visible supply of tin of approximately 47,000 tons). Tin is released from this pool in accordance with a sliding scale of quantities and prices. This scale has been settled in accord with the signatory Governments, and cannot be changed except by agreement between the pool and these Governments. Releases of the quantities fixed by this scale, at the varying price levels, are obligatory.

The second weapon is the power which the International Committee possesses, in agreement with the signatory Governments, of raising the quotas of production, as may appear from time to time necessary. The Committee has, it is understood, hitherto based its recommendations as to the suitable production quota at any given period solely with reference to the balance between production and consumption, and to the extent to which stocks were being drawn upon. But the Sub-Committee understand that the International Committee would be prepared to recommend an increase of the quotas, even where this was not justified by the considerations stated above, if they were of opinion that this was necessary in order to prevent an undesirable price rise. The Sub-Committee appreciate the force of the contention that pool releases, until the pool is liquidated and thereafter the power to adjust the quotas, provide a machinery which is adequate to protect the interests of consumers.

They are satisfied, from statements made by the Chairman of the International Committee, that that Committee is fully aware of the undesirability of permitting the price to rise unduly, and that the signatory Governments are also in accord on this point. Moreover, it is the interest of the producing countries to increase their production quotas whenever the situation permits.

4. The existing control scheme, in which the Governments of Bolivia, Nigeria, the Netherlands East Indies, Siam and the Federated Malay States participate, will probably terminate towards the end of 1933, and will, in any event, end early in August 1934. Negotiations for the conclusion of a new three year agreement, generally similar to that in force, are now taking place.

5. One of the major factors in determining whether such an agreement can be effected will be the attitude of the countries which produce tin, but do not participate in the existing agreement. The Sub-Committee are impressed by the argument, advanced by the International Tin Committee, (a) that it is equitable that all producing countries should join in the scheme of control, inasmuch as all benefit from the operation of that scheme and (b) that the break-down of the control scheme would, in existing conditions, involve the very gravest difficulties, and might easily mean disaster for the industry, the potential producing capacity of which is at present roughly double the recent rate of consumption. All tin-producing countries are vitally interested in the continuance of the scheme of control until such time as consumption approximates closely to the potential production now in sight. Their adherence to the scheme is desirable, not only in order to ensure the conclusion of the new agreement for three years, but also to prevent the imminent possibility that, owing to the probable effect of the recent rise of price in stimulating production in areas not now under control, the new agreement, even if concluded, may have to be abandoned owing to production in the non-controlled areas exceeding twenty-five

per cent. of the estimated world production. A clause, on these lines, will, it is understood, be inserted in the new agreement which may be arrived at. When the uncontrolled production reaches that limit, any Government may abandon the scheme; and the other signatories may at once follow suit.

6. In view of the preceding consideration, the Sub-Committee are of opinion that all the countries which now produce the metal in appreciable quantities not at present participating in the control scheme should be asked to enter into negotiations with the International Tin Committee in order to secure, if possible, the adhesion to the scheme on the basis of a flat rate quota, fixed with due regard to the special circumstances of each country. They suggest that, during these negotiations, the following broad general directives should be kept in view :

(a) In determining the initial flat rate, the basis of negotiation should normally be the level of production attained during the year 1932. It is recognised, however, that owing to special circumstances such a rate may operate inequitably, as for example, where the production in recent years has been steadily increasing, or where production has only begun recently, or where equipment has recently been installed which would result in a material increase in the output. In such cases, the flat rate would have to be increased, to some point to be determined by negotiation.

(b) Provision should be made for the increase of the original flat rate, from time to time, so as to correspond reasonably with such quota increases as may be agreed upon by the signatory countries to the control scheme.

(c) As a basis upon which to regulate such increases over the original flat rate, a standard tonnage should be fixed, for each country. The fixation of this tonnage will clearly be a matter for negotiation. It is suggested that the standard tonnage should not normally exceed the maximum production attained in any one year during the past ten years; but it is recognised that, in the class of cases mentioned in paragraph (a) above, this condition would be unsuitable, and a standard tonnage in excess of this would have to be adopted.

(d) It is suggested that when the initial flat rate has been fixed, the country should remain on that rate until the rate bore the same proportion to the standard tonnage as the then existing quotas for the signatory countries bore to their standard tonnages. Thereafter, with increases of the quotas for the latter, the rate for the adhering country would move up, relative to the standard tonnage, *pari passu* with that of the signatory countries.

7. The Sub-Committee recommends that, in order to facilitate the discussions referred to in paragraph 3 above, the Governments of the Union of South Africa, Australia, Belgium, the United Kingdom, China, France, India, Japan, Mexico and Portugal, should be requested to nominate a representative who would be authorised to enter into negotiations with the International Tin Committee, or with the Chairman of that Committee, with the object of determining a suitable initial flat rate, a standard tonnage, and a method for the variation of the initial flat rate corresponding to quota increases in the signatory countries.

8. The Sub-Committee attach great importance to very early action being taken in this matter. The negotiations for the new three-year control agreement, upon the successful conclusion of which the future of the industry in all tin-producing countries so essentially depends, cannot be completed until the signatory countries are aware of the measure of support which they will receive from those Governments which do not at present participate in the scheme. On the other hand, the circumstances are such that any new agreement must be arrived at before the close of the current year. The matter is therefore urgent; and the Sub-Committee trust that each delegation will do all that lies in their power to expedite a rapid decision, in so far as their respective Governments are concerned.

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### APPENDIX 3

#### REPORTS RELATING TO MEASURES OTHER THAN CUSTOMS DUTIES AND PROHIBITIONS

- (a) Indirect Protectionism in General;      (c) Phyto-Pathological Questions;  
(b) Veterinary Questions;                      (d) Marks of Origin.

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#### (a) REPORT BY THE SUB-COMMISSION III B: INDIRECT PROTECTIONISM IN GENERAL

##### I

The Sub-Commission submits the following resolution for adoption by the Conference :

With a view to the general application of the principle of equitable treatment and friendly co-operation, which, in the opinion of the Conference, constitutes the best means of overcoming the constant difficulties arising out of indirect protectionism :

The Sub-Commission proposes that the Governments participating in the Conference consider the advisability of incorporating into future or existing treaties, wherever such action may be deemed to be suitable, a clause in the sense of the following :

“ If, subsequent to the conclusion of the present treaty, one of the Contracting Parties introduces any measure, which even though it does not result in an infringement of terms of the treaty, is considered by the other Party to be of such a nature as to have the effect of nullifying or impairing any object of the treaty, the former shall not refuse to enter into negotiations with the purpose either of an examination of proposals made by the latter or of the friendly adjustment of any complaint preferred by it.”

It shall be understood that the obligation provided for in the previous paragraph does not apply to customs tariffs nor to questions specifically settled in other parts of the treaties in operation.

## II

In order to facilitate the application of the above provision, the Sub-Commission further recommends that the Conference should draw the attention of States parties to the Convention of November 3rd, 1923, concerning the simplification of customs formalities, to the need of strictly observing the provisions contained in Articles 4 to 6 of that Convention and that it should invite States not parties to that Convention to conform to the principles embodied in those articles, the text of which is annexed to the present report.

## III

Lastly, the Sub-Commission is of opinion that, a regards certain questions relating to indirect protectionism, especially questions of customs formalities (see documents Conf. M.E./C.E.28, 32 and 54), the work of the Economic Committee of the League of Nations is sufficiently advanced to allow of the convening of a special conference on these matters at an appropriate date.

### Sub-Appendix

TEXT OF ARTICLES 4 TO 6 OF THE INTERNATIONAL CONVENTION RELATING TO THE SIMPLIFICATION OF CUSTOMS FORMALITIES, CONCLUDED AT GENEVA ON NOVEMBER 3RD, 1923.<sup>1</sup>

#### “ Article 4

“ The Contracting States shall publish promptly all regulations relating to Customs and similar formalities and all modifications therein, which have not been already published, in such a manner as to enable persons concerned to become acquainted with them and to avoid the prejudice which might result from the application of Customs formalities of which they are ignorant.

“ The Contracting States agree that no Customs regulations shall be enforced before such regulations have been published, either in the *Official Journal* of the country concerned or through some other suitable official or private channel of publicity.

“ This obligation to publish in advance extends to all matters affecting tariffs and import and export prohibitions or restrictions.

“ In cases, however, of an exceptional nature, when previous publication would be likely to injure the essential interests of the country, the provisions of the second and third paragraphs of this Article will lose their obligatory force. In such cases, however, publication shall, so far as possible, take place simultaneously with the enforcement of the measure in question.

#### “ Article 5

“ Every Contracting State whose tariff has been modified by successive additions and alterations affecting a considerable number of articles shall publish a complete statement, in an easily accessible form, of all the duties levied as a result of all the measures in force.

“ For this purpose all duties levied by the Customs authorities by reason of importation or exportation shall be methodically stated, whether they are Customs duties, supplementary charges, taxes on consumption or circulation, charges for handling goods or similar charges, and in general all charges of any description, it being understood that the above obligation is limited to duties or charges which are levied on imported or exported goods on behalf of the State and by reason of clearing goods through the Customs.

“ The charges to which goods are liable being thus clearly stated, a clear indication shall be given, in the case of taxes on consumption and other taxes levied on behalf of the State by reason of clearing goods through the Customs, whether foreign goods are subject to a special tax owing to the fact that as an exceptional measure, goods of the country of importation are not or are only partially liable to such taxes.

“ The Contracting States undertake to take the necessary steps to enable traders to procure official information in regard to Customs tariffs, particularly as to the amount of the charges to which any given class of goods is liable.

<sup>1</sup> The text of this Convention is reproduced in document C.678(1).M.241(1).1924.II.

“ Article 6

“ In order to enable Contracting States and their nationals to become acquainted as quickly as possible with all the measures referred to in Articles 4 and 5 which affect their trade, each Contracting State undertakes to communicate to the diplomatic representative of each other State, or such other representative residing in its territory as may be designated for the purpose, all publications issued in accordance with the said Articles. Such communication will be made in duplicate and so soon as publication is effected. If no such diplomatic or other representative exists, the communication will be made to the State concerned through such channel as it may designate for the purpose.

“ Further, each Contracting State undertakes to forward to the Secretariat of the League of Nations, as soon as they appear, ten copies of all publications issued in accordance with Articles 4 and 5.

“ Each Contracting State also undertakes to communicate, as soon as they appear, to the “ International Office for the Publication of Customs Tariffs ” at Brussels, which is entrusted by the International Convention of July 5th, 1890, with the translation and publication of such tariffs, ten copies of all Customs tariffs or modifications therein which it may establish.”

(b) VETERINARY AND PHYTO-PATHOLOGICAL QUESTIONS: RESOLUTIONS ADOPTED BY  
SUB-COMMISSION III B

I. The Sub-Commission is of the opinion :

(1) That a resolution should be adopted affirming the desire of all the countries represented at the Conference, that, in accordance with the opinion of a number of Governments and with a Resolution of the Assembly of the League of Nations, there be convened as soon as possible an international diplomatic conference of all the importing and exporting countries concerned, which would take as the basis of its work the three draft International Conventions relating respectively to the combating of contagious diseases of animals, the transit of animals, meat and other animal products and, finally, the exportation and importation of animal products other than meat, etc., and that the Council of the League of Nations be requested to fix the date of the said Conference at its next Session ;

(2) That it is desirable to request the Economic Committee of the League of Nations to examine, with the co-operation of a body of special experts and taking into account the conclusions of the International Institute of Agriculture at Rome (1928) and the “ Institut international du Froid ” (1932), the whole series of problems relating to the importation and exportation of fresh and preserved or prepared meat ;

(3) That the veterinary work in connection with the export and import of cattle should be continued on the basis of the General Report of the Sub-Committee of Experts on Veterinary Police Measures and that the necessary supplementary studies should be begun with a view to laying down the principles for a better regulation of the trade in cattle and to arriving, if possible, at an international agreement on this subject.

II. (a) The Sub-Commission considers that it is desirable to ask the International Institute of Agriculture at Rome :

To study with the collaboration of the Economic Committee of the League of Nations the scientific and technical questions involved in the control of the importation and exportation of plants and other vegetable products ;

To procure the assistance for that purpose of specially qualified experts representing importing countries as well as exporting countries ;

And lastly to submit for the consideration of Governments the general principles, worked out in the course of the study, by which they should be guided in drafting the regulations to be enforced.

(b) The Sub-Commission considers that it would be desirable to ask the International Institute of Agriculture at Rome to devote special attention to and stimulate research into the means for the prevention and cure of cocoa diseases, if possible, on the spot in territories where such diseases are rife.

III.<sup>1</sup> The Sub-Commission is of opinion that it is desirable that the Governments represented at the Conference should declare that they are prepared :

(1) To consult, whenever practicable, the Governments of the countries concerned before applying new sanitary measures of control or supervision in the international trade in cattle and in animal or vegetable agricultural products ;

(2) To enter into discussions at any time, at the request of an interested Government, with regard to the administration of existing measures.

<sup>1</sup> Note.—The German delegation, whilst recognising the desirability of adopting the principles enumerated under paragraph III, declares, however, that Germany could not conform to these principles in general so long as no permanent and satisfactory measures against contagious diseases of animals and plants are guaranteed either by collective conventions or by bilateral agreements.

(c) MARKS OF ORIGIN : REPORT ADOPTED BY THE SUB-COMMISSION III B

The increasing number of measures providing for the imposition of marks of origin upon imported goods has given rise to many complaints. For this reason the Economic Committee of the League of Nations, after convening in April, 1931, a Committee of Experts, submitted a report and conclusions (document C.427.M.177.1931.II.B), designed to remove so far as possible grounds for such complaints; the report and conclusions were approved by the Council and communicated to all members of the League of Nations with a recommendation to comply therewith.

Later, the Preparatory Commission of Experts included the question of marks of origin in the draft Agenda of the Conference (document C.48.M.18.1933.II, page 26).

The question was directly brought before Sub-Commission III B by a proposal of the German delegation supported by the Belgian, Netherlands and Czechoslovak delegations (document Conf.M.E./C.E.18). The essential object of this proposal was threefold: a truce in the sense of an agreement not to introduce new provisions, mitigation of existing provisions, gradual abolition of laws concerning marks of origin. In order to facilitate discussion the question was dealt with in a note by the Secretariat (document Conf. M.E./C.E.27), which was distributed by the Commission at the request of several delegations.

It is this last note that was taken as the basis of its work by the Drafting Committee which was set up on June 27th, 1933; this Committee consisted of M. Suetens (Belgium), Chairman, and members of the German, United Kingdom, French, Netherlands and United States delegations. Its terms of reference were to prepare a draft agreement. In the course of its work a proposal was submitted to it by the Belgian and Netherlands delegations, supported by the German delegation. Its effect was essentially to convert into a draft agreement, involving obligations for the Contracting Parties, the conclusion of the report of the League of Nations Economic Committee to which reference has already been made. Draft agreements by the United Kingdom, French and United States delegations were also submitted to the Drafting Committee. Observations from the Chinese and Japanese delegations (documents Conf. M.E./C.E.76 and Conf. M.E./C.E.91) were similarly received. Moreover, the Italian delegation also took occasion to bring its views to the knowledge of the Drafting Committee.

Although it is not in a position to submit a unanimously accepted text, the Drafting Committee unanimously agrees that the laws and regulations on the marking of goods should not be of such severity as to hamper trade and considers that the appreciable progress in the matter could be made by means of an international agreement.

Although the Committee was unable to reach complete agreement on all the points referred to it for examination, unanimity was nevertheless arrived at with respect to a certain number of questions, and the discussions on the other problems encouraged the hope that further agreement might be reached at a later stage.

The Drafting Committee feels that the above considerations afford substantial grounds for requesting the Bureau of the Conference to ensure the continuation of its work on marks of origin in such manner as it may deem appropriate.

For purposes of information the points upon which the Committee is agreed are stated below:

(1) In the application of their laws and regulations on marks of origin, States must refrain from any discrimination as between the goods of one foreign country and another.

(2) The laws and regulations on the marking of goods must not have the effect of damaging the goods.

(3) Effective publicity must be given to all provisions relating to the marking of goods. So far as possible, reasonable time must be allowed to those concerned prior to the putting into force of any new measures.

(4) It must always be possible for persons deeming themselves injured by the action of the authorities responsible for the application of the laws and regulations relative to the marking of goods to institute proceedings for redress.

(5) It is desirable to explore the practicability of a simplified and uniform nomenclature for the indication of the country of origin.

The Committee did not discuss the text of the clauses embodying the above principles. As already stated, various drafts had been prepared. They were deposited with the League Secretariat and may serve as a basis of future discussion.

On the other hand, no agreement has been reached on the following points:

(1) Stage at which the mark of origin shall be required.

Some countries are of opinion that, in principle, the mark should only be required when the goods are offered for sale; others consider that it should be required at the time of importation.

(2) Procedure to be followed when new marking requirements are being proposed.

(3) Penalties for infringement of any law regarding marks of origin.

(4) Adjustment of disputes regarding the interpretation of conventional stipulations relating to marks of origin.

(5) Truce in regard to marks of origin and gradual abolition of existing measures.

(6) Provision for exemption from marking requirements as regards certain categories of goods.

Nevertheless certain delegations agreed in principle as to exemption from marking requirements in the following cases :

(1) Goods in transit ;

(2) Goods in bond ;

(3) Samples ;

(4) Wrapping when the goods themselves are marked and are normally sold unwrapped ; or the goods themselves when they are normally sold in their wrappings and when the latter are already marked according to the law ;

(5) *Objets d'art*, valuable or fragile articles ;

(6) Goods intended for the personal use of the importer, his factory or business and not intended for sale ;

(7) Packing material, containers, spools, boards, bottles, labels, etc., and in general all imported articles used exclusively for packing, containing, wrapping, etc., the products of the importing country ;

(8) Raw material to be used for industrial purposes or to be manufactured or finished in the importing country.

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#### APPENDIX 4

#### SUBSIDIES AND BOUNTIES : REPORT ADOPTED BY SUB-COMMISSION III A

1. This Sub-Commission was appointed by the Economic Commission on June 22nd for the purpose of considering bounties and direct and indirect subsidies, and in particular, shipping subsidies.

2. The following countries were represented on the Sub-Commission : Germany, United Kingdom, United States of America, France, Finland, Greece, Irish Free State, Italy, Japan, Norway, Netherlands, Switzerland, Czechoslovakia.

3. The Sub-Commission has held five meetings.

4. It was decided at the outset of the Sub-Commission's deliberations that agricultural subsidies could not be excluded from its scope.

5. For the purpose of discussion at the Sub-Commission's second meeting the *Italian* delegation submitted a list of subjects (enumerated in document Conf. M.E./C.E.30), and in presenting the list stressed particularly its view that any useful examination of the subject was subordinate to monetary stabilisation.

6. The *French* delegation also stressed the fact that, in their view, the restoration of monetary stability was an essential condition precedent to any practical reduction in the amount of bounties and subsidies.

7. The *United Kingdom* delegation submitted as their contribution to the list of subjects to be discussed, " financial assistance, direct or indirect, given by Governments for ship construction and ship operation " ; and it was decided at a subsequent meeting of the Sub-Commission that shipping subsidies should be the first subject to be considered.

8. Several delegations emphasised the inter-dependence of all forms of State assistance and consequently the importance of a general discussion of the whole problem. The *Italian* delegation in particular stressed the need of a simultaneous study of all forms of subsidy embraced in State assistance since in its view subsidies were not the cause but a consequence of the crisis.

9. It was agreed that, at any rate, at the outset subsidies from *other than Government sources* should be excluded from the Agenda and that delegations should define more precisely the subjects they wished to discuss.

10. As a result of the above decisions the proposals submitted by the different delegations fell under two heads : (a) those dealing with the general question of bounties and subsidies, and (b) those dealing more particularly with shipping subsidies.

#### A. SUBSIDIES IN GENERAL

11. The *German* delegation drew attention to the admitted fact that, unless normal conditions are re-established in the international circulation of goods and capital, no country could be expected to abolish measures which it had taken for the defence of vital interests. It was, therefore, only natural for a State to take the measures which it thought necessary for the maintenance and restoration of economic life within its borders, such measures being necessary mainly to protect its agriculture and with a view to reinstating the unemployed in industry and production. These measures are moreover in the interests of other countries since they are directed towards increasing purchasing power.

The Sub-Commission must, therefore, exclude from its deliberations all measures which without directly affecting the interests of other countries, sub-serve the *natural* reconstruction of the national economic system, and should only consider measures of support which give to production an *artificial and unnatural* advantage at the expense of foreign competitors.

The German delegation, which on this point associated itself with the view expressed by the Italian delegation, considered that subsidies were only a kind of protectionism and that their abolition could only form part of the economic and financial action necessary for the revival of world economy.

Accordingly, the German attitude depends upon how far other countries are prepared and in a position to abolish for their part the measures which they have taken. It is necessary to examine what measures taken by one country have produced counter-action in another country and only after such examination would it perhaps be possible to conclude that the abolition of these subsidies in all the countries concerned was a proper subject of international agreement (see document Conf. M.E./C.E.38, June 28th, 1933).

12. The *French* delegation declared that it attached the greatest importance to the study of measures to be taken for the *abolition or restriction of Government subsidies and bounties* to trade and commerce. It was, in its view, essential to enforce equitable conditions in commercial transactions at the earliest possible date.

In view of the difficulty of prohibiting particular forms of Government subsidies, the best prospect of success lay in attacking the causes of the depression directly and not its effects.

The French delegation held that a distinction must be drawn between bounties and subsidies for *production* on the one hand and bounties and subsidies for *export* on the other. The former might be justified by the need of obviating the dangerous social consequences which the disappearance or stoppage of particular industries or undertakings might bring about. In so far as they affected the national economy only, they could not properly form the subject of international agreements.

It was, on the other hand, right for the Conference to take cognisance of export bounties and subsidies.

On this point the French delegation considers that the ideas set forth in the Secretariat's Note (document Conf. M.E./C.E.28) deserve close attention. It is prepared, in the event of the Conference failing to arrive at any satisfactory *general formula* to consider, within narrower limits, the possibility of including *model clauses*, on the lines suggested by the Secretariat, in bilateral or multilateral agreements, with a view to eliminating in practice export bounties and subsidies. It is further prepared to examine any *arbitration* procedure which may tend to establish between all countries equitable treatment in commercial relations (see document Conf. M.E./C.E.43 of June 29th, 1933).

13. The *Finnish* delegation (document Conf. M.E./C.E.38) observed with regard to the subjects included in the Italian list that, while the abolition of export bounties was one of the conditions for the regularisation of international trade, reservations had to be made in the case of drawbacks of duty on goods exported, export credits and railway rates for export.

14. The delegation of the *Irish Free State* considered that any international agreement which aimed at the reduction or abolition of subsidies should not apply to subsidies paid with a view to off-setting the effects of discriminatory tariffs, prohibitions or restrictions imposed on the products of a particular country, and that, in the framing of such an agreement provision should be made to take account of the position of States which are still at an early stage of their industrial evolution (see document Conf. M.E./C.E.38 of June 28th, 1933).

## B. SHIPPING SUBSIDIES

15. The delegations of *Norway* and the *Netherlands* submitted a joint memorandum (document Conf. M.E./C.E.60), which contains the proposal that a definite agreement be concluded providing for the abolition, at the earliest moment, of all shipbuilding and shipping subsidies other than such as may be necessary to a State for the maintenance of its sea communications on particular routes and the promotion of particular trades in which the State has special interests.

The two delegations based their arguments, in support of this proposal on the following general grounds :

(a) Conditions in the shipping industry cannot be sound, so long as an uneconomic policy of Government subsidies continues.

(b) International trade requires ocean transport supplied by shipping and shipbuilding industries working on an economic basis.

(c) In view of the disastrous loss of equilibrium between world tonnage and world traffic which has resulted from the policy of subsidies, the only alternative to the re-establishment of the industries on an economic basis, must, in the view of these delegations, be the grant of further subsidies under all flags, until ocean transport ceases to be competitive.

(d) Non-competitive services could not satisfy the varying demands of international trade and would be a heavy burden on the national exchequers. They would create a formidable barrier to international trade.

The Norwegian delegate stated that *Denmark* and *Sweden* supported the above proposals in principle.

16. The *French* delegation was of opinion that special cases exist in which national protection of a mercantile marine may be justified and must be regarded as legitimate but that it cannot be justifiable to practise a policy of uneconomic bounties and subsidies. It proposed that the Conference :

(1) Should explore the ways and means of regulating the practice of granting bounties, subsidies or indirect advantages, whether open or concealed, to shipping ;

(2) Should draft an international convention.

The French delegation observed further that on the great international steamship routes there had sprung up a ruinous and futile struggle between national flags which took the form of a constantly increasing competition in tonnage and speed and of a dangerous rate war which was a menace to the budgets of both shipowners and States.

It proposed that the Conference :

(1) Should advise States urgently to invite the shipowners of the countries concerned to conclude international agreements for the operation of the great ocean routes under multilateral contract and to limit the tonnage of future construction, the Governments reserving the right to supervise the execution of such agreements ;

(2) Should suggest the joint operation, subject to the retention of the national flags, of the vessels mentioned in the agreements and the determination of routes, time-tables and international rates, regard being had to the tonnage, speed and comfort of the boats named in the contract ;

(3) Should point out that the best practical method of control was to introduce a joint account covering the whole of the working receipts and expenses.

17. The *Finnish* delegation (document Conf. M.E./C.E.38) supported the Norwegian and Netherlands proposals, since they considered it to be of the utmost importance for international maritime traffic that the equilibrium between supply and demand, which had been disturbed by measures taken by States to assist shipping, should be re-established.

18. The *Greek* delegation proposed that the following points should be discussed as constituting indirect advantages in some cases :

(1) Flag discrimination on the premiums charged for cargo insurance ;

(2) Flag discrimination on the freight market.

They also proposed that there should be international agreement as to the age limit of ships and the reduction of tonnage by laying up or scrapping.

19. The *United Kingdom* delegation submitted a memorandum, which is reproduced in full in the Annex. They stressed the importance of reducing trade barriers to international commerce such as tariffs, import restrictions, subsidies, etc., the vital need of economic disarmament in relation to the exchange of goods and services being at least as great in the case of shipping as in the case of other services. International trade and commerce needs for its development the most efficient and cheapest sea transport it can get, and this need was met for many years before the War by the policy of maritime nations, which was in general such as to secure a freight market open to ships of all flags and free from artificial measures intended to promote the interests of vessels under particular flags. Since the War, the practice of subsidising shipping on competitive routes has altered those conditions.

The effect of uneconomic shipping subsidies, if continued, will, in the opinion of the United Kingdom delegation, deprive international trade of the most efficient and cheapest sea transport, since private enterprise in shipping cannot exist in competition with shipping heavily subsidised by Governments.

Countries which do not at present subsidise will, the United Kingdom delegation fear, have to resort either to protection for their shipping or to subsidise. The result will be the substitution of State shipping for shipping built and operated on ordinary economic lines. The effects will be gravely detrimental to world trade.

The evil effects of subsidies fall on all countries, including those which subsidise. For the effect of subsidies is to increase the amount of tonnage afloat without reference to world trade requirements. Excess of tonnage reduces the freight earnings of all ships; reduced earnings call for larger subsidies; the ordinary action of reduced freights in reducing tonnage is prevented; and the consequences to all nations in the industry are heavy losses. It is true to say that the subsidising nations are suffering with those which do not subsidise, and perhaps more, as they are loading their budgets and are impoverishing their customers.

The effect of subsidies to shipping on the maritime countries which do not subsidise, is to prevent them from earning those revenues which assist to maintain the balance of trade and which enable them to pay for imports. The grant of subsidies on competitive routes, in the view of the United Kingdom delegation, amounts to a dumping of shipping services and defeats the intention of international engagements such as those contained in the Maritime Ports Convention.

The United Kingdom delegation submit :

(1) That State subsidies for the construction of shipping for, or its maintenance on, competitive routes is uneconomic, can only lead to the granting of similar subsidies by other countries and/or to protective measures in respect of shipping, which would deprive world trade of the economic and efficient sea transport it has so far enjoyed, disorganise the world freight market, increase the burdens on national budgets and lessen the power of maritime countries to pay in services for imports and loans.

(2) In these circumstances the countries concerned should move as rapidly as possible towards the diminution and ultimate abolition of State assistance to shipbuilding and ship operation on competitive routes.

20. The *Greek* delegates supported the declaration made by the United Kingdom delegate, subject to an exception being considered as regards passenger transport.

21. The *Norwegian* delegate strongly supported the United Kingdom view, as also did the delegate of the *Netherlands*, who further drew attention to the similarity of the subject matter of the United Kingdom memorandum and that which had previously been submitted by the Norwegian and Netherlands delegations.

22. The *Italian* delegate repeated the view stated in paragraph (5).

23. The delegate of the *United States of America*, in a speech which is appended in full, drew attention, among other matters, to the difficulty of defining an uneconomic subsidy and of determining what constituted an uneconomic policy within the meaning of the Memorandum submitted by the Norwegian and Netherlands delegations. He suggested, indeed, that the present state of shipping was due to a number of phenomena, some of which were before the Conference, and not to subsidies alone. There was no flag discrimination in United States ports against vessels of countries which did not discriminate against American ships. The Government of the United States was determined to obtain equality for its vessels in other respects also and especially to equalise the costs of construction and operation as between American and foreign ships. "The United States", he said, "intends to have a merchant marine. It desires conditions of parity for its vessels and nothing more."

24. The discussions in the Sub-Commission showed that there were two distinct currents of opinion, some delegations holding that it was desirable to deal specially with shipping subsidies as being of international concern, since they injured trade and tended to deprive international trade of the services essential to it; other delegations, on the other hand, holding that all subsidies were inter-related and merely constituted different examples of State assistance to industry.

25. It was generally agreed, however, that the fundamental basis of discussion was the effect of subsidies on international trade.

26. The memorandum submitted by the United Kingdom delegation would clearly have evoked contributions to the problem from the delegations of other countries had not the labours of the Sub-Commission been cut short by the decision of the Bureau that a Drafting Committee should be set up to report progress.

### Sub-Appendix I

#### MEMORANDUM OF THE UNITED KINGDOM DELEGATION

1. The severity of the crisis in world trade is known to everyone, and one of the main objects of this Conference is to promote the flow of world trade by reducing the barriers to international commerce such as tariffs, import restrictions, exchange control, subsidies, and the like, which have so disastrously affected the trade of the world.

2. This Sub-Commission is to deal with those barriers to trade which fall under the head of "Bonuses and Direct and Indirect Subsidies, in particular Shipping Subsidies".

3. This question is part of the general problem of reduction in, and removal of, artificial hindrances to trade, and is considered from that point of view by the United Kingdom delegation. The vital need of economic disarmament in relation to the exchange of goods and services emphasised by the Preparatory Commission for this Conference applies with at least as much force to shipping as to other services. To free international shipping from artificial conditions which if continued will deprive world trade of the most efficient and cheapest ocean transport is part of the problems of this Conference.

4. So far as concerns subsidies, direct and indirect, to shipping, the position to-day is worse than it has ever been.

5. A few figures will show clearly the expansion that has taken place in shipping as compared with the decline of international trade. At the outbreak of war, in 1914, the gross tonnage of the world's steam and motor shipping (omitting vessels of less than 100 tons but including vessels on the Great Lakes of the United States) amounted to 45.4 million tons. To-day (notwithstanding a decline of over 2 million tons in the past two years) the total still amounts to 66.6 million tons. The increase in the world's steam and motor tonnage therefore amounts to 21.2 million tons, or nearly 47 per cent. The increase in foreign-going tonnage (ships of 2,000 tons gross and upwards) is probably at least as great. The volume of the world's trade which, in 1929, was about 30 per cent. above that of 1913, had declined in 1933 to below that level. Even if no account be taken of the increased efficiency through greater speed, etc., of many of the newer ships, the tonnage available is out of all proportion to the demand for it.

6. State subsidies to shipping in this connection is not meant to refer to those cases where it is necessary for a State to maintain certain mail and passenger services which would not be provided for without action by the State. The subsidies which hamper world trade are those which place and maintain tonnage on what, for brevity, may be described as the competitive routes, that is, those routes on which sea carriage is performed in competition by the maritime nations of the world.

7. The World Economic Conference of 1927 made the following reference to the subject in its Report (Section "Commerce", Paragraph IV (i)) :

*" Subsidies, Direct or Indirect*

" During the years which followed the War, a marked extension of tariff barriers took place in various countries, accompanied by an increasing tendency to introduce State subsidies. This was done more particularly in an indirect way, by granting credits or guarantees which aimed at assisting the home industries and their export trade for a more or less protracted period, in view of the abnormal economic conditions prevailing throughout the world.

" The fact that subsidies are in certain circumstances held to interfere less with the liberty of trading than Customs tariffs does not make it any the less necessary to lay stress on the hidden dangers inherent in this means of encouraging production and exportation. The greater the number of countries which have recourse to this practice, the more difficult will it be for other countries to refrain from following their example. Thus the attempt to restore foreign trade to normal conditions meets with a real obstacle in the shape of subsidies.

" The Conference draws the attention of the various Governments to the true nature of direct or indirect subsidies, which are merely a palliative, and

" Expresses the hope that Governments will, so far as possible, refrain from having recourse to them."

8. Since then, the position in this respect, as in respect of many other factors hampering world trade, has got worse instead of better, and unless a determined and successful effort is made to reduce and ultimately abolish such bonuses and subsidies the consequences adumbrated by the World Economic Conference of 1927 must follow as they have already followed to some extent.

9. International trade and commerce needs for its development the most efficient and cheapest sea transport it can get. This can only be secured in a freight market open to ships under all flags and free from artificial measures intended to promote the interests of vessels under particular flags.

10. For many years before the War, the general policy of maritime nations was such as to secure an open freight market, the provision of international ocean services being left, generally speaking, to individual enterprise. The result was that world requirements were satisfactorily met during a time of great developments without in the main throwing any burden on national revenues.

11. Since the War, there has spread the policy of building and running ships, in part or whole at the cost of the State, to compete with and displace in international trade ships of other flags. This has produced and maintained tonnage not called for by economic conditions, and has tended to make impossible the operation of the freight market on an economic basis. In conjunction with the decline in world trade, it has disastrously affected the shipbuilding and shipowning interests under all flags. The great excess of sea-carrying power over the quantity of cargo to be carried is in part due to this policy.

12. The effect of uneconomic shipping subsidies if continued will be to deprive international commerce of the most efficient and cheapest sea transport. For, as shipowners in various countries have pointed out, private enterprise in shipping cannot for ever exist in competition with shipping heavily subsidised by Governments. Countries which do not at present subsidise will have to resort either to protection of their shipping or to subsidies and the result will be the substitution of State shipping for shipping built and operated on ordinary economic lines, and the loss by international commerce of the efficient and cheap machine it has employed for so many years.

13. In a memorandum to the United Kingdom Government from the Association of British Chambers of Commerce, the Federation of British Industries, and the Chamber of Shipping, the following view is expressed :

“ We are convinced that if the present policy of excessive Government intervention in shipping is continued much longer there will be no alternative to retaliation and to universal subsidisation of ships at the expense of the taxpayer and the converting of what was a source of prosperity into a heavy burden. Such conditions would effectively deprive trade and commerce of the transport facilities which they need and must still further dislocate world trade already paralysed by innumerable trade barriers.

“ In our view, therefore, agreement among the Governments represented at the Conference to abolish or at least restrict the present policy of uneconomic subsidisation of shipping and shipbuilding is one of the most urgent and vital problems before the Conference.”

This is a repetition of similar views expressed by the various organisations concerned in other maritime countries.

14. The evil effects of subsidies fall on all countries, including those which subsidise. For the effect of subsidies is to increase the amount of tonnage afloat without reference to world trade requirements. Excess of tonnage reduces the freight earnings of all ships ; reduced earnings call for larger subsidies ; the ordinary action of reduced freights in reducing tonnage is prevented ; and the consequences to all nations in the industry are heavy losses. It is true to say that the subsidising nations are suffering with those which do not subsidise, and perhaps more, as they are loading their budgets and are impoverishing their customers.

15. The effect of subsidised shipping upon the maritime countries which do not subsidise is to prevent them from earning those revenues which assist to maintain the balance of trade and which enable them to pay for imports. The loss of that source of revenue can only contribute further to the reduction of imports in maritime countries and lessen their ability to discharge their obligations. Population on the present scale can only be maintained, for example, in these islands if we are in a position to import large quantities of foodstuffs and raw materials. Since these imports must be paid for by exports, and since our visible exports are not sufficient in themselves to pay for imports, world trade is diminished by any diminution of the chief means of adjusting the balance, namely, the employment of British shipping in world trade. Similar considerations to a greater or less extent apply to other maritime countries. As was stated by the Chancellor of the Exchequer on June 14th, creditor countries, wishing to obtain payment for their claims on foreign countries must accept goods and services in settlement of those claims. Thus, refusal to accept the services of foreign shipping prevents the settlement of international obligations and restricts international trade. To remove such restrictions is a necessity which is admitted by all if the flow of international trade is to be restored.

16. Under Treaties of Commerce and Navigation, to which most countries are parties, there is laid down the most definite national treatment for shipping. Shipping subsidies in their present form constitute a kind of protection which was not contemplated when the present form of these treaties was elaborated. The older methods of flag discrimination are practically non-existent to-day, but the grant of subsidies on competitive routes really amounts to a dumping of shipping services which tends to render nugatory the navigation provisions of Treaties. It is also contrary to the spirit of the Maritime Ports Convention.

17. The history of the last few years has shown marked extension of the policy of subsidising shipping. The continuance of the present methods can only result in increasing the uneconomic condition of world shipping with disastrous consequences to all concerned.

18. The United Kingdom delegation submit, therefore, in pursuance of the objects of this Conference—*i.e.* economic disarmament in relation to the exchange of goods and services, and the increase in the flow of international trade by the reduction of artificial barriers and hindrances to that trade—the Sub-Commission should endeavour to reach agreement on the following lines of action in regard to Shipping Subsidies :

(1) That State subsidies for the construction of shipping for, or its maintenance on, competitive routes is uneconomic, can only lead to the granting of similar subsidies by other countries and/or protective measures in respect of shipping, which would deprive world trade of the economic and efficient sea transport it has so far enjoyed, disorganise the world freight market, increase the burdens on national budgets and lessen the power of maritime countries to pay in services for imports and loans.

(2) In these circumstances the countries concerned should move as rapidly as possible towards the diminution and ultimate abolition of State assistance to ship-building and ship operation on competitive routes.

### Sub-Appendix II

SUMMARY OF REMARKS OF MR. FRED. K. NIELSEN, UNITED STATES REPRESENTATIVE,  
MADE ON JULY 5TH, 1933

I am sure we have all been glad to listen to the interesting memorandum read by the British delegate. After he has distributed copies to us, which he said he would do, I shall probably desire to make some reply.

I have a cardinal principle with respect to international arrangements. In my opinion, it is of the utmost importance that there should be certainty in connection with international acts: resolutions, declarations or covenants. There is danger of multiplying international difficulties in dealing in general or uncertain terms with subjects that enter into international arrangements or problems which it is sought to make the subject of international concern.

Reference has been made to "uneconomic subsidies". I feel certain that very considerable differences of opinion might arise with regard to the interpretation of any resolution or covenant condemning uneconomic subsidies. It is my recollection that the Chairman defined such subsidies as a form of "unnatural assistance". Even though we take the definition as something more concise than the term defined, I think that there might still be considerable divergence of views as to the meaning of any prohibition or condemnation of unnatural assistance. The same, I think, may be said with respect to some form of outlawing "excessive nationalistic policies", which, as I recollect, were mentioned a little while ago.

Some of the proposals laid before the Sub-Committee contain some interesting general declarations. I do not think that it is necessary for me to discuss them in detail. However, from the fact that I have not referred to them during the course of the discussion which has taken place, it should not be inferred that I agree with everything that is said in the proposals.

In that of Norway and of the Netherlands, agreement is expressed with regard to the conclusion of the Preparatory Commission of Experts, that it is impossible to return to "sound conditions in the shipping industry so long as an uneconomic policy of Government subsidies continues". Undoubtedly, there may be considerable differences of opinion as to what constitutes "an uneconomic policy".

In paragraph (c) of the same proposal, there is a reference to "the disastrous loss of equilibrium between world tonnage and traffic" and this, it is said, "has resulted from the policy of 'excessive intervention' to which the experts direct the attention of the Conference". That is a sweeping conclusion with respect to the effect of what is termed "excessive intervention". If the lack of international traffic for vessels is due to excessive intervention rather than to a myriad of phenomena, some of which the Conference is attempting to deal with, then there would seemingly be nothing before the Conference but the question of ship subsidies.

That situation being postulated, there is submitted further on in paragraph (c) the conclusion that under certain conditions a final alternative "must be the granting, under all flags of still further subsidies until the ocean transport system of international trade as a whole ceases to be competitive". That is an interesting speculation with respect to something that has not happened. It seems to be a declaration to the effect that nations will have a merchant marine, even if they must grant subsidies in order to have it. Now, on the other hand, in the proposals of the French delegation it is said that there has "sprung up a ruinous and futile struggle between national flags, which took the form of a constantly increasing competition in tonnage and speed and of a dangerous rates war".

I presume that it is a general rule in all lines of activities that the greater the amount of services offered, the keener the competition. And so I should presume that, if tonnage increases, competition correspondingly increases, unless ship owners in some way contrive to control rates of service.

Reference has been made to what has been called "flag discriminations". The United Kingdom delegate has just referred to provisions of certain treaties. I understood him to express the view that they were inadequate to meet conditions which he discussed. Many years ago, the Government of the United States initiated the conclusion of numerous so-called Commercial Treaties with other nations. These treaties, varying of course in form and substance, contain provisions to prevent discrimination against vessels through the imposition of discriminatory duties on their cargoes. With respect to such matters, therefore, every foreign merchant ship comes into the harbours of the United States on terms of equality with American vessels and with vessels of all other countries. There is no discrimination against vessels of countries that do not discriminate against American ships. These treaties have been regarded as valuable agreements.

The Government of the United States has undertaken to obtain equality for its vessels in other respects. No criticism has been specifically directed here against measures which it has employed. In the preamble of a law enacted by the Congress of the United States in 1928 it is declared that "it is necessary for the national defense and for the proper growth of its foreign and domestic commerce that the United States shall have a merchant marine of the best equipped and most suitable types of vessels". That law re-affirms a policy expressed in a previous piece of legislation which came into force in 1920.

In enacting these laws, the Congress had in mind, in furtherance of the specific purposes which I have just mentioned, an equalisation of the costs of constructing and operating American ships and such costs in respect of foreign ships, so that vessels in the United States can compete for both cargo and passengers on substantially equal terms with other maritime nations. In earlier days of the Republic, its shipping flourished and then became decadent. I will not now discuss historical forces that have operated with such disastrous effects on American commerce when the Nation has been at war or when it has been neutral, and other nations have been belligerent. The United States intends to have a merchant marine. It desires conditions of parity for its vessels and nothing more.

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## APPENDIX 5

### PUBLIC WORKS

#### LETTER TO THE PRESIDENT OF THE CONFERENCE BY THE PRESIDENT OF THE ECONOMIC COMMISSION

The Rt. Hon. J. Ramsay MacDonald,  
President of the Monetary and  
Economic Conference.

July 14th, 1933.

I have the honour to inform you that the Economic Commission which met yesterday in order to discuss the question of public works, was not in a position to appoint a Sub-Committee, the Monetary and Financial Commission not having yet been able to discuss the problem. The Economic Commission therefore decided to recommend the Bureau of the Conference to appoint a Sub-Committee to study the problem of public works and other means for reducing unemployment. This Sub-Committee, which, in accordance with the Bureau's previous decisions was to include representatives of both the Economic and the Monetary and Financial Commissions, would be composed, in accordance with the decisions to be taken by the Bureau in such a way that due regard would be had both to the economic and social, and to the financial aspects of the matter. The Sub-Committee would be convened as soon as the Bureau considered it possible to do so.

(Signed) H. COLIJN

*President of the Economic Commission.*

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## APPENDIX 6

### COMMUNICATION BY MR. CORDELL HULL (UNITED STATES OF AMERICA) TO THE PRESIDENT OF THE ECONOMIC COMMISSION

Although the chief portion of its work is uncompleted, the Conference is about to enter upon a recess. During and following this recess, it is to be hoped that the interested Governments will bring forward, through diplomatic or other channels, substantial proposals aimed to carry out ultimately the fundamental purpose for which the Conference was called. I herewith forward a document which I hope will, along with others of a similar character that may come from other sources, receive the attention of those who have the duty of planning the continuation of the work of the Conference.

This document contains the outline of a possible agreement for a protracted truce against measures restrictive of international trade. I contemplate that this truce agreement might be carried into effect when and as the Conference truce—which, I understand, remains in effect among the adhering States during the recess—may end. This further truce may carry through the longer period required for the carrying out of the general aim of reducing existing barriers. The terms suggested are more precise than those of the Conference truce. Other Governments may quite possibly feel that their national necessities would require them to add various points even to the substantial list of reservations and exceptions proposed. A continuing truce should serve to restrict new barriers to such instances of evident and unusual necessity as may arise, even while general governmental policy was aimed in the other direction.

It will be seen that in this document, the American Government indicates the precise test of necessity which it expects to observe before introducing any new restrictions that may seem imperative for the success of the domestic programme of recovery upon which it is engaged. American policy will in general seek to further international commerce to the fullest possible extent compatible with the essential aims of this programme.

The document advocates, furthermore, the immediate undertaking of reductions of the existing barriers by the encouragement of bilateral and of practical multilateral agreements. It does not attempt to put into legal form of agreement the terms of possible action; the difficulties of this require further discussion among governments. But it does attempt to limit with some degree of precision the exceptions and reservations which may be necessary.

It also sets forth the present American attitude towards other matters involved in commercial treaty negotiations, such as the most-favoured-nation principle and the possible special exceptions from that principle that might be allowed by Governments to facilitate agreements for the lowering of trade barriers.

I trust that these proposals will turn out to be a useful contribution to the long term plan of attack upon existing trade obstacles. Despite their limitations and imperfections, I am confident that their acceptance in substance would mark an important advance towards the restoration of international commerce.

The American Government reserves the liberty in the course of any future discussion that may take place of modifying its attitude on details. Other Governments will no doubt find that their approach to this question, as dictated by their own national situations, is somewhat different and may have modifications and additions to present. However, it is my hope that the Governments will be able to adjust their national interests and necessities and devise the means for achieving the general purpose upon which we have all agreed.

*(Signed)* Cordell HULL.

### Sub-Appendix

#### AMERICAN SUGGESTION FOR THE FURTHER DEVELOPMENT, DURING THE RECESS AND LATER STAGES OF THE CONFERENCE, OF A PROGRAMME ON COMMERCIAL POLICY

The Governments represented at the Monetary and Economic Conference, being desirous of abandoning economic conflict and collaborating in seeking general economic improvement through the mutually profitable exchange of goods, undertake to reach agreement, first in the negative way of ceasing to erect new barriers, and then in the positive way of progressive reduction of existing barriers;

#### Section 1

Are resolved, as a first step in carrying out this programme, to endeavour to reach agreement, at the earliest moment favourable to such action, along the following lines:

The participating Governments agree not to introduce any new obstacles, direct or indirect, to the movements of international commerce, whether such obstacles are embodied in new legislation or brought into existence by the exercise of administrative or executive power under existing legislation. This truce against new barriers is to become effective as between the countries participating in it but will not, subject to treaty obligations, bind participating Governments towards those Governments which do not participate.

The preceding agreement shall be subject to the following reservations and exceptions :

(a) The exceptions generally admitted in existing treaties, for purposes of safety, sanitation, plant and animal protection, morals, et cetera (such as are enumerated in Article 4 of the Geneva Convention of 1927 and reproduced as annex to document Conf. M.E./C.E.24, and that for the purpose of exclusion of products of convict or forced labour).

(b) Duties or taxes imposed on imported products merely to offset internal excise taxes on competing domestic products.

(c) Arrangements, whether of duties, quotas, or other forms, applied in connection with multilateral agreements for the regulation of production and/or marketing of natural products, provided such agreements conform to principles which have received general approval.

(d) Additional duties imposed upon goods found to be "dumped", in the strict sense of having been sold for exportation for less than for consumption at home, or benefiting directly or indirectly from governmental or other bounties (such additional duties being limited to the difference in the prices or to the amount of the bounties as nearly as may be ascertainable).

(e) Additional duties imposed on products of particular countries which refuse to accord equality of treatment.

(f) New or additional duties or restrictions necessitated by governmental measures of an emergency character which—by raising wages, shortening hours and improving conditions of labour—have resulted in increased costs and prices.

Any new or additional duties or restrictions authorised under the above circumstances shall be imposed only for the purpose of preventing an excessive influx of imports of particular commodities.<sup>1</sup> They should not be more than sufficient to meet the emergency and should continue in force only for the period of the emergency. They should not reduce foreign trade in the commodities affected below the level of a pre-determined period, and should be used only to prevent drastic increases of imports above the level of such period. They should not be imposed or applied in such manner as to discriminate against the trade in the products concerned of any country participating in the truce.

Before exercising the right conferred in this reservation, Governments are to give preliminary notice to the principal foreign countries supplying their imports of the particular commodity, and to allow reasonable opportunity for representation of the viewpoints of such Governments with regard to such duties or restrictions, each Government having the right, in the case of an unsatisfactory result of such consultations, to denounce the agreement with reference to the products of the country availing itself of this safeguarding provision.

This agreement would be open to adhesion by all governments, and would come into force when accepted by Governments representing (say) 50 per cent. of the world's international commerce. It is to be of indefinite duration, but one year after coming into force it may be subject to denunciation upon one month's notice.

## Section 2

Are further resolved forthwith to initiate bilateral (or plurilateral) negotiations for the removal of prohibitions and restrictions and for the reduction of tariff rates ; and they declare

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<sup>1</sup>. As a practical basis for discussion, the following limits of action might be considered :

" New or additional duties or restrictions authorised under the above circumstances shall not be imposed on any commodity unless, during a period of (say) two months, the imports of the commodity shall have exceeded (say) five per cent. of the estimated domestic consumption, and unless they shall have exceeded the average imports during the corresponding months of the three-year period 1930, 1931 and 1932 :

" (1) By at least (say) ten per cent. in the case of any article of which the imports during the two months period have either exceeded (say) twenty per cent. of domestic consumption, or have constituted a materially larger proportion of domestic consumption than during normal years preceding 1930.

" (2) By at least (say) 25 per cent. in the case of any article of which the imports during the two months period have exceeded (say) 10 per cent. of domestic consumption but have been less than 20 per cent. thereof.

" (3) By at least (say) 50 per cent. in the case of any article of which the imports during the two months period have not exceeded (say) 10 per cent. of domestic consumption."

that their aim in these treaties is substantial reduction of basic trade barriers, and not merely the removal of temporary and abnormal restrictions and increments imposed for bargaining purposes.

In shaping its policy and in executing its obligations under any agreements, each Government should direct its first and greatest efforts towards eliminating restrictions and reducing duties which most clearly lack economic justification, particularly :

(a) Duties or restrictions which now completely or almost completely exclude foreign competition, such as those which restrict importation of particular commodities to less than 5 per cent. of the domestic consumption thereof ;

(b) Duties or restrictions on articles the imports of which have been substantially curtailed since 1929 as compared with domestic consumption ;

(c) Protective duties or restrictions which have been in effect a considerable period of time without bringing about a substantial domestic production of the protected commodities (say equal to 15 per cent. of the total domestic consumption thereof).

Such agreements should have incorporated in them the most-favoured-nation principle in its unconditional and unrestricted form—to be applied to all forms and methods of control of imports, and not only to import duties—subject only to such limited or temporary exceptions as have been recognised in the past or may gain general assent.

Such agreements shall not introduce discriminatory features which, while providing an immediate advantage to the contracting parties, will react disadvantageously upon world trade as a whole.

The Governments declare that the most-favoured-nation principle enjoins upon every power making use of the quota system or other systems for limiting imports, to apply these systems so as to derange as little as possible the natural relative competitive positions of the various countries supplying the imports of articles affected.

The participating Governments urge the general acceptance of the principle that the rule of equality shall not require the generalisation to non-participants of the reduction of tariff rates or import restrictions made in conformity with plurilateral agreements that give reasonable promise of bringing about such general economic strengthening of the trade area involved as to prove of benefit to the nations generally ; provided such agreements :

(a) Include a trade area of substantial size ;

(b) Call for reductions that are made by uniform percentages of all tariff rates or by some other formula of equally broad applicability ;

(c) Are open to the accession of all countries ;

(d) Give the benefit of the reductions to all countries which in fact make the concessions stipulated ; and

(e) When the countries party to the plurilateral agreement do not, during the term of the plurilateral treaty, materially increase trade barriers against imports from countries outside of such agreement.



## II. RESOLUTION OF THE BUREAU

Consequent upon the Resolutions adopted by the Conference on July 27th, the Bureau took the following resolution :

“ The Bureau,

“ Authorises its President, Vice-President, Presidents, Vice-Presidents and Rapporteurs of Commissions or such persons replacing them as their respective Governments may nominate, to act during the intervals between the meetings of the Bureau as its Executive Committee,

“ Authorises the Executive Committee :

“ (a) To take measures in the light of the development of the monetary and financial situation for the resumption of work on the questions which the Monetary and Financial Commission has had before it ;

“ (b) To arrange for the execution of the proposals of the Sub-Committees of the Economic Commission (set out in the appendix to this resolution) and generally to take all measures which conditions permit in order to further the work of the Economic Commission.

The Bureau has, moreover, authorised the Executive Committee to constitute, at a suitable moment, a Sub-Committee for the purpose of studying the question of public works, in conformity with the letter addressed by the President of the Economic Commission to the President of the Conference on July 14th, 1933 (reproduced on page 40 of this document).

### APPENDIX

#### ECONOMIC COMMISSION : LIST OF SUBJECTS ON WHICH IT IS PROPOSED THAT WORK SHOULD CONTINUE

##### I. INDIRECT PROTECTIONISM

###### *Veterinary Question*

The League of Nations is requested to submit the three draft Conventions framed by the Economic Committee, to an International Diplomatic Conference.

The Economic Committee is asked to pursue its work on the trade in meat and livestock.

###### *Phyto-pathological Questions*

The International Institute of Agriculture at Rome, which has already drawn up an international convention on this matter, is requested to proceed with its work in co-operation with the Economic Committee of the League of Nations.

###### *Marks of Origin*

The Sub-Commission believes that progress can be made by international agreement and it asks the Bureau of the Conference to secure the continuation of its work.

###### *Customs Formalities*

The Sub-Commission is of the opinion that the work of the Economic Committee of the League of Nations is sufficiently advanced to permit of the convocation of a special Conference to discuss certain subjects falling within the field of customs formalities, which the Committee has been studying.

##### 2. CO-ORDINATION OF PRODUCTION AND MARKETING

###### I. Foodstuffs

1. *Dairy Products*.—The International Institute of Agriculture has been requested to make a preliminary study of the question in agreement with the International Agricultural Commission, the International Dairy Federation, and the Economic Committee of the League of Nations.

2. *Sugar*.—The Bureau of the Conference has been requested to keep in touch with the International Sugar Council and with the countries concerned and to summon, when it thinks expedient, a further meeting in order to bring about the conclusion of a general agreement.

3. *Wine*.—The International Wine Office is instructed to follow in co-operation with the Economic Committee of the League of Nations and the International Institute of Agriculture, the various points of the plan drawn up by the Sub-Committee.

4. *Coffee*.—Suggestions and proposals of the exporting countries with a view to the co-operation of production and marketing, and possibly for the organisation of some international body, to be submitted to the Secretary-General of the Conference.

5. *Cocoa*.—The chief cocoa-producing countries have been invited to submit to the Secretary-General of the Conference their views and proposals with a view to summoning a subsequent meeting.

## II. *Raw Materials*

1. *Timber*.—As valuable negotiations are in progress, discussion has been adjourned until the beginning of October, 1933, when a further meeting may be arranged.

2. *Coal*.—The competent organisation of the League of Nations will follow this work and ensure that all interests have been safeguarded. The Council of the League of Nations is requested to call a Conference of the principal producing and consuming countries to examine the measures to be taken if this effort has not within six months given the desired results.

3. *Copper*.—The Governments of the copper producing countries are invited to submit before September 15th, to the Secretary-General of the Conference, their views and proposals concerning the organisation of the production and international trade in copper with a view to the summoning of a meeting of experts qualified to examine if it is possible and expedient to conclude an agreement.

4. *Tin*.—It has been recommended that the countries which are not members of the International Tin Commission should enter into negotiations with that Commission.

### III. EXECUTIVE COMMITTEE OF THE BUREAU OF THE CONFERENCE

The Executive Committee of the Conference adopted the following resolution :

“ The Executive Committee authorises the President of the Economic Commission to take—in consultation with the President and through the intermediary of the Secretary-General of the Conference—all the necessary measures for the rapid execution of the proposals of the Sub-Committees of the Economic Commission (see appendix to the resolution of the Bureau).”

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