The Committee also prepared the list of officials who would assist the Electoral Commission in the performance of its task, and approved the composition of the special tribunal provided for in the regulations. As regards interpreters and subordinate staff, the Committee felt that the Electoral Commission should be free to engage them for itself in whatever manner it might think best.

Having been communicated by the Chairman of the Committee to the President of the Council, the final text of the electoral regulations was immediately transmitted to the French Government as mandatory Power with a view to promulgation in the Sanjak.

After taking cognisance of the final regulations and making the necessary arrangements, the Commission proceeded to the Sanjak and, at the beginning of May, commenced the registration of the electors at the first stage in the three subdivisions (cazas) of the Sanjak.
3.

REDUCTION AND LIMITATION OF ARMAMENTS.

I. Publicity of National Defence Expenditure.

As mentioned in last year's report,¹ the Bureau of the Conference for the Reduction and Limitation of Armaments decided, on May 31st, 1937, to communicate the text of the draft Convention on publicity of national defence expenditure and the working of an organ of supervision and co-ordination to all the Governments which were or had been represented at the Conference, with the request that they inform the Secretariat of the Conference whether they were prepared, in principle, to accept a system of publicity based on that Convention.

On September 30th, 1937, the Assembly in its turn recommended the conclusion of an international Convention on the publicity of national defence expenditure and the working of an organ of supervision and co-ordination.

Up to June 22nd, 1938, twenty-eight countries had replied on this subject.²

Some of the replies are entirely negative; the great majority are favourable in principle. Many States, while expressing their agreement, state that their definite acceptance of the draft Convention on budgetary publicity would be dependent on its being generally accepted by Governments, or at least by the principal military and naval Powers. Various Governments—some of which rank among the principal military and naval Powers—have not yet replied.

² Belgium, Brazil, United Kingdom of Great Britain and Northern Ireland, Canada, Chile, Colombia, Czechoslovakia, Denmark, Estonia, Finland, France, Greece, Hungary, India, Japan, Mexico, Netherlands, New Zealand, Norway, Portugal, Roumania, Union of South Africa, Spain, Sweden, Switzerland, Turkey, Union of Soviet Socialist Republics, United States of America (documents Conf. D.178, 178(a), 178(b) and 178(c)).
II. NATIONAL SUPERVISION OF THE MANUFACTURE OF AND TRADE IN ARMS, AMMUNITION AND IMPLEMENTS OF WAR.

Under the resolution adopted by the Bureau of the Conference for the Reduction and Limitation of Armaments on May 31st, 1937, the Secretariat was instructed to collect and communicate to the members of the Bureau any useful information obtainable as to the present position in regard to the national control of the manufacture of and trade in arms in the principal countries.

The results of the work of the Secretariat (which has been carried out as far as possible with the assistance of the Governments concerned) were published in May 1938.

* * *

The resolution on the same subject adopted by the Assembly recommended the Members of the League, each in so far as it was concerned and to the extent that this had not already been done, to examine the possibility of adopting internal measures with a view to the effective supervision of the manufacture of and trade in arms, ammunition and implements of war, on the basis of the work done by the Special Committee of the Disarmament Conference. The Assembly further asked Governments to inform the Secretary-General of the action taken on this recommendation.

Up to June 22nd, 1938, replies to the Assembly recommendation have been received from twenty-two Governments.

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2 See document Conf.D.184, which contains information in regard to the national control of the manufacture of and trade in arms in the following countries: Belgium, United Kingdom of Great Britain and Northern Ireland, Czechoslovakia, Denmark, France, Germany, Italy, Netherlands, Norway, Poland, Sweden, Switzerland, Union of Soviet Socialist Republics, United States of America. The Secretariat was unable to obtain any authoritative information concerning Japan.
3 Belgium, United Kingdom of Great Britain and Northern Ireland, Bulgaria, Canada, Colombia, Denmark, Ecuador, Egypt, France, Hungary, India, Ireland, Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland, Turkey, Union of Soviet Socialist Republics, United States of America, Yugoslavia.

These replies have been reproduced in documents Conf.D.183 and 183(a).
One Government expresses the view that, as no factories for arms, ammunition or war material exist on its territory, the question of giving effect to the Assembly’s recommendation does not arise.

Most of the other countries refer to legislation in force or forward actual texts of such legislation.

In several cases, the reply states or implies that the existing legislation would enable the Government concerned to comply with the provisions contained in the draft articles for the regulation of the trade in and private and State manufacture of arms and implements of war approved in 1935 by the Special Committee of the Conference for the Reduction and Limitation of Armaments.

Finally, various Governments report that new legislation for national supervision of manufacture and trade is being prepared or considered.

III. CONFERENCE FOR THE REDUCTION AND LIMITATION OF ARMAMENTS:
DATE AND OBJECT OF THE NEXT MEETING OF THE BUREAU.

As recalled in last year’s report,¹ the Bureau of the Conference for the Reduction and Limitation of Armaments, on May 31st, 1937, after requesting the Secretary-General to approach Governments in order to obtain their views concerning the setting-up of a system of publicity for national defence expenditure, decided to meet again on a date to be fixed by the Council of the League of Nations, for the purpose of considering the replies from the Governments, discussing the draft Convention on Publicity for National Defence Expenditure and deciding upon appropriate measures.

The Council dealt with this question on September 16th and October 5th, 1937, and again in 1938 at its January and May sessions.²

On May 11th, 1938, it considered a report by the representative of Iran who called attention to the fact that the Bureau

itself intended that the question of publicity for national defence expenditure should form the main subject for discussion at its next meeting. The Rapporteur gave a general indication of the contents of the replies received from Governments on the subject and the divergences of views which they revealed. As a whole year had elapsed since the Bureau last met, it would seem natural that its members should have an opportunity to take stock of the situation in the light of the replies received. He therefore proposed, and the Council decided, taking into account the various considerations, political and technical, which were involved, that the Bureau should meet during the session of the Assembly to be held in September 1938, the exact date to be fixed by the Secretary-General with due regard to the convenience of all concerned.

IV. NAVAL QUESTIONS.

By a letter dated November 8th, 1937, the United Kingdom Government informed the Secretary-General that the Anglo-German and Anglo-Soviet Naval Agreements, signed in London on July 17th, 1937, had entered into force as from November 4th, 1937.

In a letter dated April 5th, 1938, the United Kingdom Government transmitted to the Secretary-General, for information, copy of a note, which had been communicated to the Powers signatory to the London Naval Treaty 1936 by the United Kingdom Government on March 31st, 1938, containing notification of that Government's intention to exercise its right to depart from the limitations and restrictions of the Treaty in respect of the upper limits of capital ships of sub-category (a) —i.e., maximum standard displacement 35,000 tons and maximum gun-calibre 16 inches.

This letter further stated that a note in corresponding terms had been received by the United Kingdom Government from the United States Government on the same date.

1 See above, page 42.
The United Kingdom Government stated in its note that the precise extent of the departure would depend on the result of the consultations provided for in the Treaty. The reasons for the departure consisted in the reports received by the United Kingdom Government to the effect that Japan was constructing, or had authorised the construction of, capital ships of a tonnage not in conformity with the limitations and restrictions of the Treaty. In view of the refusal of the Japanese Government, on being formally approached, to give assurances that these reports were ill-founded, the United Kingdom Government had no alternative but to regard them as being substantially correct.

By a second letter of the same date, the United Kingdom Government transmitted to the Secretary-General, for information, copies of similar notes communicated by the United Kingdom Government to the German and Soviet Governments on March 31st, 1938, with regard to the Anglo-German and Anglo-Soviet Naval Agreements, signed in London on July 17th, 1937, which provide for the same limitations and restrictions as the London Naval Treaty of 1936 for the contracting parties.

By a letter dated May 3rd, 1938, the United Kingdom Government transmitted to the Secretary-General, for information, copies of the Anglo-Polish Naval Agreement, with Protocol of Signature and exchange of notes, which were signed in London on April 27th, 1938.

The above-mentioned letters and notes were communicated by the Secretary-General to the Members of the Conference for the Reduction and Limitation of Armaments.

V. Publications edited by the Secretariat.

The thirteenth edition of the Armaments Year-Book was published in October 1937.

The fourteenth edition, now in preparation, will be published in October 1938. It will contain monographs on sixty-four countries, Members of the League and non-member States, and will be prepared on the basis of official publications (official military bulletins, laws, decrees, budgets, statistical year-books,
etc.) and of information supplied by certain Governments concerning the state of their armaments.

The thirteenth edition of the *Statistical Year-Book of the Trade in Arms and Ammunition* was published in October 1937. The fourteenth edition will appear in October 1938. It will contain information regarding sixty-one countries and sixty-one colonies, protectorates and mandated territories, compiled from official publications.¹

¹ The publication by the Secretariat of a volume containing information as to the present position with regard to national control of the manufacture of and trade in arms has already been referred to on page 43.
4.

PROTECTION OF MINORITIES.

During the year from June 1st, 1937, to May 31st, 1938, fourteen minority petitions were received, of which ten were declared to be receivable and four to be non-receivable, in virtue of the Council resolution of September 5th, 1923.

The Committees appointed to consider these petitions and those which had been received in previous years but the examination of which had not been completed held twenty-four meetings in all during the period in question. The examination of two petitions was completed during the year. In one case, the letter of closure was published with the consent of the Government concerned, in accordance with the Council resolution of June 13th, 1929. No petition was submitted to the Council during the period in question.

The number of the petitions at present being examined by Minorities Committees is fifteen.

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5.

MANDATES.

I. DELIBERATIONS OF THE COUNCIL CONCERNING THE WORK OF THE PERMANENT MANDATES COMMISSION DURING ITS THIRTY-FIRST SESSION.

On September 14th, 1937, the Council examined the documents concerning the work of the thirty-first session of the Permanent Mandates Commission and a report by the representative of Roumania.

A. Special Question.

Frontier between Tanganyika and Mozambique.

In response to the joint request of the Governments of the United Kingdom and Portugal with a view to the approval of the Anglo-Portuguese Agreement of May 11th, 1936, regarding the delimitation of the frontier between Tanganyika and Mozambique, the Council, having taken cognisance of the opinion of the Permanent Mandates Commission, approved the above-mentioned Agreement.

B. Observations on the Administration of the Territories under Mandate.

The Council decided to communicate in each case to the Government of the mandatory Power concerned the observations of the Permanent Mandates Commission on the administration

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of the territories, the annual reports for which it had examined (Tanganyika, 1936; Cameroons and Togoland under British mandate, 1936; South-West Africa, 1936; New Guinea, 1935/36; Nauru, 1936), and to request it to take the action asked for by the Commission.

C. Petitions.

The Council approved the conclusions of the Permanent Mandates Commission on the petitions it had examined, and decided to bring them in each case to the knowledge of the mandatory Power and the petitioners concerned.

II. DELIBERATIONS OF THE COUNCIL CONCERNING THE WORK OF THE PERMANENT MANDATES COMMISSION DURING ITS THIRTY-SECOND (EXTRAORDINARY) SESSION.

On September 10th, 14th and 16th, 1937, the Council examined the documents on the work of the thirty-second (extraordinary) session of the Permanent Mandates Commission dealing with Palestine.

At this extraordinary session, the Mandates Commission examined the mandatory Power's annual report for 1936 and the parts of the report for 1935 consideration of which had previously been adjourned, the disturbances which occurred in Palestine in 1936, the recommendations of the Palestine Royal Commission, and the United Kingdom Government's Statement of Policy.


On September 10th, 1937, the Council decided to set up a small Committee to report to the Council on the problem of the status of Palestine after the discussion.

1 The reports from the mandatory administrations are of great value in any study of the working of the mandates system and of the evolution of the territories under mandate. They may be consulted in the Library of the League of Nations.


4 Document Cmd.5513, July 1937.
On September 14th, 1937, the discussion opened with a statement by the United Kingdom representative. He recalled the origins of the Palestine mandate and the difficulties of its application. He emphasised the exceptional and temporary character of the decision to reduce Jewish immigration into Palestine, and outlined the procedure proposed for the study of the problem of the future of the territory. In conclusion, he asked the Council to authorise his Government to explore a solution involving a partition of Palestine. He added that his Government would submit to the Council the result of that exploration and any detailed proposals that might flow from it.

The representatives of France, New Zealand and Poland also stated their views.

On September 16th, 1937, the Council adopted the following resolution:

"In view of the United Kingdom Government’s Statement of July 1937, concerning the conclusions of the Royal Commission on Palestine;

"In view of the preliminary opinion given to the Council by the Mandates Commission;

"In view of the statement made by the representative of the United Kingdom at the Council meeting of September 14th, 1937, and the discussion on the status of Palestine which took place at the same meeting;

"Having regard to the intention expressed by the United Kingdom Government of pursuing the study of the problem of the status of Palestine while concentrating on a solution involving partition of the territory;

"Recalling the assurances given in that connection by the representative of the United Kingdom on the subject of immigration:

"The Council,

"Agrees to the United Kingdom Government’s carrying out the aforesaid study and taking such steps as it may entail;

"And, while pointing out that the mandate of July 24th, 1922, remains in force until such time as it may be otherwise decided, defers consideration of the substance of the question until the Council is in a position to deal with it as a whole, and in the meantime entirely reserves its opinion and its decision."

1 Submitted by its Special Committee, consisting of Latvia, Roumania and Sweden.
Observations on the Administration of Palestine and Trans-Jordan.

The Council decided on September 14th, 1937, to communicate the Commission’s observations on the administration of Palestine and Trans-Jordan to the mandatory Power, and to request it to take the action asked for by the Commission. It noted that the part of the Commission’s report dealing with the disturbances which occurred in Palestine in 1936, their causes and their repression by the authorities of the mandatory Power, briefly outlined the facts as elicited through the careful examination carried out by the Mandates Commission with the loyal and patient assistance of the accredited representatives of the mandatory Power. The Council expressed the hope that such disturbances would not recur in Palestine.

Petitions.

On September 14th, 1937, the Council approved the Commission’s conclusions concerning the petitions it had examined, and decided to bring them to the knowledge of the mandatory Power and of the petitioners concerned.


A. Observations on the Administration of the Territories under Mandate.

The Commission made a number of observations on the administration of the territories with which it dealt during its thirty-third session (Syria and Lebanon, 1936; Ruanda-Urundi, 1936; Cameroons and Togoland under French mandate, 1936; Islands under Japanese mandate, 1936; Western Samoa, 1936).¹

¹ See note 1 on page 50.
Territories under A Mandate.

Syria and Lebanon (1936).

The mandatory Power had communicated to the Mandates Commission all the texts drawn up in 1936 governing the future relations between France and Syria and between France and Lebanon. These texts had already been ratified by the Syrian and Lebanese Parliaments, but were still awaiting ratification by France. The main document for Syria — the Treaty of Friendship and Alliance between France and Syria — states that the two Governments are agreed "to bring about, in accordance with a well-defined programme, all such conditions as may lead to the admission of Syria to the League of Nations within three years of the discharge of the formalities of ratification". The Treaty of Friendship and Alliance between France and Lebanon contains a clause in identical terms. As the delays necessary for ratification seemed likely to be protracted, the three-year period began on January 1st, 1937.

The Treaties of Friendship and Alliance will not, however, come into force until the admission of Syria and Lebanon respectively to the League of Nations. The same applies to some of the annexed agreements, and, in particular, to the military conventions that accompany each of the Treaties. On the other hand, several of the instruments annexed to the Treaties are to come into effect at once. This applies, for instance, to the Protocols concerning preparations for the taking over by the two Governments of the responsibilities now assumed by France, and the instruments introducing separate administrative and financial systems for the Jebel Druse and Alawite territories.

After examining these texts, the Mandates Commission noted that on January 1st, 1937, the evolution of the mandate for Syria and Lebanon had entered upon its final phase, and that it was the mandatory Power’s belief that these States should be able, in the course of the three years during which they would enjoy an increased measure of independence, to give proof of their fitness for self-government.

The Commission added that it would closely watch the progress of this experiment, so that in due course it might be
able to give an opinion on the political maturity of these States. It expressed the hope that the results of the experiment would prove conclusive. The Commission, however, did not feel called upon at present to express an opinion on the agreements as instruments for regulating the relations between Syria and Lebanon and France after the extinction of the mandate. Nor did it touch upon the practical question of the maturity of Syria and Lebanon, not having as yet been asked to do so.

Two questions engaged the Commission’s special attention: that of the minorities in Syria and Lebanon, which is dealt with in a number of general stipulations in the exchanges of notes accompanying the text of the Treaties, and that of local autonomy in the Jebel Druse and Alawite territories.

As regards the first, the mandatory Power stated that it had had no desire to prejudice the question of the guarantees which the League of Nations might wish to establish in this domain when the questions of the emancipation of Syria and Lebanon and of their admission to the League arose. The stipulations contained in the exchanges of notes would be applied in practice under the supervision of the mandatory Power during the probationary period of three years ending on January 1st, 1940. In recommending the Council to take note of these declarations, the Mandates Commission emphasised the paramount importance which, in its opinion, attached to the practical experiment involved in the application of these texts during the new phase upon which the mandatory Administration had just entered.

As regards the second question, the Mandates Commission noted that separate administrative and financial systems had already been introduced for the Jebel Druse and Alawite territories. It observed that experience alone would show what value could be attached to this reform, and whether it offered adequate safeguards for the rights and interests of the populations affected.

In the administrative sphere, the Commission had learnt with regret of the serious incidents which had occurred in Upper Jezireh, necessitating the direct intervention of the mandatory Power. It noted that, in consequence of these incidents, the Central Government of Syria had made changes in the administrative personnel in that area, and it expressed the wish to
be informed of the steps taken to ensure fair treatment for the interests of the various sections of the population of that district.

Other special observations were made regarding the question of the right of option of Syrians and Lebanese settled abroad, the problem of labour and the question of antiquities.

**Territories under B Mandate.**

*Cameroons and Togoland under French mandate.*

**Observations common to both territories.**

The Commission was gratified to note the efforts made to develop native provident societies. It asked for information on the procedure for the registration of native lands.

*Cameroons under French mandate (1936).*

The Commission noted that the delimitation work on the frontier between the Cameroons under French mandate and the Cameroons under British mandate would begin very shortly. It asked for details which would enable it to form an exact idea of the real financial position of the railways of the territory.

*Togoland under French mandate (1936).*

The Commission was gratified to learn that there had been a substantial improvement in the financial situation of the territory. It expressed the wish to know whether this improvement was likely to induce the mandatory Power to cancel the administrative measures taken, on grounds of economy, during recent years.¹

*Ruanda-Urundi (1936).*

In the sphere of general administration, the Commission noted with satisfaction that the administrative training of the future chiefs had been entrusted to qualified officials. It also took note of the creation of native treasuries in the territory.

As regards the question of economic equality, the Commission noted that all countries having trade relations with the territory—whether they were Members of the League of Nations, had ceased to be Members, or had never been Members—were treated on a footing of complete equality, and that it was not the present intention of the mandatory Power to modify this rule of its commercial policy and introduce a differential system.

Turning to public finance, the Commission noted with satisfaction the material improvement in the financial situation of the territory, and particularly the fact that the public debt had been reduced by about 10%.

As regards education, the Commission noted the efforts made by the mandatory Power to ensure that account should be taken of the principle of freedom of conscience in the organisation of the Astrida official school, where education was given to future native auxiliaries of the Administration and to a number of chiefs’ sons.

**Territories under C Mandate.**

**Islands under Japanese mandate (1936).**

The Commission noted in the budget estimates for the financial year 1936 that the mandatory Power proposed to transfer part of the budgetary surpluses of the mandated territory to Japan’s general account. It asked for the reasons for this measure, which it was told was only temporary. The Commission noted the mandatory Power’s intention to develop native education. It also noted the results of the study made by public health experts of the decline in the native population of the Island of Yap.

**Western Samoa (1936).**

The Commission had been informed in 1936 of important changes in the native policy of the Administration, which implied wide concessions on the part of the mandatory Power in the interests of general appeasement. In 1937 the Commission was informed that the attitude of non-co-operation adopted by the “Mau”, an organisation to which the majority of the natives belonged, had ceased, and that there had been a marked
improvement, due to the simultaneous influence of economic and psychological factors. The Commission asked for additional information on public finance, freedom of conscience, and education.

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On January 28th, 1938, the Council decided to communicate the observations of the Mandates Commission in each case to the Government of the mandatory Power concerned, and to request it to take the action asked for by the Commission.

As regards the Commission’s observations on the Franco-Syrian and Franco-Lebanese Agreements of 1936, the Council considered that the Commission had acted wisely in confining its examination to those aspects of the problem which concerned the mandatory regime. It regarded the Commission’s observations as of particular importance in these circumstances, and associated itself with the hopes expressed by the Commission concerning the result of the experiment being made. The Council was sure that the mandatory Power would furnish the Commission with all information that would enable it to follow the progress of Syria and Lebanon during the probationary period.

B. Petitions.

The Commission examined a number of petitions, one of which concerned South-West Africa, and all the others Syria and Lebanon. The Council approved the Commission’s conclusions on these petitions, and decided to bring them to the knowledge of the mandatory Powers and of the petitioners concerned.¹

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6.

SLAVERY.

The Advisory Committee of Experts on Slavery held its fifth (extraordinary) session at Geneva from March 31st to April 5th, 1938. It examined documents communicated by the Governments of the United Kingdom, France, India, Liberia and the Sudan, as well as a report regarding the International Settlement at Shanghai. The Committee also took note of an historical review of the abolition of the slave trade and of slavery in Portugal and her colonies, which had been prepared by its Portuguese member. As regards legislation, the Committee noted a memorandum submitted by the United Kingdom Government dealing with legislation enacted in its non-self-governing colonies, protectorates and mandated territories on the subject of slavery and conditions analogous thereto.

The questions dealt with by the Committee in its report were the position in regard to ratifications of and accessions to the Slavery Convention of 1926 and the reservations made by some of the parties to this Convention; slave raids, slave trade and captured slaves; born slaves; other institutions (pawning, peonage and debt slavery, the Mui Tsai or Pei-nu system, quasi-adoption of children) and serfdom.

In its conclusions, the Committee expressed the hope that the Slavery Convention of September 25th, 1926, might be ratified without further delay by those States which, having signed or acceded to it, subject to ratification, had not yet ratified, and that such States as had been invited to accede to the Convention and were not yet parties thereto would consider the possibility of acceding thereto.

1 This survey is attached to the Committee's report.
It expressed the hope that the Governments would continue to supply information as full and as accurate as possible, in accordance with Article 7 of the 1926 Convention and the various resolutions of the Assembly.

The Committee also called the Council's special attention to the suggestions contained in its report for obtaining further light on points arising in connection with the examination of the documents supplied by Governments.

Lastly, it suggested that the Council should bring to the notice of the Governments concerned, for any action they might think fit to take, the wishes and recommendations, both general and specific, contained in its report.

On May 9th, 1938, the Council authorised the publication in full of the Committee's report and its annexes (documents supplied by the Governments).

On May 11th, 1938, the Council noted the Committee's report and endorsed the report's conclusions in the form of a resolution. The United Kingdom representative's report, which was approved by the Council, stated, inter alia, that the documents dealt with by the Committee would certainly prove of great interest and value to all Governments and authorities engaged in the suppression of the remaining vestiges of slavery, and in the promotion of the social and economic welfare of former slaves.

As the Rapporteur's report also points out, it will be apparent from the Committee's conclusions that slavery and the slave trade are approaching extinction and that continual progress is being made in the solution of the problems arising in certain countries in connection with other institutions dealt with in the Committee's report.

The Council decided to communicate the text of its resolution, together with the Rapporteur's report, to all the Members of the League and to such of the non-member States as were parties to the Slavery Convention of 1926.

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1 Under Article 15 of the Rules of Procedure of the Committee: "The reports and Minutes of the Committee shall be confidential. Notwithstanding Article 3 of the General Regulations on Committees, the question of the full or partial publication of the Committee's report is a matter for the decision of the Council of the League of Nations. The same applies as regards the publication of the documents examined by the Committee."

ECONOMIC AND FINANCIAL QUESTIONS.

I. INTRODUCTION.

At the wish of the Assembly, the structure and functions of the Economic and Financial Organisation have been under review. The situation revealed by the published report ¹ is as follows.

The League’s work in economic questions is less affected by the absence of important States than is its political work. The United States of America has throughout collaborated closely and effectively with the Organisation, and citizens of Japan serve on its Committees. Moreover, the nature of this work has changed. The objects and functions of the Organisation are, within its present field, to promote international collaboration, to advise the Council and the Assembly and to give information and make recommendations to Governments.

The importance of this Organisation as a centre for research and for collecting and publishing information has developed greatly of late. For while the atmosphere is at the moment less favourable to collective commercial agreements, the need for the application of science to economic policy and activity in the growing complexity of economic life is becoming more fully appreciated. The systematic study of international commercial relations continues of course to be one of its first preoccupations. At the same time, the Organisation is more concerned than before with expert studies of problems on which Governments need information for the formulation of their national economic policies. Many of these problems lie on the borderland of social and economic policy.

It is recommended in the report on this subject submitted to the Council and Assembly that the Organisation should adapt itself in the following way to this development, which has only recently become clear, although it has been happening gradually for some years. A Co-ordinating Committee should be formed, presided over by a Chairman appointed by the Council, and consisting of the rapporteurs to the Council on economic and financial questions, representatives of the Economic and Financial Committees, Chairmen of other standing Committees of the Organisation and a representative of the Transit Organisation; it should be attended by the Director of the International Labour Office. Its functions would be to submit to the Assembly every year, at the beginning of July, a memorandum about the questions on the agenda, to initiate proposals for submission to the Assembly or Council, to allocate tasks among existing committees, and to appoint special committees.

This proposal and others are influenced by the consideration that the League derives much of its value from the opportunity it affords for the exchange of ideas and experience. The Council has approved this proposal. Other proposals, either because they demand special financial provisions or because they concern procedure at the Assembly itself, fall to the Assembly for consideration.

They include the suggestion that increased facilities should be provided for the Secretariat, so that it may afford technical advice to Governments, maintain closer contact with conditions pertaining in individual countries, and study problems on the spot; that the work of the Second Committee of the Assembly should be restricted to economic, financial and transit questions, and that this Committee should meet alternately, and not simultaneously, with the Sixth Committee; that the Chairman of the Co-ordinating Committee and assessors from each of the technical Committees of the Organisation should attend the Second Committee of the Assembly.

It has always been one of the main functions of the Economic and Financial Organisation of the League to serve as a centre for technical information. There has thus been a growing tendency

in recent years to select well-defined problems of immediate practical concern to several Governments; to subject them to careful study; to make the results available to Governments; and to rely on such diffusion of knowledge as having a surer, if less spectacular, effect in harmonising the policies of Governments than attempts to reach specific agreements by Diplomatic Conference, Convention and Protocol.

Many Governments are faced by similar problems of policy and administration. Their solution of these problems will be advanced by three methods, for all of which the Technical Organisation can be used — namely, the collection of objective evidence from all over the world, the pooling of experience and the provision of expert advice.

Partly inherited from previous years and partly created by the last Assembly, the tasks of the Organisation during the past year afford examples of each method. Thus the enquiry on the behaviour of tax systems during the last depression has elicited evidence from a wide range of countries never before assembled. The same applies to the information now being collected on housing problems. Moreover, as the Committee on the Structure and Functions of the Organisation pointed out, it is becoming increasingly important that the problems with which many Governments are faced should be studied on the spot by experts and the officials of the Organisation, and that close contacts should be established between the headquarters at Geneva and the countries co-operating with the Organisation. This year a beginning has been made; and members of the staff have visited the United States, many countries in Latin America and, in the course of special enquiries, Scandinavian and Baltic countries and countries in the east and south-east, and indeed in all quarters, of Europe.

As an example of the second method — the pooling of experience — the value of meetings between representatives of National Committees on Nutrition has been recognised by the Assembly and will doubtless increase.

Thirdly, the provision of expert advice is the essential object of the enquiry on agricultural credits now being carried out by an expert of European reputation, and of the study of international loan contracts, which is being made by a small body of financial experts and jurists.
These are examples of *ad hoc* methods applied to special tasks. But of course the Standing Committees and regular publications of the League are themselves permanent applications of one or other method. Thus, for instance, meetings of the Economic and Financial Committees have as a result, no less valuable because it is not consigned in words to public reports, the pooling of experience at regular intervals; and the regular publications of the League are essentially collections of objective evidence from all over the world. It is the constant preoccupation of the Committee of Statistical Experts to improve the methods employed in the preparation of the national statistics on which this international work is based, so that international comparisons of scientific value can be drawn from them.

These general observations, which may be appropriate to this year’s report in view of the changes in the structure and functions of the Organisation, partly as a result of circumstances and partly also as a matter of conscious reform, should be borne in mind in reading the following review of the year’s work, for the Assembly will be called upon, not only to define the tasks to be undertaken in 1939, but also to pronounce upon such changes in the Organisation as may be desirable in order to pursue the work more efficiently.

Before coming to the various specific tasks undertaken during the past year, it is necessary to make one further general observation. It will be noted that the results of the work on several of the subjects contained in the resolutions of the last Assembly will not be known when the Assembly meets. This is true, for instance, as regards the work on public indebtedness, on measures to mitigate economic depressions, on the effect of economic and financial tendencies in determining monetary systems, on international loan contracts and on housing. There are several reasons for this.

First, they are all complicated problems, a superficial treatment of which would only darken counsel. But, secondly, it must be realised that new tasks, new work, required by the Assembly, cannot be begun until the following year, when the necessary credits become available; and that from the moment when they start until the time when reports on them have to be prepared for submission to Governments in time for the next Assembly,
only a few months have elapsed. Furthermore, certain of the instructions given by the Assembly are intended to be general and to empower the competent Committee to act as and when occasion proves opportune. It does not therefore mean that the work has not been actively pursued if concrete results are, in many cases, not yet described in the following account.

For the first time, that account treats together both economic and financial work in addition to the work of the Economic Intelligence Service, thus reflecting recent procedure in the discussions of the Second Committee of the Assembly.

II. ECONOMIC AND FINANCIAL POLICY AND ACTION.

Customs Nomenclature.

A difficult piece of work, to the practical success of which too little attention has perhaps been paid, is the preparation of a Customs nomenclature capable of being adapted to the economic needs of any country. The new edition of the draft nomenclature with explanatory notes was finished this year and is now in the hands of Governments. As the Assembly desired, it has been recommended by the Council to Governments for use in revising their Customs tariffs.

This work was begun more than ten years ago on the recommendation of the Economic Conference in 1927. The plan seemed doomed to failure; for the methods of classifying commodities which enter into trade vary even more widely than the economic systems which produce those commodities. But the attempt was made because the complexity of tariff schedules and differences in methods of classification cause every kind of difficulty both for Government officials who have to negotiate commercial treaties and administer Customs tariffs, for traders, and for manufacturers who export and import the products which appear in them. It could only succeed if a new nomenclature could be devised which would be simple and scientific and bring all products of the same nature together in one chapter, thus making it possible to compare the tariff items of one country with those of another.

The ingenious solution was found in a nomenclature which could be extended or compressed according to the requirements of any country, but in such a way that each separate item would always correspond to a given number in the tariff. Three types of item were created: principal items, numbering about 1,000, which should appear in every tariff; secondary items, being subdivisions of the main classification; and, finally, tertiary items introducing further distinctions. Thus, for instance, butcher's meat is a principal item; beef, a secondary item; and frozen, as distinct from fresh beef, a tertiary item.

There has thus been created a valuable instrument of economic policy. The question now is, how to make the best use of it. The idea of holding a Diplomatic Conference for its adoption was rejected in 1931, as Governments would not bind themselves by Convention to applying it. During the next five or six years it was observed, however, that many Governments were using it and taking it as a basis when recasting their tariffs — e.g., in France, Italy, Denmark, Finland and the Baltic States, Uruguay and Colombia. In these circumstances, the original nomenclature has been revised in the light of the experience of the past few years and is now being again recommended\(^1\) to Governments for use.


Another piece of work which has met with a gratifying measure of approval from Governments is the preparation of a draft Convention\(^2\) for settling some of the problems attendant upon the import and export of meat and meat preparations.

The signature by several Governments of the International Convention for combating Contagious Diseases of Animals was taken as an encouragement to examine these problems. A Committee of Experts therefore met in June 1935 and prepared draft proposals for a Convention which were sent to Governments for their observations. At a second session of the Committee of Experts, held from April 25th to 29th, 1938, the draft was

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\(^2\) Document E.972.
revised in the light of the Governments' replies. Out of forty-two replies thirty-five were favourable — at least in principle; there were only criticisms of detail.\(^1\) The object of the draft is to devise the maximum guarantees which importing countries would be justified in requiring from exporters, as giving sufficient assurance that the imported commodities were not dangerous to man or beast; and rules and methods for inspection, transport, packing, handling and preparation. Its effect would be to do away with concealed protectionist practices and only leave such restrictions as are necessary to safeguard public health and preserve the national live-stock.

The Convention would be of great value if it were applied even between a few countries, as it would translate into practice principles of equity in a sphere which has hitherto been particularly fertile in conflicts. Moreover, it provides a kind of model code of international relations in respect of veterinary nutritional hygiene, which, as in the quite different sphere of double taxation, might give assistance to Governments in making bilateral agreements.

One particularly difficult point has been left over for examination by a special committee. There is great diversity in the way in which countries regulate scientific methods of inspecting meat and animals. Experience shows that this is a very complicated problem, and enquiry by specialists is needed in order to draw up preliminary draft international regulations.

Except on this last point, the study of this subject is now completed and has resulted in practical proposals, which are being sent to Governments for consideration.\(^2\)

*International Migrations.*

In accordance with the decision taken at the Economic Committee's last meeting, a member of that Committee \(^3\) and the Secretariat followed the work of the Conference of Experts on Technical and Financial Co-operation with regard to Migration for Settlement, which had been convened by the International

\(^1\) Document E.1020, April 30th, 1938.

\(^2\) See report of the Sub-Committee of Experts, document E.1020, April 30th, 1938.

\(^3\) M. Schüller.
Labour Office for February 28th, 1938, and which sat until March 7th.¹

The Conference examined in turn, as far as this could be done in the abstract, all the technical questions which might arise both in emigration and immigration countries and as regards emigration journeys. It expressed the opinion that an adequate organisation of international credit would be of great value in this sphere, but that the study of this question should only be undertaken when there were definite situations to be dealt with and when a considerable degree of collaboration existed between emigration and immigration countries.

The Conference then examined the means by which such collaboration could be gradually established; it recognised that it would be desirable to arrange a regular interchange of information between emigration and immigration countries, either directly or through the International Labour Office or an office to be created for the purpose.

Finally, the Conference adopted the following resolution, which deserves to be quoted in extenso:

"The Conference, having carefully studied the technical and financial obstacles to the development of migration for settlement, and having adopted the above conclusions containing its suggestions for their removal:

"I.

"Invites the Governing Body of the International Labour Office:

"(1) To consider means of bringing these conclusions to the notice of the Governments concerned;

"(2) To instruct the International Labour Office:

"(a) To set up and maintain a regular service for information regarding migration for settlement, with a view to facilitating the exchange of such information between the countries concerned;

"(b) To continue its technical researches into the organisation of migration for settlement; and in particular to undertake, if possible at an early date, a study of the organisation of the official settlement institutions mentioned in §3 of this report, and of the lessons to be learned from

¹ The following countries were represented: the Argentine Republic, Austria, Bolivia, Brazil, Chile, Colombia, Czechoslovakia, the Dominican Republic, Ecuador, Hungary, Japan, the Netherlands, Peru, Poland, Switzerland, Uruguay, Venezuela and Yugoslavia.
experience as regards the principles on which these institutions are organised and worked;

"II.

"Having noted, on the other hand, that the large-scale development of migration for settlement is hindered in some countries by financial obstacles whose removal requires, in addition to the measures described in the conclusions recorded in this report, international credit operations on the nature of which the Conference feels itself unable to make a pronouncement:

"Expresses the wish that the Governing Body of the International Labour Office should proceed with the consultations and other steps necessary for the establishment of a Permanent International Committee on Migration for Settlement, comprising representatives of all countries which declare themselves interested in the question and decide to join the Committee, as well as experts on economic, financial and social questions, etc.; the duties of this Committee would be:

"(a) To promote the co-ordination of the activities of the emigration and immigration countries concerned;

"(b) To further, particularly with reference to concrete cases, the study of the international financial problems involved in the development of migration for settlement and of the suggestions made to the Conference for their solution, mentioned in §9, §11 and §13 of this report;¹

"(c) To carry out whatever tasks may be assigned to it in connection with the international credit operations which the countries directly concerned may consider necessary for the development of migration for settlement in a manner satisfactory to themselves and the settlers."

Although the question of technical action is at present premature, the final resolution provides that the Committee will enlist the assistance of economic, financial and social experts.

Demographic Studies.

The Assembly requested the Council to take the necessary steps to draw up a scheme of work for the study of demographic problems by the Economic and Financial Organisation of the League of Nations in close collaboration with the International Labour Office.

Before proceeding to the constitution of a special Committee of Demographic Experts, the Economic Committee wished to

¹ Document G.B. 83-3-296.
carry out a certain amount of preliminary work defining standards of over-population and under-population, and showing their relation to certain factors of fundamental importance, such as economic development, the standard of living, the commercial and financial situation, etc.

This study is now in progress.

**Quotas and Exchange Control and Raw Materials.**

The Assembly asked the Organisation to study the measures which could be applied to relax (and ultimately abolish) the existing systems of quotas and exchange control. Enquiries in countries where they exist show that, with the recent fall in prices and general set-back in the economic situation, difficulties have increased.¹

The monetary and commercial difficulties regarding the payment and, therefore, the effective demand for raw materials are closely linked with the question of exchange control.² And even on the supply side, it is felt that present circumstances militate against the conclusion of a convention. But the following principles have been suggested,³ which should govern commercial access to raw materials:

"A. Prohibitions, Restrictions and Duties on the Export of Raw Materials.

1. Raw materials should not be subjected to any export prohibition or restriction except in pursuance of an international regulation scheme, which is being operated in accordance with the principles set out in Section C below, or some other international agreement between exporting and importing countries.⁴

2. Raw materials should not be subjected to any export duties except duties imposed at a uniform rate, irrespective of the country to which the goods are exported, either (a) for revenue purposes or (b) in order to finance arrangements for improving the production, utilisation or marketing of the raw material in question.

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¹ This question will be dealt with more fully in Part II of the present report.
³ Ibid., page 3.
⁴ The terms "prohibition and restriction" in this section are not of course intended to apply to arrangements for preventing the export of goods of inferior quality or dangerous to health.
B. Development of Natural Resources.

Foreigners should have the same rights and facilities both of sovereign countries and of colonial territories, subject to their obeying the laws and regulations of the countries concerned.

This principle should be introduced by degrees where it is not already in force, and applied as fully as possible.

It is recognised, however, that provisions may be necessary to regulate the conditions of admission and settlement of foreigners, and also, in colonial territories, to safeguard the interests of the native inhabitants; but such provisions should not be applied in such a way as to neutralise the possibility of foreign participation nor, in colonial territories, to place nationals of the metropolitan country in a privileged position.

C. International Regulation Schemes relating to the Supply of Raw Materials.

International regulation schemes should be so framed as to admit effective association of consuming interests with their administration, and to make available adequate information regarding their operation. They should be administered in such a way as to provide consumers with adequate supplies of the regulated material, to prevent, so far as possible, the price of the regulated material from rising to an excessive height and to keep that price reasonably stable.

In so far as Governments are themselves parties to a scheme, they will of course be responsible for seeing that the scheme is framed and administered in accordance with these principles.

In so far as Governments are not themselves parties to a scheme, they should be ready, so far as circumstances permit, to use their influence to secure the application of these principles by their nationals parties to the scheme.

In either event, they should be ready to take all possible steps to ensure the investigation of complaints by other countries in regard to the operation of the scheme.”

Governments have been asked 1 whether they consider that such principles can be carried out by international action and what form that action should take.

Fiscal Evasion.

The possibility of concluding a general convention to check fiscal evasion had been explored during the year 1936, when

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it was found that such a convention would present serious difficulties to a number of States. These States hesitated to accept a proposal which would oblige them to alter their laws in order to demand from their own nationals, information not needed for domestic purposes but merely for the requirements of a foreign country.

The Assembly accordingly asked the Economic and Financial Organisation to examine what methods might be followed in order that a convention — at least between a certain number of States — might be concluded at the earliest moment, on the basis previously elaborated by the Fiscal Committee and submitted by the Council to Governments.

The Fiscal Committee met in the early autumn of 1937 in order to deal promptly with this question in its report.¹

The evidence before it, however, forced it to the conclusion that it would prove very difficult to reach agreement in favour of a convention on the lines it had originally suggested, and that, as it had previously stated, for such a convention to be effective, a considerable number of adherents would be necessary.

In these circumstances, the Committee has fallen back on the idea of instituting exchanges of information between revenue authorities, so far as existing internal legislation allows. This procedure will necessitate a knowledge of the statutory provisions and administrative practices by which States control revenue. A questionnaire has therefore been prepared and circulated to Governments asking for information regarding the methods employed to combat tax evasion internally, the statutory provisions, regulations or administrative practices favouring non-resident foreigners or foreign-owned corporations in matters of taxation as against nationals, and the agreements or arrangements on tax evasion already in existence.

The number of bilateral agreements of a more liberal character for the avoidance of double taxation and for the settlement of other questions relating to taxes, which are based on the recommendations made by the Committee or on the model Conventions which it drew up in 1928, continues to grow.

The Organisation is also dealing with certain minor questions,

such as the definition of business income for the avoidance of double taxation, involving a comparative survey of thirteen representative legislations; a study of methods of tax collection, beginning with direct taxes and death duties, and a comparison between recent Conventions and the models prepared ten years ago for avoiding double taxation in income and property taxes.

Here, again, the purpose of the Committee is to collect and clarify material which will pool the experiences of Governments, enabling them, if they so desire, by legislation and administrative practice to improve their taxation systems without disturbing business.

**International Loan Contracts.**

It will be remembered that this work originated in a resolution taken by the Assembly in 1935.¹ It should be concluded this year or early next year.

This is the first occasion on which a systematic study of this problem has been made. An idea of its complexity may be obtained by a mere enumeration of the organisations which have had to be consulted, and the various problems which have had to be considered. Among the former are: International Institute for the Unification of Private Law at Rome, which is collaborating closely in the work; Associations of Bond-holders; the Committee of the Stock Exchange; and legal advisers to certain central banks. There are both legal and financial questions involved. Among the former are the machinery for settling disputes of a legal character, including the possibility of drafting an arbitration clause; the determination of the law applicable to disputes; the functions and duties of trustees; the representation of bond-holders; the functions and responsibility of paying agents and issuing houses; the types and length of contracts and prospectuses, and the concordance of various loan documents; the rights of bond-holders to sue, and the value of judgments obtained by them and of judgments generally.

Among the financial subjects are the relation between the movement of capital and the movement of goods; the gold clause; assigned revenues; priority; transfer problems; and the

¹ A preliminary account of it was given in the Report to the Assembly last year. Document A.6.1937, page 117.
examination by creditors of the financial situation of debtor States.

_Falsification of Securities._

As a development of the work of the International Conference on the Suppression of the Counterfeiting of Currency in 1929, a protocol has been prepared and sent to Governments for their consideration on the suppression of the falsification of securities. Institutions, including the International Police Commission, with experience in the matter have been consulted, the existing legislation studied, and particulars obtained of recent cases of counterfeiting. The draft protocol extends the protection given by the 1929 Convention on Currency to certain defined classes of securities.¹

Here, again, information from authoritative quarters, making available the most successful modern practice, coupled with the best expert advice obtainable, and a proposal for concrete action, has been put at the disposal of Governments. The appropriate action must necessarily lie with them.

_Public Debts._

One of the aspects in which indebtedness is being studied is the actual amount and nature of public indebtedness. The question was raised at the last Assembly by the Danish Government as part of the monetary problem. It was pointed out that, although public and municipal debts had reached alarming proportions everywhere, it was very difficult to ascertain the exact extent of these debts. This difficulty has indeed been shown in the event and in the attempt to carry out the desire of the Assembly that a brief statement should be prepared regarding the public debt of the central Governments and, as far as possible, of regional and local authorities and other public institutions.²

The preparation of the questionnaire sent to Governments ³ has revealed how great is the number of technical points involved. Apart from the immediate practical purpose of the Assembly,

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¹ See circular letter to Governments, C.L.13.1938.II.A.
² See _Official Journal_, Special Supplement No. 171, page 86.
³ C.L.51.1938.II.A.
this document is likely to be valuable to students as being a first attempt to present the outlines of a systematic and scientific treatment of this whole branch of public finances.

III. MEASURES TO MAINTAIN OR RESTORE PROSPERITY.

Economic Depressions.

The last Assembly passed a resolution inviting the Economic and Financial Organisation to examine measures which might be employed with a view to the prevention or mitigation of economic depressions.

It may be convenient to summarise under this general head of depressions various tasks which are being carried out by the Organisation and which converge.

These tasks fall into two parts: the first may be described as pure research; the second as the application of the results of that research and of past experience to policy and action.

The first part is covered by the enquiry into the causes of the recurrence of economic cycles, which has now been going on in the Economic Intelligence Service for the past five or six years and has been generously financed by the Rockefeller Foundation. This piece of scientific work has been carried out by specialists who have of course been greatly assisted by the resources of the Library and the comprehensive statistics collected by the Intelligence Service in the ordinary course of its work for the annual publications of the League.

This work of research is, like all scientific work, tentative and experimental. It will be remembered that, as the first step, an analysis was made of existing theories of the causes of cyclical movements — how they arise, what are the symptoms of the onset of depression and of the turning-points from depression to recovery and from boom to depression. This study, called "Prosperity and Depression", was first published in June 1937. It has received considerable attention from the Press and in

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1 See chapter on the Library, page 198.
2 It was prepared by Dr. von Haberler, now Professor of Economics at Harvard University.
circles interested in the problem. A new edition incorporating more recent views and certain valuable suggestions and criticisms will be published this year.

The research work then entered on a second phase. Put simply, this consists of applying mathematical tests to some of the theories propounded in the first volume.

The so-called multiple analysis method is being employed. This system is perhaps still in an experimental stage of development; but even the preliminary results which it is yielding are of real interest. They will be published in the late autumn in two small publications, which have been prepared in the Economic Intelligence Service in consultation with economists who have specialised in the subject in a few countries.

The first is called "A Statistical Test of Business-cycle Theories" and gives an elementary outline, with illustrations, of the methods used and a programme of further research. Among these illustrations is that of residential building. As this subject is connected with the housing enquiry described elsewhere in this report,¹ it may be worth while to give the following details.

The "explanatory" factors selected are indices of rent level, the cost of building, long-term interest rate, the housing requirements and the real income of the population. Calculations were made for Germany (Hamburg), 1879-1913; Sweden (Stockholm), 1884-1913; United Kingdom, 1923-1935; United States of America, 1915-1935; and Sweden, 1923-1936. The factors considered have been found to permit of a good explanation of the movement of building activity, especially since the war.

There appears to be a specific building cycle which, in the United States, is more or less independent of the general business cycle. The influence of the former on the latter would appear not to be so general as is often assumed, although the building industry in its widest sense may perhaps be an appropriate "handle" for regulating general activity, since its products are long-lived, easily postponable and, being connected with social policy, largely dependent on the decisions of public authorities.

The second publication is called "Business Cycles in the United States of America, 1919-1937". It contains some positive conclusions about the cyclical movements in that country.

¹ See page 79.
and some critical conclusions about certain business-cycle theories.

Turning now to the other part of the work done by the Organisation — namely, the study of practical steps which might be taken by Governments in preventing the onset of depressions or in mitigating their effects, two different lines of approach may be distinguished. First, a group of experts composed partly of members of the Financial and Economic Committees is conducting the enquiry mentioned in the resolution of the Assembly. In view of the difficulty and obscurity of the subject, it is not expected that the delegation will submit a final report this year.

In accordance with a decision of the Council, Governments were invited \(^1\) early this year to furnish brief statements of the measures adopted in recent years with a view to reviving economic activity, indicating, in so far as possible, the relative order of the importance of those measures and a summary of any measures of a more permanent character adopted by them with a view to the prevention or mitigation of depressions in the future.\(^2\)

Secondly, the enquiry into the behaviour of tax systems during periods of depression, under the direction of the Fiscal Committee, has been actively pursued. Thirteen countries, representative of different types of national economy, have, through their revenue and other authorities, given most valuable information. It has been analysed and collated by the Secretariat. As the main purpose of the enquiry is to assist Governments which are contemplating measures for adapting their taxation and public finance systems to economic fluctuations, the results are being submitted to a small group of economists. It will bear, more particularly, on the relation between the economic structure and tax system of various countries; the reaction of different kinds of taxes to booms and depressions; the effect of long-term economic trends on revenue and the fiscal policies followed during the last depression. It is hoped that, as a result of this enquiry, the Fiscal Committee, which meets in October, will be

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\(^1\) C.L.18.1938.II.A.

\(^2\) Statements have now been received from the Governments of Belgium, Hungary, Latvia, Panama and Uruguay.
able to put forward recommendations for the consideration of Governments.

Study of Measures of a National or International Character for raising the Standard of Living.

The last Assembly invited the Economic and Financial Organisation, in collaboration, when appropriate, with the International Labour Office, to examine measures of a national or international character for raising the standard of living. The first stage of this enquiry was to be limited to a preliminary investigation, and it was anticipated that the 1938 Assembly would devote further attention to the question.

In December 1937, the Economic Committee discussed the method to be followed in connection with this enquiry, and the range to be covered by it. The discussion led to a decision to invite three of the Committee's members to undertake the necessary investigations.

The Economic Committee thinks that this enquiry will be particularly valuable, for, in order to measure the importance of obstacles to trade since the world depression began, their effect on the purchasing power of individuals and on the prospects of raising their standard of living ought to be studied.

Nutrition.

It will be seen at once that the problem of nutrition, like that of agricultural credits, is closely connected with the whole general problem of the standard of living, rural life and the welfare of peasant populations. But if the latter touches it chiefly on the side of production, the former touches it also on the side of consumption, for it is concerned, not only with what the peasant produces, but also with the kind of food he consumes himself.

The Final Report of the Mixed Committee on Nutrition

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1 Assisted by competent officials of the International Labour Office and by Professor Hall, of London.
3 In collaboration with the International Labour Office and Professor Hall.
4 The report of this sub-committee will be submitted to the next meeting of the Economic Committee early in July.
has been very well received by the Press. As the report to the 1937 Assembly stated, this publication, interesting as an example of the present orientation of the League's work, makes no attempt to prescribe a universal policy, but has endeavoured to collect the facts and set forth the results of practical experiments already made; and suggestions have been made with a view to their adaptation to the conditions obtaining in each country.

In order to carry out this policy, a meeting had been held last year of the representatives of National Nutrition Committees. The object of this meeting was to provide an opportunity for useful exchanges of views and interchange of experience and consultations; and the meeting in February of last year was most helpful. Accordingly, the last Assembly decided that Governments should be asked to furnish annual reports on action they had taken to improve nutritional standards, and instructed the Secretariat to publish them in a summary form, together with the proceedings of the representatives of the National Committees which it asked the Council to arrange annually.

These arrangements have been made. When the nutrition enquiry was started, there were only two or three National Committees. Now such Committees exist in nineteen countries. Their representatives are being invited to attend the meeting to be held for a week in the autumn.

It is important to notice the contribution which the work on this subject, as also on agricultural credits and housing, will bring to the European Conference on Rural Life to be held in 1939. The main task of that Conference is to determine the part to be played by public authorities in improving the conditions of life in rural areas. It must therefore embrace all the factors affecting the conditions of rural life, and its agenda covers not

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1 The New York Times, for instance, contained a leading article stating that, while it would not be a best seller, in the long run it was "by all odds the most important book published in the year".

There is a curious and interesting disparity between the interest shown by English and French readers, for over 3,000 copies have sold of the English edition and only about 500 of the French. But sales do not of course measure the importance of such a report; its influence makes itself felt through the large number of free copies distributed to Governments, Ministries and technical institutions.

2 The United States of America, Australia, Belgium, the United Kingdom, Canada, Czechoslovakia, Denmark, Egypt, Finland, France, Hungary, Iraq, Latvia, Norway, the Netherlands, Poland, Sweden, the Union of Soviet Socialist Republics, and Yugoslavia.

3 See page 116.
only health conditions, but also economic, agricultural, social and educational problems.

Among these, the problems of housing, nutrition and agricultural credits will occupy an important position in the work of the Conference, which includes a study of physical fitness and of the state of nutrition of rural communities, the adequacy of diets, and the economic considerations affecting these problems.

The nutrition of agricultural populations is known to be deficient in various parts of the world, but the information on the subject is incomplete, and fresh studies are being made with the help of the National Committees on Nutrition. It is to be hoped, therefore, that the meeting of their representatives in the autumn will make a substantial contribution to the Conference on Rural Life.

Housing.

The main features of the problem of urban and rural housing are described in the report of the Second Committee to the last Assembly;¹ and a note ² called "The Housing Problem and its Study on the International Plane" describes the work done by the various organisations of the League — the Health Organisation, the Economic and Financial Organisation, the Communications and Transit Organisation — and the International Labour Organisation in the sphere of housing. It points out the importance of building and allied industries in their influence on the economic situation and the labour market; how, after the war, State and local authorities had been obliged increasingly to intervene, whether in order to mitigate overcrowding or in trying to counter economic depression and unemployment by public works or special housing schemes. In many countries, technical standards, established for hygienic, psychological or social reasons, have been set up to govern demolition, reconditioning or planning — e.g., as regards sound, light, water, protection from damp, heat, cold, methods of construction, heating, ventilation, lighting, sewage disposal.

The forms of Government action — subsidies, loan guarantees, systems of differential rents, and policies of cheap money, etc. —

² Document A.26.1937.III.
vary widely. In certain countries, the connection with the traffic and communications problem has been carefully studied. In others, the social implications of planning have been studied, including a system of social inspection in order to improve domestic habits and rationalise domestic management. In some countries, co-operative societies and associations have been formed to promote a better use of tenants' leisure and their education and recreation.

The Assembly desired the scope of the work so far done to be enlarged, since no country has yet found a full solution of the problem of housing the poorer population groups, and many countries have realised the necessity of adopting or defining a housing policy and are anxious to profit by the experience already gained elsewhere.

The work done by the Health Organisation in connection with the Conference on Rural Life is described in another chapter of this report. The work falling on the Financial and Economic Organisation falls into three parts.

The first is an international study of the methods employed in various countries for improving housing conditions, with special reference to the cost involved and results obtained granted the objects in view. For this purpose, an expert has been appointed whose report will be published in the autumn. He is visiting a number of countries: England, Norway, Finland, Denmark, the Netherlands, Belgium and France in the northern half of Europe, and Poland, Czechoslovakia, Roumania, Yugoslavia and Hungary in the centre and east. His report will first attempt to define the nature of the problem, including the reasons why special Government action has been considered necessary, the views of Governments on the adequacy of housing conditions in quantity and quality, and a summary of official statements on the objects of Government housing policy; secondly, the nature of the industry and the factors determining demand and supply; thirdly, a summary of the measures adopted by Governments, the results obtained and the costs involved directly and in the form of indirect economic effects in comparison with the objects in view.

1 See pages 95 and 116.