Geneva, July 5th, 1933.

LEAGUE OF NATIONS

Report on the Work of the League since the Thirteenth Session of the Assembly.
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INTRODUCTION.

The work of the League during the period under review in the annual report to the Assembly for 1933 was unusually heavy. Apart from the current activities of the League, the Conference for the Reduction and Limitation of Armaments was in session for the greater part of the year; the Sino-Japanese dispute was dealt with by a special session of the Assembly; the Council met frequently to consider disputes between Colombia and Peru, between Bolivia and Paraguay, and between the United Kingdom and Persia; the preparatory work for the Monetary and Economic Conference was entrusted to a special Committee.

LEGAL QUESTIONS.

COMMITTEE TO STUDY THE EXISTING SYSTEM OF ELECTION TO THE COUNCIL.

The Council, in January 1932, giving effect to a resolution adopted by the Assembly on September 25th, 1931, appointed a special Committee to study the existing system of election to the Council. The Committee held two sessions, the first from January 30th to February 4th and the second from May 16th to May 19th, 1933; it finally adopted a report which has been communicated to the Council and to the Assembly.

The principal task of the Committee was to consider what remedies might be found for the fact that representation on the Council is at present habitually limited to States belonging to certain groups. Apart from the permanent Members of the Council and two States which expect to be declared re-eligible on the termination of their period of office, the seats available under the present system fall to the Latin-American States (three seats), the so-called ex-neutral States (one seat), the Petite Entente (one seat), the British Dominions (one seat) and the Asiatic States (one seat). There thus remain some ten to fifteen Members of the League which at present have no effective prospect of entering the Council.

The Committee discussed two possible remedies—namely, the modification of the present practice in regard to the representation of groups and the creation of one or two additional non-permanent seats. It finally adopted a compromise solution, recommending that for the period beginning with the election of the non-permanent Members of the Council at the session of the Assembly in September 1933, and ending with the election of the non-permanent Members in the year 1936, the number of non-permanent seats on the Council should be provisionally increased from nine to ten. The recommendation is put forward as provisional and temporary and as designed to avoid making any proposals for the moment which might involve constitutional changes in the composition of the Council or a permanent increase in its membership.

NATIONALITY OF WOMEN.

The Council, on January 24th, 1933, giving effect to a resolution adopted by the Assembly on October 12th, 1932, instructed the Secretary-General to write to the Members of the League and other Governments which took part in the Hague Conference for the Codification of International Law asking them to inform him of any changes which might be made in their laws in regard to the nationality of women and requesting them in any case to supply him, during 1935, with statements as to the effect of their nationality laws upon the status of women.

The relevant provisions of the Hague Convention cannot normally be subject to revision before January 1st, 1936, and any amendment of the Convention outside the normal procedure for revision is considered to be impracticable, the various Governments having shown in the written statements presented to the Assembly in 1932 that there is unlikely to be any immediate change in their attitude or any immediate development of national legislation in regard to the question.

GRADUAL UNIFICATION OF CRIMINAL LAW AND CO-OPERATION OF STATES IN THE PREVENTION AND SUPPRESSION OF CRIME.

The Secretary-General has communicated to the Governments, in accordance with resolutions adopted by the Assembly on September 23rd, 1931, and October 11th, 1932, a joint reply received from the international organisations which were invited, under the resolution of September 23rd, 1931, to express their views as to the way in which the assistance of the League might be of value with a view to achieving the gradual unification of criminal law and the co-operation of States in the suppression of crime. The replies received to this enquiry will be submitted to the Assembly for its consideration.

FINANCES OF THE LEAGUE.

During 1932, only 79.2 per cent of the amount of the contributions due for the year was received from the States Members, as against 85.62 per cent in 1931. The total amount received on account of arrears during 1932 was 1,899,144.61 gold francs, as compared with 1,565,521.80
gold francs during 1931. The Secretariat of the League on December 31st, 1932, showed a cash surplus of 2,375,675.76 gold francs. The International Labour Organisation showed a deficit of 835,355.57 gold francs, and the Permanent Court of International Justice a deficit of 623,663.13 gold francs.

The growing tendency of States to delay the payment of their contributions has been a source of grave preoccupation to the Supervisory Commission. In May of this year, the Commission thought fit to draw the attention of the Council to this matter and to solicit its assistance. The Council decided to forward the letter from the Supervisory Commission to all States concerned and to reconsider the question at its September session.

The total League budget for 1934, as submitted to the Assembly, amounts to 30,639,275 gold francs, showing a reduction of 2,786,857 francs, or 8.34 per cent, as compared with 1933. The budget of the Secretariat of the Special Organisations of the League is 15,703,631 gold francs, as compared with 17,322,459 francs for 1933 and 19,174,017 francs for 1932. On salaries of the Secretariat, 200,000 francs was saved, the Secretary-General having accepted a lump-sum reduction of that amount in respect of vacant posts which will not now be filled.

The questions of rationalisation of services and technical concentration of League activities have been studied at several meetings by the Supervisory Commission, in accordance with the decision of the last Assembly, and a special report on these subjects will shortly be forwarded to the Assembly.

COMMISSION OF ENQUIRY FOR EUROPEAN UNION.

The Conference of Lausanne instructed a special Committee to submit to the Commission of Enquiry for European Union proposals with a view to the financial and economic restoration of the countries of Central and Eastern Europe. These proposals included, in particular: (a) measures to overcome the present transfer difficulties of these countries and to make possible the progressive suppression of the existing systems of exchange control; and (b) measures to revive the activity of trade, both among those countries themselves and between them and other European States. The Conference drew particular attention to the difficulties caused to the agricultural countries of Eastern and Central Europe by the low prices of cereals.

The above proposals were referred to a Conference which sat at Stresa from September 5th to September 20th, 1932. It was attended by representatives of Austria, Belgium, the United Kingdom, Bulgaria, Czechoslovakia, France, Germany, Greece, Hungary, Italy, the Netherlands, Roumania, Switzerland and Yugoslavia.

The Conference expressed the view that the crisis from which Central and Eastern Europe suffered, though it was undoubtedly a consequence of the world crisis, had nevertheless been appreciably aggravated by the obstacles and restrictions of all kinds imposed upon trade in the countries concerned. It drew attention to the danger which Europe incurred in continuing to maintain the impediments to trade involved in the existing systems of prohibitions, licences, quotas and indirect protectionism. It recommended a rational policy of commercial agreements with a view to encouraging a normal development of trade, the removal of restrictions placed on dealings in foreign exchange and on commercial transactions and, pending the abolition of such restrictions, an increase of the quotas allowed under the existing system.

The Conference, noting that one of the principal causes of the crisis in Central and Eastern Europe was the fall in the price of agricultural products, framed a draft Convention, valid until 1935, for the revalorisation of cereals. Under this Convention, a fund would be constituted of 75,000,000 Swiss francs to be drawn from the participating States, which would either meet their obligations by arrangements made under bilateral treaties or by a special contribution. Facilities would be accorded in respect of the average quantities of cereals exported by each country during the last three years. A committee, consisting of a delegate of each of the countries benefiting from the arrangement, a delegate of each of the purchasing countries and two representatives of European non-importing countries, would determine the share to be allotted to each of the beneficiary States. Other measures recommended by the Conference were an improvement in the system of transport, the adoption of a programme of public works, the establishment under the Convention of 1931 of an international mortgage credit company and the creation of an international short-term agricultural bank.

The financial recommendations of the Conference included suggestions regarding the settlement both of short-term and long-term debts. The Conference suggested direct negotiations between debtors and creditors, in which account would be taken of the real value of the credits involved and of the adjustments which were necessary. The debtor countries were advised as soon as possible to make a progressive transfer of foreign short-term capital, and it was urged that foreign short-term credits should be gradually, but as rapidly as possible, used within the countries concerned as freely as national capital. The Conference strongly urged the suppression of existing restrictions on exchange transactions. It emphasised that contractual obligations in the matter of long-term debts could only be modified with the consent of the creditors and laid down as a principle that the treatment of foreign creditors should not be more unfavourable than that accorded to national creditors.

Finally, the Conference proposed that there should be constituted a fund for the normalisation of currency conditions in Central and Eastern Europe. The immediate object...
of the fund would be to provide Central Banks with assistance by increasing their reserves at the opportune moment by means of repayable advances.

The Commission of Enquiry for European Union reviewed these proposals at a session held from September 30th to October 1st, 1932. It approved the reports, conclusions and drafts of the Conference of Stresa, and declared itself ready to apply, as far as possible and without delay, the general guiding principles embodied in them. It was understood that the texts would be forwarded to the Council of the League of Nations, to the Preparatory Commission of Experts for the Monetary and Economic Conference and to the Conference itself.

The Commission of Enquiry further asked the Council to arrange, with the help of the competent organs of the League and other qualified experts, for the framing in detail of the scheme for a draft currency normalisation fund and for a consideration of the question whether and in what circumstances this fund might be combined with the fund for the revalorisation of cereals.

The Council noted these proposals on October 15th, 1932, and the President of the Council was authorised to appoint a committee of experts to consider the proposals for a currency normalisation fund and a fund for the revalorisation of cereals.

The Commission of Enquiry for European Union gave special attention to the crisis which had arisen for Eastern Europe in the tobacco trade, and it decided to ask the Council of the League to make arrangements for a practical enquiry into the matter. In accordance with this suggestion, a committee, including delegates from Austria, Belgium, the United Kingdom, Bulgaria, Czechoslovakia, France, Germany, Greece, Hungary, Italy, Poland, Sweden, Switzerland, Turkey and Yugoslavia, met at Geneva in March 1933. The Committee considered the possibility of extending the market for eastern tobaccos, amending the fiscal and Customs provisions applied to them and improving the organisation of the trade in the producing countries. It examined, in particular, an agreed proposal, presented on behalf of the countries exporting eastern tobaccos, for a better regulation of the sale of tobacco abroad by the countries concerned. The practical remedy approved by the Committee was the establishment of a regulating stock in each of the three countries specially concerned—namely, Bulgaria, Greece and Turkey. The scheme was based upon a regulation of production and co-operation between buyers and sellers, the principal buyers undertaking to obtain a small part of their supplies from the regulating stock.

**POLITICAL QUESTIONS.**

**THE SINO-JAPANESE DISPUTE.**

The Assembly, on February 24th, 1933, under paragraph 4 of Article 15 of the Covenant, adopted a report describing the circumstances of the Sino-Japanese dispute and the solutions which it deemed just and proper in regard to it. The report was unanimously adopted, the votes of the parties not being taken into account.

The Chinese delegation, on the same day, intimated that its Government accepted the recommendations of the Assembly. It observed, however, that the fulfilment of these recommendations would depend upon their unreserved acceptance by Japan and that, pending such acceptance, the rights of China would obviously not be prejudiced. Japan decided against accepting the report and the Japanese delegation, after the vote had been taken, left the Assembly and published, under paragraph 5 of Article 15, a statement of the facts of the dispute and her own conclusions. The Japanese Government subsequently, on March 27th, 1933, notified the Assembly that Japan intended to withdraw from the League of Nations on the expiry of the time-limit of two years mentioned in paragraph 3 of Article 1 of the Covenant.

The Secretary-General, in conformity with the last paragraph of the report adopted by the Assembly on February 24th, communicated a copy to the States non-members of the League, parties to the Pact of Paris or to the Nine-Power Treaty, expressing the hope, on behalf of the Assembly, that they would associate themselves with the views contained in the report and, if necessary, consult with the Members of the League as to their attitude and action in the matter.

The Secretary of State of the United States of America, in reply to this communication, declared that the United States Government was generally in agreement with the conclusions of the Assembly, particularly in regard to the principle of non-recognition of situations brought about by force. The Soviet Government, on the other hand, in a communication dated March 8th, explained the circumstances which made it impossible for it to accept the decisions taken by the Assembly.

The Assembly, on February 24th, on approving the report, adopted a resolution setting up an Advisory Committee to follow the situation in the Far East, to assist the Assembly in performing its duties under paragraph 3 of Article 3 of the Covenant and to help the Members of the League in concerting their attitude and action among themselves and with the non-member States.

The Advisory Committee, in accordance with its instructions, invited the Governments of the United States of America and the Union of Soviet Socialist Republics to take part in its work. The United States Government instructed its Minister in Switzerland to participate in the discussions of the Committee, but without the right to vote, declaring that it was
necessary for the United States Government to exercise its independent judgment as to any proposals which the Advisory Committee might recommend. The Soviet Government intimated that it was not possible for it to take part for the moment in the work of the Committee.

The Advisory Committee, on March 15th, entered upon a study of two questions: the export of arms in connection with the situation in the Far East and the application of the undertakings of the Members of the League, contained in the report adopted by the Assembly.

The Committee, at a meeting held on March 28th, noted that enquiries had been undertaken concerning the export of arms in connection with other disputes in another part of the world and that definite questions relating both to principles and methods of application had already been put to the Governments represented on the bodies of the League which were dealing with these disputes. It was understood that the members of the Committee would consult their Governments on the same questions with a view to determining the essential facts.

The Japanese army, subsequent to the adoption of the report by the Assembly, occupied the province of Jehol. Japanese military operations have also extended to the south of the Great Wall, in the province of Hopei.

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**Dispute between the Government of the United Kingdom and the Imperial Government of Persia.**

The Persian Government, on November 27th, 1932, addressed to the Resident Director in Teheran of the Anglo-Persian Oil Company a note to the effect that the D'Arcy Concession of 1901, under which the company had undertaken to develop and render suitable for trade the oil and other products from the oilfields throughout the whole extent of the Persian Empire, did not in its opinion protect the interests of Persia and that it consequently found itself obliged to cancel the concession. The Persian Government intimated at the same time it would not in principle refuse to grant a new concession to the company.

The United Kingdom Government, being informed of this situation, took up the matter in exercise of its right to protect a United Kingdom national injured by an act which, in the opinion of the United Kingdom Government, had been committed by another State contrary to international law. The United Kingdom Minister in Teheran on December 2nd, 1932, accordingly forwarded to the Persian Government a note protesting against the action of that Government. The Persian Government replied by re-affirming its right to cancel the concession, emphasising its readiness to negotiate directly with the company with a view to granting a new concession and representing that the responsibility for any damage accruing to the company would rest with the company itself.

The United Kingdom Government, on December 8th, 1932, intimated that, if the Persian Government persisted in its decision, the former would have no alternative but to refer the dispute which had arisen to the Permanent Court of International Justice at The Hague as a matter of urgency under the Optional Clause. It further declared that it would hold the Persian Government responsible for any damage accruing to the company as a consequence of the action which had been taken.

The Persian Government, on December 12th, 1932, contested the competence of the Permanent Court to deal with the question under the Optional Clause, re-affirmed its desire to come to an agreement directly with the company and stated that it could not recognise any responsibility in regard to the company. Finally, it stated that it regarded itself as entitled to bring to the notice of the Council of the League of Nations the threats and pressure to which it was being subjected.

The United Kingdom Government, in these circumstances, on December 14th, 1932, requested that the dispute should be referred to the Council under Article 15 of the Covenant.

The concession in dispute was held by the Anglo-Persian Oil Company as the legal successor to Mr. William Knox D'Arcy in respect of rights acquired by him from the Persian Government on May 28th, 1901. The Persian Government was entitled to receive, in addition to certain sums in cash and shares, 16 per cent on the annual net profits of any companies formed to work the concession. Various interpretations had arisen as between the Persian Government and the company in regard to the basis on which the annual net profits of the company should be estimated for the purpose of calculating royalties due to the Persian Government. These disputes were provisionally settled on December 22nd, 1920, in two agreements, one fixing the basis on which the company's profits were to be calculated and the other providing that the Persian Government should accept in final settlement of all outstanding questions the sum of one million pounds sterling. The Persian Government contended, however, that these agreements were not limited to interpreting the concession, but that they involved a revision of certain articles. It held that, from this moment, the concession might be regarded as obsolete and urged that a new concession should be negotiated.

Negotiations for a new concession were opened in March 1929. A preliminary arrangement was not, however, signed until the beginning of 1932. Under this arrangement, a draft royalty agreement was subsequently initialled on behalf of the company but not ratified by the Persian Government, which, in June 1932, asked that further negotiations should be opened and stated that it was studying new proposals for submission to the company.
Meanwhile, the Persian Government was in receipt of the provisional royalty figures for the year 1931, which showed a decrease as compared with the figures for 1930 from £1,288,312 to £366,872. The Persian Government refused to accept the royalty and, as already noted, purported to cancel the concession on November 27th, 1932.

The Persian Government did not question the legality of the concession, but pleaded that the company had not fulfilled its obligations. It contended that, apart from the disputes which had arisen in regard to the payment of dues, the company had not carried out its undertakings to develop the oil resources of the Persian Empire on the lines laid down in the concession. It had, moreover, evaded its obligation to employ Persian subjects in working the concession and, in the course of its disputes with the Persian Government, it had refused to fulfil its undertaking to have recourse to arbitration under Article 17 of the concession. The Persian Government therefore considered itself justified in cancelling the concession. Moreover, it did not consider that the United Kingdom Government had any right to intervene, since the Anglo-Persian Oil Company was free to apply to the Persian courts for a remedy and was invited to negotiate a new contract with the Persian Government. The United Kingdom, on the other hand, represented that, owing to the concession having been cancelled by a legislative act approved by the Mejliss, the Anglo-Persian Oil Company had been deprived of any possibility of remedy in the Persian courts, which would have been obliged to conform with the law that had been passed. Diplomatic intervention therefore seemed to it justified in the circumstances.

The dispute came before the Council on January 24th, 1933. The two parties completed by oral statements the written statements which they had addressed to the League, and the Council appointed a Rapporteur to undertake a thorough study of the question in consultation with the two parties and to submit proposals for an agreement.

The Rapporteur was able to inform the Council on February 3rd, 1933, that he had obtained from the two parties the conclusion of a provisional agreement under which they would suspend the proceedings before the Council and agree that the Anglo-Persian Oil Company should negotiate directly with the Persian Government, all legal points being entirely reserved. It was understood that, while these negotiations were proceeding and until the final settlement of the question, the work and operations of the company in Persia would continue to be carried on as prior to the action of the Persian Government purporting to cancel the concession.

Negotiations were started at Teheran between the representatives of the company and the Imperial Government of Persia and, on May 1st, 1933, the Secretary-General was informed that a new concession had been concluded and signed on April 29th, 1933.

On the night of August 31st-September 1st, 1932, a group of armed individuals of Peruvian nationality occupied the river port of Leticia, capital of the Colombian district of the Amazon. They subsequently occupied the territory known as the trapezium of Leticia, situated between the Putumayo and the Amazon, and fortified in that territory positions on both rivers. The inhabitants of Colombian nationality occupied the river port of Leticia, capital of the Colombian district of the Amazon.

The trapezium of Leticia was recognised under a treaty signed at Lima on March 24th, 1922, as belonging to Colombia.

The Colombian Government, to restore public order in its territory, armed a small flotilla, which proceeded towards Leticia first by sea and then by river. The expedition comprised about 1,500 men and six vessels. It reached Colombian waters on or about February 12th, 1933. Further expeditions by land and air were organised in connection with the military operations contemplated by the Colombian Government.

The Peruvians at Leticia were supported in their action by the Commandant General of the Fifth Peruvian military area, and the Colombian flotilla, on February 12th, was attacked by Peruvian aircraft near the frontier between Brazil and Colombia. Further military operations followed.

The Government of Peru, in December 1932, laid the dispute before the Washington Permanent International Conciliation Commission. The Colombian Government, however, opposed this procedure on the ground that the dispute related solely to occurrences which had taken place within Colombian territory. On January 22nd, 1933, it invited the intervention of the signatories of the Pact of Paris and, on January 24th, called for the intervention of the League of Nations.

The Brazilian Government had meanwhile approached the Governments concerned with an offer to mediate. It suggested that, pending a settlement of the local disturbances, the territory should be temporarily administered by delegates appointed by the Brazilian Government, it being understood that the two Governments would meet immediately afterwards to consider, in a broad spirit of conciliation, the treaty under which Leticia had been ceded to Colombia. The offer of the Brazilian Government was supported by the Government of the United States of America, acting as signatory of the Paris Pact, and was accepted by the Government of Colombia. The Government of Peru, on the other hand,
submitted counter-proposals which were considered to be unacceptable and, on February 3rd, 1933, the Minister for Foreign Affairs of Brazil declared the mediation to be at an end.

The Colombian Government, throughout these proceedings and in subsequent statements, represented that the situation created by the occupation of Leticia was exclusively an internal matter. It emphasised that on no previous occasion had the Peruvian Government raised any objection to the Treaty of 1922, under which Leticia belonged to Colombia. The treaty was a legally perfect instrument, concluded loyally and in good faith by the Governments concerned. Colombia nevertheless was ready, once its sovereignty was restored, to discuss with the Peruvian Government, in a spirit of conciliation, any question which the Peruvian Government might wish to raise.

The Peruvian Government, on the other hand, represented that, though it was not responsible for the occupation of Leticia by private individuals who had acted on their own initiative, it could not nevertheless abandon Peruvian nationals, who had acted upon a patriotic impulse, to the uncertainty which threatened them as a result of the despatch of Colombian military forces to the district. Peru did not question the validity of the boundary treaty of 1922 and intended to abide by it. It desired, however, to modify by arrangement the frontier laid down in the treaty and to repair the serious injustice which had been committed in separating Leticia from Peru. It was prepared to offer adequate territorial compensations in order to secure this end.

The dispute came formally before the Council on January 24th, 1933, and, on January 26th, the Council sent to the parties two telegrams. It reminded the Government of Peru that it was the duty of Peru as a Member of the League to refrain from any intervention by force on Colombian territory and to ensure that no action should be taken which might hinder the Colombian authorities from the exercise of full sovereignty and jurisdiction in Colombian territory. The Government of Colombia, it expressed a hope that the strictest precautions would be taken to avoid any violation of Peruvian territory and that the Colombian authorities would exercise all possible clemency and limit their action strictly to the preservation of order within their frontiers.

The position, as a result of this and subsequent measures taken by the Council, did not improve. Military operations extended to Tarapacá in the same territorial zone. The Department of Loreto, protesting against the cession of the zone to Colombia, declared its intention of recovering and occupying the territory on its own account.

The Colombian Government in these circumstances decided, on February 17th, 1933, to appeal to the Council under Article 15 of the Covenant. The Council, reviewing the situation and endeavouring to secure a settlement of the dispute in the manner provided by paragraph 3 of Article 15 of the Covenant, submitted to the parties on March 1st, 1933, a proposal that a Commission of the League of Nations should take charge of the disputed territory. The territory would be completely evacuated by the Peruvian forces and Colombia would place all forces at the disposal of the Commission of the League, which, pending negotiations between the parties, would be regarded as international forces and be responsible for maintaining order in the territory. The two parties would decide as to the method of carrying on the negotiations, which would be undertaken with a view to studying all outstanding problems and settling them upon a lasting and satisfactory basis.

These proposals were accepted by the representative of Colombia but the Peruvian Government submitted counter-proposals which the Council was unable to accept as a suitable basis of conciliation. The Council was accordingly driven to establish a report, under paragraph 4 of Article 15, containing a statement of the facts of the dispute and the recommendations which it considered to be just and proper in regard to it.

The Council noted, among other considerations, that territory recognised as belonging to Colombia had been invaded by Peruvians, supported by the military authorities of the local Department of Loreto, and that terms for the settlement of the dispute proposed by the Council had been accepted by the Colombian but rejected by the Peruvian Government. It declared that the situation resulting from the presence of Peruvian forces in Colombian territory was incompatible with the principles of international law, the Covenant of the League of Nations and the Pact of Paris. It recommended the complete evacuation by the Peruvian forces of the territory contained in the Leticia trapezium and the withdrawal of all support from the Peruvians who had occupied that area. It further recommended that negotiations with a view to the settlement of all outstanding problems, on the basis of the treaties in force between the parties, should be set on foot with all expedition as soon as suitable measures had been taken to carry out the recommendations in regard to evacuation.

The Council declared itself ready at the request of either party to lend its good offices in case of disagreement as to any point of substance which might arise. It assumed that the Members of the League of Nations would refrain from any act which might prejudice the execution or delay the application of its recommendations, and it recalled, in this connection, that the Assembly of the League had, on March 11th, 1932, declared that it was incumbent upon 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 the Pact of Paris. It further recalled provisions signed at Washington on August 3rd, 1932, by nineteen American States, including Colombia and Peru, whereby they had renounced force as an instrument of international policy in the relations between American States and had stated that they would not recognise the validity of any territorial acquisitions that might be obtained by occupation or conquest.
The report was unanimously adopted by the Council on March 18th, 1933. It was accepted by Colombia, but Peru voted against it.

The Council decided that a copy of the report should be sent to the Members of the League and to the Governments of the United States of America, the United States of Brazil, Costa Rica and Ecuador. It further appointed an Advisory Committee to assist it in the performance of its duties under the Covenant and to assist the Members of the League in concerting their action among themselves and with non-member States. The Committee, composed of the representatives of the United Kingdom, China, Czechoslovakia, France, Germany, Guatemala, the Irish Free State, Italy, Mexico, Norway, Panama, Poland and Spain, was authorised to invite the Governments of the United States of America and Brazil to participate in its work in any manner which they might consider to be the most appropriate.

The Governments of the United States of America and Brazil declared themselves ready to appoint each a representative, not as a member of the Committee, but to participate in its discussions without the right to vote.

Further encounters ensued between Colombian and Peruvian forces near Tarapacá on Colombian territory and on the Upper Putumayo. More particularly, on March 27th, 1933, Colombian military forces attacked and occupied Guepi, a Peruvian station on the Upper Putumayo situated at about a thousand kilometres from Leticia. The Peruvian garrison troops at Guepi, according to the representative of Colombia, had previously attacked two Colombian gunboats which were navigating the Upper Putumayo. The Peruvian Government considered that a new situation had thereby been created and asked the Advisory Committee of the Council to consider it.

The Advisory Committee of the Council, meeting on April 5th and 6th, 1933, noted that the Government of Peru intended to respect the free passage of Colombian vessels, military or otherwise, on the river Putumayo and that the Government of Colombia had no territorial designs in Peruvian territory and would evacuate Guepi as soon as the trapezium of Leticia had been evacuated by the Peruvian forces. The Committee came to the conclusion that, with the co-operation of the two parties, it might be possible to secure a rapid execution of the recommendations of the Council of March 18th, 1933, and authorised its Chairman to call a further meeting when he thought it useful to do so.

Long negotiations ensued, and, on May 10th, 1933, the Chairman of the Advisory Committee submitted to the parties a document in which was embodied a procedure for putting into effect the recommendations of the Council. The Governments of the Republic of Colombia and the Republic of Peru formally accepted the recommendations, together with detailed measures for their application. It was agreed that the proposed Commission of the League should reach Leticia within a period not exceeding thirty days; that the Peruvian forces in that territory should immediately withdraw; that the Commission should thereafter take charge of the administration of the evacuated territory, calling for that purpose upon military forces of its own selection. Meanwhile, it was understood that the parties would inform the Advisory Committee of the Council of the method whereby they proposed to negotiate for a final settlement of outstanding questions. Finally, the Governments of Colombia and Peru undertook to give the necessary orders for the cessation of all acts of hostility on either side and for the military forces of each country to remain strictly within their frontiers. The agreement was signed by the representatives of the two countries and by the President of the Council on May 25th, 1933.

Steps were taken forthwith to constitute the Commission and despatch it to Leticia.

**DISPUTE BETWEEN BOLIVIA AND PARAGUAY.**

In June and July 1932, while the delegates of Bolivia and Paraguay at Washington, under the auspices of a Commission of Neutrals (United States of America, Colombia, Cuba, Mexico and Uruguay), were negotiating with a view to the conclusion of a bilateral pact of non-aggression, serious incidents occurred in the territory of the Chaco-Boreal between Bolivian and Paraguayan forces. The Government of each country threw the blame for the aggression on the troops of the other. The President-in-Office of the Council considered it his duty on several occasions to draw the attention of Bolivia and Paraguay to the obligations which rested on them as Members of the League to seek a pacific settlement of their dispute under the Covenant of the League. These preliminary interventions on the part of the League, and the relevant correspondence of the parties with the President-in-Office of the Council and the Secretary-General, were summarised in the supplementary report on the work of the League for 1932.

The President-in-Office of the Council, at a meeting held on September 23rd, 1932, informed it of the steps he had taken, drawing special attention to a declaration which had been made on August 3rd by nineteen American Republics asking that the dispute should be immediately submitted to arbitration or some other method of pacific settlement and stating that they would not recognise any territorial change which had not been brought about by legal means. The Council authorised the Secretary-General to forward an assurance to the nineteen American Republics that the dispute was about to be referred to arbitration or to some other method of pacific settlement under the auspices of a Commission of Neutrals (United States of America, Colombia, Cuba, Mexico, Norway, Panama, Poland, Spain, Germany, Guatemala, Irish Free State, Italy, and the Union of South America).
A telegram was despatched to the two Governments on September 27th reminding them that they were legally and honourably bound by their obligations not to have recourse to armed force but to refer their dispute either to arbitration, judicial settlement or the Council of the League. The Council, in this message, noting the putting that certain American Republics were doing their best to assist the parties in reaching an amicable settlement, requested the two Governments to accept these endeavours and put an immediate stop to their military action and preparations.

The question, after further correspondence with the parties, was the subject, in the course of a general discussion, of declarations made to the Assembly of the League. The representative of Paraguay, on September 27th, 1932, announced that his Government acceded unreservedly to the establishment of the Committee of the Council and stated that Paraguay would accept for the solution of the dispute any procedure for a pacific settlement which would give the requested guarantees of justice and impartiality. The representative of Bolivia, on the following day, said that the establishment of the Committee of the Council had given rise in his country to a feeling of relief. Bolivia was prepared to accept a pacific solution, but it must be such as to offer permanence and security and such as could be adopted in the spirit of the Covenant of the League. The President of the Assembly noted that the two parties were prepared to submit the dispute to a procedure of pacific settlement and that such a procedure was in course.

The Committee of the Council, on October 1st, proposed to the Commission of Neutrals at Washington that the two Governments should be invited to withdraw their forces to such a distance from one another as would remove any risk of a serious incident and that a military commission should as quickly as possible be sent to the spot to make the necessary arrangements. The Commission of Neutrals replied on October 13th to the effect that it had already made such a proposal, which had been accepted by the parties, and that negotiations for the termination of the hostilities were proceeding satisfactorily, together with negotiations for securing an acceptance of bases for a final arbitration on the dispute.

Hostilities, nevertheless, still continued and the Council, during November, sent further messages to the Commission of Neutrals and to the parties, expressing the hope that hostilities would soon be definitely suspended and that the proposed military commission should be immediately constituted.

The Council, at its meeting on November 25th, considered a matter to which its Committee attached special importance—namely, the fear which existed on either side of a possible re-armament of the other party under cover of a suspension of hostilities. It was noted that Bolivia and Paraguay were not producers of arms, ammunition or implements of war and that any increase of their belligerent strength depended on consignments from abroad. The Committee of the Council had thought it desirable to draw the attention of the Governments to this matter.

Further assurances as to their pacific intentions were received from the parties, and the Commission of Neutrals informed the Council on December 3rd that it hoped soon to be able to inform the Council that distinct progress had been made in the efforts towards peace.

The Council, at a meeting held on December 17th, 1932, noted definite proposals which had been made by the Commission of Neutrals to the Governments of Bolivia and Paraguay for the cessation of hostilities on the basis of an equitable arbitration. These proposals included a cessation of hostilities within forty-eight hours, a withdrawal of the belligerent forces to specified lines, verification of this withdrawal by a commission nominated by the Commission of Neutrals, and arrangements for the policing of the evacuated territory. The Commission of Neutrals had further proposed that the two parties should begin negotiations to determine the basis of arbitration and with a view to the constitution of a tribunal to which the case would be submitted. Definite provisions were made to guard against the possibility of the parties being unable to agree either upon the area which was to be the subject of arbitration or with regard to the court to which the case would eventually be submitted. The Commission of Neutrals, in communicating these proposals to the Council, declared that it would be glad if it could count upon the support of the League of Nations, and suggested that the President of the Council and the Governments of the League should cable to the Governments of Bolivia and Paraguay in support of its proposals. The Council thereupon communicated with the parties, expressing the view that the proposals of the Commission of Neutrals provided an honourable and just settlement of the question.

The proposals of the Commission of Neutrals were not accepted by the Government of Paraguay, and the Commission of Neutrals informed the Council on December 31st that Paraguay had recalled its delegation from Washington. The Commission of Neutrals, in view of this situation, asked the four countries adjacent to Bolivia and Paraguay (Argentina, Brazil, Chile and Peru) what steps they would propose to take in order to avoid further bloodshed.

The Council, on February 3rd, 1933, considered the situation. It discussed, in particular, the question whether it should not send to the spot a small commission to study the situation in consultation with the two Governments and with the representatives of the Powers which, in a common effort, were trying to find a solution. The representatives of Bolivia and Paraguay, consulted upon this suggestion, indicated that a further concerted effort was being made by the neighbouring countries, working in co-operation with the Commission of Neutrals at Washington, with a view to bringing about a settlement of the dispute and a cessation of the fighting. The two Governments were, in principle, favourable to the proposal for a Commission of the League, but concurred in suggesting that the proposed action should be held in suspense until the issue of the further concerted effort towards conciliation was known. The Commission of Neutrals at Washington was understood to be of the same opinion. The Council finally decided to address to both Governments an urgent appeal to end hostilities and
conclude an armistice, and expressed its keen anxiety that the negotiations in course might result in a settlement.

The Governments of the United Kingdom and France, in a memorandum to the Secretary-General on February 21st, took up the question which had been raised in November 1932 concerning the supply of armaments to the parties. The two Governments in question declared their conviction that an embargo on the export of arms might be effective if all States joined in its application. They expressed their willingness to consult the States non-members of the League, whose co-operation was essential. They proposed that the Council should study the measures which, in application of Article 11 of the Covenant, might be pursued with a view to preventing the supply of arms and war material to Bolivia and Paraguay. On March 6th, the Committee of the Council, referring in particular to the memorandum submitted by the Governments of France and the United Kingdom, asked that the question of the dispute between Bolivia and Paraguay, which the Council had hitherto considered under Article 4, should be placed upon the agenda of a meeting of the Council under Article 11 of the Covenant.

The Council, meeting on March 8th in accordance with this request, first noted a communication from the Government of Bolivia transmitting proposals which had been submitted to the two parties on February 24th by the representatives of the Argentine Republic and Chile with a view to the settlement of the dispute. These proposals provided for a cessation of hostilities, a withdrawal of troops to specified lines and a reduction of effectives. All Chaco questions were to be submitted to legal arbitration, and the Hague Court was to be asked for an advisory opinion in the event of it being difficult to determine the zone to be submitted to arbitration.

The Council, noting this communication, decided that its first measure in application of Article 11 of the Covenant must be to obtain all necessary information from official sources as to the results of the proposals made by the Governments of the neighbour States.

Attention was drawn to the fact, at this meeting of the Council, that the Government of Paraguay had requested from Parliament authority to declare war on Bolivia. The representative of Paraguay declared that his Government had contemplated the possibility of a declaration of war simply in order to bring about a declaration of neutrality on the part of the adjacent countries and so to secure a prohibition of the transit of arms and war materials and food supplies through their territories.

On May 10th, 1933, Paraguay declared that a state of war existed with Bolivia. The Government of Bolivia at once communicated with the Secretary-General of the League representing that Paraguay had thereby placed herself outside the Covenant and had incurred the sanctions applicable under Article 16. The Council, following an exchange of telegrams between the Secretary-General of the League, the Governments of Bolivia and Paraguay, the Commission of Neutrals at Washington and the Governments of the Argentine and Chile, met in extraordinary session on May 15th, 1933, to consider the situation.

It was urged on behalf of the Government of Paraguay, in correspondence with the Secretary-General and in the declaration made by its representative at the Council table, that Paraguay had declared a state of war to exist with Bolivia only after the neighbour States had, owing to the attitude of Bolivia, abandoned their good offices. Paraguay was not resorting to war in the sense in which the term was used in the first paragraph of Article 16 of the Covenant, since a state of war had been in existence for some time and had been brought about by Bolivia. Paraguay, moreover, was prepared, as always, to accept the obligation incumbent upon her as a Member of the League to submit the dispute to arbitral or judicial settlement. She had therefore not broken the undertakings prescribed in Articles 12, 13 and 15 of the Covenant. She had declared a state of war with Bolivia to exist in the belief that such a step would involve a declaration of neutrality on the part of the adjacent States and in the conviction that the League would thus be able to intervene and to fulfil its duties. Paraguay renewed her request for an enquiry with a view to designating the aggressor.

The Government of Bolivia, in previous correspondence with the Secretary-General and in a statement made by its representative at the Council table, declared that Bolivia was still prepared to submit the territorial dispute with Paraguay to arbitration, provided Paraguay would state her territorial claims in the Chaco and thereby determine the territory which would be subject to arbitration. Bolivia regarded the declaration of a state of war by Paraguay as an extremely serious incident which had resulted in interrupting the conciliation procedure before the Commission of Neutrals at Washington. A Member of the League had officially declared war while conciliation procedure was in progress and at a time when Bolivia was regarding with sympathy the initiative taken by the Governments of the Argentine and Chile to settle the dispute with the assistance of the Governments of Brazil and Peru. The procedure of conciliation, contrary to what was alleged by Paraguay, had not been exhausted and, even if it had been, Paraguay should have appealed to the League of Nations.

The Council noted the declarations of the parties. It further noted communications received from the Commission of Neutrals and from the Governments of Chile and the Argentine expressing a desire for co-operation with the Council of the League.

The Committee instructed its Committee to examine the situation and submit definite proposals.

The Committee submitted a report on May 20th, 1933. It was proposed that the two Governments should confide the final settlement of their dispute to an impartial authority deriving its powers from a treaty binding on both States—namely, the Covenant of the League.
of Nations. It was further proposed that this authority should fix the frontier between the
two countries. Meanwhile, hostilities must be brought to an end and Paraguay withdraw her
declaration of a state of war with Bolivia, while an agreement should as soon as possible be
established for a settlement of the dispute by arbitration.

The report proposed that for these purposes a Commission of the League should be sent
to the spot to negotiate arrangements for an armistice and to prepare an agreement with a
view to arbitration, it being understood that the Council would in the last resort provide for
the appointment of the arbitrator and settle the arbitral procedure.

The report was unanimously approved by the other Members of the Council as a just and
reasonable method of settling the dispute. The representative of Paraguay also accepted it,
declaring that his country accepted in advance any decision which the Council might think fit
to take with a view to a solution. The representative of Bolivia reserved the decision of his
Government, and promised to convey to it the considerations put forward by all the
members of the Council, urging it to accept the report.

Further negotiations are proceeding under the auspices of the Committee of the Council.

THE STRAITS COMMISSION.

The Secretary-General has received the eighth annual report of the Straits Commission,
forwarded to the League of Nations under Article 15 of the Straits Convention of July 4th, 1923.
The report has been communicated to the States Members of the League, to the Powers that
signed the Straits Convention and to the Technical Organisations of the League.

CONFERENCE FOR THE REDUCTION AND LIMITATION OF ARMAMENTS.

The present report deals with the second phase of the Conference, from September 21st,
1932, to March 27th, 1933, when the General Commission rose for the Easter vacation.1

I. GENERAL PROGRESS OF THE WORK OF THE CONFERENCE.

Equality of Rights: Participation of Germany.

Previous to the adjournment of the Conference in July 1932, the German delegation
raised the question of Germany's equality of rights. The German Government subsequently
stated that it could take no part in the future work of the Conference until the question had
been settled. The Governments of the United Kingdom, France, Germany, Italy and the
United States of America then negotiated for an agreement on the political principles to be
adopted as a basis for the future work of the Conference. The agreement stipulated, as one
of the principles which would guide the Conference, that Germany and the other Powers
disarmed by treaty should be accorded equality of rights in a system which would provide
security for all nations and that this principle should be embodied in the Disarmament
Convention. The Governments of the United Kingdom, France, Germany and Italy were
prepared to join in a solemn reaffirmation, to be made by all European States, that they would
not in any circumstances attempt to resolve any present or future differences between the
signatories by resort to force. Finally, the five Governments declared that they would
co-operate in the Conference with the other States there represented in establishing a Convention
which would effect a substantial reduction and limitation of armaments and provide for future
revision with a view to further reductions.

The General Commission took note of the agreement on December 14th, 1932, the German
delegation being present. The representatives of a number of countries emphasised that
the agreement could not be regarded as an act of the Conference and in no way affected its
prerogatives.

Submission of the French Disarmament Plan.

A memorandum containing a disarmament plan was submitted by the French delegation
to the Bureau of the Conference on November 14th, 1932. The main principle of the plan
was to effect a reduction of armaments in relation to security conditions existing or to be created
and, in particular, to strengthen defence by reducing forces of aggression.

The General Commission held a general discussion on the French memorandum from
February 2nd to 8th, 1933.

Programme of Work of the Conference (February 9th to March 16th, 1933).

The Bureau, on February 9th and 10th, considered a programme of work for the Conference
submitted by the United Kingdom delegation. The work of the Conference proceeded from
February 10th to March 16th on the basis of decisions taken as a result of this examination.

1 For the first phase of the Conference (February 2nd to July 23rd, 1932) see the report and supplementary
report submitted to the Assembly in 1932.
Draft Convention submitted by the United Kingdom Delegation (March 16th, 1933).

On March 16th, 1933, the General Commission was invited by Mr. MacDonald, Prime Minister of the United Kingdom, to consider a draft Convention in five parts and ninety-six articles.

The draft presents a disarmament scheme as a whole based on principles and decisions already discussed or approved by the Conference and on the views expressed by the various delegations.

In the opinion of the United Kingdom delegation, the draft furnishes a basis of discussion which, although admitting of amendment, is the result of a careful balancing of the various factors involved.

The General Commission, on March 27th, 1933, decided to take the draft Convention as a basis for its subsequent discussions, the various delegations retaining the right to propose amendments. The detailed discussion of the articles began as soon as work was resumed after the Easter recess.

II. Work of the Commissions and Committees.

Security Questions.

The General Commission decided on February 13th, 1933, to refer to the Political Commission the various proposals before the Conference relating to security.

The Political Commission met from February 14th to March 10th, 1933.

It first examined the proposed declaration of non-resort to force applicable to Europe put forward by the United Kingdom delegation, and on March 2nd adopted a text in which the Governments concerned would solemnly reaffirm not in any event to resort, as between themselves, to force as an instrument of national policy. The universal effect of this obligation was understood to be a matter of subsequent enquiry.

The Political Commission then considered the scheme of mutual assistance as embodied in the French memorandum and in the programme of work submitted by the United Kingdom delegation. It further took up the question of the definition of the aggressor on the basis of a proposal by the Soviet delegation and that of the procedure for establishing the facts in the case of aggression or threatened aggression on the basis of a proposal by the Belgian delegation. These discussions did not result in any final conclusions during the period under review.

Effectives.

The Bureau of the Conference, on September 22nd, 1932, set up a Special Committee on Effectives. The Committee adopted a plan of work submitted by the United States representative, based on the proposal of President Hoover. It accepted in particular the principle that effectives should be divided into two components, one irreducible and the other reducible, and endeavoured to determine the factors which should be considered in calculating the two components.

For that purpose, it asked a Technical Committee of Experts to examine the characteristics of the various police forces and similar formations, with a view to deciding which of those forces should be taken into account in calculating effectives. The Technical Committee was also to determine what part of the naval forces of States should be assimilated to land forces in making those calculations.

Meanwhile, on February 13th, 1933, the General Commission itself took up the question of effectives. It considered a list of questions in regard to which it would have to take decisions of principle.

That list comprised (1) questions drawn up on the basis of the French memorandum and relating to the standardisation of the European continental armies, (2) questions relating to effectives generally and (3) questions regarding oversea effectives.

The Commission decided on February 23rd, by a majority vote, in favour of the standardisation of European armies in the form of armies with short-term service and limited effectives. It further decided, on February 27th, by a majority vote, that standardisation should not cover oversea effectives. The Commission then referred the last question to a Sub-Committee consisting of delegates of the countries directly concerned and referred back the other questions, with its own decisions, to the Special Committee on Effectives.

After the General Commission had decided to take the United Kingdom draft Convention as a basis for its subsequent discussions, the Committee on Effectives instructed its Technical Committee to study certain questions raised by the aforementioned draft, more especially those relating to police forces and similar formations, military training given outside the army and pre-military training.

Land War Material.

On September 22nd, 1932, the Bureau of the Conference asked the President of the Land Commission to get into touch with the delegations in order to fix the limits with regard to the number and calibre of heavy land artillery guns and the maximum tonnage for tanks. On November 17th, 1932, the President of the Land Commission informed the Bureau that his conversations with the various delegations had not advanced far enough for him to be able to submit definite conclusions on the subject.

The General Commission began its examination of the question of land war material on March 9th, 1933. After a general discussion it decided to instruct the Drafting Committee to submit either definite proposals or a list of questions of principle requiring settlement, on
the basis of the proposals before the Conference. On March 15th, the Drafting Committee submitted a questionnaire, the examination of which was abandoned as soon as the United Kingdom delegation tabled its draft Convention.

**Naval Armaments.**

Under the resolution of July 23rd, 1932, the Powers parties to the London and Washington Agreements, together with the other naval Powers, were asked to negotiate on the subject of the possibilities of naval limitation. The Bureau's task was to co-ordinate these negotiations.

On December 9th, 1932, the Japanese Government submitted new disarmament proposals. These proposals are based upon the principles already approved by the Conference and emphasise in particular the necessity of reducing forces aggressive in character and strong in offensive power, having regard to existing conditions and the special circumstances of the various countries.

**Air Forces.**

On November 22nd, 1932, the Bureau of the Conference adopted a report submitted by the President of the Air Commission on the best procedure to be followed in dealing with the question of the complete prohibition of air attacks on the civil population and of all aerial bombardment; the report further suggested, amongst other things, that a Political Committee should be instituted to go into the whole question of air forces. This Committee never met.

On February 13th, 1933, the General Commission proceeded to a new examination of air questions on the basis of the programme of work submitted by the United Kingdom delegation, and set up a special Air Committee consisting of delegates of the principal air Powers. This Committee examined the measures to be taken in respect of civil aviation in order to render possible the total abolition of military and naval aviation and bombing from the air. It discussed successively the regulation, supervision and internationalisation of civil aviation.

The Committee suspended its work on March 17th to enable the delegations of distant countries to consult their Governments.

**Chemical, Bacterial and Incendiary Warfare.**

In its resolution adopted on July 23rd, 1932, the General Commission decided that chemical, bacterial and incendiary warfare should be prohibited and that rules of international law should be formulated giving effect to the prohibition, to be supplemented by special measures dealing with any infringement of the prohibition.

On September 22nd, 1932, the Bureau of the Conference requested the Chairman of the Special Committee on Chemical, Bacterial and Incendiary Weapons to submit a report on the possibility of prohibiting the preparation of gas and of restricting its use (as opposed to prohibiting the use of gas in war time) and on measures to be adopted in cases of violation of the prohibition.

After this report had been discussed by the Bureau, the Special Committee drew up its conclusions, which were approved by the Bureau in January 1933 and drafted in the form of articles.

These articles are to be examined after the Bureau has settled the question of the special sanctions to be applied in the event of the use of the prohibited weapons. The Bureau agreed to the principle of such sanctions, but decided to frame the relevant articles after the general problem of the sanctions to be applied in the case of the violation of the provisions of the Convention had been examined by the Conference.

The texts approved by the Drafting Committee were subsequently incorporated by the United Kingdom delegation in the draft Disarmament Convention which it had submitted to the General Commission.

**Publicity and Limitation of National Defence Expenditure.**

The National Defence Expenditure Commission was instructed by the Conference to examine, in the light of the material submitted by the various States, the limitation and publicity of national defence expenditure provided for in the draft Disarmament Convention drawn up by the Preparatory Commission. The General Commission left open the question whether a combined system of limitation and publicity or merely a certain degree of publicity in regard to expenditure was to be adopted. The enquiry was therefore conducted with a view to a possible application of either of these two systems.

The National Defence Expenditure Commission set up a Technical Committee, which published its report on April 8th, 1933.

Of the sixty States represented at the Disarmament Conference, twenty-nine have supplied the Technical Committee with full information relative to their budgetary systems and national defence expenditure. These countries represent 90 per cent of the total national defence expenditure of the entire world. The other States have submitted incomplete documents or none at all.

The Technical Committee has taken national defence expenditure to mean all expenditure necessitated or entailed by the creation, maintenance and training in time of peace of armed forces and formations organised on a military basis and by measures immediately connected with the preparations for national mobilisation.
In order to secure a uniform presentation of the figures, the Committee has established a uniform framework or Model Statement in which States can enter all their national defence expenditure. The key to this operation will be supplied by reconciliation tables showing how each figure in the accounts has been transferred to the Model Statement.

The Committee recommends that the payments made in the course of the financial exercise should be taken as the juridical basis for either the publicity or limitation of expenditure. Detailed examination of the budgetary systems of the various countries resulted in the Committee's finding that the value of the guarantee of the authenticity of figures afforded by the publicity of credits varies according to tradition, custom and parliamentary practice. It points out that a system of limitation based upon the payments made in the course of the financial exercise rests in the last instance upon the activities of the authorities responsible for the internal supervision of the public finances. It therefore considers it essential that bodies responsible for the higher audit of the accounts should be independent of the Executive.

The Committee recognises that it is possible for all practical purposes for States to draw up a complete statement of their national defence expenditure within the meaning of the Convention and that it is also possible for an international supervisory body to verify with a high degree of accuracy the manner in which the total amount of national defence expenditure is calculated. The separate limitation of expenditure in respect of land, naval and air forces or the separate limitation of land material and naval material would, however, have the effect of compelling certain countries to modify their accountancy systems, and would give rise to difficulties from the point of view of supervision.

Important reservations to the recommendations contained in the report were made by certain delegations. The Japanese, Italian and German delegations submitted a joint reservation expressing the view that, technically, a period of from four to five years would be necessary during which the system of publicity alone could be applied, after which it would be possible to ascertain whether the system of budgetary limitation recommended in the report could be adopted.

The United States delegation limited its concordance to measures of budgetary publicity and made full reservation on all subjects relating to budgetary limitation.

III. REGULATION OF THE TRADE IN ARMS AND OF THE PRIVATE AND STATE MANUFACTURE OF ARMS AND OF IMPLEMENTS OF WAR.

The Committee for the Regulation of the Traffic in Arms and of the Private and State Manufacture of Arms and of Implements of War was constituted by the Bureau of the Conference on September 22nd, 1932.

From October 4th to 15th, 1932, this Committee discussed the question on the basis of the 1925 Convention for the Supervision of the International Trade in Arms and Ammunition and Implements of War, and the 1929 draft Convention for the Supervision of the Private Manufacture and Publicity of the Manufacture of Arms and Ammunition and of Implements of War.

The Committee sent a report to the Bureau stating that it was not yet able to submit concrete proposals which would, as far as possible, place producing and non-producing States on a footing of equality. It also stated that the provisions contained in the 1925 Convention and in the 1929 draft Convention ought to be revised. On November 22nd, 1932, the Bureau took note of this report and defined the Committee's task.

On February 22nd, 1933, by a majority vote, it declared that, before proceeding further with its consideration of the manufacture of arms, it found it necessary to request the General Commission to decide the two following questions: (1) Should the private manufacture of arms be suppressed? and (2) Should the manufacture of arms be internationalised?

IV. SUPERVISION.

The General Commission, on July 23rd, 1932, decided that there should be set up a Permanent Disarmament Commission, with the constitution, rights and duties generally as outlined in Part VI of the draft Convention drawn up by the Preparatory Disarmament Commission, with such extension of its powers as might be deemed necessary by the Conference. On November 15th, the Bureau adopted as a basis of discussion a report drawn up by M. Bourquin (Belgium) and appointed a Drafting Committee to prepare texts for insertion in the draft Convention. Those texts were approved by the Bureau on January 23rd and referred to the General Commission. They are included in the draft Convention submitted by the United Kingdom delegation on March 16th, 1933. They define the composition of the Commission, its duties and methods of work.

The Permanent Disarmament Commission will be composed of a representative of each of the contracting parties. It will be the Commission's duty to watch the execution of the Convention. It will be entitled to receive all necessary information and to have any person heard or consulted who may be in a position to enlighten it. A contracting party whose attitude has been subject to criticism will have the right to request the Commission to conduct the necessary investigations in its territory. The Commission, at the request of one or more of the contracting parties, may decide to have investigations of alleged infractions of the Convention conducted in the territory of any contracting party. Further, it will be entitled to conduct periodic investigations in regard to States which have made a special agreement to that effect. It will report at least once a year on the situation regarding the execution of the Convention. Any contracting party of opinion that the Convention has been infringed will...
have the right to address a complaint to the Commission. The Commission will invite the contracting party whose attitude has produced the complaint to supply it with all useful explanations, and the Commission will draw up a reasoned report on the result of its investigations, which will immediately be forwarded to the Council of the League of Nations and published.

It will be one of the duties of the Commission to make preparations for the subsequent stages of disarmament.

V. Armaments Truce.

The Conference, on July 23rd, 1932, adopted a resolution recommending the Governments to renew for a period of four months from November 1st, 1932, the truce recommended by the resolution of the League Assembly of September 29th, 1931. Forty-nine Governments replied in the affirmative to a circular letter from the Secretary-General enquiring whether they were prepared to consent to a renewal.

Administrative Questions.

Territory of the Saar.

The Council, on January 24th, 1933, appointed the five members and Chairman of the Governing Commission for a period of one year as from April 1st, 1933.

The Chairman of the Governing Commission of the Saar Territory, in a letter dated May 4th, 1933, informed the Council that circumstances over which he had no control had given rise to misgivings among the Saar officials in regard to their position after the plebiscite to be held in 1935. The Governing Commission considered that it was most desirable to ensure by practical decisions, for all officials of the Saar territory without distinction of origin or nationality, that the rights which they held under the appointments which they had received from the Governing Commission would in any case be fully safeguarded.

The Council, on May 27th, 1933, adopted a report affirming the principle that the rights of the officials of the Saar Territory should in any event be safeguarded, the means of applying this principle being reserved for a later decision.

In the course of the year, the Governing Commission gave special attention to the campaign against unemployment and the financial and economic crisis. Elections to fill the offices of the municipal and district councillors were held in November 1932. There was an increase in the number of voters and an appreciable increase in the number of candidates returned belonging to the extreme parties on the right and on the left.

The Free City of Danzig.

M. Helmer Rosting, Chief of the Administrative Commissions' Bureau of the Secretariat of the League of Nations, was appointed to be High Commissioner at Danzig ad interim under a resolution adopted by the Council on October 15th, 1932. His term of office was later prolonged by the Council until October 15th, 1933.

The Polish Minister of Transport, by a Decree dated October 25th, 1932, issued a public notification to the effect that the transport rates and other charges levied by the railways in the railway stations in the territory of the Free City of Danzig would henceforth only be accepted in Polish currency. The Senate of Danzig asked the High Commissioner, on November 3rd, 1932, to decide that this Decree constituted a case of "direct action", and the High Commissioner referred the question to the Council of the League. The Council on November 23rd, noting that a question of "direct action" had, in fact, been raised, decided to obtain an authoritative legal opinion. The specific point at issue was settled between the parties by friendly agreement reached under the auspices of the High Commissioner. The Council, nevertheless, in view of other questions in which "direct action" had been alleged by the parties, appointed a Committee of three members with instructions to submit proposals with a view to establishing a more satisfactory procedure in the matter.

The Committee, having studied as a whole the questions submitted for its consideration, forwarded its report to the Council on February 1st, 1933. The Council adjourned its examination of the matter. Meanwhile, the old procedure for dealing with questions appearing to involve "direct action", established by the Council in March 1925, remains in force.

On November 20th, 1932, the High Commissioner pronounced three decisions on three requests which had been submitted to him with regard to Customs (various Customs questions, import quotas, nationalised quota goods). The two Governments appealed against the High Commissioner's decisions. At its meeting of February 1st, 1933, the Council confirmed the High Commissioner's decisions on the first and third requests and decided not to pronounce for the moment on the appeals made by the two Governments against the High Commissioner's decision concerning the second request.

The question of the reinforcement, by the Polish Government, of the detachment of guards at the Polish war material depot on the Westerplatte has been brought before the Council. The High Commissioner, in a letter dated March 7th, 1933, referred the matter to the Council, the Senate of Danzig having submitted a request that it should be regarded as a case of "direct action". The Polish authorities had increased the Polish guard on the
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Westerplatte without previously obtaining the authorisation of the High Commissioner, and the High Commissioner had requested the withdrawal without delay of the effectives in question. The Council took up the matter on March 14th, 1933. M. Ziehm, President of the Free City, having affirmed that the Senate was able to guarantee that satisfactory measures had been taken to prevent any infringement of the rights of Poland on the Westerplatte peninsula, M. Beck, Minister for Foreign Affairs of Poland, declared that his Government had decided to reduce the guard without delay to its normal strength. The Council, in view of this declaration, did not consider it necessary to examine the question further. The High Commissioner duly informed the Council on March 16th, 1933, that the effectives had been withdrawn from the Westerplatte on the same day.

In a letter dated March 7th, 1933, the Polish representative at Danzig requested the High Commissioner to decide that the action of the Danzig Senate in denouncing, on February 15th, 1933, the agreement under which Danzig and Poland had put into force for a period of two years (which came to an end on May 23rd, 1927) a decision by the High Commissioner on the recruiting of the police force which was required by the Harbour Board and which was placed under its immediate control constituted “direct action” and should be immediately cancelled. The High Commissioner referred this question to the Council at the same time as that of the Westerplatte.

In his report to the Council, the Rapporteur stated that, in his opinion, it would be in the interest of both parties that the previous regime should be re-established without prejudice to the final decision which the Harbour Board might take in the matter. The Danzig and Polish representatives having declared themselves in agreement with the Rapporteur’s proposal, this proposal was adopted by the Council.

PROTECTION OF MINORITIES.

GENERAL OBSERVATIONS.

The customary procedure followed in dealing with minorities petitions has been regularly applied during the period under review. Minorities Committees have met during the Council sessions and also in the intervals between them. On completing the examination of the questions submitted to them, the Committees, in cases where they did not feel it necessary to draw the attention of the Council to the questions raised, informed the other members of the Council of the result of their examination in a letter forwarded to them through the Secretary-General. In some cases, these letters were, with the consent of the Governments concerned, published in the Official Journal of the League.

APPLICATION OF AGRARIAN REFORM IN POLAND.

In January 1932, the German Government called the attention of the Council to the question of the application of agrarian reform in Poland. The special Committee of the Council, to which the latter referred the matter in May 1932, submitted, in December 1932, a detailed and systematic statement of all the factors examined and proposed a practical solution rather than a purely legal settlement. It was suggested that the application of the previous nominal lists drawn up with a view to the execution of the agrarian reform in Poland should be suspended, pending a complete rectification of the disparity noted between the respective contributions made to agrarian reform by majority and minority landowners.

As the German representative was not in a position to accept this report, the Council made a further effort to find a solution, but in February 1933 the representative of Germany stated that, in the absence of agreement between Poland and Germany on the question at issue, his Government was obliged to refer to the Permanent Court of International Justice the dispute as outlined in the petitions addressed by the minority to the Council from 1929 onwards and in communications from the German Government to the Secretary-General.

The Council, in view of this statement of the German representative, declared its examination of the question to be closed.

APPLICATION OF THE GERMAN-POLISH CONVENTION OF MAY 15TH, 1922, CONCERNING UPPER SILESIA.

(a) Petition relating to the Polish Minority in Upper Silesia (Germany).

1. The Council in October 1932 noted a report on questions raised in petitions received from the Association of Poles in Germany and dated November 10th, 1931, and March 14th, 1932, concerning the situation of the Polish minority in Upper Silesia.

The petitioners complained of the attitude of the German authorities towards the minority, more especially in respect of the issue of passports and permits, education, local government administration and elections to the legislature.

The Council noted that most of the specific cases to which reference was made in the petitions had occurred outside the territory covered by the Geneva Convention of May 15th, 1922, or related to events that had occurred several years earlier and had been examined either by the President of the Mixed Commission for Upper Silesia or by the Council.

As the Council only discussed the petition from M. Bernheim at its May/June session, this matter will be dealt with in the Supplementary Report.
It accepted the proposal of the Rapporteur that it should refrain from examining these questions, nor, in the opinion of the Rapporteur, was the importance of the other cases mentioned by the petitioners, with one exception (the question of vocational and supplementary education, which formed the subject of a special petition), such as to justify examination by the Council, and the Council agreed that these cases should be forwarded to the German Government for submission to the local procedure laid down in the Convention for Upper Silesia.

2. The case excepted by the Council in dealing with these questions related to a petition submitted by the Polish Catholic schools' association for German Upper Silesia concerning the vocational and supplementary training of the Polish minority in German Upper Silesia. The German Government, under Article 115 of the Geneva Convention, admitted that the minority had a right to open minority private vocational and extension schools. The petitioners, however, complained that the principle applied by the Prussian Government involved an obligation on the part of pupils of minority schools to attend both the State and the private school simultaneously until the education authorities had decided whether the teaching given at the private school was sufficient.

The question of principle was referred by the Council to a Committee of Jurists, which, reporting to the Council in February 1933, expressed the view that the State education authorities should refrain from requiring attendance at State establishments until they had definitely decided whether the corresponding private education was adequate or not. Members of the minority, on the other hand, could not claim exemption from State education merely on the ground that they were attending a private school, unless the education authorities had recognised in advance, at all events provisionally, that adequate training was being provided.

3. The Council, in February 1933, dealt with another petition submitted by the "Association of Poles" in Germany. This petition related to the treatment alleged to have been suffered by the Polish minority in Upper Silesia prior to the elections to the Prussian Diet in April 1932. The petitioners complained that the Polish minority had been prevented from preparing to express its will freely by the measures and attitude adopted by the German authorities and by acts of terrorism.

The German Government contested these allegations and pointed out that the measures and attitude of the German authorities had not caused a falling-off in the number of votes given to the Polish Catholic Party in Upper Silesia or prevented the party from holding numerous public meetings during the electoral period.

The Council found the explanations submitted by the German Government to be satisfactory. It endorsed the opinion of its Rapporteur for minority questions that the importance of the cases of alleged violence was not such as to justify their detailed examination by the Council and instructed the Secretary-General to forward them, so far as they related to the territory to which the Geneva Convention applied, to the German Government for submission to the local procedure.

(b) Petitions relating to the German Minority in the Voivodeship of Silesia (Poland).

The Council has had before it three petitions: one from the "Deutscher Volksbund", one from M. Bienek and one from M. Koziolek. The first referred to the question of property rights over the St. Julius Hospital at Rybnik; the two others, to the personal situation of the petitioners.

After having obtained the opinion of a Committee of Jurists concerning a previous question raised by the Polish Government as to the competence of the Council to examine these three petitions, the Council, at its meeting of May 26th, 1933, adopted the Rapporteur's proposals with regard to the substance of the questions raised.

As to the first case, the Council decided, in view of its juridical nature, to entrust the study of it to a committee of jurists. In regard to the other two questions, the Council decided not to examine them until it had become acquainted with the judgment of the Supreme Court and Supreme Administrative Tribunal before which the two questions are respectively pending.

Petition from the Representatives of the Descendants of the Former Szekler Frontier-Guard Regiment (Roumania).

The Council, in May 1932, concluded its consideration of the questions raised in the petition submitted by the representatives of the descendants of the former Szekler (Hungarian) Frontier-Guard Regiment.

This petition related to properties in the district of Ciuc (Transylvania) which, up to 1923, had been used in the form of an autonomous administration for the upkeep of certain educational and charitable institutions for the benefit of the descendants of the members of the former Szekler Frontier-Guard Regiment. The Roumanian State, in 1923, as successor State to the Hungarian State, took possession of this property and, as a result of its measures of agrarian reform, distributed part of it to communes, churches and individual peasants, retaining the remainder in its own possession. The buildings included in these properties were either allocated to various public departments or continued to be used for their original purpose.
The Roumanian State, under the settlement approved by the Council, agreed inter alia to make a partial restitution of the properties and accepted some of the charges and obligations previously borne by the former autonomous administration of the property.

MANDATES.

GENERAL WORK OF THE MANDATES COMMISSION.

The Permanent Mandates Commission, during its twenty-second session, held at Geneva from November 3rd to December 6th, 1932, reviewed the administration for 1931 of the mandated territories of Iraq, Palestine, Syria and the Lebanon, the Cameroons and Togoland under French mandate, the Cameroons and Togoland under British mandate, Ruanda-Urundi, Tanganyika, the Islands under Japanese mandate, Nauru, New Guinea, Western Samoa, South West Africa. The recommendations made by the Commission as a result of this examination, which were approved by the Council during its session held in January 1933 and forwarded to the Governments concerned, related mainly to the current administration of the mandated territories, including such questions as labour conditions, education, health, the association of natives in the administration of the territories, the traffic in spirits and the administration of justice.

THE PRINCIPLE OF ECONOMIC EQUALITY.

The Mandates Commission, during its twenty-second session, considered the rules enunciated by the mandatory Powers as governing the execution of public works and the supply of goods for the public services, with special reference to the principle of economic equality as applying to mandated territories. The Commission expressed the opinion that the rules in question did not call for any criticism. It nevertheless made a reservation to the effect that the administrative union between Togoland and the Cameroons under British mandate and adjacent possessions might place difficulties in the way of adopting rules in the mandated territories differing from those applied in the possessions. The Commission did not think it necessary to submit any proposals to the Council for a doctrinal interpretation of the articles of the mandates regarding economic equality, but decided to confine itself to supervising the application given in the various mandated territories to the rules established by the mandatory Powers themselves.

The Council noted these conclusions on January 24th, 1933. The representative of Italy on that occasion urged that it would be necessary to watch carefully the application of the rules which, owing to a wide margin of interpretation, might in fact violate the principle on which the mandates system was based. He emphasised that the regulations which related to the purchase of materials and supplies by the administrations of the territories under A and B mandates, either for their own use or for public works, called for a restrictive application, since they constituted an exception to the principle of economic equality. The representative of Germany emphasised that there should be complete economic equality in A and B mandates in accordance with Article 22 of the Covenant, particularly with regard to the purchase of material.

CLOSER ADMINISTRATION, CUSTOMS AND FISCAL UNION BETWEEN TANGANYIKA TERRITORY AND KENYA AND UGANDA.

The Mandates Commission adjourned its examination of this question. The Government of the United Kingdom had forwarded to the Commission the report of a Joint Select Committee on Closer Union in East Africa with the correspondence exchanged on this subject between the British Minister for the Colonies and the Governors of the territories concerned.

The representative of Germany on the Council, referring to this matter on January 24th, 1933, welcomed the declaration of the United Kingdom Government to the effect that, for the moment, it had abandoned the scheme for a political and constitutional union of Tanganyika with the territories adjacent. He drew attention, however, to the fact that partial measures for unifying important economic services might sooner or later bring about the same result as the comprehensive measures originally contemplated.

IRAQ: THE POSITION OF THE ASSYRIAN POPULATION.

The Council, on September 24th, 1932, noted the signature by Iraq of the declaration framed on May 19th, 1932, embodying the undertakings to be accepted by Iraq before the mandatory system was brought to an end in the territory. The Council noted that the first of the conditions for the termination of the mandatory system in Iraq had thus been met. The mandate was accordingly terminated by the admission of Iraq to the League of Nations by the Assembly of the League on October 3rd, 1932.

The Mandates Commission, in these circumstances, refrained from submitting to the Council any detailed observations on the administration of Iraq in 1931. The Commission, however, was required to deal with certain petitions received from the Assyrian population in Iraq, which the Government of the United Kingdom, as mandatory Power, had forwarded
to the Commission previous to the termination of the mandate. The Council, on September 24th, 1932, approved the proposal of the United Kingdom representative that these petitions should be examined by the Commission.

The petitions revealed a sense of insecurity on the part of the Assyrians, partly owing to the climate of the country in which they were living, the sterility of the lands assigned to them and the precariousness of their tenure, but more especially owing to the fact that their community was widely scattered among populations of other races. The Assyrians were suggesting various solutions of their difficulties, such as a mass transfer of the population concerned to a country under the authority of a Western Government, their recognition as an autonomous community domiciled in Iraq, or a return to their old homes now situated in Turkish territory. Suggestions were also put forward for the constitution of a national home autonomous community of various political and educational rights. The Commission adopted a recommendation drawing the attention of the Council to the importance for Iraq of finding a solution which might enable the Assyrians to establish themselves in a homogeneous group appropriate to their traditions and corresponding to their economic needs. The Commission, on the other hand, considered that anything in the nature of a request for autonomy on the part of the Assyrians could not be encouraged, since such a solution would imperil the unity of the Iraqi State.

The Council considered the recommendations and observations of the Commission during its session in December 1932. It endorsed the view that it was impossible to grant the Assyrians any form of administrative autonomy. It further noted a declaration of the representative of Iraq that there was not sufficient unoccupied land in the country to permit the establishment of the Assyrians in a compact community, but that his Government had studied the question of allotting to the Assyrians available land suitable for their settlement and was prepared to carry out plans framed for this purpose as soon as circumstances permitted. The Iraqi Government was, in fact, prepared to facilitate the settlement of the Assyrians either in their own country of origin or in another country.

The Council, on December 15th, 1932, adopted a resolution noting that it was the intention of the Iraqi Government to choose outside Iraq a foreign expert to assist it over a limited period to settle all the landless people of Iraq, including the Assyrians, and to carry out its scheme for the settlement of the Assyrians of Iraq under suitable conditions and as far as possible in homogeneous groups, having regard to the existing rights of the population. The Council recommended that, if these measures did not result in a complete solution of the problem, and if there remained Assyrians who were not disposed to settle in Iraq or who were unable to do so, the Iraqi Government should take all the steps in its power to facilitate their settlement elsewhere. The Government of Iraq was asked to keep the Council informed of the results of the measures contemplated.

FRONTIER BETWEEN SYRIA AND IRAQ.

The Commission of Enquiry, instructed by the Council under a resolution of December 9th, 1931, to study on the spot the question of the frontier between Iraq and Syria, submitted its report to the Council on September 10th, 1932, and the Council on October 3rd, 1932, adopting the recommendations of the Commission of Enquiry, invited the Mandates Commission to give, from the point of view of the interests of the territories concerned, its opinion on the line which was indicated. The Mandates Commission, on November 9th, 1932, noting that the sole evidence at its disposal was contained in the report of the Commission of Enquiry, expressed the view that the report did not seem to contain any information which would justify it in thinking that the frontier proposed was not in conformity with the interests of the territories in question. The Council, on November 25th, 1932, accordingly adopted the line mentioned in its resolution of October 3rd, 1932, as a final settlement of the question of the frontier between Iraq and Syria.

The Commission of Enquiry had referred in its report to the necessity of establishing a Demarcation Commission to trace the frontier on the spot, with sufficiently wide powers to take into account local exigencies and possible inaccuracies on the maps. The Council authorised its President to appoint a national of a third Power to preside over the Demarcation Commission and to act as arbiter, and the Acting President of the Council, on February 14th, 1933, appointed for this purpose Colonel Iselin, of Swiss nationality, former Chairman of the Commission of Enquiry. The Council asked the Governments concerned to communicate to it the Boundary Protocol as soon as it had been definitely established.

DEVELOPMENT OF THE MANDATORY SYSTEM IN PALESTINE AND SYRIA.

The Mandates Commission, in reviewing the annual report on the administration of Palestine for 1931, noted that the programme of constructive policy in that territory had not yet been completed, and that it would therefore be premature to express an opinion in regard to it. It noted, however, that, as a result of the measures taken to ensure security and of an exceptionally favourable economic situation in the territory, the year 1931 had been a period of calm and prosperity.

The Mandates Commission obtained from the representatives of the mandatory Power information on the evolution of the mandate for Syria and the Lebanon and on the stages leading up to the point at which these territories would no longer need the advice and assistance of the mandatory Power. The Commission considered that it would be premature to express any opinion on this subject until more detailed material on which to form a judgment was
available as to the policy of the Mandatory and the negotiations in progress. It expressed the hope that the mandatory Power would continue to keep it informed of the development of the situation.

The Council, in reviewing these observations, reserved its consideration of the evolution of the mandate for Syria and the Lebanon until the Commission had submitted more complete information and the conclusions of its enquiry. The representative of Italy, however, submitted certain observations regarding the method which the mandatory Power was stated to be contemplating for conferring independence on that country. He wondered, in particular, whether it was in conformity with the spirit of Article 22 of the Covenant or the letter of the Syrian mandate to dismember the territory into a number of political units which were to be treated differently from one another, and whether the portions into which the territory had been divided should not, for political, social and economic reasons, be restored to their traditional unity. Were the general conditions in Syria, moreover, really such as to demand that the independence of the four provinces should be effected separately and by successive stages? The representative of Germany associated himself with these observations.

The representative of France recalled that the Mandates Commission had been satisfied with the information it had received and had been driven to the conclusion that the problem was not sufficiently ripe, and that the information available was not sufficiently precise, for it to be able at that moment to form a judgment.

The Islands under Japanese Mandate.

The Committee of Experts appointed under the resolution adopted by the Assembly on September 25th, 1931, submitted a report to the Council, dated September 1st, 1932, showing the present position in regard to slavery and analogous conditions and indicating the measures which might be used in combating the various aspects of slavery thus described. It suggested, in particular, that an Advisory Commission of Experts should be appointed to study, among other matters, institutions or facts coming under the definition of slavery or analogous conditions, and to keep in touch with information relating to these matters.

The Assembly, on October 12th, 1932, drew the attention of the Members of the League and of States parties to the Convention of 1926 to the recommendations contained in this report and decided to appoint the proposed Advisory Commission of Experts. The Secretary-General was asked to include in the budget for 1934 the credits necessary for that purpose. The Council, on January 24th, 1933, acting under this recommendation, invited the Secretary-General to draw up a list of experts with the necessary qualifications with a view to the constitution of the Advisory Commission as soon as the necessary credits had been voted.

Slavery.

The Committee of the Council which was appointed in January 1931 to study the problems raised by the request for assistance from the Government of Liberia laid down, in May 1932, the general lines of a scheme of assistance, which involved the introduction in Liberia of reforms in general administration, health and finance, with the assistance of foreign experts. The Committee further recommended that new arrangements should be concluded with the Finance Corporation of America for a loan contract and with the Firestone Plantations Company for a concessions contract.

The Finance Corporation of America, in November 1932, intimated that it considered it necessary, before undertaking to negotiate a contract, to obtain direct and complete information on the spot regarding the situation in Liberia and that it had sent its Vice-President to Monrovia for that purpose. A further difficulty arose towards the end of the year, when the Government of Liberia, owing to an increasingly difficult financial situation, suspended the service of the interest and redemption of the loan it had concluded with the Finance Corporation of America, and took other steps in connection with important clauses in the loan contract. The representative of the United States of America intimated that his Government considered these decisions to be a breach of the provisions of the contract and that no negotiations could take place at Geneva until they had been rescinded.

The Committee, in January 1933, proposed as a compromise that the Government of Liberia should cancel the measures which it had taken, pending a de facto recognition by the Finance Corporation of a moratorium for a limited period, which would enable direct negotiations to go forward at Geneva on all the questions at issue. The Government of Liberia did not, however, think it possible to reconsider its decisions until the plan of assistance had come into force and afforded the necessary financial relief.
The Government of the United States of America had sent a representative to Liberia on a special mission, with a view to seeking a solution which might at the same time safeguard American rights in Liberia and enable the present efforts to be continued with a view to assisting the country. The United States representative succeeded in bringing about a resumption of the conversations between the Government of Liberia and the Vice-President of the Finance Corporation.

The Committee of the Council will resume its consideration of the question as soon as the result of these conversations has been communicated.

PREPARATION FOR THE MONETARY AND ECONOMIC CONFERENCE.

The preparatory work for the Monetary and Economic Conference, in conformity with a decision taken by the Conference of Lausanne and with the instructions of the Council, was entrusted to a Committee of the Council, which was asked to take the necessary practical measures for the organisation of the Conference, and to a Preparatory Committee of Experts which was asked to prepare the Agenda of the Conference.

The Organising Committee, sitting under the chairmanship of Sir John Simon (United Kingdom), included representatives of Belgium, France, Germany, Italy, Japan, Norway and the United States of America. The Committee met in October and November 1932 and in January, April and May 1933. It dealt with various matters in connection with the material preparation of the Conference, such as choice of the place in which the Conference should meet, its technical organisation and the co-operation of various international bodies in its work. The Council appointed Mr. Ramsay MacDonald, Prime Minister of the United Kingdom, to act as President of the Conference and decided that the Conference should meet in London. The Organising Committee, on April 29th, decided that the Conference should meet on June 12th, 1933.

The Organising Committee at its final session, held on May 12th, decided, at the request of Mr. Norman Davis, representative of the United States, that, along with the invitations to the participating countries, there should be forwarded a proposal for an economic truce by the terms of which the Governments would refrain from creating or making any material or upward modifications in tariff rates, or imposing any new restrictions, or enhancing any existing restrictions against the importation of goods which would give to domestic producers an additional advantage as compared with foreign producers. It was suggested that the truce should also provide that the Governments would agree not to introduce any additional direct or indirect subsidies for the expansion of their export industries, or any discriminatory trade methods, or any additional measures to promote dumping. The Governments represented on the Organising Committee accepted this proposal and agreed as between themselves, subject to certain explanations and qualifications, that they would not, before the opening of the Conference or during its proceedings, take any steps which might increase existing obstacles to international commerce.

The Council, on May 23rd, 1933, reviewing these arrangements, adopted a resolution expressing its satisfaction that the eight Governments represented on the Organising Committee had agreed to accept the proposed economic truce and urgently appealed to all the Governments invited to the Conference to participate in the truce and to act in accordance with this spirit.

The Preparatory Committee of Experts consisted of fourteen members appointed by the Governments of Belgium, the United Kingdom, France, Germany, Italy, Japan and the United States of America, each Government appointing two delegates, one to deal with financial and the other with economic questions. It further included: (a) three experts appointed respectively by the Governments of China, India and Norway, (b) three financial experts and three economic experts appointed by the Council of the League of Nations, and (c) three financial experts appointed by the Bank for International Settlements. Further, the Committee co-opted three representatives of the International Labour Organisation and a representative of the International Institute of Agriculture to assist it in dealing with questions falling within the competence of these bodies.

The Committee, during its first session, held in November 1932, entered upon a preliminary discussion of its task, having regard to the indications furnished by the Conference of Lausanne, by the Council of the League and by the Organising Committee. Between sessions, the members of the Preparatory Committee continued in their respective countries the enquiries and consultations necessary for establishing an annotated agenda for the Conference.

The Committee, during its second session, held in January 1933, again surveyed the problem as a whole and determined the text of its report. The Committee, in its introduction to the report, gave a general review of the present economic situation. It referred in particular to the unemployment of at least 30,000,000 workers; the decline in wholesale commodity prices as expressed in gold by roughly one-third and of raw material prices by from 50 to 60 per cent; the continued accumulation of world stocks of agricultural products; the contraction of industrial production, particularly in trades producing capital equipment; the impediments placed upon the international flow of goods owing to currency disorders and Government interventions and the reduction of goods in foreign trade by at least 25 per cent. Emphasis was laid on the need for immediate and broad measures of reconstruction, and it was urged that the present conflict between national economies must be resolved and abandoned as a prelude to any full or durable recovery.
The report contained a general programme of the Conference, together with an annotated agenda. The agenda of the Conference as proposed in the report was as follows:

1. Monetary and credit policy.
2. Prices.
3. Resumption of the movement of capital.
4. Restrictions on international trade.
5. Tariff and trade policy.

The Committee, in its annotations upon the agenda, submitted observations on the various problems falling under the general items.

The Council, on January 26th, noted the draft annotated agenda and forwarded it as a basis of discussion to the States invited to the Conference.

**ECONOMIC QUESTIONS.**

**Work of the Economic Committee.**

The Economic Committee met for its thirty-ninth session at Geneva from May 15th to May 17th, 1933. The Committee had not come together since June 1932. It suspended its work for this lengthy period, feeling it to be inexpedient to carry on its activities simultaneously with those of the Committee of Experts which was preparing for the Monetary and Economic Conference. During its session in May, it reviewed the preparations which had been made for the Conference and made arrangements for its representation there in an advisory capacity.

**Wheat Problem.**

The Preparatory Committee of the Monetary and Economic Conference had felt that the wheat problem should be studied in advance of the Conference, and the Economic Committee accordingly organised an exchange of views between the experts representing the four principal wheat-exporting countries: the Argentine, Australia, Canada and the United States of America. The experts of these countries met at Geneva from May 10th to May 17th, 1933. They considered a possible limitation of production and exports and measures for the liquidation of existing stocks. It was arranged that they should resume their conversations in London on May 29th after having consulted their Governments, when it was hoped that definite conclusions might be reached.

**Customs Nomenclature.**

The Secretary-General sent to the Governments of all the States Members and non-members of the League, in November 1932, the draft uniform nomenclature drawn up by the Sub-Committee of Experts of the Economic Committee, together with the explanatory notes drafted by the Sub-Committee. The Governments were asked to submit the draft nomenclature for study to their competent departments and to forward to the Secretary-General any observations which they might consider to be useful. It was understood that these observations would be considered by the Sub-Committee of Experts with a view to making such amendments in the draft nomenclature as seemed to them to be essential or desirable.

**Procedure for the Friendly Settlement of Inter-State Economic Disputes.**

The Council approved, on January 28th, 1932, the procedure proposed by the Economic Committee for the friendly settlement of inter-State disputes and invited the Committee to submit a list of experts to be appointed under Article 4 of the Regulations. The experts named have accepted their appointments and resort to the new procedure has been open to States Members and non-members of the League of Nations as from January 1st, 1933.

**Non-Ratification of Economic Conventions.**

The Convention for the Regulation of Whaling opened by the Assembly on September 24th, 1931, has not yet come into force, owing to the fact that it has not yet received the ratification of the United Kingdom, which is necessary to bring it into effect.

The three Conventions for the Unification of the Laws relating to Bills of Exchange and Promissory Notes have not yet come into force owing to the fact that they have not yet received the ratifications of Germany and France.

**FINANCIAL QUESTIONS.**

**Work of Financial Reconstruction.**

The Financial Committee, in accordance with the instructions of the Council, has continued closely to follow the situation in those countries of Europe which have had recourse to its assistance in the past. It has devoted three sessions, in September 1932 and in January and April 1933, to these questions and has sent delegations to Bulgaria and Greece. It has further, in agreement with the Roumanian Government, established the basis of an advisory technical co-operation in Roumania. Further, at the request of the Chinese Government, an expert of
the Financial Section of the Secretariat has visited China on a six months’ mission in order to co-operate with the Chinese Government in the study of the financial problems concerning that country.

The Protocol for an Austrian loan signed at Geneva on July 15th, 1932, came into force on December 31st, 1932, after ratification by Austria, the United Kingdom, France and Italy. Belgium and the Netherlands have tabled bills for ratification and the Swiss Confederation will also share in the loan. Under the Protocol, M. Rost van Tonningen has been appointed representative of the League in Austria, and M. Frère as adviser to the National Bank.

The Austrian Government undertook, under the Protocol, to establish and maintain budgetary equilibrium, to abolish trade restrictions and to carry out a certain number of measures with the object of putting its financial situation on a sound basis. These undertakings have already to a large extent been met. The budget voted in 1932 was balanced and the deficit on the railways was covered. All exchange operations are now carried on at market rates in Austria, and the restrictions still in force are merely used in order to prevent a flight of capital and to ensure the execution of measures concerning the payment of foreign debts. Austria, since the beginning of 1933, has resumed her monthly transfers for the service of the guaranteed loan of 1923-1943 and carried out the necessary transfers for the payment of the last coupon of the 1930 loan. The Financial Committee, reviewing these measures, paid a tribute to the Austrian Government, which, “so far as could be reasonably expected in present circumstances, has carried out the plan of reforms contemplated in the Protocol”.

The Financial Committee has endeavoured to make its co-operation with the Bulgarian Government more effective. In April 1933, a delegation of the Financial Committee went to Sofia at the request of the Bulgarian Government. Its enquiries revealed that the budget deficit for 1932-33 was considerable and that the Treasury had entirely exhausted its resources. The State was spending on an average 110 million leva a month more than it received.

The Bulgarian Government, after consultation with the Financial Committee, made a declaration in which it outlined certain reforms. It undertook to adopt for the period 1933-34 a budget showing an increase of 156 millions of new taxation and an economy of 300 millions as compared with the previous budget. It expressed its readiness to adopt a stronger control over the execution of the budget, to apply strictly the system of monthly budgets as a basis for expenditure, to earmark certain receipts for salaries and pensions, to pay off all arrears in respect of these items and to enact a series of laws before the end of the year dealing with debts, debt agreements, interest rates and the activities of the banks.

The Financial Committee, noting these intended reforms, recommended certain measures with a view to improving the situation of the Treasury during the coming months.

At the request of the Greek Government, a delegation of the Financial Committee was sent to Greece with instructions to report to the Committee at the beginning of June. The Greek Government, in conformity with the recommendations of the Council, concluded a provisional agreement in 1932 with the foreign holders of Greek loans.

The situation in Hungary has continued to be extremely difficult. The budget for the financial period 1931-32 closed with a deficit of 160 million pengő. It is hoped that the deficit for 1932-33 may be reduced by an increase in direct taxation and a reduction in expenditure on staff. Certain signs of improvement have been evident since the beginning of 1933. In particular, exports increased 11 per cent in value in the first quarter of 1933 as compared with the same period in 1932, showing a balance over imports of 10 million pengő. The Bank of Hungary has thereby been enabled to increase its purchases of foreign exchange.

An interesting development of the Financial Committee’s activities is the agreement concluded in January 1933 for technical co-operation with Roumania as a result of a request by the Roumanian Government. The agreement provides for the appointment by the Roumanian Government, on the recommendation of the Council, of an accounting expert, an expert on treasury and budget matters and an expert on taxation. Their work will be co-ordinated by a financial adviser appointed by the Council of the League in agreement with the Roumanian Government.

**Fiscal Committee.**

The enquiry conducted by the Fiscal Committee, with the assistance of the Rockefeller Foundation, into the taxation of foreign and national enterprises and the methods of apportioning the profits applied to enterprises working in several countries is now concluded. It has covered more than thirty countries situated in various parts of the world.

Meanwhile, the Sub-Committee set up by the Fiscal Committee to conduct the enquiry into double taxation met from March 17th to 30th, 1933, in New York and in Washington at the request of the American section of the International Chamber of Commerce. A draft recommendation covering double taxation as applied to industrial and commercial profits was drawn up for submission to the Fiscal Committee.

**Scheme for a Currency Normalisation Fund.**

The Conference which met at Stresa in September 1932 contemplated the establishment of a currency normalisation fund and referred the matter to the Commission of Enquiry for
European Union, which recommended the Council to entrust it for thorough and detailed examination to a committee of experts.

The Committee of Experts met from October 26th to November 1st, 1932. The Committee drafted a general outline and laid down certain general principles. It recommended that the fund, which would be used for normalising currency conditions in Central and Eastern Europe, should be at the disposal only of countries which were prepared to abolish as quickly as possible existing restrictions upon exchange transactions. The administration of the fund would be entrusted to the Bank for International Settlements and contact maintained between the Bank for International Settlements and the Financial Committee of the League.

The report of the Committee of Experts was communicated to the Preparatory Committee of Experts of the Monetary and Economic Conference, which, in the annotated agenda of the Conference, drawn up in January 1933, referred to the constitution of such a fund as one of the methods which had been suggested for stimulating the international movement of capital.

ECONOMIC INTELLIGENCE SERVICE.

The Statistical Year-Book of the League of Nations for 1932-33, published in June, contains a large body of internationally comparable and up-to-date statistics relating to all the countries of the world.

The Monthly Bulletin of Statistics now gives greater prominence to special tables and diagrams relating to questions of current economic interest. Improved arrangements have been made to publish the latest accessible information.

The World Economic Survey is brought out in accordance with a special resolution of the Assembly. The second edition will be available to the members of the Assembly in 1933. It will contain an analysis of the evolution of the economic situation in 1932 and up to the middle of 1933, including a preliminary account of the discussions of the Monetary and Economic Conference.

A new edition of the Review of World Production will be issued in July, under the title World Production and Prices; it will give information covering the period 1925 to 1932.

The Review of World Trade, published in December 1932, covers the year 1931 and the first half of 1932. A further edition, covering the year 1932 as a whole, was published for the Monetary and Economic Conference.

Borders of Payments, 1931-32, will be issued towards the end of 1933 and will include a general study of the movements of capital in 1932 and during the first half of 1933.

International Trade Statistics 1931-32, containing detailed trade statistics for sixty-four countries, will be published towards the end of 1933.

A second edition of the Memorandum on Commercial Banks will be published towards the end of the year and will contain a general study of the activities of commercial banks between 1925 and 1933.

TRANSIT QUESTIONS.

Public Works.

The Committee of Enquiry on questions relating to public works and national technical equipment, appointed in June 1931 to study the question of large-scale public works for the reduction of unemployment and the mitigation of the economic crisis, held a third session at Geneva from September 7th to 10th, 1932. It continued its consideration of proposals made by certain Governments for large-scale public works in their several countries and submitted a second report to the Council declaring its approval of certain schemes. The Council, in September 1932, decided to forward this report, together with the report previously submitted in May 1932, to the Preparatory Committee of Experts for the Monetary and Economic Conference, with a view to the inclusion of the question of public works in the agenda of the Conference. The Preparatory Committee of Experts duly inserted this question in the draft annotated agenda of the Conference.

ASSISTANCE AFFORDED TO STATES MEMBERS OF THE LEAGUE.

The Organisation for Communications and Transit acceded to a request submitted by the Siamese Government in February 1933 that experts should be appointed to advise as to the improvement of the approaches by sea to the port of Bangkok and of the installations of the port.

The Chairman of the Advisory Committee for Communications and Transit referred the question to a Committee of Experts, which drew up a list of supplementary economic and technical data which it considered necessary before it could give an advisory opinion. The Committee of Experts entrusted the necessary investigations on the spot to one of its members, who went to Siam in June.

The Organisation for Communications and Transit has continued to assist in carrying out the reconstruction programme of the National Economic Council of China. The Director of the Communications and Transit Section of the Secretariat of the League returned to China in November 1931 to advise the Chinese Government how it might best use the services of the
technical organisations of the League of Nations and to make arrangements which would enable the National Economic Council to keep in touch with them.

Considerable improvements have already been effected on the waterways system of Northern China and in the port of Greater Shanghai. Important progress has also been made in carrying out an organised programme of road construction. The first of the new roads, from Shanghai to Hangchow, was opened in October 1932.

The Chinese Government has centralised in the hands of the National Economic Council all important work connected with river improvement throughout the country. A Hydraulic Works Commission of the National Economic Council has been instructed to direct and supervise the necessary work and to examine the results obtained. Special attention is now being devoted to urgent work for the improvement of the Yangtze and its tributaries. Important work has been started on the lower reaches of the Hwai river upon the advice of the League experts on hydraulic questions, which will involve an expenditure of some 14 million Mexican dollars.

AIR TRANSPORT CO-OPERATION.

The Air Transport Co-operation Committee of the Transit Organisation is completing its study of the constitution and operation of a main network of permanent air routes, started in May 1932. The main network would include essential air services on the European continent and in the Mediterranean basin as far east as Istanbul, Beirut and Alexandria and as far west as Casablanca.

LEAGUE WIRELESS STATION.

The wireless station "Radio-Nations" has, during the past year, performed the special political services on behalf of the bodies of the League and the delegations accredited to them for which it was intended. It has, in particular, on occasions when certain disputes between States have been under consideration by the League, made it possible for direct and independent contact to be maintained between the bodies of the League and the missions which they have sent to the spot. The effective existence of the station has also, in certain cases, considerably facilitated the rapid working of the League procedure. Important and urgent documents have been transmitted to distant countries by wireless telegraphy, and the delegations of non-European countries at Geneva have been able to keep in touch with public national opinion at home. Finally, the station has enabled the League of Nations regularly and directly to keep an increasingly numerous public outside Europe informed of the activities and discussions of the League—a field of activity which may shortly be extended to the European public.

Particularly important services were rendered by the station in connection with the Sino-Japanese dispute. It enabled the Consular Committee at Shanghai to correspond directly with the Secretariat of the League at Geneva. The station was also used by the Commission of Enquiry appointed by the Council on December 10th, 1931, when staying at Shanghai and at Peking. Moreover, the Committee of Nineteen appointed by the Assembly, on completing its report on the Sino-Japanese dispute, in February 1933 decided, both for reasons of time and cost, to make use of the wireless station, and the report was broadcast in extenso, after the various Governments concerned had been warned.

Further important services were rendered by the station in connection with the dispute between Colombia and Peru.

HEALTH QUESTIONS.

CO-OPERATION IN PUBLIC HEALTH MATTERS WITH THE GOVERNMENTS OF VARIOUS COUNTRIES.

The Health Administration of the Chinese Republic has made considerable progress with the three-year plan of re-organisation established in 1930 with the assistance of the Health Organisation. The Central Field Health Station at Nanking is now installed in a new building equipped with modern appliances. Among the activities of the station may be mentioned the organisation of courses for doctors and for sanitary inspectors. The station has received requests for co-operation and advice of every kind, and health programmes are in course of execution in the provinces of Hupeh, Kiangsi, Hunan and Honan. Campaigns have been undertaken against schistosomiasis in the province of Chekiang and against cholera and smallpox at Shanghai.

The National Quarantine Service, re-organised as a result of the enquiry made in 1929 by experts of the Health Organisation in agreement with the Chinese authorities, has taken over three new ports (Tientsin, Tsingtao and Chinwangtao), and will henceforth be able to ensure the health supervision of all the river and maritime ports of interest to international traffic.

The health centre at Athens, established by the Greek Government under the scheme of health re-organisation framed in agreement with the Health Organisation in 1929, continues to make progress. The Malariological Section of the Health School has assumed the direction of all the anti-malarial work in the country.

The Health Committee, complying with a request submitted by the Czechoslovak Government in September 1932, has placed at the disposal of the Czechoslovak Ministry of Public Health a member of the Health Section and the experience of its technical commissions.
LIAISON WITH THE HEALTH ADMINISTRATIONS OF VARIOUS COUNTRIES.

Only one collective study tour was arranged for 1933. It took place in Poland from May 28th to June 29th. It seemed interesting, in the present economic circumstances, to draw attention to a health organisation and a system of social medicine which, although very complete, was nevertheless working at small cost.

Since October 1st, 1932, fellowships have been granted to medical officers belonging to the health administrations of ten countries.

The Health Section, in June 1932, established an information service for questions of general interest to health administrations and medico-social institutions, thus placing at their disposal the considerable body of information centralised by the Section.

RURAL HYGIENE.

The European Conference on Rural Hygiene (1931) recommended that certain questions should be further studied by a number of institutes and schools under the auspices of the Health Organisation. Special reference was made to the prevention of typhoid fever, the milk supply, the cost of various types of rural health services, the problem of flies and manure, methods of analysis applied to drinking-water, etc. These studies have been undertaken in Berlin, Buda-Pesth, Copenhagen, Madrid, Nancy, Prague, Warsaw and Zagreb. The bacteriologists of the institutes dealing with the problem of typhoid fever, meeting at Warsaw in November 1932, discussed the methods of standardising certain laboratory processes used in the diagnosis of typhoid fever.

CONFERENCE OF REPRESENTATIVES OF THE HEALTH SERVICES OF CERTAIN AFRICAN TERRITORIES AND OF BRITISH INDIA.

The Conference convened at the request of the Government of the Union of South Africa to discuss certain questions of interest to Central Africa, South Africa and British India met at Cape Town from November 15th to November 25th, 1932. The principal question before the Conference was the practical application of the chapter dealing with yellow fever of the new International Sanitary Convention for Aerial Navigation. The subject is of special interest from the fact that new air services are now traversing Africa from north to south and from west to east, and may carry for long distances, not only persons in a state of incubation, but also infested mosquitoes. The Conference recommended the Governments of the countries of Africa to ratify the International Sanitary Convention for Aerial Navigation of 1932 and it suggested that the Health Organisation should be invited, in 1937 at latest, to obtain from the administrations concerned their suggestions and wishes in regard to a further Conference within a period to be fixed.

EFFECTS OF THE ECONOMIC DEPRESSION ON PUBLIC HEALTH.

The Health Organisation has given special attention to this problem.

In order to secure a mutual understanding on the way in which individual nutrition should be studied, a Conference of Experts was convened at Berlin in December 1932. The programme framed by that Conference provides for clinical enquiries to be undertaken according to methods simply and rapidly applicable and is being carried into effect in Germany, Austria, the Netherlands, Poland and Yugoslavia, while Belgium and Hungary are considering its application.

A group of experts has been requested to exchange views on the most suitable methods by which, in a period of economic depression, the public health can be safeguarded by the co-ordination of the work of all available public health institutions, whether public or private. Their report emphasises that measures for the prevention and treatment of disease are in the interests of true economy, and that any restriction placed on the budgets of preventive medicine, already inadequate, must be regarded as anti-economical.

WORK OF THE TECHNICAL COMMISSIONS.

The Malaria Commission of the Health Organisation has continued its studies into the distribution and treatment of malaria, the quinine requirements of malarial countries and the curative value of totaquina. International courses in malariology have been organised this year in Paris and Rome, with practical stages to follow subsequently in Italy, Spain and Yugoslavia.

Progress has been made with the enquiry into the organisation of the campaign against tuberculosis, more particularly in regard to the general principles which should be applied in its prevention.

The Permanent Commission on Biological Standardisation has continued its work with the assistance of the Institutes at Copenhagen, Frankfort, London, Paris and Washington.

The Opium Commission is completing its studies with a view to standardising the methods of estimating the morphine content of the various opiums and has undertaken similar work in respect of cocaine.
The Reporting Committee dealing with venereal diseases has submitted to the Health Committee the first results of its enquiry in a chapter dealing with the sero-diagnosis of syphilis based on the results of laboratory conferences at Copenhagen and Montevideo.

**Epidemiological Intelligence Service.**

The Eastern Bureau at Singapore, owing to the extension of the National Quarantine Service of China, is now able to obtain more rapid information in regard to ports under Chinese control, and it may be claimed that no outbreak of plague, cholera or smallpox will henceforth be declared in any one of the ports of the zone extending from the Cape to Vladivostok and from the Red Sea to the Panama Canal without the Eastern Bureau being advised by telegram.

**Traffic in Opium and Other Dangerous Drugs.**

**Work of the Advisory Committee.**

The Advisory Committee on Traffic in Opium and Other Dangerous Drugs met for its sixteenth session on May 15th, 1933. A summary of the proceedings and recommendations of the Committee will be given in the supplementary report on the work of the League.

**Ratification of the Convention for Limiting the Manufacture and Regulating the Distribution of Narcotic Drugs.**

The Convention for limiting the Manufacture and regulating the Distribution of Narcotic Drugs, of 1931, had, by April 10th, 1933, obtained twenty-eight ratifications or accessions. To bring the Convention into force, twenty-five ratifications or accessions were necessary, including those of four manufacturing States. Article 30 of the Convention provides that it should come into force ninety days after the necessary number of ratifications had been received. The Secretary-General was accordingly able to announce on April 10th that the Convention would come into force on July 9th, 1933. On April 20th, 1933, a total of thirty-five ratifications or accessions had been received.

The Government of the United States of America exerted all its influence to secure a prompt ratification of the Convention by the various countries. These efforts, moreover, were supported by social and religious organisations, which made frequent appeals to the Governments for the necessary action.

**Model Administrative Code.**

The Advisory Committee for the Traffic in Opium and Other Dangerous Drugs, in 1932, instructed a Sub-Committee, consisting of the representatives of the United Kingdom, France, Germany, Italy, Japan, the Netherlands, Spain, Switzerland and the United States of America, to draw up a model code, with a view to assisting the Governments in preparing the necessary legislation for the application of the Limitation Convention of 1931. On the instructions of the Council at its sixty-ninth session, in November 1932, the Secretary-General communicated the Model Code elaborated by the Sub-Committee to the various Governments, drawing attention to the hope expressed by the Council that they would, as far as possible, take it into consideration in framing the necessary legislative and administrative measures for the application in their territories of the provisions of the Convention.

**Work of the Permanent Central Opium Board.**

The report of the Permanent Central Opium Board is submitted annually to the Council in September, and its conclusions cannot therefore be summarised in the annual report to the Assembly until September of the following year. The report submitted by the Board to the Council in September 1932 embodied important conclusions, reached as a result of its examination of the statistics for 1931 as communicated by parties to the Geneva Convention of 1925.

The Board draws attention to important omissions in the statistical information supplied by certain States parties to the Convention. It notes, in particular, that Bulgaria, Greece, Italy, Monaco, New Zealand, Roumania and Yugoslavia failed to report on the consumption of narcotics within their territories during 1931. The Board takes a serious view of these omissions.

There was a decrease in the total world manufacture of morphine, diacetylmorphine and cocaine, not only from 1929 to 1930, but also from 1930 to 1931. Turkey, however, though manufacturing on a large scale, made no report on its manufactures during 1931. Nor had the Board any information as to the amount of morphine manufactured in the Union of Soviet Socialist Republics. There were, moreover, countries where the manufacture of certain drugs increased during 1931. There was an increase in the manufacture of cocaine in the United Kingdom and Formosa, an increase in the manufacture of morphine and diacetylmorphine in Switzerland, and an increase in the manufacture of morphine and cocaine in the United States of America. Further, the manufacture of morphine and diacetylmorphine in Czechoslovakia assumed considerable proportions.
The Board has devoted special attention to the problem of consumption, with special reference to the system to be applied in estimating and comparing the consumption of the different countries, and during its sessions in 1932 it endeavoured to find a satisfactory basis of comparison as between the different countries with a view to deciding whether the consumption in any given country was excessive and justified the inference that a certain part of it, recorded as legitimate, escaped into the illicit traffic.

The Board noted in 1931, as compared with 1930, a large decrease in the total quantities of the principal substances reported as seized on account of illicit import. Though the quantities of drugs seized is not necessarily a true indication of the extent of the illicit traffic, this decrease in the seizures of manufactured drugs may be regarded as evidence that the contraband trade in them is diminishing. Even so, nearly a ton of diacetylmorphine and over half a ton of morphine were seized in the course of the year. The details of seizures seem to indicate that the United States of America is the chief victim of the illicit traffic.

The Board has devoted a considerable time during its last three sessions to preparing for the work to be undertaken under the Limitation Convention of 1931, and drafts have been drawn up of the new statistical tables which will be required.

The Board, during its session held in May 1933, considered the serious situation which, according to the Central Narcotics Intelligence Bureau of the Egyptian Government and other sources of information, had arisen in Bulgaria owing to the establishment of factories for the manufacture of narcotic drugs.

The Board also drew up the form which the Governments would be invited to use in supplying the estimates of their legitimate requirements which constitute the basis of the whole machinery for the limitation of the manufacture of drugs.

PROTECTION AND WELFARE OF CHILDREN AND YOUNG PEOPLE.

THE ADVISORY COMMISSION FOR THE PROTECTION AND WELFARE OF CHILDREN AND YOUNG PEOPLE.

The Advisory Commission for the Protection and Welfare of Children and Young People held its twelfth session at Geneva from March 27th to April 8th, 1933, and its report was considered and approved by the Council on May 22nd, 1933.

The Commission, after examining in plenary session the report of the Commission of Enquiry on the Traffic in Women and Children in the East, and after discussing its re-organisation and its programme of work, divided into its two constituent Committees dealing respectively with child welfare and the traffic in women and children.

The Commission proposes to maintain the two Committees for Child Welfare and the Traffic in Women and Children. It is suggested, however, that these Committees should be constituted in such a way as to make them more representative of the social institutions and more in touch with the different social problems connected with their work. To this end, three other countries will be invited by the Council to participate in the work of the Commission, and the number of official delegates will accordingly be increased from twelve to fifteen. The delegates will be chosen with a view to including national groups not at present represented, and invitations to serve on the Commission will be limited to five years, after which period the question of making further changes will again be considered.

The Commission urged that the Secretariat of the Social Section should be strengthened by the addition of permanent or temporary members and that larger credits should be authorised, pointing out that, whereas the economic difficulties experienced by most countries had obliged them in spite of the crisis to increase their expenditure on social welfare, the League of Nations budget for social questions was continuously decreasing.

The Commission made a preliminary examination of the report of the Commission of Enquiry on the Traffic in Women and Children in the East, but postponed full discussion of the report till next year. It drew attention, however, to the position of Russian women in the Far East, victims of the traffic in Manchuria and North China, and requested the central organs of missions and private international or national organisations to study the report and submit written suggestions for communication to the members and assessors of the Commission at their next session.

The Advisory Commission, in view of the emphasis laid by the Commission of Enquiry on the close connection existing between the international traffic in women and children and the maintenance of licensed houses in the Far East, further asked the Secretariat to obtain information on the latest developments in regard to the system of licensed houses, more particularly as to the results achieved in countries where they had been suppressed.

TRAFFIC IN WOMEN AND CHILDREN COMMITTEE.

The Traffic in Women and Children Committee, sitting from April 6th to 8th, 1933, noted that Egypt, Mexico, Persia and the Sudan had ratified or acceded to the Convention of 1921, and that the number of annual reports received from Governments on the suppression of the traffic in women and children was increasing. Twenty-three States Members of the League had, however, not sent in reports.
The Committee gave special attention to the question of the abolition of the age-limit in the Conventions of 1910 and 1921 and to the penalties to be inflicted upon "souteneurs." It adopted, with reference to the age-limit, a preliminary draft Protocol, to be submitted to the Governments for their observations, providing that any person who, in order to gratify the passions of another person, had procured, enticed or led away a woman or girl over age, even with her consent, for immoral purposes in a foreign country should be punished. The proposed Protocol refers only to traffic in women sent to a foreign country.

The Committee encountered serious difficulties in its efforts to revise the text of a preliminary draft Protocol relating to the penalties to be inflicted on "souteneurs." The draft was considered by a Legal Sub-Committee in January 1933, together with comments submitted by the Governments. The Sub-Committee found it impossible to frame a satisfactory definition of the offence, and further noted that there were very great divergencies between the different legislations. The Committee could not make any immediate progress with the question, but strongly recommended the Governments which did not yet possess penal legislation applicable to "souteneurs" to introduce penal provisions involving exemplary punishments. It asked the Council to draw the special attention of Governments to this recommendation.

The Child Welfare Committee, sitting from March 27th to 30th, 1933, gave special attention to the effects of the economic crisis and unemployment on children and young people. The Turkish delegation, with the support of the French delegation, had, in 1932, submitted a resolution to the Assembly calling attention to this question. The Committee noted that, not only did children suffer from the hardships and privations occasioned by poverty, but they were, at the same time, victims of a moral depression resulting from a decrease in the authority of the parents and a decrease in the stability of the home. The case of young people who had completed their education in the last three years was regarded as specially serious. The Committee considered that action was necessary and appealed urgently to the voluntary associations to forward to the Secretariat the results of the enquiries so far conducted. It further asked the International Labour Office to keep it informed of any efforts made in this field.

The Committee also considered the question of the production of films for the education and recreation of children. It asked the Secretariat to collect information relating to this subject for further consideration next session. It further suggested that the International Educational Cinematographic Institute at Rome might ascertain whether certain advantages could not be accorded, either by exemption from Customs duties or preferential fiscal treatment or by subsidies, to films specially suited for children and young people.

Among other subjects considered by the Committee were the introduction into national legislations of penalties for the offence of deserting the family; the discovery and education of blind children; measures to attenuate the disadvantages arising from illegitimacy, more particularly by the issue of abridged birth certificates and other official documents; the protection of children of migrant workers; reports from the Health Organisation of the League on its activities in the sphere of child welfare; the adoption by the International Labour Conference of a draft Convention fixing a minimum age for the employment of children in non-industrial occupations and the question of issuing a further questionnaire concerning juvenile courts and the institutions to which erring or delinquent minors were entrusted.

Nansen International Office for Refugees.

The thirteenth Assembly requested, inter alia, the Nansen International Office for Refugees to consider, in consultation with the mandatory Power, the question of an early solution of the refugee problem in Syria; to examine the possibility of effecting the transfer to the Armenian (Erivan) Republic of a further 20,000 Armenian refugees from other countries, and to endeavour to assist the Russian refugees in China rendered destitute by the floods.

Up to the end of 1932, the Office had evacuated 21,378 Armenian refugees from the temporary camps and settled them in agricultural colonies and urban quarters. M. Werner, appointed President of the Office in February 1933 in place of M. Max Huber, has come to the conclusion, as the result of a recent mission to Syria, that the settlement work could only be terminated by the end of the year 1934.

Armenian refugees to the number of 8,500 have now been transferred from Bulgaria, Greece and France to Soviet Armenia. Representatives of the Armenian Government, in February 1933, intimated that their Government was willing to receive 20,000 or 30,000 more Armenian refugees if a loan could be arranged for their settlement expenses. The Office has taken steps to decide whether it would be in a position to co-operate further in the transfer of Armenian refugees to Erivan.
The Office has received a report from its representative in Shanghai to the effect that 7,000 Russian refugees are seriously affected by the floods in the region of Harbin. It was estimated that 1,500 of the most destitute refugees could be made self-supporting by an advance of 70,000 Swiss francs.

During the period under review, the Office has assisted 4,900 refugees to find employment; 140,000 Swiss francs had been granted to organisations, and 11,000 refugees have thus been assisted. By the end of March 1933, assistance in obtaining Nansen passports, visas, legal and other facilities had been given to 47,066 refugees.

The Governing Body of the Office and Inter-Governmental Advisory Commission for Refugees have decided that a Convention for the protection of the refugees will be necessary after the liquidation of the Office. The Council has entrusted the Presidents of the two organisations with the preparation of a Convention for the consideration of the interested Governments.

INTERNATIONAL RELIEF UNION.

The Convention for the Establishment of an International Relief Union, dated July 12th, 1932, came into force on December 7th, 1932. The Council, under the Statutes of the Union, adopted a resolution on January 26th, 1933, instructing the Secretary-General to convene the first meeting of the General Council of the Union at Geneva on July 10th, 1933.

The General Council is composed of the delegates of the countries members of the Union. The agenda for the meeting of the General Council was fixed by the Council of the League of Nations. It consists for the most part of items relating to the election of officers and members of the Executive Committee and the establishment of rules of procedure and administrative regulations.

CO-OPERATION OF THE PRESS IN THE ORGANISATION OF PEACE.

The last Assembly had expressed the hope that a further Conference of Governmental Press bureaux and representatives of the Press, organised on lines similar to those of the one convened in January 1932 by the Danish Government at Copenhagen for the purpose of considering, among other things, the problem of preventing the spread of false information which might threaten the peace of the world and the good understanding between the nations, would result in definite proposals.

The Spanish Government has subsequently informed the Secretary-General that it intended to convene such a Conference, and an Organising Committee met in February at Geneva for the purpose of making suggestions in this connection. The Conference will meet in Madrid on October 17th, 1933.

INTELLECTUAL CO-OPERATION.

The International Committee on Intellectual Co-operation will meet for its fifteenth session on July 17th, 1933. A summary of the results will be given in the supplementary report.

PLENARY COMMITTEE.

The Council, on September 27th, 1932, appointed five members of the Committee to replace the members whose term of office had expired, renewing for a period of five years the membership of Professor Gilbert Murray (United Kingdom), Chairman of the Committee, and of Mme. Curie-Skłodowska (Poland), and electing as new members M. Krüss (Germany), Dr. Shotwell (United States of America) and M. Loder (Netherlands).

PERMANENT COMMITTEE ON ARTS AND LETTERS.

There has been no plenary session of the Permanent Committee on Arts and Letters, but on the invitation of the Spanish Government a "conversation" was organised at Madrid from May 3rd to May 6th, 1933, on the future of civilisation.

CO-OPERATION WITH THE NATIONAL GOVERNMENT OF CHINA.

The Intellectual Co-operation Organisation has, during the past year, continued its co-operation in the reform of education in China. It has assisted the Central Government of Nanking to organise a visit of Chinese educational experts to Europe.

WORK OF THE INTERNATIONAL INSTITUTE OF INTELLECTUAL CO-OPERATION.

The International Institute of Intellectual Co-operation, in addition to organising the correspondence and conversations recommended by the Permanent Committee on Arts and Letters, has continued its work of co-ordinating the scientific study of international relations,
undertaken for the first time in 1928. Special attention may be directed to the studies made, with the help of experts, of broadcasting and its possible effects on the good relations between nations, bearing on the legal responsibility of broadcasting bodies and the steps which Governments and broadcasting concerns might take in order to adapt this new force to international interests and constructive measures for encouraging good feeling between nations.

In March 1932 there was a meeting of directors of higher education of several countries for the study of the legal constitution of higher education, the relations between universities and Governments, extra-university organisations for the encouragement of scientific work, practical teaching in modern languages at the universities, co-ordination of national university statistics and the organisation of biological studies.

The Institute continued its normal activities in the educational field, more particularly in connection with university exchanges and holiday courses, the meetings of the International Students' Associations, co-operation between institutes dealing with archaeology and the history of art and between national centres of educational information, the travelling and interchange of pupils, the use of wireless in schools and the use made by workers of their spare time.

An English edition, more complete and detailed than the original volume, of the volume first issued in 1932 on the revision of school text-books has been issued.

The Institute has continued its activities in the field of the exact and natural sciences, more particularly in connection with the co-ordination of terminologies of the physical and chemical sciences, co-operation between scientific museums and co-ordination of scientific bibliographies.

Among other matters dealt with by the Institute in the normal course of its activities were measures intended to enable a more effective use to be made of libraries and archives, the preservation of works of art, the legal protection of national artistic treasures and preparations for the revision of the Berne Convention on authors' rights. This last question is of importance in view of the meeting which will be held in Brussels in 1935 in order to revise the Convention.

**International Educational Cinematographic Institute.**

The Council, in January 1933, considered the report of the Governing Body of the Institute during the period October 1931 to October 1932.

The Institute has completed its work on the draft Convention to facilitate the international circulation of educational films, and the Convention will be considered by a meeting of Government delegates in July 1933. The Governing Body has framed draft regulations for giving effect to the Convention.

The Institute is assisting the Intellectual Co-operation Organisation in organising the preparation of films relating to the work of the League.

The Council of the League, in May 1933, approved provisions for re-organising the Institute on the basis of proposals submitted by the Italian Government. The Governing Body of the Institute was reduced in membership and a new permanent body, called the Advisory and Technical Committee, was set up to ensure co-operation between groups of producers and scientific experts, to give advice and to render technical assistance.
I. NATIONALITY OF WOMEN.

The Council, on January 24th, 1933, considered those parts of the Assembly's resolution of October 12th, 1932, which contemplated action by the Council. The relevant paragraphs of the resolution, recognising the question of the nationality of women to be in process of evolution, instruct the Secretary-General to obtain from time to time from the various States information as to the effect which they have found it possible to give to the recommendation of the Hague Conference and request the Council, on the basis of the information so obtained, to follow the development of public opinion in order to determine when such development has reached a point at which further concerted international action would be justified.

The Council decided that it would be prepared to take appropriate action so soon as the conditions contemplated by the Assembly were realised.

As regards the information to be obtained for the Council by the Secretary-General, the Council concurred in the following proposal of its Rapporteur:

"The Assembly (paragraph 4 of the resolution) has considered that amendment of the Hague Convention, outside the normal procedure for revision, which cannot come into operation before January 1st, 1936, is not practicable. Furthermore, any immediate change in the attitude of the Governments, as shown in the written statements which they presented to the Assembly and in the discussions of the First Committee, can hardly be expected. Any development of national legislation in the direction indicated by the recommendation of the Conference will be likely to extend over a number of years and will occur at different dates in different countries.

"On the other hand, as from January 1st, 1936, provided the Hague Convention is in force, a proposal for its amendment can be made by any Party, and, if this proposal is supported by nine other Parties, it will be the duty of the Council to consult all the Parties to the Convention and to decide whether a Conference should be convened with a view to a revision of the Convention (Article 27 of the Convention). This is the normal procedure of revision referred to in the Assembly's resolution. It appears to me that it would be convenient that, when the time has come at which the Council may be called upon to deal with proposals for the amendment of the Hague Convention, it should have in its possession the information which is to be obtained under the Assembly's resolution.

"In view of the above considerations, I suggest that the Secretary-General should write to the Members of the League and the other Governments which were invited to the Hague Conference, asking them to inform him of any changes which may be made in their laws in regard to the nationality of women, and requesting that they will in any case be so good as to supply him, during the course of the year 1935, with statements as to the effect of their nationality laws upon the nationality of women."

The Secretary-General has addressed a letter to the Governments requesting them to supply information in accordance with the Council's decision.

II. COMMITTEE TO STUDY THE EXISTING SYSTEM OF ELECTION TO THE COUNCIL.

The Committee to study the Existing System of Election to the Council was appointed by the Council in January 1932, in execution of the Assembly's resolution of September 25th, 1931, requesting the Council "to appoint a special committee to study the existing system of election to the Council and to report to a future session of the Assembly on any reforms which may appear desirable". Under the Council's resolution, the Committee was composed of representatives of the following Members of the League selected by the Council: Argentine, Belgium, United Kingdom of Great Britain and Northern Ireland, Bulgaria, Canada, Colombia, Czechoslovakia, France, Germany, Italy, Japan, Poland, Portugal, Spain, Sweden. The Government of the Argentine being unable to be represented, the Council in agreement with that Government, invited Uruguay to appoint a representative on the Committee at the Committee's last session.

As a result of two sessions held from January 30th to February 4th, and May 16th to 19th, 1933, under the chairmanship of the Italian representative, M. DEI CONTI PIOLA-CASELLI, the Committee adopted a report which is being communicated to the Assembly and the Council.

As stated in the report, the principal purpose of the creation of the Committee was to examine the possibility of providing a remedy for the situation to which the Portuguese Government had called the attention of the Members of the League and the Assembly. The situation is described by the Committee in the following terms:

"Apart from the permanent Members of the Council and the two States which have an expectation of being declared re-eligible for election to the Council on the termination
of a period of office on that body, representation on the Council is at present habitually limited to States belonging to certain groups, namely, the Latin-American States (three seats), the so-called ex-neutral States (one seat), the Little Entente (one seat), the British Dominions (one seat) and the Asiatic States (one seat). These groups, together with the two States mentioned, occupy in practice the existing nine non-permanent seats. The result of this situation, which represents, not indeed a permanent representation on the Council of particular geographical areas, but a permanent representation on the Council of certain tendencies and points of view, is that there remain some ten to fifteen Members of the League which at present have no effective prospect of entering the Council."

The Committee unanimously agreed that “such a de facto exclusion from the Council of a large number of Members of the League was open to very grave objections”. It discussed two possible remedies, namely:

(t) A modification of the present practice in regard to the representation of groups which would make room for representation of a new group composed of the States not at present belonging to any group; and

(2) The creation of one or two additional non-permanent seats on the Council.

Objections were urged in the Committee against both these courses, and, although the majority of the Committee considered that the solution of the problem would have to be found in an increase in the number of non-permanent seats on the Council, there was general agreement that the present was not an opportune moment for the adoption of a decision making far-reaching constitutional changes in the composition of the Council.

The Committee has therefore adopted “a compromise solution which will have the effect of giving provisional recognition to the claim of the non-grouped States to be able to enter the Council, while postponing any final decision as to further constitutional changes”.

The Committee reports “that it is desirable that, for the period commencing with the election of the non-permanent Members of the Council at the Assembly’s session of 1933 and ending with the election of the said non-permanent Members in the year 1936, the number of non-permanent seats on the Council should be provisionally increased from nine to ten, on the understanding that, towards the end of that period, the question of the number of the Members of the Council will be reconsidered and that all the Members of the League will remain entirely free to propose any final solution of this question which they consider desirable”.

In view of its decision to make only a provisional recommendation as to the number of the Council, the Committee did not discuss extensive changes in the method of election to the Council. The majority of the Committee was, however, of opinion “that one change in procedure might be suggested for the consideration of the Assembly—namely, that candidates for election to the Council should be publicly nominated in writing before the election”. A draft provision to carry out this proposal is submitted for the Assembly’s consideration in the report.

III. GRADUAL UNIFICATION OF CRIMINAL LAW AND CO-OPERATION OF STATES IN THE PREVENTION AND SUPPRESSION OF CRIME.

In accordance with the Assembly’s resolutions of September 23rd, 1931, and October 11th, 1932, the Secretary-General has communicated to the Governments, with the other relevant documentation, the joint reply of the international organisations which, in execution of the resolution of September 23rd, were invited to express their views as to the manner in which they considered that the assistance of the League of Nations might be of value with a view to achieving a gradual unification of criminal law and the co-operation of States in the prevention and suppression of crime, and has asked the Governments to state whether they consider that the League should lend its assistance for this purpose.

At the date of writing, 22 replies have been received. The replies will be submitted to the Assembly for its consideration.

2.

FINANCES OF THE LEAGUE.

I. GENERAL FINANCIAL POSITION.

During the year 1932, 79.2 per cent of the amount of the contributions due for that year was received from the States Members, as against 85.62 per cent in 1931.

The total amount received on account of arrears during 1932 was 1,899,144.61 gold francs, as compared with 1,565,521.80 gold francs during 1931.
The cash position of the three autonomous organisations of the League on December 31st, 1932, was as follows:

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Surplus</th>
<th>Deficit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secretariat</td>
<td>2,375,675.76</td>
<td></td>
</tr>
<tr>
<td>International Labour Organisation</td>
<td></td>
<td>836,355.57</td>
</tr>
<tr>
<td>Permanent Court of International Justice</td>
<td></td>
<td>263,663.13</td>
</tr>
</tbody>
</table>

A general view of the questions relating to League finances dealt with since the last session of the Assembly will be obtained by referring to the reports of the Supervisory Commission which, apart from the extraordinary session devoted to the question of rationalisation, met on two occasions since October 1932.

II. ACCOUNTS FOR 1932.

After examining the auditor's report, the Supervisory Commission recommended the Assembly to approve the accounts for 1932 in the form in which they are shown in the document forwarded to the Members of the League (document A.3.I 933.X).

The Supervisory Commission felt some misgivings as to the financial position and particularly the payment of contributions. At each of its sessions, it discussed the matter with the Secretary-General and with the competent officials of the autonomous organisations.

As the result of a letter which it had addressed to the Director of the International Labour Office and to the Registrar of the Permanent Court of International Justice, it considered the question, at its February meeting, with a delegation of the Governing Body of the International Labour Office.

Finally, at its April session, it forwarded a letter to the Chairman of the Council in which it drew attention to the seriousness of the position, and asked the Council to consider what steps could be taken to hasten payment of contributions.

The Council, on May 22nd, adopted a report submitted by the representative of Guatemala which contained the following passages:

"In the letter which has been communicated to us, the Chairman of the Supervisory Commission has very properly drawn the attention of the Council to the grave situation created by the tendency of States Members to delay the payment of their contributions.

During the first four months of this year, only four States have remitted their full share of the expenses of the League, while thirty-seven States have not contributed towards the current budget. It appears in fact that, if payments continue at the same rate, the League cannot hope to collect much more than one-half of the amount due for 1933.

"The regular official action, as regards current contributions, was taken by the Secretary-General on April 1st when, in accordance with the Financial Regulations, he addressed letters to twenty-three Governments which, by that date, had neither made payment nor given notice of payment. In addition to these official reminders in respect of current contributions, which are repeated at intervals of three months, the Secretary-General is unofficially in touch with a number of States on the subject.

"I venture to suggest that, in order to strengthen the Secretary-General's hands, we should communicate this letter from the Chairman of the Supervisory Commission to all States which have neither paid in respect of the current year nor given notice of payment, and invite them to give it their most serious attention.

"The Council will be able to judge the results of this action at its September session, when it will be in possession of a statement of the financial situation at the end of August."

III. DISPOSAL OF SURPLUS FOR 1932 AND REIMBURSEMENT TO WORKING CAPITAL FUND.

The Commission was of opinion that, according to precedents, the reimbursement of the advances, amounting to 1,100,018.70 francs, made, during 1932, out of the Working Capital Fund to the International Labour Office and the Permanent Court of International Justice, should be considered as a first charge on the surplus, which would thus be reduced to 1,275,657.06 gold francs.

Further, the Commission thought that, in view of the present difficult financial position of the League, the balance, amounting to 729,478.60 gold francs, of the sums which, in accordance with previous decisions of the Assembly, were withdrawn from the Working Capital Fund to cover the construction expenses of the Wireless Station should be repaid to the Fund from the surplus. The construction expenses of the Station will thus be paid off.

Finally, the Commission proposed that the balance of the surplus, amounting to 546,178.46 gold francs, should be used for the setting up of a fund to cover such losses on exchange as, during the present conditions of instability, have arisen.

The Commission considered this question, which was referred to it by the last Assembly, at sessions held in October and November 1932, and February and April 1933.

Many aspects of the question have already been dealt with by the Commission on the basis of reports which it received from the competent officials and from experts. As, however, definite conclusions have, as regards certain particular points, not as yet been reached, it has not been possible for the Commission to come to final decisions on the question as a whole. It will, however, forward to the Assembly, in due course, a special report on the subject.

V. BUDGET FOR 1934.

The budget for 1934, as forwarded to the Members of the League for submission to the Assembly, amounts to 30,639,275 gold francs, a reduction of 2,789,857 francs or 8.34 per cent as compared with 1933.

The budget of the Secretariat is 15,703,631 gold francs, as compared with 17,322,459 gold francs for 1933 and 19,174,317 gold francs for 1932. There has thus been, in the course of two years, a reduction of 3,470,686 francs or 18.10 per cent.

The Supervisory Commission accepted the proposal made by the Secretary-General that a lump-sum reduction of 200,000 francs should be made in salaries on account of vacant posts which, as a result of the imperative requirements of economy, and the process of rationalisation, will not be filled. The Commission will consider at its July and September meetings, on the basis of the studies which are now being prepared on certain points, what further reductions can be made under this head.

As compared with 1933, reductions of 594,096 francs, 121,369 francs and 34,659 francs were made in the budgets of the International Labour Office, the Permanent Court of International Justice, and Buildings at Geneva, respectively.

For the reasons which are explained in its report, the Supervisory Commission did not oppose the proposal that, in the budget submitted to the Assembly, the subvention for the International Nansen Office for Refugees should be shown at the figure of 300,000 francs, an increase over this year's contribution, but made it clear that it reserved to itself full liberty of action when the matter was discussed by the Assembly.

3. CONFERENCE FOR THE REDUCTION AND LIMITATION OF ARMAMENTS.

I. INTRODUCTION.

The work of the first phase of the Conference for the Reduction and Limitation of Armaments, from its opening on February 2nd, 1932, up to and including the adoption by the General Commission of the Conference of the resolution of July 23rd, 1932, prior to its adjournment, was dealt with in the report, and the supplementary report on the work of the League since the twelfth ordinary session of the Assembly.

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