Geneva, September 1932.

LEAGUE OF NATIONS

Supplementary Report on the Work of the League since the Twelfth Session of the Assembly.
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INTRODUCTION.

The supplementary report summarises the activities of the work of the League during the months of June, July and August 1932, covering the period between the publication of the general report on June 15th and the meeting of the Assembly on September 26th. The report deals in particular with the second half of the first session of the Disarmament Conference, the proceedings of the special session of the Assembly, convened as a result of the appeal of China to the League under Article 15 of the Covenant, the economic and financial activities of the League during the summer months and the annual session of the Committee on Intellectual Co-operation.

The present introduction is supplementary to the introduction to the general report on the work of the League for 1932.

LEGAL QUESTIONS.

SPECIAL COMMITTEE TO STUDY THE EXISTING SYSTEM OF ELECTIONS TO THE COUNCIL.

The Special Committee appointed to study the existing system of elections to the Council met on July 4th and took measures to obtain the views of the various Members of the League. It will not be able to present a report to the Assembly during the present year.

AMENDMENTS TO THE COVENANT OF THE LEAGUE.

The Assembly, in 1931, decided that the final draft amendments to the Covenant of the League to bring it into harmony with the Pact of Paris should be prepared by a Committee composed of representatives of all the Members of the League. The Council, in view of the connection between these amendments and the work of the Disarmament Conference, authorised the Secretary-General, in January 1932, to convene the Committee at a date to be fixed in agreement with the President of the Disarmament Conference, the President of the Council and its Rapporteur. The Secretary-General, after consulting these authorities, felt that the work of the Disarmament Conference had not reached a stage at which it would be desirable for the Committee to be convened.

REDUCTION OF ARMAMENTS.

STUDIES CONCERNING QUALITATIVE DISARMAMENT.

The Land, Naval and Air Commissions were instructed on April 22nd, 1932, to submit to the General Commission reports on the subject of qualitative disarmament, being asked to select those weapons whose character was the most specifically offensive or those most efficacious against national defence or most threatening to civilians. Similar instructions were, on May 10th, 1932, forwarded to the Special Committee on Chemical and Bacteriological Weapons.

Neither the Land Commission nor the Naval Commission were able to reach unanimous conclusions, and their reports present generally the views of the various groups of delegations. The Land Commission gave particular consideration to artillery and armoured vehicles, and the Naval Commission to capital ships, aircraft-carriers, submarines, automatic contact mines and river vessels.

The Air Commission submitted certain general conclusions in regard to the offensive character of air armaments, the extent to which military use might be made of civil aviation and the offensive power of aircraft in respect of their efficacy against national defence and as constituting a threat to the civilian population.

The Committee on Chemical and Bacteriological Weapons submitted a unanimous report to the effect that the use of chemical weapons as a means of warfare against an adversary and all methods for the use of bacteriological weapons should be included in qualitative disarmament.

The reports of the Land, Naval and Air Commissions and of the Committee on Chemical and Bacteriological Weapons were published at the beginning of June.

The Bureau of the Conference, since agreement had not been reached in the Commissions concerning the weapons to be included in qualitative disarmament, invited the delegations to prepare for such agreement by means of private conversations in which practically all the delegations took part. The result of these conversations is reported below under the heading "Resolution of the General Commission".
WORK UNDERTAKEN BY THE SPECIAL COMMISSIONS AND COMMITTEES OF THE CONFERENCE.

Meanwhile though it was clear that but little progress could be made with the work until the General Commission had laid down certain general principles, the General Commission of the Conference had assigned to its Special Commissions and Committees various technical studies. The Commissions and Committees accordingly continued the examination of certain specific matters during the period April to August 1932.

The Committee on Moral Disarmament, appointed by the Political Commission, taking as the basis of its discussions a draft scheme prepared by the Organisation of Intellectual Co-operation of the League of Nations, completed the first reading of a draft text dealing with the education of the younger generation, co-operation of the intellectual world, the use of technical means of spreading information and ways and means of giving effect to possible undertakings by Governments in connection with these matters. A Drafting Committee was appointed to prepare a new text which will be examined by the full Committee at a second reading.

The General Commission, shortly after the Easter recess, on the proposal of the delegation of the United States of America, set up a Committee to study all pertinent information relating to figures for effectives with a view to preparing, for the use of the General Commission, a report as to the numerical strength on a comparable basis of the effectives maintained by each country. The work of this Committee was ultimately suspended owing to a serious divergence of views regarding the categories of effectives concerning whom information was to be supplied. These questions cannot be technically settled until the competent organ of the Conference has taken decisions of principle in regard to them.

The Naval Commission, unlike the Land Commission, was able to study a certain number of questions on its agenda independently of the decisions of principle which might be taken by the General Commission. Thus it was able to discuss the problem of exempt vessels and the scrapping of warships. The Commission generally approved the provisions of the draft Convention in regard to these matters and made certain new suggestions.

The Air Commission, requested by the General Commission to study the internationalisation of civil aviation and any other measures calculated to prevent the signatory States from using civil aircraft for military purposes, considered a number of proposals framed by various delegations and more particularly a draft basis of discussion submitted by the Spanish delegation. The Commission appointed a technical Sub-Committee to examine these proposals in detail. Discussions in the Sub-Committee showed that some delegations merely contemplated rules for civil aviation; others proposed that the rules should be enforced by measures of supervision; others proposed the total or partial internationalisation of civil aviation. The Sub-Committee completed the first part of its work — namely, the framing of draft rules for civil aviation. The draft was accompanied by reservations and observations submitted by certain members of the Sub-Committee.

The Commission on National Defence Expenditure, with its Technical Committee, sat almost continuously from March 14th to the end of July. The Commission, after a preliminary discussion of the necessity for a uniform presentation of figures for the national defence expenditure of the different countries and the possibility or impossibility of comparing the armaments of the different countries on the basis of expenditure, passed to a consideration of the form and content of the model statement or table which would permit of a uniform presentation of expenditure on national defence. It further considered questions relating to publicity and to the fixing of limits of expenditure. Virtually all these questions were referred for study to a Technical Committee which has appointed Rapporteurs for the different subjects.

Meanwhile, the Technical Committee entered upon an examination of the information placed at its disposal by the different countries. By the end of July, the Committee had completed the examination of the information supplied by the United Kingdom, Czechoslovakia, Denmark, France, Germany, India, Italy, Poland, Sweden, Switzerland and the United States of America. The examination of the information supplied by South Africa, Belgium, Bulgaria, the Irish Free State, Japan, the Netherlands, Norway, Roumania, the Union of Soviet Socialist Republics and Yugoslavia is proceeding, but a large number of States have not yet supplied information, or have forwarded information which is incomplete. The Technical Committee will resume its examination of the information supplied by Governments on September 12th, 1932, and will, at the same time, begin its study of the various special questions referred to it by the Plenary Commission.

RESOLUTION OF THE GENERAL COMMISSION.

During the private conversations concerning qualitative disarmament, to which reference has already been made, a declaration from the President of the United States of America, embodying what are known as the “Hoover proposals”, was submitted to the Conference on June 22nd. An opportunity was given to the various delegations to state their views in the General Commission and all the delegations which spoke declared themselves in favour of the proposals in varying degrees. The General Commission was thereupon invited to consider
the whole question of the reduction and limitation of armaments, and it was decided that the
results at which the Conference might arrive before suspending its work should be set
forth in the form of a resolution recording the points on which agreement had been reached,
taking the Hoover proposals into account and indicating the methods to be followed in the
continuation of the work of the Conference. A resolution to this effect was subsequently
submitted to the General Commission and finally adopted.

The Conference declares that a substantial reduction of world armaments shall be effected,
to be applied by a general convention alike to land, naval and air armaments, and that a primary
objective shall be to reduce the means of attack. It notes that agreement has been reached
on a certain number of important points, and decides, without prejudice to more far-reaching
agreements hereafter, to record immediately certain concrete measures of disarmament for
inclusion in a general convention, to establish certain principles as a basis for further reduction
and to determine the procedure necessary for the active prosecution of its work.

Among the concrete measures on which agreement is recorded, the Conference lays down
that air attack against a civilian population shall be absolutely prohibited and that all bom-
bardment from the air shall be abolished, subject to agreement with regard to the measures
to be adopted for the purpose of rendering the observance of this rule effective.

The Conference further resolves that all heavy land artillery of calibres between maximum
and minimum limits to be defined shall be restricted in number and that maximum limits
for the calibre of coastal guns, guns in permanent frontier or fortress systems and mobile land
guns shall be fixed by the Convention. It is further agreed that the maximum unit tonnage
of tanks shall be limited.

It is provided that chemical, bacteriological and incendiary warfare shall be prohibited
under the conditions unanimously recommended by the Special Committee of the Conference.

It is agreed that a Permanent Disarmament Commission shall be set up with the constitution,
rights and duties generally as outlined in the draft Disarmament Convention submitted by
the Preparatory Commission for the Disarmament Conference, with such extension of its powers
as may be considered necessary.

The Conference, after thus recording the points on which agreement has been reached,
requests its Bureau to continue its work during the adjournment of the General Commission
with a view to framing draft texts embodying its decisions. The texts will be communicated
to all delegations as soon as they are drafted and will then be submitted to the General
Commission.

Points which call for further detailed examination will be examined by the Bureau or
by the appropriate committees with the assistance of the Governments concerned, so that
definite conclusions may be reached as soon as the General Commission meets again. Among
the questions to be examined in accordance with this procedure are the questions of a strict
limitation and a real reduction of effectives, the limitation and publicity of national defence
expenditure, the regulation of the traffic in arms and of the State and private manufacture
of arms and the action to be taken to guard against violations of the prohibition of the use
of chemical, bacteriological and incendiary weapons and bombing from the air.

The Conference further invites the Powers parties to the Naval Treaties of Washington
and London to agree upon further measures of naval reduction and requests the Powers which
are not Parties to these treaties to determine the degree of naval limitation which they would
be prepared to accept in view of their provisions and the general programme of disarmament
contemplated.

The Bureau will be kept informed of the progress of these negotiations, which it will be
its duty to co-ordinate within the framework of the General Convention in preparation for
the comprehensive decisions of the General Commission. It will further keep the delegations
informed of the progress of the work and fix a date for the next meeting of the General
Commission. The meeting of the General Commission will take place not later than four months
after the resumption of the work of the Bureau, which was asked to meet during the week
beginning September 19th, 1932.

The resolution was adopted by the General Commission on July 23rd by forty-one votes.
Germany and the Union of Soviet Socialist Republics voted against the resolution and the
following delegations abstained: Afghanistan, Albania, Austria, Bulgaria, China, Hungary, Italy
and Turkey. The German delegation, in the course of the discussion, officially declared that
the German Government could not undertake to continue to take part in the work of the
Conference unless it was conducted in future on the basis of the recognition of legal equality
between the States.

ARMAMENTS TRUCE.

The Conference decided to recommend to the Governments to renew for a period of four
months from November 1st, 1932, the Armaments Truce accepted under the resolution
of the Assembly of the League of Nations of September 29th, 1931. The President
has asked the Governments invited to the Disarmament Conference to inform him before
November 1st whether they agree to that proposal.
POLITICAL QUESTIONS.

ENTRY OF THE TURKISH REPUBLIC INTO THE LEAGUE OF NATIONS.

At a meeting of the special Assembly of the League of Nations held on July 1st, 1932, a proposal, signed by twenty-nine delegations, that the Turkish Republic should be invited to enter the League of Nations was unanimously placed on the agenda. At a further meeting, held on July 6th, the Assembly adopted a resolution recognising that the Turkish Republic fulfilled the general conditions laid down in Article 1 of the Covenant for a State to become a Member of the League, deciding that the Turkish Republic should be invited to enter the League and instructing the Secretary-General to take the necessary action.

The Turkish Republic, in a reply dated July 9th, 1932, affirmed that it was prepared to become a Member of the League. It declared that the obligations assumed by Turkey under treaties concluded up to that time, including those made with non-member States, were in no way incompatible with the duties of a Member of the League, having been framed in the spirit of the Pact of Paris, to which the majority of the Members of the League were also signatories. Reference was made in this declaration to the fact that Turkey was in a special position as a consequence of military obligations ensuing from the Conventions signed at Lausanne on July 24th, 1923.

The Assembly, on July 18th, adopted a resolution declaring that the Turkish Republic was admitted to membership of the League of Nations and inviting its representatives to take part in the proceedings of the Assembly.

APPEAL FROM THE CHINESE GOVERNMENT.

On June 14th, 1932, the Commission of Enquiry set up under the Council resolution of December 10th, 1931, notified the Secretary-General that it hoped to submit its report in Geneva by about the middle of September at the latest. The Assembly, under the procedure which had been initiated under Article 15 of the Covenant, was required to submit its own report, for the drawing up of which the report of the Commission of Enquiry would furnish important material, within six months of the submission of the dispute, and, as the question had been submitted to the Assembly on February 19th, its report should have been issued prior to August 19th, 1932.

In these circumstances, it became necessary to consider whether, with the approval of the parties, an extension of the period within which the report must be made might not be admitted.

The special Committee of the Assembly (Committee of Nineteen) met on June 24th and authorised its chairman to submit a proposal in that sense to the representatives of China and Japan, who were invited to agree to prolong the time limit to the extent that might be strictly necessary, on the understanding that such extension should not constitute a precedent. The Chairman, in submitting this proposal to the parties, declared that he had every confidence that the undertaking not to aggravate the situation recorded by the Council of September 30th and December 10th would be scrupulously observed during the extended period.

The Japanese representative, on June 25th, stated that, while maintaining his previous reservations, he had no objection to an extension of the time limit.

The Chinese representative replied on June 26th agreeing to the prolongation. He stipulated that the six months' period should not be extended more than was absolutely necessary and added that, since the adoption of the Council resolutions of 1931 and of the Assembly resolution of March 11th, 1932, Japan had continuously aggravated the situation by extending the area of military occupation and by establishing and supporting a puppet organisation in Manchuria.

The Assembly met in plenary session on July 1st and adopted a proposal to extend the time limit as submitted by the President and accepted by the two parties. The President laid stress on the exceptional circumstances of the case and emphasised that the extension thus accepted would not constitute a precedent.

The Chinese representative, in accepting the proposal, urged that the extension of the time limit should be restricted to an absolute minimum, alleging that Japan, making use of the puppet Government in Manchuria, was destroying the integrity of the Chinese Maritime Customs, the postal administration and the gabelle service, while the military situation was growing worse. The Chinese Government wished it to be clearly understood that the Assembly would not tolerate during the period of prolongation any further aggravation of the situation.

The representatives of Sweden, Czechoslovakia, Mexico and Spain submitted declarations. It was emphasised (1) that the time limit should not be extended beyond what was strictly necessary; (2) that it was incumbent upon the Members of the League not to recognise any situation, treaty or agreement which might be brought about by means contrary to the Covenant of the League or the Pact of Paris; (3) that, during the further period allowed, no act should be committed which might aggravate the situation or give rise to any new fact such as might prejudice a peaceful settlement; and (4) that the extension of the time limit should not constitute a precedent.

The President in conclusion stated that the decision taken by the Assembly authorised him to declare that the parties must abstain from any action which might compromise the success
of the work of the Commission of Enquiry or of any efforts the League might make with a view to a settlement.

He recalled the Assembly resolution of March 11th, in which the Assembly had proclaimed that it was incumbent upon the Members of the League of Nations not to recognise any situation, treaty or agreement which might be brought about by means contrary to the Covenant or to the Pact of Paris.

Dispute between Bolivia and Paraguay.

In June and July 1932, while the delegates of Bolivia and Paraguay were engaged at Washington, under the auspices of a "Commission of Neutrals" (United States of America, Colombia, Cuba, Mexico and Uruguay), in negotiations with a view to the conclusion of a bilateral pact of non-aggression, further incidents occurred in the territory of the Chaco Boreal. The Government of each country threw the blame for the aggression on the troops of the other.

The situation was first brought to the notice of the Secretary-General in a letter from the delegate of Bolivia dated July 21st. The delegate of Bolivia reported a Paraguayan attack on July 15th against a Bolivian outpost and pointed out that this aggression coincided with a withdrawal of the representatives of Paraguay from the Washington Conference.

The Government of Paraguay, in reply to these accusations, gave on July 27th a different version of the incident which had occurred on July 15th. It accused Bolivia of having, during the Washington negotiations, constructed new outposts in the Chaco with a view to confronting Paraguay with an accomplished fact and to presenting herself as the victim of an aggression which should Paraguay take defensive action. Paraguay had, in view of this situation, withdrawn from the Washington Conference on July 9th, 1932, but had revoked that decision on July 20th in response to representations made by the Commission of Neutrals. The delegates of Paraguay were still at Washington ready to engage in any useful negotiations, and Paraguay would appeal only to those pacific means of settling her dispute with Bolivia which the international justice placed at her disposal.

The President-in-Office of the Council noted the communications of the two parties. He sent to the Secretary-General on July 29th a letter observing that several American nations were continuing their efforts to bring about a pacific settlement, but pointing out that the situation was one which might disturb the peace or the good understanding between two Members of the League and that the other Members could not therefore remain indifferent to its development. He asked the Secretary-General to communicate his letter to the delegates of Bolivia and Paraguay and to request them to inform their Governments that he was anxiously watching the position and that he begged them to lend all possible assistance to the other American Republics which were endeavouring to restore a peaceful atmosphere in the spirit of the Covenant of the League.

The delegate of Paraguay, on July 30th, communicated to the Secretary-General a report of further incidents. He stated that Bolivia had refused to appear at Washington in response to an appeal of the Commission of Neutrals who, with a view to a peaceful settlement, had asked that the two countries should undertake to refrain from any hostile act which might aggravate or prolong the dispute. He added that the Government of Paraguay, in response to that appeal, had instructed all the military commanders of the outposts in the Chaco to remain strictly on the defensive.

The President-in-Office of the Council on August 1st sent to Bolivia and Paraguay a telegram reminding them that, on the occasion of the incidents of December 1928 concerning the Chaco, the Council had obtained from the two Governments a solemn promise to have recourse to a procedure of pacific settlement in conformity with the Covenant and to take urgent measures to prevent fresh incidents liable to compromise the success of any pacific procedure. He addressed an urgent appeal to the two Governments to lend themselves to the moderating action of friendly nations and to seek a settlement of their dispute without departing from peaceful methods.

The Minister for Foreign Affairs of Paraguay on the same day telegraphed to the President-in-Office of the Council reporting further incidents and representing that they constituted by Bolivia an express breach of Articles 10 and 11 of the Covenant. He declared that Paraguay was still prepared to submit the dispute with Bolivia to arbitration and had accepted the invitation of the Commission of Neutrals for an international investigation of the events which had taken place.

The President-in-Office of the Council communicated this telegram to the Government of Bolivia, drawing particular attention to the declaration of the Government of Paraguay that it remained disposed to submit the dispute with Bolivia to arbitration. The President asked to be informed as soon as possible what was the method of pacific settlement contemplated by the Bolivian Government.

The two Governments on August 3rd both replied to the appeal of the President of the Council. The Government of Paraguay declared that it had given repeated proofs of its intention to settle the boundary question with Bolivia by legal means, while the Bolivian Government assured the President that it did not reject pacific means for the settlement of the dispute within the express limitations placed on the good offices of the neutrals.

The President of the Council brought these declarations to the notice of the respective parties, representing that they appeared to justify the assumption that the way was open to an agreement on a method of a pacific settlement in accordance with the undertakings of the Covenant of the League.
The delegate of Paraguay on August 5th again declared on behalf of his Government that his country was prepared to have recourse to arbitration, but, in communications to the President on August 6th and August 8th, reported further incidents which his Government could not but regard as acts of aggression on the part of Bolivia. His Government was still prepared to seek a settlement of the dispute by arbitration or other legal means, and had on August 5th accepted the proposals of the American countries recommending a suspension of hostilities and a return to the status quo of June 1st. He added that Bolivia had rejected the suggestions for an armistice except on condition that she might keep the outposts which she had taken from Paraguay.

The delegate of Bolivia communicated to the President on August 12th, 13th, 18th and 19th a different version of the incidents mentioned by the delegate of Paraguay, and announced that, on August 13th, his country had agreed, in response to the friendly request of the Commission of Neutrals sitting at Washington, to suspend hostilities in the Chaco in the hope that the Commission would be able, on the basis of the Covenant of the League, to find an equitable and final solution of the Chaco problem.

The President-in-Office of the Council, on September 10th, in view of Press reports to the effect that the situation was being further aggravated, asked the Secretary-General to forward a new appeal to the Governments of the two countries. Referring to their declarations to the effect that they intended to seek a pacific settlement of their dispute and to the efforts being made in America to arrive at a pacific solution, he expressed the hope that the two Governments would shortly communicate, for the information of his colleagues on the Council and the Members of the League, the measures which they intended to take to put an end to the situation which was dangerous to peace.

The Government of Paraguay replied to this further appeal on September 12th, representing that Paraguay had refrained from resorting to the League owing to the fact that the Commission of Neutrals was continuing its mediation. It had accepted all procedure proposed to avoid armed conflict, as well as arbitration or the jurisdiction of the Hague Court for a settlement of the dispute. It had just informed the neutrals of its readiness to accept a suspension of hostilities.

The Bolivian Minister of Foreign Affairs, replying to the appeal from the President on September 13th, stated that his Government had just reiterated its acceptance of the truce proposed by the neutrals in order to seek fundamental solutions. He declared that Bolivia was standing on the defensive, the cessation of hostilities not lying in her hands.

ADMINISTRATIVE QUESTIONS.

SAAR TERRITORY.

The Governing Commission of the Saar has sent to the League of Nations its fiftieth periodical report, covering the second quarter of the year 1932. The report deals with the economic and social situation in the Saar territory, political questions, education, public works and railways. The persistence of the economic depression has had a bad effect on the budgets of the communes, whose receipts have fallen off and whose expenditure is continually increasing owing to the necessity of providing unemployment relief. A general examination of the financial position of the territory by the Governing Commission has shown that energetic measures must be taken to ensure budgetary equilibrium.

THE FREE CITY OF DANZIG.

The annual report of the High Commissioner, dated May 31st, 1932, has been communicated to the Council and to the Government of Danzig. The report deals, among other matters, with the local situation at Danzig, internal politics, the relations between Danzig and Poland and with railways and Customs questions.

MANDATES.

The Mandates Commission, which in November 1931 provisionally fixed June 6th, 1932, as the date for the opening of its twenty-second session, has decided to hold a single session in November 1932. All the annual reports of the mandatory Powers will then be examined. The Secretary-General informed the Council, on July 13th, 1932, that the Government of the Kingdom of Iraq had submitted to him, duly signed, the declaration approved by the resolution of the Council of May 19th, 1932, embodying the guarantees to be given by Iraq on the termination of the mandate.

SLAVERY.

The Assembly, on September 25th, 1931, requested the Council to appoint for one year a Committee of Experts to examine the material upon slavery supplied by Governments since the signature of the Slavery Convention in 1926. The Council appointed the Members
of the Committee of Experts on January 28th, 1932, and the Committee held its first session at Geneva from May 4th to May 11th, 1932. It examined the material placed at its disposal and held an exchange of views on the principal points to be included in its report to the Council.

The Committee held a second session on August 22nd, 1932, and decided upon the terms of its report.

**ECONOMIC QUESTIONS.**

**EFFECTS OF THE ECONOMIC AND FINANCIAL CRISIS ON INTERNATIONAL TRADE.**

The Economic Committee, during its session held from June 2nd to June 4th, 1932, again examined the effects of the economic crisis and of financial difficulties on international trade. A note prepared by the Secretariat, giving particulars of existing conditions, showed that the aggregate value of the foreign trade of the forty-five principal countries of the world had decreased in respect of imports by 41.5 per cent and in respect of exports by 43.1 per cent, as between the years 1929 and 1931. The figures were even more serious if the total trade for the months January and February in the years 1929 and 1932 were compared, the percentage of decrease in respect of imports being 59.8 and 53.2 for January and February respectively and 60.4 and 54.4 in respect of exports.

The value of international trade was therefore at that moment only one-half or less than one-half what it had been in the first quarter of 1929. During the same period, the number of totally unemployed persons had been more than doubled, and some 20 to 25 million persons were out of work. Yet there was not a single country in the world which had not applied every means in its power to safeguard its national economy. Direct and indirect measures of defence and restriction had been multiplied indefinitely and new measures were being invented daily. The effect of those measures was a progressive strangulation of international trade, and it was becoming increasingly more obvious that the individual actions of States, necessarily limited to defence and inevitably provoking counter-measures by other States, could only aggravate the situation. Measures taken to defend the balance of payments, legitimate from the point of view of an individual country, were not really effective and could only be applied at the cost of economic depression and a lowering of the standard of living, while a reduction of imports by means of increased duties, surtaxes, prohibitions, quotas and restrictions on foreign exchange was inevitably accompanied by a constriction of exports.

Commercial treaties between States, which ensured a reasonable measure of security and stability in commercial relations, were becoming increasingly rare, since Governments, in order to meet critical situations, desired to be in a position to resume their freedom of action at any moment. Recent agreements, moreover, tended to be based on reciprocity, where formerly they had been based on the principle of the most-favoured-nation clause, and, even where commercial treaties existed, the guarantees which they contained were often rendered illusory, as a result of unforeseen measures introduced by Governments to meet a crisis. Commercial treaties were of little use if their provisions might at any moment be effectively annulled by the imposition of an exchange surtax, the introduction of prohibitions or quotas and restrictions on foreign exchange placed on the acquisition of foreign exchange.

Clearly, however, it was difficult for any country to put an end independently to such measures. In particular, certain States could only abandon a control of exchange transactions if their principal customers decided upon a similar policy. Some of the difficulties resulting from such measures of restriction might, however, be avoided if, before applying them, the Governments carefully considered the consequences and took into account the effects which they might have in respect of third parties. It was desirable that, wherever possible, preliminary consultations between the countries concerned should take place. The system of quotas, moreover, should be applied only in moderation and with due regard to the interests of other countries, their sole purpose being to avoid an abnormal increase in exports. The quota system should in any case be regarded as a purely temporary expedient. Finally, countries which did not feel able in present circumstances to abandon the system of restrictions should endeavour to avoid aggravating the situation by adding new measures to those already introduced.

The Economic Committee expressed its conviction that the system of the most-favoured-nation clause should be normal and that its disappearance would lead to confusion and incalculable difficulties. It suggested that, in present circumstances, the best way of saving the system might be for the parties concerned to agree to such exceptions as appeared essential for the solution of particular difficulties, such exceptions being in all cases submitted for the assent of third parties in a concrete and specific form.

The Committee emphasised in conclusion that it was now generally admitted, even by those who were responsible for applying the system of restrictions in their respective countries, that only concerted action between States could effect any real improvement in international trade.
ECONOMIC INTELLIGENCE SERVICE.

The first World Economic Survey, published on August 15th, 1932, summarises recent economic and financial developments up to the summer of the present year. It is based on information collected by the Economic Intelligence Service and data furnished by other institutions such as the International Labour Office and the International Institute of Agriculture. The Survey, after reviewing the background of post-war years, describes and analyses the development of the present crisis; the disorganisation of production; the movement of prices; the course of international trade; the balancing of accounts; banking and credit policy; the conditions of wages, unemployment and labour, and the strain on public finances. In conclusion, it deals with the movement towards international economic co-operation and summarises the latest information available in July 1932.

PREPARATION FOR THE WORLD ECONOMIC AND FINANCIAL CONFERENCE.

The Council, on July 15th, 1932, acceding to the request of the Lausanne Conference, decided that a Conference on monetary and economic questions should be convened by the League. It appointed a Committee of the Council to take such decisions of a practical character as might be necessary with a view to the convocation of the conference, and confirmed and adopted the decision of the Lausanne Conference that a commission of experts should make a preliminary examination of the questions to be considered.

FINANCIAL QUESTIONS.

FINANCIAL RECONSTRUCTION AND RELIEF.

The Council on May 21st, 1932, appointed a Mixed Committee consisting of Government experts and a delegation of the Financial Committee to consider the financial questions raised by the general section of the report of the Financial Committee of March 1932, and, in particular, the economic and financial difficulties to which the Austrian Government had drawn attention in a communication to the Secretary-General of the League of May 9th, 1932.

The Mixed Committee, after a general examination of the situation in Central and Eastern European countries, devoted its attention chiefly to the Austrian problem. It framed a Protocol laying down the conditions under which financial assistance might be given to Austria and embodying a scheme of reform which the Federal Government undertook to carry into effect. Provision was made for the issue of a loan up to a total of 300 million schillings. The Austrian Government undertook, in return, to establish and maintain budget equilibrium and to aim at a progressive removal of the existing control of exchange transactions. It was agreed that the Council should appoint a representative of the League in Austria and nominate an adviser to the National Bank. The Council, on July 15th, 1932, approved the Protocol, which was immediately signed by Austria, Belgium, the United Kingdom, France and Italy.

The Financial Committee, during its session held from June 27th to June 30th, 1932, considered the financial situation in Bulgaria, Greece, Hungary and Roumania.

The Committee noted an increase in the deficit of the Bulgarian budget as compared with previous estimates and urged the necessity for the fundamental reforms which it had previously recommended. It asked the Council, in view of the difficulties of the Bulgarian Treasury, provisionally to exempt the Government from certain payments due under the Protocol to the National Bank for the redemption of the State debt.

The Greek Government had suspended all the transfers required for the redemption and interest service of its foreign debt as from May 1st, and had only provided, in the budget for the financial year 1932-33, a sum in national currency equivalent to about half the amount which was required for the interest service when the drachma was at gold parity.

The Hungarian Government had been obliged to suspend the transfer of the sums due on June 15th to the trustees of the 1924 Loan and had ceased to pass through the hands of the trustees the whole of the proceeds of the pledged revenues.

The Council, in noting the report of the Financial Committee on July 15th, 1932, adopted a resolution requesting States which had failed to meet their international obligations to make every effort to do so.

The Committee considered a request by the Roumanian Government for the technical assistance of the League in applying plans of financial reform and in the economic reconstruction of the country. The Committee requested its Chairman to follow the development of this question. Towards the end of August, a technical mission proceeded to Bucharest to conduct preliminary enquiries.

REPORT OF THE GOLD DELEGATION.

The Financial Committee, during its June session, approved the final report of the Gold Delegation appointed in 1929.
The Delegation, in the first part of its report, recommends a return to the gold standard, which, in its view, remains the best available monetary mechanism. It expresses the opinion that, worked according to certain guiding principles, the gold standard ensures most of the advantages of stability and justice claimed for alternative standards more broadly based on other commodities. Among the conditions necessary to its revival are a reasonable degree of freedom in the movement of goods and services, a satisfactory solution of the problem of reparations and war debts, a general agreement upon certain guiding principles for the working of the system, a restoration of budget equilibrium in States and public bodies and an adjustment of the costs of production and living in each country to the general international economic and financial position.

The second part of the report deals with the working of the gold standard and the desirability of avoiding violent fluctuations in the purchasing power of gold. It is emphasised that the price level is influenced by many factors of a non-monetary character. Price stabilisation cannot be secured by monetary policy alone, but requires a close co-operation between central banks and concerted measures taken as a result of international consultation and co-operation.

TRANSIT QUESTIONS.

AIR TRANSPORT CO-OPERATION.

The Air Transport Co-operation Committee of the Organisation for Communications and Transit, as a result of a request made by the Air Commission of the Conference for the Reduction and Limitation of Armaments, met from May 9th to May 12th, 1932. The Committee had been asked to inform the Disarmament Conference of the position of its work with special reference to questions relating to the internationalisation of civil aviation or any other measure calculated to prevent signatory States from using civil aviation for military purposes.

Among the questions examined by the Committee were the study of an international air network of essential connections, ground organisation, the operation of the principal international services, conditions for the admission of foreign undertakings engaged in regular international transport, the progress of international co-operation in the operation of air lines and certain legal and administrative questions affecting the development of international co-operation in air transport.

The Committee, while emphasising the need for greater frequency and permanence in the air services on certain routes, expressed the view that co-operation between the national companies concerned was the best method of operating international services. It observed that progress towards a less rigorous exercise of sovereign rights and greater international co-operation must depend on a modification of the strictly national character of aircraft and a decrease in the practice of subsidising air undertakings which, in consequence of such Government action, assumed a political character. The Committee was of opinion that the best way of securing more effective international co-operation in the operation of air lines was the conclusion of bilateral and multilateral agreements for their exploitation as between the countries concerned.

UNIFICATION OF TRANSPORT STATISTICS.

The Advisory and Technical Committee for Communications and Transit, during its session held in June 1932, noted a report embodying a draft international convention concerning goods transport statistics for maritime navigation, railways and inland navigation drawn up by its Committee for the Unification of Transport Statistics. The Secretary-General of the League has been requested to forward this report to the Governments concerned with a request for their observations in regard to the methods of applying the principles laid down.

PASSPORT AND VISA FORMALITIES FOR OFFICERS AND SEAMEN IN MARITIME NAVIGATION.

The International Labour Office recently drew the attention of the Advisory and Technical Committee for Communications and Transit to the desirability of exempting officers and seamen holding identity papers duly issued by their national authorities from the obligation to present passports on disembarking in foreign countries. The Committee, during its session held in June 1932, requested its Permanent Committee for Ports and Maritime Navigation to make a preliminary examination of the subject, getting in touch with the International Labour Office so far as was necessary.

The Advisory and Technical Committee noted that the situation in regard to identity papers of persons engaged in inland navigation was satisfactory.
HEALTH QUESTIONS.


The Government of the Union of South Africa, in February 1932, asked the Health Organisation whether it would be prepared to convene a regional conference of Directors of Public Health Services of a number of African territories with a view to discussing certain urgent international problems. Among the questions proposed for examination was the practical application of the new Sanitary Air Convention in connection with the campaign against the propagation of yellow fever by aerial navigation, the unification of measures to prevent the introduction of smallpox by vessels from India, problems arising from the endemicity of plague in certain parts of South Africa and the organisation of medical relief services for rural populations.

The Conference will meet on November 15th next. Representatives have been invited from the following countries: French Equatorial Africa, Portuguese East Africa, the Belgian Congo, British India, Kenya, Nigeria (or one other British West African colony), Northern Rhodesia, Southern Rhodesia, Tanganyika, Uganda and the Union of South Africa. The Health Organisation will provide the technical secretariat for the Conference.

W O R K O F T H E O P I U M C O M M I S S I O N .

The Commission of Pharmacological Experts appointed by the Health Committee to consider the standardisation of methods for ascertaining the percentage yield of morphine of the various opiums, met at The Hague from July 11th to July 14th, 1932. The experts, before attempting to codify a standard method, felt it necessary to investigate certain new methods which have recently been devised.

The experts further drew up a plan of research into the standardisation of methods for ascertaining the percentage yield of cocaine from coca leaves.


The Health Section, in co-operation with the International Labour Office, is endeavouring to collect information concerning the effect of the economic crisis on national health. Information is required as to whether there has been an increase in morbidity and mortality in countries where unemployment has been increasing. It is felt that an enquiry should also be undertaken into the state of nutrition of the population and into the psychological effects produced by continuous privation. It is desired to ascertain whether the medical defences of the countries concerned are adequate to cope with the crisis.


Further medical supplies have been received from factories or institutes in Germany, Poland, Roumania, Czechoslovakia and Norway.

The reconstruction of the dykes destroyed by the floods has involved the repair of more than 3,500 kilometres of main dykes and tens of thousands of kilometres of secondary dykes. 1,400,000 workmen have been engaged in the main dykes of the Province of Yunnan alone. The Medical Department of the Relief Commission has adapted its organisation to these conditions, more particularly in setting up travelling units which periodically visit the workmen and attend to their medical needs.

R O A D S A N D W A T E R W A Y S .

The three experts appointed to advise the National Chinese Government on the scheme to regularise the River Hwai have completed their mission and drafted their report.

The two engineers accredited by the Transit Organisation of the League to the Chinese Government are directing the construction of several roads and dealing with certain hydraulic works.


Two members of the Mission of Educational Experts which the Committee on Intellectual Co-operation decided, at the request of the Chinese Government, to send to China with a view to making proposals for the reorganisation of Chinese education, submitted a report to the Committee on July 20th, 1932. The report, which concludes with concrete recommendations to the Chinese authorities and an appendix containing suggestions for urgent preparatory measures, will shortly be published by the Institute of Intellectual Co-operation.
ECONOMIC ASSISTANCE.

An agricultural expert and an expert on silk culture have been placed at the disposal of the National Chinese Government by the Economic Organisation of the League.

TRAFFIC IN OPIUM AND OTHER DANGEROUS DRUGS.

PUBLICATION OF THE MINUTES OF THE MEETINGS OF THE ADVISORY COMMITTEE ON TRAFFIC IN OPIUM AND OTHER DANGEROUS DRUGS AND SESSIONS OF THE COMMITTEE.

The Advisory Committee on Traffic in Opium and Other Dangerous Drugs, in its report to the Council in May 1932, laid special emphasis on two questions discussed during its previous session. First, it desired to urge that, to secure adequate publicity for its work and to assist the Governments of distant countries in their endeavours to control the illicit traffic, it was essential that the Minutes of its meetings should be published. Secondly, the Committee unanimously urged the necessity of convening two sessions a year in order to carry out successfully the tasks entrusted to the League by the Covenant.

The Advisory Committee has earnestly requested the Council to recommend to the Assembly that the necessary budgetary arrangements should be made.

RATIFICATION OF OPIUM CONVENTIONS.

The Governments of Nicaragua, Peru, Portugal and the United States of America have ratified the Convention for Limiting the Manufacture and Regulating the Distribution of Narcotic Drugs, and Brazil has ratified the Geneva Opium Convention of 1925.

PENAL AND PENITENTIARY QUESTIONS.

The observations of various Governments on the Standard Minimum Rules for the Treatment of Prisoners, referred by the Assembly in 1930 to the Governments of States Members and non-members of the League for consideration, have been forwarded to the International Penal and Penitentiary Commission. The Standard Minimum Rules are under consideration by a Sub-Commission of that body, which will report on the revision of the Rules, if possible, at the next meeting of the Commission in 1933.

Meanwhile, co-operation between the League of Nations and the International Penal and Penitentiary Commission is being developed along the lines approved by the Assembly in 1931.

The International Labour Office has under consideration a memorandum on prison labour which will be distributed to the delegates at the forthcoming Assembly of the League.

INTELLECTUAL CO-OPERATION.

MEETING OF THE PLENARY COMMITTEE.

The International Committee on Intellectual Co-operation met in plenary session at Geneva from July 18th to July 23rd, 1932. It reviewed the work of the Intellectual Co-operation Organisation during the year.

The activities thus considered included the work of the Institute of Intellectual Co-operation and of its various Committees and groups of experts, the work of the Sub-Committee of Experts on the Instruction of Youth in the Aims of the League, and the Permanent Committee on Arts and Letters. The delegation of the Sub-Committee on the Instruction of Youth in the Aims of the League met immediately prior to the session of the plenary Committee, while the Permanent Committee on Arts and Letters had recently met at Frankfort-on-Main from May 12th to May 14th, 1932.

The earlier work of the committees and experts dealing with intellectual co-operation questions was summarised in the general report on the work of the League. The supplementary report records in detail only such current work of the Organisation as was undertaken during the summer months.

THE PERMANENT COMMITTEE ON ARTS AND LETTERS.

The first part of the session of the Permanent Committee on Arts and Letters, which met at Frankfort from May 12th to May 14th, 1932, was devoted to a discussion on Goethe, the first of the conversations which the Committee has decided to organise for each of its sessions on subjects of general interest.
The Committee approved proposals for the publication of a quarterly index of translations, for the formation of national libraries of musical records, for the publication of an international catalogue of recorded music and for the publication of authentic texts of musical works. It considered the possibility of drawing up international programmes in agreement with the International Broadcasting Union with a view to spreading a knowledge of the music of the different nations by wireless, co-operation between institutions dealing with archaeology and the history of art, the results achieved during the year of an organised effort with a view to enabling more effective use to be made of national museums, the progress of consultations conducted by the Institute of Intellectual Co-operation regarding the cultivation of a taste for poetry in schools and an enquiry into a number of technical problems of the theatre viewed from an international point of view.

The Committee further noted the results of work done by the Institute and by a number of committees of experts in the field of intellectual rights.

The proposals and decisions of the Permanent Committee on Arts and Letters were duly considered and approved by the plenary Committee on Intellectual Co-operation during its July session.

Instruction of Youth in the Aims of the League of Nations.

Among the subjects dealt with by the delegation of the Sub-Committee of Experts for the Instruction of Youth in the Aims of the League, which met at Geneva on July 12th and 13th, 1932, was the revision of school text-books. The delegation amended and approved a number of resolutions adopted by a Committee of Experts on the Revision of School Text-books, insisting, however, on the preponderant part to be played by the teachers using the books. It recommended the establishment of a collection of school text-books for every country and an enquiry into the means of encouraging the preparation of books inspired with the desire for international understanding. The Committee on Intellectual Co-operation has approved the essential part of the proposals put forward for the suppression of passages calculated to prejudice the mutual comprehension of peoples, whilst giving to them a less imperative form. It considers that successful revision must depend on the goodwill of the National Committees on Intellectual Co-operation and on further preliminary experiments and attempts at friendly conciliation.

The delegation also considered reports on the co-operation of institutions for the scientific study of international relations, the co-ordination of centres of educational documentation and the educational aspects of broadcasting.

The Committee on Intellectual Co-operation, approving these proposals, urged the Institute in particular to continue its studies on the educational aspects of broadcasting and to place itself at the disposal of the Committee on Moral Disarmament of the Disarmament Conference, which has the matter under consideration.

Educational Films.

The Committee on Intellectual Co-operation, during its July session, noted a report from the Chairman of the Governing Body of the International Institute of Educational Cinematography and emphasised the value which it attached to the continuous collaboration of the Institute with the efforts being made for a better use of the cinema in spreading a knowledge of the League. It noted an offer from representatives of groups of film producers, made at a meeting of experts held at Paris in April, to co-operate in the preparation of a series of educational films dealing with the League, and asked the Governing Body of the Institute of Educational Cinematography to assist in drawing up a definite programme of co-operation.

The draft Convention for the Abolition of Customs Barriers against Educational Films, revised by a small committee of experts meeting at Geneva on May 30th, 1932, on the basis of observations made by certain Governments, will, at the request of the Italian Government be submitted to the Assembly at its forthcoming session.

Co-operation between Libraries.

The Committee of Library Experts met in June 1932 for its sixth session. It discussed the publication of an index and of guides, methods of classification of universal application, international standardisation of loans and the question of a better use of popular libraries for the general education of workers in their leisure hours. It also dealt with the problem of the organisation of documentation and proposed definite recommendations with a view to an international study of the question. The Committee on Intellectual Co-operation approved these suggestions and, in particular, endorsed the resolution to the effect that steps should be taken, in view of the present economic crisis, to protect the budgets of libraries as a universal instrument of intellectual work and an indispensable element in intellectual life.
MORAL DISARMAMENT.

The assistance afforded by the International Co-operation Organisation to the Committee on Moral Disarmament of the Disarmament Conference has been mentioned in a previous part of the introduction.

The Committee on Intellectual Co-operation, during its July session, heard a statement by the Chairman of the Committee on Moral Disarmament which gave rise to an important discussion in which all the members of the Committee took part. In view of the importance attached by the Committee to the statements made on this occasion, the Institute of Intellectual Co-operation has been instructed to arrange for their publication. The Committee further decided to draw the attention of the national committees on intellectual co-operation to the desire of their studying the problems of moral disarmament and of every possible effort in that direction.

BUDGET OF THE INTELLECTUAL CO-OPERATION ORGANISATION.

The Council, in January 1932, asked the Intellectual Co-operation Organisation to consider what steps might be taken to remedy the disquieting consequences which recent budgetary reductions might have on its work. The conclusions of the Committee on this subject will be submitted in a special report to the Council and to the Assembly.
1. LEGAL QUESTIONS.

I. SPECIAL COMMITTEE TO STUDY THE EXISTING SYSTEM OF ELECTIONS TO THE COUNCIL.

This Committee met on July 4th and took measures to obtain the views of the various Members of the League. It will not, however, be able to present a report to the Assembly during the present year.

II. AMENDMENT OF THE COVENANT OF THE LEAGUE OF NATIONS.

As stated in the main report to the Assembly on the work of the League (document A.6.1932), the Secretary-General was authorised to convene the Committee of Representatives of the Members of the League, which, under the terms of the Assembly's resolution of September 25th, 1925, was to consider the question of amending the Covenant in order to bring it into harmony with the Pact of Paris, for a date fixed in agreement with the President of the Disarmament Conference, the Acting President of the Council and its Rapporteur.

The Assembly contemplated that the Committee might meet during the Disarmament Conference. Its decision to create the Committee was, in fact, due to the recognition that the work of the Disarmament Conference and the question of the amendment of the Covenant were to a certain degree connected. On the other hand, the Council, in deciding as to the procedure for convening the Committee, considered that, in fixing the date of its meeting, it would be necessary to take into account the question of how far a meeting of the Committee might facilitate or might complicate the work of the Conference.

In agreement with the Presidents of the Council and of the Conference and with the Rapporteur to the Council, the Secretary-General felt that the work of the Disarmament Conference had not reached the stage at which it would be desirable for the Committee to be convened. Subject to any contrary decision of the Assembly, it will remain possible for the Committee to be convened, by the procedure laid down by the Council, at a later stage of the Conference or after the conclusion of the Conference.

2. REDUCTION OF ARMAMENTS.

CONFERENCE FOR THE REDUCTION AND LIMITATION OF ARMAMENTS.

1. STUDIES CONCERNING QUALITATIVE DISARMAMENT.

The Land, Naval and Air Commissions had been instructed on April 22nd, and the Chemical and Bacteriological Weapons Special Committee on May 10th, 1932, to submit to the General Commission reports on the subject of qualitative disarmament in their respective provinces and to select those weapons "whose character is the most specifically offensive, or those most efficacious against national defence or most threatening to civilians". 1

The Land Commission referred to a Committee of Experts a series of technical questions relating to artillery and armoured vehicles. It drew up its report on the basis of the replies received (document Conf.D.122).

The report states, generally speaking, the standpoint of the various groups of delegations, which were not unanimous as regards these two categories of material. It further contains observations of the different delegations on the question of fortifications, which did not form the subject of a general debate.

The Naval Commission studied separately capital ships, aircraft-carriers, submarines, automatic contact mines and river war-vessels.

The delegations were not unanimous as regards the extent to which these different categories of vessels correspond to the three criteria fixed for qualitative disarmament. The report accordingly simply states the opinion of the various delegations (document Conf.D.121).

The Air Commission set forth in its reply (document Conf.D.123) certain general findings in regard to the offensive character of air armaments, the extent to which military use may be made of civil aviation, the offensive power of aircraft from the standpoint of their efficacy against national defence and from the standpoint of the threat to civilians. These findings were accompanied by the observations and reservations of certain delegations.

The Chemical and Bacteriological Weapons Special Committee submitted a unanimous report, accompanied by resolutions (document Conf.D.120). It noted that chemical and bacteriological weapons are most threatening to civilians, but that the possession of chemical products utilisable for chemical and bacteriological warfare could not be prohibited, since those same products are also used for essentially pacific purposes. The Committee accordingly proposed that only the use against an adversary of chemical weapons and means of warfare should be included in qualitative disarmament. Such arms and means of warfare comprise not only the noxious chemical substances themselves, but also the appliances, devices and projectiles specially constructed for their use; they do not, however, comprise either smoke or fog used to screen objectives or noxious substances arising from the combustion or detonation of ordinary explosives.

For bacteriological weapons and means of warfare, with which the report deals separately, the Committee proposes that all methods for the use of pathogenic microbes against an adversary (bacteriological warfare) should be included in qualitative disarmament.

The Committee also dealt with flame projectors and incendiary projectiles. Appliances designed to attack persons by fire, such as flame projectors, are calculated to cause needless suffering and incendiary projectiles involve a particularly grave menace to civilians. The Committee therefore proposes that they be condemned, with the exception of incendiary projectiles specially constructed for use against aircraft.

The reports of the Land, Naval and Air Commissions and of the Chemical and Bacteriological Weapons Special Committee were published at the beginning of June. As it was clear that agreement concerning the weapons to be included in qualitative disarmament had not been reached in the Commissions, the Bureau of the Conference invited the delegations to prepare for such agreement by means of private conversations. Practically all the delegations took part in those conversations.

2. WORK UNDERTAKEN BY THE SPECIAL COMMISSIONS AND COMMITTEES OF THE CONFERENCE.

As has been noted, before the study of qualitative disarmament, the General Commission had assigned to the special Commissions certain technical studies. It became increasingly clear, however, that the work of those Commissions could make but little progress until the General Commission had established general principles which might serve as a guide to them. The Commissions and Committees nevertheless engaged, between the month of March and the beginning of August, in the studies mentioned above.

The Political Commission had entrusted to a Committee for Moral Disarmament the study of various aspects of this question. The Committee grouped under three headings the various categories of questions which it felt ought to be examined:

1. Questions concerning intellectual co-operation and technical means of spreading information, including the problems of education, utilisation of cinematography and broadcasting;
2. Questions concerning the co-operation of the Press;

The Committee adopted as a basis of discussion for Item 1 of its agenda a draft text prepared by the Intellectual Co-operation Organisation. That draft took into account the various proposals laid before the Committee. When adopting it as a basis for discussion, the Committee was careful to make every reservation concerning the final form that might be given to the text which it was about to draw up. The draft, consisting of a Preamble and four chapters, contained suggestions on the following points:

1. Education of the younger generation;
2. Co-operation of the intellectual world;
3. Utilisation of technical means of spreading information;
4. Ways and means of giving effect to possible undertakings.

1 For the studies relating to qualitative disarmament, see above under 1, "Studies concerning Qualitative Disarmament".
The Committee completed the first reading of each of the articles of the draft, and set up a Drafting Committee to prepare a new text, which will eventually be examined on second reading.

For the examination of the questions of a legal and constitutional nature which arise in connection with the problem of moral disarmament, the Committee set up a special Sub-Committee to study in particular a memorandum by M. Pella (Roumania).

The Land Commission had noted that it could not usefully discuss any question until certain decisions of principle had been taken by the General Commission. It had set up a Committee of Experts to examine how the various Governments, when preparing the information which they forwarded to the League of Nations, interpreted certain definitions concerning effective [1].

The Committee set up for the purpose of studying all pertinent information relating to figures for effectives [2] used, for the purpose of these studies, the report framed by the aforesaid Committee of Experts.

The work of this Committee was suspended owing to a serious divergence of views as regards the categories of effective concerning whom information was to be supplied; these questions cannot be technically settled until the Bureau has taken decisions of principle regarding them.

At the outset of its work, the Naval Commission, unlike the Land Commission, had found that it could study a certain number of questions on its agenda independently of the decisions of principle which might be taken by the General Commission. Those questions referred more particularly to rules for the replacement of units of the different categories of vessels, to the scrapping of warships. As regards these various questions, the Commission, generally speaking, approved the provisions of the draft Convention and made certain new suggestions; a final text has not, however, yet been drawn up.

On July 20th, the Naval Commission elected M. Moresco (Netherlands) as President, in place of M. Colban, who was compelled by an accident to resign from the Norwegian delegation.

The Air Commission had been requested by the General Commission to study, in conformity with a suggestion which it had itself made, the question of the internationalisation of civil aviation and any other measures calculated to prevent the signatory States from utilising civil aircraft for military purposes.

For the preparation of these studies, the Air Commission was obliged to have special documentation. A “Collection . . . concerning the Organisation of National Civilian Aviation” (document Conf.D./C.A.8) was prepared by the Secretariat from the replies of Governments to two questionnaires which the Bureau of the Air Commission had sent out. An “Objective Study on the Internationalisation of Civil Aviation” was prepared by M. de Brouckère (document Conf.D. /C.A.9). At the request of the Air Commission, the Air Transport Co-operation Committee met and presented a report on the progress of its work (document Conf.D./C.A. 15). The Air Commission also had before it, for the purpose of its work, the “Study concerning the Present Situation in regard to Publicity of Civil Aviation and Collection of Provisions in force concerning the Exchange or Publication of Information relating to Civil Aviation” (document C.95.M.47.1932.VIII [Conf.D.57 and Addenda]), which had been prepared by the Communications and Transit Organisation in conformity with a resolution of the Council.

A number of proposals framed by various delegations, and more particularly a draft basis of discussion framed by the Spanish delegation (document Conf.D./C.A.36), were submitted to the Air Commission.

The latter set up a technical Sub-Committee, presided over by M. Vallotton (Switzerland), to prepare the study requested by the General Commission.

The discussion in that Sub-Committee showed that some delegations merely contemplate rules for civil aviation, while certain delegations propose that these rules should be enforced by measures of supervision and others, lastly, propose the total or partial internationalisation of civil aviation.

The Sub-Committee completed the first part of its work—namely, the framing of draft rules for civil aviation. The articles of those draft rules contain provisions relating to material, personnel, subsidies, and information to be supplied concerning civil aviation. The draft is accompanied by reservations and observations submitted by certain members of the Sub-Committee.

The National Defence Expenditure Commission or its technical Committee sat almost continuously from March 14th to the end of July.

The Plenary Commission, which had adopted as a framework for its discussions the report of the Committee of Experts on Budgetary Questions (document C.182.M.169.1931.1X), examined on first reading the questions dealt with in that report.

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The Commission grouped the various problems raised by the limitation and publicity of expenditure within the following main categories:

A. Preliminary Questions.
   (1) Need for the uniform presentation of figures for the national defence expenditure of the different countries.
   (2) Impossibility of comparing the extent of the armaments of the different countries on the basis of the figures for expenditure.

B. Form and Content of the Model Statement. ¹
   (1) Definition of the term “annual expenditure” (definition of the term “expenditure”); exercise accounts; publicity of estimates of expenditure on the basis of Parliamentary votes).
   (2) Meaning and scope of the term “national defence expenditure” (secret funds and re-allocation of expenditure; gross expenditure and net expenditure; subsidies, loans and participations, special expenditure arising out of the reduction of armaments; extra-budgetary expenditure; carrying forward of credits; Tables C, D, E and F annexed to the Model Statement).
   (3) Classification of such expenditure (Model Statement, re-allocation of expenditure; contents and classification of the subheads of the Model Statement; separation of the expenditure for the three categories of arms, Tables A and B annexed to the Model Statement).
   (4) Reconciliation tables; derogations.

C. Questions relating particularly to Publicity.
   (1) Date for the forwarding of statements; final accounts.
   (2) Publicity of expenditure, by categories, on land and naval material.
   (3) Communication of certain laws and regulations of interest from the standpoint of national defence.

D. Questions relating to the Fixing of Limits.
   (1) Transfers within the limits of the three categories of arms.
   (2) Fixing of limits, taking into account the variations in expenditure from one year to another.
   (3) Fluctuations in the purchasing power of the different currencies.

Practically all of these questions and various cognate proposals were referred for study to a technical Committee. The latter has, for the moment, confined itself to appointing Rapporteurs for the different questions. Its chief task has consisted hitherto in examining the documentation supplied by the different countries and framing draft questions on the subject. The procedure adopted is partly written, partly oral. All delegations to the Conference have the right to submit, within a certain time-limit, observations on the documentation supplied. When the Power concerned has forwarded its replies to the observations, an oral discussion is held in the Committee on the documentation as a whole, in the presence of a representative of the Power in question.

Up to the moment at which it broke off its work, the Committee had concluded the examination of the documentation supplied by the Governments of the following countries: United Kingdom, Czechoslovakia, Denmark, France, Germany, India, Italy, Poland, Sweden, Switzerland, United States of America. The examination of the documentation concerning the following countries is also proceeding: South Africa, Belgium, Bulgaria, Irish Free State, Japan, Netherlands, Norway, Roumania, Union of Soviet Socialist Republics, Yugoslavia. A large number of States have not yet supplied information or have only forwarded incomplete documentation.

At its next session, which will open on September 12th, the Committee will continue its examination of the documents supplied by Governments. It will begin its study of the various special questions referred to it by the National Defence Expenditure Commission and will draw up its report.


While the private conversations concerning qualitative disarmament were proceeding, a declaration from the President of the United States of America, known as the “Hoover Proposals” (document Conf.D.126), was submitted to the Conference on June 22nd. Realising that these proposals were calculated to give fresh impetus to the Conference, the General Commission devoted several meetings to them, in order to enable the different delegations to state their views. All the delegations which spoke declared themselves in favour, in varying degrees, of President Hoover’s proposals.

¹ By “Model Statement” is meant a model table permitting of the uniform presentation of the expenditure on national defence (see report of the Committee of Experts, document C.182.M.169.1931.IX).
Following upon these proposals, the Conference was led to consider the whole of the questions of the reduction and limitation of armaments. In conformity with a suggestion of Sir John Simon (United Kingdom), the Bureau of the Conference decided that the results at which the Conference might arrive before suspending its work should be set forth in the form of a resolution recording the points on which agreement had been reached and taking into account the Hoover proposals.

After consulting the various delegations, M. Beneš, the Rapporteur-General, submitted to the Conference a draft resolution, which was discussed point by point in the General Commission and which, as adopted, reads as follows:

"I."

"The Conference for the Reduction and Limitation of Armaments,

"Profoundly convinced that the time has come when all nations of the world must adopt substantial and comprehensive measures of disarmament in order to consolidate the peace of the world, to hasten the resumption of economic activity, and to lighten the financial burdens which now weigh upon the peoples of the world;

"Desirous of avoiding a competition in the power of armaments which would be both ruinous to the peoples and threatening to their national defence;

"Recalling its resolutions of April 19th, 20th and 22nd, 1932;

"Firmly determined to achieve a first decisive step involving a substantial reduction of armaments, on the basis of Article 8 of the Covenant of the League of Nations, and as a natural consequence of the obligations resulting from the Briand-Kellogg Pact;

"Welcoming heartily the initiative taken by the President of the United States of America in formulating concrete proposals for a substantial reduction of armaments by the prohibition of certain methods of warfare, by the abolition of certain material, and by reductions varying in magnitude and amounting for certain armaments to the proportion of one-third;

"Bearing in mind also the draft Convention of the Preparatory Commission, the statements and proposals made to the Conference by a number of delegations, and the reports and resolutions of the various Commissions of the Conference:

"Decides forthwith and unanimously, guided by the general principles underlying President Hoover's declaration:

"1. That a substantial reduction of world armaments shall be effected to be applied by a general Convention alike to land, naval and air armaments;

"2. That a primary objective shall be to reduce the means of attack.

"II. CONCLUSIONS OF THE FIRST PHASE OF THE CONFERENCE.

"The Conference, noting that agreement has now been reached on a certain number of important points, decides, without prejudice to more far-reaching agreements hereafter, to record forthwith the following concrete measures of disarmament, which should form part of the general Convention to be concluded. The Conference also decides to establish certain principles as the basis for further reductions of armaments, and to determine the procedure necessary for the active prosecution of its work.

"1. Air Forces.

"The Conference, deeply impressed with the danger overhanging civilisation from bombardment from the air in the event of future conflict, and determined to take all practicable measures to provide against this danger, records at this stage of its work the following conclusions:

"1. Air attack against the civilian population shall be absolutely prohibited;

"2. The High Contracting Parties shall agree as between themselves that all bombardment from the air shall be abolished, subject to agreement with regard to measures to be adopted for the purpose of rendering effective the observance of this rule.

"These measures should include the following:

"(a) There shall be effected a limitation by number and a restriction by characteristics of military aircraft;

"(b) Civil aircraft shall be submitted to regulation and full publicity. Further, civil aircraft not conforming to the specified limitations shall be subjected to an international regime (except for certain regions where such a regime is not suitable) such as to prevent effectively the misuse of such civil aircraft."
"2. Land Armaments.

(a) Land Artillery.

1. All heavy land artillery of calibres between any maximum limit as determined in the succeeding paragraph and a lower limit to be defined shall be limited in number.

2. The limitation of calibre of land artillery shall be fixed by the Convention.

Subject to an effective method being established to prevent the rapid transformation of guns on fixed mountings into mobile guns, different maxima for the calibre of land guns may be fixed as follows:

(a) A maximum limit for the calibre of coastal guns, which shall not be less than the maximum calibre of naval guns;

(b) A maximum limit for the calibre of guns in permanent frontier or fortress defensive systems;

(c) A maximum limit for the calibre of mobile land guns (other than guns employed for coastal defence).

(b) Tanks.

The maximum unit tonnage of tanks shall be limited.

3. Chemical, Bacteriological and Incendiary Warfare.

Chemical, bacteriological and incendiary warfare shall be prohibited under the conditions unanimously recommended by the Special Committee.

4. Supervision.

There shall be set up a Permanent Disarmament Commission with the constitution, rights and duties generally as outlined in Part VI of the draft Convention submitted by the Preparatory Commission for the Disarmament Conference, with such extension of its powers as may be deemed by the Conference necessary to enable the Convention to be effectively applied.

III. PREPARATION OF THE SECOND PHASE OF THE CONFERENCE.

The Conference requests the Bureau to continue its work during the period of adjournment of the General Commission, with a view to framing, with the collaboration (if necessary) of a Drafting Committee, draft texts concerning the questions on which agreement has already been reached. Such texts will be communicated to all delegations as soon as they are drafted, and will then be submitted to the Commission.

Points which call for detailed examination will be examined by the Bureau or by the appropriate Committees, with the assistance of the Governments concerned, in order that definite conclusions may be reached as soon as the General Commission meets again.

The questions which will form the subject of such examination are the following:

1. Effectives.

A strict limitation and a real reduction of effectives shall be brought about.

For this purpose, the Conference invites the Bureau to examine, with the collaboration of such delegations as it considers necessary, the proposal of President Hoover relating to effectives. These studies should take into consideration, in the case of each country, the actual conditions of defence and the number and character of its forces.

2. Limitation of National Defence Expenditure.

(a) The Conference shall decide on the resumption of its labours, taking into account the special conditions of each State, what system of limitation and publicity of expenditure on national defence will provide the peoples with the best guarantee of an alleviation of their financial burdens, and will prevent the measures of qualitative and quantitative disarmament to be inserted in the Convention from being neutralised by increases or improvements in authorised armaments.

(b) With a view to the decisions to be taken under this head, the Conference requests the Committee on National Defence Expenditure and its technical Committee to continue and complete the work entrusted to its organs and to submit their report as soon as possible. The Conference requests its Bureau to draw up, on the basis of this report, a plan accomplishing the purpose aimed at and taking into consideration the special conditions of the various States.

3. Trade in and Manufacture of Arms.

The Bureau will set up a special Committee to submit proposals to the Conference, immediately on the resumption of its work, in regard to the regulations to be applied to the trade in and private and State manufacture of arms and implements of war.
"4. Naval Armaments.

"As regards the proposals made by President Hoover and other related proposals concerning naval armaments, the Conference invites the Powers parties to the Naval Treaties of Washington and London, which have already produced important results, to confer together and to report to the General Commission, if possible before the resumption of its work, as to the further measures of naval reduction which might be feasible as a part of the general programme of disarmament.

"The Conference further invites the naval Powers other than the Powers parties to the above Treaties to make arrangements for determining the degree of naval limitation they are prepared to accept in view of the Washington and London Treaties and the general programme of disarmament envisaged in the present resolution.

"The Bureau will be kept informed of the progress of these negotiations, which it will be its duty to co-ordinate within the framework of the General Convention in preparation for the comprehensive decisions of the General Commission.

"5. Violations.

"Rules of international law shall be formulated in connection with the provisions relating to the prohibition of the use of chemical, bacteriological and incendiary weapons and bombing from the air, and shall be supplemented by special measures dealing with infringement of these provisions.


"Pending the resumption of the meetings of the General Commission, the Bureau will keep the delegations informed of the progress of the work.

"It will be for the Bureau to fix the date of the next meeting of the General Commission with one month's notice. The meeting of the General Commission shall take place not later than four months after the resumption of the work of the Bureau, which will meet during the week beginning September 19th, 1932.

"IV. GENERAL PROVISIONS.

"The present resolution in no way prejudges the attitude of the Conference towards any more comprehensive measures of disarmament or towards the political proposals submitted by various delegations.

"V. ARMAMENTS TRUCE. 1

"In order to ensure that, pending the resumption of the meetings of the General Commission and during the second phase of its work, no steps shall be initiated by any Power which might prejudice the preparation of the General Disarmament Convention, the Conference decides to recommend to the Governments to renew for a period of four months from November 1st, 1932, the truce provided for by the resolution of the Assembly of the League of Nations of September 29th, 1931."

This resolution was adopted by the General Commission on July 23rd by forty-one votes; two delegations 2 voted against the resolution and eight abstained. 3

The following thirty-seven speakers took part in the discussion on this resolution:

2 Germany and the Union of Soviet Socialist Republics.
3 Afghanistan, Albania, Austria, Bulgaria, China, Hungary, Italy, Turkey.

M. Bosch (Argentina Republic), M. Pflügl (Austria), Count Carton de Wiart (Belgium), M. Costa du Rels (Bolivia), Sir John Simon and Sir Herbert Samuel (United Kingdom), M. Mikoff (Bulgaria), M. Dupré (Canada), M. Saavedra-Agiáero (Chile), M. Yen (China), M. Beneš (Czechoslovakia), M. Schou (Denmark), General Laidoner (Estonia), M. Erich (Finland), M. Herriot, M. Painlevé, M. Paul-Boncour (France), M. Nadolny (Germany), M. Politis (Greece), Count Apponyi (Hungary), Mr. Sean Lester (Irish Free State), General Balbo (Italy), M. Matsudaïra (Japan), M. Feldmans (Latvia), M. Lanskoronskis (Lithuania), M. Rutgers (Netherlands), M. Lange (Norway), M. Garay (Panama), Ali-Goli Khan Ansari (Persia), General Burhardt-Bukacki (Poland), M. de Vasconcellos (Portugal), M. de Madariaga (Spain), M. Sandler (Sweden), M. Motta (Switzerland), Cemal Hüsnü Bey (Turkey), Mr. Gibson (United States of America), M. Litvinoff (Union of Soviet Socialist Republics).

In the course of this discussion, the German delegation made an official declaration informing the General Commission that the German Government could not undertake to continue to take part in the work of the Conference unless it was conducted in future on the basis of a recognition of legal equality between the States.
4. ARMAMENTS TRUCE.

As will be noted, the resolution contains a recommendation concerning the Armaments Truce. The General Commission, not being competent to adopt a resolution in the matter, referred the question to the Plenary Conference. The latter met on July 23rd and adopted — by forty-nine votes and one abstention (China) — a recommendation concerning the Armaments Truce, in the terms proposed by the General Commission.

The President of the Conference brought this recommendation to the notice of all the Governments invited to the Disarmament Conference, and requested them to be good enough to inform him, before November 1st, whether they agree to the renewal for four months of the truce concluded last year.

3. POLITICAL QUESTIONS.

I. ENTRY OF THE TURKISH REPUBLIC INTO THE LEAGUE OF NATIONS.

At the meeting of the Extraordinary Assembly of the League of Nations on July 1st, 1932, the delegations of the countries mentioned below made the following proposal to the Assembly:

"The delegations of Albania, Australia, Austria, the United Kingdom, Bulgaria, Colombia, Cuba, Czechoslovakia, Denmark, Estonia, Finland, France, Germany, Greece, Guatemala, Hungary, Italy, Japan, Latvia, Netherlands, New Zealand, Panama, Persia, Poland, Roumania, Spain, Sweden, Switzerland and Yugoslavia,

"Recognising that the Turkish Republic fulfils the general conditions laid down in Article 1 of the Covenant for a State to become a Member of the League of Nations,

"Propose to the Assembly that the Turkish Republic should be invited to enter the League of Nations and give it the benefit of its valuable co-operation."

This proposal was introduced by the delegate of Spain and supported by the delegate of Greece.

The Assembly unanimously decided to place it on its agenda.

At the meeting of July 6th, the Assembly, after hearing speeches made by a considerable number of delegates in favour of admitting the Turkish Republic into the League of Nations, unanimously adopted the following resolution:

"The Assembly,

"Recognising that the Turkish Republic fulfils the general conditions laid down in Article 1 of the Covenant, paragraph 2, for a State to become a Member of the League of Nations,

"Decides that the Turkish Republic shall be invited to enter the League of Nations and to give it the benefit of its valuable co-operation,

"And instructs the Secretary-General to take such action as may be necessary in pursuance of this resolution."

The following reply, made on July 9th, was received from H.E. Tevfik Rüstü Bey, Minister for Foreign Affairs of the Turkish Republic:

"In reply to the invitation which you transmitted to me on behalf of the Assembly, I have the honour to inform you that the Turkish Republic is prepared to become a Member of the League of Nations and that the obligations assumed by Turkey under the Treaties concluded hitherto, including those concluded with States non-members of the League of Nations, are in no way incompatible with the duties of a Member of the League of Nations. In this connection, I would point out that all the Treaties signed before the admission of Turkey have been concluded in the spirit of the Pact of Paris, to which the majority of the Members of the League of Nations are also signatories.

"In making this declaration, it is my duty to add that Turkey is in a special position as a consequence of military obligations ensuing from the Conventions signed at Lausanne on July 24th, 1923.

"Such being the case, I desire to recall the terms of the Note which was signed by the representatives of Belgium, France, the United Kingdom, Italy, Poland and Czechoslovakia on December 1st, 1925, and which was quoted by the German Government in its letter
of February 8th, 1926, to the Secretary-General concerning the admission of Germany to the League of Nations. The last paragraph of that Note read as follows:

"The obligations resulting from the said article (Article 16) on the Members of the League must be understood to mean that each State Member of the League is bound to co-operate loyally and effectively in support of the Covenant and in resistance to any act of aggression to an extent which is compatible with its military situation and takes its geographical position into account."

At the meeting of July 18th, the Assembly, on the recommendation of its Bureau, adopted the following resolution:

"Whereas the Turkish Government has accepted the Assembly's invitation to it to become a Member of the League of Nations,

"And whereas it is established that the Turkish Republic fulfils the conditions laid down in Article 1 of the Covenant,

"The Assembly

"Declares that the Turkish Republic is admitted to membership of the League of Nations, and

"Invites its representatives to take part in the proceedings of the present session of the Assembly."

The representatives of Turkey took their places amongst the members of the Assembly, and, after a speech of welcome by H.E. M. Hymans, President of the Assembly, the text of which will be found in the Minutes of the meeting in question, the first delegate of the Turkish Republic, H.E. Cemal Hüsnü Bey, made a speech also to be found in the Minutes.

II. APPEAL FROM THE CHINESE GOVERNMENT.

On June 14th, 1932, the Commission of Enquiry set up under the Council resolution of December 10th, 1931, sent the following telegram from Peiping to Geneva:

"After visiting Manchuria, the Commission returned to Peiping for the purpose of studying and co-ordinating the information collected and supplementing its documentation on certain points from Chinese sources. The Commission proposes to leave for Japan in the course of next week, as it wishes to have a further exchange of views with the Japanese Government. A part of its secretariat and some of its experts will remain at Peiping to study the documentary material. The Commission will begin to discuss its final report during its visit to Japan, and will complete and adopt this report on its return to China. The Commission hopes to submit its report in Geneva by about the middle of September at the latest." 1

The last sentence of this telegram raised a question which the President of the Assembly invited the Committee of Nineteen to discuss. Article 15 (last paragraph) of the Covenant provides that, "in any case referred to the Assembly, all the provisions of this article and of Article 12 relating to the action and powers of the Council shall apply to the action and powers of the Assembly," while Article 12 (second paragraph) stipulates that "the report of the Council shall be made within six months after the submission of the dispute". A comparison of these two texts showed that, as the question had been submitted to the Assembly by the Council's resolution of February 19th, its report should be drawn up before August 19th. In these circumstances, the possibility of proposing to the Assembly, with the approval of the Parties, the extension of the period laid down in Article 12 of the Covenant had to be considered.

The Committee of Nineteen met on June 24th. On the previous day, the Chinese delegation had transmitted to the Chairman a telegram from the Chinese Minister for Foreign Affairs drawing attention to the "serious situation created by the Japanese Diet passing a resolution for the recognition of the 'Manchukuo'". The Chinese Government urged the Committee to call upon the Japanese Government "to observe its obligations under the Council resolutions of September 30th and December 10th, 1931, to refrain from taking any initiative which would further aggravate the situation, and to desist from such recognition, which was sure to render the work of the Commission of Enquiry abortive and prepare the way for grave conflict in the Far East" 2

The Committee authorised its Chairman to send the following letter to the representatives of China and Japan:

"The last communication from the Commission of Enquiry, which was circulated on June 15th to the Council and Members of the League (document C.519.M.257.1932.VII) concludes with the words: 'The Commission hopes to submit its report to Geneva by about the middle of September at the latest'.

"As the report of the Commission of Enquiry is bound to constitute one of the essential elements of the documentation which the Assembly has requested the Council to transmit to it, together with any observations it may have to make, I think it should be arranged that the Council and Members of the League to whom this report will be

1 Document C.519.1932.
communicated should be given time to study it carefully, which would be impossible if the period of six months provided for in Article 12 of the Covenant were strictly observed in the present case.

After consulting the members of the Assembly who are sitting on its Special Committee, I have the honour to place before you the following proposal which, if it meets with your agreement and that of the Japanese (Chinese) representative, might be submitted to the Assembly, which I shall summon in plenary meeting at an early date:

"While laying stress on the exceptional character of a measure which is imposed on it by circumstances, the Assembly, noting that the representatives of the Chinese and Japanese Governments have both informed its President of their agreement concerning the extension of the time-limit laid down in the second paragraph of Article 12 of the Covenant, decides to prolong this time-limit to the extent that may be strictly necessary and on the understanding that the said extension shall not constitute a precedent.

After receiving the report of the Commission of Enquiry, the Assembly, on the proposal of its Committee, will fix the duration of the extension.

It goes without saying that, in deciding upon this extension, the Assembly has no intention of unduly prolonging its work; it desires to conclude it as rapidly as circumstances permit. It hopes, in particular, that its Committee will be in a position to begin its examination of the report of the Commission of Enquiry before November 1st.

In submitting to you this proposal, it is my duty to add that I have every confidence that the undertaking not to aggravate the situation entered into by the two Parties before the Council, and recorded by the latter on September 30th and December 10th in resolutions which retain their full executory force, will be scrupulously observed: I am sure that you will agree with me that these resolutions will continue to be fully valid during the period for which the time-limit of six months may be extended. I would also refer you to the resolution which the Assembly adopted on March 11th, and in which it recalled the two resolutions of the Council.

If the proposal which I have the honour to submit to you meets, as I hope it may, with your agreement, I should be grateful if you would inform me as soon as possible, in order that I may summon a plenary meeting of the Assembly."

On June 25th, the Japanese representative stated that, while still maintaining his previous reservations, he had no objection to the extension of the time-limit fixed in Article 12 of the Covenant. 1

The Chinese Government replied on June 26th that it agreed to the prolongation, subject to the condition that the six months’ period was not prolonged more than was absolutely necessitated by the physical circumstances. While noting the firm intention of the Committee of Nineteen to begin study of the report of the Commission of Enquiry before November 1st, the Chinese Government expected that the final report of the Assembly would be adopted or ready for adoption, before then. It added that, since the adoption of the Council resolutions of 1931 and the Assembly resolution of March 11th, Japan had continuously aggravated the situation by extending the area of military occupation and hostilities and by establishing and supporting a puppet organisation in Manchuria; hence it was the understanding of the Chinese Government that, in adopting the proposal as recommended by the Special Committee, the Assembly would not tolerate, during the period of prolongation, any further aggravation of the situation. 1

The Assembly met on July 1st and adopted the proposal to extend the time-limit of six months, which its President had submitted to the Parties and in regard to which both Parties had expressed their intentions.

During the discussion which preceded the adoption of this proposal, the President laid stress on the exceptional circumstances which made this necessary. He emphasised the fact that, as it was due solely to those exceptional circumstances, it could not constitute a precedent.

The Chinese representative, after stating that his Government agreed to the extension of the time-limit, explained the reasons for which it considered that this was a grave matter both for China and for the League. If the authors of the Covenant had laid down a time-limit of six months, it was because they wished to avoid the prolongation of a conflict and also because a Party might create a fait accompli and virtually impose the solution it desired to see. In the present case, while it was true that Article 15 of the Covenant had not been invoked until February 1932, the dispute had been brought before the League under Article 11 in September 1931. During the first months, China had refrained from invoking Article 15 and had made a supreme effort to bring about a solution of the conflict by conciliatory means, in accordance with the advice which she received from several quarters. She should not in the end be penalised because of her patient and conciliatory attitude.

China considered that she was not to blame for the delay in the preparation of the report of the Commission of Enquiry. In September last, she had urged that such a Commission should be sent to Manchuria; Japan had objected to this. When, on December 10th, it was decided to send the Commission, China urged its immediate despatch. It did not leave until the end of January and did not reach Mukden until April 21st. In these circumstances, China had the right to ask that the extension of the time-limit should be restricted to the absolute minimum.

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1 Document A.(Extr.).123.1932.VII.
In the Chinese Government's view, any new delay was serious. Making use of a puppet Government, Japan was now engaged in destroying the integrity of the Chinese Maritime Customs, the Postal Administration and the Gabelle Service. The military situation had also grown worse. China estimated that there were some 60,000 Japanese troops in Manchuria; reinforcements of cavalry and other units had recently been sent there. Moreover, the three provinces which used to be the granary of China would this year have to import vast quantities of food if famine was to be avoided. The farmers and peasants had not sown their crops; hence further delay in the settlement of the conflict could not fail to increase the damage inflicted upon the Chinese people and also favour the attempt of those who were seeking by armed force to create a fait accompli. Therefore the Chinese Government wished it to be clearly understood that, in adopting the proposal to extend the time-limit of six months, the Assembly would not tolerate, during the period of prolongation, any further aggravation of the situation.

The Swedish delegate expressed the opinion that one very important reason for the present difficulties was to be sought in circumstances for which the League itself and its organs were responsible. From the outset, the Sino-Japanese dispute had called for firm and rapid action. To-day, as a matter of fact, the Assembly had no real choice, and the Swedish delegation would support the proposal to extend the time-limit, subject to certain observations.

In the first place, the time-limit should not be extended beyond what was strictly necessary. In this connection, the Commission of Enquiry was simply required to supply the League authorities with as comprehensive documentary material as possible, which would enable those authorities, with full knowledge of the case, to take decisions designed to bring about a fair settlement of the dispute. It was for the Assembly itself to take the measures contemplated in Article 15 of the Covenant and to decide on the terms of settlement of the dispute. The Swedish delegate expressed the hope that the Council would arrange for the documentary material to be submitted to the Assembly at the earliest possible date.

Secondly, he recalled the terms of the resolution adopted by the Assembly on March 11th, 1932, which referred to the attitude of the Parties before the Council. If the Sino-Japanese dispute was to be brought before the League and if the League was to continue to study the case, it was only natural that the Members of the League should be subjected to the same rule. The resolution stipulated that the settlement of the Sino-Japanese dispute should be sought under the stress of military pressure on the part of either Party. Further, the Assembly had proclaimed that it was incumbent upon the Members of the League not to recognise any situation, treaty or agreement which might be brought about by means contrary to the Covenant of the League of Nations or to the Pact of Paris.

The delegate of Czechoslovakia recalled that, at previous meetings, M. Benes had urged that the Assembly should act strictly in conformity with the provisions of the Covenant and in the spirit of the Covenant, that it should use its whole influence to persuade the two Parties to remain within the law and to abstain from acts of coercion or violence. If the Czechoslovak delegation approved the proposal submitted to the Assembly to-day, it was only with the firm conviction that, during the further period allowed, no act would be committed which might aggravate the situation or give rise to any new fact such as to prejudice a peaceful settlement. In no case could the infringement of the Assembly's previous resolutions be allowed.

The delegate of Mexico stated that he was bound, in the name of his country, to make the express reservation already included in the text of the proposal — that was, that the acceptance of this delay should not set an example or constitute a precedent for the future. In view of the magnitude of the moral interests involved, he wished to add that, personally, he sincerely hoped that this reservation would be taken into account by subsequent Assemblies.

The delegate of Spain wished to associate himself with the declarations made by the delegates of Sweden, Czechoslovakia and Mexico. The League must later take steps to guard itself against the conclusions that some might perhaps endeavour to deduce from this precedent. But it would be unjust to turn against men who, at this moment, represented the League itself. This was the first case that had necessitated the application by the League of the stipulations of the Covenant providing for the Assembly's intervention in a dispute. It was only natural that its inexperience should have made itself felt. The League had committed no serious faults but rather errors in procedure, one of which was certainly the perhaps inevitable delay with which the Commission of Enquiry was organised and sent to the Far East.

After the proposal had been adopted, the President stated that he wished, in connection with this decision, to stress one particularly important point. If the Assembly had agreed to the extension of the time-limit, it was because it felt that the League should pursue its efforts under the most favourable conditions, with a view to a satisfactory settlement of the dispute referred to it. The Parties, both of whom were Members of the League, must do their best to help it to bring about conditions favourable to a settlement. After referring to the letter sent by him on June 24th to the representatives of China and Japan, he recalled the undertaking not to aggravate the situation entered into by the two Parties before the Council and also to the Assembly resolution of March 11th, adding:

"Such being the case, the decision just taken by the Assembly authorises me to declare that the Parties must abstain from any action that might compromise the success of the work of the Commission of Enquiry or of any efforts the League may make with a view to a settlement.

"I would remind you also that, on March 11th, the Assembly proclaimed 'that it is incumbent upon the Members of the League of Nations not to recognise any situation, treaty or agreement which may be brought about by means contrary to the Covenant of the League of Nations or to the Pact of Paris.'"
III. DISPUTE BETWEEN BOLIVIA AND PARAGUAY.

In June and July 1932, while the Bolivian and Paraguayan delegates were still engaged at Washington, under the auspices of the "Commission of Neutrals" (United States of America, Colombia, Cuba, Mexico and Uruguay), in conducting the negotiations which had been commenced several months previously with a view to the conclusion of a bilateral pact of non-aggression, further serious incidents occurred in the territory of the Northern Chaco, the Government of each country throwing the blame for the aggression on the troops of the other.

This situation was first brought to the notice of the Secretary-General in a letter from the delegate of Bolivia, dated July 21st. After reporting a Paraguayan attack on July 15th against the Bolivian Santa Cruz outpost (region of Laguna Grande, in the department of Chuquisaca), and the coincidence of this aggression with the withdrawal of the Paraguayan representatives from the Washington Conference, the Bolivian delegate added:

"Lest any erroneous interpretation might subsequently be placed on this occurrence, I desire to inform you of the truly regrettable circumstances of such an act, in order that the facts may be seen in their true light."

To these Bolivian accusations, the Paraguayan Government replied on July 27th that the attack of July 15th had been launched, not against the Santa Cruz outpost, but more than 100 kilometres to the south-west, against the Carlos Antonio Lopez outpost. This latter Paraguayan outpost had been taken by the Bolivian troops on July 15th, and retaken by the Paraguayan troops on the 19th.

The Paraguayan Government also accused Bolivia of having, during the Washington negotiations, constructed some ten new outposts in the Chaco in such a way as to confront Paraguay with accomplished facts and be able, in case of need, if Paraguay reacted in defence, to present herself as the victim of an aggression. It was in view of these facts that Paraguay had decided, on July 9th, 1932, to withdraw her delegates from the Washington Conference. In response, however, to representations made by the Commission of Neutrals, she had revoked that decision on July 20th, so that the Paraguayan delegation was still at Washington ready to engage in any useful negotiations. Being convinced of the soundness of her claim, Paraguay would appeal, with the object of settling her dispute with Bolivia, only to those pacific means which international justice offered.

The President-in-Office of the Council, having noted these two communications, sent the following letter to the Secretary-General on July 29th:

"It appears from information in my possession that several American nations are continuing their efforts to bring about a peaceful settlement. I am sure that all my fellow-members of the Council are with me in hoping that those efforts may be crowned with success. Inasmuch as the present situation is one which might disturb the peace or the good understanding between two Members of the League, the other Members cannot regard the development of this situation with indifference. I should therefore be grateful if you would bring this letter to the notice of the delegates of Bolivia and Paraguay and request them to inform their Governments that the President-in-Office of the Council, who happens to be also a citizen of an American Republic, is anxiously watching developments in this matter, and that he begs them to lend all possible assistance to the other American Republics which are endeavouring to restore a peaceful atmosphere, in the spirit of the Covenant of our League."

On July 30th, the Paraguayan delegate communicated to the Secretary-General, for information, a telegram which his Government had despatched to him on the 29th. This telegram stated that an attack by a Bolivian patrol had been repulsed near the Paraguayan Colonel Bogado outpost (Bahia Negra area), that this new attack had been represented by Bolivia as a Paraguayan attack on an alleged "Florida" outpost, the existence of which was unknown, that two Bolivian military aeroplanes had flown, on the 28th, over the Boqueron outpost, and that the Paraguayan garrison of the Corrales outpost had retreated before superior Bolivian forces. The Paraguayan delegate added that Bolivia had just refused to appear at Washington in response to the appeal of the Commission of Neutrals, who, with a view to the peaceful settlement of the conflict, asked that an undertaking might be given to refrain from any hostile act which might aggravate or extend the dispute. The Government of Paraguay, for its part, responding to that appeal, had instructed all the military commanders of the outposts in the Chaco to remain strictly on the defensive.

On August 1st, the President-in-Office of the Council sent to Bolivia and Paraguay a telegram in which he reminded them that, on the occasion of the incidents of December 1928 concerning the Chaco, the Council, under the presidency of M. Briand, had obtained from the two Governments a solemn promise to have recourse to a procedure of pacific settlement in conformity with the Covenant, and also to take urgent measures to prevent fresh incidents liable to compromise the success of any pacific procedure. Relying on this precedent and being certain that he interpreted the feelings of all the members of the Council, the President continued:

"I address an urgent appeal to the two Governments that they lend themselves, as in 1928, to the moderating action of friendly nations, and, respecting the undertakings which
bind Members of the League of Nations, seek the settlement of their dispute without departing from peaceful methods.”

On the same day (August 1st), the Paraguayan Minister for Foreign Affairs telegraphed to the President-in-Office of the Council to draw his attention to military hostilities against his country without any previous demand for explanations or declaration of war, the last of these acts being the capture of the Paraguayan Toledo outpost (July 29th), the bombing by air of the Colonel Martinez outpost and Isla Poi, and the artillery attack on the Boqueron outpost (July 31st). Paraguay denounced this as an express breach of Articles 10 and 11 of the Covenant, adding that she had always been and continued to be prepared to submit the dispute with Bolivia to arbitration, that she had accepted the invitation of the Commission of Neutrals for an international investigation of the events of June 15th and 29th and July 15th, and that those were the circumstances in which the military hostilities which she was notifying to the President were taking place.

On August 2nd, the President-in-Office of the Council communicated this telegram to the Bolivian Government for its information, adding:

“...I would draw your particular attention to the statement of the Paraguayan Government that it has been and remains disposed to submit the dispute with Bolivia to arbitration. Under Article 12 of the Covenant, arbitration is one of the alternative procedures to which all Members of the League have agreed to submit any dispute likely to lead to a rupture. I should be grateful to be informed as soon as possible, for the information of the Council, what is the method of pacific settlement contemplated by your Government.”

On August 3rd, both Governments replied to the President’s telegram of August 1st. The Paraguayan Government said that it had given repeated proofs of its intention to settle the boundary question with Bolivia by legal means. “It is Bolivia,” the Paraguayan Government asserted, “who is bringing about this war of aggression, which is unjustified both morally and legally.”

The Bolivian Government, in reply to the President’s telegrams of August 1st and 2nd, gave the Council the following information: On June 29th, Paraguayan forces had attacked the Bolivian outpost at the Chuquisaca Lagoon. Whereas, notwithstanding this attack, Bolivia remained at the Washington Conference, Paraguay withdrew her delegates and renewed her attack in the Lagoon with strong forces on July 15th. She then informed the Commission of Neutrals that she would return to the Washington Conference. On July 25th, the Bolivian Florida outpost — the existence of which could be proved — was attacked by fifty Paraguayan soldiers. In view of these repeated attacks, the Bolivians, by way of reprisals, took three Paraguayan outposts. It was, moreover, incorrect that Paraguay had accepted an investigation of the events of June 15th and 29th. It was after the second attack on July 15th that she had offered to return to the Washington Conference, when the situation had already substantially altered, and Bolivia, who was the victim of the first outrage, could not calmly return to Washington after the second. Paraguay had repeated the attack of 1928, and, this time, Bolivia had been forced to arrest any action by Paraguay on a larger scale in order to limit its consequences. The telegram from the Bolivian Minister for Foreign Affairs concluded:

“In response to the League’s appeal, my Government declares that it does not reject pacific means based on the settlement of the dispute within the express limitations placed on the good offices of the neutrals.”

The above telegram from the Bolivian Government was communicated on August 4th by the President-in-Office of the Council to the Paraguayan Government for its information. The President of the Council added:

“I would specially draw your attention to the final sentence of the Bolivian telegram. In view of the desire for a pacific settlement, also expressed in Your Excellency’s telegram of August 1st, it seems that the way is open to agreement on a method of settlement that will enable the undertakings in the League Covenant to be observed.”

On the same day, the President of the Council telegraphed to the Bolivian Government:

“The last sentence of your telegram, in conjunction with the sentence of the telegram from Paraguay dated August 1st, to which I had directed your special attention, justifies, I think, the assumption that the two nations desire a pacific settlement. It seems that the way is open to agreement on a method of settlement permitting of the observance of the undertakings of the League Covenant.”

After this exchange of telegrams, the two Governments continued, during August, to send various communications to the Secretary-General.

On August 5th, the delegate of Paraguay stated once more, on behalf of his Government, that his country was prepared to have recourse to arbitration, and that, as it had not as yet been possible to reach any agreement on the subject of the dispute, Paraguay agreed to entrust to the arbitrators the framing of an agreement of reference. “Such arbitration, proceeding by

1 Representations at Asunci6n and La Paz in support of the intervention on the part of the President-in-Office of the Council were made by the Spanish Government, which informed the Secretary-General of the fact telegraphically on August 3rd, and by other Governments.
successive stages, dealing first with the agreement of reference which would determine the specific subject of the dispute — that was, the contested zone — and then with the question which party had the best claim to that zone, had already, on September 9th, 1929, been proposed by the Paraguayan delegation to the Bolivo-Paraguayan Commission of Enquiry and Conciliation at Washington.

On August 6th, the Paraguayan delegate informed the Secretary-General that Bolivian aircraft, without any previous declaration of war, had, during the previous week, repeatedly bombarded, not only Paraguayan outposts within the Chaco, but also Mennonite colonies. On the same day, in reply to the telegram sent by the President of the Council on August 4th, the Paraguayan Government said that all America realised that Bolivia had committed an act of aggression in attacking the Carlos Antonio Lopez outpost on July 15th, and confirmed its statement that Paraguay had always been, and was still, prepared to seek a solution of the dispute by arbitration or other legal means. On August 8th, the delegate of Paraguay stated that his Government had, on August 5th, accepted the proposals of the American countries recommending the suspension of hostilities and a return to the status quo of June 1st. He added that Bolivia had thought fit to reject these suggestions. Bolivia agreed to an armistice only on condition that she might keep the outposts which she had taken from Paraguay.

For its part, the Bolivian Government, after its delegate had, on August 12th, denied the capture of the Paraguayan Carlos Antonio Lopez outpost and consequently its alleged recapture by Paraguayan troops, complained of a Paraguayan attack, made on August 9th, on the Bolivian Tejerina outpost. On August 13th, the Bolivian delegate announced that, in response to the friendly request of the Commission of Neutrals sitting at Washington, his country had agreed to suspend the hostilities which she had been conducting in the Chaco to defend herself against the Paraguayan aggression of July 15th. The Bolivian Government hoped that, meanwhile, the Commission of Neutrals would be able, on the basis of the Covenant of the League of Nations, to find a solution for the Chaco problem which would be rapid and equitable as well as final.

In subsequent communications (August 18th and 19th) the Bolivian delegate notified the Secretary-General of two further incidents (attack on the Bolivian Huijay outpost on August 15th; attack on the Caraya outpost on August 17th).

On the other hand, in a communication dated August 20th, the Paraguayan delegate pointed out that all the countries of America had subscribed to a declaration renouncing the acquisition of territory by conquest, and had communicated it to Bolivia and Paraguay. He added that his country had immediately accepted this declaration, but that Bolivia had not done so.

Subsequently, in the early days of September, Press reports indicated a further aggravation of the situation. On September 10th, the President-in-Office of the Council requested the Secretary-General to transmit a new appeal to the Governments of the two countries. In this communication, the President of the Council reminded the parties that, after their Governments had confirmed that they intended to seek pacific settlement of their dispute in conformity with the undertakings to which they had subscribed in the Covenant of the League of Nations, he had, in his telegram to them of August 4th, felt himself able to note that the way was open to agreement on a method of settlement. He added:

"Since then, efforts which we have observed with satisfaction and confidence have been made in America to arrive at a pacific solution. Recently, however, public opinion has been disturbed by Press reports indicating that matters have become much worse. I hope that the two Governments will shortly communicate for the information of my colleagues on the Council and the Members of the League the measures they intend to take to put an end to a situation which is a danger to peace. Although I cannot doubt that the undertakings to seek a pacific solution embodied in the Covenant will be fulfilled, I should be very glad if you would inform the two Governments that we hope shortly to receive reassuring information. I would ask you to add that I consider it my duty, as President-in-Office of the Council, to remind them that they have undertaken solemnly to observe their obligations as Members of the League."

On September 12th, the Paraguayan Government replied to this appeal, pointing out that the Commission of Neutrals had been continuing its mediation, for which reason Paraguay had refrained from having recourse to the League. The Paraguayan Government added:

"We have accepted all procedures proposed to avoid armed conflict, as well as arbitration or the jurisdiction of the Hague Court, to solve the dispute. To-day, we are informing the neutrals of our readiness to accept a suspension of hostilities. We believe Paraguay has strictly complied with her obligations as a Member of the League and of the community of civilised nations."

In his reply, dated September 13th, the Bolivian Minister for Foreign Affairs stated:

"I have the honour to inform you that my Government accepted the truce proposed by the neutrals, which Paraguay caused to fail by making unacceptable demands. At present, Bolivia is standing on the defensive, the cessation of hostilities not lying in her hands. I have just replied to neutrals that this Government reiterates its acceptance of the truce in order to seek fundamental solutions."
ADMINISTRATIVE QUESTIONS.

I. SAAR TERRITORY.

PERIODICAL REPORT OF THE GOVERNING COMMISSION.

The Governing Commission has sent to the League of Nations its fiftieth periodical report relating to the second quarter of the year 1932. This report deals, in particular, with the following questions:

**Economic and Social Situation.**

The index of the cost of living fell in the course of the second quarter. The number of unemployed in May was 42,881.

**Political Situation.**

During the period from April 1st to June 30th, the Advisory Council and the Technical Committee gave their opinion on a certain number of draft decrees, particularly with regard to taxation and insurance.

**Administration.**

- **Interior.** — The persistence of the economic depression has had a bad effect on the communal budgets. Fiscal receipts have fallen off and the resources of the communes have consequently been steadily diminishing, while their expenses have continually increased owing to the burdens imposed by unemployment relief.

- **Finance.** — A general examination of the financial position by the Governing Commission revealed the fact that energetic measures would have to be taken to ensure budgetary equilibrium.

- **Economic Affairs.** — The Department of Economic Affairs is continuing to follow carefully the effects on the Saar of recent measures in France subjecting imports of a number of goods into French Customs territory to a quota or permit system.

- **Education.** — The Governing Commission decided to give professional instruction to unemployed young men and young women and decreed the extension of compulsory post-school training to those having no apprenticeship contracts.

- **Public Works.** — In order to assist the unemployed, and especially those with large families, the Governing Commission placed at their disposal uncultivated land capable of being transformed into gardens.

- **Railways.** — In the course of the last few months, there has been a slight recovery in traffic as measured by full-car loadings.

* * *

The report also contains detailed information on the following questions: mines administration, aviation, justice, public relief and health, agriculture and forestry, labour and social insurance.

II. FREE CITY OF DANZIG.

POLITICAL, ECONOMIC AND FINANCIAL SITUATION.

The annual report of the High Commissioner, dated May 31st, 1932, has been communicated to the Council and to the Government of Danzig.

The report is of a general character and deals, *inter alia*, with the local situation at Danzig, internal politics, the relations between Danzig and Poland, the railways and Customs questions.

In his report, the High Commissioner refers more particularly to the steps taken by the Senate to cope with its financial difficulties, the changes it has made in the Currency Law and the amendment to the Constitution which has enabled the Senate to make an appreciable
reduction in salaries and wages; reference is also made to the failure of two attempts by the parties of the left to dissolve the Popular Assembly.

The High Commissioner expresses the hope that the regrettable tension in the relations between Poland and Danzig will disappear as a result of the legal elucidation of certain contentious questions.

III. MIXED COMMISSION FOR THE EXCHANGE OF GREEK AND TURKISH POPULATIONS.

The Council was informed by the President of the Mixed Commission that the Greek and Turkish Governments had decided not to fill the vacancy caused by the retirement of M. Rivas Vicuna, and that M. Holstad and M. Andersen would in future discharge the duties of neutral members prescribed by the agreements in force, more particularly by the Angora Convention. It is understood that, in the event of disagreement between M. Holstad and M. Andersen, the Presidents of the Turkish and Greek delegations will choose, jointly and for each particular case, a third arbitrator from among the Presidents of the Mixed Courts at Istanbul.

5.

MANDATES.

I. ADMINISTRATION OF TERRITORIES UNDER MANDATE.

The Mandates Commission, which in November 1931 provisionally fixed June 6th, 1932, as the date for the opening of its twenty-second session, has decided to hold a single session in November 1932. All the annual reports of the mandatory Powers will therefore be examined by the Commission at its autumn session.

II. PROPOSAL OF THE UNITED KINGDOM GOVERNMENT REGARDING THE TERMINATION OF THE MANDATORY REGIME IN IRAQ: SIGNATURE AND RATIFICATION BY IRAQ OF THE DECLARATION APPROVED BY THE COUNCIL.

The Secretary-General, in a note dated July 13th, 1932 (document C.550.1932.VI), informed the Council that the Government of the Kingdom of Iraq has submitted to him, duly signed, the declaration approved by the Council's resolution of May 19th, 1932, and containing the guarantees to be given by Iraq, together with the instrument of ratification of this declaration.

6.

SLAVERY.

I. ACTION TAKEN ON THE ASSEMBLY'S RESOLUTION OF SEPTEMBER 25TH, 1926. ¹

The following communication has been received in response to the above-mentioned resolution of the Assembly:

Letter from the Government of the Sudan, dated April 10th, 1932.

Letter dated August 27th, 1932 from the India Office forwarding a memorandum on measures for the Abolition of Slavery in Burma (1931-32).

These communications have been published in the Official Journal and circulated to the Assembly.

II. COMMITTEE OF EXPERTS SET UP IN VIRTUE OF THE ASSEMBLY'S RESOLUTION OF SEPTEMBER 25TH, 1931.  

The Committee of Experts set up in virtue of the Assembly's resolution of September 25th, 1931, held its first session at Geneva from May 4th to 11th, 1932, under the chairmanship of M. Gohr (Belgian).

It held a second session from August 22nd to 30th, 1932, at which it decided upon the terms of its report. During the second session, M. Zedda was replaced, in accordance with the Council decision of May 20th, 1932, by M. Vellani, Head of the Study and Propaganda Bureau at the Ministry for the Colonies, Rome.

7.

WORK OF THE TECHNICAL ORGANISATIONS.

I. ECONOMIC AND FINANCIAL ORGANISATION.

A. SECTION OF ECONOMIC RELATIONS: WORK OF THE ECONOMIC COMMITTEE.

1. EFFECTS OF THE ECONOMIC AND FINANCIAL CRISIS ON THE REGIME OF INTERNATIONAL TRADE.

Falling-off in World Trade.

The Economic Committee, which, at its sessions in October 1931 and January 1932, had examined the effects of the economic crisis and of financial difficulties on international trade, devoted the greater part of its last session (June 2nd to 4th, 1932) to a further examination of the falling-off in international trade. The Committee found that, notwithstanding the short time that had elapsed since the publication of its last report, its fears had been confirmed, or even outstripped, by events.

The Secretariat had prepared a note for the Committee, giving particulars of the present conditions of international trade.

This note shows that the aggregate value of the foreign trade of the forty-five principal countries, expressed in millions of dollars, was:

<table>
<thead>
<tr>
<th></th>
<th>Imports</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>In 1928</td>
<td>30,420</td>
<td>28,071</td>
</tr>
<tr>
<td>In 1929</td>
<td>31,198</td>
<td>28,487</td>
</tr>
<tr>
<td>In 1930</td>
<td>25,370</td>
<td>22,825</td>
</tr>
<tr>
<td>In 1931</td>
<td>18,258</td>
<td>16,221</td>
</tr>
</tbody>
</table>

The margin between the figures of 1929 and 1931 expressed as a percentage is 41.5 on imports and 43.1 on exports.

It is, however, much larger if the figures of the total trade for the months of January and February in the years 1929 and 1932 are set side by side.

<table>
<thead>
<tr>
<th></th>
<th>1929</th>
<th>1932</th>
<th>Difference</th>
<th>1929</th>
<th>1932</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>2,740</td>
<td>1,101</td>
<td>-1,639</td>
<td>2,415</td>
<td>957</td>
<td>-1,458</td>
</tr>
<tr>
<td>February</td>
<td>2,380</td>
<td>1,114</td>
<td>-1,266</td>
<td>2,206</td>
<td>1,006</td>
<td>-1,200</td>
</tr>
</tbody>
</table>

Expressed as a percentage, the set-back is as follows:

<table>
<thead>
<tr>
<th></th>
<th>On imports</th>
<th>On exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>January</td>
<td>59.8</td>
<td>60.4</td>
</tr>
<tr>
<td>February</td>
<td>53.2</td>
<td>54.4</td>
</tr>
</tbody>
</table>

Down to January 1930, the aggregate value of trade was more or less maintained, but, from the following month onwards, the set-back began, gathering force in the second half of 1930.

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2 Document E.780, an extract from which was published as an annex to the report of the Economic Committee to the Council on its thirty-eighth session (document C.516.M.265.1932.II.B).
and throughout 1931. It naturally assumes different aspects in different countries and the following percentage figures give very suggestive indications of the falling-off of foreign trade between January 1930 and January 1932:

<table>
<thead>
<tr>
<th>Imports</th>
<th>Exports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switzerland</td>
<td>Brazil</td>
</tr>
<tr>
<td>Sweden</td>
<td>Argentina</td>
</tr>
<tr>
<td>Austria</td>
<td>Sweden</td>
</tr>
<tr>
<td>Japan</td>
<td>Belgium</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>Roumania</td>
</tr>
<tr>
<td>Brazil</td>
<td>Italy</td>
</tr>
<tr>
<td>Union of South Africa</td>
<td>United Kingdom</td>
</tr>
<tr>
<td>Czechoslovakia</td>
<td>Union of South Africa</td>
</tr>
<tr>
<td>Belgium</td>
<td>Germany</td>
</tr>
<tr>
<td>France</td>
<td>Canada</td>
</tr>
<tr>
<td>Italy</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Argentine</td>
<td>France</td>
</tr>
<tr>
<td>United States of America</td>
<td>Japan</td>
</tr>
<tr>
<td>Hungary</td>
<td>Austria</td>
</tr>
<tr>
<td>Yugoslavia</td>
<td>Poland</td>
</tr>
<tr>
<td>Canada</td>
<td>Czechoslovakia</td>
</tr>
<tr>
<td>Roumania</td>
<td>United States of America</td>
</tr>
<tr>
<td>Spain</td>
<td>Yugoslavia</td>
</tr>
<tr>
<td>Poland</td>
<td>Spain</td>
</tr>
<tr>
<td>Germany</td>
<td>Hungary</td>
</tr>
</tbody>
</table>

These figures relate, it is true, only to values expressed in the currencies employed in the national trade returns. As prices have fallen during the period considered, they overstate the actual contraction in the *quantum* of trade; this is true in the case, not only of countries whose currencies were still on a gold basis in January 1932, but also of other countries (Argentina, Brazil, Canada, Japan, Sweden, the United Kingdom), where, in general, import and export prices have fallen during the period in spite of the currency depreciation.

However, neither the conception of value nor of quantity, taken separately, can convey any idea of the real extent of the phenomenon of the etiolation of economic life. While the favourable or adverse balance of the *values exchanged* is an element of very great importance in the balance of payments, the falling-off in the *quantities exchanged* has an even more direct bearing on the unemployment figures and on means of transport which remain idle.

After examining this situation, the Committee reached the following conclusions:

The value of international trade to-day is only one-half, or, perhaps, less than half, what it was in the first quarter of 1929. During the same period, the number of wholly unemployed persons has more than doubled. According to the figures of the International Labour Office, from 20 to 25 million persons are now without work. The situation is growing worse from day to day and the world is awaiting with dread what the morrow will bring forth.

Yet there is not a single country in the world and certainly not one in Europe which has not applied every means in its power and which experience suggests to prevent its national economy from being affected by the general depression. On the contrary, the force of propagation inherent in the direct and indirect measures of defence and restriction has caused them to multiply *ad infinitum*, and it is no longer possible to keep count of them. New ones are being invented daily in every country and if their curative value is more than doubtful their general effect is only too certain. To borrow the vigorous expression used by the Financial Committee, it amounts to "the strangulation of international trade".

Even more definitely than in January, the Economic Committee had the impression that the individual actions of States — necessarily limited to defence and inevitably counteracted by other States — superimposed one on the other only aggravate the situation.

These measures are comprehensible, perhaps even inevitable, from the national point of view, but taken as a whole they are disastrous.

No one is still under the illusion that it is possible for a country to improve its economic situation simply by means of the unilateral measures which it considers indispensable. The figures are there to show that even the defence of the balance of payments, which is the legitimate concern of each country, is only achieved in a small measure and at the cost of economic depression and a lowering of the standard of living.

Imports can certainly be reduced by means of increased duties, surtaxes, prohibitions, quotas, restrictions on foreign exchange — even so there is a limit which must not be exceeded — but this reduction is inevitably accompanied by a contraction of exports.

If, as has often been argued, *goods* which can no longer be exported were sold on the home market in place of those excluded, we should not be confronted with the progressive fall in purchasing power and the constant increase in unemployment.
Recent Tendencies of the Commercial Policy of Governments.

Prior to the crisis, the existence of a large number of commercial treaties ensured a reasonable measure of security and stability in commercial relations between the various nations, and those relations were governed by the principle of most-favoured-nation treatment. At present, however, the conclusion of commercial treaties is becoming more and more rare. States are reluctant to regulate their commercial relations as a whole by means of treaties. In order to meet particularly critical situations, they are content to have recourse to all kinds of expedients which enable them to resume their freedom of action at any moment. At the present time, the majority of agreements tend to restrict rather than to increase reciprocal advantages and some even appear to sanction explicitly and in advance the reciprocal right of the parties to harm each other.

Moreover, certain of the most recent agreements are based on reciprocity, whereas, until recently, the principle of the most-favoured-nation clause was, we might say, the basis of all commercial treaties. Even when advantageous treaties are still in force, the guarantees which they contain become illusory as a result of the unforeseen measures introduced to meet the crisis. What is the use of a consolidated duty if an exchange surtax is superimposed? What good is freedom of trade guaranteed by the treaty but actually abolished or reduced by prohibitions or quotas? What becomes of all the guarantees in the best treaty if buyers cannot obtain the foreign exchange necessary to pay for their purchases? Finally, what remains of this equality of treatment which the most-favoured-nation clause was designed to ensure?

The effects of such a state of affairs in a world where, thanks to technical progress, distances are tending to disappear, cannot be overestimated. These effects are still greater in a continent such as Europe, where a large number of highly developed countries exchange an average nearly three-quarters of their trade with each other. Each is beginning to notice with uneasiness that arbitrary action and disorder in international economic relations are tending to take the place of the security which commercial treaties had restored to some extent after the war. There is no country which, while making restrictions which it considers inevitable, fails to realise that they are a make-shift to be abandoned as soon as possible. Moreover, it is to be feared that this policy acts as an inducement to profiteers, who are always ready to take advantage of exceptional situations: the parties concerned besiege the authorities with their petitions and too often succeed in obtaining, under pretext of the national interest, unwarranted protection from which they alone benefit.

Effect of the Control of Foreign Exchange Transactions upon International Trade.

As the Economic Committee pointed out in its last report, the present situation of international trade is dominated, determined and explained almost entirely by those grave disturbances which, since July 1931, have been a feature of the monetary and financial situation. Since then, these difficulties have become much more acute, and it has become still more obvious that a settlement of financial questions must be brought about without delay and that international co-operation must be established in regard to monetary questions.

From the standpoint of the Committee, the efficacy of this co-operation must be gauged by its effects on international trade. In the Committee's view, the restrictions imposed on dealings in foreign exchange constitute an obstacle which is all the more formidable in that they are subject to frequent variations, and that, on this account, the trader is faced with unforeseen situations and deprived, even after the delivery of goods, of the payment which he has a right to expect.

Finally, they often lead to discrimination between different categories of commodities, and hence between different countries. Moreover, these monetary restrictions cause a great deal of harm by helping to vitiate and divert artificially the natural currents of trade: commodities which—in so far as they are not stopped by other obstacles—avoid markets which cannot pay or which can only do so with a depreciated currency have a natural tendency to flow in vast quantities to the few countries which are still in a position to make their payments in full, and with a sound currency. The latter, afraid of being swamped and deprived of the benefit of their exports, take up a defensive attitude in their turn. They are thus swept into this restrictive movement and, notwithstanding the soundness of their currency, they feel the indirect effects of the monetary disturbances of the other countries.

In this connection, the Committee also found that it appears to be very difficult for any country to put an end independently of other countries to the inconvenience which the control of exchange transactions imposes upon trade. Obviously, certain States could only do so if the countries with which their principal trade is carried on decided upon a similar policy.

Measures to be taken in the Domain of Commercial Policy.

The Committee considered that, until satisfactory action had been taken in this field, existing commercial treaties should be maintained as far as possible, and their stipulations respected. It would even be desirable to conclude new ones, in accordance with the intention recently expressed by certain States.

Some of the difficulties resulting from measures of restriction could, moreover, be avoided if, before applying them, the countries concerned carefully weighed the consequences and took into
account the repercussions which they might have in respect of third countries. It was desirable that, whenever possible, preliminary consultations should take place.

The regrettable consequences of the quota system might be mitigated if the latter were applied in moderation and with due regard for the interests of other countries; their sole purpose should be to avoid an abnormal increase in imports. It should be remembered that commercial currents can always be modified and developed and that the charge can reasonably be laid against quotas that they are too rigid and arrest the expansion of trade.

The Economic Committee was of opinion that, although in some cases exceptional conditions may necessitate the application of the quota system, it should be a purely temporary expedient. Pending its disappearance, it is in any case essential that it should be attenuated in every possible way.

Certain countries which have gone a long way in the matter of quotas, in the control of foreign exchange dealings or other forms of restriction, may feel that the time has not yet come for them to abandon these measures entirely, and may manifest a desire to effect the necessary transition step by step; but it would at the very least be desirable that they should not aggravate the present situation by continually adding new measures to those they have already introduced. A considerable pause in the application of the system would represent a relative progress and might make it easier to return to more normal economic principles.

It must be remembered that, if prosperity is to be restored, international trade must be resuscitated. That should be the fundamental idea of the Governments and the essential object of their efforts.

Exceptions to the Most-favoured-nation Regime.

The Committee was unanimously of opinion that, following the doctrine defined in its report of June 18th, 1929 (document C.138.M.53.1929.II.B) and notwithstanding the infringements to which the most-favoured-nation regime is now subjected, the grant of this regime in Customs matters “ought to be the normal”, and that its disappearance would lead to confusion and incalculable difficulties.

None the less, the Committee admitted that in the present exceptional circumstances, pending the restoration of economic equilibrium, one way of saving the regime of the most-favoured-nation clause might be to agree to such exceptions as seem essential for the solution of particular difficulties. At the same time, there must be no entering into academic controversies about these exceptions without knowing exactly what one of the parties asks and what is the extent of the concessions that the other party would have to make. If exceptions to the clause seem necessary to the parties concerned, they must be submitted for the assent of third parties in a concrete and specific form. In that case, they will have much more chance of obtaining the consent of third countries.

Necessity for Concerted Economic Action.

In passing so severe a judgment on the results of the policy at present followed by the majority of countries, the members of the Committee did not wish to give the Council the impression that they were indulging in criticism, which is an easy thing to do, and were addressing insufficiently considered reproaches to those who bear the heavy burden of responsibility for the conduct of business in their own countries. Most of them are themselves responsible for bearing that burden in their own countries. Day after day, they are themselves led by the pressure of circumstances to apply those very measures which, when met together at Geneva, they find to have such small advantages and such serious drawbacks.

The truth is that no country is to-day in a position to divert the trend of economic evolution to its own benefit by its own unaided efforts. Only concerted action, which for the moment is difficult to imagine but to which the Committee ardently looks forward, can restore international trade to its full volume and then only provided that international relations enter upon a more peaceful era and that a lasting improvement can be effected in the financial position and the currency system.

Of this concerted action, the value of which was perhaps not fully realised by any country in more prosperous times, a few signs—uncertain and sporadic, it is true—are already to be seen upon the horizon and offer some hope of a possible improvement in the near future.

In the present grave situation, the worst possible thing would be to give way to despair and to persuade ourselves that we are powerless against the march of events.

The Economic Committee feels that a courageous policy, openly directed towards international co-operation and the co-ordination of efforts on an international basis, is more necessary to-day than ever before.

2. Examination of the International Position of Certain Branches of Production.

(a) Coal.

At its meeting in January 1932, the Economic Committee examined the results of the consultation of experts representing Governments, and employers, workers and consumers’ interests, and contemplated the possibility of a further meeting of this Sub-Committee of Experts.
The Committee has found that, since its last session, the particularly critical situation of the coal industry has grown steadily worse.

The idea of an international Coal Agreement, which, during the consultation of experts, seemed well on the road to realisation, has made no progress. The depression continues to weigh upon the coal industry; but it has not been possible to take any step in the direction of international agreement. Bitter commercial competition continues, and protective or prohibitive measures have been intensified in many countries.

The Economic Committee considered whether, in these circumstances, the Sub-Committee of Experts should be convened. One of the chief producing countries thought that this would be of no avail at present, and the Committee accordingly decided to postpone consideration of the expediency of another meeting until its next session.

(b) Motor Vehicles.

On May 30th, 1932, the Committee convened a meeting of experts from Belgium, the United Kingdom, Czechoslovakia, France, Germany and Italy, who were particularly well informed on the question of motor vehicles. An American expert had also been invited, but was unable to accept the invitation.

The experts present supplemented the documentary material prepared by the Secretariat with a view to an analysis of the falling-off in international motor-car production and trade which occurred during 1931; they pointed out the factors which are preventing an increased demand for motor vehicles, such as the taxation of motor vehicles and fuel, measures taken to encourage railway traffic, Customs duties, and also referred to the opening up of new countries to motor traffic.

The experts unanimously recommended that Customs barriers should be lowered in countries which are not producers of motor vehicles, but they were not altogether agreed as to the reduction of import duties in countries which are themselves producers. They pointed out the impossibility of arriving at a comprehensive solution in the absence of an expert from the United States, which, with Canada, represent 80 per cent of world production, but they suggested the creation of a free European market for the motor trade. They were of opinion that a close study of this suggestion should be made by the Permanent International Bureau of Automobile Producers at Paris before it could usefully be submitted to the Economic Committee.


The Economic Committee, which was requested by the Second Committee of the twelfth Assembly to undertake the technical studies with a view to ensuring the co-operation of the National Economic Councils in the work of the League, considered it necessary, first of all, to obtain as complete and accurate information as possible on the existence, composition, character and functions of these Councils or similar organisations in the different countries.

This information, which was collected with the assistance of a competent person, will be summarised and published shortly. The Committee hopes to be in a position to forward documentation to the various Governments before the next meeting of the Assembly. It will be accompanied by the observations which the Committee may wish to put forward to meet the preoccupations of the Second Committee of the last Assembly.

B. Economic Intelligence Service.

The first World Economic Survey, published on August 15th, 1932, summarises in less technical form recent economic and financial developments up to the summer of this year. It is based on information collected by the Economic Intelligence Service and data furnished by other institutions such as the International Labour Office, International Institute of Agriculture, etc. The Survey, after reviewing the background of post-war years, describes and analyses the development of the present crisis; the disorganisation of production; the movement of prices; the course of international trade; the balancing of accounts; banking and credit policy; the conditions of wages, unemployment and labour; and the strain on public finances. In conclusion, it deals with the movement towards international economic co-operation and summarises the latest information available in July 1932.

C. Preparation for the World Economic and Financial Conference.

On July 15th, the Council acceded to the request of the Lausanne Conference that an Economic and Financial Conference should be summoned by the League of Nations, in the following resolution:

"The Council,

1. Accedes to the request of the Lausanne Conference that a Conference on Monetary and Economic Questions should be convoked by the League of Nations;"
at its meeting on July 15th, 1932, the Council took note of the Financial Committee's report. It adopted a resolution requesting States which, during the last few months, had failed to meet their international obligations, to make every effort to do so. It appointed as Rapporteurs on economic and financial questions:

"The Committee of the Council shall have power, if and when it considers it desirable, to invite other States to appoint representatives to the Committee;

"3 (a). Confirms and adopts the decision of the Lausanne Conference that a Commission of Experts constituted in accordance with Annex V of the Lausanne Agreement of July 9th, 1932, should make a preliminary examination of the questions to be considered at the Conference. This Commission will keep in touch with the Committee of the Council, and the latter will, in its turn, report to the Council, when it thinks necessary to do so. The Council invites this Commission, in particular, to prepare a draft annotated agenda for the Conference;

"(b). Requests the President of the Council Committee, after consultation with his colleagues, to nominate three persons qualified by their financial competence and three persons qualified by their economic competence respectively to serve on each of the sub-committees of the Commission mentioned in paragraph 3 (a) above. The services of the Directors of the Economic Relations Section and of the Financial Section and Economic Intelligence Service shall be at the disposal of the Commission.

"(c). Invites the International Labour Office and the International Institute of Agriculture to place at the disposal of the Commission of Experts, in so far as the latter deems it necessary, the services of their technical organisations;

"(d). The Committee of the Council shall have the power, in consultation with the Commission of Experts, to add to the number of the Commission if this is judged necessary;

"4. Recommends to the Assembly that the necessary financial provision for the Conference be made."

The Rapporteur (the representative of Spain) on the original resolution by the International Labour Conference in favour of convening a World Economic and Financial Conference, referred to in the report to the Assembly (document A.6.1932, page 62), proposed that this resolution, with the documentary material, should be transmitted to the Committee created under paragraph 2 of the resolution quoted.

By a resolution of the same date, the Council referred the outstanding questions contained in the general part of the forty-fifth report of the Financial Committee to the Preparatory Committee for the Economic and Financial Conference.

D. WORK OF THE FINANCIAL COMMITTEE.

1. FINANCIAL RECONSTRUCTION WORK.

The Financial Committee, having met in March, did not hold its usual May meeting but held a short session from June 27th to 30th. It examined the final report of the Gold Delegation, which had just been published, and stated that it was in general agreement with the constructive financial and economic proposals contained in that report.

As regards Bulgaria, the Committee noted the increase in the deficit as compared with previous estimates and urged the necessity for the fundamental reforms recommended in its previous reports. It also recommended the Council, in view of the difficulties of the Bulgarian Treasury, provisionally to exempt the Government from certain payments which, under the Protocol, were due to the National Bank for the redemption of the State debt.

The Committee noted that the Greek Government had suspended all the transfers required for the redemption and interest service of its foreign debt as from May 1st, and that it had only provided in the budget for the financial year 1932-33 a sum in national currency equivalent to about half the amount which was required for the interest service when the drachma was at a gold parity.

The Hungarian Government was obliged to suspend the transfer of the sums due on June 15th to the Trustees of the 1924 Loan; it also ceased to pass through their hands the whole of the proceeds of the pledged revenues. While recognising that if those sums had passed through the hands of the Trustees the latter would have been obliged to retain the whole amount and the Hungarian Government would thus have been deprived of funds without which the administration of the country could hardly be maintained, the Committee pointed out that this action constituted interference with the powers of the Trustees and a breach of the Protocol.

The Committee was informed of the letter sent by the Roumanian Government to the Secretary-General, in which it expressed the desire to obtain the technical assistance of the League in applying its plans of financial reform and in the economic reconstruction of the country. The Committee requested its Chairman to follow the development of this question.

At its meeting on July 15th, 1932, the Council took note of the Financial Committee's report. It adopted a resolution requesting States which, during the last few months, had failed to meet their international obligations, to make every effort to do so. It appointed as
The general questions raised by the Financial Committee in its forty-fifth report, which have hitherto been dealt with by the Mixed Committee of Government Experts and of a Delegation of the Financial Committee, were referred by the Council to the Preparatory Committee for the Economic and Financial Conference for its consideration (See page 39).

2. MIXED COMMITTEE OF GOVERNMENT EXPERTS AND OF A DELEGATION OF THE FINANCIAL COMMITTEE.

By a resolution of May 21st, 1932, the Council appointed a Mixed Committee of Government Experts and of a Delegation of the Financial Committee and instructed it to consider two questions: (a) the financial questions raised by the general section of the Financial Committee’s report of March; (b) the request of the Austrian Government, dated May 9th, 1932, to the Secretary-General of the League.

The Mixed Committee began work at the end of May. Its meetings took place first at Paris, then at Geneva and Lausanne, under the chairmanship of M. Musy, Federal Councillor, Head of the Federal Finance Department of the Swiss Confederation. After a general examination of the situation of Central and Eastern European countries, it devoted its attention chiefly to the Austrian problem, which it regarded as specially urgent. It recognised the necessity for a whole series of reforms in Austria, but also thought that the Austrian Government required foreign assistance without which it considered the execution of this programme to be impossible. The Committee accordingly drew up a Protocol, followed by three annexes, laying down the conditions of the financial assistance to be given to Austria and the plan of reform which the Federal Government undertakes to carry out.

The Protocol provides that the Governments which take part in the action in favour of Austria will help the Austrian Government to issue a loan up to a total of 300,000,000 Schillings, either by guaranteeing such a loan or by putting the money in some other manner at the disposal of the Austrian Government. The loan will be concluded for twenty years and will be secured by the receipts pledged for the 1923 Loan.

For its part, the Austrian Government undertakes to re-establish and maintain budget equilibrium, to aim at the progressive removal of the existing control over exchange transactions and to settle the problem of the Credit-Anstalt. It is provided that the Council will appoint a representative of the League in Austria and designate an Adviser to the National Bank, with whom the Austrian Government and the Bank will collaborate in the execution of the programme of reforms. These two posts may be maintained until the 1923 Loan and the new loan to be issued have been entirely repaid.

At its meeting on July 15th, 1932, the Council approved the Protocol, which was immediately signed by Austria, Belgium, France, Italy and the United Kingdom. The Council also appointed M. Rost van Tonningen to be representative of the League in Austria and nominated M. Frère Adviser to the National Bank.

3. GOLD DELEGATION.

The final report of the Gold Delegation appointed in 1929 by the Financial Committee of the League of Nations, has now been published. The Delegation previously issued two interim reports. It has also published selections of the documents submitted by experts for its consideration. The final report is signed by all the members who participated in the final discussions subject to some individual notes of dissent.

Extracts of the constructive financial proposals in the report, with which proposals all the members of the Financial Committee are in general agreement, are appended to the report on its forty-sixth session (document C.530.M.264.1932.II.A).

2 When drafting this report, the Gold Delegation of the Financial Committee was composed of: M. Albert JANSSEN (Chairman), Professor at the University of Louvain, Vice-President of the “Société belge de Banque” formerly Minister of Finance; Professor M. J. BONN, of the Handelschulhochschule, Berlin, Rector of the University of Berlin; Professor Gustav CASSEL, of the University of Stockholm; Comte DE CHALENDAR, Managing Director of the “Compagnie d’Assurances générales sur la Vie”, formerly Financial Attaché to the French Embassy in London, formerly Inspector of Finance; Dr. Guido JUNG, President of the “Istituto Nazionale per l’Esportazione”; Home; Sir Reginald MANT, K.C.I.E., C.S.I., Member of the Council of India, Member of the Royal Commission on Indian Currency and Finance 1925–26; Dr. Feliks MLYNARSKI, Professor of Banking at the Academy of Commerce in Warsaw, formerly Vice-Governor of the Bank of Poland; Dr. Vilem POSPISIL, Governor of the National Bank of Czechoslovakia; M. George E. ROBERTS, Vice-President of the National City Bank of New York; M. J. BONN, formerly Minister of Finance, Chairman of the Union Corporation, Ltd., London; Dr. L. A. TRIP, Governor of the National Bank of Netherlands. Also took part in the work of the first session: Professor M. J. BONN, formerly Inspector of Finance; M. Guido JUNG, formerly Financial Attaché to the French Embassy in London, formerly Inspector of Finance; Dr. Feliks MLYNARSKI, formerly President of the “Istituto Nazionale per l’Esportazione”.
3 It has also published selections of the documents submitted by experts for its consideration.
4 The final report is signed by all the members who participated in the final discussions subject to some individual notes of dissent.


Commissioner in Bulgaria, in the place of M. Charton, M. Jean Watteau, formerly Adviser to the National Bank.

The general questions raised by the Financial Committee in its forty-fifth report, which have hitherto been dealt with by the Mixed Committee of Government Experts and of a Delegation of the Financial Committee, were referred by the Council to the Preparatory Committee for the Economic and Financial Conference for its consideration (See page 39).