The Brazilian Government had meanwhile approached the Governments concerned with an offer to negotiate on the following bases:

“(1) The Peruvian Government, although it had nothing to do with the origin of the rising of September 1st at Leticia, will give its entire moral support and use its persuasive influence with its nationals residing in that region, so that the territory in question may be confided to the keeping of the Brazilian Government, which will administer it provisionally through a delegate or delegates in whom it has confidence.

“(2) As soon as possible, the Colombian authorities will replace in their positions the Colombian officials deposed by the insurrectionists.

“(3) In compensation, the Colombian Government agrees that, immediately afterwards, delegates from the two countries shall meet in Rio de Janeiro with the experts they deem necessary for the purpose to consider the Salomon-Lozano Treaty in a broad spirit of conciliation for the purpose of finding a formula acceptable to the two parties, which shall include economic, commercial and cultural measures which may constitute a closer moral bond, in the form of a territorial statute adequate for such purpose and peculiar to that region.”

These bases of negotiation were accepted by the Government of Colombia without reservation.

The Government of Peru accepted the mediation of Brazil, provided certain alterations were made in the procedure proposed by the Brazilian Government. It asked that the Government of Brazil should be jointly authorised by the Peruvian and Colombian Governments to administer the territory of Colombia provisionally. The Colombian authorities would only return to Leticia in a private capacity and, in the event of a failure of the negotiations, Leticia would revert to the administration of Peruvians.

Colombia rejected this interpretation of the Brazilian proposal for mediation.

The Secretary of State of the United States of America wrote to the Peruvian Government on January 25th, 1933, at the request of the Colombian Government, as a signatory of the Pact of Paris, after expressing his own views on the subject of the dispute, supported the mediation proposal of the Brazilian Government. He made a further effort in this direction on January 30th.

Mediation was nevertheless declared by the Minister for Foreign Affairs of Brazil on February 3rd, 1933, to be at an end.

(d) Cases of the Two Parties.

1. Case of the Colombian Government.—On the night of August 31st-September 1st, 1932, the Colombian authorities of the township of Leticia were assaulted and imprisoned by a group of armed persons including soldiers and officers of the Peruvian army. Other acts of aggression were committed against Colombian territory. They were committed by Peruvian military forces from the department of Loreto (Peru). These forces entrenched themselves in the invaded territory and likewise at Tarapacá, on the river Putumayo, also in Colombian territory. They brought guns and machine-guns and had gunboats belonging to the Government of Peru, as well as military aircraft.

The Peruvian forces stated their intention of resisting any steps which the Colombian Government might take in order to restore the Colombian authorities and put an end to the occupation.

The Colombian Government, which had demanded that the military forces of Peru should withdraw from Colombian territory, armed a flotilla with the sole object of re-occupying its own territory. These forces were to avoid conflicts with the Peruvian military forces unless the latter offered resistance.

The situation created by the occupation of Leticia was exclusively an internal matter and could not afford a right or pretext for any other State to dispute the effectiveness of an established legal order.

The Colombian Government declared that the frontier treaty of 1922 was valid and, accordingly, that Leticia belonged to Colombia.

On no previous occasion had the Peruvian Government made any observations as to the treaty of 1922 or as to any of its consequences or effects. The treaty had been accepted by the Peruvian administration which had concluded it, and by the successors of that administration, as the basis of the relations between the two countries. Every Peruvian Government since 1928, when the treaty had come into force, down to the present date had explicitly recognised it. It was a legally perfect instrument, concluded loyally and in good faith by the Governments, which, in signing it, had in mind the permanent interest of the two countries and aimed at establishing a system of friendship and co-operation in the Amazon basin.

The Colombian Government, once its sovereignty over Leticia and the adjacent territory was restored, would be prepared, if at that time there remained any other question which the Peruvian Government might desire to discuss, to do so in a genuine spirit of conciliation. It would then be possible to reach an agreement by direct diplomatic negotiations or through the good offices of some third party or by the means provided by the treaties in force between the two countries.

2. Case of the Peruvian Government.—Neither soldiers nor officers on the active list of the Peruvian army took any part in the events of Letitia. The occupation arose from action taken by private individuals attempting by their own initiative to give effect to an irrepressible
patriotic aspiration of the department of Loreto. It was not the Government of Peru which had occupied the town of Leticia and still retained it.

The Peruvians who had occupied the town, however, could not be abandoned to the uncertainty which threatened them as a result of the despatch of Colombian military forces. This fact explained the precautionary measures subsequently taken by the military authorities at Loretto.

The Peruvian Government had not increased its river fleet, which stood on the same peace footing as on September 1st, whereas the Government of Colombia had improvised a large naval division whose advance constituted, not only a provocation, but a preliminary measure of aggression. The Government of Peru had refrained from mobilising all or any of its naval forces from the Pacific towards the Amazon.

The Peruvian Government, in its anxiety to arrive at a peaceful settlement, had requested the Colombian Government not to proceed to military mobilisation for the purpose of subduing the agitation at Leticia. From the same motives, it had endeavoured to reach an amicable arrangement through the Conciliation Commission at Washington.

The Peruvian Government recognised the validity of the Boundary Treaty of 1922 and intended to abide by the treaty. Its sole endeavour was to modify the frontier laid down in the treaty and not to abolish or cancel the treaty itself.

Inhabited territories had been ceded under the treaty without the inhabitants having been consulted. The treaty had been concluded at a time when a dictatorship had abolished fundamental liberties in Peru. The Peruvian Government, to repair the serious injustice committed in separating Leticia from Peru, was prepared to offer adequate territorial compensations.

The delegate of Peru, in a note to the Secretary-General on January 20th, appended to these arguments a statement to the effect that the incident at Leticia had an international significance exceeding the interests of any one country. The treaty had not been executed in full, as Colombia had been unable to effect the transfer to Peru of the zone of San Miguel or Sucumbios.

(e) Action taken by the Council for the Settlement of the Dispute.

1. Prior to the Appeal under Article 15 of the Covenant.—The representative of Colombia, on January 2nd, informed the Secretary-General of the incidents which had occurred.

The President-in-Office of the Council, on January 14th, asked the parties for information, and the parties replied on January 16th. Colombia pointed out in particular that its sole object was to restore public order in a part of its territory, and the Peruvian Government claimed, among other things, that its attitude was exclusively defensive and that no action would be taken which was contrary to the Covenant of the League of Nations. The Peruvian Government merely desired the modification of a part of a treaty which had proved to be inapplicable and was prepared to accord appropriate territorial compensations. The two Governments recognised the validity of the Treaty of 1922.

The Government of Peru, in a telegram dated January 23rd, 1932, asked the Council to order the suspension of all measures of force.

The Council placed the dispute on its agenda and discussed it on January 24th, 1932. The Council was informed of the measures taken before its meeting. It was reminded that the Secretary-General had communicated to its members on November 21st, 1932, a declaration from the Government of Ecuador regarding certain difficulties which had arisen between Colombia and Peru. The object of that declaration was to confirm rights claimed by Ecuador in the Amazon basin.

The Council entrusted the study of the dispute to a committee composed of the representatives of the Irish Free State, Spain and Guatemala.

The Council, on January 26th, sent to the parties two telegrams submitted to it by its Committee. In its telegram to the Government of Peru, it drew attention to the fact that it was then the duty of Peru, as a Member of the League, to refrain from any intervention by force on Colombian territory and to ensure that all necessary instructions were given to the Peruvian commanders concerned that the military forces of Peru should take no action beyond the defence of Peruvian territory and should not hinder the Colombian authorities from the exercise of full sovereignty and jurisdiction in territory recognised by treaty to belong to Colombia. The Council, in communicating a copy of this telegram to the Government of Colombia, expressed the firm hope that, in the exercise of its legitimate rights, the Colombian Government would take the strictest precautions, not only to avoid the violation of Peruvian territory, but to make it clear to the Peruvian Government that it was not the intention of the Colombian Government to commit any such violation. The Council further trusted that, in the act of restoring order, the Colombian authorities would exercise all possible clemency and limit their action strictly to the preservation of order in their own territory.

The Council on February 3rd, on the recommendation of its Committee, sent a further telegram to the Government of Peru, intimating that the Government of Colombia had given formal assurances that it would conform strictly to the recommendation contained in the telegram sent by the Council on January 26th. The Council confirmed the principles contained in that telegram and expressed a desire to be kept informed of the results of the proposals for mediation made by the Government of Brazil. The Council hoped that these proposals would be successful.

The Committee of the Council, after the close of the session, kept in touch with the two Governments, and on February 16th and 17th asked the Peruvian Government for information in regard to the Peruvian military posts at Tarapaca, in Colombian territory.
The Peruvian Government replied to this request for information to the effect that the serious events which were taking place were due to an attack of Colombian forces upon the Peruvian occupants of Tarapacá. Tarapacá and Leticia belonged to the same territorial zone; the department of Loreto had protested against the unjustified cession of the zone and had decided to recover and occupy it on its own account.

2. After the Appeal to the Council under Article 15 of the Covenant.—The representative of Colombia, on February 17th, asked the Secretary-General on behalf of his Government to summon an extraordinary meeting of the Council under Article 15 of the Covenant with a view to examining the situation created by the aggression of which Colombia complained.

The Council noted the steps taken by the Secretary-General under paragraph 1 of Article 15. It heard from the representative of the Government of Colombia the statement contemplated in paragraph 2 of Article 15.

The Secretary-General informed the Council that, according to a telegram which he had received from the delegate of Peru, the memoranda presented by him to the Council constituted the substance of the Peruvian statement within the meaning of paragraph 2 of Article 15. The delegate of Peru regretted that he was unable to attend the meeting.

The President of the Council deplored the absence of the representative of Peru, which could not, however, interrupt the proceedings of the Council. The Council decided to entrust to the members of its Committee, assisted by the representatives of Colombia and Peru, the task of endeavouring to secure a settlement of the dispute in the manner provided by paragraph 3 of Article 15 of the Covenant.

The Committee of the Council submitted on March 1st a report which was adopted on the same day by the Council. The efforts made by the Committee, in conformity with the instructions which it had received from the Council, were explained in detail.

"The Committee noted the agreement of the parties that the territory was under the absolute sovereignty of Colombia in virtue of a treaty. This territory having been occupied by Peruvian subjects, the question arose what action should be taken in order to secure an agreement between the parties which would be in harmony with the Covenant of the League of Nations.

"The Committee wished to recall to the parties the statements made by the Peruvian delegate at the Council meeting of December 10th, 1931, when he said that:

"(1) No State has the right to effect the military occupation of the territory of another in order to ensure the execution of certain treaties;

"(2) No State is entitled to oblige another—having invaded its territory—to enter upon direct negotiations on the bearing and legal value of treaties previously existing between the two States;

"(3) The exercise of the right possessed by each State to ensure the protection of the lives and property of its nationals must be limited by respect for the sovereignty of the other State, no State being entitled, in order to provide such protection, to authorise its military forces to penetrate into the territory of the other for the purpose of carrying out police operations;

"(4) The fact that a State has certain rights, claims, economic concessions, etc., in regard to another State does not entitle the former to effect the military occupation of the territory or to seize the property of the debtor State. Any recovery of debts by compulsion is illicit, in accordance with the principles accepted by the Second Peace Conference (The Hague, 1907).

"The Committee agreed that the Peruvian Government should apply these principles in the case at issue."

The report contained a chapter placing on record the support which the Governments of the United States of America and of Brazil had given the League throughout its efforts to find a solution of the dispute. The offer of the Government of Brazil to mediate has already been mentioned.

The Government of the United States of America supported both the mediation of Brazil and the efforts of the League of Nations.

The Council submitted to the parties the following proposals, which had already been officially communicated to them by its Committee, on February 25th:

"(1) The Council's previous resolutions remain intact.

"(2) A League Commission to take charge of the territory.

"(3) Colombia to place forces at the disposal of the League Commission; these to become international forces for the duration of the negotiations.

"(4) These forces and personnel to be responsible for maintaining order in the territory during the negotiations.

"(5) The details of the execution of this programme to be settled by the Commission mentioned in paragraph (2)."
“(6) The two parties shall decide as to the method of carrying on the negotiations, which will be undertaken for the purpose of studying in a conciliatory atmosphere the whole of the problems outstanding and the best manner of reaching a solution of them which shall be just, lasting and satisfactory.

The negotiations shall be begun and carried out with all expedition.

The Council is ready, at the request of either of the parties, to give its good offices in case of disagreement, whether as to the method of negotiation or as to any point of substance which may arise.”

The covering letter to these proposals made to the representative of Peru contained the following paragraph:

“The Committee understands that your Government equally agrees that, if Peruvian military elements are on Colombian territory, they should be withdrawn as speedily as possible, subject to the necessary arrangements regarding modalities of such withdrawal, and all attacks on that territory discouraged.”

These proposals, which were accepted on February 27th by the delegate of Colombia, were not approved by the Government of Peru, which submitted a series of counter-proposals. The Committee, on March 8th, informed the Council that it did not regard the counter-proposals of the Peruvian Government as offering a basis for the solution of the dispute which it could recommend the Council and the Colombian Government to adopt, the President, however, declaring on behalf of the Council that the possibilities of a settlement under paragraph 3 of Article 15 would not be exhausted until the moment of the adoption of the report established under paragraph 4. The efforts of the Council did not result in bringing about a solution of the dispute and the Chairman of the Committee of the Council accordingly submitted to the Council the report mentioned in paragraph 4 of Article 15, containing a statement of the facts of the dispute and the recommendations which were deemed just and proper in regard to it.

(f) Conclusions relating to the Dispute.

The Council, in its report, reached the following conclusions:

“(1) That both Parties agree:

(a) That the Treaty of March 24th, 1922, between Colombia and Peru is in force;

(b) That, in virtue of that treaty, the territory known as the 'Leticia Trapezium' forms part of the territory of the Republic of Colombia.

(2) That that territory has been invaded by Peruvians, who ejected the Colombian authorities from their posts.

(3) That those Peruvians have been supported by the military authorities of the Department of Loreto (Peru).

(4) That a Peruvian post has been established at Tarapacá on Colombian territory; that this post was later captured by Colombian forces.

(5) That the township of Leticia is still in the hands of the Peruvians.

(6) That the Peruvian Minister for Foreign Affairs, in his telegram of February 17th, states that the Department of Loreto has decided to re-claim that territorial zone by occupying it on its own account.

(7) That the Peruvian Minister for Foreign Affairs has stated, in his telegram of February 2nd, ‘that it cannot be an obligation upon Peru not to interfere with the attack on Leticia, where there are Peruvians who, voicing the sentiments of the whole Department of Loreto, have gone there to protest against the iniquity which separated them from their country of origin regardless of the will of the inhabitants of the territory that was being dismembered and of their rights as a political minority’.

(8) That the terms of settlement of the dispute proposed by the Council, in accordance with paragraph 3 of Article 15, have been accepted by the Colombian Government and rejected by the Peruvian Government.”

In view of these conclusions, it having proved impossible to settle the dispute as provided in Article 15, paragraph 3, of the Covenant, the Council made the following recommendations, which it deemed just and proper in regard thereto:

“The provisions hereunder constitute the recommendations made by the Council in accordance with Article 15, paragraph 4, of the Covenant:

The Council,

(1) Seeing that the situation resulting from the presence of Peruvian forces in Colombian territory is incompatible with the principles of international law, with those of the Covenant of the League of Nations and of the Pact of Paris, which are binding on the two Parties, and to which the settlement of the dispute must conform;

And that it is necessary to establish as speedily as possible a situation in harmony with those principles;

And that, moreover, the Government of Colombia has accepted the proposals made by the Council in its telegram dated January 26th, 1933, to the effect that the strictest
precautions should be taken to avoid any violation of Peruvian territory and, in proceeding
to the re-establishment of order, the Colombian authorities should show the requisite
moderation:

“Recommends 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 have
occupied that area.

“(2) Seeing that the Council has recognised the necessity for negotiations on the
basis of the treaties in force between the Parties for the purpose of discussing all the
problems outstanding and the best manner of reaching a solution of them which shall
be just, lasting and satisfactory;

“And that the discussion of these problems will include the examination of any
legitimate Peruvian interests:

“Recommends that the negotiations be begun and carried out with all expedition, as
soon as suitable measures shall have been taken to carry out the first recommendation.

“The Council declares that, once the two Parties have stated their intention to comply
with the above recommendations, it will be ready, at the request of either Party, to lend
its good offices in case of disagreement as to any point either of procedure or of substance
which may arise.

“Each of the Parties is requested to inform the Secretary-General of the action it may
take in compliance with the recommendations of this report.

“The Council is confident that the Members of the League of Nations will refrain
from any act that might prejudice the execution or delay the application of these
recommendations.

“The Council recalls that, at its meeting of March 11th, 1932, the Assembly of the
League of Nations declared that it is incumbent upon the Members of the League of
Nations not to recognise any situation, treaty or agreement which may be brought about
by means contrary to the Covenant of the League of Nations or to the Pact of Paris.

“It also recalls the provisions signed at Washington on August 3rd, 1932, by nineteen
American States, including Colombia and Peru, whereby the signatory States declared
themselves opposed to force and renounced it both for the settlement of their differences
and as an instrument of national policy in the relations between American States.

“The American nations declared in the same document that they would not recognise
the validity of any territorial acquisitions that might be obtained by an occupation or
conquest effected by force of arms.

“The Secretary-General is requested to send a copy of this report to the Members
of the League and the Governments of the United States of America, the United States
of Brazil, Costa Rica and Ecuador.”

The Council unanimously adopted the report, Colombia voting for the report and Peru
voting against it.

The Council, on the same day, March 18th, appointed an advisory committee under the
following resolution:

“Whereas, in virtue of Article 4, paragraph 4, of the Covenant, the Council may deal
at its meetings with any question affecting the peace of the world, and therefore cannot
withhold its attention from developments in the dispute between Colombia and Peru;

“Whereas it follows from Part II of the report adopted by the Council in virtue of
Article 15, paragraph 4, that the Members of the League of Nations should refrain from
any act that might prejudice the execution or delay the application of the recommendations
of that report;

“Whereas, at its meeting of March 11th, 1932, the Assembly of the League of Nations
declared that it is incumbent upon the Members of the League of Nations not to recognise
any situation, treaty or agreement which may be brought about by means contrary to
the Covenant of the League of Nations or to the Pact of Paris;

“Whereas, in the provisions signed at Washington on August 3rd, 1932, by nineteen
American States, including Colombia and Peru, the signatory States declared themselves
opposed to force and renounced it both for the settlement of their differences and as an
instrument of national policy in the relations between the American States;

“And whereas the American nations declared in the same document that they would
not recognise the validity of any territorial acquisitions that might be obtained by an
occupation or conquest effected by force of arms:

“The Council decides to appoint an advisory Committee to watch the situation,
assist the Council in the performance of its duties under Article 4, paragraph 4, and help
the Members of the League for the same purpose to concert their action and their attitude
among themselves and with non-member States.

“The Committee shall consist of the representatives of the following Governments:
United Kingdom of Great Britain and Northern Ireland, China, Czechoslovakia, France,
Germany, Guatemala, Irish Free State, Italy, Mexico, Norway, Panama, Poland and
Spain.”
“The Committee shall invite the Governments of the United States of America and Brazil to collaborate in its work in the manner they shall consider the most appropriate. The Committee is requested to report progress to the Council within three months of the adoption of this report.”

(g) Events following the Adoption of the Report of the Council under Paragraph 4 of Article 15.

Mr. Lester, representative of the Irish Free State, was elected Chairman of the Advisory Committee, and the Governments of the United States of America and the United States of Brazil agreed to co-operate with it. They 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.

The representative of Colombia, on March 19th, informed the Advisory Committee that encounters had taken place near Tarapacá on Colombian territory between Colombian and Peruvian forces.

On March 20th, he stated that Peruvian aircraft had bombarded Tarapacá.

The representative of Colombia, on March 29th, informed the League of Nations that, on March 26th, two Colombian gunboats navigating the Upper Putumayo had been attacked on reaching Guápi by the Peruvian garrison troops in that district. The Colombian troops had dislodged their assailants and occupied their positions.

The delegate of Peru, on March 30th, also informed the Committee that Colombian military forces had attacked and taken Guápi on March 27th, a Peruvian station on the Upper Putumayo, situated at some thousand kilometres from Leticia. The Peruvian Government considered that a new situation had been created and asked the Committee of the Council to consider it and to lay down that any progress of the military forces of Colombia on Peruvian territory, or any attempt on the part of Colombia to restore her authority at Leticia, would constitute an act of war against Peru.

The Advisory Committee met on April 5th and April 6th, 1933, and heard verbal statements from the representatives of the two countries. It noted that the Government of Peru, in conformity with Article 8 of the Treaty of 1922 between Colombia and Peru, intended to respect the free passage of Colombian vessels, military or otherwise, on the river Putumayo. The representative of Colombia declared that his Government had no territorial designs in Peruvian territory and would evacuate Guápi as soon as the trapezium of Leticia had been evacuated by the Peruvian forces.

The Committee, having discussed the question, came to the conclusion that it would be possible to make further efforts to effect, with the co-operation of the two parties, a rapid execution of the recommendations of the Council of March 18th, 1933. In these circumstances, it postponed its reply to the letter of the representative of Peru of March 30th and instructed its Chairman to follow the further progress of events, keeping in touch with the parties and with the members of the Committee who might be able to furnish him with useful information for the attainment of the desired object.

The Chairman was authorised to convene the Committee when he thought it useful to do so and in any case before the next meeting of the Council in May 1933.

Further negotiations ensued, but, on May 10th, the President of the Advisory Committee, Mr. Lester (Irish Free State) was able to submit to the parties a document in which was embodied a procedure for putting into effect the recommendations contained in the report adopted by the Council of the League of Nations on March 18th.

The agreement was in the following terms:

“The Advisory Committee recommends the Governments of Colombia and Peru to adopt the following procedure for putting into effect the recommendations embodied in the report adopted by the Council of the League of Nations on March 18th, in order to avoid any incident that might aggravate the relations between the two countries:

(1) The Governments of the Republic of Colombia and the Republic of Peru accept the recommendations approved by the Council of the League of Nations at its meeting on March 18th, 1933, under the terms of Article 15, paragraph 4, of the Covenant, and declare their intention to comply with those recommendations.

(2) The Council shall appoint a Commission which is to be at Leticia within a period not exceeding thirty days. The Peruvian forces in that territory shall withdraw immediately upon the Commission's arrival, and the Commission, in the name of the Government of Colombia, shall take charge of the administration of the territory evacuated by those forces.

(3) For the purpose of maintaining order in the territory which it is to administer, the Commission shall call upon military forces of its own selection and may attach to itself any other elements it may deem necessary.

(4) The Commission shall have the right to decide all questions relating to the performance of its mandate. The Commission's term of office shall not exceed one year.

(5) The Parties shall inform the Advisory Committee of the Council of the League of Nations of the method whereby they propose to proceed to the negotiations contemplated in No. 2 of the recommendations of March 18th, 1933, and the Committee shall report to the Council accordingly.
"(6) The Council of the League of Nations reminds the Parties that it has declared itself ready to lend its good offices at the request of either Party in case of disagreement as to any point either of procedure or of substance which may arise. The Council considers that it cannot withhold its attention from developments in the dispute.

"(7) The Government of the Republic of Colombia will take upon itself the expenses involved by the working of the Commission and the administration of the territory to which the mandate conferred on the Commission relates.

"(8) In consequence of the acceptance of the foregoing proposals, the Governments of Colombia and Peru shall give the necessary orders for all acts of hostility to cease on either side and for the military forces of each country to remain strictly within its frontiers.

"The undersigned, representatives of the Governments of Colombia and Peru, accept, on behalf of their Governments, the procedure for putting into effect the recommendations proposed by the Council in the report which it adopted on March 18th, 1933, in the form proposed by the Advisory Committee and approved by the Council at its meeting of May 25th, 1933. They recognise that the meaning of certain points in this procedure is defined in the annexed letters dated May 25th, 1933, addressed by the President of the Advisory Committee, with the approval of the Council, to the two above-mentioned Governments."

The agreement was accompanied by a letter which the Advisory Committee had authorised its Chairman to send to the representatives of Colombia and Peru with a view to elucidating certain articles of the Agreement. The Agreement was signed by the representatives of the two countries and the President of the Council on May 25th, 1933.

The Council at the same time adopted the two following resolutions:

"I. In view of the arrangement which has just been signed by the representatives of Colombia and Peru concerning the procedure for putting into effect the recommendations proposed by the Council in the report which it adopted on March 18th, 1933:

"(a) The Council, having agreed to appoint a Commission which is to be at Leticia within a period not exceeding thirty days:

"Invites the Advisory Committee, in collaboration with the Secretary-General, to appoint the members of this Commission and to arrange for their taking up their duties within the time-limit agreed upon;

"Directs the Secretary-General to provide the Commission with the necessary staff.

"(b) The Council takes note that the Government of the Republic of Colombia has taken upon itself the expenses involved by the working of the Commission and the administration of the territory to which the mandate conferred upon the Commission relates.

"The Council directs the Secretary-General to make all necessary arrangements, financial and other, for the carrying out of the obligations assumed by the Colombian Government in connection with the appointment, pay and expenses of the members of the Commission and the secretariat to be provided by the League of Nations.

"As regards all other expenditure connected with its mandate, the Commission will make its financial arrangements direct with the Colombian Government.

"II. The Council thanks the Advisory Committee appointed on March 18th, 1933, to watch the situation, assist the Council in the performance of its duties under Article 4, paragraph 4, and help the Members of the League, for the same purpose, to concert their action and their attitude among themselves and with non-member States;"

"Approves all the steps taken by it in discharge of the mission entrusted to it;

"Invites it to continue its work in accordance with the terms of the agreement signed to-day by the representatives of Colombia and Peru as well as of the resolution just adopted by the Council."

The Advisory Committee, following these resolutions, invited the Governments of the United States of America, the United States of Brazil and Spain each to appoint a member of the Commission.

IV. DISPUTE BETWEEN HIS MAJESTY'S GOVERNMENT IN THE UNITED KINGDOM AND THE IMPERIAL GOVERNMENT OF PERSIA.

SUBMISSION OF THE ANGLO-PERSIAN DISPUTE TO THE LEAGUE OF NATIONS.

On December 14th, 1932, the Secretary-General received from the United Kingdom Government a request that the dispute which had arisen between the United Kingdom and Persia in consequence of the action of the Persian Government in purporting to cancel the D'Arcy Concession held by the Anglo-Persian Oil Company should be placed on the agenda of the Council in accordance with the terms of Article 15 of the Covenant, the United Kingdom Government being of opinion that the dispute was likely to lead to a rupture. The United Kingdom Government at the same time declared that the statement of the case of His Majesty's Government would be communicated to the Secretary-General at the earliest possible moment,
and expressed the hope that the Council might find it possible to deal with the matter on December 19th or 20th. The statement of the United Kingdom Government reached the Secretariat on December 16th.

These documents were immediately communicated to His Excellency A. Khan Sepahbodi, the permanent delegate of Persia accredited to the League of Nations, and forwarded to the Council and to the States Members of the League.

The Persian Government was informed that the meeting of the Council would take place on December 19th. M. Sepahbodi, in a note addressed to the Secretariat on December 17th, intimated that his Government had no objection to the question being referred to the Council, but observed that a certain time would be necessary to allow of the presence at Geneva of a representative specially sent from Teheran. He added that the Persian Government, as it had already stated, pending an agreement with the Anglo-Persian Oil Company, had not taken and had no intention of taking any measures against that undertaking and that there was no reason for considering the matter as urgent.

The President of the Council, Mr. Lester, on December 18th, sent a telegram to London and to Teheran declaring that he was fully confident that, pending the examination of the dispute by the Council, the two Governments would refrain from any act or step that might aggravate or extend it. On the same day, the Deputy Secretary-General, replying to the note of the Persian Government, informed him by telegram that, on the formal request of the United Kingdom Government, in which reference was made to the final paragraph of their memorandum (conservative measures), the Council would meet on the following day, December 19th, to consider the communications received and to fix the date for beginning its examination of the question, having regard to the date of arrival of the special representative from Persia. The Secretary-General, in the same telegram, intimated that the President of the Council interpreted the declaration of the Persian Government that it had not taken and had no intention of taking any measures against the Anglo-Persian Oil Company as an undertaking on the part of the Persian Government to avoid any change in the present state of affairs that might aggravate the dispute.

**STATEMENT OF THE UNITED KINGDOM GOVERNMENT.**

The memorandum of the United Kingdom Government, which reached the Secretariat on December 16th, began with an historical summary of the circumstances which had given rise to the dispute. The memorandum first established the legal position of the Anglo-Persian Oil Company, which had become the legal successor of Mr. William Knox D'Arcy in respect of the rights acquired by him under the concession granted to him by the Persian Government on May 28th, 1901.

Article 10 of the concession, under which the Persian Government was to receive, in addition to certain sums in cash and shares which had been duly paid, 16 per cent of the annual net profits of any company formed to work the concession, did not define the basis on which the annual net profits of any such company were to be estimated in calculating the royalty due to the Persian Government. Various interpretations had arisen in regard to this point and the Persian Government appointed the late Sir Sydney Armitage-Smith, who, at that time, was its financial adviser, as its representative to adjust finally all questions in dispute between itself and the company.

On December 22nd, 1920, two agreements were signed. One of the agreements fixed the basis upon which the company’s profits were to be calculated. The company, under the other agreement, consented to pay to the Persian Government in final settlement of all outstanding claims a sum of £1,000,000 sterling. From 1920 till about 1928, the arrangements defined in these agreements served the purposes for which they were designed.

In 1929, at the request of the Persian Government, negotiations were again opened, this time with a view to a revision of the concession. The negotiations did not immediately result in a settlement, but, after an interruption of the conversations, a preliminary agreement was signed at the beginning of 1932 between His Highness Teymourtache, Minister of Court, and Sir John Cadman, Chairman of the Anglo-Persian Oil Company. A formal draft royalty agreement, as provided in the preliminary agreement, was initialled in London on behalf of the company and by a representative of the Persian Government, but was not ratified by the Persian Government, which, in June 1932, asked the company to send representatives to Teheran to explain the draft and to amend the text. The company, in reply, proposed that the Persian Government should send its representatives to London. The Persian Government confined itself to intimating that it was studying, for submission to the company, proposals which were upon an entirely different basis from those contained in the draft agreement. These proposals, however, were not communicated to the Anglo-Persian Oil Company.

Meanwhile the Persian Government, after having protested regarding the smallness of the provisional royalty figures for the year 1931, a difference due to the depression in the oil industry (£306,872 as compared with £1,288,312 in 1930), intimated that it refused to accept the royalty in question.

The Persian Government on November 27th, 1932, addressed to the Resident Director in Teheran of the Anglo-Persian Oil Company a note representing that the D’Arcy Concession of 1901 did not, in its opinion, protect the interests of Persia. As the company had not taken any practical steps to protect those interests, the Persian Government had small hope of achieving the object in view by means of negotiation with the company and therefore found itself obliged to cancel the concession. “Should the Anglo-Persian Oil Company however be prepared, contrary to the past, to safeguard Persian interests in agreement with the views of the Government, on the basis of equity and justice, with the necessary security for safeguarding
those interests, the Persian Government would not in principle refuse to grant a new concession to the company.

The United Kingdom Government, on being informed of this situation by their Minister in Teheran, felt it necessary to take up the matter in exercise of their right to protect a United Kingdom national injured by acts 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 the Persian Government.

The Persian Minister for Foreign Affairs replied on December 3rd (1) reaffirming the right of the Persian Government to cancel the concession and repeating the grounds of its decision; (2) emphasising its readiness to negotiate directly with the company with a view to granting a new concession, and (3) representing that the responsibility for any damage accruing to the company would rest on the company itself.

The United Kingdom Government replied on December 8th, declaring that they were anxious for a friendly agreement to be reached between the Persian Government and the Anglo-Persian Oil Company, but that they could not regard the Persian note of December 3rd as offering a satisfactory basis for settlement. If the Persian Government should be unwilling to withdraw its notification relating to the cancelling of the concession by December 15th, the United Kingdom Government would have no alternative but to refer the dispute which had arisen in regard to the legality of the action of the Persian Government to the Permanent Court of International Justice at The Hague as a matter of urgency under the Optional Clause. The United Kingdom Government further declared that they would regard the Persian Government responsible for any damage accruing to the company as a consequence of its action and that they would regard themselves as entitled to take all such measures as the situation might require for the protection of the company.

On December 12th, the Persian Government forwarded to the United Kingdom Legation at Teheran a note (1) contesting the competence of the Permanent Court at The Hague on the basis of Article 36 of the Statute of the Court; (2) declaring that, since it had no participation whatever in the activities of the company and since it had not interfered in the affairs of the company, it could not recognise any responsibility in regard to the company; (3) reaffirming its desire to come to an agreement directly with the company and alleging that the attitude adopted by the United Kingdom Government had become an obstacle which rendered more difficult an agreement between the two parties, and (4) declaring 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 had been subjected.

The United Kingdom Government, though they were convinced that the contention regarding the incompetence of the Permanent Court was not legally well founded, realised that Persia, if she desired to bring the matter before the Council, would have the right to require that proceedings before the Court should be suspended, with the result that time would be lost. The United Kingdom Government, in these circumstances, thought it right to adopt the other course which was open to them under Article 15 of the Covenant and to submit the matter to the Council.

The United Kingdom Government, in conclusion, took a serious view of the situation created by the action of the Persian Government, which, while negotiations were in progress with the Anglo-Persian Oil Company, without even communicating to the company the new proposals which it was waiting to receive, and without making any attempt to invoke the arbitration provisions of Article 17 of the concession, had cancelled the concession itself.

If this act were to be followed by an attempt on the part of the Persian Government to take possession of the company's properties and plant, or if any action or inaction of the Persian Government should lead to serious damage to these properties and plant, or adversely affect the safety of the company's staff, a situation of the utmost gravity would arise.

The United Kingdom Government observed that they had taken no steps in the matter at all until the Persian Government had taken the illegal step of cancelling the concession. Their intervention could not therefore be regarded as having prevented or impeded an agreement between the parties, but had become necessary when it became clear that the negotiations between the parties could not fruitfully be continued on the basis of a situation created by the unilateral act of the Persian Government in cancelling the concession.

The United Kingdom Government, while they were anxious that the present dispute should not disturb its friendly relations with the Persian Government, urged upon the Council the necessity of taking such steps as it might consider appropriate to ensure the maintenance of the status quo and to prevent the interests of the company from being prejudiced while proceedings were pending before the Council.

Meeting of the Council of December 19th, 1932.

The permanent delegate of Persia, M. Sepahbodi, attended the meeting as representative of his Government. The representatives of the two parties, following a short statement by the President of the Council and the Deputy Secretary-General, were heard by the Council. They agreed in recommending that a short delay was necessary and in affirming the desire of their respective Governments that the disputes should not in any way disturb the friendly relations existing between the two countries and that the action of the Council might result in a friendly and just settlement.

The President, after having expressed his satisfaction at the steps taken by the Deputy Secretary-General, proposed that the Council should place the question on the agenda of its next session, to open on January 23rd, 1933. He expressed the hope that the parties would
abstain from any step which might prejudice the action of the Council or which might aggravate or extend the dispute. He recalled that the procedure of the Council did not exclude the possibility of an agreement between the two parties.

The observations of the President were approved.

**MEMORANDUM SUBMITTED BY THE PERSIAN GOVERNMENT.**

The memorandum of the Persian Government reached the Secretary-General on January 18th, 1933.

The Persian Government, in this memorandum, does not question the legality of the concession, but confines itself to observing, “in order that the facts may be presented in their true light”, that, at the time of the concession, there was no constitutional government in Persia and that the administration of the country offered no guarantees, the different parts of Persia being under two influences and divided into two zones, one being British and the other Russian.

The Persian Government, by the terms of the contract, granted the concessionaire, over a territory comprising the whole of the Empire, except five provinces, a great many advantages, including power to acquire the necessary lands (Article 3); freedom from all imposts and taxes for the lands acquired (Article 7) and freedom from taxes and Customs duties (Article 7).

The concessionaire undertook on his side to employ only Persian subjects, with the exception of the technical staff (Article 12); to pay a fixed annual due of 2,000 tomans (Article 4) and a variable due, equal to 16 percent of the annual net profits (Article 10). The concessionaire company did not, however, in the opinion of the Persian Government, always scrupulously fulfil its obligations. It began by delaying the payment of the fixed annual due and, in 1909, the arrears amounted to 16,000 tomans. The Persian Government, having recourse to Article 17 of the contract, requested arbitration, but the company refused. The variable dues were still unpaid in 1919.

The company, during the war, attempted to make the Persian Government responsible for the fact that the pipe lines had been cut by armed bands. The Persian Government, declining all responsibility, proposed that the dispute should be settled by arbitration (Article 17). The company would not agree and, acting as judge and party in the case, refused to settle the dispute.

The Persian Government then employed a sworn accountant, a British subject, Mr. William McLintock, to examine the books and accounts of the company and those of its subsidiaries in order to ascertain what losses the company might have sustained during the war. Mr. McLintock recognised in his report that the contents of the Persian Government were justified and made certain statements in criticism of the company.

Mr. Armitage-Smith, the Financial Adviser lent by the United Kingdom Government to Persia, was subsequently appointed to settle the questions outstanding. He made an arrangement with the company, fixing the amount of arrears and the basis on which the dues were to be calculated, and providing for a modification of Article 17 relating to arbitration.

The Persian Government noted that the proposed text was not limited to interpreting the D'Arcy Concession, and this opinion was endorsed by the firm of lawyers, Messrs. Lumley and Lumley. The new draft was therefore not submitted to the Persian Parliament for approval. As the result of discussions which took place on the subject, the Minister of Court wrote to Sir John Cadman referring to the obsolescence of the D'Arcy Concession and the absolute necessity of recasting it. Sir John Cadman, confronted with this situation, said that he was prepared to negotiate with a view to a revision of the concession, and, in March 1929, he went to Teheran to discuss the draft of a new concession.

On August 7th, 1931, however, Sir John Cadman categorically stated in a letter to the Minister of Court that the revision of the concession could no longer be contemplated. The Persian Government, still convinced of the necessity for revision, had thus to contend itself with determining the basis of the calculation of the dues.

Towards the end of 1931, a preliminary draft concerning the calculation of the dues was negotiated. Other conversations took place in Paris in January 1932 between the Minister of Court and Sir John Cadman, but without result.

The preliminary draft was forwarded to the Persian Government, but the Cabinet, finding the text obscure, asked the company to send a representative to furnish the necessary explanations. The company refused. The Persian Government, in those circumstances, saw no other course but to cancel the concession. It felt itself all the more justified in doing so as the company holding the concession had not fulfilled all the obligations by which it was bound.

Under Article 1, the company undertakes to develop and render suitable for trade the oil and other products covered by the concession throughout the whole extent of the Persian Empire. The Anglo-Persian Company, however, has performed the greater part of the preparatory processes on Persian petroleum outside Persia.

Article 12 lays down that the workmen employed in the service of the concession should be Persian subjects except the technical staff, which is limitatively defined. The concessionaire has evaded that obligation indirectly by constructing refineries outside Persia and directly by employing Indian workmen in Persia in spite of the protests of the Persian Government.

The execution of Article 10, regulating the dues, has always been seriously incomplete, particularly in regard to the payment of the 16 percent royalty on the profits of the subsidiary companies.
Similarly, Article 17 relating to arbitration was not applied by the concessionaire when the Persian Government requested its application.

Roman Law allows a party which is suffering from the non-fulfilment of undertakings assumed towards him to notify the other party that he regards himself as released from his own obligations. French Law requires the party to apply to the courts in order to vindicate his rights. Persian Law permits the party himself to cancel the contract of his own motion, in the case of complete non-fulfilment or partial but serious non-fulfilment, as in the present case. There can be no grievance against the Persian Government for having followed the principle of Persian Law. It cannot be asked to resort to the arbitration procedure provided by Article 17, since, having cancelled the contract, it cannot be regarded as bound by an article of the contract.

Moreover, the decision taken is not one against which the company has no remedy. The company may apply to the Persian courts. It can also negotiate a new contract with the Persian Government. These methods of settlement have been blocked by the intervention of the United Kingdom Government which have claimed to remove from the jurisdiction of the municipal courts a dispute which naturally belongs to them.

The United Kingdom Government have summoned Persia before the Council under Article 15 of the Covenant. Article 15 requires for its application a dispute likely to lead to a rupture. Such dispute, however, can only exist when a Government has by means of diplomatic protection taken up the cause of one of its nationals. Diplomatic protection presupposes a violation of general or conventional international law and the previous exhaustion of municipal remedies, and a procedure which consists in cancelling a contract based on its non-fulfilment is incontestably not a violation of international law.

Even if the action of the Persian Government in cancelling the contract were not well founded, diplomatic protection could only come into play after the municipal courts had been given an opportunity of dealing with the matter.

This last principle was recently maintained in the Council of the League by the United Kingdom Government themselves in the dispute which had arisen between them and the Finnish Government regarding a requisition of vessels during the war.

The Persian Government, in conclusion, represents that the Anglo-Persian Company, the British national concerned, has not only not exhausted, but has not even begun to use, the legal remedies open to it under Persian municipal law, and therefore that the condition precedent to diplomatic intervention has not been fulfilled. The British Government have therefore no right to make a diplomatic claim in respect of the present case, a fact which, in virtue of paragraph 1 and in any case of paragraph 8 of Article 15, precludes any application of that article.

MEETING OF THE COUNCIL ON JANUARY 24TH, 1933.

The Anglo-Persian dispute, in conformity with the decision adopted by the Council on December 19th, 1932, was submitted to the ordinary session of the Council which began on January 23rd, 1933.

The question was taken up on January 24th in the presence of M. Davar, representative of Persia.

On the proposal of the President, the representative of Czechoslovakia was appointed Rapporteur.

MEETING OF THE COUNCIL OF JANUARY 26TH, 1933.

The two parties completed by oral statements the written statements which they had already addressed to the League.

Sir John Simon developed the British point of view, going back to the origins of the dispute, describing its various phases and replying to the observation made by the Persian Government in its memorandum. He expressed the view that, since the concession had 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 which had been passed. Diplomatic intervention, therefore, seemed to him justified in the circumstances.

M. Davar, in reply, repeated and developed the arguments contained in the Persian memorandum, affirming that the approval given by the Mejliss to the act of the Persian Government in cancelling the concession did not in any way prejudice the possibility of recourse to the judicial remedies provided by the laws of Persia.

The Rapporteur, following a series of rejoinders of the two parties, declared that the arguments adduced on either side rendered necessary a thorough study of the question. He accordingly asked the Council to adjourn the discussion until a later meeting.

The proposal was adopted.

MEETING OF THE COUNCIL OF FEBRUARY 3RD, 1933.

The Rapporteur informed the Council that he had obtained from the two parties the conclusion of a provisional agreement on the following bases:

1. The two parties agree to suspend all proceedings before the Council until the session of May 1933, with the option of prolonging, if necessary, this time-limit by common agreement.
2. The two parties agree that the company should immediately enter into negotiations with the Persian Government, the respective legal points of view being entirely reserved.

3. The two parties agree that the legal standpoint of each of them as stated before the Council in their memoranda and in their verbal statements remains entirely reserved. If the negotiations for the new concession remain without result, the question will come back before the Council, before which each party remains free to resume the defence of its case.

4. In accordance with the assurance given by the Persian Government in its telegram of December 19th, 1932, to the President of the Council, it is understood that, while negotiations are proceeding and until the final settlement of the question, the work and operations of the company in Persia will continue to be carried on as they were carried on before November 27th, 1932.

The Rapporteur therefore submitted the following resolution for the approval of the Council:

"The Council,

(1) Having had referred to it the dispute between His Majesty's Government in the United Kingdom and the Imperial Persian Government:

(2) Takes note of the cases put before it by the two parties concerned and reserves the right to study them;

(3) Appreciates the wisdom of the two parties in refraining from any steps likely to aggravate the situation;

(4) Approves the present report, together with the conclusions of the provisional arrangement to which the conversations between the Rapporteur and the two parties have led."

The Council adopted the resolution.

THE CONCLUSION OF THE DISPUTE.

Negotiations were started at Teheran between the representatives of the Anglo-Persian Oil Company and the Imperial Government of Persia.

The Secretary-General on May 1st, 1933, received from M. Foroughi, Foreign Minister of Persia, the following telegram which he forwarded to the Members of the Council and of the League of Nations:

"I have the honour to inform you that, in virtue of the provisional arrangement concluded at Geneva and approved by the Council resolution of February 3rd last, the Imperial Government has opened negotiations for a new concession with representatives of Anglo-Persian Oil Co. I am happy to announce that conversations have led to the conclusion of the new concession, which was signed on April 29th, 1933.—FOROUGHI, Foreign Minister."

MEETING OF THE COUNCIL ON MAY 26TH, 1933.

The question was placed on the agenda of the seventy-third session of the Council, under point 1 of the provisional agreement between the two parties, as approved by the Council on February 3rd, 1933.

The representative of Czechoslovakia, acting as Rapporteur, drew the attention of the Council to the communication received from the Minister for Foreign Affairs of Persia, adding that, having got into touch with the two parties, he had ascertained that, as a result of the signature of the new concession, the dispute between the two Governments might be regarded as virtually at an end.

The Council was then on the point of rising and the Rapporteur asked that he might at its next session submit a report on the complete and final liquidation of the dispute.

M. Sepahbodi, representative of Persia, expressed his satisfaction at the happy solution of the difficulties which had arisen between his Government and the Anglo-Persian Oil Company.

Mr. Eden, representative of the United Kingdom, said that the text of the new concession granted to the Anglo-Persian Oil Company had been submitted to the Mejliss and was to be promulgated by the Shah. He was confident that these last formalities would be completed so as to permit the Council, at its next session, to liquidate the question in conformity with paragraph 3 of Article 15 of the Covenant.


The President of the Straits Commission forwarded to the Secretary-General on March 25th, 1933, a note covering the annual report on the work of the Commission for the year 1932. The report is divided into three parts. The first deals with the work of the Commission in 1932; the second gives information on the conditions at present regulating the passage of ships and aircraft through the Straits; the third contains documentary annexes.

The first part of the report affords information on the budget of the Commission, which, including the interest on its deposits in current account, shows for the year 1932 a surplus of
The second part of the report gives the rules governing the passage through the Straits of warships, aircraft and merchant vessels either in time of peace or in time of war.

The third part contains charts and information, including the regulations governing the admission of foreign warships to Turkey, the regulations in force in the port of Istanbul, the regulations applied to air navigation in Turkey, with particulars regarding dues, signals, piloting and buoyage of vessels and the movement of seagoing merchant vessels in the Straits during 1932.

The Secretary-General, in conformity with the resolution of the Council of June 5th, 1928, has communicated the report of the Straits Commission to the Members of the League of Nations, to the Powers signatory of the Straits Convention, and to the technical organisations of the League—namely, the Health Committee of the League, the Permanent Committee of the Office international d'Hygiène publique, the Permanent Advisory Commission for Military, Naval and Air Questions and the Advisory and Technical Committee for Communications and Transit.

I. TERRITORY OF THE SAAR.

The Council and Members of the League have been kept informed of the various questions concerning the Saar by means of the periodical reports of the Governing Commission which are published regularly in the Official Journal of the League.

The Council, since September 1932, has been required to consider two questions: the appointment of the Chairman and members of the Governing Commission and the situation of the Saar officials after the plebiscite.

APPOINTMENT OF THE CHAIRMAN AND MEMBERS OF THE GOVERNING COMMISSION.

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

The Commission is at present composed as follows:

Mr. Knox (Chairman) (British)  M. Morize (French)
M. D'Ehrenroot (Finnish)       M. Zoricic (Yugoslav)
M. Kossmann (Saar)

The Council decided that the provisions concerning the salaries of the members of the Commission and the entertainment allowance of the Chairman should remain as fixed by the resolution adopted by the Council on January 30th, 1932.

SITUATION OF THE SAAR OFFICIALS AFTER THE PLEBISCITE.

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 some misgiving among the Saar officials. The Governing Commission considered that, in view of the facts mentioned in the letter addressed to the Council and the near approach of the plebiscite, it was desirable to assure, by practical decisions, in the case of all officials of the Saar Territory without distinction of origin or nationality, that the rights which they held at present and in respect of the future under the appointments which they had received from the Governing Commission would in any case be fully safeguarded.

The Council considered the matter during its meeting on May 27th, 1933. In adopting a report submitted by the representative of Italy, the Council declared that it shared the legitimate anxiety of the Governing Commission that the officials of the Territory should receive guarantees as to the future and the assurances which were indispensable to the efficient performance of their duties. The Governing Commission, moreover, was assured of the moral support of the Council in regard to any measures which it might feel it necessary to take. The Council, upon this report, adopted a resolution, in which the principle was laid down that the rights of the officials of the Saar Territory would in any event be safeguarded, the means of applying this principle being reserved for later decision.
Changes in the Position of Documents Preserved with a View to the Plebiscite.

In accordance with the recommendation made by the provisional Records Commissioner for the Saar Plebiscite in his report of October 31st, 1923, the seven sub-prefects of the territory, together with the Mayor of the town of Saarbruck, have sent quarterly reports for the period April 1st, 1932, to March 31st, 1933, while the Governing Commission has sent two half-yearly reports for the year 1932. The local authorities, as required by the recommendations of the Provisional Commissioner, continue to send special notification of any change in the position of documents.

Petitions from Persons Living in the Saar Territory.

Since the last report to the Assembly, three petitions have been communicated to the Council, in conformity with its resolution of May 17th, 1920: a petition from the Association of Pensioners of Altenwald, a petition from certain political parties in the commune of Dudweiler, and a petition from a private individual.

Disaster at Neunkirchen.

The Governing Commission, on February 18th, 1933, sent to the Council a technical report on the disaster which occurred at Neunkirchen on February 10th, 1933. The Commission, in an annex to its fifty-third periodical report, has included a report on the judicial enquiry into the explosion of the gasometer.

General Questions.

Periodical Reports.

In accordance with the arrangements approved by the Council on May 17th, 1920, the Governing Commission has forwarded to the League of Nations its fifty-first, fifty-second and fifty-third periodical reports, covering the third and fourth quarters of 1932 and the first quarter of 1933 respectively.

Economic and Social Situation.

The Governing Commission forwards statistics on production, the cost of living and unemployment. The cost of living, which had decreased slightly during the summer months of 1932, has shown an upward tendency as from the month of October. The number of unemployed, which also decreased during the summer months, reached the figure of 45,700 in January 1933 and 42,258 in the month of March 1933, which represents an increase of 13,659 in comparison with the corresponding month of the previous year. All the unemployed and their families receive relief from the funds provided for that purpose.

Political Situation.

The Advisory Council and the Technical Committee have reviewed at their meetings the various draft Decrees submitted to them by the Governing Commission.

Home Department.

The Governing Commission, which has endeavoured gradually to return to normal conditions in respect of housing arrangements, has nevertheless been obliged to prolong, until December 31st, 1933, the validity of its Decree of June 28th, 1929. It has, however, excepted various categories of housing accommodation from the system in force as and when the accommodation in question became available.

The term of office of the municipal and district councillors having expired, new elections were held on November 13th, 1932. The percentage of voters in proportion to the electors increased to 76.3 per cent and the result of the elections, compared with those of 1929, showed an appreciable increase of the extreme parties on the right and on the left to the detriment of the other parties.

The Governing Commission, as a result of incidents which occurred at Saarbruck, decreed on November 8th the dissolution of all the National-Socialist Organisations.

Certain newspapers were temporarily prohibited and all political meetings. This last prohibition was removed, however, in respect of so-called closed meetings, on condition that the organisations concerned took the necessary precautions to avoid incidents or any demonstrations on the public highway likely to disturb public order.

Finance.

The budget for the financial period 1932 was submitted in circumstances which made it particularly difficult to balance it. The Governing Commission, though it had effected a certain number of economies, was obliged to carry into effect, in the months of July and August 1932, a series of fiscal decrees providing, in particular, for an increase of taxation.

The Governing Commission, voting the budget for 1933, made a general examination of the financial situation of the Saar Territory. It was found that it would probably be necessary to draw upon the reserves to the extent of several million francs, and the Governing Commission therefore examined the budget for 1933 in a spirit of strict economy.
Economic Questions.

The Governing Commission, by a Decree dated October 8th, 1932, effected a valorisation of the credits resulting from mortgages in paper marks. The rate of valorisation was fixed at 30 per cent of the gold value of the mortgages. The Governing Commission, by another Decree, has taken steps to protect retail trade against the excessive extension of certain new practices, such as the granting of *primes*, gross sales and the establishment of single-price shops. The Department for Economic Questions, during the last quarter of 1932, distributed among the Saar firms the import and export quotas provided for under the Franco-German Commercial Agreement.

The Governing Commission is continuing its negotiations with the competent French authorities in order to obtain for the Saar people and Saar commerce facilities for the import of quota goods subject to an import licence.

Public Education and Public Worship.

The Governing Commission, though the financial situation called for severe budgetary economies, was able to send a certain number of professors abroad with a view to the continuation of their studies.

As a result of the terrible disaster at Neunkirchen, all the school buildings of the city suffered serious damage. It was necessary to organise a system of rotation in order to carry on the work of the schools, which had been completely interrupted for some fifteen days. Normal conditions in the schools of Neunkirchen will only be restored at the beginning of the new school year.

Railways.

The continuous development of the road transport services, encouraged by taxes which are clearly inadequate to cover the cost of maintaining the roads, has rendered almost inoperative all the steps taken by the Governing Commission with a view to remedying the situation created by the competition of road and railway transport. The Governing Commission has therefore been obliged to take a certain number of supplementary measures in order to prevent the railways from being entirely ruined, a development which would have serious effects on the economic life of the country, which is almost entirely industrial.

II. FREE CITY OF DANZIG.

The Council, during its sessions held in September-December 1932 and in January-March 1933, dealt with the following questions concerning the Free City of Danzig: appointment of a High Commissioner of the League of Nations at Danzig; introduction of the zloty as the sole means of payment on the railways of the Free City; procedure to be followed in matters of direct action; Customs questions; import quotas (amendment of the Warsaw Agreement); nationalised quota goods; the detachment of guards for the Polish war material depot on the Westerplatte; the harbour police.

Appointment of the High Commissioner.

Following the death of Count Gravina on September 19th, 1932, the Council, by a resolution of October 15th, 1932, appointed M. Helmer Rosting, Chief of the Administrative Commissions Bureau of the Secretariat of the League of Nations, to be High Commissioner at Danzig ad interim until December 1st, 1932. The term of office of M. Rosting as High Commissioner was prolonged until October 15th, 1933, under resolutions adopted by the Council on November 28th, 1932, and February 1st, 1933.

Introduction of the Zloty as Sole Means of Payment on the Railways of the Territory of the Free City.

By a Decree of the Polish Minister of Transport dated October 25th, 1932, published in the *Dziennik Ustaw*, No. 95, of October 31st, 1932, Poś 822, which was to come into force on December 1st, 1932, it was decreed that the transport rates and other charges levied by the railways in the railway stations of the territory of the Free City of Danzig placed under Polish administration for the transport of passengers, luggage and goods, forwarded by express or goods trains, together with any sums paid for other services rendered by the railways, should only be accepted in Polish currency.

The Senate of Danzig, in a letter to the High Commissioner, dated November 3rd, 1932, asked him to decide that the Decree of the Polish Minister of Transport constituted, on its publication in the *Dziennik Ustaw*, a case of "direct action".

The High Commissioner considered that the Council, by its report, approved on March 13th, 1925, on the procedure to be followed in cases of direct action, had reserved to itself the right to decide on questions of direct action, and that the High Commissioner was only required to take a decision in regard to such questions if there was a risk involved in waiting for a meeting of the Council. He therefore, in a letter dated November 4th, 1932, asked that the question should be placed on the Council agenda, to be considered at a meeting which was contemplated for November 21st, 1932.

The Council considered the question at a meeting held on November 23rd. The Rapporteur, approving the views expressed by the High Commissioner, asked the Council to authorise him to make a careful examination of the problem, in co-operation with two of
his colleagues on the Council, with a view to framing a report. A Committee consisting of the Rapporteur and the representatives on the Council of Spain and Norway, after hearing the representatives of the Free City and Poland, framed a draft arrangement, which was intended to satisfy both parties. It was not possible, however, to secure agreement to this arrangement.

The Rapporteur noted that the proposed Decree would come into force on December 1st and that a question of direct action had, in fact, been raised, the representative of the Free City of Danzig affirming that the measures of the Polish Minister constituted a case of direct action; whereas the representative of Poland maintained that this was not a correct understanding of the precise legal situation. The Rapporteur therefore asked that the Council should obtain an authoritative legal opinion.

The High Commissioner, before the Committee appointed for this purpose had come together, was nevertheless able to inform the Council that an agreement had been concluded whereas the representative of Poland maintained that this was not a correct understanding of Danzig affirming that the measures of the Polish Minister constituted a case of direct action; that a question of direct action had, in fact, been raised, the representative of the Free City of Danzig affirming that the measures of the Polish Minister constituted a case of direct action; whereas the representative of Poland maintained that this was not a correct understanding of the precise legal situation. The Rapporteur therefore asked that the Council should obtain an authoritative legal opinion.

The Rapporteur and the representatives on the Council of Spain and Norway, after hearing the views of the parties concerned, proposed a thorough examination of the question of direct action and to submit to the Council in January 1933 proposals with a view to establishing a more satisfactory procedure in dealing with questions relating to direct action. The Committee, having studied as a whole the questions submitted for its consideration, forwarded its report to the Council on February 1st, 1933.

The subject was not placed on the agenda of the seventy-third session of the Council in May 1933, since the two parties expressed the desire that it should not be discussed at that session.

**PROCEDURE IN THE MATTER OF DIRECT ACTION.**

The President of the Council, in conformity with the resolution adopted by the Council on November 28th, 1932, appointed, on December 9th, 1932, the representatives of the United Kingdom, Italy and Spain to act as members of the Committee with instructions to submit to the Council proposals with a view to establishing a more satisfactory procedure in dealing with questions relating to direct action. 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, on the same day, on the proposal of its Rapporteur, decided to adjourn the examination of the question until its next session, in order to give the parties and the members of the Council an opportunity of carefully considering the proposals contained in the report. Meanwhile, the old procedure established by the resolution of the Council of March 13th, 1925, remained in force.

**CUSTOMS QUESTIONS.**

The High Commissioner, in view of considerations submitted by a committee of experts appointed by agreement with the parties concerned, gave a decision on November 20th, 1932, upon a request submitted to him on September 15th, 1931, by the Polish Government relating to a certain number of Customs questions. There were, in particular, questions relating to the control of the Polish Customs inspectors, the application by the Danzig Customs Administration of general measures on behalf of the Central Customs Administration of Poland, the competence of the Danzig Customs Administration, the number of officials of the Danzig Customs Administration with a knowledge of the Polish language and the responsibility of the Free City of Danzig for losses suffered by the Polish Treasury.

The Polish Government and the Government of the Free City of Danzig appealed against the decision given by the High Commissioner respectively on December 17th and December 30th, 1932.

The Council, having examined the question at its meeting on February 1st, 1933, on the recommendation of its Rapporteur, confirmed the decision of the High Commissioner of November 20th, 1932, in regard to the Polish request of September 15th, 1931.

**IMPORT QUOTAS (MODIFICATION OF THE WARSAW AGREEMENT).**

The Polish Government, on February 29th, 1932, asked the High Commissioner, in conformity with Article 39 of the Paris Convention and Article 247 of the Warsaw Agreement, to give a decision regarding the question of import quotas (Parts VI and VII of the Warsaw Agreement). The High Commissioner gave his decision on November 20th, 1932. The decision was based on advice given, in accordance with the procedure in force, by a Committee of Experts appointed by the representative of the United Kingdom, Rapporteur to the Council for Danzig questions, and the Chairman of the Economic Committee, acting under Article IV of the Rules of Procedure of June 11th, 1925.
The Polish Government and the Government of the Free City of Danzig appealed against the decision of the High Commissioner respectively on December 17th and December 30th, 1932, and the Council considered the matter at its meeting of February 1st, 1933.

The representative of the United Kingdom drew attention to the fact that the question on which the High Commissioner had taken his decision involved amendments to the Warsaw Agreement under Article 241 of that instrument. He pointed out that several requests involving amendments to that Agreement had been submitted to the High Commissioner in the previous year. He suggested that the experts who would be consulted by the High Commissioner on these new requests, in conformity with the procedure in force, should, after examining the question which formed the subject of the decision of the High Commissioner of November 20th, 1932, upon the Polish request of February 29th, 1932, in the light of the appeals made against that decision, propose that the Council should not for the moment take a decision on the appeals submitted by the two Governments. This proposal was adopted.

**Nationalised Quota Goods.**

The Senate of the Free City of Danzig, in a request dated April 13th, 1932, asked the High Commissioner, under Article 39 of the Convention of Paris of November 9th, 1920, to give a decision on the question of nationalised quota goods. The High Commissioner consulted a Committee of Experts appointed in accordance with the procedure in force and gave his decision on November 20th, 1932, based on the instructions set forth in the opinion.

The Polish Government appealed, on December 30th, 1932, against the decision of the High Commissioner.

The Council at its meeting of February 1st, 1932, confirmed the decision of the High Commissioner, following a report submitted by the representative of the United Kingdom, Rapporteur for Danzig questions.

**Detachment of Guards for the Polish War Material Depot on the Westerplatte.**

The High Commissioner, in a letter dated March 7th, 1933, referred to the Council a question which had arisen concerning the detachment of guards for the Polish war material depot on the Westerplatte, the Senate having submitted a request asking that it should be regarded as a case of direct action.

The Senate had drawn attention to an increase in the effective of the Polish guard of the Westerplatte and it had asked the High Commissioner whether this increase had been made with his authorisation which, under the Conventions in force, should have been previously obtained by the Polish authorities. The High Commissioner had replied to the President of the Senate that he had given no such authorisation and he had at the same time addressed to the representative of Poland a letter requesting the withdrawal without delay of the effective in question. The Senate, on its side, had asked the High Commissioner to decide, in accordance with the terms of Article 39 of the Convention of Paris, that the Polish Government was bound to restore without delay the legal situation based on the treaties and to reduce the guard on the Westerplatte to the fixed number of effective. Further, the Senate had asked him to take the necessary steps to obtain a formal decision to the effect that the increase in the effective on the Westerplatte without authorisation of the High Commissioner constituted a case of direct action.

The High Commissioner, failing to obtain from the Polish Government an assurance that the effective in question would be withdrawn without delay, in accordance with the terms of a letter which he had addressed to the diplomatic representative of Poland at Danzig, referred to the decision of the Council of March 13th, 1925, on the procedure to be followed in cases of direct action, and asked that the question of direct action should be placed on the Council agenda. Using at the same time the right, conferred upon him by Article 39 of the Paris Convention, to refer to the Council questions submitted to him for decision under that article, he also submitted to the Council the question raised in the first point of the request made by the Senate.

The Council, being thus requested to deal with the question as a whole, took up the matter at its meeting on March 14th, 1933. M. Beck, Minister for Foreign Affairs of Poland, after President Zielim had affirmed that the Senate of the Free City was able to guarantee that satisfactory measures had been taken to prevent any infringement of the rights of Poland on the Westerplatte peninsula, declared that his Government had decided to reduce the guard on the Westerplatte without delay to its normal strength. This declaration made it unnecessary for the Council to make a more thorough examination of the question and, after various explanations had been given with regard to the declaration, the Rapporteur expressed the view that the Council need no longer consider the question.

The High Commissioner informed the Council, in a letter dated March 16th, 1933, that the effective had been withdrawn from the Westerplatte on the same day.

**Harbour Police.**

The Danzig Senate, on February 15th, 1933, denounced as having no legal basis since May 1927 the Agreement under which Danzig and Poland had put into force for a period of two years a decision of the High Commissioner on the recruiting of the harbour police required by the Harbour Board and placed under its immediate authority. It had been understood that, on the expiry of the two-year period, each of the two parties would be free again to consider the attitude which it would adopt in regard to this question.
The Senate, following the denunciation of the Agreement, introduced its own police force into the harbour. The representative of Poland in Danzig, on March 7th, asked the High Commissioner to decide that the step taken by the Senate in regard to the police constituted a case of direct action, which should be immediately cancelled. The High Commissioner referred the matter to the Council at the same time as the question of the Westerplatte.

The Rapporteur, in his report to the Council, expressed the view that it would be to the advantage of the two parties for the previous system to be restored and maintained without prejudice to the decision which would be taken when the procedure at present pending before the Harbour Board had resulted in a final settlement.

The Rapporteur hoped that the Council would agree to adopt this suggestion and that, if such were the case, there would be no need to take any further action in the matter. The representatives of Danzig and Poland accepted the proposal of the Rapporteur, which was adopted by the Council.

**THE VON RÜTZEN-KOSITZKAU QUESTION.**

The Council, on September 1st, 1926, decided, in conformity with the request of the Governments of Danzig and Poland, not to discuss this question at its September session and noted that negotiations would be continued between the parties. The High Commissioner, on August 16th, 1928, communicated to the Secretary-General an agreement between the parties in the following terms:

"The two parties are agreed that the High Commissioner shall decide without appeal whether, in consequence of the liquidation of the Parszkowo Estate, which on January 10th, 1920, was the property of Cuno von Rützen-Kositzkau, a German national, Poland is under an obligation, in pursuance of Article 297, clause (h), paragraph 2, of the Treaty of Versailles, to pay additional compensation to his legal successor, Klaus von Rützen-Kositzkau, a Danzig national, and, in the affirmative, what should be the amount of such compensation . . .

"The requests relative to the von Rützen-Kositzkau case submitted by the Senate of the Free City of Danzig to the Council of the League shall be deemed to have been withdrawn as soon as the High Commissioner shall have delivered his decision, as provided above."

The High Commissioner, on March 31st, 1933, gave his decision. The Council, on receiving the decision, was advised that, under the agreement reached, the question might be regarded as being no longer on the agenda of the Council.

**PARTICIPATION OF DANZIG IN INTERNATIONAL TREATIES AND AGREEMENTS.**

In conformity with the procedure adopted by the Council on September 6th, 1929, regarding the right of veto of the High Commissioner in respect of treaties applying to Danzig, the Council has been informed by the High Commissioner of the participation of the Free City in the following agreements:

- Supplementary Convention concluded at Berlin on February 13th, 1933, concerning the regulation of military transport under Article 109, paragraph 1, sentence 2, of the Convention signed at Paris on April 21st, 1921;
- Agreement concluded at Berlin on February 14th, 1933, on the amendment of the Rules of Application, Chapter X, of the Convention between Germany and Poland and the Free City of Danzig, relating to the freedom of transit between Eastern Prussia and the rest of Germany, signed at Paris on April 21st, 1921;
- Agreement concluded at Berlin on February 13th, 1933, concerning the transport of prisoners between Eastern Prussia and the rest of Germany through the territory of Poland and the Free City of Danzig.

The High Commissioner stated that, in his opinion, there was no need for him, in the above cases, to make use of the right of veto provided by Article 6 of the Danzig-Polish Convention of November 9th, 1920. Moreover, no Member of the Council had asked, within the time-limit provided by the procedure, that these questions should be placed on the agenda of the Council.

**DANZIG-POLISH RELATIONS: AGREEMENTS CONCLUDED BETWEEN POLAND AND DANZIG.**

The following agreements have been concluded between the Danzig and Polish Governments under the auspices of the High Commissioner:

1. Protocol concerning the access to and anchorage in the port of Danzig of Polish war vessels, signed on August 13th, 1932;
2. Protocol concerning economic propaganda, signed on August 13th, 1932;
3. Danzig-Polish Arrangement of November 26th, 1932, concerning:
   I. Treatment of Polish nationals and other persons of Polish origin or language in Danzig territory;
   II. Educational expenses;
   III. Sale of journals;
   IV. Currency in which payment of railway dues at Danzig shall be effected.
PROTECTION OF MINORITIES.

I. GENERAL REMARKS.

The work of the League of Nations in connection with the protection of minorities consisted, during the year under review, in the consideration by the Council of a number of questions submitted to it by one or more of its members or by a petitioner, in pursuance of Articles 147 or 149 et seq. of the German-Polish Convention of May 15th, 1922, on Upper Silesia, and in the examination by its members on the Minorities Committees of petitions and the observations thereon of the Governments concerned, in conformity with the procedure laid down by the Council.

Among the questions considered by the Council were several which had already come before it in previous years: the application of agrarian reform in Poland, the question raised by petitions from representatives of the descendants of members of the former Szekler Frontier-Guard Regiment, and the situation of the Polish minority in German Upper Silesia, the latter petition being connected with the application of the German-Polish Convention of 1922. The other questions, all relating to the application of that Convention, were placed on the Council's agenda during the year covered by this report.

As in the past, the Minorities Committees held their meetings, not only during the Council sessions, but also in the intervals between them. The Committees, when they completed the examination of the questions submitted without drawing the Council's attention to them, informed the other members of the Council of the result in a letter forwarded to them through the Secretary-General. In a number of cases, these letters were, with the consent of the Governments concerned, published in the Official Journal of the League.

II. APPLICATION OF AGRARIAN REFORM IN POLAND.

The Council, postponing the examination of this question at its meeting on October 13th, 1932, noted, on December 9th, the report drawn up by a Committee established under a resolution of May 21st, 1932, consisting of the Japanese representative, Rapporteur for minorities questions, and the representatives of the United Kingdom and Italy. Conscious of the importance of the question, the Committee submitted to the Council in its report a detailed and systematic statement of all the factors which it had examined. As regards the character of the solution proposed, the Rapporteur explained that the Committee had aimed at a practical agreement in the general interests of the minority rather than a purely legal settlement. It consisted in suspending the application of the previous nominal lists pending a complete rectification of the disparity noted between the contribution made to agrarian reform by the majority and by the minority (about 5,500 hectares in the Voivodship of Poznania and 3,900 hectares in the Voivodship of Pomerelia). In other words, actual expropriation of these areas would be suspended until it could be applied without involving a disparity between the respective contributions of minority and majority landowners.

The German representative, emphasising the importance of the question for the German minority, explained in detail to the Council why he thought that the solution suggested in the report furnished no effective guarantee for the redress of the injustice admittedly suffered by the minority, not merely as regarded expropriation in the strict sense of the term, but also as regarded the exercise of the right of pre-emption, authorisation for the conveyance of land and the allocation of parcels.

The Polish representative observed that this refusal to accept the report submitted by the Committee of the Council nullified the solutions proposed. He reminded the Council that the matter had been closed by a Minorities Committee in May 1931, but had been re-opened in consequence of further petitions and brought before the Council by the German Government while another Minorities Committee was still dealing with the matter. Such a method, he declared, which involved instituting one procedure concomitantly with another, seemed hardly compatible with the spirit, if not with the letter, of the Minorities Treaty.

The Rapporteur to the Council, noting that the Committee's conclusions could not in their present form secure the unanimous approval of his colleagues, asked for an adjournment in order to enable the problem to be studied afresh in the light of the observations made.

On December 19th, the Rapporteur informed the Council that his Committee had examined the German representative's observations and proposals, but found it impossible to submit to the Council a solution acceptable to its members. The Council, on his proposal, adjourned the examination of the question to its next session.

On February 1st, 1933, the Rapporteur informed the Council that the proposals submitted by the German delegation had appeared unacceptable to the Committee and that its members
had been unable to secure the German Government's acceptance of the report presented on December 9th. He could therefore only note that the negotiations had not resulted in a positive solution.

The representative of Germany stated that, as it had proved impossible to remove the differences of opinion between Poland and Germany regarding the application of the agrarian reform, the exercise of the right of pre-emption and the refusal to authorise conveyance of land and the allocation of parcels, the German 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 the German Government's communications to the Secretary-General.

The Polish representative observed that the Polish agrarian law was in character a general economic and social measure which applied uniformly to all citizens and was quite unconnected with the minorities problem. The Polish Government had contemplated the possibility of making certain concessions, not for any reasons based on fact or law, but solely with a view to facilitating an amicable solution of the question, but it objected to any attempt to create unfair privileges for certain groups of the population and would not tolerate impediments being placed, under any pretext whatever, in the way of the normal process of the State's internal activities.

The representatives of the United Kingdom and France expressed regret that the German Government had not felt able to accept the report of the Committee, which, in their opinion, settled the questions at issue in a just and satisfactory manner.

The representative of Czechoslovakia affirmed that his country attached great importance to the conscientious application of the minority treaties, in the interests both of the minorities and of the States to which they belonged. He would greatly regret if any words were uttered that might be interpreted to mean, or might produce the impression, that members of the Council were guided in this question by any other consideration than the duty they had assumed as members of the Council under the terms of the minorities treaties.

The representative of Norway expressed the opinion that the report, which, for certain reasons, had not been unanimously approved, perhaps contained the maximum of what the Council could secure. In his opinion, the Council could rely on the Polish Government, which had accepted the conclusions of the Committee, complying with its proposals pending a final solution of the problem.

The Council, in conclusion, closed its examination of the question in view of the statement made by the German representative.

III. APPLICATION OF THE GERMAN-POLISH CONVENTION OF MAY 15TH, 1922, RELATING TO UPPER SILESIA.


At its meeting on October 13th, 1932, the Council noted the report of the Japanese representative on the questions forming the subject of these petitions, the examination of which had been adjourned at the Council's session in May 1932.1 The petitioner complained particularly of the attitude of the German authorities towards the minority, more especially with regard to the issue of passports and permits, education, local government administration, elections to the legislature, etc. The petitioner considered that the position of the minority had, instead of improving, changed for the worse and that, as the result of the hostile attitude of the administrative authorities and the general public in Germany, it was placed in a position of inferiority in every sphere of life and activity.

The German Government denied these allegations and stated that, if the relations between the majority and the minority had not developed in an atmosphere of calm and good understanding, as it would have desired, it was due to the attitude of the minority.

The Rapporteur, in reference to the specific cases mentioned in the petitions, pointed out that most of them 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 either been investigated and decided by the President of the Mixed Commission or examined by the Council. He therefore considered that the Council should refrain from examining them. Nor, in the opinion of the Rapporteur, was the importance of the other cases mentioned by the petitioner—such as to justify examination by the Council. In view of the Paris Agreement of April 6th, 1929, he suggested that they should be forwarded to the German Government for submission to the local procedure laid down in the Convention for Upper Silesia.

The Polish representative, without denying the Council's incompetence in cases which had occurred outside the territory covered by the Geneva Convention, pointed out that once again the existence of two classes of minorities had been admitted—the protected minorities and those whose rights had no international guarantee. He reminded the Council that, in

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1 See report on the work of the League since the twelfth session of the Assembly (document A.6.1932, page 41).
2 See 2 below.
a note addressed to the President of the Peace Conference on May 20th, 1919, the German Government had stated that Germany was resolved to treat the foreign minorities on her territory in conformity with the principles which it was asking should be applied to the German minorities outside the Reich. The regime set up by the German-Polish Convention applied to the situation of the Polish minority in German Upper Silesia and the Council had unquestionably the right to deal with it. In his view, its principal task was to attenuate divergencies and give the minorities effective assistance. He trusted, further, that a state of normal relations between the German authorities and the Polish minority would give the latter a feeling of confidence, without which there could be no collaboration between the minority and the State.

The German representative thought it clear from the report that the Polish minority had gone far outside its rights in attempting to bring before the Council questions which were not within the latter’s competence and in putting forward a large number of cases which had already been settled. He noted from the report that the other grievances of the petitioners, even if they were grounded, were of such trifling importance that there seemed to be no reason why the Council should deal with them. The petitioners, he thought, were doing the League and the minorities a disservice in making these complaints, and seriously prejudicing the cause of peaceful collaboration between the two groups of inhabitants, to the development of which the German and Prussian Governments attached no less importance than the Council.

The conclusions of the report were adopted.

2. PETITION OF THE “POLISH CATHOLIC SCHOOLS ASSOCIATION FOR GERMAN UPPER SILESIA”, CONCERNING VOCATIONAL AND SUPPLEMENTARY TRAINING OF THE POLISH MINORITY.

This petition dealt with the vocational and supplementary training of the Polish minority in German Upper Silesia. The German Government had recognised that Article 115 of the Geneva Convention should be interpreted as granting to the minorities the right to open minority private vocational and extension schools. In authorising the opening of the schools mentioned in the petition, however, the Prussian Government announced that the pupils could not be exempted from the obligation to attend the State extension schools until the private extension schools had proved by their teaching and organisation that their results really corresponded to those of the State schools. The petitioners complained that the way in which the school authorities exercised the right, conferred on them by Article 115 of the Convention, of ensuring that the instruction was adequate, involved an obligation on the part of the pupils of minority schools to attend both the State and the private school until the education authorities could give a decision.

The German Government represented that the teaching and organisation of the schools referred to was, in fact, inadequate.

The representative of Japan, acting as Rapporteur, after explaining the situation to the Council at its meeting on October 13th, considered that the question of principle raised by the petition should be settled by the Council, since it concerned both the Polish minority in German Upper Silesia and the Polish minority in the Voivodeship of Silesia in Poland.

The Rapporteur was authorised by the Council at his own request to obtain the opinion of a committee of three jurists, to be appointed by the President of the Council jointly with the Rapporteur, on the question whether, under the provisions of the Geneva Convention, the authorities had the right to demand that pupils of the minority private extension or vocational schools established under Article 115 of that Convention should also attend State schools until the instruction given in the private schools had been declared adequate by the competent authorities.

On February 1st, 1933, on the proposal of the Rapporteur, the Council adopted the report of the Committee of Jurists, consisting of M. Bourquin, M. Ferrari dalle Spade and M. Max Huber.

This Committee expressed the view that, to render possible the normal exercise of the right of members of the minorities to be exempted from public instruction when attending private schools or courses giving adequate instruction and to ensure the normal working of the private schools and courses, 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. On the other hand, members of the minority could not claim exemption from State education merely on the ground that they were attending a private class if the education authorities had not recognised in advance, at all events provisionally, that the class could provide adequate training. Such provisional recognition involved provisional exemption from attendance at the State school. It was, however, desirable that the period during which the State exercised control, in order to ascertain whether the instruction given was adequate or not, should be made as short as was compatible with a serious consideration of the matter. If, after the period of control, the competent authority came to the conclusion that the instruction was inadequate, it was under no obligation to regard the period of attendance at the private school as valid from the point of view of school attendance.
3. Petition of the "Association of Poles in Germany", concerning the treatment alleged to have been suffered by the Polish minority in German Upper Silesia prior to the Elections to the Prussian Diet in April 1932.

The Council dealt with this question at its meeting of February 1st, 1933.

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 a series of acts of terrorism, with the result that it had been unable to secure equitable representation.

The petitioners first referred to two measures adopted by the German authorities: (1) a Decree of the Prussian Minister of the Interior, dated March 19th, 1932, and a Decree of the President of the Republic, dated March 17th, 1932, under which the Polish Catholic Popular Party was alleged to have been obliged to submit its election addresses and handbills to censorship before publication; (2) a Decree of the Reich Minister of the Interior, dated December 3rd, 1931, and of the Prussian Minister of the Interior, dated December 9th, 1931, under which, contrary to the procedure of previous years, the same party was alleged to have been compelled to have its name officially registered in German. Moreover, these decrees had not been made public. Finally, the petition contained a list of forty-one cases of alleged violence.

The German Government, in its observations, contested the allegations of the petitioners to the effect that the measures and attitude of the German authorities had caused a falling-off in the number of votes given to the Polish Catholic Popular Party in Upper Silesia, and explained the general character of the provisions referred to, the scope of the decree on the use of languages and the manner in which the leaders of the Polish Catholic Popular Party had been informed of that decree. With regard to the cases of violence, the German Government considered that the numerous meetings—more than seventy—held by the Polish Catholic Popular Party in Upper Silesia during the electoral period were sufficient proof that the minority had not been hampered in its preparations for the elections. Moreover, submitted information on each of the cases of violence mentioned in the petition.

The Japanese representative declared in his report that the German Government's explanations of the action it had taken seemed to him to be satisfactory, and he asked the Council to take note of them. With reference to the complaints regarding cases of violence, he was not of opinion that their importance justified a detailed examination by the Council, and he asked that the Secretary-General should be instructed to forward them, so far as they related to territory to which the Geneva Convention applied, to the German Government for submission to the local procedure.

The representative of the Polish Government said that public opinion in his country was following with special interest the situation of the 500,000 Poles living in a compact group in German Upper Silesia, and that the petition before the Council threw some light on this situation, which left much to be desired. After mentioning and commenting on the grievances set forth in the petition of the Polish minority and on the observations of the German Government, the Polish representative observed that the electoral campaign had taken place in an atmosphere of abnormal excitement prejudicial to the interests of the minority.

The representative of Germany explained that, without either questioning or accepting for the moment the figure of 500,000 mentioned by the representative of Poland, he would confine himself to pointing out that the number of Poles who had voted in Upper Silesia at the elections to the Prussian Diet on April 24th, 1932, was 27,500, representing 3.95 per cent, and at the Reichstag elections, on July 31st of the same year, 14,500, or 2 per cent of the total poll.

After the Polish representative had given explanations and details of the figures which he had mentioned, the Council adopted the conclusions of its Rapporteur, the representative of Poland abstaining from the vote.

4. Petitions of the “Deutscher Volksbund” concerning the question of property rights over the St. Julius Hospital at Rybnik.

5. Petitions of M. Guido Bienek concerning his expulsion from the Voivodeship of Silesia.

6. Petition from M. Gustaw Koziolek concerning his personal situation.

The Council, at its meeting on February 1st, 1933, before examining the substance of the questions raised in these petitions, instructed a Committee of Jurists consisting of Professor Max Huber (Chairman), Professor Bourquin and Professor Pedroso, to study the question whether, acting in application of Article 147 of the Convention relating to Upper Silesia, the Council might undertake an examination of a petition when it was asserted that the decision on the claim or difference on which the petition in question was based fell exclusively within the competence of the judicial organs of the State subject to minority obligations, the parties concerned having not having exhausted the remedies at municipal law.

The Committee of Jurists replied to that question in the affirmative and, on the proposal of the representative of the Irish Free State, acting as Rapporteur for Minority Questions, the Council, on May 24th, 1933, adopted the report of the Committee, the representatives of Poland, France and Czechoslovakia abstaining from the vote.

The Council, on May 26th, 1933, adopted the proposals of the Rapporteur in regard to the substance of the questions raised.
The petition of the "Deutscher Volksbund" concerning the question of property rights over the St. Julius Hospital at Rybnik arose out of the refusal of the Rybnik Land Register Bureau to register the St. Julius Hospital in the name of the "Spolka Pieczy" and the appointment by the court of the district of Katowice of a trustee for the legal person which would eventually take over the ownership of the St. Julius Hospital in place of the Association of the Knights of Malta. The question whether there was anything in such measures incompatible with the provisions of Part 3 of the Geneva Convention was entrusted by the Council, in view of its eminently legal character, to a Committee of Jurists.

Certain questions, relating to the petitions of M. Bienek concerning the contestation of his nationality by the Polish authorities and the taking of measures in his connection by the Staroste of Lublinice and relating to the petition of M. Kostolek concerning his disqualification by the Mining Office at Katowice from acting as overseer, being under consideration respectively before the Warsaw Supreme Court and the Supreme Administrative Tribunal of Warsaw, the Council decided, on the proposal of its Rapporteur, not to take any decision with regard to them without first being acquainted with the judgments of those courts. The Council accordingly postponed its consideration of the questions, expressing the hope that the sentences of the courts would be communicated to it before its next session.

IV. PETITIONS FROM REPRESENTATIVES OF THE DESCENDANTS OF THE FORMER SZEKLER (HUNGARIAN) FRONTIER-GUARD REGIMENT.

In May 1932, the Council invited the Roumanian Government to endeavour, with its Rapporteur, the representative of Japan, assisted by the representatives of the United Kingdom and Norway, to find a practical solution of the problem raised by these petitions.

The following were the facts of the case:

Until 1923, there existed in the district of Ciuc (Transylvania) a property consisting of approximately 45,500 arpents of forest, 17,000 arpents of pasture and arable land and certain buildings in the town of Mercuria Ciuc and in other towns in the Ciuc district. This property was used, in the form of an autonomous administration (Administration of Ciuc Property), for the upkeep of certain educational and charitable institutions for the benefit of a section of the Hungarian population of the country, consisting of the descendants of members of the former Szekler Frontier-Guard Regiment.

In 1923, the Roumanian State, taking the view that it was the owner of this property in its capacity as successor State to the Hungarian State, took possession of it, and, as a result of its measures of agrarian reform, a considerable part of the forest and pasture land (about 32,000 arpents) was distributed to ten communes in the form of communal property or to churches and peasants in the form of individual lots. The rest of the land (about 30,000 arpents) remained in the possession of the State. The buildings were allocated to various public departments or continued to be used for their original purpose, particularly those housing the institutions which, until 1923, had been kept up by the Administration of the Ciuc Property.

The Committee of Three first thought of asking the Roumanian Government for the entire restitution of that part of the property which had remained in its possession or for the payment of compensation, but negotiations carried on in this connection showed that in present circumstances such a solution was neither expedient nor practical.

On the other hand, the Committee realised the possibility of arriving at a solution if the Roumanian State agreed to make partial restitution of the former property and accepted some of the charges previously borne by the former Administration of the Ciuc Property.

Proposals on this basis were drawn up by the Committee and considered by the Council at its meeting of September 27th, 1932. They provided, inter alia, for: (1) the restoration in a slightly modified form of the Administration of the Ciuc Property; (2) the partial reconstitution of its property by the restitution of an area of 6,704 hectares of forest land, valued at 50,787,700 lei (1,548,681 gold francs); (3) the acceptance by the Roumanian State of certain charges previously borne by that Administration, more especially in respect of the rights of its pensioners and officials, the maintenance of a secondary school at Mercurea Ciuc as a State institution and the maintenance on similar lines of the orphanage at Sumuleu.

The Japanese representative, in submitting these proposals to the Council, pointed out that the solution proposed by the Committee of Three did not settle the legal claims raised by the petitioners, but that it was such as to safeguard the legitimate interests of the minority consonant with the supreme interests of the State.

The Roumanian representative accepted the report on his Government's behalf, adding that he considered the solution fair, equitable and calculated to safeguard all the interests involved.

The Council accepted the Japanese representative's report, approved its conclusions and noted their acceptance by the Roumanian Government.

1 See report on the work done by the League of Nations since the twelfth session of the Assembly (document A.6.1932, page 42).
ECONOMIC EQUALITY: PURCHASE OF MATERIAL AND SUPPLIES BY THE PUBLIC AUTHORITIES OF THE TERRITORIES UNDER A AND B MANDATES, EITHER FOR THEIR OWN USE OR FOR PUBLIC WORKS.

The Permanent Mandates Commission, in its report on the work of its twenty-second session, expressed the opinion that the rules announced by the mandatory Powers as governing the execution of public works and the supply of goods for the public services 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 the adjacent British possessions placed certain difficulties in the way of the adoption of rules differing from those which were applied in those possessions. The Commission did not think it necessary to submit any proposals to the Council for a doctrinal interpretation of the relative article of the A and B mandates regarding economic equality. It decided to confine itself in future to the supervision of the application given in the various mandated territories to the rules drawn up by the mandatory Powers themselves.

The Council, on January 24th, 1933, noted the conclusions of the Commission.

The representative of Italy emphasised on this occasion that the views expressed by the Commission referred only to the measures adopted by the mandatory Powers previous to the studies undertaken by the Commission, and that any measure taken in future would therefore require to be investigated. He further declared that, owing to the wide margin of interpretation to which the question lent itself, the application of the rules approved might ipso facto violate the principles on which the mandates system was based. As the rules concerning 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 constituted an exception to one of these principles, they called, in his opinion, for a restrictive application.

The representative of Germany declared that his Government considered that there should be complete economic equality under A and B mandates in accordance with Article 22 of the Covenant, particularly with regard to the purchase of materials.

INFLUENCE OF THE CINEMA ON NATIVE POPULATIONS.

The Governing Body of the International Educational Cinematographic Institute at Rome, in its report on the work of its fifth session, recommended that the Council of the League should ask the Mandates Commission to study, in its relation to mandated territories, the problem raised by the use in countries on very different levels of civilisation of films intended by their authors to be shown in western countries. It emphasised that the cinema might have an injurious effect, whereas, if wisely employed, it might, on the contrary, contribute to the development of the civilisations proper to the several nations.

The Council, on January 26th, 1933, decided to draw the attention of the Mandates Commission to this recommendation. It asked the Commission to consider whether it was desirable for the Council to recommend the mandatory Powers to communicate any information based on observations made in the mandated territories which might enable an opinion to be formed in regard to the matter and which might assist the enquiries undertaken by the Institute.

II. ADMINISTRATION OF THE TERRITORIES UNDER MANDATE.


TERRITORIES UNDER A MANDATE.

I. IRAQ.

Annual Report for 1931.

Having regard to the circumstances, the Commission refrained from submitting to the Council any detailed observations on the administration of Iraq in 1931. It observed, however, in its report that the Community of the Bahais had not yet obtained redress for the miscarriage

1 Iraq was emancipated from the mandatory system and admitted as a Member of the League of Nations on October 3rd, 1932, one month before the meeting of the Commission.
of justice of which it had been the victim and to which the Council, at the request of the
Commission, had on several occasions drawn the attention of the mandatory Power.

The Council decided to forward these observations to the Government of the United
Kingdom in its capacity of ex-mandatory power for Iraq.

2. Palestine.

Annual Report for 1931.

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

The Commission noted a statement by the accredited representative on the situation
of the Legislative Council. Further, it drew attention to the large increase in the consumption
of spirits in Palestine. It expressed a hope that the work of the Committee appointed to
review the labour legislation in Palestine would result in progress towards ensuring fair
conditions of work. Finally, it hoped that the next annual report would contain information
as to the result of investigations undertaken into the question of child marriage.

The Council decided to communicate these observations to the mandatory Power, with a
request to take such action as the Commission desired.

Petitions.

The Commission examined nine petitions relating to Palestine, together with the observations
upon them of the mandatory Power.

The Commission, in its conclusions, declared that it was fully confident that the mandatory
Power would ensure the application of the regulations in force with regard to any repairs that
might be necessary to the Wailing Wall in a manner equitable to all parties concerned.

The Council, in reference to another petition, was asked to invite the mandatory Power
to furnish supplementary information as to the status of the Jewish community in Palestine.

Further, the Commission, examining a petition from the Executive Committee of the first
Palestine Arab Women’s Congress, expressed the hope that, as education progressed and public
feelings became pacified in Palestine, it would be possible to employ in the civil service an
ever-increasing number of nationals of the territory. It also hoped that it would very soon
be possible to improve the situation of the Fellaheen, particularly by the development of
co-operative societies and the establishment of a satisfactory agricultural credit system,
and that the financial resources of the territory would shortly enable the administration to increase
the number of primary schools.

The Council approved the conclusions of the Commission and forwarded them to the
mandatory Power and to the petitioners.


Annual Report for 1931.

The Commission obtained from the representatives of the mandatory Power information
on the evolution of the mandate for Syria and the Lebanon and of 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 Power and the negotiations in progress. It expressed the hope
that the mandatory Power would keep it informed of the development of the situation.

The Commission noted information supplied by the accredited representative regarding
an agreement between the mandatory Power and the Turkish Government on the question
of the property of persons who opted under the Treaty of Lausanne and an arrangement
concluded between the French and Turkish Governments for the final settlement of the
questions relating to the railways in northern Syria.

It expressed the hope that the dispute which had arisen with regard to the appointment
of the Greek Orthodox Patriarch of Antioch would be satisfactorily settled in the near future,
in conformity with the rules applicable to such cases. Moreover, it asked for further details
regarding the steps which the mandatory Power proposed to take to arrest the continued
decline of the small craftsman and regarding the industrial labour regulations in force.

Finally, it expressed the hope that the mandatory Power would prevail upon all the
Members of the League of Nations to grant to Syrian and Lebanese nationals and to the
goods coming from the territories under mandate advantages corresponding to those enjoyed
by their nationals and their goods in that territory. This recommendation was based on a
general desire expressed by the Council on September 9th, 1930, to the effect that territories
under A and B mandates should benefit as far as possible from the system of reciprocity
in their economic relations with the States Members of the League.

The Council forwarded these observations to the mandatory Power and requested it to
take such action as the Commission desired.

The Rapporteur suggested that the Council should reserve its consideration of the evolution
of the mandate for Syria and the Lebanon until the Mandates Commission had submitted
more complete information and the conclusions of its enquiry. The representative of Italy,
without wishing to open a discussion on the subject, submitted certain observations regarding the method outlined by the mandatory Power. He wondered 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, again be amalgamated and restored to their traditional unity. Secondly, he raised the question whether the general conditions in Syria were really such as to demand that the independence of the four provinces should be effected separately and by successive stages according to the degree of maturity of each, or whether these conditions did not rather point to a simultaneous recognition of the sovereignty and independence of the territory as a whole.

The representative of Germany agreed with the Italian Government in thinking that plans for emancipating Syria, while keeping a country as developed as the Lebanon under mandate, would not be in accordance with the real political and economic interests of the whole territory.

The representative of France, replying to these observations, recalled that the Mandates Commission had been satisfied with the information which 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 definite judgment.

Petitions.

The Commission examined eleven petitions. Several of these petitions dealt with the Syrian parliamentary elections and incidents which had arisen in the course of them. None of the petitions called for any recommendation on the part of the Council.

The conclusions of the Commission were approved by the Council, which decided to forward them to the mandatory Power and to the petitioners.

Territories under B Mandate.

1. Cameroons and Togoland under French Mandate.

Annual Report for 1931.

The Commission noted statements of the accredited representative to the effect that the subsidies accorded by these territories to various propaganda institutions and bodies had been reduced and that an agreement had been reached between the French and British administrations for combating the smuggling of spirits and tobacco across the frontiers. The Commission asked for information regarding the prisons.

The Commission, in reviewing the administration of the Cameroons, expressed a hope that the decision to be taken for the prolongation of the Duala-Chad railway would take account of the interests of the territory, without weighing too heavily on the native labour supply. It expressed its appreciation of the efforts made to combat sleeping-sickness. It further noted an increase in the importation of certain categories of spirits and asked that information should be supplied as to the number of liquor shops in the territory for both Europeans and natives. Finally, it hoped that the situation with regard to native workers, already weakened by sleeping-sickness and other diseases, might be improved.

The Commission, in its observations regarding Togoland, hoped that the decision concerning the Agu concession would prove in every respect to be in the interests of the territory and of the natives. It requested a full statement on the question of the Customs relations between Togoland and Dahomey and an indication of the total sums, spent directly by the Government and in grants to mission schools, on education. It further asked for information on the increase in value of the imports of grape brandy and a full statement on the rights of natives in regard to the ownership of land.

The Council forwarded these observations to the mandatory Power, with a request to take such action as the Commission desired.

Petitions.

Two petitions, one relating to the Cameroons and one to Togoland, were examined by the Commission. They did not call for any recommendation on the part of the Council. The Council decided to communicate the conclusions of the Commission to the mandatory Power and to the petitioners.

2. Cameroons and Togoland under British Mandate.

Annual Reports for 1931.

The Commission drew attention to the efforts made by the mandatory Power to bring under effective control the districts which still evaded it and noted a declaration of the accredited representative on the subject. The Commission expressed concern at the high morbidity and mortality in certain prisons of the territory and noted with anxiety that the natives of the Cameroons province had begun to distil alcohol. The Commission expressed a hope that greater facilities would be given to the natives in the northern districts of the Cameroons with a view to their sharing the benefits of education.
The Commission made no observations on the administration of Togoland.

The Council forwarded the observations of the Commission to the mandatory Power and requested it to take such action as the Commission desired.

3. Ruanda-Urundi.

The Commission, in its observations to the Council, noted the declaration of the accredited representative to the effect that capital which was to have been transferred to Astrida would be retained at Usumbura. It has asked for information in regard to the various advantages, from the point of view of the territory under mandate, of Customs union with the Belgian Congo. The Commission further hoped that the efforts made by the mandatory Power to balance the budget of the territory would prove effective and asked for detailed information on the financial relations of the territory with the Belgian Congo and Belgium.

The Council transmitted these observations to the mandatory Power, with a request to take such action as the Commission required.

4. Tanganyika.

The Commission noted a declaration of the accredited representative to the effect that the mandatory Power had done its utmost to ensure that the budgetary economies effected should not impair the efficiency of the administrative and social services. It expressed the hope that the development of these services would remain a cardinal point of the Government policy. It further noted that an enquiry had been made into the problem of railway tariffs and the financial situation of the railways in Kenya, Uganda and Tanganyika. The Commission asked for detailed information in regard to the part played by the natives in the political community. It emphasised the great importance of the question of the amalgamation of the postal services between Tanganyika, Kenya and Uganda and noted that a complete statement on this matter would be submitted by the mandatory Power.

The Commission asked for a detailed statement showing that the existing Customs union between the three territories did not injuriously affect the interests of the mandated territory and requested precise information on the working of the services recently entrusted with the inspection of labour conditions.

It further asked for details as to the measures taken to deal with cases in which employers withheld or failed to pay wages due to the workers.

The Council forwarded these observations to the mandatory Power, with a request to take such action as the Commission required.

Petitions.

The conclusions of the Commission on a petition relating to Tanganyika were approved by the Council, which decided to communicate it to the mandatory Power and to the petitioner.

Territories under C Mandate.

1. Islands under Japanese Mandate.

The Commission was glad to note a statement made by the mandatory Power to the effect that rumours regarding the establishment of a naval base in the mandated territory were unfounded; the Japanese Government had not contemplated and had no intention in future of contemplating such a measure.

The Commission noted, moreover, that any surplus of revenue over expenditure shown in the final account for the financial period was placed to the credit of the mandated territory.

The Council communicated these observations to the mandatory Power.

2. Nauru.

The Commission noted a declaration of the accredited representative to the effect that steps were being taken to train and educate some of the more intelligent Nauruans so that they might be qualified to hold posts in the administration of the territory. It asked for supplementary information on the traffic in spirits and the consumption of alcoholic liquors and asked that it should be kept informed of any progress achieved in the suppression of the consumption of drugs in the territory.

The Council forwarded these observations to the mandatory Power, with a request to take such action as the Commission desired.


The Commission noted that it had not been possible for the administration to explore a considerable portion of the territory. The Commission realised the difficulties encountered by the mandatory Power in opening up the territory, but hoped that it would not relax its
efforts to bring the whole territory under Government control. It noted that supplementary
information would be given as to the composition, competence and working of the courts
for native affairs. The Commission learnt that Central Court cases at Rabaul frequently
involved an absence of six months or more from their homes of natives who were parties or
witnesses, and it trusted that steps would be taken to improve the situation.

The Commission welcomed a declaration from the accredited representative that welfare
and educational work would continue uninterrupted and asked to be kept informed of the
progress made in this direction. Finally, it hoped that the annual reports would, in future,
contain information on the degree of alcoholic content of liquors imported into the territory.

The Council communicated these observations to the mandatory Power, with a request
to take such action as the Commission desired.

4. Western Samoa.

Annual Report for 1931.

The Commission noted the information contained in the annual report and the statement
of the accredited representative that the political situation in the territory had improved.
It hoped that the co-operation of the natives with the administration would become general
and effective and that the situation would enable all emergency measures to be progressively
and rapidly abolished.

The Commission further asked for information on the causes of the increase in the export
duties on bananas. Finally, it expressed a hope that the steps taken to combat yaws would
prove effective and that appropriate means would be found to reduce the very high infant-
mortality rate.

The Council communicated these observations to the mandatory Power, with a request
to take such action as the Commission desired.

5. South West Africa.

Annual Report for 1931.

The Commission hoped to see in the next annual report that measures had been taken to
ensure the safety of vessels sailing along the coasts of the territory. It also hoped that steps
would be taken to encourage the production and transport of agricultural produce by the
natives of Ovamboland and that the question of the water supply to natives in the northern
extremity of the territory would be satisfactorily settled.

The Commission, in examining the finances of the territory, was glad to note the detailed
explanations furnished by the mandatory Power regarding the budget of the territory. It
hoped that the mandatory Power would effectively remedy the critical financial situation
of the territory and in particular that the credits allotted to the welfare and education of the
natives would shortly be restored.

The Commission was somewhat concerned about the health of the natives in certain parts
of the territory and hoped that effective measures would be taken by the administration to
deal with the matter.

The Council communicated these observations to the mandatory Power, with a request
to take such action as the Commission desired.

Petitions.

The Commission, in its conclusions on one of the two petitions which it examined, repeated
the appeals which it had previously made to the members of the Rehoboth community to
cooprate with the administration.

The Council approved the conclusions of the Commission and decided to communicate
them to the mandatory Power and to the petitioners.

III. SPECIAL QUESTIONS.

1. Termination of the Mandatory System in Iraq.

The Council, on September 24th, 1932, noted the signature by Iraq of the Declaration
framed on May 19th, 1932 (see document A.6. 1932, pages 51 to 53, and document A.6(a).1932,
page 33), embodying the undertakings to be subscribed 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.

Iraq was admitted to the League on October 3rd, 1932 (see chapter on the admission of
Iraq, page 68).

2. Question of Closer Administrative, Customs and Fiscal Union between the
Mandated Territory of Tanganyika and the Adjacent British Possessions
of Kenya and Uganda (Closer Union).

The Government of the United Kingdom, referring to the undertaking into which it had
entered before the Council on September 6th, 1929, forwarded to the Mandates Commission
the report of the Joint Select Committee on closer Union in East Africa and the correspondence
exchanged on this subject between the British Minister for the Colonies and the Governors
of the territories concerned. The Mandates Commission decided at its twenty-second session to adjourn the examination of this question to its next session.

The representative of Germany on January 24th, 1933, when the matter came before the Council, welcomed the declaration of the United Kingdom Government to the effect that, for the moment, it had abandoned the proposed measures for the 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 and might accordingly affect the sovereign rights of the territory. The Mandates Commission should, in his opinion, consider the general and special aspects of the problem and particularly decide whether the Customs union was in accordance with the economic interests of Tanganyika.

3. Frontier between Syria and Iraq.

The Commission, 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. The Commission, for the purposes of its enquiry, had divided the region under investigation into several sectors in regard to which it formulated definite suggestions. One of the members of the Commission, in regard to one of the sectors, that of Djebel-Sindjar, took a different view from his colleagues and suggested a slightly different frontier line.

The Council on October 3rd, 1932, after having heard the declarations of the representatives of the United Kingdom and France, declared itself in favour of adopting the line unanimously suggested by the Commission of Enquiry and, in the region of Sindjar, the line indicated by the majority of the Commission. The Council, however, invited the Mandates Commission to give its opinion as soon as possible on the line which had been indicated from the point of view of the interests of the territories concerned.

The Council further recommended the conclusion by the interested parties of special agreements, such as were suggested by the Commission of Enquiry, with a view to settling, in conformity with local custom, frontier and pasture arrangements.

The Commission of Enquiry referred in its report to the necessity of establishing a Boundary 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, on a request submitted by the representatives of the United Kingdom and France, decided, at the same meeting, to authorise its President to appoint a national of a third Power to preside over the Boundary Commission and to act as an arbiter.

The Acting President of the Council, on February 14th, 1933, appointed, as President of the Boundary Commission, Colonel Iselin, of Swiss nationality, former Chairman of the Commission of Enquiry.

The Mandates Commission, following the resolution of the Council of October 3rd, 1932, submitted its opinion to the Council on November 9th, 1932. It observed that the report did not seem to contain any information which would justify it in thinking that the frontier line proposed was not in conformity with the interests of the territories in question.

The Commission, on receiving the opinion of the Commission, noted that the condition to which it had subjected its approval of the proposed frontier line was fulfilled. It therefore adopted on November 25th, 1932, 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 representative of Italy, in view of the circumstances in which the opinion of the Mandates Commission had been requested, drew the attention of the Council to the necessity in similar cases of enabling the Commission to express a formal opinion and thus to fulfil the duties for which it was created.

The Council asked the Governments concerned to communicate to it the Boundary Protocol as soon as it had been definitely established.

IV. COMMUNICATIONS FROM THE ASSYRIAN POPULATION FORWARDED ON THE TERMINATION OF THE MANDATORY SYSTEM IN IRAQ.

The representative of the United Kingdom, at a meeting of the Council on September 24th, 1932, drew the attention of the Council to certain petitions received from the Assyrian population in Iraq which the Government of the United Kingdom, as mandatory Power, had forwarded to the Mandates Commission, according to the procedure in force. The Council approved a proposal of the British representative that these communications should be examined by the Mandates Commission as soon as possible.

The Assyrian population, in their various petitions, suggested as a solution of their difficulties either a mass transfer of the Assyrians to a country under the authority of a western Government, or their recognition as a nation (millet) domiciled in Iraq, or a return to their old homes in the regions from which they originally came, at present situated in Turkish territory. A suggestion was also put forward for the constitution of a national home open to all Assyrians who were previously Ottoman nationals and the attribution to the Assyrian community of various political and educational rights.
The Mandates Commission, in its report to the Council, first drew attention to the feelings of insecurity inspired in the Assyrians, not only by the climate of the country in which they are living, the sterility of the land assigned to them and the precariousness of their right to cultivate the soil, but especially by the scattering of their community among populations of other races. It emphasised that the root cause of the state of unrest revealed by the petitions resided in the fact that it had not been possible to collect the Assyrians of Iraq into a homogeneous group in a region suitable to their needs.

In the opinion of the Commission, it has not yet been proved that lands combining the requisite conditions for such a settlement do not exist in Iraq or that the possibility of re-settling them in their country of origin must be definitely ruled out. The Commission is of opinion that the Assyrians would be more likely to remain loyal subjects if they were placed in conditions more closely approaching those by which they have been led to expect in view of the circumstances to which they draw attention. On the other hand, the Commission considers that the desire of the Assyrians for autonomy cannot be encouraged, since such a solution would imperil the unity of the Iraqi State.

The Commission, on the basis of these considerations, after noting the observations of the Government of the United Kingdom, adopted a recommendation drawing the attention of the Council to the importance for Iraq of finding a solution which would enable the Assyrians to establish themselves in a homogeneous group appropriate to their traditions and corresponding with their economic needs.

The Council, on December 5th, considered this recommendation of the Mandates Commission. The representative of Czechoslovakia, acting as Rapporteur, drew attention to the special circumstances in which the Mandates Commission had examined the petitions of the Assyrians, reminding the Council that the mandatory system had been terminated in Iraq previous to the meeting of the Commission. The representative of Iraq declared that there was not sufficient unoccupied land in Iraq to permit of the establishment of the Assyrians in a compact and autonomous 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. It would not be possible to grant the Assyrians the administrative autonomy which they had requested, since such a solution would threaten the unity of the Iraqi State. On the other hand, if the Council recommended such a solution, the Iraqi Government was prepared to facilitate the settlement of the Assyrians either in their own country of origin or in another country.

The representative of the Mandates Commission briefly summarised the history of the question and the reasons which had prompted its recommendation. Several of the members of the Council expressed their sympathy for the Assyrian community and emphasised the importance of the problem. The Council noted the opinion of the Commission and instructed a small committee to prepare a draft resolution.

The Council on December 15th, 1932, adopted the resolution submitted by this Committee. It endorsed the view of the Mandates Commission to the effect that the request of the Assyrians for administrative autonomy could not be granted. It noted with satisfaction a declaration of the representative of Iraq affirming 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 the settlement of the Assyrians in question elsewhere.

Finally, the Council asked the Government of Iraq to keep it informed of the result of the measures contemplated.

The Rapporteur, in agreement with the Iraqi representative, emphasised that the foreign expert to be chosen by the Iraqi Government would not be performing a permanent function but services which would come to an end when the work in question was completed.

The President further emphasised that the Council desired to be informed from time to time by the Government of Iraq of the progress made towards the solution of the problem.

V. REDUCTION IN THE NUMBER OF SESSIONS OF THE MANDATES COMMISSION.

Several delegations to the Assembly in 1932 expressed their misgiving as to the consequences which might ensue from a renewal of the decision taken by the Assembly in the previous year (document A.6.1932, page 54) that the number of the sessions of the Mandates Commission should be reduced. The Assembly, noting that the duties of the Mandates Commission formed one of the essential activities of the League, felt that it was necessary to refrain from any measures which might prejudice the fulfilment of those duties. It expressed the opinion that it was highly desirable that the number of the sessions of the Mandates Commission should not again be reduced even as an exceptional measure. The credits necessary for a meeting of two sessions of the Commission during 1933 were voted by the Assembly in 1932.
I. ACTION TAKEN UNDER THE RESOLUTION ADOPTED BY THE ASSEMBLY ON SEPTEMBER 25TH, 1926.

The Assembly, in a resolution adopted on September 25th, 1926, invited the Council to prepare and to communicate each year to the Assembly a memorandum indicating the laws and regulations forwarded by the parties to the Slavery Convention under Article 7 of that instrument. The Council was, further, invited to add supplementary information, if any, which the States Members of the League might be disposed to supply on their own initiative on the steps taken by them with a view to the progressive abolition of slavery and analogous conditions.

The Council, on May 22nd, 1933, noted that the Secretary-General had received a letter from the Government of Liberia, dated October 13th, 1932, a letter from the Government of the Sudan, dated April 10th, 1933, and a communication from the Government of China, dated May 6th, 1933. It decided to forward these communications to the Assembly.

The Secretary-General was, further, authorised to communicate to the Assembly any supplementary information which he might receive prior to the fourteenth session of the Assembly.

The Turkish Government, by a letter dated January 7th, 1933, informed the Secretary-General that it had submitted to the Grand National Assembly a Bill with a view to ensuring the accession of Turkey to the Slavery Convention.

Moreover, the Hungarian Government, in a letter dated February 17th, 1933, has notified its final and unconditional accession to the Convention, thus withdrawing the reserve attached to its first conditional accession made on April 13th, 1927.

II. COMMITTEE OF EXPERTS APPOINTED UNDER THE RESOLUTION ADOPTED BY THE ASSEMBLY ON SEPTEMBER 25TH, 1931.

The Committee of Experts, appointed under the resolution adopted by the Assembly on September 25th, 1931, in a report to the Council, dated September 1st, 1932, submitted a table showing the present position in regard to slavery, dealing successively with the statuts and legal status of slavery, slave-raiding and similar acts, the slave-trade, slave-dealing (including transfer by exchange, sale, gift, inheritance or occasional sale of persons previously free), practices restrictive of the liberty of the person, domestic or predial servitude (serfdom), transition from servile or compulsory labour to free-wage labour and independent production.

The Committee of Experts further indicated the measures which might be used in combating these various aspects of slavery.

Finally, it suggested certain general measures, in particular the appointment of an advisory commission of experts which would 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 Council forwarded the report to the Assembly on September 23rd, 1932.

The Assembly, on October 12th, 1932, noted the report of the Committee of Experts and drew the attention of the Members of the League and of States parties to the Convention of 1926 to the opinions and suggestions contained in the report. It recommended that the organs of the League should be kept informed of the steps taken by Governments with a view to the total suppression of the slave trade and slavery in its various aspects.

III. ADVISORY COMMISSION OF EXPERTS CONTEMPLATED UNDER THE RESOLUTION ADOPTED BY THE ASSEMBLY ON OCTOBER 12TH, 1932.

The Assembly, under this resolution, in conformity with one of the suggestions of the Committee of Experts, decided to appoint an advisory commission of experts. It laid down the composition, the competence and duties of the commission. The Secretary-General was asked to include in his budget for 1934 the credits necessary for this commission, and the Council was requested to take in the meantime any steps which did not involve the allocation of credits with a view to carrying the resolution into effect.

The Council, on January 24th, 1933, acting under this last recommendation, invited the Secretary-General to draw up a list of experts with the qualifications defined by the Assembly with a view to the constitution of the advisory commission of experts as soon as the necessary credits had been voted.

The representative of the United Kingdom, on this occasion, expressed the hope that it would be possible to include in the list of experts the name of a woman qualified to take part in the work of the Advisory Commission.
WORK OF THE TECHNICAL ORGANISATIONS.

10.

1. ECONOMIC AND FINANCIAL ORGANISATION.

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

I. THIRTY-NINTH SESSION OF THE ECONOMIC COMMITTEE (May 15th to 17th, 1933).

The Economic Committee met for its thirty-ninth session at Geneva from May 15th to 17th, 1933. The Committee had not come together since June 1932. It had suspended its work for this lengthy period because it considered it inexpedient to carry on its activities simultaneously with those of the Committee of Experts which was preparing for the Monetary and Economic Conference to be held in London.

During its session in May, it reviewed the preparations which had been made for the Conference and made arrangements for its representation at the Conference in an advisory capacity.

2. WHEAT PROBLEM.

The Preparatory Committee of the Monetary and Economic Conference, in its annotated agenda, mentions wheat among other problems connected with the organisation of trade and production which call for consideration by the Conference.

The Committee found it advisable that some of these problems should form the subject of preliminary discussions, in order to prepare the way for the Conference, since the Conference itself would not be in a position to hold an exhaustive discussion on each individual subject.

The Economic Committee considered that an exchange of views between the experts representing the four principal wheat-exporting countries—the Argentine, Australia, Canada and the United States of America—might give good results.

A special consultative meeting, held in April last by the International Institute of Agriculture for the examination of the agricultural questions which are to be discussed at the Monetary and Economic Conference, likewise reached the conclusion that the wheat problem should be studied in a practical manner and on the same lines by the principal overseas exporting countries prior to the London Conference.

The experts of these countries (Canada, Australia, the United States and the Argentine) met at Geneva from May 10th to 17th, 1933, under the Chairmanship of M. Schüller (Austria), member and formerly Chairman of the Economic Committee.

The three main measures for this international action, which should be conceived as something provisional, would be:

(a) The limitation of production and possibly of exports;
(b) The liquidation of stocks;
(c) The maintenance of a reasonable import margin in European importing countries.

The experts thoroughly examined the first two points, and it was arranged that they should resume their conversations in London on May 29th, after having consulted their Governments. Thanks to the progress already made, it was hoped that definite conclusions would then be reached. As compared with the Wheat Conference of May 1931, the meetings in May undoubtedly presented a new aspect of the greatest importance: on the American side, there existed equal possibilities for co-operation.

3. SUGAR PROBLEM.

The Economic Committee, which has already dealt with this problem, received a request from the International Sugar Council that this question should be placed on the agenda of the Conference. The reason for this request is that the efforts of the States members of the International Sugar Council are to some extent thwarted by the increased production of certain countries which were not hitherto exporters.

The importance of this question has not been overlooked by the Economic Committee, but it realised that it was not in a position to amend the agenda drawn up by the Committee of Experts for the Monetary and Economic Conference. Moreover, it observed that the question is implicitly included in the agenda of the Conference under the heading "Organisation of Production".


The Section of Economic Relations of the Secretariat of the League of Nations co-operated technically in the work of the Conference of Stress and also provided the general secretariat of the Conference.1

1 See the chapter of the report dealing with the activities of the Commission of Enquiry for European Union.
The Economic Organisation further assisted in carrying into effect the recommendations of the Conference of Stresa. In particular, it dealt with the problem of tobacco, which was entrusted to a Committee of Experts. The Committee of Experts, acting under the instructions of the Bureau of the Economic Committee of the League of Nations, completed its work in March 1933 with the assistance of the Secretariat of the League and on the basis of information supplied by the Secretariat of the League.

5. Customs Nomenclature.

The Secretary-General, acting under a decision adopted by the Council on September 1st, 1931, and approved by the Assembly in that year, 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, before July 1st, 1933, 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.


The Convention for the Regulation of Whaling, opened for signature by the Assembly on September 24th, 1931, although it has been signed by 26 countries and has received 12 ratifications or accessions, has not yet come into force, owing to the fact that it has not yet been ratified by the United Kingdom, which, under Article 17, is necessary to that effect.

7. Conventions of June 7th, 1930, for the Unification of Laws on Bills of Exchange and Promissory Notes.

The three Conventions for the unification of the laws relating to bills of exchange and promissory notes have received a considerable number of signatures and have excited a considerable amount of attention. It was hoped that the seven ratifications necessary for its coming into force, which must include those of three Members of the League of Nations permanently represented on the Council, would be obtained before the expiry of the time-limit fixed for the deposit of ratifications, namely September 1st, 1932.

More than the seven ratifications necessary were obtained by that date, but owing to the failure of Germany and France to ratify the Conventions, although these Governments have nevertheless set on foot the necessary procedure for ratification, the Conventions have not yet come into force, with the result that the long and patient preliminary work for the Conference of 1930 and the work of the Conference itself have not yet produced the fruitful results which business circles anticipated.

8. 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 economic disputes, and invited the Committee to submit a list of fourteen experts to be appointed under Article 4 of the Regulations.

The experts named have accepted their appointments and will accordingly remain on the panel for five years under resolutions adopted by the Council on September 23rd, 1932, and January 26th, 1933.

Resort to the new procedure has been open to States Members and non-members of the League of Nations as from January 1st, 1933.

B. Economic Intelligence Service.

The Statistical Year-Book of the League of Nations, 1932-33, is to appear in June, and, as in past years, consists of a comprehensive collection of statistics relating to all countries of the world in a systematic manner so as to secure the greatest possible comparability.

A special effort has been made, in collaboration with various national statistical departments, to make the Year-Book still more up-to-date. Most of the tables contain figures for 1932 and some of them for the first quarter of 1933.

An effort has been made in the past year to enhance the value and usefulness of the Monthly Bulletin of Statistics. Since January 1933, certain modifications have been introduced. More space is now devoted to the publication of special tables and diagrams on subjects of current economic interest. The regular monthly tables have been improved both with regard to the number of countries and the number of months shown in each table.

Improved arrangements have been made to secure by telegram the latest information available for each country and to keep the series as up-to-date as possible. Considerable progress has been made in this direction, thanks to the co-operation of certain Governments, by extending the cable service with overseas countries.

1 Document C.57.M.32.1932.II.B.
The World Economic Survey was first published on September 1st, 1932. Advance copies were distributed to the members of the Assembly during the second half of August. This Survey, which was undertaken in pursuance of an instruction from the Assembly in 1930, represents the first of an annual series, the second of which will be available to the Assembly in September 1933. It gathers together in a short, readable volume the main results of the statistical and economic research work undertaken by the Economic Intelligence Service.

The first Survey opened with a brief historical summary of the events leading up to the depression and analysed the course of the depression up to the middle of 1932. A final chapter summarised the economic situation as it existed in July 1932, immediately at the close of the Lausanne Conference.

The World Economic Survey, 1932-33, now in preparation for submission to the Assembly in September 1933, continues the narrative of the previous volume. It will include at least a preliminary account of the proceedings of the Monetary and Economic Conference.

The Review of World Trade, 1931 and 1932 (first half), which was published in December 1932, contains summary tables for the trade of all the most important countries of the world in recent years, and separate sections deal with commercial balances, trade by classes of commodities, the direction of trade, index numbers of import and export prices, etc.

The succeeding issue is being published much earlier this year in order to be ready for the Monetary and Economic Conference in June 1933. It contains a general review of the whole year 1932; it is similar to the preceding issue, but does not contain all the tables usually included in the Review, as full information on the trade in 1932 for certain countries was not available at the time of drafting.

The volume of International Trade Statistics, last published in April 1932, covering the years 1928, 1929 and 1930, and containing also preliminary figures for 1931, will not be published until toward the end of the year, but will then contain detailed figures for two new years. This rearrangement of dates of publication will enable more recent information to be regularly included in this volume. The new volume will contain detailed statistics of sixty-four countries, showing in particular imports and exports of merchandise and of bullion and specie, imports and exports by countries, by articles and by classes of commodities.

The Balance of Payments, 1931-32, which will appear late in 1933, will contain estimates or partial estimates on the international accounts (trade in goods and services, gold and long- and short-term capital operations) for about thirty-five countries. In many cases, information will be added for two years in addition to those given in the preceding edition. Here again the rearrangement of dates will enable more recent information to appear regularly. A general analysis of capital movements in 1932 and the first half of 1933 will be in the new volume.

The Review of World Production, 1925-1931, was published in the summer of 1932. It contains an analysis of the developments of primary production, industry and price movements and relationships. The next issue, covering 1925-1932 will be published under the title, "World Production and Prices", and will appear in the summer of 1933; in this volume the League of Nations index number is to be revised and brought up to date and an international index number of industrial production will be introduced for the first time. The volume has in general been supplemented by a more extensive analysis of price movements than was previously given.

A second edition of the Memorandum on Commercial Banks will be published at the end of 1933; the introduction to this volume will contain a general analysis of banking and money-market developments during the depression. The banking situation of eight or nine important countries will be analysed in detail and the statistical material relating to the remainder of the thirty countries included in the first edition will be brought up to date. In addition, separate chapters will be given on ten or more countries not previously included.

As in previous years, the Economic Intelligence Service has furnished various statistical data which have been incorporated in the Armaments Year-Book.

C. PREPARATIONS FOR THE MONETARY AND ECONOMIC CONFERENCE.

In conformity with a decision taken by the Conference of Lausanne and with the instructions of the Council, the preparatory work for the meeting of the Monetary and Economic Conference was undertaken by a Committee of the Council which was instructed to take the necessary practical measures for the organisation of the Conference (Organising Committee) and by a Preparatory Committee of Experts.

The Organising Committee, sitting under the chairmanship of Sir John Simon (United Kingdom), included representatives of Germany, Belgium, France, Italy, Japan, Norway and the United States. The Committee held three sessions, in October and November 1932 and in January 1933. It dealt with various matters in connection with the material arrangements for the Conference, such as the choice of the place in which the Conference should meet, the technical organisation of its work and the participation of various international organisations.
The Council appointed Mr. Ramsay MacDonald, Prime Minister of the United Kingdom, as President of the Conference, which, in conformity with the decision of the Council, will meet in London. The Organising Committee, at a further meeting held on April 29th, decided that the Conference should meet on June 12th.

The Preparatory Committee of Experts consisted of fourteen members appointed by the Governments of Germany, Belgium, France, Italy, Japan, the United Kingdom 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 Norwegian, Indian and Chinese Governments, (b) three financial experts and three economic experts appointed by the Council of the League of Nations, and (c) two 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 and by the Council of the League of Nations and the Organising Committee.

Between sessions, the members of the Preparatory Committee continued in their respective countries the enquiries and consultations necessary for establishing a final 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. In view of the great importance of this document, the first part of the report, which gives a general view of the present economic situation and the general programme of the Conference, is reproduced below in extenso:

I. Introduction.

The Preparatory Commission of Experts has been given the task of preparing a draft annotated agenda for the forthcoming Monetary and Economic Conference. In undertaking this task, we have been guided by the terms of reference transmitted to us by the Council of the League of Nations, and by certain preliminary discussions recorded in the Final Act of the Lausanne Conference. This Conference, having arrived at far-reaching decisions with regard to the pressing problem of reparations payments, invited the League of Nations to convolve a World Conference "to decide upon the measures to solve the other economic and financial difficulties which are responsible for, and may prolong, the present world crisis". In this message from Lausanne, we have found the clearest indication of our general mandate.

Before setting forth the problems which require solution, we wish to call attention to the gravity of the situation with which the world is confronted.

Unemployment has recently been estimated by the International Labour Office as involving at least thirty million workers. Even this huge total, which does not include the workers’ families or other dependants, is probably an underestimate. The burden of suffering and demoralisation resulting from unemployment of such proportions is appalling. Wholesale commodity prices—expressed in gold—have declined since October 1929 by roughly a third; raw material prices on the average by 50 to 60 per cent. In the middle of December, at Winnipeg, the price of wheat fell to the lowest level recorded in any primary market for wheat during the past four centuries. Such price-declines have produced profound disturbances in the economic system. They have thrown completely out of adjustment prevailing costs of the various factors of production, have made business enterprise generally unremunerative, and have seriously disorganised practically all the world markets.

World stocks of agricultural products and of other raw materials continue to accumulate. The index of world stocks for 1932 was double that for 1925. Huge accumulations thus overhang some of the principal markets and burden the processes of orderly price readjustment.

Industrial production has been drastically curtailed, particularly in those trades producing capital equipment. The depths which have been reached in some instances are illustrated by the position of the United States steel industry, which, at the close of 1932, was operating at only 10 per cent of capacity.

The international flow of goods, hindered by currency disorders and restricted by a multiplicity of new governmental interventions, has been reduced to incredibly low levels. The total value of world trade in the third quarter of 1932 was only about one-third of that in the corresponding period of 1929. The fall during the three-year period was continuous.

Moreover, the quantum of goods in foreign trade appears to have fallen by at least 25 per cent; by far the largest fall on record.

As a result of price-declines and the fall in the volume of production and trade, national incomes in many countries have fallen, it is estimated, by more than 40 per cent. The revenues of Governments, as a consequence, have suffered sharp reductions, while expenditures have shown no corresponding decline. The inevitable result has been a series of budget deficits which, in some cases, have reached unprecedented proportions.

Only a handful of countries now retain free and uncontrolled gold-standard currency systems. Almost half the countries of the world are off the gold standard, and, in some forty countries, exchange restrictions have been imposed.
Currency disorganisation, price-declines, curtailment of trade have thrown into sharp relief the vast and difficult problems of indebtedness with which many, if not most, countries are confronted. As matters now stand, there are countries the total value of whose export trade has fallen below the sums required for external debt service alone.

Facts such as these indicate the extremities to which the forces of disintegration have already carried the economic and financial world. Further losses of ground cannot be contemplated without the gravest forebodings. Happily, in some quarters, there have recently been certain auguries of improvement. Thus security markets in almost every country have for several months past shown some resistance, despite discouragements. In the set-back which followed the slight revival after Lausanne, the security markets, unlike the commodity markets, did not lose all the gains that had been made. It is evident that more favourable monetary conditions, technical economic readjustments and reviving confidence are being currently interpreted by those who assume the risks of investment as affording the possibility of a genuine change for the better in the economic situation.

Nevertheless, recovery will be halting and restricted if unaccompanied by broad measures of reconstruction. Three years of world-wide dislocation have generated a vast network of restraints upon the normal conduct of business. In the field of international trade, prohibitions, quotas, clearing agreements, exchange restrictions—to mention only some of the most widely employed forms of regulation—throttle business enterprise and individual initiative. Defensively intended, and in many instances forced by unavoidable monetary and financial emergencies, these measures have developed into a state of virtual economic warfare. It is not only in the field of trade that this tension exists. In the difficult sphere of international monetary and currency relations and in the world capital markets, free international co-operation has given place to complex and harassing regulations designed to safeguard national interests. If a full and durable recovery is to be effected, this prevailing conflict of national economies must be resolved.

The measures to be adopted to this end constitute the problem which the Governments must shortly face in London. In essence, the necessary programme is one of economic disarmament. In the movement towards economic reconciliation, the armistice was signed at Lausanne; the London Conference must draft the Treaty of Peace. Failure in this critical undertaking threatens a world-wide adoption of ideals of national self-sufficiency which cut unmistakably athwart the lines of economic development. Such a choice would shake the whole system of international finance to its foundations, standards of living would be lowered and the social system as we know it could hardly survive. These developments, if they occur, will be the result, not of any inevitable natural law, but of the failure of human will and intelligence to devise the necessary guarantees of political and economic international order. The responsibility of Governments is clear and inescapable.

2. General Programme of the Conference.

The programme of reconstruction which we deem it necessary for Governments to undertake is set out below. In this programme, the problem of inter-Governmental indebtedness has not been included, because it lies outside our terms of reference. In our opinion, however, it is essential that this question shall be settled and that the settlement shall relieve the world of further anxiety concerning the disturbing effects of such payments upon financial, economic and currency stability. Until there is such a settlement, or the definite prospect of such a settlement, these debts will remain an insuperable barrier to economic and financial reconstruction. We therefore attach the greatest importance to the early resumption and successful conclusion of negotiations upon this problem.

The main questions for the Conference, as set out in the Lausanne resolution of July 15th, 1932, were as follows:

(a) Financial questions:
   Monetary and credit policy;
   Exchange difficulties;
   The level of prices;
   The movement of capital.

(b) Economic questions:
   Improved conditions of production and trade interchanges, with particular attention to:
   Tariff policy;
   Prohibitions and restrictions of importation and exportation, quotas and other barriers to trade;
   Producers' agreements.

Before embarking upon a discussion of these questions, it is necessary to emphasise the close interconnection between the various elements of the problem. It will not, in our judgment, be possible to make substantial progress by piecemeal measures. A policy of "nibbling" will not solve this crisis. We believe that the Governments of the world must make up their minds to achieve a broad solution by concerted action along the whole front. Action in the field of economic relations depends largely upon monetary and financial action, and vice versa. Concerted measures in both fields are essential if progress is to be made in
either. While we have kept roughly to the order set out in the Lausanne resolution, we attach no particular importance to the precise method of classification.

In stressing the necessity for concerted action, we do not wish to suggest that nothing can be accomplished before the Conference meets. On the contrary, the success of the Conference will depend in great measure upon the vigour with which the participating Governments enter upon preliminary negotiations in the meantime. The prospects of substantial all-round success in the necessarily complex and multilateral conference discussions will be greatly enhanced if, in the intervening months, preliminary negotiations have cleared the way for reciprocal concessions.

The principal questions which the Governments have to consider can be summarised as follows:

1. In the field of monetary and credit policy, the objective must be the restoration of an effective international monetary standard to which the countries which have abandoned the gold standard can wisely adhere. Each Government must, of course, remain free to decide when and under what conditions it could adopt such a standard, and we do not suggest that this can or should be done without the most careful preparation. The notes appended clearly show that there are a great number of economic as well as financial conditions which must be fulfilled before the restoration of an international gold standard can be a practical possibility. Moreover, it will be necessary to provide effective safeguards against such a restoration of the gold standard leading to a fresh breakdown. The question has to be considered whether measures can be taken, with the co-operation of Central Banks on the lines of the recommendation suggested in the report of the Gold Delegation of the League of Nations, to ensure a greater stability of price-levels in the future.

2. The unprecedented fall of commodity prices in recent years has caused a growing disequilibrium between costs and prices, has immensely increased the real burden of all debts and fixed charges, has made business more and more unprofitable, and has resulted in a continuous and disastrous increase of unemployment throughout the world. Some increase in the level of world prices is highly desirable and would be the first sign of world recovery. The Conference will no doubt wish to explore all possibilities of counteracting this fall in prices. One of the methods that should be considered is the continuation and development, where monetary conditions permit, of a general policy of easy money designed to promote a healthy expansion of business.

The Conference will no doubt wish to explore all possibilities of counteracting this fall in prices. One of the methods that should be considered is the continuation and development, where monetary conditions permit, of a general policy of easy money designed to promote a healthy expansion of business.

3. The abolition of exchange restrictions is an essential condition of world recovery. For this purpose, the Governments concerned must take the internal measures necessary to secure the stability of their budgets and of their economic systems. In some cases, however, these efforts will not be sufficient so long as there is a mass of short-term foreign debts, which may at any moment be withdrawn; in other cases, even the service of the long-term foreign debts entails great difficulties. These difficulties will require careful treatment. The objective must be to restore the confidence of the foreign lending markets, and much depends on the future level of prices.

It may be hoped that, if appropriate action is taken on these points, the markets of the creditor countries may soon be in a position to resume lending operations; but, in view of the general breakdown of international confidence, the process may well be a slow one. The restoration of free exchanges is so essential to the recovery of financial confidence and to the resumption of the normal flow of international credit that the Governments should consider whether they cannot expedite the process. In order to do this, some means might be organised by which resources at present immobilised would be put into active circulation, and stabilisation measures can be taken, with the co-operation of Central Banks on the lines of the recommendation suggested in the report of the Gold Delegation of the League of Nations, to ensure a greater stability of price-levels in the future.

4. Finally, there must be greater freedom of international trade. It has already been pointed out that one of the most significant features of the present crisis is the fall which has taken place, not only in the value, but in the quantum of world trade. This fall has been partly caused, and has certainly been intensified, by the growing network of restrictions which have been imposed on trade during recent years. Every country seeks to defend its economy by imposing restrictions on imports, which in the end involve a contraction in its exports. All seek to sell but not to buy. Such a policy must inevitably lead to an increasing paralysis of international trade. Governments should set themselves to re-establish the normal interchange of commodities.

In the first instance, every effort should be made to secure a general agreement for the progressive relaxation, and the complete abolition at the earliest possible date, of the emergency measures—prohibitions, quotas, etc.—imposed as a result of the crisis. At the same time, it will be necessary for the Governments to reconsider recent economic tendencies in so far as these are reflected in excessive tariffs, and to arrive at understandings for the
moderation and stabilising of tariff policies in the future. Action in this direction has an
intimate bearing upon the stabilisation of currencies, as it is impossible to maintain an
international monetary system except on the basis of an international economic system.
The great creditor nations have a special responsibility in this respect.

Such is the general outline of the problems before the Conference as we see them.
An annotated agenda containing detailed suggestions for their solution and indicating
the technical difficulties involved will be found in Part II.

We should like to emphasise the fact that, in formulating this programme, we have
been dominated by the desire to find effective and enduring remedies for the present depression
and for the unemployment which weighs so heavily on the whole world. We believe that
partial remedies in this field will not be successful. What is needed is a comprehensive
programme of world reconstruction, and this should be carried through as rapidly as possible,
so as to strengthen the forces which are now working towards recovery. We have here
presented such a programme. We would not give the impression that the adoption of this
programme could deliver the world at a stroke from the difficulties under which it is now
labouring. But, if the Governments are prepared to undertake it, and also to settle political
questions which lie outside the scope of the Conference, we believe that confidence and prosperity
can be restored.

The agenda of the Conference as proposed in the report is as follows:

I. Monetary and credit policy.
II. Prices.
III. Resumption of movement of capital.
IV. Restrictions of international trade.
V. Tariff and treaty policy.
VI. Organisation and production of trade.

The second part of the report consisted of annotations to the agenda, in which the
Committee submitted its observations on the various problems falling under the general items.
The following questions, among others, were considered: the conditions under which a
restoration of a free international gold standard would be possible; the functioning of the gold
standard; the currency policy to be followed prior to its restoration; certain essential principles
necessary for the functioning of the gold standard and the question of silver.
The report, on the question of prices, dealt with the disequilibrium between prices and
costs and measures for restoring the balance between them.

Finally, a chapter was devoted to the question of the resumption of the movement of
capital and connected problems, such as the abolition of foreign exchange restrictions and the
settlement of international short-term and long-term debts.

Further, the report contained a detailed study on the various aspects of the problem
of restoring international trade. In particular, the question of the abolition of quantitative
restrictions on commerce and of the tasks confronting the Conference in relation to commerce
and tariff policy and economic agreements was examined.

Finally, considerations bearing upon the problem of the international organisation of
production and trade were submitted in the annotations (economic agreements).
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.
The Organising Committee, on May 12th, held a final session prior to the Conference in
London. It was decided at the request of Mr. Norman Davis, representative of the United
States, that, in sending out the invitations to the participating countries, the following proposal
by the United States Government for an economic truce should be included:

"At the opening of the World Economic Conference, all the Governments will be
asked by the American delegation to join in an agreement or understanding to be carried
out in good faith, providing that all Governments should refrain, during the period of
this truce, from creating or making any material upward modification in tariff rates,
imposing any new restrictions or enhancing any existing restrictions against the
importation of goods which would give domestic producers an additional advantage
as compared with foreign producers. Furthermore, this truce would provide that the
Governments should agree to introduce no additional direct or indirect subventions for
the expansion of their export industries, nor any discriminatory trade methods, nor
any additional measures to promote dumping, etc."

Recognising that immediate action in the sense indicated in the United States Government's
proposal referred to above would be the best preparation for the Conference, the eight
Governments represented at the meeting of the Organising Committee on May 12th, agreed
between themselves that they would not, before the opening of the Conference or during its
proceedings, adopt any new initiatives which might increase the many varieties of difficulties
now arresting international commerce. They invited all the other Governments participating
in the Conference to join them in this agreement. Certain explanations and qualifications
regarding the truce were made by the Governments represented.
The Committee further decided to invite certain international organisations, in addition to those already invited in virtue of a resolution adopted by the Council on January 26th, 1933, either to be represented at the Conference in a consultative capacity or, should they so desire, to submit memoranda.

(a) The Communications and Transit Organisation of the League of Nations has been invited to be represented at the Conference by two of its members in a consultative capacity.

(b) The International Co-operative Alliance and International Commission of Agriculture will be invited to submit in writing, if they so desire, their views on the various questions before the Conference and to send one or two representatives to be at the disposal of the Conference or of its Commissions, should oral explanations of their point of view be desired.

(c) It was agreed that no further bodies should be invited to send representatives.

(d) The following bodies—viz.:

Interparliamentary Commercial Conference;
Comité international de l'Union douanière européenne;
International Agrarian Bureau;
Permanent International Timber Committee;

will be invited to communicate to the Secretary-General of the League of Nations any memoranda or proposals which they may wish to put forward.

The Council, on May 23rd, 1933, adopted the following resolution:

"The Council,

"Having taken note of the report submitted to it by the President of the Council Committee for the Organisation of the Monetary and Economic Conference on the meetings held on April 29th and May 12th, 1933:

"Expresses its satisfaction that the eight Governments represented on the Committee have agreed between themselves before the opening of the Conference, and during its proceedings, to abstain from all initiatives which might increase the difficulties now arresting international commerce;

"Considers this agreement to be a good augury for the work of the Conference;

"Considers further that the adherence of as many Governments as possible to this truce is necessary in order to create a period of calm and tranquillity during which the work of the Conference can proceed;

"Urgently appeals to all the Governments invited to the Conference to join in this agreement and to act in accordance with its spirit."

D. THE ALLOCATION COMMITTEE.

The Committee on Allocation of Expenses met in December 1932. In view of the submission of a revised provisional scale to the Assembly in 1934, it decided that the considerable work for the preparation of the scale should be begun by the Secretariat without delay. It is intended that the results shall be ready for examination by the Committee at a meeting to be held early in 1934.

E. WORK OF THE FINANCIAL COMMITTEE.

I. WORK OF FINANCIAL RECONSTRUCTION.


In accordance with instructions received from the Council, the Financial Committee has continued closely to follow the situation in those countries of Europe which have had recourse to its assistance in the past. It has held three sessions—in September 1932, and in January and April 1933—specially devoted to these questions and it 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. Finally, at the request of the Chinese Government, M. Charron, former Commissioner of the League of Nations in Bulgaria and a member of the Financial Section of the Secretariat, has visited China on a six months' mission to co-operate with the Chinese Government in the study of the financial problems concerning that country.

In the chapter of the report to the previous Assembly devoted to the work of the Financial Committee, attention was drawn to the difficulties of the new tasks which it was required to undertake as a result of the effect of the economic depression on the finances of the States which it had been called upon to assist in the past. This situation has grown steadily worse since the last Assembly. The Committee in its January report again expressed the opinion:

"The strain to which these countries are subjected is mainly due to world causes . . . That strain cannot be finally relieved, though it may be temporarily or partially alleviated, if these world causes are not themselves removed."

The Committee again stated its conviction:

"In spite of certain general signs of improvement, the measures which it may have to propose to the various countries risk to remain inadequate owing to the fact that most of the serious problems referred to it in its report of March 29th last have not yet been solved."

The following paragraphs give a picture of the work of the Financial Committee in connection with Austria, Bulgaria, Greece, Hungary and Roumania.
2. Austria.

The supplementary report to the last Assembly contained an analysis of the Protocol signed at Geneva on July 15th, 1932, providing for the issue, for the benefit of Austria, of a loan guaranteed by various Governments up to a maximum of 300 million schillings. The protocol contains an undertaking of the Austrian Government to establish and maintain budgetary equilibrium, to abolish exchange restrictions and to carry out a certain number of measures with the object of putting its financial situation on a sound basis once and for all.

The Protocol came into force on December 31st, 1932, after it had been ratified by Austria, the United Kingdom, France and Italy. The two other signatory States—Belgium and the Netherlands—have tabled bills for ratification in their respective Parliaments. The Swiss Confederation has informed the Austrian Government that it will share in the loan up to 8 million schillings. If Belgium and the Netherlands be included, the total loan at present promised amounts to 246 million gold schillings. The Financial Committee has had several opportunities, of which it has availed itself, of urging all the Governments which guaranteed the loan of 1923-43 to share in the new loan. This recommendation was supported by the Council. Owing to technical difficulties, the loan has not yet been issued.

On the coming into force of the Protocol, M. Rost von Tonningen was appointed representative of the League in Austria, and M. Frère as Adviser to the National Bank.

Thanks to the energetic and untiring efforts of the Austrian Government, a remarkable improvement has taken place in the country's financial situation. When the Financial Committee, at the request of the Austrian Government, began an investigation of the budgetary situation in September 1931, the estimated deficit for the current financial period was 270 millions without taking into account an additional deficit of 76 millions on the railways. The following year a remarkable improvement took place, the State budget for 1932 being entirely balanced. The State was even able to use its surplus receipts to cover the greater part of the deficit on the Federal railways. For the period 1933, fresh efforts were made in order completely to balance the budget both of the State and of the Federal railways. The budget was voted in February 1932 on the basis of estimates which subsequently proved to be partially inaccurate. The receipts from taxation were in fact lower than the estimates and it was also necessary to make provision for a certain amount of supplementary expenditure, more particularly in connection with the service of the external debt. Finally, the railway administration took steps, with the help of the State, to cover the deficit in the budget of the railways, supplementary measures being enacted by means of administrative decisions and decrees in order to find the additional 180 million schillings to meet these new budgetary needs, with the result that the budget was entirely balanced.

As far as currency was concerned, the National Bank succeeded by a prudent and clever policy in abandoning little by little the official parity of the schilling and thus allowing it to find its natural level quite freely. All exchange operations are now carried on at market rates in Austria. The essential object of the restrictions still in force is to prevent a flight of capital and ensure the execution of the measures concerning the payment of foreign debts. The currency policy defined in Article 5 of the Protocol has thus been carried into effect.

Since the beginning of 1933, Austria has resumed her monthly transfers for the service (including interest and sinking fund) of the guaranteed loan of 1923-1943. She has carried out the necessary transfers for the payment of the last coupon of the 1930 loan.

The negotiations concerning the Creditanstalt have, as the result of various efforts, resulted in the conclusion of an agreement which has been ratified by the majority of the creditors and by the Austrian Government. In March last, the Austrian Government reorganised two other important Viennese banks. Recent adjustments in the rigid rules governing collective contracts has rendered possible a very large measure of compression in the cost of operating credit establishments. The situation of the Austrian banks is thus on the way to recovery.

The effort accomplished by the Austrian Government is all the more remarkable if regard be had to the difficulties of the present critical period, and the Financial Committee concluded the part of its report dealing with Austria, dated April 1933, with the following tribute:

"By the various measures outlined above, the Austrian Government has, so far as could be reasonably expected in present circumstances, carried out the plan of reforms contemplated in the Protocol."


The Financial Committee has continued to devote an important amount of its time to the work in Bulgaria and has tried to make its co-operation with the Bulgarian Government more effective. The position was strengthened by the appointment, in October 1932, of M. Köstner as Adviser to the National Bank. M. Köstner took the place of M. Watteau who, as mentioned in the last supplementary report to the Assembly, was appointed Commissioner of the League of Nations in Bulgaria on July 15th, 1932.

The general situation continued to grow worse as from September 1932. The delegation of the Financial Committee, which went to Sofia in April 1933 at the request of the Bulgarian Government, noted the following facts:

The budget deficit, which for 1931-32 reached 930 million leva, must now be regarded as being approximately 1,300 millions for the period 1932-33. Despite the fact that the Treasury has contracted various loans exceeding 1,700 million leva during these last years, it has entirely...