Report on the Work of the League since the Fifteenth Session of the Assembly.

Part II.
NOTE BY THE SECRETARY-GENERAL.

September 4th, 1935.

The Annual Report on the Work of the League is issued this year in two parts. Part I, distributed on July 6th, 1935, presented in detail the work of the League from the session of the Assembly held in September 1934 down to May 25th, 1935, the date on which the eighty-sixth session of the Council was concluded. Part II contains a detailed presentation of the work of the League from May 25th, 1935, to the present date.
## CONTENTS


1. Conference for the Reduction and Limitation of Armaments .............................................. 7

2. Political Questions:
   I. Dispute between Ethiopia and Italy: Appeal of the Ethiopian Government .......................... 7
   II. Dispute between Bolivia and Paraguay ................................................................. 10
   III. Settlement of the Assyrians of Iraq ........................................................................ 11
   IV. Measures to render the Covenant more effective in the Organisation of Collective Security: Proceedings of the Committee of Thirteen appointed by the Council under its Resolution of April 17th, 1935 .................................................. 13

3. Free City of Danzig ........................................................................................................... 17

4. Mandates
   A. Special Questions ........................................................................................................ 17
   B. Administration of the Territories under Mandate ....................................................... 18

5. Slavery .................................................................................................................................. 22

6. Economic and Financial Questions:
   A. Section of Economic Relations:
      I. Export of Meat and Meat Preparations .................................................................. 22
      II. Draft Convention for the Purpose of facilitating Commercial Propaganda ............ 23
   B. Work of the Financial Organisation:
      I. The Fiscal Committee ......................................................................................... 23
      II. Committee of Statistical Experts ...................................................................... 24
   C. Economic Intelligence ............................................................................................... 25

7. Communications and Transit:
   I. Work of the Permanent Committee for Transport by Rail ........................................... 29
   II. Work of the Permanent Committee on Road Traffic ................................................ 30
   III. Public Works ........................................................................................................... 31
   IV. Pollution of the Sea by Oil ....................................................................................... 31
   V. Signals at Level-Crossings ........................................................................................ 31
   VI. Customs Exemption for Liquid Fuel employed in Air Traffic .................................... 32
   VII. The League Wireless Station .................................................................................. 33

8. Health Questions:
   I. The Forthcoming Session of the Health Committee ................................................... 33
   II. Biological Standardisation: Conference of Experts on Sex Hormones ....................... 36
   III. Commission for determining the Morphine Content of Raw Opium ....................... 37

9. Technical Co-operation between the League of Nations and China ......................... 37

10. Traffic in Opium and Other Dangerous Drugs:
    A. Work of the Advisory Committee on Traffic in Opium and Other Dangerous Drugs .... 38
    B. Estimated World Requirements of Dangerous Drugs in 1935: Work of the Supervisory Body .......................................................................................................................... 44
    C. Work of the Permanent Central Opium Board ......................................................... 45

11. Relief and Settlement of Refugees ..................................................................................... 45

12. Intellectual Co-operation:
    Work of the International Intellectual Co-operation Organisation .................................. 48

13. Budgetary and Administrative Questions:
    I. Supervisory Commission ........................................................................................... 58
    II. Contributions in Arrear ......................................................................................... 58

**I4. Legal and Constitutional Questions:**

1. The Work of the International Institute at Rome for the Unification of Private Law .......................... 59
2. Work of the Committee appointed to consider the Constitution and Working of the Committees of the League of Nations .................................................. 62

**B. Permanent Court of International Justice.**

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction</td>
<td>63</td>
</tr>
<tr>
<td>1. Composition of the Court</td>
<td>63</td>
</tr>
<tr>
<td>2. The Registry</td>
<td>64</td>
</tr>
<tr>
<td>3. The Statute</td>
<td>64</td>
</tr>
<tr>
<td>4. The Rules of Court</td>
<td>64</td>
</tr>
<tr>
<td>5. Jurisdiction</td>
<td>67</td>
</tr>
<tr>
<td>6. Activities</td>
<td>67</td>
</tr>
<tr>
<td>7. Cases</td>
<td>67</td>
</tr>
</tbody>
</table>
A. REPORT ON THE WORK OF THE LEAGUE.

1. CONFERENCE FOR THE REDUCTION AND LIMITATION OF ARMAMENTS.

There has been no meeting of the Conference or of its Bureau, Commissions or Committees, during the period covered by the present report.

The President of the Conference, will, at the end of September, circulate a note convening the Bureau for a Session in October.

2. POLITICAL QUESTIONS.

I. DISPUTE BETWEEN ETHIOPIA AND ITALY: APPEAL OF THE ETHIOPIAN GOVERNMENT.1

Request submitted by the Ethiopian Government on June 19th, 1935.

The Ethiopian Government, in a letter to the Secretary-General of June 19th, 1935, observed with regret that the Royal Italian Government had not ceased and was not ceasing to send to East Africa troops and munitions of war in large quantities. It further alluded to the fact that the Italian press was constantly reporting frontier incidents and that the Italian Government was referring to these incidents as “confirming its duty to take the most vigorous defensive measures to safeguard its legitimate interests”.

The Ethiopian Government submitted to the Council of the League a proposal that it should immediately appoint neutral observers to go to Ethiopian territory, to investigate the situation existing in the frontier districts marching on Italian Somaliland and the other colonies, to make an inquiry into all alleged or real incidents and to report to the Council direct.2

AWARDS PRONOUNCED ON JULY 9TH, 1935, BY THE CONCILIATION COMMISSION.

The Secretary-General of the League, on July 11th, 1935, forwarded to the Members of the Council and of the League of Nations a communication, dated July 9th, 1935, received from the agent of the Ethiopian Government on the Conciliation Commission appointed to deal with the dispute between Italy and Ethiopia. The communication contained a certified copy of three separate awards pronounced on July 9th, 1935, by the arbitrators of the Commission sitting at Scheveningen in virtue of the resolution adopted by the Council on May 25th, 1935.

It was represented in the first award, signed by the arbitrators appointed by the Italian Government, that the terms of arbitration related to the de facto circumstances of the Walwal incident and all the other incidents which had occurred successively up to May 25th, to the exclusion of frontier questions in whole or in part. The agent of the Ethiopian Government, however, at a meeting of the Commission, held on July 5th, had entered upon an examination before the Commission of the question of the ownership of Walwal and the agent of the Italian Government had raised a specific objection on the grounds that such questions were excluded from consideration. It was suggested that the dispute which had arisen between the Italian and Ethiopian agents upon this matter should be settled by the respective Governments and that the Commission should meanwhile suspend its proceedings.

It was represented in the second award, signed by the arbitrators appointed by the Ethiopian Government, that the arbitrators were not being asked to pronounce upon the demarcation of the frontier at Walwal, but merely to take into consideration circumstances affecting the responsibilities of the parties for the incident under consideration, and it was argued that, since the agent of the Italian Government had freely stated his views on the question of competence, the agent of the Ethiopian Government had also the right to submit his views. It was not a matter of indifference, in assessing responsibility for an engagement between foreign and national troops, to establish which were

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2 Document C.254-M.126.1935-VII.
national and which were foreign to the actual scene of the engagement more especially as in the case under consideration the Italian Government had justified the conduct of its officers on the spot on the ground that the incidents had taken place upon Italian territory. It was affirmed in conclusion that it would be an abdication of the Commission's independence and a restriction upon the liberty of the defence to forbid the agent of the Ethiopian Government to state the reasons which led him to consider that the Commission, being free to judge of all the circumstances of the incident, might include among these circumstances the ownership of Walwal.

It was represented in the third award, signed by the arbitrators appointed by the Ethiopian Government, that there had arisen, in the preliminary examination of a question described by the Italian agent as interlocutory, a default of agreement among the four arbitrators. The time had accordingly come for the four arbitrators of the Commission to select a fifth arbitrator.¹

CONVOCATION OF THE COUNCIL : COMMUNICATIONS RECEIVED FROM THE ETHIOPIAN AND ITALIAN GOVERNMENTS.

The Ethiopian Government, on July 24th, in a letter addressed to the Secretary-General, renewed its request for an immediate meeting of the Council.²

The Italian Government, in a telegram addressed to the Secretary-General on July 25th, stated that the proceedings of the Conciliation Commission had been interrupted solely because the agent of the Ethiopian Government had put forward claims to discuss before the Commission questions excluded by the Arbitration Agreement. It had informed the Ethiopian Government on July 14th that it was always prepared to resume the proceedings of the Commission, provided they remained within the limits of the Arbitration Agreement. On July 23rd, it had confirmed this statement and had formally asked the Ethiopian Government whether it adhered to the undertakings embodied in the Arbitration Agreement and, if so, whether it would instruct its agent to withdraw the claim put forward and thus enable the Commission to continue its work.³

The Italian Government, in a further telegram dated July 27th, 1935, referred to the communications which had been addressed to the Ethiopian Government on July 14th and July 23rd and, declared that, should the Ethiopian Government have officially stated its intention, the Italian Government would have no difficulty in taking part in a meeting of the Council of the League. It considered, however, that in the present state of affairs the only object of the meeting must be to consider the most suitable methods of enabling the Commission of Conciliation and Arbitration to resume its proceedings to advantage.⁴

The Ethiopian Government, in a telegram dated July 28th, 1935, denied that it had ever agreed to a limitation of the powers of the Commission. It had on the contrary maintained that it rested with the Council of the League to decide between the respective contentions of the two groups of arbitrators and it stood by the arguments submitted in the awards signed by the neutral arbitrators which it had appointed.⁵

The Secretary-General, after consulting its Members, fixed the meeting of the Council for July 31st, 1935.⁶

PRELIMINARY DISCUSSION AT A PRIVATE MEETING OF THE COUNCIL, ON JULY 31ST, 1935.

The representative of Italy maintained, in accordance with the views expressed in the telegram of July 27th, that the Council could not meet for any other purpose than that of examining the most appropriate means of enabling the Commission of Conciliation and Arbitration to resume its work.

The representative of Ethiopia said that his Government wished to inform the Council of the circumstances in which the arbitral procedure had come to a standstill. The time had arrived, if the Council so desired, for the Ethiopian Government to supply a full explanation on this subject. It was appealing to the League in order that this question, which had been before the Council since January 1935, might be finally settled. The problem at issue was to prevent a war, and the Ethiopian Government was determined to do all it could to reach a peaceful solution.

The representative of France, in view of the statements of the parties, proposed that the representatives of the United Kingdom and France, having regard to their special interests as States with territories bordering on those of Ethiopia and the Italian colonies, should endeavour to find a formula which would enable the Council to give effect to its resolution of May 25th, 1935.

The representative of Ethiopia maintained that the problem before the Council went beyond the question of appointing a fifth arbitrator or the question of what would happen in the event of the arbitrators being unable to agree upon an appointment. There

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¹ Document C.272.M.139.1935.VII.
² Document C.282.M.149.1935.VII.
³ Document C.279.M.146.1935.VII.
⁴ Document C.283.M.150.1935.VII.
⁵ Document C.285.M.152.1935.VII.
⁶ Document C.284.M.151.1935.VII.
was the question of the general attitude of the Italian Government and the problem of deciding whether the procedure to be adopted was a dilatory procedure or one that aimed seriously at a settlement of the dispute between the two countries. The point was whether it was desired to continue forms of procedure which had so far yielded no result or whether the Council desired to take a decision to consider the situation as a whole with a view to ascertaining whether there was a possibility of finding a pacific solution.

The representative of Italy said that his Government attached the utmost importance to the success of the procedure of conciliation and arbitration, to which the dispute had been submitted in accordance with an agreement reached between the two parties. The object of that procedure was to determine who was the aggressor at Walwal on December 5th, 1934, that aggression being the origin of the existing situation. The Council, under the terms of the Covenant, could not proceed to the consideration of the dispute between the two countries, since the dispute was at the moment subject to arbitration. The Italian delegation could take no part in any discussion of that question in the course of that session of the Council.

RESOLUTIONS ADOPTED BY THE COUNCIL ON AUGUST 3RD, 1935.

The Council agreed to give time to the parties, and to other Members of the Council having special interests in the question, to enter into negotiations and to make proposals to it at a public meeting.

On August 3rd, the Council held a public meeting at which the President announced that, as a result of the negotiations between the parties and other Members of the Council having special interests in the question, he was in a position to submit the following draft resolutions:

Draft Resolution No. 1.

"The Council,
"Referring to its resolutions of May 25th, 1935, concerning the settlement of the dispute which has arisen between the Italian Government and the Ethiopian Government in consequence of the Walwal incident, which settlement was to be effected by the method specified in Article 5 of the Italo-Ethiopian Treaty of August 2nd, 1928;
"Whereas the proceedings of the Commission of Conciliation and Arbitration have been interrupted and, in order to ensure their resumption, the two Governments concerned have applied to the Council to interpret the agreement reached between those two Governments with regard to the exact scope of the task entrusted to that Commission;
"Without offering any opinion on the attitude of the agents of the two Governments before that Commission or the views expressed by the members of the Commission itself;
"Considering that the competence of the Commission rests upon the agreement reached between the parties to the dispute;
"Considering that it appears both from the notes of May 15th and 16th, 1935 and from the declarations made before the Council at its meeting on May 25th that the two parties did not agree that the Commission should examine frontier questions or give a legal interpretation of the agreements and treaties concerning the frontier, and that this matter therefore does not fall within the province of the Commission;
"Considering, in consequence, that the Commission must not, by its decision on the Walwal incident, prejudice the solution of questions which do not fall within its province, and that it would be prejudging that solution if it founded its decision on the opinion that the place at which the incident occurred is under the sovereignty either of Italy or of Ethiopia:
"Declares that—while it is always open to the Commission to take into consideration, without entering upon any discussion on the matter, the conviction that was held by the local authorities on either side as to the sovereignty over the place of the incident—it is clear from the foregoing considerations that the Commission has not to take into account the circumstance that Walwal is under the sovereignty of one or other of the two parties, but must concern itself solely with the other elements in the dispute relating to the Walwal incident;
"Takes note that the representatives of the two parties have declared that they intend to pursue the procedure of conciliation and arbitration under the conditions laid down in Article 5 of the Treaty of 1928;
"Takes note of the declaration of the two parties to the effect that the four members of the Commission of Conciliation and Arbitration will proceed without delay to designate the fifth arbitrator whose appointment might be necessary for the carrying through of their work;
"Confident that the procedure will have brought about the settlement of the dispute before September 1st, 1935, invites the two Governments to inform it of the result not later than September 4th, 1935."

Draft Resolution No. 2.

"The Council decides to meet in any event on September 4th, to undertake the general examination, in its various aspects, of the relations between Italy and Ethiopia."

1 Diplomatic notes exchanged between the Governments of Italy and Ethiopia but not distributed to the Members of the League.
The representative of Ethiopia, accepting the resolutions, represented that his Government, in the interests of world peace, was called upon to make a considerable sacrifice. It was firmly convinced that, even after that sacrifice, which weakened its position before the Conciliation Commission through the abandonment of a very important part of its case, the impartial arbitrators would recognise the justice of the Ethiopian cause. It would unreservedly bow to the decision of the arbitrators and loyally conform to their award. It welcomed the decision of the Council to meet in any event on September 4th in order to undertake a general examination, in all their aspects, of the relations between Italy and Ethiopia.

The representative of Italy accepted the first resolution, but abstained from voting on the second resolution for the reasons stated at the previous meeting of the Council on July 31st, 1935.

The representative of France said that the text adopted constituted the last phase of the procedure of arbitration and conciliation. The Council had completed its immediate task, but the gravity of the circumstances remained. He would in every possible way contribute to the effort to explore all possibilities of solution, faithful to the obligations embodied in the Covenant of the League.

The representative of the United Kingdom, summarising the effect of the resolutions, said that a further attempt would be made to reach a settlement of the Walwal incident in accordance with Article 5 of the Italo-Ethiopian Treaty of Friendship of 1928. The Council would be informed of the result. Independently of that procedure, the three Powers parties to the Agreement of 1906 would at once enter into conversations with a view to finding a solution acceptable to all for the difficulties of a more general nature which had arisen between Italy and Ethiopia. He would report the outcome of those conversations to the Council at its next session. The Council would in any event meet on September 4th to consider the general question of the relations between Italy and Ethiopia and, should the present difficulties not have been removed, it would be the duty of the Council to deal with the whole question as it then existed.

The representative of the United Kingdom concluded with an emphatic assurance that his Government would devote every effort to securing the pacific settlement of the dispute in harmony with the principles of the Covenant. It fully realised the gravity of the issues at stake and was mindful of its obligations as a Member of the League.

The President of the Council, representative of the Union of Soviet Socialist Republics, noted with satisfaction that the Governments of the United Kingdom, France and Italy had decided to enter into negotiations amongst themselves for the purpose of facilitating a solution of the differences existing between Italy and Ethiopia. He expressed, on behalf of the Council, the hope of a happy outcome of these negotiations.

The representative of Denmark supported the statement made by the United Kingdom representative that it would be the Council's duty to consider at its next meeting the whole question as it presented itself at that date.

The representative of the Argentine Republic, supporting the resolutions, stated that his country had recently been party to a political pact designed to expedite the consolidation of international justice throughout the American continent. He referred to that matter because the position of the Argentine Republic in the League had led to the inclusion in the resolution adopted in connection with the Chaco dispute of a declaration, dated August 3rd, 1932, signed by all the American nations, under which no territorial acquisitions were recognised which were not obtained by peaceful means. His Government considered that this declaration, which was of a continental character, formed part of the juridical system of conciliation and sanctions embodied in the Covenant of the League.

The first resolution was adopted unanimously. The second resolution was adopted unanimously with the abstention of the Italian representative.

II. DISPUTE BETWEEN BOLIVIA AND PARAGUAY.

Protocols signed at Buenos Aires on June 12th, 1935, putting an end to the State of War between the Two Parties.

The representatives of the Argentine Republic, Brazil, Chile, Peru, the United States of America and Uruguay, in their capacity of mediators in the Chaco dispute, obtained, on June 9th, 1935, the acceptance by the representatives of the parties present in Buenos Aires of the text of a draft Protocol putting an end to the conflict.

Three days later the Protocol was signed at Buenos Aires by the Chancellors of the belligerent countries and the mediators.

The Protocol provided that the President of the Argentine Republic should convene a Peace Conference to ratify the agreement which had been reached, to decide such practical questions as might arise in carrying out the measures of security adopted for the purpose of

3 Document C.250.M.122.1935.VII.
bringing about the cessation of hostilities and to promote a settlement of the disputes between Paraguay and Bolivia by direct agreement between the parties. In default of settlement by direct negotiation, Paraguay and Bolivia assumed the obligation to settle the Chaco dispute by legal arbitration, designating as arbitrator the Permanent Court of International Justice at The Hague.

The Peace Conference was to undertake the promotion of an agreement for the exchange and repatriation of prisoners, the establishment of an equitable regime of transit, trade and navigation, the promotion of facilities and agreements of various kinds for the development of the two countries and the constitution of an international commission to determine the responsibilities arising out of the war.

Hostilities were brought finally to a close on the basis of the positions occupied by the belligerent armies under a twelve days' truce, to be prolonged by the Peace Conference until the necessary measures of security had been carried out in full. The line of separation between the armies was to be determined and supervised by a Neutral Military Commission, and maintained under guarantees from the Peace Conference.

The measures of security provided for a demobilisation of the belligerent armies within ninety days of the fixing of the line of separation between them, a reduction of military effectives to a maximum of 5,000 men, an engagement to acquire no further war material until the conclusion of the Treaty of Peace and an undertaking of non-aggression. The execution of these measures of security was to be superintended by the Neutral Military Commission. All the necessary military assurances and safeguards were to be executed in full within an unbroken period not to exceed ninety days.

An additional Protocol provided for the immediate despatch of the Neutral Military Commission to the battle-front.

The Peace Conference, to be convened in accordance with the Protocol signed on June 12th, was constituted at Buenos Aires on July 1st, 1935. The Protocols of June 12th were solemnly ratified and a resolution was approved extending the truce provided under the Protocols until such time as the necessary measures of security had been executed in full.

PROHIBITION OF THE SUPPLY OF ARMS AND WAR MATERIAL TO THE BELLIGERENT COUNTRIES.

The President of the Advisory Committee appointed to follow the dispute between Bolivia and Paraguay circulated to the members of the Advisory Committee on June 22nd, 1935, a note representing that the question of the prohibition of the supply of arms and war material to the two former belligerent countries should be re-examined in view of the new situation created by the agreement reached at Buenos Aires.

He observed that, though the two parties had bound themselves to abstain from any further acquisition of arms or war material, it seemed undesirable to maintain, in respect of the prohibition of the supply of arms, even a theoretical discrimination between them and that the time had come when all such measures as had been taken in accordance with the recommendations of the Advisory Committee should be suspended.

The President has received from a number of Governments answers to this communication expressing agreement with his view that any embargo imposed on either or both parties should be raised.

III. SETTLEMENT OF THE ASSYRIANS OF IRAQ.

The Council on April 17th, 1935, authorised the Chairman of its Committee for the Settlement of the Assyrians of Iraq to undertake a mission to Syria and Iraq with a view to facilitating negotiations and contributing effectively to the realisation of a plan of settlement.

The Chairman of the Committee, in the course of his mission, discussed the situation with the High Commissioner of the French Republic for the Mandated Territories of the Levant at Beirut and with the Prime Minister of Iraq in Baghdad. He also visited Mosul and Assyrian villages in the north of Iraq.

The Iraqi Government, as a result of these discussions, offered a contribution of £125,000, calculated on the basis of £10 for every Assyrian who might choose to leave Iraq up to a maximum of 12,500 persons. It further agreed to make an immediate advance of £60,000, which has been used in part for the immediate transfer to the Khabur region of Syria, where a provisional settlement of 2,200 Iraqi Assyrians was already in being, of some 1,400 Assyrians in the Mosul area. This preliminary operation has been completed. The camp at Mosul has been suppressed and the Assyrians who were concentrated there, together with some thousand others from the neighbourhood of Mosul, are now provisionally established in villages of the Upper Khabur. The Committee, following an understanding with the Government

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1 Document C.270.M.137.1935.VII.
of Iraq, which considers that a further transfer of 2,600 Assyrians is necessary, and in agreement with the mandated authorities in Syria, decided, on August 26th, 1935, to make a further transfer of at least 1,800 Assyrians, a figure which may be increased to 2,600 if climate and transport facilities permit. This transfer will take place in the course of September 1935. The Committee hopes, with the mandated authorities, that the sum of £60,000 will suffice to cover the cost of this further transfer.

The Chairman of the Committee, conveying the results of his mission to his colleagues at a meeting held in July 1935, stated that the Mission was convinced by its conversations with the Assyrian spokesmen that a greater number of Assyrians might wish to leave Iraq than could be accommodated in the Khabur area. Moreover, a visit to the Ghab area confirmed the Mission in its belief that this district possessed in any case important political and economic advantages.

The French Government, in response to the appeal addressed to it by the Chairman of the Council Committee on March 22nd, 1935, had indicated three possible areas of settlement and the Committee considered at that time that it should endeavour to promote the establishment of the Assyrians in groups spread over the Upper Khabur and the Middle Khabur. It nevertheless agreed with the French Government that settlement on the edge of the Ghab marshes presented considerable advantages. The conversations at Beirut between the Mission and the High Commissioner of the French Republic resulted in important modifications of the Ghab scheme as originally put forward by the French Government and, as these modifications went far to remove the difficulties which had originally appeared to preclude the adoption of the scheme, the Committee, after considering the report of its Chairman, decided henceforth to direct its efforts towards settlement in that district.

The Committee, in a letter addressed to the French Government on July 13th, 1935, informed it of this decision and proposed the immediate elaboration of a detailed plan by means of discussions in Beirut between the services of the French High Commission and technical representatives of the Committee. The Committee asked that the study should contain such technical and financial data and recommendations as States which might offer contributions would doubtless desire to possess regarding the application of the scheme and that it should also enable the local Committee in Iraq to reply to the numerous questions raised by the Assyrians wishing to leave the country.

The Committee at the same time addressed to the Governments of the Members of the League an appeal for funds setting forth the results of the Mission and indicating the probable cost of the proposed scheme of settlement. The estimates provided by the French authorities during the visit of the Mission to Syria for the settlement of 15,000 persons in the Ghab area amounted to 60,000,000 French francs. This figure did not make allowance for ultimate repayment by the settlers and was based on calculations made some years ago. Any reduction, however, effected in these estimates was likely to be counterbalanced by the fact that a greater number of Assyrians might wish to leave Iraq than was covered by the original plan.

The appeal addressed to the Members of the League was based on the appeal embodied in the resolution adopted by the Council on January 16th, 1934, "to the generosity of Governments and private organisations to consider participating in the financing of a settlement scheme having regard more especially to its humanitarian aspect ".

The Committee on July 13th, 1935, addressed special appeals to the Governments of Iraq and the United Kingdom.

In its appeal to the Government of Iraq, the Committee emphasises that the scheme of settlement in the Ghab area alone offers real hope of a final solution of the Assyrian problem. It points out that, for the successful application of this scheme, a very considerable financial effort will be required and it enquires whether the Government of Iraq would find it possible to increase its contribution. The Committee assures the Government of Iraq that it is anxious to do everything possible to assist it to work out a solution of the problem which, if left unsolved or only partially solved, is bound to give rise to serious difficulties. It emphasises, however, that it necessarily lies with the Iraqi Government to make it practicable for League co-operation to be exercised with fruitful results. The Committee expresses grave doubts whether a contribution from the Iraqi Government of less than £250,000 would be sufficient to attract contributions from other sources.

The Committee, in its appeal to the Government of the United Kingdom, recalls that the only offer so far received has been from that Government, which, at an early stage, declared that it was willing to pay its share of a League contribution, though it could only contemplate payment as part of a League scheme. The Committee urges that the practical difficulties in the way of securing funds from the League would be insuperable and that it has been obliged to fall back upon the expedient of a general appeal to all Members of the League for individual State contributions. The United Kingdom Government is asked to reconsider its previously declared attitude and to make an independent and substantial grant.

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1 Documents C.L.118.1935.VII, C./Min.Ass.124, 125 and 126.
IV. MEASURES TO RENDER THE COVENANT MORE EFFECTIVE
IN THE ORGANISATION OF COLLECTIVE SECURITY:
PROCEEDINGS OF THE COMMITTEE OF THIRTEEN APPOINTED
BY THE COUNCIL UNDER ITS RESOLUTION OF APRIL 17TH, 1935.¹

Convocation of the Committee.

The Committee of Thirteen, appointed under the resolution of the Council of April 17th, 1935, met at Geneva from May 24th to May 29th, 1935.

The following countries had been invited by the Council to send representatives to sit on the Committee:

- United Kingdom
- Poland
- Canada
- Portugal
- Chile
- Spain
- France
- Turkey
- Hungary
- Union of Soviet Socialist Republics
- Italy
- Yugoslavia
- Netherlands

Memorandum submitted by the French Delegation, dated May 22nd, 1935.

The French delegation, in a memorandum distributed to the members of the Committee on May 23rd, 1935, prior to its meeting, submitted a proposal to the effect that a Protocol should be drawn up for the signature of all European States, to enter into force between the signatories as soon as a limited number of accessions had been received.² The signatories would pledge themselves, in the event of a breach, duly recorded by the Council, of an undertaking of concern to international security and the maintenance of peace in Europe, (a) to carry out any recommendations which the Council might make to the Members of the League other than the delinquent State, and (b) to concert together on measures to be taken with a view to effectively prohibiting the export to the territory of the delinquent State of arms and implements of war and of such other products and raw materials of which it might be considered desirable to deprive the delinquent State.

It was proposed that the execution of this undertaking should be provided for in such arrangements of a general or regional character as might be recognised as necessary. Non-European States would be requested, under conditions to be considered, to facilitate the operation of these various arrangements.

The French delegation, in making this proposal, observed that the Council would, in taking decisions of the character contemplated, be acting under Article 11 of the Covenant. A question of procedure, which was of vital importance, accordingly arose regarding the application of such a system. While it was obvious that recommendations addressed to the State or States concerned could not be valid if they were voted against by one of the parties in the case, it was inconceivable that the right to vote should allow the States concerned to prevent the adoption of recommendations addressed to third States Members of the League with a view to exercising pressure on a State or States which had committed breaches of their obligations.

Proceedings of the Committee of Thirteen.

The French delegation, in the course of an exchange of views between the members of the Committee, submitted, on May 27th, 1935, the following suggestions:

I.

(a) In the event of a repudiation having the characteristics defined by the Council resolution, the signatory Powers, acting either jointly or severally, shall report it to the Council, in conformity with Article 11, paragraph 1, of the Covenant.

(b) If the Council finds that the safety of peoples and the maintenance of peace in Europe are threatened by the repudiation reported to it, the contracting parties undertake to co-operate by every means in their power in carrying out such measures as the Council may recommend for the purpose of safeguarding peace.

(c) With a view to the execution of the above provision, the signatory Powers declare that they agree that the unanimity required for the Council's decision shall not include the vote of the State guilty of repudiation.

¹ The Committee of Thirteen was appointed by the Council under its resolution of April 17th, 1935, for the purpose of proposing measures to render the League Covenant more effective in the organisation of collective security as a result of a request to the League by the French Government under Article 11, paragraph 2, of the Covenant. For the origin and previous history of this request and the resolution adopted by the Council on April 17th, 1935, see Part I of the Annual Report on the Work of the League for 1935, pages 41 to 44 (document A.61935).

² The Canadian Government, in accepting the invitation to send a representative to sit on the Committee, in a communication addressed to the Secretary-General on April 29th, 1935, stated that its participation did not imply acceptance of the view that under the Covenant of the League of Nations a unilateral repudiation of international obligations without recourse to war, such as had been the subject of the discussion in the Council prior to its adoption of the resolution of April 17th, called for the application of sanctions by League Members or that the adoption of such a policy was necessarily feasible and desirable (document C.O.S.C.2).
II.

(a) Without prejudice to the obligations contemplated in the first part of the agreement, the signatory Powers shall concert together to stop the export and transit, to the State found guilty of repudiation, of implements of war and raw materials suitable for use in the manufacture of such implements, and of any other products of which it may be found expedient to stop the export to the guilty State.

(b) A list of materials to which this prohibition applies shall be drawn up, with special regard to the particular needs of that State in the matter of armaments.

(The Committee may consider the desirability of drawing up in advance, for purposes of guidance, a list of articles to which these prohibitive measures may be applied, and will also consider the desirability of enquiring forthwith into the best methods of ensuring the prohibition of the export of the listed products.)

(c) Should it appear that the efficacy of the contemplated measures depends upon the co-operation of any non-signatory State or States, the contracting parties might request the Council of the League to communicate with such State or States with a view to securing their co-operation.

(d) The signatory Powers will undertake to refuse permission for the floating, on the markets under their control, of any loan, either by the State guilty of repudiation or by companies established in its territory. They will also do all in their power to prevent any financial facilities from being given to the guilty State.¹

The Committee decided that it would not at that stage discuss the proposal of the French delegation in detail. It seemed at that stage preferable to obtain the views of legal and of financial and economic experts.

The United Kingdom accordingly submitted to the Committee two resolutions providing for the appointment of (1) a Sub-Committee of Jurists to report on the legal questions involved in the resolution of the Council of April 17th, and (2) a Sub-Committee of Experts to study and report upon the economic and financial aspects of the problem with the assistance of the Financial, Economic and Transit Sections of the Secretariat of the League.²

The Committee adopted this suggestion, appointing the members of the Sub-Committees and approving their terms of reference.

The Committee, concluding its first session, decided that the Sub-Committee of Jurists should meet on June 24th, that the Economic and Financial Sub-Committee should meet on July 1st and that the Plenary Committee should meet again on July 24th, 1935.

REPORT OF THE SUB-COMMITTEE OF JURISTS.³

The Sub-Committee of Jurists met at Geneva from June 24th to June 28th, 1935. The following were the members of the Committee: Sir William Malkin (United Kingdom), M. Basdevant (France), M. Perassi (Italy), M. Rutgers (Netherlands), M. Kulski (Poland), M. Cemal Hüsnü (Turkey), M. Hirschfeld (U.S.S.R.) and M. Stoykovitch (Yugoslavia).

The Committee, under its terms of reference, was required to consider:

1. How, in the circumstances contemplated in the resolution of the Council of April 17th, 1935, economic and financial measures could be taken within the framework of the Covenant, whether

(a) As "action that might be deemed wise and effectual to safeguard the peace of nations" taken by the League under Article 11 of the Covenant;

(b) As steps to be proposed by the Council under Article 13 to give effect to an award in the event of failure to carry out the award; or

(c) Under any other provision of the Covenant.

2. Whether, in each of the above cases, the negative vote of "the State which had endangered peace by the unilateral repudiation of its international obligations" could prevent the Council from taking the necessary decisions with a view to the measures above referred to, without prejudice to the case, in which these measures might require the collaboration of such State.

The Sub-Committee decided that it was called upon to examine only measures of a pacific character and it accordingly excluded from its field of study such measures as a blockade properly so-called.

The Sub-Committee held, in regard to measures taken under Article 11, that the Council, in the presence of a repudiation of an international engagement such as was contemplated in the Council's resolution dated April 17th, 1935, might, if it failed to secure an agreement which removed the danger to European security and peace, recommend economic and financial measures which appeared to it to be calculated to contribute to the maintenance of peace. Such recommendations would be addressed to States other than the State which had repudiated its international obligations.

Measures recommended under Article 11 would be directed to removing a threat of war and would have a preventive character, their object being to check preparations for war on the part of a State whose attitude was endangering the peace by, for example, depriving it of

¹ Document C.O.S.C.3.
particular supplies. States, in the absence of any special undertaking to that effect, would not be under a legal obligation to comply with the recommendation.

The Sub-Committee, in reference to measures taken under Article 13, held that, in the presence of a repudiation of an international engagement (of the kind contemplated in the Council's resolution of April 17th) which had given rise to an award or judicial decision, the Council might propose economic and financial measures which appeared to it calculated to ensure effect being given to the award or decision. The Sub-Committee observed, however, that the object of such measures would be the execution of the award or decision and not the maintenance of peace and that, if the supposition contemplated in the Council's resolution of April 17th were realised, Article 11 would also apply.

The Sub-Committee did not find any other article of the Covenant to be relevant.

The Sub-Committee, discussing the second question—namely, whether the negative vote of the delinquent State could prevent the Council from taking the necessary decisions—was unable to reach an agreed decision.

Some members of the Sub-Committee were convinced, in reference to Article 11, that the necessity of allowing that article to be properly executed implied that the vote of the State which had repudiated its obligations should not be counted, since it was evidently impossible for the Council to recommend economic and financial measures or in general any measures directed against a State which was endangering peace if that State must vote for the recommendation. Reference was made in this connection to the advisory opinion given by the Permanent Court of International Justice in the Mosul case when the Court had ruled that, from a practical standpoint, to require that the representatives of the parties should accept the decision of the Council in such circumstances would be tantamount to giving them a right of veto enabling them to prevent any decision being reached. Other members, on the other hand, contested the scope attributed to the opinion of the Court and argued that, in the absence of any expressed provision excluding application of the unanimity rule laid down in Article 5 of the Covenant, the rule must be applied without any limitation or restriction.

Opinion was similarly divided in the Sub-Committee regarding Article 13.

The Sub-Committee did not find it necessary to take into account other provisions of the Covenant.

The final conclusion of the Sub-Committee was expressed in the following terms:

"The Sub-Committee, while it reached agreement on the reply to the first question submitted, has to report that two divergent opinions were put forward on the second question. One opinion, based on the consideration that the Council has a duty to perform, and on grounds of common sense, would refuse to count the vote of the State which has endangered peace by repudiating its international obligations; the other view, which flows from the language of Article 5, does not permit that State's vote not to be counted. The Sub-Committee has thought that, so far as it is concerned, it should not give an answer to the question by a majority vote. It has felt it preferable to confine itself to setting out the opposing views."

REPORT OF THE SUB-COMMITTEE ON ECONOMIC AND FINANCIAL MEASURES.

The Sub-Committee appointed to consider economic and financial measures met from July 1st to 13th, 1935.

The terms of reference of the Sub-Committee, as framed by the Plenary Committee, were as follows:

The Committee of Thirteen desires to have the assistance of an expert study of the economic and financial measures referred to in the Council's resolution of April 17th.

The Committee has to study the question whether a selection of measures less comprehensive than those prescribed under Article 16 of the Covenant and not such as to disturb the whole economic life of the country concerned could be found which could effectively be applied in the circumstances postulated with a view to inducing that country to modify its course of action.

The Committee suggests, as examples of such matters which might be studied, the following:

1. The withholding from the country concerned of supplies of a limited number of key products required for the production of arms and warlike preparations;
2. The withholding of any other special classes of supplies (other than food supplies essential for the subsistence of the civilian population);
3. The interruption of the export trade of the country concerned or any special part of it;
4. Measures of financial pressure, such as the withholding of credit facilities;
5. What will be the means (administrative and legislative) to be used by the participating States in carrying out each measure in the list?
6. To what extent and in what conditions the requisite effect can be obtained by arrangements of a regional character or requiring the action of only a limited number of States?
7. Relation to the measures proposed of the obligations of the countries concerned under such instruments as commercial and transit treaties and multilateral conventions dealing with commercial and transit matters.

1 Document C.O.S.C.7(I).
The Committee requests a sub-committee to study and report on the foregoing matters with the assistance of the Financial, Economic and Transit Sections of the Secretariat of the League.

The Sub-Committee, noting that the measures to be recommended should not be such as to disturb the whole economic life of the country concerned, nevertheless assumed that the economic life of the country subjected to such measures should not be safeguarded against any disturbance whatever. It sought, however, to give preference to such measures as would secure the maximum of effect with the minimum of disturbance, and which would not be incompatible with the peace spirit in which they would be adopted. They should be preventative measures of a more or less deterrent character, such as might be applied to a country assumed to have repudiated its obligations with a view to breaking the peace at an early date and to be engaging in intensive warlike preparations.

The Sub-Committee considered that the supplies to be withheld as a preventive measure might be divided into three categories: (1) arms, ammunition and implements of war; (2) “key products” required for the manufacture of armaments, whose importation into a country might be prohibited without seriously interfering with its economic life; and (3) other products required for the manufacture of armaments and warlike preparations widely employed in industry.

It was pointed out, in reference to the first category, that the most recently compiled list of arms, munitions and implements of war was contained in the report of the Committee of the Conference for the Reduction and Limitation of Armaments which had been dealing with the control of the manufacture of and trade in arms. That list, however, had only been adopted at a first reading, subject to reservations and observations on the part of the several delegations. A similar list, however, was to be found in Article 1 of the Convention for the Regulation of the Trade in Arms of 1925, which had been signed by the majority of the countries concerned. The list would doubtless require further examination by technical experts; but the items included should be all of a kind that had been irrevocably put into warlike form, and the withholding of such products could not interfere in any degree with economic interests as such.

The second category was composed of key products required for the manufacture of armaments, and for this list commodities should be selected whose use for warlike purposes would, in all probability, outweigh in importance their use for commercial or civilian purposes. The disturbance caused by the application of such a list would be limited to a small number of highly specialised industries. The Sub-Committee considered that such a list could be most usefully prepared by a body of specialised and technological experts.

The third category included products useful or necessary for the manufacture of armaments and warlike preparations, but would necessarily also include commodities widely employed in industry and agriculture. Measures of exclusion in regard to articles in this category should only be applied with the greatest caution. It was obviously impossible to compile in advance an exhaustive list of such commodities, and their selection must be left until a specific case should arise.

The Sub-Committee, turning to the question of interrupting exports from the repudiating State, observed that the main purposes of such interruption would be to diminish the financial resources derived by the country in question from abroad and their use for procuring the sinews of war. The exclusion of exports from the repudiating country might usefully supplement and, to a certain extent, replace other measures in cases where those measures should prove to be inadequate or inapplicable. There were, however, serious disadvantages in the exclusion of exports. The purpose of such measures was to deprive the repudiating country of external resources, and they might accordingly go so far as to deprive that country of the possibility of importing essential requirements for its civilian population or of raw materials necessary for normal and peaceful production. They might, moreover, act unfairly as between one country and another, the pressure exercised under this measure being obviously more effective in the case of exporting countries which were financially in a weak position. Exports from the countries in question might, moreover, correspond to necessary imports or imports greatly needed by the countries receiving them in normal times.

The Sub-Committee, turning to the subject of financial pressure, considered that there should be no difficulty in prohibiting the granting of financial accommodation directly to the repudiating Government in any of the participating countries. The prohibition of such transactions should extend to issues and operations by any person acting as the agent of the Government concerned, and to issues guaranteed by that Government.

The Sub-Committee submitted a series of detailed observations on the legislative and administrative means for the application of the proposed measures.

The Sub-Committee, on the question to what extent and in what conditions the requisite effect could be obtained by arrangements of a regional character or requiring the action of only a limited number of States, observed that the non-participation of a single important producer of a designated product would be sufficient to stultify measures for limiting supplies to the country concerned, and that no merely regional agreement which conflicted with this
principle could be effective. It was for the Plenary Committee to consider whether the proposed Convention might, with advantage, take the form of a series of regional agreements, which together would produce the required co-operation.

The extent to which the proposed measures might be reconciled with existing commercial and transit treaties and multilateral conventions dealing with commercial and transit matters was a question of a predominantly legal character, and it should be examined by competent legal experts. The Sub-Committee confined itself in this connection to a number of general observations. It suggested, among other things, that all participating countries should introduce into their commercial treaties a safeguarding clause excepting from the operation of the treaties any prohibitions imposed in accordance with the proposed Convention and that the participating States might, if they considered it necessary, notify States with which they had concluded commercial treaties that they considered the obligations assumed under the Convention as not conflicting with the provisions of those treaties.

The Sub-Committee, in its concluding remarks, observed that it had purposely taken no account of certain difficulties and repercussions which could not be ignored. It referred more particularly to the complexity of the administrative system which would be required for the withholding of supplies of designated products from a repudiating country. It further emphasised that it had not entered upon the political and legal difficulties which the application of the proposed measures might create. Restrictive measures of the kind which were contemplated were only too likely to involve loss to some of those engaged in production or dealing in the designated commodities in the participating countries. It was not possible to measure such loss or to provide appropriate compensation, and the fact that sacrifices might be imposed upon private interests must not be overlooked.

3.

FREE CITY OF DANZIG.

The Council, during its session held in May 1935, decided that a Committee of Jurists should be appointed, consisting of three members, to examine certain petitions then under consideration, together with the observations of the Danzig Senate upon them, and to report to the Council whether that examination revealed the existence of violations of the Constitution either in the form of legislation, decrees or regulations, or in the form of administrative acts or omissions.1

The Committee of Jurists was constituted as follows: Baron E. T. Marks von Wurtemberg, former President of the Stockholm Court of Appeal and former Minister for Foreign Affairs of Sweden (Chairman); Dr. Fritz Fleiner, Professor of Public Law at the University of Zurich; Dr. Yan Kosters, Vice-President of the Supreme Court of the Netherlands.

The Committee, meeting from July 22nd to July 26th, 1935, drafted a report, which will be submitted to the Council during its forthcoming session in September.2

4.

Mandates.

The Permanent Mandates Commission met at Geneva for its twenty-seventh session from June 3rd to June 18th, 1935. It examined the annual reports of the mandatory Powers regarding the administration of Palestine and Trans-Jordan for 1934, Syria and Lebanon for 1934, Tanganyika Territory for 1934, Nauru for 1934, New Guinea for 1933-1934 and South West Africa for 1934. It also examined a number of petitions, with the observations upon them of the mandatory Powers. The conclusions of the Commission regarding these petitions are mentioned in connection with the administration of the territories concerned.3

A. Special Questions.

I. Economic Equality: Commercial Agreement Concluded between France and the United Kingdom, June 27th, 1934 (Article 2).

The Commission, during its twenty-seventh session, considered Article 2 of this Agreement, having regard to the fact that the clauses of the mandates for Palestine, Syria, the Cameroons and Togoland (British and French) and Tanganyika included the commercial

2 Document C.311.1935.VIII.
3 Document C.251.M.123.1935.VI.
equality clause. It held that, if the provisions of Article 2 of the Agreement were to be literally interpreted, the two Powers signatory on behalf of the territories enumerated above would mutually recognise their right to establish a preferential system in their relations with those territories for the benefit of their own export trade.

The Commission therefore decided to recommend the Council to request the Governments of the United Kingdom and France to be good enough to give such assurances as would safeguard Article 2 of the Commercial Agreement of June 27th, 1934, from any interpretation incompatible with the principle of commercial equality which governs the status of the territories placed under their A and B mandates.

II. FRONTIER BETWEEN RUANDA-URUNDI AND TANGANYIKA TERRITORY.

The Council, in a resolution dated May 20th, 1935, invited the Permanent Mandates Commission to inform it as soon as possible of its opinion on the line fixed by the Treaty of November 22nd, 1934, between Belgium and the United Kingdom concerning the delimitation of the frontier between Ruanda-Urundi and Tanganyika from the point of view of the execution of the mandates.

The Council noted the documentary material submitted to it and supplementary information furnished by the accredited representatives of the two mandatory Powers concerned, the Commission decided, at its twenty-seventh session, to inform the Council that the line fixed by the Treaty in question called for no special observations on its part.

B. ADMINISTRATION OF THE TERRITORIES UNDER MANDATE.

Report of the Permanent Mandates Commission on the Work of its Twenty-seventh Session (June 3rd to 18th, 1935).

Territories under A Mandate.

I. PALESTINE AND TRANS-JORDAN.

Annual Report for 1934.

The Commission, in its general observation, observed with satisfaction that Palestine continue to enjoy favourable economic and financial conditions. It noted, in regard to the political situation, information furnished by the accredited representative of the mandatory Power to the effect that, in the newly elected municipal councils, members of the various communities were working together harmoniously and usefully. On the other hand, it learned from the annual report that the predisposing causes of unrest recorded in the previous reports were not absent in 1934.

The Commission also made a number of special observations. First, it expressed a desire to find in future reports fuller information regarding the administration of Trans-Jordan and, in particular, regarding the political situation, liberty of conscience, labour and the traffic in dangerous drugs.

The Commission noted a reply to the question framed in its observations upon the work of its twenty-fifth session regarding the frontier in the neighbourhood of Aqaba. It expressed a hope that, in view of the terms of Article 5 of the mandate, a final and legal settlement of this matter might be arrived at without undue delay.

The Commission learned with interest that a Statistical Bureau was to be established with the object of assisting the Government in matters connected with immigration. It also noted that further measures had been taken for the purpose of checking illegal immigration, especially the illegal settlement of seasonal wage labourers, both Jews and Arabs. The Commission expressed a hope that these measures would prove successful.

Furthermore, the Commission hoped that the mandatory Power would continue to give sympathetic attention to the problem of landless Arabs.

The Commission noted with interest the tendency of Jewish colonists to take up land in the south of Palestine. It expressed a desire to have some further information as to squatters' rights on land sold by the owners.

The Commission learned that the imports of products of a State which had ceased to be a member of the League of Nations were admitted on an equal footing with the products of States Members of the League. It expressed a desire to be informed of the reasons for such an arrangement.

It noted with satisfaction that the annual report contained full information on co-operative societies and that the number of these societies had increased, particularly among Arab cultivators.

The Commission welcomed the proposed labour legislation for the protection of women and children and for the fixing of a minimum wage in Palestine. It expressed a desire to know what steps were contemplated in the matter of factory inspection and a weekly day of rest, with special reference to dock labour. It also enquired whether the Administration had in view any scheme for the housing of Arab workers.
The Commission noted with interest the conclusions of the report of the Deputy Director of Medical Services which had been adopted by the Palestine Government regarding the traffic in liquors. On the other hand, the attention of the Commission was drawn to the measures recently taken authorising the entry into Palestine of products for the manufacture of certain spurious alcoholic beverages, on condition that such beverages were intended for export. The Commission noted the statement by the accredited representative that the next report would contain information on the measures taken to deal with the traffic in drugs.

Petitions.

The Commission examined eight petitions concerning Palestine and Trans-Jordan, together with the observations of the mandatory Power. It did not consider that they called for any special recommendation to the Council.

II. SYRIA AND LEBANON.

Annual Report for 1934.

The Commission, on the question of general policy, noted that in Syria the normal operation of the political institutions was still suspended and that this suspension was originally due to the Syrian Chamber's attitude toward the Treaty of 1933 and more recently to the necessity for restoring the economic and financial situation of the country, the mandatory Power having felt that this task should be entrusted to the Executive alone, supported by the High Commissioner. The Commission expressed the hope that circumstances would shortly make it possible to pursue a policy likely to facilitate the progressive development of Syria. The Commission noted the changes made by the mandatory Power in the organisation of public authority in Lebanon and it hoped that circumstances would soon enable the mandatory Power to entrust to the Lebanese Chamber the full exercise of its constitutional powers. In reference to public finance, the Commission expressed the hope that it would be possible to continue to maintain the recently restored balance of the Syrian budget and, in respect of land tenure, it noted the promise made by the accredited representative of the mandatory Power to indicate in the next report the extent of the immovable property owned by the French State in Syria and Lebanon and the manner in which this property had been acquired.

The Commission learned that the importation of the products of a State which had ceased to be a member of the League was permitted in exactly the same way as the importation of the products of States Members of the League and it expressed a desire to be informed of the reasons for such an arrangement. The Commission also hoped that the next annual report would contain information concerning the effects of the increase of the Customs tariff upon agriculture, trade and industry.

The Commission noted the establishment in Syria and Lebanon of a tobacco monopoly. The monopoly had been conceded, without any previous consultation of the organs representing the opinion of the interested parties, for twenty-five years to a company with international capital. The Commission decided not to offer any comment on this matter for the moment and merely expressed the hope that the institution of the monopoly would improve the situation of the growers, satisfy the consumers and increase the fiscal revenue of the States. It reserved the right, however, to consider this arrangement in the light of future annual reports, in which it expected to find satisfactory information on the subject.

The Commission expressed the desire to be kept informed of the results achieved in Lebanon in consequence of the recent judicial reforms.

Petitions.

The Commission examined eighty-five petitions concerning Syria and Lebanon, together with the observations upon them of the mandatory Power. In its conclusions regarding nine of these petitions relating to the general political situation of the territory, the Commission expressed certain views: it noted the suspension *sine die* of the discussions of the Syrian Chamber by decree of the High Commissioner of November 2nd, 1934. It further noted that it had not been possible to realise the hope which it had expressed at its twenty-fifth session that the normal parliamentary regime—more particularly in the matter of the budget—would soon be restored. The Commission recalled that the provisional suspension of the discussions of the Chamber in 1933 had been caused by the attitude of the Chamber towards the draft Franco-Syrian Treaty. It further noted that, in November 1934, the High Commissioner had justified the suspension *sine die* of these discussions by the necessities of the economic and financial situation of the country, which demanded a policy of prompt and energetic budgetary economy. The Commission understood the persistent uneasiness of part of the Syrian population, which had not been allayed as a result of this decision. It recognised, however, that the position of the public finances had called for an energetic policy of budgetary economy, which the mandatory Power had pursued on its own.
initiative and which the co-operation of an inexperienced Parliament would perhaps have prevented. The Commission therefore considered that, in this respect, circumstances had compelled France to subordinate the “wishes” of the populations under mandate to their “interests”, of which she was also bound to take account in accordance with Article 1 of the mandate. In conclusion, the Commission expressed the hope that the mandatory Power might shortly resume a policy calculated “to facilitate the progressive development of Syria and the Lebanon as independent States”, adding that it hoped soon to be informed of the programme of such a policy.

With regard to three other petitions relating to the settlement of Assyrians in Syria, the Commission, while expressing the hope that, in the settlement of the Assyrians in Syria, the interests of the inhabitants of the territory would be respected, considered that there was no need to make any special recommendation to the Council concerning them.

No special recommendation to the Council was made concerning any of the other petitions relating to this territory.

Territories under B Mandate.

TANGANYIKA TERRITORY.

Annual Report for 1934.

The Commission much appreciated the fact that reports on special subjects had been sent to it, adding that it would be glad if it were possible for the mandatory Power to communicate to it such of them as were referred to in the annual report in time to enable it to examine them simultaneously.

Furthermore, the Commission, while it was grateful for the information supplied to it regarding to the work of the Conference of East African Governors, desired to emphasise the importance it attached to discussions which concerned the mandated territory directly or indirectly.\(^1\)

The Commission, in reference to the amalgamation of the postal services of Tanganyika with those of Kenya and Uganda, declared that it would welcome in the annual report a full statement concerning the respective powers assigned to the central postal authority common to the three territories and to the postal authority of the mandated territory.\(^2\) As to the issue of a common stamp, the Commission, alluding to its observations at its twenty-fifth session, said that it would be glad to find in the next report a statement of the reasons for which the mandatory Power deemed this issue to be compatible with the fiscal interests of the territory under mandate and with the terms of the mandate.

The Commission enquired as to the reasons for which it had not been found possible to levy income tax on the profits of commercial and industrial companies.

Further, with regard to the administration of justice, the Commission noted with satisfaction that travelling native courts had been instituted. It declared that it would welcome in future reports more information on native justice in the detribalised areas.

The Commission expressed the hope that the decisions arrived at in the matter of the railways of Tanganyika and Kenya would, as anticipated by the accredited representative, prove advantageous to the territory under mandate. It asked for further information in the next report.

In the matter of native welfare, the Commission was interested to learn that progress was being made in the training of natives in local self-government, that model peasant holdings were being created and that improved methods of animal husbandry were being taught. It requested that information might be given in future reports regarding the numbers and influence of the native educated classes and the part taken by them in the administration of native affairs and of the native courts. It also enquired how the detribalised areas were being administered.

In respect of labour, it asked that future reports should contain information regarding the cases of accident in which compensation had been paid and the amount of such compensation, and information concerning the prosecution of employers for withholding wages. It also expressed a hope that the Government would take effective measures for the supervision of the large number of labourers employed in the mines.

The Commission, while recognising the efforts of the mandatory Power to promote education, expressed a hope that circumstances would permit of providing larger funds for the development of education of a practical kind.

With regard to intoxicating liquor, the Commission said that it would be glad to find in the next report information as to the steps taken to supervise the distillation of methylated spirits.

Finally, in the field of public health, the Commission noted the measures taken with a view to the study of the spread of tuberculosis and expressed a hope that the funds asked for to continue the investigations of Dr. Wilcox would be provided. The accredited representative

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\(^2\) Ibidem, page 67.
of the mandatory Power, in comments annexed to the Commission’s report, stated that the funds requested for this research work had already been granted.

**Petitions.**

The Commission examined three petitions concerning this territory which did not call for any special recommendations.

**Territories under C Mandate.**

**I. South West Africa.**

*Annual Report of 1934.*

The mandatory Power, in reference to the status of the territory, informed the Commission that it had appointed a special Committee to study certain constitutional problems raised by a motion of the Legislative Assembly of the territory aiming at the incorporation of the territory as the “fifth province of the Union”. It noted, in particular, that the special Committee was to take account, *inter alia*, “of the character of the territory as a mandated territory and the rules of international law governing the mandate”.

The Commission noted with satisfaction in this connection a statement by the accredited representative that the mandatory Power would not take any action in this matter until it had first communicated its intentions to the League of Nations. The Commission intimated that, as the guardian of the integrity of the institution of mandates, it expected to be informed of the mandatory Power’s views on the question, which it would not fail to subject to that careful consideration that its international importance demanded. Finally, the Commission drew attention to the mandatory Power’s fundamental obligation to give effect, not only to the provisions of the mandate, but also to those of Article 22 of the Covenant.

The accredited representative of the mandatory Power, in observations annexed to the Commission’s report, stated in particular that his Government had no intention of failing to carry out the fundamental obligations it had assumed either under the provisions of the mandate or under Article 22 of the Covenant, obligations which, in fulfilling its mission, it had always considered to be the basis of its policy.

The Commission, in respect of general administration, noted from the annual report that serious differences of opinion existed between various sections of the European population of the territory, and that the administration had been obliged to prohibit certain political organisations which were deemed to be contrary to public order. While on this subject, the Commission noted statements by the accredited representatives that the policy of the administration aimed at establishing close co-operation with and between the various sections of the population. The Commission expressed the hope that the measures adopted for this purpose would meet with success.

In the domain of “public finance”, the Commission was again concerned about the serious financial situation in the territory and particularly about the steady increase in its indebtedness to the mandatory Power. The Commission, recalling its previous observations, expressed a hope that measures were contemplated to prevent the burden of this increasing debt from definitely hampering the development of the territory.

With regard to the economic situation of the territory, the Commission expressed its wholehearted sympathy with the territory in the series of calamities, such as drought, floods, human and animal epidemics and invasions of locusts, from which it had suffered. It expressed its appreciation of the efforts made by the administration to cope with these disasters.

Finally, in respect of public health, the Commission wondered whether an increase of itinerant medical services in the territory would be feasible.

**Petitions.**

The Commission examined one petition concerning which it made no special recommendation to the Council.

**II. Nauru.**

*Annual Report for 1934.*

The Commission expressed a hope that the next report would contain information regarding missionary organisations in the territory.

**III. New Guinea.**

*Annual Report for 1933-34.*

The Commission expressed a desire that the next report should contain information regarding the demarcation of the frontier between the mandated territory and Papua.

The Commission drew attention to the dangers which resulted from the freedom of access into regions not yet under the control or influence of the Government, involving danger to the lives, not only of non-natives, but also of the carriers and the native population. It
expressed a hope that these regions would not be thrown open to any private activities until the administration had been able to study the conditions of the population and had established a certain degree of public authority.

The Commission expressed its satisfaction at the improved position of the public finances. It expressed a hope that the administration would be able to devote larger sums to the well-being of the native population.

The Commission said that it would be grateful for fuller information in the next report regarding the system of labour contracts and the system by which labour was recruited.

The Commission said that it would like in the next report to find more detailed information regarding missionary activities in the territory.

The Commission noted that the administration had set up a special Committee on which missions were represented to prepare the basis of an agreement which would entrust native education wholly to the missions. It once more expressed a hope that the administration would maintain an effective supervision over education, for which it was responsible.

The Commission hoped that the measures permitting the distillation of spirits in certain parts of the territory would be accompanied by strict supervision. It desired to have full information on this matter in the next report.

5.

SLAVERY.

In conformity with the Council resolution of May 22nd, 1935, the Secretary-General communicated to the Government of Nepal, with a view to its accession, the text of the Slavery Convention of 1926. In a reply dated July 22nd, 1935, the Maharaja of Nepal expressed his satisfaction at the appreciation shown by the League at the abolition of slavery in Nepal. He expressed the hope that the League's efforts directed towards the eradication of the slave trade and slavery all the world over would lead to the desired end before long.

His Government considered accession to the Slavery Convention superfluous, but he would inform the League should his Government find at any time that, by its accession to the Convention, it might be able to make its influence felt on measures taken in other countries in support of the efforts of the League.

6.

ECONOMIC AND FINANCIAL QUESTIONS.

A. SECTION OF ECONOMIC RELATIONS.

I. EXPORT OF MEAT AND MEAT PREPARATIONS.

The Sub-Committee of Experts constituted by the Economic Committee to determine the bases of an international agreement regulating the export of meat preparations met at Geneva from June 25th to 29th, 1935.

The experts unanimously agreed that it was possible to lay down at least the main provisions of a Convention for the purpose of facilitating the trade in meat and meat products. Their principal object was to define the maximum guarantees which countries would be justified in requiring when importing meat or meat products originating in exporting countries parties to the proposed Convention. These guarantees should be such as would assure importing countries that the imported products complied with all the conditions which might reasonably be required for the safeguarding of public health and such as would remove any apprehension that they might constitute a source of contagious diseases of animals.

The experts framed a series of articles embodying the provisions which, in their opinion, should appear in a draft International Convention. They proposed that the articles should be submitted for comment to the various Governments with a view to their final revision in the light of any observations received.

The articles, as approved by the experts, provide that the contracting parties shall not impose on the importation of fresh, chilled or frozen meat, salted or smoked meat, or meat otherwise prepared, or of preserved meat derived from the bovine, ovine or porcine species,
any conditions or sanitary rules other than those defined in the Convention. All products must undergo health inspection both before and after slaughter. Health conditions are prescribed for establishments in which meat and meat products intended for export are prepared, manufactured or handled, and minimum conditions are stipulated for the cooling, loading, packing and marking of the products. Precise stipulations are laid down in regard to certificates of origin and inspection stamps.

The contracting parties undertake to create and to maintain in their respective countries an official veterinary health organisation for the purpose of carrying out the measures laid down in the Convention.¹

II. DRAFT CONVENTION FOR THE PURPOSE OF FACILITATING COMMERCIAL PROPAGANDA.

The Monetary and Economic Conference of 1933 expressed the opinion that, as regarded certain questions of Customs formalities, the work of the Economic Committee of the League of Nations was sufficiently advanced to allow of the convening of a special conference on these matters at an early date, and the Bureau of the Conference authorised the President of its Economic Commission to take steps to ensure the adoption of such proposals as had reached the degree of maturity.

The Economic Committee, prior to the Economic Conference, had consulted the competent departments in all countries with a view to ascertaining their opinion on a number of proposals relating to Customs formalities, including the clearance through the Customs of samples without saleable value and printed matter for use as commercial propaganda.

The Economic Committee, reviewing the question in the light of the recommendation of the Conference, approved provisions for a draft international agreement which, in November 1933, was forwarded by the Secretary-General of the League for consideration to a number of Governments whose co-operation appeared to be necessary.

The results of this consultation showed that there were reasonable prospects of ultimate agreement, and the Secretary-General, on April 8th, 1935, invited the Governments in question to send representatives to a meeting, to be held at Geneva on July 1st, 1935, with the object of finally revising the draft agreement.

The meeting, held at Geneva from July 1st to July 4th, 1935, was attended by the representatives of thirteen States, who, at the conclusion of the proceedings, signed a joint declaration in which they agreed to recommend the adoption of the Convention to their respective Governments in the firm belief that it would help to facilitate international trade.

The draft Convention has been circulated to the members of the Council, which will be asked to take such further action as may be necessary with a view to its signature.²

B. WORK OF THE FINANCIAL ORGANISATION.

I. THE FISCAL COMMITTEE.

The Fiscal Committee held its fifth session in Geneva from June 12th to June 17th, 1935.³ It examined observations forwarded at the request of the Council by thirty-three Governments on the draft Convention for the allocation of the taxable income of international enterprises which the Committee had framed at its previous session in 1933. The Committee did not find that the observations received rendered it necessary to make any major amendments to its previous draft. It made only minor amendments and additions concerning enterprises of a special nature—i.e., banks, shipping enterprises and insurance companies.

The Committee set up a Sub-Committee to study the extension of the provisions of the draft Convention to insurance enterprises and to investigate the problem of allocation as regarded property taxes.

The Committee also examined the problem of the evolution of fiscal systems during the depression concerning which preliminary studies had been made by the Secretariat. It fixed the bases of the enquiry and entrusted it to a Sub-Committee, with instructions to report to the Committee at its next session.

To another Sub-Committee was entrusted the study of certain technical questions with a view to preparing the way for greater uniformity in the fiscal terminology and legislation of the various countries and facilitating the interpretation of the draft Conventions set up by the League organs. The first object of enquiry was the concept of business income.

The Committee emphasises in its report that its work and that of the other League bodies to which it succeeded has greatly facilitated the conclusion of agreements on double taxation between individual States and has tended to create uniformity in the various tax legislations. It points out, in this connection, that approximately 140 conventions have been concluded as an indirect result of the League's activity in the field of double taxation and that the economic depression has not arrested the movement.

¹ Document E.916.
The Committee points out that the existence of model draft treaties has proved of real use in helping to solve many of the technical difficulties which arise in negotiations. The procedure has the dual merit that, on the one hand, in so far as a model constitutes the basis for bilateral agreements, it creates automatically a uniformity of practice and legislation, while on the other hand, in as much as it may be modified in any bilateral agreement reached, it is sufficiently elastic to be adapted to the different conditions obtaining in different countries or pairs of countries. The Committee expresses strongly the opinion that this procedure is likely in the end to lead to more satisfactory results and to have a wider and more lasting effect than the convocation of an international conference with a view to concluding a multilateral convention, even though it may at first attract less general attention and interest.

II. COMMITTEE OF STATISTICAL EXPERTS.

The Committee of Statistical Experts, constituted under the terms of the International Convention relating to Economic Statistics established in 1928, met for its fourth session at Geneva from June 3rd to 6th, 1935.1

Minimum List of Commodities for International Trade Statistics.

The Committee had, as a result of its third session held in April 1934, submitted to the Council, in accordance with a recommendation of the Statistical Conference of 1928, a classification of commodities intended to render possible an international comparison of trade statistics. The Council, on May 14th, 1934, decided to communicate this list, together with a statement regarding the principles which had guided the Committee in its preparation, to all Governments of States Members and non-members of the League of Nations for their observations.

The Committee, during its session held in June 1935, in the light of the observations received from the Governments, undertook a revision of the Minimum List. The revised list, together with explanatory notes for the guidance of those who use it, is annexed to the report prepared for submission to the Council at its forthcoming session.

The Committee points out that it had to prepare a list which could be used for reporting the trade of countries widely divergent in their economic activities. It may well be that modifications will hereafter suggest themselves as a result of experience in the use of the list. The Committee will not fail to follow closely that experience and to report to the Council should any condensation, extension or other revision of the list appear advisable.

The International Statistical Conference of 1928, in recommending that a uniform classification should be drawn up for use in international trade statistics, contemplated that the classification would be based upon the uniform Customs tariff nomenclature, which was then under preparation. The uniform Customs nomenclature, however, has not yet been adopted, and the Committee doubts whether Governments are yet prepared to break the historical sequence of their trade statistics by substituting a new system of classification for the systems at present in use. It points out, nevertheless, that a great step forward would be taken if Governments would use the Minimum List as a basis of supplementary trade statistics. This would in most cases constitute little departure from present practice, as a number of countries already publish such supplementary statistics, based on the classification established by the Brussels Convention of 1913. This Convention is now being maintained by certain Governments from year to year pending the adoption of a new classification in accordance with the needs of the day. The Committee trusts that the minimum list will prove to be a suitable substitute for the Brussels classification and will be generally employed as the basis for internationally comparable trade statistics. Moreover, Governments, when they modify their national lists for their own national purposes, will have an opportunity to make the items correspond more closely to the requirements of the international list.

Several Governments have emphasised the desirability of grouping the commodities entering into international trade by stage of production. The Committee has used this principle where appropriate, but considers that it would be unwise to give it predominance over all other principles of classification in a list intended for general use. It appears preferable, in order to bring out fully the nature of the trade in a given country according to the principle of stage of production, to recast the items in the list in a second and supplementary analysis. The Committee has accordingly prepared a separate grouping of commodities based upon stage of production and use, and it points out that the employment of this classification for the purpose of improving and completing similar groupings now followed by different Governments would greatly facilitate international comparison.

Tourist Statistics.

The Council decided, on September 8th, 1934, on the recommendation of the Economic Committee of the League, to bring to the notice of the Committee of Statistical Experts a proposal that the methods of compiling statistics of tourist traffic should be improved and standardised. The Committee, during its fourth session, had a preliminary discussion of the

problem and appointed a special Sub-Committee to study it with the assistance of experts. The Sub-Committee will endeavour to frame a definition of the persons to be regarded as "tourists", to determine the best methods of observing the number of tourists entering a country and the length of their stay and to suggest the most appropriate methods for estimating the expenditure of tourists.

C. ECONOMIC INTELLIGENCE.

I. "COMMERCIAL BANKS, 1929-1934."


The bulk of the volume is devoted to an analysis of the recent developments of commercial banking in individual countries. In separate chapters, recent variations in the commercial bank accounts of forty-four countries are analysed and a summary is given of important changes in the structure of banking organisation through amalgamations, failures, legislation, etc.

In the present edition, chapters have been added dealing with the banking systems of the Free City of Danzig, Japan, Turkey and the Union of Soviet Socialist Republics. The chapter on Japan contains a description of the history and functions of the different elements of the complex Japanese credit system—ordinary banks, special banks, savings banks, Treasury Deposit Bureau and trust companies. In the chapter on the U.S.S.R., an account is given of the various stages of the evolution of banking from the first post-revolutionary tendency to establish a "moneyless economy" down to the institution of centralised banking control over industry concomitantly with the development of centralised planning after 1928.

The volume begins with a general introduction of some ninety pages, which gives a general review of the recent changes in the world banking and monetary situation. For the purpose of these comparisons, the balance-sheets of the commercial banks of individual countries have been adapted to a standard balance-sheet. The introduction, however, covers a much wider field than commercial banking proper; indeed, it deals with the monetary question in general—including central bank accounts, exchange fluctuations, price movements, gold, etc.—and in this respect resembles more closely the earlier League Memoranda on Currency and Central Banks than the previous editions of the memoranda on Commercial Banks.

The first section of the introduction gives a brief historical account of the principal world monetary events of 1933-1934 and the first quarter of 1935; it begins with the abandonment of the gold standard by the United States of America and ends with the decision of the French Government to issue gold coin for internal circulation, taken on April 2nd, 1935.

The remaining sections of the introduction are analytical rather than historical. The section on currency composition brings out the wide differences between the types of means of payment used by different countries; it is shown, for example, that, whereas in the Anglo-Saxon countries 75 to 85% of the ordinary circulating media normally consists of bank deposits, in France the proportion is less than 40%. The changes which have taken place in the net quantity of money available to finance consumption and production are studied in detail, and figures are given to illustrate the universal tendency towards contraction from 1929 to 1932 and the reversal of this tendency in some parts of the world in 1933 or 1934.

Three sections of the introduction are devoted to an analysis of commercial bank accounts. They deal with deposits, credits and cash ratios. The continued fall in bank deposits in the countries remaining on the gold standard is contrasted with their rise in many countries which allowed their currency to depreciate. Tables are given to illustrate the severity of the decline in bank loans and the very striking increase in the commercial banks' holdings of Government securities in many countries. The interesting fact emerges from this analysis that, even in such countries as the United Kingdom, Canada and Sweden, which have experienced a marked improvement in economic conditions during the past few years, bank advances have failed to increase.

A section on bank clearings gives quarterly figures of the banking turnover of sixteen countries from 1930 to 1934. Rough indices are also given of the changes in the velocity of circulation of bank deposits in several countries. In the section of the introduction dealing with interest rates, the reasons for the changing spreads between short- and long-term rates and between rates in different markets are analysed. The failure of the commercial banks' rate on loans to follow closely the downward trend of market rates is also discussed.

After a separate analysis of the movements of prices and exchange rates, the interaction of these two factors is considered. These sections of the introduction, along with that on gold and the final section summarising the position in April 1935, provide a great deal of factual material of interest in connection with the problem of currency stabilisation. A table is given,
for example, showing the theoretical "overvaluation" or "undervaluation" of all important currencies in relation to both the French franc and sterling at the end of each year since 1931.

The large increases in gold production in recent years are analysed and figures are given to show the extent of dehoarding in the East and hoarding in the West. Special attention is paid to the changes in the distribution of central monetary gold reserves. The figures given indicate that the share of the gold bloc in the world total (which itself increased from less than $10 to $12.5 milliard of old gold content) rose from 20.8% at the end of 1928 to 37.6% at the end of 1934, which the combined share of Latin America, Japan and the European countries with exchange control fell from 21.6% to 6.7%. But, in spite of this concentration of gold reserves, it is shown that, when gold reserves are written up to correspond to the present market price of gold, they will, for most central banks, constitute a considerably higher proportion of their note circulation and other sight liabilities than in 1929. This is illustrated in the following table, which is reproduced from the volume:

<table>
<thead>
<tr>
<th>Gold reserve ratio</th>
<th>End of 1929</th>
<th>End of 1934</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 20%</td>
<td>11</td>
<td>1</td>
</tr>
<tr>
<td>20 to 40%</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>40 to 60%</td>
<td>9</td>
<td>10</td>
</tr>
<tr>
<td>60 to 80%</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Over 80%</td>
<td>2</td>
<td>7</td>
</tr>
</tbody>
</table>

In the final section of the introduction, an account is given of the situation at the end of March 1935, containing figures on exchange rates, price relationships, gold reserves, etc. The weakness of sterling in March 1935 and the devaluation of the belga are discussed, and reference is made to the subsequent weakness of the remaining gold currencies and to the devaluation of the Danzig gulden.

2. "REVIEW OF WORLD TRADE, 1934."

The Review of World Trade for 1934, published in June 1935, shows that the gold value of world trade fell by 3.4% in 1934. Measured in sterling, however, the value rose by 6.3%. Average gold prices continued to fall, but the quantum of trade increased by 3%—as against 2% in 1933—to a level representing 77 1/2% of the 1929 figures.

The recovery in trade activities since 1932 has, however, been very uneven. The quantum of trade in foodstuffs fell in 1933, and the slight increase which occurred in 1934 was mainly due to larger imports into the United States of alcoholic liquors after the repeal of prohibition. The increase in raw materials, estimated at 8% in 1933, almost stopped in 1934. The expansion last year was thus mainly on account of manufactured articles, but it was confined to iron and steel, heavy metal manufactures, machinery and certain semi-durable articles of consumption, such as motor-cars. Goods more or less ready for immediate consumption have failed to share in the revival of trade, though the production of such goods has increased.

The recent development of European trade—which represents over half the trade of the world—compared unfavourably with that of other continents. Between 1932 and 1934, European imports fell in quantum by 2.6%, while those of other continents rose in the aggregate by 14%. Simultaneously, European exports rose by 2.4% and those of other continents by 7%. The recent increase in the quantum of world trade must thus be attributed mainly to trade between continents other than Europe.

Among industrial countries, the United States and the United Kingdom increased their share in world exports in 1934. United States exports of manufactured goods rose in quantum by as much as 30%; United States imports, on the other hand, declined on account of smaller requirements of raw materials and, for the first time in post-war years, fell below the value of German imports. The imports of the United Kingdom exceeded those of the United States by over 100% in 1934 as against only 25% in 1929.

Germany and Italy increased their imports in 1934, but German exports fell in value by 16% and Italian by 14%. France, on the other hand, reduced her imports by means of quotas and deflationary measures, and her exports, like those of several other industrial countries in Europe, profited from the weakening of Germany's competitive power.

Exports of the main non-industrial countries profited during the late part of 1933 and the early part of 1934 from a rise in the demand for raw materials on the part of industrial countries. The deterioration of the German currency situation and the approach to a system of bilateral trade through the conclusion of numerous clearing agreements between European countries in the middle of 1934 had, however, the effect of reducing European purchases of oversea products, and a number of raw-material-producing countries suffered in the second half of the year from a fall in the prices and a reduction in the quantity of their exports.
While the tendency towards bilateralism thus caused a decline in world market prices which contributed to the depreciation of the exchange value of paper currencies, Germany and certain other countries in Europe experienced difficulties in meeting their requirements of overseas products, and in many cases could no longer tap the cheapest sources of supply.


World Production and Prices, 1925-1934, gives a general survey of world production and prices during the period mentioned. Attention is chiefly directed to developments in 1934 and in the early months of 1935.

The volume opens with a chapter on world production which contains the world index of primary production compiled by the Economic Intelligence Service of the League, a companion world index of industrial activity and a review of recent developments in the main individual branches of production. In the second chapter, a comparison is made of the quantitative changes in production and trade in recent years. The third chapter contains an analysis of the price movements on world markets and in various countries.

The following indices extracted from this publication demonstrate the recent changes in world production and trade:

<table>
<thead>
<tr>
<th></th>
<th>1929</th>
<th>1932</th>
<th>1933</th>
<th>1934</th>
</tr>
</thead>
<tbody>
<tr>
<td>World primary production</td>
<td>106</td>
<td>96</td>
<td>99</td>
<td>99</td>
</tr>
<tr>
<td>Agricultural production</td>
<td>103</td>
<td>104</td>
<td>104</td>
<td>101</td>
</tr>
<tr>
<td>Non-agricultural production</td>
<td>114</td>
<td>73</td>
<td>83</td>
<td>93</td>
</tr>
<tr>
<td>World industrial activity</td>
<td>112</td>
<td>78</td>
<td>88</td>
<td>96</td>
</tr>
<tr>
<td>World trade quantum</td>
<td>110</td>
<td>81</td>
<td>83</td>
<td>86</td>
</tr>
</tbody>
</table>

The gradual recovery in productive activity which began in the middle of 1932 continued throughout 1933 and 1934. Agricultural production shrank in 1934 partly as a result of widespread drought, and partly owing to deliberate restriction in certain countries; but the value of agricultural production and farmers' income rose in most countries. Both the output of industrial raw materials and industrial activity in general were considerably higher in 1934 than in the preceding year, while the quantum of world trade was only slightly higher. The changes in the general price-levels were comparatively small in 1934, and some of the major discrepancies in the price structure were further adjusted.

There were, however, marked divergencies in the developments noted in the different countries. These divergencies are described and analysed in the present volume.


The World Economic Survey summarises in a form accessible to the lay reader the conclusions reached in other memoranda issued by the Economic Intelligence Service. The 1934-35 edition reviews the economic events of the twelve months up to and including July 1935. As in previous years, it is an entirely new volume arranged to give special emphasis to the most important developments in the period under consideration. The first chapter outlines the main features of national and international economic activity from the beginning of July 1934 to the end of May 1935. Throughout 1934, it is pointed out, there was a drain of capital to the United States of America, and at the same time an increasing surplus of commodity exports from that country. There was, therefore, a considerable movement of gold to the United States, amounting during the year to a total value of $1,132 million. This movement continued in 1935. In the first five months of that year, a further $566 million was imported. This inflow of gold was supplemented by silver purchases amounting to $86 million in 1934, and $70 million in the first five months of 1935.

During the second half of 1934, fresh trade restrictions were imposed. The principal gold-standard countries reduced their passive import balances. Germany and Italy instituted more drastic control of imports. At the beginning of July, Germany announced the suspension of debt payments in foreign currencies, and the immediate result was a rapid extension of clearing arrangements. Bilateral trade negotiations continued on balance to restrict international trade. One result of these developments was to strain the balances of payments of the sterling area. In 1934, as compared with 1933, the passive balance of commodity trade of the sterling countries increased by £3,540,000. In March 1935, the exchange value of sterling fell sharply, and this was followed by a series of currency crises during which Belgium, Luxemburg and Danzig devalued their currencies.

World agricultural production fell in 1934 by 6%, mainly as a result of the drought in the United States. The harvests were generally worse in that year, but production was better maintained in the industrial countries where agriculture was a sheltered industry than in the agricultural-exporting countries.

In thirteen countries—the U.S.S.R., Japan, Chile, the United Kingdom, Sweden, Denmark, Norway, Finland, Greece, Roumania, Hungary, South Africa and New Zealand—the index of industrial production at the end of 1934 was above the 1929 average. In the principal gold-standard countries, with the exception of Belgium, the indices were about 30% below 1929, and still falling.
The number of industrial workers employed in 1934 was about one-sixth less than in 1929, and in the meantime five years' new labour supply had entered the market. Unemployment therefore was still more than double what it had been in 1929. The gold value of international trade in May 1935 was slightly above its level of a year earlier for the first time in nearly six years; but the increase was very slight.

The closing chapters of the Survey deal with the problems of international equilibrium, international debts, the approach to stabilisation, and give finally an estimate of the world economic situation at the end of July 1935.

* * *


The Statistical Year-Book, 1934-35, published in June 1935, gives, as in previous years, a synopsis of the most important economic, financial, demographic and social phenomena. Most of the statistics it contains go down to the end of 1934, while some cover the first quarter of 1935.

The tables dealing with the natural movement of population reveal the interesting fact that, whereas in most countries the birth rate continued to fall in 1934, it remained stationary, or even rose, in several countries, thus interrupting the steady decline observed in previous years. The marriage rate, which in many countries had reached a low record about 1932, and had risen again in 1933, has in most cases maintained this upward trend. The death rate continued on the whole to decline, reaching new low records in many countries.

A table illustrating the structure of the population by sex and by five-year age-groups reveals the considerable changes that have taken place in the structure of the population between one census and the next in consequence of the decline in the birth and death rates, and of war losses.

Social statistics are represented in the Year-Book by tables dealing with wages, hours of work, unemployment and employment. The figures for these last two subjects show that the improvement observed on the labour market in 1933, generally speaking, continued in 1934 and 1935. Conditions vary, however, in different countries and in different industries.

The indices of production computed by the Economic Intelligence Service of the League of Nations show that the world output of industrial raw materials increased by about 5% in 1934 (the output of metals alone rose by over 20%), while the production of foodstuffs, especially cereals, seems to have slightly declined. It is interesting, however, to note that different continents or groups of countries show, in some cases, opposite trends, and that this divergency is becoming increasingly accentuated. National indices of industrial production show an increase in most countries.

Changes in the occupational structure of the population may be seen in a table giving the results of the most recent censuses by occupations and by industries, with separate figures for the unemployed. For the first time, it has been possible to analyse and classify these heterogeneous data so as to facilitate the analysis and international comparison of the figures.

To facilitate comparison, most of the figures in the Year-Book have been reduced to common units of measurement or value.

6. "MONTHLY BULLETIN OF STATISTICS."

As in previous years, the Monthly Bulletin of Statistics has brought up to date each month those of the series contained in the Statistical Year-Book, which appear most representative of economic and financial developments.

Each issue contains regularly forty pages of tables on production, shipping, goods traffic, foreign trade prices, stock exchange quotations, money rates, bank reserves, note circulation, bank deposits and unemployment.

These standard tables are preceded by six to eight pages of special graphs and tables on matters of current interest.

A brief introduction explains changes which may have been introduced in the manner of compiling the statistics, thus enabling the reader to follow the developments in the methods employed.

Most of the figures relating to distant countries are received by telegram immediately before the publication of each number.
7.

COMMUNICATIONS AND TRANSIT.

I. WORK OF THE PERMANENT COMMITTEE FOR TRANSPORT BY RAIL.

The Permanent Committee for Transport by Rail met at Geneva for its eighth session from May 28th to May 31st, 1935.

1. COMPETITION BETWEEN TRANSPORT BY RAIL AND MOTOR TRANSPORT.

The Permanent Committee, noting the conclusions reached at the twelfth session of the International Association of the Railway Congress, held at Cairo in January 1933, considered at its eighth session whether the Organisation for Communications and Transit should set on foot an enquiry into the problem of competition between transport by rail and motor transport. The Committee recognised that this question undoubtedly had an international aspect and was of great importance and urgency. Its solution, however, was dependent upon factors of a national character and its conditions were rapidly changing.

The Committee decided that the time had not yet come for a thorough examination of the problem to be undertaken from an international point of view with reasonable prospects of success. It invited the Secretariat to follow its development and to bring the matter before the Committee as soon as it deemed it desirable to do so.

2. SIGNALS AT LEVEL-CROSSINGS.

The Permanent Committee approved the conclusions and recommendations of a Special Committee for the Study of Signals at Level-crossings, subject to a few amendments in matters of detail. It asked the Advisory and Technical Committee for Communications and Transit to take such steps as might be necessary to secure in the near future a practical solution of the problem on the widest possible international basis.

3. DRAWING UP OF MODEL CONVENTIONS ON FRONTIER TRAFFIC BY RAIL.

The Advisory and Technical Committee, in September 1930, referred to the Permanent Committee for Transport by Rail a proposal for the framing of model conventions on frontier traffic by rail.

A small Committee, working under the direction of the Chairman of the Permanent Committee for Transport by Rail, held three sessions—from December 18th to December 20th, 1934, from February 27th to March 5th, 1935, and on May 27th, 1935. A detailed study of the existing situation in regard to legal and administrative systems in force on the frontier sections of railway-lines and at junction stations, prepared by the Secretariat, was at the disposal of the Committee, and on the basis of this study the Committee framed a report.

The report embodied the following conclusions:

"In view of the diversity of the fundamental conditions governing in individual cases, it was considered preferable not to recommend any form of standard convention, but simply to submit a general framework which might serve as a basis for the preparation of conventions, and to set forth the gist of the matter and the practice followed at present. Thus, it is advisable that inter-State conventions should regulate the following points in particular, the conditions of application being embodied, where necessary, in agreements between administrations, drawn up in accordance with the provisions laid down in the conventions:

"Determination of the junction;
Determination of the junction stations;
Junction system; exchange stations or joint stations;
Ownership; frontier section, junction stations, equipment; allocation of expenditure on capital outlay and supplementary work to be carried out later;
Higher superintendence and system of operating the frontier section and junction stations;
Time-tables;
Regulation of the tariffs applicable;"
Allocation of receipts and basis on which operating costs are to be divided;
Placing of premises and ground at the disposal of the services of the neighbour State;
Provisions regarding the conclusion of detailed agreements between the railway administrations concerned, in conjunction, if necessary, with other administrations;
Customs and other facilities to be granted in favour of services in the neighbour State;
Fiscal provisions;
Administrative status of officials employed in the frontier-line service and at junction stations in the foreign country; legal status of such officials and their families;
Provisions concerning the Customs, railway, police, health and veterinary, postal and telegraph, passport, etc., services on the frontier section and at the junction stations (international stations);
Provisions concerning the languages to be used in the service and in the public interest on the frontier line and at the junction stations;
Provisions arising out of the special interests of the States concerned;
Settlement of disputes between contracting parties;
Formal provisions, such as entry into force, denunciation, etc."

The Permanent Committee approved the study of the Secretariat and the report of the small Committee and endorsed their conclusions. It expressed the view that the competent authorities should confine themselves to putting forward a general scheme which might be used as a basis for the framing of conventions and to studying the essential elements of the question and the practical considerations by which it was governed.

The Permanent Committee, in forwarding the relevant documents to the Advisory and Technical Committee for Communications and Transit, expressed the hope that they might as far as possible be used as a means of bringing about the agreements still lacking and, in general, of facilitating the aims most in keeping both with the common interest and the interests of the railway administrations.

II. WORK OF THE PERMANENT COMMITTEE ON ROAD TRAFFIC.

The Permanent Committee on Road Traffic met at Geneva for its ninth session from June 17th to June 21st, 1935.

1. SIGNALS AT LEVEL-CROSSINGS.

The Permanent Committee on Road Traffic noted the report and recommendations of a Special Committee for the Study of Signals at Level-crossings and the conclusions adopted by the Permanent Committee on Transport by Rail. It approved the report of the Special Committee, subject to a few amendments in matters of detail. The Permanent Committee considered that the question had been sufficiently studied to form the subject of a draft Convention to be framed on the initiative of the Advisory and Technical Committee for Communications and Transit and submitted to an international conference.

2. ROAD SIGNS.

The Permanent Committee considered a request from the International Association of Recognised Automobile Clubs for the examination of the following questions: (1) utilisation of the place sign at the entrance to built-up areas; (2) creation of a new sign prohibiting overtaking; (3) restrictions to be placed on the use of sound-warning signals by motor-horns and the creation of a new sign to denote this restriction. At the request of one of its members, the Committee also examined the question of the creation of a new sign forbidding vehicles to pass each other.

The Permanent Committee recommended that, in countries in which traffic regulations were different, according to whether the traffic was in a built-up area or not, and which desired to present an indication of that difference in the regulations, the place sign provided for in the Convention of 1931 concerning the Unification of Road Signals should be used to indicate the point at which the application of the special regulations began in the locality.

The Permanent Committee considered that it was necessary that the police authorities should be able in certain particular cases to indicate by special signs on the road an express prohibition of overtaking. It proposed the creation of a sign consisting of a red disc with a round white or pale yellow centre, with two black arrows and a diagonal red bar indicating the prohibition.

The Permanent Committee further considered that the police authorities should be able in certain particular cases to indicate by a special sign on the road an express prohibition for vehicles to pass each other in opposite directions. It proposed the creation of a sign for this purpose, which would imply a prohibition of overtaking in addition to that of passing—the sign to consist of a red disc with a round white or pale yellow centre, with two black arrows in opposite directions crossed by a red bar indicating the prohibition.

1 Document C.276.M.143.1935.VIII.
2 See above under Section I (Work of the Permanent Committee for Transport by Rail) and below under Section V (Signals at Level-crossings).
The Permanent Committee further adopted a recommendation to the effect that in certain built-up areas the competent authorities might decide that sound signals should not be used, except in case of danger, this special region being indicated by the use of a red disc with round white or pale yellow centre, bearing the figure of a motor horn crossed by a diagonal red bar.

3. Mechanical Light Signals.

The Permanent Committee noted that in various countries the standardisation of light signals was under consideration and that in some of them doubts were felt as to the merits of the respective systems in use. The Committee was of opinion that guiding international principles in the matter of signalling at cross-roads—particularly in towns by means of lights—would be of great utility. It decided that enquiries as to the present situation of the Governments of the European countries should be made as soon as possible by means of a questionnaire.

4. The Appointment of a Special Committee to Study the Question of Uniform Statistics of Road Accidents and their Causes.

The Permanent Committee noted the results of an enquiry carried out by the Secretariat regarding existing statistics of traffic accidents and the methods of compiling them used in the various countries. M. van Zanten, representing the International Statistical Institute, emphasised the importance of standardising statistics of traffic accidents, and drew attention to the difficulties which arose owing to differences in the definitions of accidents applied in the various countries. He expressed the view that close co-operation should be established between the Committee and the International Statistical Institute with a view to standardising both definitions and methods.

Several of the members of the Committee, together with the representatives of the International Association of Recognised Automobile Clubs, expressed themselves in favour of a uniform framework for traffic accident statistics, and emphasised the importance of collaboration both with the International Statistical Institute and with the League of National Red Cross Societies.

The Permanent Committee decided to request the Advisory Committee for Communications and Transit to set up a special committee of competent persons to propose a uniform framework for the statistics to be compiled and to lay down the necessary technical principles.

III. Public Works.

The replies from Governments to the Circular Letter of March 7th, 1934, concerning national public works, which reached the Secretariat after the publication by the League of the volume entitled "National Public Works", were published in an Addendum on April 30th, 1935.¹

The Addendum contains replies from the Union of South Africa, Australia, Chile, China, Denmark, Egypt, Ethiopia, France, Hungary, India, Irish Free State, Poland, the United States of America and Sweden. The replies from the Union of South Africa, Australia, Denmark, France and the United States of America contain information additional to that already supplied and published in the original volume.

The replies from the Governments, as in the original volume, are in general reproduced in full. Certain details or particulars of a purely local character, however, have been omitted. The printed documents which accompanied some of the replies have not in general been reproduced, but extracts have been made from them where the subject-matter appeared to come more specifically within the scope of the enquiry.²

IV. Pollution of the Sea by Oil.

Replies to the questionnaire on the pollution of the sea by the discharge of oil, forwarded to the Governments by the Secretary-General of the League on January 23rd, 1935, have been received from most of the more important maritime States.³ The Secretariat has prepared for the Assembly a report⁴ describing: (1) the action taken by the competent League organs, and (2) summarising the replies to the questionnaire.

The Assembly will be invited to authorise the Organisation for Communications and Transit to continue its work with a view to the conclusion of an international convention.

V. Signals at Level-Crossings.

The International Railway Congress Association, at its twelfth session, held at Cairo in January 1933, recommended the use of automatic signalling for certain categories of level-crossing and urged that the use of such signals should be subject to uniform principles

⁴ Document A.20.1935.VIII.
internationally adopted in respect of both the types of signals and the legislation and regulations concerning them. The Permanent Committee on Road Traffic, noting this recommendation during its session held in May 1933, proposed that the problem of additional signals for level-crossings should be examined by a special mixed Committee, consisting of three experts to be nominated by the Permanent Committee for Transport by Rail.1

The Special Committee met at Geneva from January 10th to January 12th, 1934, and from August 22nd to August 25th, 1934, and in the interval between these sessions material was collected on the basis of a questionnaire sent by the Secretary-General of the League of Nations to the Governments of European States and of the United States of America and Canada.

The Special Committee, in a report dated May 14th, 1935, recommended that, for purposes of signalling and protection, level-crossings should be divided into three categories: level-crossings with gates; level-crossings without gates but with automatic signals; level-crossings without gates and without automatic signals. For each of these three categories, the Special Committee specified regulations in regard to the warnings and signals to be used.

It further added to its proposals a number of general recommendations suggesting, in particular, that countries should, in the paramount interests of public safety, endeavour, as far as possible, to abolish level-crossings and replace them by crossings overhead or underground.2

The seventh Road Congress, held at Munich in September 1934, noting the conclusions adopted by the Special Committee, was of opinion that an international uniform convention should be concluded providing for uniform signals at unguarded level-crossings in all countries, and it expressed the hope that the proposals of the Special Committee might as soon as possible be submitted to an international conference.

The Permanent Committee for Transport by Rail, during its session held in May 1935, endorsed the conclusions and recommendations of the Special Committee, subject to a few amendments in matters of detail. It emphasised the urgency of the introduction of standard rules and requested the Advisory and Technical Committee for Communications and Transit to take such steps as might be necessary to secure in the near future a practical solution of the problem on the widest possible international basis.3

The Permanent Committee on Road Traffic, noting the report of the Special Committee and the conclusions adopted by the Permanent Committee on Transport by Rail, also approved the report of the Special Committee subject to a few amendments in matters of detail. It considered that the question had been sufficiently studied to form the subject of a draft convention to be framed on the initiative of the Advisory and Technical Committee for Communications and Transit and submitted to an international conference.

VI. CUSTOMS EXEMPTION FOR LIQUID FUEL EMPLOYED IN AIR TRAFFIC.

The Secretary-General of the League, on the proposal of the Chairman of the Advisory and Technical Committee for Communications and Transit, invited the Governments, on August 20th, 1934, to state whether they would be prepared to participate in an agreement according Customs exemption for liquid fuel employed in air traffic, to be concluded between the Governments of the European countries on the basis of the following text:

"On arrival, the fuel and lubricants which are contained in the ordinary tanks of the aircraft shall not be liable to Customs or other duties. No quantity, however, may be disembarked free of duties.

"On departure, the fuel and lubricants intended for the refuelling of aircraft proceeding to another contracting State are exempt from Customs or other duties. Nevertheless, in the case of a landing in its own territory, the State in which the aircraft has obtained its supply may make the granting of the exemption subject to certain specified conditions."

Replies have been received from the Governments of Austria, Belgium, the United Kingdom, Bulgaria, Denmark, Free City of Danzig, Estonia, Finland, France, Hungary, Irish Free State, Iceland, Italy, Latvia, Lithuania, Norway, the Netherlands, Poland, Portugal, Sweden, Switzerland, Turkey and the Union of Soviet Socialist Republics. Most of the Governments declare that they have no objection to participating in an agreement on the basis of the text proposed, while others state that exemption for fuel and lubricants carried on board aircraft on arrival is, in practice, already applied within their territories.

1 Document C.276.M.143.1935.VIII.
2 The report of the Special Committee (document C.C.T./P.N.5) is annexed to the report on the work of the Permanent Committee on Road Traffic during its ninth session (document C.276.M.143.1935.VIII, Annex 3).
3 Document C.293.M.156.1935.VIII.
4 Circular Letter 141.1934.VIII.

The more general question of Customs exemption for liquid fuel used by motor-vehicles crossing a frontier was raised in the Commission of Enquiry for European Union in May 1931 by the representative of the German Government. The question was referred to the Advisory and Technical Committee for Communications and Transit and subsequently discussed by certain international bodies, including the International Commission for Air Navigation. The text submitted to the European Governments by the Secretary-General in August 1934 was the final outcome of these international discussions (see report by the Secretariat, document C.C.T./P.592.1935).
Negative replies as to the conclusion of an agreement have been received from Estonia and Latvia, the latter country, however, stating that aircraft used for international traffic already enjoys within its territories the facilities proposed.

VII. THE LEAGUE WIRELESS STATION.

The Secretary-General, after consulting a Committee of Experts, has given instructions for certain technical improvements to be carried out in order to bring the station into line with the latest modern developments.

8.

HEALTH QUESTIONS.

I. THE FORTHCOMING SESSION OF THE HEALTH COMMITTEE.

The Bureau, consisting of the Chairman of the Health Committee, the Chairman of the Office international d'Hygiène publique, and the four Vice-Chairmen of the Health Committee, met on May 3rd, 1935, to prepare for the work of the forthcoming session of the Committee, which will meet on October 7th, 1935, immediately after the Inter-Governmental Conference on Biological Standardisation, to open on October 1st, 1935. The Health Committee now meets only once a year, and the forthcoming session will be of all the more importance as over eighteen months will have elapsed since its previous session, which took place in May 1934. The Bureau has framed a provisional agenda, the text of which is embodied in its report.1

The agenda covers the entire work of the Health Organisation.2 The Bureau has, however, drawn the special attention of members of the Committee to five principal questions, in view of the important place which they assume within the framework of the general activity of the Organisation:

- Report on the Enquiry into the Treatment of Syphilis;
- Report on Nutrition and Public Health;
- Report of the Conference on Biological Standardisation;
- Urban and Rural Housing;
- Rural Hygiene in Europe.

(a) ENQUIRY INTO THE TREATMENT OF SYphilis.

The origin of this enquiry, its history and results were described in Part I of the Annual Report on the Work of the League for 1935,3 and a report on the enquiry appeared in the issue of March 1935 of the Quarterly Bulletin of the Health Organisation.

Of the 25,000 clinical cases collected, 10,000 had first to be eliminated, as they did not strictly fulfil the conditions of the enquiry. The result shows, among other things, that in one case out of every eight in which clinical diagnosis of recent syphilis was given, the recognised general principles were not applied in checking the diagnosis and in the application of a serological test. This fact is of the more importance as the subjects in question were from model clinics, and it is extremely probable that the proportion would be considerably higher in other hospitals and more especially in private cases.

The enquiry into methods of treatment covers rather more than 13,000 cases of primary and secondary syphilis. The experts, on the basis of principles inferred from the enquiry and from their own experience, submit a series of recommendations as to the requisite conditions for diagnosis and serological observation, urgency of treatment, the methods to be applied, and the length of the period during which patients should be kept under observation after treatment. They lay down a series of general principles for the guidance of the doctor and suggest two methods of treatment, one being continuous and the other discontinuous, which, in their opinion, are likely to give satisfactory results in ordinary cases of recent syphilis.

The report thus constitutes a study of conditions of treatment in certain important clinics and a body of principles to be observed and of rules to be applied in the treatment of syphilis. It is the work of some of the chief specialists in Europe and the United States of America. It will be a valuable source of information for experts in syphilis, specialists in health questions and medical practitioners. The Bureau has accordingly decided that it should be the subject of thorough discussion in the Health Committee, and the members of the Committee have been asked to communicate their observations in advance.

The Bureau also decided to give special publicity to this report. It will be distributed to the principal clinics for the treatment of skin diseases and to institutes which are engaged in the campaign against venereal diseases. Furthermore, the directors of the enquiry have sent a summary of the report and the text of the recommendations which it contains to the principal medical journals of their respective countries.

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1 Document C.180.1935.VII.
This report was published in the *Quarterly Bulletin of June 1935.*

Following a statement of the present scientific knowledge of the physiological bases of nutrition and the nutrition value of the principal foodstuffs, it emphasises the importance of a rational diet for the protection of individual and public health, and shows the part which health authorities are increasingly called upon to play in directing and giving a lead in the matter of nutrition.

The members of the Committee have been asked to communicate any observations they may wish to make or any supplementary information which may be at their disposal regarding the policy of their respective countries in dealing with this matter. A similar appeal was addressed to the directors of schools and institutes of hygiene in European countries during their meeting on April 26th, 1935.

The general interest shown in the problem of nutrition was strikingly instanced in the course of the International Labour Conference of June 1935. Sir Frederick Stewart, Government delegate of Australia, made a special allusion to the work of the Health Organisation in this field:

> "The workers were especially interested in the solution of a problem which was closely bound up with that of unemployment. He had noted, as Minister of Commerce, that an increase in the demand for foodstuffs greatly contributed to restore world equilibrium, while, on the other hand, there were great numbers of unemployed who still went in need of these same foodstuffs. This, however, was not merely a problem of poverty, but also a problem in which a lack of adaptation and ignorance played a part."

Miss Grace Abbott, Chairman of the delegation of the United States, and the Government delegates of Canada, France, New Zealand, the Argentine Republic, Roumania and Sweden supported these observations. Miss Abbott referred to the work of the Health Organisation delegates of numerous Governments, the Bureau was of opinion that the Health Committee should thoroughly discuss the problem with a view to framing its own conclusions and to take a decision on such questions as the desirability of establishing in each country a national centre for the distribution of the standards and the possibility of establishing national standards for certain standardised substances.

The Conference, on the proposal of Sir Frederick Stewart, adopted the following resolution:

> "Seeing that nutrition adequate both in quantity and in quality is essential to the health and well-being of the workers and their families; "And seeing that in various countries evidence has been brought forward to show that large numbers of persons both in town and country are not sufficiently or suitably nourished; "Seeing, moreover, that an increase in the consumption of agricultural foodstuffs would help to raise standards of life and relieve the existing depression in agriculture: "The Conference welcomes the attention drawn by the Director in his report to the problem of nutrition and requests the Governing Body to instruct the Office to continue its investigation of the problem, particularly in its social aspects, in collaboration with the health and economic organisations of the League of Nations, the International Institute of Agriculture and other bodies capable of contributing to its solution, with a view to presenting a report on the subject to the 1936 session of the Conference."

The adoption of this resolution was evidence that the report of the Health Organisation on nutrition came at an opportune moment and might be regarded as a contribution to the enquiries undertaken by the International Labour Office. Owing to the very keen interest taken in the problem, not only by health administrations, but also by the economic and social departments of numerous Governments, the Bureau was of opinion that the Health Committee should thoroughly discuss the problem with a view to framing its own conclusions on the questions which it raised in the field of health.

(c) Report of the Conference on Biological Standardisation.

The Conference has been convened to meet on October 1st, 1935. A handbook explaining the work of the Health Organisation in dealing with the question of biological standardisation has been prepared for the use of the Conference. The Conference will be asked to examine the reports submitted by the delegates on the steps taken to assure the delivery and use of international standards in their respective countries, and to take a decision on such questions as the desirability of establishing in each country a national centre for the distribution of the standards and the possibility of establishing national standards for certain standardised substances.

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The Commission on Biological Standardisation will meet prior to the Conference to examine the documents which the national health administrations have been asked to furnish on the way in which a biological control of drugs is exercised under their direction. The Health Committee will be invited at once to consider the recommendations of the Conference.

(d) URBAN AND RURAL HOUSING.

1. Urban Housing.

It was stated in Part I of the Annual Report on the Work of the League for 1935 that the Health Committee, at its next session, would be asked to consider certain documents:

(a) A series of reports, framed under the auspices of the national authorities of the various countries, presenting the facts and statistical data relating to the various aspects of the problem of urban housing and setting forth the national policy in regard to it;

(b) A memorandum of the Health Section dealing with the problem of urban housing in all its aspects and complexity.

The above documents were to be regarded as a preliminary study which the Health Committee would consider before reporting to the Council.

(a) The Health Section, on April 1st, received documents forwarded by the Government of the United Kingdom, and, in June 1935, a report from the Government of the Netherlands. The reports from France, Italy, Poland and Sweden will be available for the Committee prior to its session.

(b) The memorandum of the Health Section will discuss the technical aspects of any further steps to be undertaken and it will deal with the following principal questions:

(i) Building and housing hygiene;
(ii) Social and sanitary inspection of cities;
(iii) Urban housing from the point of view of public health;
(iv) Method of estimating movements of population in relation to urban policy.

These preparatory studies have been facilitated by assistance received from other technical organisations, more especially the Financial Section and Economic Intelligence Service of the Secretariat, and the International Labour Office.

2. Rural Housing.

The four items in the programme of work framed by the Bureau of the Health Committee, submitted on April 26th, 1935, to the Conference of directors of schools and institutes of hygiene in European countries, were indicated in Part I of the Annual Report on the Work of the League for 1935.1

(a) The Conference established a plan of the studies to be undertaken aiming at the general survey of rural housing conditions to which reference was made under item I of the programme. It was the view of the Conference that the plan should provide general guiding rules to be adapted to local conditions, having regard to the methods which the various national authorities might decide to apply.

The Italian Government had, in 1934, already taken a census of all rural dwellings. The Italian representative attending the Conference on April 26th nevertheless stated that, in spite of the ample information collected, further and more detailed studies would be made, based on the guiding rules laid down by the Conference.

The Ministers of Public Health and Agriculture in France have undertaken an enquiry, extending over the whole of the country. The prefect of each department has received instructions to conduct the inquiry in conformity with the rules laid down by the Conference and on the basis of a detailed questionnaire framed by an inter-departmental Committee.

In Poland, where fairly complete information already existed, the Ministers of Agriculture, Education and Public Health decided to complete the material which was at their disposal by means of an enquiry entrusted to the rural primary schools.

Studies have been started in Turkey and in Hungary, and in several other countries the best methods of undertaking an enquiry are under consideration.

(b) It is proposed that the work thus undertaken, as stated in Part I of the Annual Report on the Work of the League for 1935, should be followed by an International exhibition, and M. Angelini, one of the Italian representatives at the Conference of April 26th and Chairman of the Fascist Confederation of Agricultural Workers, intimated that his Government would very probably be prepared to afford it hospitality.

The Italian representative, at a meeting of the Council held on May 22nd, 1935, spoke as follows:

"The rural policy consistently followed by the Fascist Government in both the economic and the social sphere had made this matter one of the pivots of its future activity with the object of ensuring the well-being of the agricultural population.

A detailed plan covering several fields and contemplating important innovations and reforms was being studied; the necessary material and information were already in the possession of the competent services.

The Health Committee was therefore to be congratulated on its initiative and, in particular, the Medical Director on the action taken on his Committee's proposals. The Italian Government, for its part, was ready to co-operate wholeheartedly in ensuring the success of the work and would later decide, in agreement with the Chairman of the Health Committee and the Medical Director, how best to achieve that co-operation."

Informal conversations have already taken place, and Rome has been indicated as a possible seat for the exhibition to take place from September to November 1936. It will include three principal sections: (a) housing proper, (b) outbuildings and (c) environment—that is to say, the rural community in which each house shares common services or accommodation of general importance to physical and moral health and the well-being of the inhabitants.

The Italian exhibition also includes a scheme for the presentation of four farmhouses of varied types, complete with furnishings characteristic of their respective environments and customs and showing the different costumes of the inhabitants.

The various national exhibitions will be afforded the necessary accommodation in a large main pavilion.

The Health Committee will be asked to decide as to the measures to be taken with a view to a successful carrying out of this programme.

Such are the principal questions for which the necessary preparatory work has been done by the Bureau in view of the forthcoming session of the Health Committee.

To these must be added the various subjects already covered in Part I of the Annual Report on the Work of the League for 1935, in particular, the work of the Malaria Commission, the Opium Commission, the study now in progress of public nutrition in Chile, the reports of the Eastern Bureau and of the International Centre for the Study of Leprosy.

II. BIOLOGICAL STANDARDISATION: CONFERENCE OF EXPERTS ON SEX HORMONES.

As announced in Part I of the Annual Report on the Work of the League for 1935, a Conference of Experts on Sex Hormones was held in London on July 15th under the chairmanship of Sir Henry Dale. The work of the Conference consisted in revising the decisions taken in 1932 upon the female hormone, with a view to adapting them to the progress of technique and in establishing, if possible, international standards and units for the male hormone, and for the hormone contained in the corpus luteum.

The Conference was attended by American, English, Canadian, Danzig, French, Netherlands and Swiss experts. In respect of the female oestrus-producing hormone, it was found necessary to establish a new international benzoate standard, to permit of the titration of the very active new preparations now on the market derived from benzoic acid. The Conference, with a view to constituting a stock of this standard, secured the generous assistance of the laboratories at Amsterdam, Danzig, Paris and Toronto. The standard of the hydroxy-ketonic form, adopted in 1932, is still valid. The two standards will be kept and distributed by the National Institute for Medical Research, Hampstead, London.

For the male hormones, the Conference chose as the international standard androsterone, the substance recently isolated in crystallised form which contains the hormones in a state of chemical purity. The laboratories of Amsterdam, Basle and Danzig have promised to supply the quantities of androsterone necessary for the constitution of a stock of the standard substance. The unit adopted corresponds to the biological action produced by 0.1 milligramme of androsterone. The Conference has also fixed the conditions in which the biological titration of this substance should be effected.

The progestational hormone of the corpus luteum can also now be obtained in a crystallised form, and a given weight of the pure substances has accordingly been chosen as an international standard, the unit being defined as the specific action exercised by one milligramme of this substance.

The stocking and distribution of the male and progestational hormones has been entrusted to the Hampstead Institute.

There is every reason to hope that, as a result of the Conference, the value of the preparations of sex hormones placed on the market will be to an ever greater extent expressed in international units. This will enable a comparison to be made between the therapeutic results obtained in the various countries, and facilitate the exclusion by national institutes responsible for the control of drugs of all hormone preparations not having the necessary credentials.

III. COMMISSION FOR DETERMINING THE MORPHINE CONTENT OF RAW OPIUM.

The Commission for the study of methods for determining the morphine content of raw opium, as announced in Part I of the Annual Report on the Work of the League for 1935, met on July 16th, 1935, at Copenhagen, and determined its programme of work for next year. The observations of the various Governments on the international method to be adopted were reviewed. Two new methods proposed respectively by Professor Knaffi-Lenz and Professor Eder were considered.

The Commission noted that marked progress had been achieved in its work relating to cocaine, and it hopes next year to reach definite conclusions. A detailed technical report will be submitted to the Committee at its next session.

9. TECHNICAL CO-OPERATION BETWEEN THE LEAGUE OF NATIONS AND CHINA.

Technical co-operation between the League of Nations and China has, during the period under review, continued along the lines approved by the Committee of the Council. The technical agent of the Council, in a report submitted to the Committee of the Council in May 1934, described in detail the progress, up to April 1st, 1934, of the work in the various spheres of technical reconstruction in which the League is affording assistance and advice.

The Secretary-General, in a report to the Council Committee distributed on May 21st, 1935, gives a brief account of the work of the National Economic Council of China and information concerning technical co-operation between the League of Nations and China during the period April 1st, 1934, to April 16th, 1935. This report surveys the work done in the field of public health, the construction of roads, the organisation of traffic, hydraulic work, the improvement of agricultural economy and living conditions among rural workers, the work of the Sericulture Improvement Commission and arrangements made for the prosecution of studies on industrial organisation and technique.

Co-operation between the technical Organisations of the League of Nations and the Chinese authorities, through the National Economic Council, since April 1st, 1934, has been proceeding in particular in the following fields: public health, road-building and upkeep and transport by road, hydraulics, agricultural economy (rural hygiene, questions relating to rural co-operative societies, sericulture).

The Health Organisation and the Communications and Transit Organisation in particular have continued, on the same lines as previously, their collaboration with the National Public Health Service and the Roads and Hydraulic Works Bureau of the National Economic Council. In addition, a group of experts of the Communications and Transit Organisation (M. Omodeo, M. Nijhoff, M. Coode and M. Coursin) visited China in December 1934 and during the first six months of 1935, to examine certain important questions relating to road-building and upkeep, road transport and hydraulics. The final report of the group of experts will be drawn up after consultation with the specialist Committees of the Transit Organisation.

The Committee of the Council, at its session in September 1934, invited the Secretary-General to “take the necessary measures to ensure the continuance and development of the work, more especially by dispatching to China for a short period the Director of one of the competent Sections of the Secretariat.” The Secretary-General sent to China, for the purpose of this mission, M. Robert Haas, Director of the Communications and Transit Section and Secretary of the Committee of the Council. M. Haas consulted the leading members of the National Economic Council and the authorities responsible for the work of reconstruction in the Provinces of Shantung, Hopeh, Shansi, Honan, Hupeh, Hunan, Kiangsi, Chekiang, Kiangsu, Kwantung and Kwangsi. It is clear from the information obtained that the technical collaboration of the League of Nations, whose sole task, to the exclusion of any intervention in the internal or external politics of China, is to assist in the training and perfecting of the Chinese higher technical staff and to assist the Chinese specialists in carrying out their various tasks in the work of national reconstruction, has met, on that understanding, with the unanimous support of the leading men in the Chinese Government and won the sincere appreciation of the Public Administrations concerned.

A reference will be found in Chapter 12 (Intellectual Co-operation) to technical collaboration between the League of Nations and China in the field of education.
TRAFFIC IN OPIUM AND OTHER DANGEROUS DRUGS.

A. WORK OF THE ADVISORY COMMITTEE ON TRAFFIC IN OPIUM AND OTHER DANGEROUS DRUGS.

The Advisory Committee on Traffic in Opium and Other Dangerous Drugs met for its twentieth session at Geneva from May 20th to June 5th, 1935. 1

1. COMPOSITION OF THE COMMITTEE.

Japan, having ceased to be a Member of the League on March 27th, 1935, was not represented on the Committee. The Committee, however, asked the Council to invite the Japanese Government to continue to participate in its work, and the Council on May 23rd complied with this request. The Government of Japan decided, on the understanding that its participation in no way affected its position as a State non-member of the League, to accept the invitation.

The Committee noted with regret that M. W. G. van Wettum, representative of the Netherlands Government on the Committee since 1921, had retired. The Committee paid a cordial tribute to M. van Wettum for his long and valuable services.

2. RATIFICATION OF CONVENTIONS.

The Committee noted that, as a result of the accession of Turkey in 1933 to the Hague Convention of 1912, fifty-nine countries were parties to that instrument.

Five countries had acceded to the Geneva Convention of 1925 since 1932—namely, Turkey and Chile in 1933, Honduras and Ecuador in 1934, and Costa Rica in 1935. Fifty-two countries were parties to that Convention.

Fifty-five countries were parties to the Convention of 1931 for limiting the Manufacture and regulating the Distribution of Narcotic Drugs. Nine countries had ratified the Convention in 1932; thirty-one had ratified or acceded to it in 1933 and nine in 1934; two countries, Ecuador and Panama, had acceded to the Convention in April 1935; Afghanistan, Estonia, New Zealand and Japan had just ratified the Convention.

The Committee noted that the ratifications by Japan and India, necessary to the entry into force of the Agreement relating to the Suppression of Opium-smoking, signed at Bangkok on November 27th, 1931, had not yet been deposited.

The Committee, which addressed an urgent appeal to the Iranian Government not to delay its ratification of the Hague Convention of 1912 and the Geneva Convention of 1925, was informed by the Iranian representative that his Government would do so at an early date. Iran had reported exports of raw opium to China amounting, in 1933, to over 100,000 kilogrammes, though China had officially prohibited the importation of raw opium into its territory, and the Advisory Committee felt it necessary to emphasise the importance of terminating a situation which tended to facilitate the illicit traffic.

3. MEASURES AGAINST CLANDESTINE MANUFACTURE.

The Committee expressed great concern at the serious position revealed by its Sub-Committee on Seizures in respect of clandestine manufacture. Cases were reported from the Shanghai International Settlement covering the period from May 1932 to the end of the first quarter of 1935. The Shanghai municipal police in 1934 suppressed six clandestine factories or laboratories manufacturing heroin, and twenty establishments manufacturing narcotic drug pills, while, during the first quarter of 1935, four heroin factories and five pill-producing establishments were discovered. Other cases were reported from Tientsin, both in the British municipal area and in the Chinese city, and from Dairen, Hong-Kong, Turkey, Greece, Bulgaria, France and the United States. The Committee noted that, while national and international control had reduced authorised manufacture approximately to the level of world needs, the illicit traffic had not decreased, the market being largely supplied by clandestine manufacture, which was developing even in countries where there was an effective system of control.

The question of the action to be taken by Governments to prevent illicit manufacture was placed on the agenda of the next session of the Committee, and the Secretariat was instructed to collect the necessary material.

4. ILLICIT TRAFFIC.

The Committee, discussing and approving reports from its Sub-Committee on Seizures, considered the best procedure to be followed in examining cases of seizure and framing reports on the illicit traffic. It concluded that the methods so far followed should continue to be

1 Document C.253.M.125.1935.XI.
applied, and that, in particular, the widest publicity should be given to the work of the Committee in this field. Questions connected with the illicit traffic should, in the opinion of the Committee, be discussed in the full light of day and with the complete co-operation of the Governments.

The Committee approved the following instructions for the guidance of its Sub-Committee on Seizures:

"The Advisory Committee expressed the view that the methods hitherto applied by the Sub-Committee on Seizures and the Secretariat had proved their usefulness and should be maintained for the future. As in the past, the Secretariat should collect all the necessary particulars contemplated in Article 23 of the 1931 Convention and obtain from the Governments concerned any additional information which might be useful for the Sub-Committee on Seizures.

"Information communicated by a Government may be published, unless it is of a confidential character. It remains understood that, before any information affecting another country is made public, the Secretariat should do everything possible to consult with the representative of the country concerned and, as a rule, request the observations of the Government concerned. On the other hand, taking into consideration the requirements of the work and the results to be obtained, the Secretariat is not obliged to await the reply from the Government concerned before communicating to the Advisory Committee or the Sub-Committee on Seizures information the utility of which is often directly dependent on its early communication. The Secretariat should in its report to the Committee state the fact if a Government has not replied to the enquiries of the Secretariat.

"The Sub-Committee on Seizures should, on the basis of the information available, establish its report to the Advisory Committee in accordance with the principles hitherto followed, drawing attention, not only to information tending to reveal the general trend of the illicit traffic and problems connected therewith, but also bringing forward without delay specific cases of seizures or illicit traffic, the knowledge of which may be of importance to Governments in their concerted campaign against illicit traffic, or which could appropriately be brought to public notice with a view to keeping the public informed in regard to the illicit traffic and thus enlist public interest in its suppression."

The largest seizures of raw opium during the period under review were made in Hong-Kong, the Netherlands Indies, Siam, the Straits Settlements and the United States of America, the most important one, amounting to over three tons, being made in Hong-Kong. Seizures of prepared opium were reported by the United States of America and Far-Eastern territories such as Siam, the Netherlands Indies, Hong-Kong, the Straits Settlements and the Philippines. There were also seizures in Canada, the Netherlands, New Zealand, the United Kingdom, France and Surinam.

The largest seizures of morphine were effected in the United States and the Far East—i.e. Hong-Kong, the Shanghai International Settlement and Kiachow.

The principal markets for heroin in 1934, as in previous years, were the United States and China.

Cocaine seizures were reported from the United States of America, Canada, China, the Straits Settlements, India, Egypt, Spain, France, Greece, Italy, Latvia, Poland and Uruguay. Illicit traffic of cocaine into India appeared to be continuing actively.

Seizures of Indian hemp were reported from Canada, Egypt, Turkey, Greece, Roumania, India, France and the Fiji Islands.

The Advisory Committee, in reviewing the general question of illicit traffic, gave special attention to illicit traffic by air and the use of postal facilities. It noted, in particular, a summary of the supervisory measures applied by the Customs and police authorities to air navigation in the various countries, together with information supplied by the representative of the United States of America on the organisation of armed and equipped air patrols for the suppression of smuggling on the frontiers, and it suggested that the Transit Section should ask the International Commission for Air Navigation to express an opinion on the points which had been raised and to suggest appropriate methods for rendering the supervision of air navigation more effective.

The Committee, noting that the illicit traffic through the postal services appeared to be systematically organised and was tending to spread, decided to reconsider this problem in the light of information to be completed by the Secretariat.1

Evidence before the Committee showed that the degree of control exercised over ocean-going steamers in the ports of the various countries varied considerably. In some important ports no control appeared to be exercised over visitors coming on board, while in other ports no unauthorised persons were allowed to visit the ships. The Committee felt that strict supervision over passengers and cargo, not only in terminal ports, but also in ports of call, was necessary.

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The following recommendations were approved with a view to preventing the use of ocean-going steamers for illicit traffic:

"(1) The local representative of the central narcotic authority to be responsible and have authority over all agents engaged in preventive work, in so far as narcotic drugs are concerned;

"(2) Complete documentation in regard to suspected international traffickers should be available to such local representative of the central narcotic authority;

"(3) Specialised agents from other places who are not locally known to be detailed from time to time for preventive work in the port."

The Committee noted with satisfaction that the Council had, on May 22nd, 1935, expressed the opinion that the Diplomatic Conference to consider a draft convention for the ocean-going steamers for illicit traffic:

further action by the Advisory Committee appeared to be necessary.

that, as a general rule, an effective control was maintained over these services, and that no observations of certain Governments.

Committee of Experts was revising the text with a view to giving effect to the wishes and suppression of the illicit traffic should meet in June 1936, and that in the meantime a special Committee of Experts was revising the text with a view to giving effect to the wishes and observations of certain Governments.

The Sub-Committee on Seizures considered information from twenty-nine Governments relating to the smuggling of drugs on international sleeping-cars and dining-cars. It concluded that, as a general rule, an effective control was maintained over these services, and that no further action by the Advisory Committee appeared to be necessary.

5. STATISTICS OF ACID ACETIC ANHYDRIDE AND CAFFEINE.

The Advisory Committee, in May 1934, decided to request Governments to furnish information regarding their imports and exports of acetic acid anhydride, indicating the countries of origin and destination as from the year 1931. The statistical information so far received by the Secretariat was considered by the Advisory Committee during its twentieth session.

The Bulgarian Government, which had adopted measures for the control of this substance, reported on October 25th, 1934, that 290 kilogrammes of the product had been seized in Bulgaria.

The attention of the Advisory Committee was specially directed to a statement from the Shanghai municipal council urging a restriction of the importation of caffeine and acid acetic anhydride and affirming that both these substances were being used in large quantities in the clandestine manufacture of narcotic drugs. The Committee asked its members to obtain the views of their Governments on the question whether imports of these substances should be restricted.

6. THE SITUATION IN CHINA.

The Chinese representative laid before the Committee further information in regard to the measures being taken by the Chinese Government with a view to the ultimate abolition of the abuse of narcotic drugs and meeting the increasingly serious danger of addiction to manufactured drugs.1

The Chinese representative stated that the regulations issued on May 11th, 1934, had been applied in the majority of the Chinese provinces and that the death penalty had been inflicted in 263 cases. The Chinese Government, moreover, had, in April 1935, issued supplementary regulations fixing time-limits for the campaign against the abuse of manufactured drugs and laying down graded penalties for delinquents. All drug addicts were required to undergo disintoxication treatment during 1935. Penalties for addicts detected in 1936 would require them, not only to undergo treatment, but also to suffer imprisonment of not less than five years, while from 1937 onwards the penalty inflicted for non-medical use of manufactured drugs would be death or imprisonment for life. The Chinese Government expected that, in the case of manufactured drugs, all drug addicts would, by 1937, have been cured, and the illicit traffic brought to an end.

The cultivation of the poppy under the new regulations had been immediately prohibited in eleven provinces. Eight provinces were authorised to cultivate the poppy but to reduce its cultivation year by year. Provision was made for inspection and, when necessary, for the despatch of military forces to enforce the regulations.

Opium-smokers under the new regulations must all register within six months and no further registrations would be permitted after 1935. The number of smokers would be reduced according to a scheme which would ensure that, by the end of 1940, all the smokers registered in 1935 would have been cured. Opium purchases and the number of hongs would be reduced pari passu with the reduction in the number of smokers. For the treatment of addicts, 597 hospitals had been founded, and 81,344 smokers and drug addicts had been officially reported as cured. The campaign against the abuse of narcotic drugs is under the direction of General Chang-Kai-Chek, who was recently appointed Inspector-General for the suppression of opium and who is of opinion that the abolition of this evil is one of the essential conditions of national reconstruction.

The Advisory Committee paid a tribute to the determined efforts which were being made by the Chinese Government. Certain members of the Committee, however, emphasised the difficulty of dealing with large numbers of opium-smokers and drug addicts, and reserved their judgment until it was possible to form a considered opinion on the results achieved. The

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