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COMMISSION OF ENQUIRY
FOR EUROPEAN UNION

MINUTES
of the
SECOND SESSION OF THE COMMISSION
Held at Geneva from January 16th to 21st, 1931
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Austria:
His Excellency Dr. Johannes Schober, Vice-Chancellor of the Austrian Republic, Minister for Foreign Affairs; His Excellency M. Emerich Pflügl, Envoy Extraordinary and Minister Plenipotentiary, Permanent Austrian Representative accredited to the League of Nations.

Belgium:
His Excellency M. Paul Hymans, Minister for Foreign Affairs; M. Fernand J. Van Langenhove, Secretary-General of the Ministry for Foreign Affairs.

British Empire:
The Right Honourable Arthur Henderson, M.P., Secretary of State for Foreign Affairs; Professor P. J. Noel Baker, M.P.; The Honourable Alexander Cadogan, C.M.G.

Bulgaria:
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Czechoslovakia:
His Excellency Dr. Eduard Beneš, Minister for Foreign Affairs; His Excellency Dr. Kamil Krofta, Envoy Extraordinary and Minister Plenipotentiary, Secretary-General to the Ministry for Foreign Affairs.

Denmark:
His Excellency Dr. Peter Munch, Minister for Foreign Affairs; His Excellency Dr. Laust Moltesen, former Minister for Foreign Affairs.

Estonia:
His Excellency M. Alexander Hellat, Minister of Estonia in Finland.

Finland:
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Germany:
Dr. Julius Curtius, Minister for Foreign Affairs;
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Dr. Ritter, Director at the Ministry for Foreign Affairs;
Dr. H. E. Posse, Director at the Ministry of Commerce;
Baron Weiszacker, Privy Councillor;
Herr Frohwein, Privy Councillor;
Herr von Kauffmann, Privy Councillor;
Herr Woermann, Counsellor of Legation.

Greece:
His Excellency M. A. Michalakopoulos, Vice-President of the Council of Ministers, Minister for Foreign Affairs;
His Excellency M. N. Politis, former Minister for Foreign Affairs, Minister of Greece in Paris;
M. R. Raphel, Permanent Delegate accredited to the League of Nations;
M. B. P. Papadakis, Head of the League of Nations Office, at the Ministry for Foreign Affairs.

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His Excellency General Gabriel Tanczos, former Minister for Foreign Affairs;
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Irish Free State:
The Honourable Patrick Macgilligan, Minister for Foreign Affairs;
M. Sean Lester, Permanent Delegate accredited to the League of Nations.

Italy:
His Excellency M. Dino Grandi, Minister for Foreign Affairs;
His Excellency M. Giuseppe de Michelis, Ambassador, Senator.

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M. Robert Kampus, Secretary at the Ministry for Foreign Affairs;
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His Excellency Dr. Zaunius, Minister for Foreign Affairs;
His Excellency M. P. Klimas, Minister in Paris.

Luxembourg:
His Excellency M. Joseph Bech, Minister of State, Prime Minister, Minister for Foreign Affairs;
M. Albert Wehrer, Doctor of Law, Governmental Adviser.

Netherlands:
His Excellency Jonkheer F. Beelaerts van Blokland, Minister for Foreign Affairs.

Norway:
His Excellency M. J. L. Mowinckel, Prime Minister, Minister for Foreign Affairs;
His Excellency M. Erik Colban, Norwegian Minister in Paris;
M. Rolf Andvord, Chief of Division at the Ministry for Foreign Affairs.
Poland:
His Excellency M. Auguste ZALESKI, Minister for Foreign Affairs;
His Excellency M. François Sokal, Envoy Extraordinary and Minister Plenipotentiary, Permanent Delegate accredited to the League of Nations;
His Excellency M. Marjan Szumlakowski, Envoy Extraordinary and Minister Plenipotentiary, Director of the Bureau of the Minister for Foreign Affairs;
M. Rose, Director at the Ministry of Agriculture;
M. A. Muhlstein, Counsellor of Embassy in Paris;
M. Wladyslaw Sokolowski, Head of Division at the Ministry for Foreign Affairs;
M. Thadée Gwiadkowski, Counsellor of Legation at the Permanent Delegation accredited to the League of Nations.

Portugal:
His Excellency Dr. Augusto de Vasconcellos, former Prime Minister, former Minister for Foreign Affairs, Envoy Extraordinary and Minister Plenipotentiary, Director of the Portuguese Service accredited to the League of Nations;
Dr. José Lobo d'Avila Lima, Professor at the University of Lisbon, Legal Adviser at the Ministry for Foreign Affairs.

Roumania:
His Excellency M. Nicolas Titelesco, Envoy Extraordinary and Minister Plenipotentiary, former Minister for Foreign Affairs;
His Excellency M. Constantin Antoniade, Envoy Extraordinary and Minister Plenipotentiary accredited to the League of Nations;
His Excellency M. Jean Lugosian, Under-Secretary of State in the Prime Minister's Department, former Minister for Public Instruction.

Spain:
His Excellency the Duke of Alba, Minister of State;
His Excellency M. José Quiñones de León, Spanish Representative on the Council of the League of Nations;
His Excellency M. Cristóbal Botella, Legal Adviser to the Embassy in Paris;
M. Carlos de la Huerta, Secretary-General of the Spanish Delegation accredited to the League of Nations;
M. Juan de las Barcinas, Second Secretary of Embassy;
Marquis de la Torre, Attaché at the Embassy;
M. Eduardo Ortega y Nunez, Interpreter at the Embassy in Paris.

Sweden:
His Excellency M. Karl Westman, Envoy Extraordinary and Minister Plenipotentiary at Berne.

Switzerland:
His Excellency M. Giuseppe Motta, Federal Councillor, Head of the Political Department;
M. Walter Stucki, Director of the Commercial Division of the Federal Department of Economics;
M. Camille Gorgé, Head of Section in the Political Federal Department.

Yugoslavia:
His Excellency M. Voislav Marinkovitch, Minister for Foreign Affairs;
His Excellency M. Ilia Choumenkovitch, Envoy Extraordinary and Minister Plenipotentiary, Permanent Delegate accredited to the League of Nations;
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M. Ivan Perné, Head of Section at the Ministry for Foreign Affairs;
M. Kosta Pavlovitch, Attaché at the Ministry for Foreign Affairs.

Observers.

China:
His Excellency Dr. Woo Kaischen, Minister Plenipotentiary, Director of the Permanent Office of the Chinese Delegation to the League of Nations.

Japan:
M. Nobumi Ito, Counsellor of Embassy, Assistant-Director at the Japanese League of Nations Office.
FIRST MEETING (PUBLIC).

Held on Friday, January 16th, 1931, at 11 a.m.

Chairman: M. Briand (France).

1. Opening of the Session.

The Chairman [Translation]. — Before we take up our work, I should like to welcome you all very warmly and to express the hope that the present year will bring a less heavy load of anxieties and troubles of all kinds to statesmen and their peoples than that which has just closed.

Scurcey four months have elapsed since twenty-seven European Governments, fortified by the League's approval and in response to its invitation, formed themselves into a Commission of Enquiry for European Union. That is a short period in the life of nations, and for it to have been productive of so many lessons there must indeed have been a remarkable degree of justification for our action.

At no time since the war has the menace that overshadows the entire economy of the European world appeared so imminent; the menace of grave disorders that, in the end, unless prompt remedies are found, may cause a dangerous disturbance in the balance of affairs, from which none can emerge unscathed. To judge from the steady growth of the movement of public opinion in our countries in favour of European union, the peoples themselves have come to a clearer realisation of the peril.

The events that have occurred since we last met, the development of an economic crisis which leaves no country untouched and the consequences of which may even now be affecting political and social order, have served only to enhance in the minds of our Governments the sense of their joint responsibilities.

The presence of so many statesmen in this room testifies to our Governments' resolve to face the difficulties of to-day. "To unite in order to live", that was the conclusion eight months ago of the memorandum which the French Government was invited to submit for your consideration. It should be the conclusion to-day of all those Governments which are jointly responsible for safeguarding our common heritage, European civilisation.

At this moment, millions of human beings expect something more from us than a mere affirmation. They ask for an effective and constructive demonstration of the will to safeguard peace, which will result in a first scheme of definite action in pursuance of the preliminary essays at European co-ordination, thereby securing the support of all right-minded men in Europe.

If we are to be equal to the occasion, our message must be heard throughout the length and breadth of Europe, without distinction of frontier. It must come to all alike with a promise of peace, backed by the widest expression of the common will ever made in this quarter of the globe.

In the work of practical organisation which we are about to initiate, we reject no willing offer, we refuse no loyal aid. It is work in which everyone who is sincerely and honestly anxious for the maintenance of peace in Europe has his share. It stands for all alike as a bulwark against all those forms of disintegration which lead to chaos, anarchy and war.

The road is now open before us and no barrier will stop us as we traverse it together. The planning of that road, the first sketch of which we are to begin to-day, will be long; still longer will be our journey and we shall have to proceed cautiously. We must be equally careful not to disappoint our peoples and not to jeopardise our chances of success; step by step, therefore, with foresight and firm resolution, we must map out the way methodically, keeping always before us practical possibilities, but never deviating from our final object. Let every nation do its utmost to facilitate our common task by direct and steadfast co-operation in the general effort to relax the tension in international affairs.

France, at any rate, has made the most magnanimous offers in the hope of dispersing the cloud that hangs over Europe. Her offers are decisive, and none can question their significance. She has made them resolutely and sincerely, for the benefit of the European commonwealth and with a view to the final goal towards which we are all striving. My country hopes that these offers will not remain fruitless and steadfastly relies upon the moral forces which it was its object to encourage.

In taking part to-day in the work of the Commission of Enquiry, the French Government still pins its hopes to the far-reaching programme which I proposed on May 17th, 1930. It is anxious, however, first to ascertain, on all subjects, the common points on which agreement may be reached spontaneously and at once, and it will therefore do its utmost to further the co-ordination of the individual views freely expressed by each.

It would, I think, be useful in the first place to take stock of our records. Last September, they consisted only of the resolution adopted by the Assembly on September 17th, which conferred on our Commission its right to exist, the French memorandum of May 17th, 1930, and the replies of the Governments. That was a beginning. Our tools required to be completed and sharpened. For this purpose, the Commission instructed the Secretary-
General of the League to collect any suitable information which would make it possible for him to take up his task with better prospects of success. The members of the Commission also were invited to give further explanations of their proposals.

We have before us to-day the additional information for which we asked. The Secretary-General, whom I wish to thank, has placed before us a report (Annex 1) enumerating in a substantial summary the work done by the League in the last ten years for the organisation of Europe in the economic and financial field, in the sphere of communications and transit and in that of health, work on which, in many cases, it is for us to take effective action and set the seal. The Secretary-General’s memorandum is completed, as regards labour questions, by a very useful memorandum from the Director of the International Labour Office (Annex 2), whose assistance will obviously be most valuable.

Finally, we have received concrete suggestions from a number of Governments (Annexes 3 to 6). They will be completed by the proposals which other Governments have announced their intention of making during this session. There will, I feel sure, be many such proposals, for, if all the Governments have not made use of their right to put their proposals in writing, all of them have, I am certain, at least given careful thought to the subject, as they were requested to do in our decision of September 23rd, 1930.

These, then, are the immediate bases for our discussion, and from them a number of common points can easily be drawn. Logically, the first of our tasks would be to make a schedule of them. In this way, we should, at the outset, have a clearer view of the results which we may hope to reach, and I think, too, that by proceeding in this way, by a series of clearing operations, we shall see that the divergences on theoretical points involved in questions of organisation when viewed abstractly will smooth themselves out and automatically disappear as we advance in our investigations.

Before we begin our examination, there are certain preliminary questions to which I must refer.

You will recollect in the first place that, in September, we asked that we might be informed of the results of the important Economic Conference which the League was to hold in November. M. Colijn is at present in Geneva and I think we might decide this morning whether it would not be desirable to ask him to make a statement on the subject. The information he will give us would be a very useful addition to the material at our disposal.

One question with which we might deal immediately, and which is of particular urgency, is that of agricultural credits. Certain countries await its solution with an impatience that can be easily understood. We owe it to them to go to work resolutely with the object of expediting results in accordance with their legitimate hopes.

There is one question of form which arises for every League Committee; it must decide whether its meetings are to be public or private.

If you agree, we will open our discussions with this question.

2. Publicity of Meetings.

The CHAIRMAN [Translation]. — I think we might decide that, in principle, our meetings will be public, though, if necessary, we shall of course be able to decide to have private meetings.

The Commission agreed.


Dr. CURTIUS (Germany) [Translation]. — There is no need for me to say anything in addition to what the Chairman has said as to the need for European co-operation and European peace. My Government’s point of view on this subject was set forth in the reply sent to the French memorandum concerning European union. That point of view has not changed; we are still in favour of a policy of peace and co-operation on the basis of equality for all nations alike.

I likewise agree with M. Briand that economic problems should be placed in the forefront of our work; Europe as a whole, and my country in particular, are passing through an exceptionally acute economic crisis, the main features of which, for Germany, are an unemployment figure of 4,300,000, a dearth of capital, and the export of capital without any sort of counterpart. It is for this reason that Germany will always be glad to take part in any endeavour to improve the position in Europe, and in Germany as well, and that we are fully prepared to deal with the economic problems here. As M. Colijn is in Geneva, we should hear what he has to say on economic questions and, if only out of courtesy, we should not keep him waiting while we settle questions of organisation and procedure.

May I next make a few observations on the work we have to do? In accordance with the terms of reference given us by the Assembly, we are to draw up a general programme of the work to be done in the field of European co-operation. We also have to consider certain matters of organisation. We shall have, for instance, to complete our bureau and to study certain questions which were postponed at our last session. We must also consider the composition of the Commission — that is to say, the question whether the European
countries which are not members of the League should take part in our work. That is a matter which, in my opinion, cannot be disregarded. Finally, certain States represented here have forwarded suggestions. Denmark and Germany, for instance, have done so.

May I therefore ask the Chairman at what time shall we be able to consider these important questions, which cannot, in my opinion, be left on one side and which we shall have to deal with at this session.

The CHAIRMAN [Translation]. I did not attempt in the brief remarks I made to settle our agenda. I pointed out summarily, but, I think, adequately, that our records consisted at present of a certain number of proposals. Some of these have been put in writing by members of the Commission who will certainly wish to develop them. Among these, I include the German proposal (Annex 3), the Belgian proposal (Annex 4), the Danish proposal (Annex 5), and the Yugoslav proposal (Annex 6). I pointed out that other proposals might be made during our debates. They, too, will have to be included in our agenda and we shall have to discuss them.

Dr. Curtius raised the question whether the European countries which are not members of the League are to be invited to take part in our work. In my brief observations, I said that I considered in principle that we should call in all those in Europe who are willing to help us in achieving the constructive work of peace we have in view. The question is: At what time could these countries be invited to take part in our discussions? Should it be during the period of organisation or when we take up concrete problems? It is for the Commission to decide this question, if placed before it, of its own free judgment.

I stated that, among the questions with which we have to deal, the first place should be assigned to the economic problem. This matter has been studied by experts who have made recommendations, but it has not been possible to take any action on their recommendations, since, in order to carry them out, the responsible Governments must co-operate, however highly qualified the experts. This is a Commission in which the Governments are represented, and consequently we can effectively state our views on these problems. We have the good fortune to have M. Colijn here. He has made very important researches into the matter, he possesses very important information and, if we invite him to do so, he might acquaint us with his views on this subject; we should assuredly receive very valuable instruction from him.

There is, in my opinion, another pressing problem which causes the deepest anxiety to certain European countries whose position is no less distressing than that of Germany, though they suffer in a different way. Our duty of European co-operation makes it imperative to go to their help at once. I refer to the question of agricultural credits.

If I emphasise these two questions now, I do not intend to exclude other matters. If you consider that these two questions should not be taken up at once, I am prepared to acquiesce, but, otherwise, we will ask M. Colijn to be good enough to give us the benefit of his experience and his investigations.

Dr. Curtius (Germany) [Translation]. — I should like to thank the Chairman for his explanations. I am glad to learn that the question which I mentioned will be discussed at our present session.

M. Grandi (Italy) [Translation]. — The Italian Government stated, in its memorandum of June 4th, that it was ready to co-operate in the scheme for European union and in the direct examination of the ways and means by which the scheme could be prepared. I wish to repeat that my Government will invariably take part in any endeavours made for the maintenance of peace and European reconstruction.

The Italian Government's object in submitting its observations on the French memorandum of May 17th, 1930, was to clear up certain preliminary points. We consider it desirable to define the principles underlying the scheme, so as to enable the States to form a definite opinion.

One of the points to be cleared up — and in the Italian Government's view this is a previous question which must be examined in order to facilitate our work — is the question of what we ought to do with regard to countries which are not members of the League. The Italian Government has indicated the reasons — and they are reasons of European unity — for which the European Union must embrace all countries in Europe. Otherwise, we should be in danger of having a system in which one group of countries might be opposed to another and we should then be involved in the very difficulties we wish to avoid. The fact that we are Members of the League gives us certain facilities, but, in the interests of European union, we must attempt to secure the assistance and co-operation of those countries which are not members of the League. I do not know what response the Governments of the Turkish Republic or of the Union of Soviet Socialist Republics would make to an invitation, but, if those countries remain aloof when we are drawing up the scheme, their subsequent entry into the Union will undoubtedly be difficult and we shall find ourselves in an awkward situation.
It would unquestionably be very useful to have these two countries here if we are to achieve our aims, which indeed are the aims of the League.

As regards the Chairman's proposal for the discussion of concrete economic questions, we are, I believe, on the threshold of a very vast and complicated investigation. In the Italian Government's view, we have two points to consider. In the first place, the problems submitted to us can only be solved if all the countries are placed on a footing of complete political and legal equality. Secondly, our object cannot be achieved unless all countries are disarmed in accordance with the obligations laid down in the Covenant. If we desire close co-operation with one another, we must reduce armaments. That is the only complete solution for the problem of security.

Having mentioned these points, the Italian Government reserves its right to develop them later, but I may say at once that we support the proposal to discuss the concrete economic problems indicated by the Chairman. We wish it, however, to be clear that these problems will be discussed in the Commission in accordance with normal League procedure and in conformity with the rules we have laid down.

The Commission of Enquiry, after having examined the problems submitted to it, will notify its conclusions to the League Organisations so that a further and final study of the problems may be made at which the interests of all the European and non-European States may be taken into account.

Mr. Henderson (British Empire). — There is, I think, general agreement with the Chairman's statement, but the important point which M. Grandi emphasised — namely, the position of non-member States — requires a good deal of consideration before we take a final decision. We must remember that the Assembly decided that this Commission should be part of the League machinery, though it is quite true that the resolution laid it down that we had to consider how far we should invite the co-operation of non-member European States. It seems to me that at some stage we shall have to decide whether we are going to invite non-member European States to participate for all purposes, or whether we shall follow precedent and invite the non-member European States to participate for special purposes. I do not think we are in a position to decide that question this morning.

May I suggest that we should immediately appoint a sub-committee to determine the order in which the various questions will be discussed? We should all, I feel sure, like to hear M. Colijn, and probably the sooner the better, but when we have heard him we shall still have to discuss the question upon which M. Grandi has laid special emphasis. Again, as the Chairman has reminded us, a number of questions have been sent in by Governments for discussion. Someone will have to make a recommendation as to the order in which these subjects should be taken. It appears to me that, if we leave the matter where it is now, we shall be merely failing to concentrate upon any particular question, and we shall not be facilitating our work.

I therefore suggest that the first thing to do is to appoint a bureau and to ask it to suggest at the beginning of the afternoon sitting the order in which it thinks the different questions should be taken. Personally, I should like us first to hear M. Colijn. When we have completed any debate that may arise out of his statement, we should follow the recommendations of the bureau as to the order in which to discuss the remainder of our business.

The Chairman [Translation]. — I agree with our British colleague that we should first appoint a sub-committee to determine the order of our work.

It is, however, I think, clear from the remarks that have been made that we all agree first to ask M. Colijn to make a statement, which will enable us to have the benefit of his experience and the studies he has made.

Agreed.

The Chairman [Translation]. — We might decide immediately on the constitution of the sub-committee which is to tell us what our agenda is and indicate the order of the various items.

The sub-committee might consist of eight members, as follows: Mr. Henderson, Dr. Curtius, M. Grandi, M. Hymans, M. Beelaerts van Blokland, the Duke of Alba, M. Michalakopoulos and myself.

The proposal of the Chairman was adopted.
SECOND MEETING (PUBLIC).

Held on Friday, January 16th, 1931 at 4 p.m.

Chairman: M. Briand (France).


The CHAIRMAN [Translation].—Before calling upon M. Collijn to speak, I desire, on behalf of the Commission, to thank him warmly for placing at our disposal his great knowledge and experience in economic questions.

M. COLLIJN (President of the Second International Conference with a View to Concerted Economic Action) [Translation].—Listening this morning to the introductory discussions in your Commission, I began to fear that you might expect too much from the statement I am about to make. I was afraid you might be expecting me to offer you a key to the solution of the economic difficulties of Europe. As I am sure that no such key exists, I most certainly have not brought it with me.

Although quite willing to give my opinion, if desired, on matters of a more material character, I am merely going to do what I have been asked to do — namely, inform the Commission of the progress made at the Conference with a View to Concerted Economic Action over which I had the honour to preside in November last.

I believe that I cannot do better than to go back to the Economic World Conference of May 1927, the Conference with a View to Concerted Economic Action being merely an attempt to carry into effect the resolutions and recommendations of the 1927 Conference.

In doing so, I will first of all deal with the character, the conclusions and the recommendations of the World Conference.

In this connection, I would call your attention to three points connected with those resolutions and recommendations:

(1) How they were received;
(2) How they were carried out;
(3) The Assembly resolution of 1929 on economic concerted action.

I will then survey the course of events at both the Conferences with a View to Concerted Economic Action, give you a short summary of the results obtained and will finally say a few words on the present situation and its dangers.

1. CHARACTER OF THE CONFERENCE OF 1927 AND ITS CONCLUSIONS AND RECOMMENDATIONS.

On September 15th, 1925, the Assembly, on the proposal of the French delegation, invited the Council to convene a World Economic Conference. It was generally felt that an effort should be made to reduce the number of opportunities for international conflict afforded by rivalry between economic interests and that, in view of the anxiety felt by a great number of countries with regard to their economic situation, the time had come to examine the most effective methods, if not of restoring general prosperity, at least of avoiding heavier depression. The currencies of most countries having been placed on a sound basis by 1925, the way was open for a general survey of the whole economic situation and the main difficulties.

After more than a year of very elaborate preparation, the Conference met in May 1927. It consisted of nearly two hundred members, all experts in their respective spheres of economic activity, coming from fifty countries in all the parts of the world.

The unanimous findings of the Conference therefore express what can be termed the most authoritative and collective opinion on the then prevailing economic situation of the world, the nature of the difficulties, and the possible remedies.

The conclusions of the Conference indicate the tasks that lie ahead both for the different countries separately and for the League, if the world is to enjoy economic prosperity. The central theme of the Conference was that trade barriers — in particular, tariffs — are too high and too frequently changed. The recommendations therefore stress particularly the necessity of reducing these barriers and declare categorically that “the time has come to put an end to the increase in tariffs and to move in the opposite direction”. The reduction was to be obtained by means of autonomous action by the States, by bilateral negotiations and by collective and concerted action under the auspices of the League.
2. HOW THE CONCLUSIONS AND RECOMMENDATIONS WERE RECEIVED.

In the course of 1927, the recommendations of the Conference were given the official sanction both of the Council and of the Assembly and were well received by an overwhelming majority of Governments, who declared their intention of making their policies conform to these recommendations.

A few weeks after the close of the Conference, the Council unanimously approved its report and expressed the opinion that the principles laid down by the Conference were calculated to contribute to an improvement of the economic situation of the world, and in particular to that of Europe.

The Assembly in September of the same year declared that the adoption of the recommendations of the Conference would effect a substantial improvement in the present economic policies of the world.

In the course of the same year, twenty-nine Governments—twenty of which were European—officially expressed their attitude towards the conclusions of the Conference. From their declarations it appeared that they all, without exception, recognised that the principles advocated by the Conference were based on a realistic view of the economic situation of the world and particularly of Europe, and that their application, more especially to commercial and tariff policy, would be calculated to relieve to a considerable extent the world economic situation.

Most of the Governments in question stated that they intended to apply these principles in their own autonomous policy as well as in their relations with other countries, and they announced their willingness to co-operate in any concerted action undertaken by the League for the purpose of applying the recommendations of the Conference.

3. HOW THEY WERE CARRIED OUT.

So much for the declarations concerning the adhesion in principle to the recommendations of the Conference. The practice, however, did not on the whole at all correspond to this enthusiastic acceptance. If we limit ourselves to the field of tariffs, the first year after the Conference saw, it is true, some check on the upward movement of tariffs in many countries. A number of bilateral commercial treaties with tariff agreements based on the most-favoured-nation clause had, as a result, even a certain reduction of the tariff levels. But no collective effort was made to reduce excessive tariffs.

The second year after the Conference shows, however, again a marked tendency towards increased protectionism, and the number of bilateral treaties providing for tariff reductions grew less. Nor did collective action, although it had some very slight results to its credit—such as the Convention on Hides and Bones—hold out any great hopes that substantial progress could be achieved in this sphere.

4. THE RESOLUTION ON ECONOMIC CONCERTED ACTION.

In these circumstances, the Assembly of 1929, when reviewing the progress made in applying the recommendations of the 1927 Conference, had to state that, in spite of a few sporadic efforts, no decisive movement had occurred in the reduction of trade barriers and no serious effort had been made to carry out the fundamental idea of the Conference—namely, the idea of closer co-operation between nations in their economic life and reduction of opportunities for international conflict.

In view of the unsatisfactory results, the 1929 Assembly thought that the time had come to seek new methods which would help the world, and in particular Europe, to achieve more rapidly the object that the 1927 Conference had in view. Accordingly, the Assembly invited the Governments to meet in order to draw up a Programme of Negotiations with the object of improving economic relations by all practicable means, especially by reducing hindrances to trade. The conclusion of a Customs “Truce” should precede these negotiations so that they could be undertaken in an atmosphere of tranquillity.

5. THE FIRST CONFERENCE.

The first Conference met early in 1930. All States without distinction were invited to the Conference. By a process of natural selection, however, the Conference was composed almost exclusively of European States.

Thereafter the stages of the concerted economic action of which I have to speak assumed a definitely European character, a fact which makes them of particular interest for the work of the present Committee.

The first Conference did not achieve its main object. Instead of a full “Customs Truce”, agreement was only reached on a kind of semi-truce, which provides for a prolongation until April 1st, 1931, of any bilateral commercial treaty expiring before that date, supplementing this prolongation by a system of safeguards intended to secure a relative degree of stability in the Customs systems of the signatory States.
The "Commercial Convention" signed on March 24th, 1930, embodying the agreement to which I have just referred, has been signed by eighteen European States.

The Conference also agreed upon a list of questions to be sent to the States represented at the Conference the answers to which would form the basis of future negotiations. This questionnaire is contained in the "Protocol" also concluded on March 24th, 1930, and which bears the signature of all the European countries. The questions inserted in the Protocol cover more or less the entire ground as regards economic relations between nations, including tariffs. The Governments were asked to furnish memoranda on the exchange of agricultural and industrial products and the possible means for improving international trade. The Economic Committee was to draw up, on the basis of these memoranda, a complete programme of negotiations. The Protocol may therefore be considered as a complete framework corresponding, in view of the States which signed it, to the idea of European economic union which was so strongly emphasised by the Assembly of 1929.

6. THE ELEVENTH ASSEMBLY (SEPTEMBER 1930).

The deliberations of the Assembly of 1930 on economic questions were dominated throughout by the prolonged general economic depression and, in particular, the agricultural depression. The necessity for speedy and efficient concerted action to relieve this depression was demanded with the utmost insistence. European and regional agreements both found advocates among the delegates to the Assembly, and the desire was general that the Conference, which was to meet in November 1930, in order to put into force the Commercial Convention of March 1930, should without further delay begin the negotiations which, under the terms of the Protocol, were open early in 1931.

7. THE SECOND CONFERENCE (NOVEMBER 1930).

This Conference, which met on November 17th and at which were represented all the European countries, had a double object. First, it was to take a decision as to the putting into force of the Convention of March 24th, 1930, and, secondly, it had to begin negotiations on the basis of the programme drawn up by the Economic Committee, taking into account the memoranda of the Governments.

8. RESULTS OF THE SECOND CONFERENCE.

What were the results of this second Conference? To be quite frank, they were rather poor. No decision was taken as regards the putting into force of the Commercial Convention, ten ratifications only having been deposited at the time of the Conference. The Conference was informed, however, that some Governments had already instituted the procedure for ratification and that therefore their ratification could be considered as probable, and moreover that certain other Governments had declared that their adhesion depended on the progress of negotiations. For these reasons, the States which had already deposited their instruments of ratification thought it desirable to postpone a decision as regards the putting into force of the Convention, thus giving other Governments an additional period until January 25th, 1931, within which ratifications, if deposited, would be considered valid.

As regards the negotiations themselves, the Conference had before it three concrete proposals, all envisaging tariff negotiations: a British proposal aiming at an all-round reduction of tariffs by way of multilateral negotiations, proceeding by groups and stages; a Netherlands proposal suggesting negotiations between States with autonomous tariffs and States with conventional tariffs, the first group binding themselves to maintain their liberal system in return for tariff reductions to be granted by the second group; the third proposal was that of the Governments of Hungary, Roumania, and Yugoslavia, with which Poland associated itself, asking for a preferential Customs treatment for the surplus grain produce of these countries.

The Conference, after carefully examining both the British and the Netherlands proposals for several days, came to the conclusion that these proposals could not form, in present circumstances, the subject of multilateral negotiations, and it was left to the interested States, which expressed their readiness to do so, to make the proposals the subject of bilateral negotiations which could be pursued simultaneously if the parties so desired.

Neither did the demand of the Danubian agricultural countries, although in principle favourably regarded by the States which constitute the principal markets for the produce in question, receive a favourable solution, since the difficulties — in particular, those arising out of the most-favoured-nation clause — appeared almost insurmountable. Here, as in the preceding case, however, the demand forms the subject of further bilateral negotiations.

Of the various methods suggested for improving the situation of the agricultural countries of Central and Eastern Europe, the Conference retained one — namely, the question of agricultural credits, inviting the League to pursue energetically, through its Financial Committee, the study of this question.
The Conference of November 17th was also invited to attempt to enlarge the field of application of the Convention for the Abolition of Import and Export Prohibitions. The Conference adjourned the consideration of that question also. The same applies to the question of the treatment of foreigners which was also placed on the agenda of the Conference.

9. THE ACTUAL SITUATION AND ITS DANGERS.

The deliberations of the last Conference showed clearly that, with one single exception, perhaps, the Governments do not consider it possible at present to enter into collective negotiations on tariff matters. In non-tariff questions, the Governments seem still to be prepared to co-operate in the work undertaken by the League on the basis of the Protocol of March 1930. That, however, is a very poor consolation for the failure of the action undertaken under the League's auspices in tariff matters.

It is far from an agreeable task to set forth these unsatisfactory results, but no useful purpose would be served by concealing the truth and denying facts which are only too manifest. The attempts to carry into effect the main resolutions and recommendations of the World Conference of 1927, even after they were transferred to an exclusively European field, have failed; and it is best to say so frankly.

Let us look at the Conference on the Treatment of Foreigners. It did not succeed in establishing an acceptable convention, and I strongly doubt whether the work now being carried on in this field among a number of European States will lead to any better result, since a liberal regime in regard to human activity is merely a pendant to a liberal regime for trade. What is required for both is a spirit of co-operation, which so far has failed to materialise.

Still more unfortunate, and at the same time still more characteristic, as regards European relations, has been the fate of the Convention of November 1927 on Import and Export Prohibitions.

On this subject, it was found necessary to hold three successive conferences — in 1927, 1928 and 1929. After two years hard work, ratifications — conditional ratifications, it is true — were obtained from almost all the European countries, Japan and the United States of America. It seemed as if the goal had almost been reached when, unfortunately, certain well-known difficulties of a regional nature, and exclusively European, led to the dissolution of the imposing group of countries which had formed in connection with this Convention. The Convention therefore has not been put into force except among seven States, which, moreover, have used the prohibition system only in exceptional circumstances. The engagement entered into by these seven States itself expires on June 30th, 1931, and it may be assumed that they will not consent to remain bound after that date if, the above-mentioned difficulties having been eliminated, the other European countries do not join them.

The time available is therefore very short. Unless the Governments exert themselves in one last effort, I cannot be considered unduly pessimistic if I prophecy that the Convention on Prohibitions, child of so much care, will cease to exist after June 30th.

The third failure need hardly be mentioned after what I have said already: the failure of our last Conference. We failed in putting the Commercial Convention into force. We failed in discovering a possibility for collective lowering of tariffs. As far as the plight of the agrarian countries in Central and South-Eastern Europe is concerned, we had to be satisfied with a recommendation that the Financial Organisation of the League should study the possibility of organising agricultural credits in those States. That is all there is to say.

The World Conference of 1927 was far from satisfied with the situation then existing. It condemned the tariffs as they then were. It condemned other excessive forms of hindrances to normal trade, such as dumping, export bounties and other means of indirect protectionism. All that was equally condemned by nearly all responsible Government authorities, and the sentences were even accompanied by solemn declarations of intended improved behaviour.

Now, after nearly four years of hard work, we have to satisfy ourselves with the statement that the present situation, instead of being an improvement on the then existing state of affairs, is worse than in 1927. There has been no improvement at all; on the contrary, there has been a gradual sliding backwards.

The deplorable consequences of this state of affairs has been that the people in a good many countries have lost all faith in the economic work of the League. They hear of Conferences and of debates lasting week after week, and the end seems always the same: one or two speeches trying to cover up the failure.

I fully realise the injustice of some of the criticisms. They are often unfair; unfair towards the League which cannot do more than its Members allow it to do; unfair towards the remarkable work of the Economic Organisation of the League. They are also unfair in so far as one cannot possibly expect miracles to happen in such questions in two or three
years. We can only creep forward. But there must at least be creeping, and people are right when they say that creeping has been wanting. That has caused the prevailing disappointment.

I will not dwell on the probable reaction this disappointment may have on the confidence of the peoples in the work of the League in other spheres, but I cannot finish my report without drawing your attention to the imminent danger of these constant failures, first of all, in the economic field and, secondly, in their possible repercussion on the general situation in Europe.

In 1922, when the first symptoms of the collapse of the defective post-war economic structure appeared, a considerable number of countries tried to escape its disastrous consequences by all sorts of artificial measures, hoping to find shelter until the storm passed over. It was a delusion. The causes of the economic upheaval were too grave for escape to be possible.

Certain other countries with a different economic structure did not think it advisable to resort to such protective measures, or did so only in moderation. Intentionally or otherwise, these countries have certainly exercised a moderating influence on public opinion in those countries which had hoped that the effects of the economic crisis could be warded off by artificial measures. This is particularly true, because it was not generally felt that the economic depression could be avoided — even in countries where the official policy was supported by a strong current of public opinion. Even those who demanded a stronger free trade policy exercised a moderating influence on the economic action of their Governments.

Unhappily, just at the moment when you are met together to try to alleviate the common sufferings of all Europe, these moderating influences are on the decline. The repeated failures at Geneva in the economic sphere are tending still further to weaken those forces and, moreover, to expose them to the ridicule of their adversaries, who seize upon those very failures as arguments in favour of their own theories.

Thus it is that opposition to a narrow and exaggerated economic nationalism is weakening, while there is an ever-increasing tendency to accentuate by higher and higher barriers that economic disunity which places Europe in so definitely inferior a position. Furthermore, these same tendencies are also becoming manifest in those European countries which had hitherto pursued a moderate economic policy.

The feeling that certain countries are paying heed to their own interests alone, and are making it constantly more difficult for the produce of other countries to enter their territories, and that they are artificially making it easier for their own surplus output to be dumped on the markets of countries whose frontiers are open to them — this feeling, I say, will inevitably restrain the other countries to reconsider their policy; sooner or later they will no longer be able to resist the protectionist forces that are developing within them, and they will end by reorganising their commercial system.

What reason is there, it has often been asked, to complain of any particular commercial policy? Every country chooses the commercial system which suits it best, and which it thinks best calculated to advance its development.

Up to a point this argument is irrefutable; but those who use it do not realise the probable consequences of the fall of the last uncaptured strongholds of free trade. They exert in the European community the same moderating influence as certain trends of opinion in any one country. As soon as that moderating influence has disappeared, commercial relations between European countries will be more than ever at the mercy of such immoderate demands as groups or parties, for private or electoral reasons, will most certainly advance, without giving the least heed to international reactions.

Even now, voices are being raised against any treaty commitment in the matter of tariffs, and any fixing of maximum duties. We are told that we must get rid of these hindrances and preserve complete freedom of action so far as concerns tariffs. If this view prevails, it is easy to foretell the inevitable result.

As I said in my closing speech at the last Conference, if certain passions that are now making themselves felt in connection with tariffs — passions that have hitherto been controlled by moderating influences, both national and international — are unchanged and freed from all constraint, they will dominate the future, and their domination will beyond question lead to a general tariff war in our part of the world. In my humble opinion, the effect of such a tariff war on the general European situation would be very grave.

Such are the dangers of the present situation. It is needless to say that all who are concerned for the fate of Europe should do everything in their power to ward off the disastrous consequences of any increase in the competition in economic armaments.

But is that still possible?

In according a sympathetic welcome to your distinguished Chairman's proposal, you have shown that you realise what Europe might be if human enterprise could pour itself out unchecked, and what immense progress would result, not only for Europe as a whole, but also for each of the individual nations of Europe.
I know you are all convinced of this; and if an abstract conviction were in itself enough to settle problems, I do not doubt that this labyrinth of trenches, this mosaic of economic units, large, medium-sized and small — every unit, however, too small to allow production to proceed on truly rational and modern lines — would rapidly be transformed into a single vast market. But we all know that behind the shelter of age-old dividing walls, de facto situations have been created which we cannot hope to overthrow in a day.

I confess, however, that I could not understand the present Committee’s purpose if its ultimate aim — however distant — were not that which I have just indicated; I know, of course, that long years, generations perhaps, still lie between us and the goal, and that we must go slowly, gradually, carefully arranging all the necessary transitional stages.

Those of you who are Foreign Ministers of European countries, do not, I beg of you, if that is your aim, imagine that all this only concerns your colleagues, the Ministers of Commerce; do not think that you can afford to ignore what is taking place in the sphere of economic relations.

Take care lest what is taking place in the economic field should preclude, or at all events delay indefinitely, the realisation of your noblest political conceptions. Individual interests are worthy of respect; those who defend them are doing their duty; but they must not be asked to do more. It is mainly for the responsible Governments, and particularly for those who have to maintain and improve international relations, to bring about a better economic organisation of Europe.

The picture I have just painted is dark indeed, I know. I think, however, that there is yet time to prevent at all events some of the dangers, provided that effective action is not delayed too long. I therefore venture to urge the necessity of taking the crucial opportunity which lies before us now — namely, to continue the bilateral negotiations at present proceeding, until a successful conclusion is reached — otherwise, I repeat, we shall have to give up the Commercial Convention too.

Should these negotiations also ultimately fail, it would be impossible to put the Commercial Convention into effect or to maintain it in force at the end of each half-year. On the other hand, if these negotiations offer any chance of success, it will be possible to conclude a kind of armistice. The Commercial Convention is certainly not an outstanding piece of work; nevertheless it at least introduces into commercial relations a certain stability which is necessary to enable fresh negotiations to be carried on, but which cannot be attained unless there is a manifest intention to reduce tariffs. These two objects influence each other to an equal degree.

The dangers I have pointed out — dangers which, if not removed, will undoubtedly defeat the work of the European Committee — may yet be avoided, if prompt measures are taken to ensure the success of the bilateral negotiations that are about to be opened, and if, too, the Commercial Convention is put into force, through the favourable conditions which may be created, thanks to those bilateral negotiations.

This Commission has undertaken the task of bringing the nations of Europe nearer together and providing for closer collaboration between them. Would it not be desirable in the first place to prevent those nations from drifting farther and farther apart?

The very menace of a tariff war surely constitutes a serious obstacle to a closer understanding between the nations; and consequently an improvement in the economic relations between the European States would seem a sine qua non if the aims which the European Commission has in view are to be attained.

I repeat: I am convinced that we can yet succeed if we are resolved to act, and to act quickly.

The CHAIRMAN [Translation]. — You have just heard a masterly and eloquent description of a position which is difficult and, I will venture to add, somewhat discouraging. The description you have just heard is lacking neither in clearness nor in frankness, and I sincerely thank M. Colijn for having brought us face to face with the difficulties of our task. The statement we have just heard has made clear the imperative and urgent necessity of the Union which we are seeking to achieve. We now see how necessary and urgent it is for us, in order to solve the difficulties to which reference has been made, to establish at last between the nations of Europe that bond of common understanding which has hitherto been lacking.

In the first place, M. Colijn very aptly said that, if we expected him to supply us with a key to all our difficulties, we were doomed to disappointment. He expressed a truth in saying that, but he was too modest. None of us imagined that he would bring forward a magic key, for after all, we are faced with numerous locks of varying degrees of intricacy, and some of them containing several secret springs which are difficult to operate. What we want therefore is a kind of symposium — a school of locksmiths from which may emerge a key capable of unlocking all the locks.

That is our task and I am bound to admit, and M. Colijn will agree with me, that it will not be an easy one. He appealed to the goodwill of the Ministers for Foreign Affairs. I hope that appeal will not result in the Ministers for Foreign Affairs coming to loggerheads with the Ministers of Commerce, as the latter have their own ideas and do not like to have
their field encroached upon. Since, however, he has appealed to us, whose main duty it is to cement international friendship and endeavour to eliminate the causes of misunderstanding and conflict, I am sure that all my colleagues will, like myself, hearken to his appeal. M. Colijn may rest assured that we will make every effort to discover some solution. We will do all we can to prevent any increase in the dangers to which he has referred; we will do all we can to take advantage of the present atmosphere which is still favourable to conciliatory settlement. I say so because—and I do not think I shall be offending his modesty—M. Colijn has, by his statement, made a valuable contribution to the problem, which will help us to achieve satisfactory results.

I feel sure I am speaking on behalf of all my colleagues in thanking M. Colijn very warmly for his statement. I think it is due to him that we should open a discussion on his theses and conclusions.

On the proposal of Mr. Henderson, the Commission decided to adjourn the discussion in order to enable the members to study M. Colijn's speech.

THIRD MEETING (PRIVATE)

Held on Saturday, January 17th, 1931, at 11 a.m.

Chairman: M. Briand (France).

5. Question of the Participation in the Work of the Commission of European States not Members of the League.

Dr. Curtius (Germany) [Translation].—I wish to support the reasons advanced by M. Grandi yesterday in favour of his proposal.

In its reply to the French memorandum, the German Government urged the desirability of inviting Turkey and the Union of Soviet Socialist Republics, that is to say, the European States which are not Members of the League, to take part in our proceedings. This is important, not only because we are considering here the position of Europe as a whole and because these countries form part of Europe, but also because the most essential task for us at the moment is to find a solution for the economic difficulties of Europe, and from the economic standpoint it is extremely important that the two countries in question should be represented at our meetings.

I realise, of course, that there are objections to this proposal. But would not the absence of these two countries cause even greater inconvenience? Would it not entail difficulties of an economic kind in the search for the solutions we have in view?

Moreover, if I am correctly informed, the Union of Soviet Socialist Republics has already been invited some ten times by the League or by other international organs. It took part in the proceedings of the 1927 International Economic Conference; it was invited to the Genoa Conference, and, during the discussion of economic matters at the League, it has often been pointed out—M. Colijn drew special attention to the point yesterday—that all action taken in the economic sphere was the outcome of the Genoa Conference. This country likewise took part on a footing of equality with the other members in the work of the Preparatory Commission for the Disarmament Conference. It has also taken part in other work initiated by the League, and cannot therefore now be excluded.

If, however, we wish these two countries to be represented at our meetings, it will not, I think, be enough merely to open the door to them. The Russians are very sensitive on certain points and they might say: “If the door is merely thrown open to us and we are not invited, that is a very ambiguous attitude and shows that our presence is not desired.”

For that reason, I propose that we should send at once an express invitation to the European States not Members of the League, to take part in the work of the Commission.

M. Mowinckel (Norway) [Translation].—On considering the German proposal, I am led to wonder whether it is not somewhat premature for us to deal at present with the question of sending an invitation to the European States not Members of the League.

The Assembly last year took a perfectly clear decision. It stated:

“The Assembly reminds them [the Governments] that, in so far as such co-operation may seem to them to be useful for the pursuit of their enquiry, it is open to them to conduct this enquiry in conjunction with the non-European Members and with non-Member Governments.”
The Assembly therefore expressly said that we could contemplate such co-operation if we considered it useful for the success of our enquiry. We have not yet, however, begun our enquiry.

My Government has very cordial relations with the Government of the Union of Soviet Socialist Republics. Our commercial relations are good and I should be happy to see very close co-operation established with this great country. Sincerely a week ago the Soviet Minister in Norway paid me a visit and discussed with me various questions which are of concern to the League as well. I spoke frankly to him and said “Why does your country not enter the League? The Norwegian Government would welcome it there.” I may say that if at the next Assembly a proposal were made to invite the Union and Turkey to join the League, it would be supported by my Government which would gladly vote in favour of it because its adoption would result in added strength to the League.

We have come here, however, to study mainly the economic questions with which Europe is concerned, and if in order to assist our investigations we think it right to invite the Union of Soviet Socialist Republics and Turkey, I shall approve a proposal made on these lines, but as our studies have not yet begun, would it not be better to postpone a decision regarding Dr. Curtius's proposal until, say, this afternoon?

In the next place, the Commission has before it a proposal from the Danish Government, with which I am in complete sympathy, to set up three sub-committees which could examine these difficult questions better than we could. In its proposal, the Danish Government says explicitly that these sub-committees might, if they think it useful for their work, invite the non-European Members as well as the non-Member States to participate.

To sum up, I think it would be difficult to send an invitation to the Soviet Government before the Commission has given its opinion and taken a decision on the Danish proposal. I consider therefore that it would be in conformity with the Assembly's decision to which I have referred, to adjourn Dr. Curtius's proposal.

M. Titulesco (Roumania) [Translation]. — My Government would be very glad if the Soviet Republic could collaborate as closely as possible in the work of the Commission. In my view, however, its co-operation involves no question of principle: it is merely a question of expediency and, more especially, one of powers. In this connection, we must read carefully the mandate entrusted to us by a unanimous vote of the Assembly and see what we can do, in the event of its becoming clear that it would be expedient to send an invitation.

I repeat that this is not a question of principle; we should not therefore decide to exclude any State that can claim, for one reason or another, that it belongs to Europe. We have not to define Europe, because that would lead us into a controversy from which we should never escape.

This is a question of expediency and a question of powers. We must go back to the resolution of the League Assembly, in virtue of which we are meeting here to-day. The Norwegian representative has quite rightly read you paragraph 6 of the resolution. If you will allow me to compare it with paragraph 5, you will see even more clearly what was the Assembly's unanimous wish:

“The Assembly invites the Governments of the European States Members of the League of Nations, acting, with the assistance of the Secretariat, as a Commission of the League, to pursue the enquiry which has already been begun and of which the French memorandum of May 17th, 1930, and the replies thereto constitute the first elements.”

It follows that the twenty-seven States here present were invited by the Assembly to study the question. The resolution then continues:

“Reminds them that, in so far as such co-operation may seem to them to be useful for the pursuit of their enquiry, it is open to them to conduct this enquiry in conjunction with non-European Members and with non-Member Governments.”

According to this resolution, non-European and non-Member Governments can work in conjunction with us; but they cannot be invited in the same way as ourselves, unless the resolution of September 17th, 1930, is changed.

If we examine the question from the point of view of expediency and of our powers, what do we find the present situation to be? We are asked to invite non-Member States to help us in the pursuit of an enquiry that has not yet begun. But we cannot invite them; we can do no more than to appeal to them to work in conjunction with us. It follows that, on one hand, the enquiry has not yet begun, and, on the other, that we should agree on the meaning of the expression “in conjunction” (en liaison).
I arrive at the following conclusion: No State should be excluded. Dr. Curtius’s proposal may be reverted to at any moment. Meanwhile, I think we shall be more strictly in keeping with the terms of the Assembly resolution if the twenty-seven States Members mentioned in that resolution begin the enquiry in question.

When should Turkey and the Union of Soviet Socialist Republics be invited? My answer is that they should be invited at the moment when, in the light of our future discussions, it appears expedient to do so.

Mr. Henderson (British Empire). — There appear now to be two motions before the Commission: One by Dr. Curtius that the non-Member European States should be invited to participate in this enquiry, and the other by the Norwegian representative that we should postpone taking a decision.

I wish to support the proposal of Dr. Curtius, and, in doing so, I will ask you to note the arguments advanced by the Norwegian representative. He is in favour of delay, though towards the end of his speech that delay extended from a decision taken before luncheon to a decision taken after luncheon. I will leave it to him to say how our capacity to take a decision will be improved during the luncheon hour. I appear to me, however, that the decision might with advantage have been taken earlier, in other words, at our last session in September. We must remember that our decisions become public property, and we have to keep in mind the effect which the publication of a resolution such as that adopted at the Assembly is likely to have upon the non-Member European States. I am sure that, if we were to look at matters from the other person’s point of view, we should probably regard a decision which had been made public, such as that we adopted at the Assembly, in a different way from that in which some of the delegates appear to be regarding it this morning.

If we tell public opinion that we have the power to invite, and if we do not invite, but say that we must delay our decision, as is proposed in M. Mowinckel’s amendment, what will be the effect upon the Government of Soviet Russia or of Turkey? The position is the more surprising in view of the fact that the mover of the amendment told us that his country was on very friendly terms with the Soviet Government. I can only say that my Government maintains as friendly relations as the other Government will permit; but when a delegate professes that his Government is on very friendly terms with the other Government, those friendly terms should, it seems to me, be expressed in a decision one way or the other, and the issue should not merely be held up for some future occasion.

When referring to this subject yesterday, I said that we should have to decide whether we were to invite the non-Member European States to join us for special questions or for all questions. I have come to the conclusion that we ought to invite them to assist on exactly the same basis as the rest of us who are associated in this gathering; if we intend to do so, we cannot, in my opinion, do it too soon, and we should do it generously. I understand that that is the motion proposed by Dr. Curtius, and if a decision has to be taken between delay and action, I intend to vote in favour of action being taken at once, and of our invitation being as generous as possible.

There is another aspect of the question which I think we should notice to-day, because the argument which I have just advanced about publicity applies not only to the non-Member European States, but also to the non-European States. The Assembly resolution as we have already been reminded, makes it quite clear that we are to conduct our enquiry in conjunction with non-European Member States and with non-Member Governments. It seems to me that that is a very general reference, and while we are in private session to-day, we ought, I think, to decide whether we can not go a little further than Dr. Curtius has suggested and consider at once whether all the States, non-European Members and non-Member Governments, should not be invited, in order to give them an opportunity of saying whether they would like to co-operate with us or not.

As I understand the position, the ideal and the spirit of the League is to include everybody, and although some have chosen to be in and have chosen to go out, and some have chosen never to come in, I think we ought always to put our ideal first, our ideal being the greatest measures of co-operation amongst all States. We should never create the impression that we are prepared to keep anybody outside the momentous questions which we have to consider in this Commission.

While, therefore, I suggest that Dr. Curtius might be prepared to consider extending his resolution in the direction I have indicated, I shall vote, if a vote is taken, in favour of his motion.

M. Marinkovitch (Yugoslavia) [Translation]. — The first question which arises is whether we have the power to invite certain States to sit in this Committee. Mr. Henderson has proposed that an invitation should be extended to all States whether Members of the League or not.

I do not think, however, that we have the power to do that. We have not been granted the right to enlarge the Committee by our own authority. We are not an international
conference. Reference has been made to the fact that certain Conferences addressed invitations to non-Member States; but those were Conferences composed of Government representatives. We are merely a Commission of the League of Nations, set up in virtue of a resolution of the Assembly. The Assembly understood the position perfectly; it might quite well have set up a commission on which all Governments would have been represented whether they were Members of the League or not.

M. Mowinckel's proposal is a very reasonable one. According to M. Mowinckel, before we decide on the proposal before us, we ought to begin to study the questions that have been submitted to us. It is probable that, during the discussion of the first of these questions, we shall realise that it is necessary to have the collaboration of the non-Member States, and consequently we shall take the necessary decision at that moment. Such, in my opinion, is the procedure we should follow.

As regards the invitation itself, I do not think it is our business to send it directly to the Governments concerned. We shall have to communicate our decision to the Secretariat so that the latter may inform the Assembly of the Council, which will send the invitation to the non-Member States.

I know that there was a certain feeling of anxiety last September that this Commission might become a body independent of the League. Fears were expressed that our activities might undermine the League. Personally, I did not share these apprehensions, but I must admit that if we send the invitations to the various Governments ourselves and take upon ourselves the liberty of enlarging our Commission, we may become a League competing with the League of Nations, and find ourselves working on parallel lines and studying the same questions. I think then that we should conform more closely to the Assembly resolution and should accordingly adopt M. Mowinckel's proposal. If we think at any given moment that we ought to secure the co-operation of Governments that are not represented here, I think we should inform the Secretary-General of our opinion, so that he may submit it either to the Council or to the Assembly. Otherwise we shall have to find another method of getting into contact with the non-Member States, but this ought not to be by means of a decision taken by ourselves on our own authority to enlarge our Commission.

M. Michalakopoulos (Greece) [Translation]. — In its reply to the memorandum of the French Government, the Greek Government expressed the view that it would be useful to invite Turkey to take part in our discussions. It is the opinion of the Greek Government that, from the economic and even from the geographical point of view, Turkey belongs to Europe rather than Asia. The Assembly therefore found itself faced by proposals of which the guiding idea was that Turkey and Russia were connected with Europe by their history and economic relations; the Assembly also found itself faced by a proposal providing for possible collaboration with non-European Members. It was thought that a certain elasticity was necessary in the composition of the Commission and that the possibility of collaboration with non-European Members should not be precluded because, as everyone knows, the economic system is neither national nor European, but worldwide.

In my opinion, it is because the Assembly did not wish to commit itself about the form of this collaboration that it used the word "conjunction" (liaison), and we all realise that the question of deciding when non-European Members or States non-Members of the League should be invited is one of expediency.

Another question now arises, that formulated by M. Titulesco — namely, what shall be the form of this collaboration, of this liaison? For example, is it conceivable that the non-European Members might form a separate body and that the only liaison between us would be similar to that which exists between two army corps? I do not think so. Is it conceivable that the Commission should confine itself to communicating its decisions and conclusions to the non-European Members and States non-Members of the League, and that they should merely be asked to communicate their point of view? In that case we should never finish our work. The simplest and most natural way is to allow these States to attend our meetings.

But when? I think we must make a distinction. Among the States we can invite are some who may be considered as belonging to the European structure because of their history, their relations with Europe, or their economic systems. Those are the States mentioned in the proposals made in reply to the French Government's memorandum. Then there are other States belonging to the world economic system, and, so far as these are concerned, we might postpone our decision by saying that they might also be invited to co-operate with us at a later date.

M. Titulesco (Roumania) [Translation]. — I also think that there are not ten different economic problems but a single one, which is worldwide. It is my opinion, and I have already said so, that a day will come when this worldwide problem will have to be dealt with by a world conference. But this world conference lies in the future. Apart from the worldwide problem, there are regional problems which go to make up the whole problem; there are the regional interests of what is known as Europe. The world conference to the future, the European Conference to the present.
What is our best method of work? Should we immediately convert this Conference, convened to settle regional problems, into a world conference? I think not. Even if this Conference works in conjunction with non-Member States, it has only a European task to deal with. I have been careful to say that no State should be excluded, so that the other States which claim to be European may join our Commission. It remains to be decided in what circumstances they should be allowed to do so, for the expression "conjunction" (liaison) is not tantamount to the expression "invitation".

As the world conference belongs to the future, whereas the European Conference is in existence now, the best way of working is that the Commission in its present form should begin the enquiry; when definite problems show us that the collaboration of non-Member States is necessary for our European work, we will convene them.

That seems to me to summarise all that has been said. Differences of opinion have been expressed, but there have also been points of contact. The great thing is to arrange the questions in their proper order, both in space and time.

Dr. Curtius (Germany) [Translation]. — Will you allow me also to interpret the texts before us? I think we have strayed a little into dialectical intricacies. The suggestion made by the Italian, German and other Governments were clearly meant to secure the participation of the Union of Soviet Socialist Republics and Turkey, both because of their general relations with Europe and their economic relations with the European States. Those were the suggestions before the Sub-Committee which dealt with this question, and also before the Assembly itself. For that reason, the meaning of the resolution adopted by the Assembly is that the fullest liberty should be given to our Commission to decide when, and in what circumstances, we should appeal to these countries to co-operate with us.

As regards the form of the invitation (in the technical sense of the word, to be sent by the Secretary-General, I have no absolute preference, but I do not think that the observations of M. Marinovitch are well grounded. If we have the right and also the obligation to ask these European States to collaborate in our work I think we have the power, as a Commission, to send them a communication or an invitation to do so.

As regards the form of this liaison, I do not think it should be a liaison in a small Committee, but a real liaison, here, round the Conference table, on a footing of equality with all the other members.

Reference has been made to the possibility of adopting certain resolutions and communicating them to these countries through diplomatic channels. This is not the kind of liaison that should be considered in the present case.

I do not think that co-operation would give rise to any practical difficulties; but we shall have to know at what moment we are going to appeal to these two States for their participation and collaboration, and also to decide if we consider this collaboration desirable.

As regards the date, I think that after hearing M. Colijn's statement yesterday we are already well embarked on our economic work because his statement raised the question of economic problems in their entirety, and I think that we can only settle our difficulties with the collaboration of Soviet Russia and Turkey. In my opinion, it is high time to send these countries an invitation to collaborate with us.

As regards the expediency and value of their collaboration, I think that we shall all agree that if we wish to settle these problems, these two countries will have to join us. If we do not come to a decision to-day to invite them to take part in our work, it may happen that these States will refuse their co-operation, at a later date. I therefore consider it absolutely necessary to invite them now, and to the question of expediency I reply in the affirmative.

M. Titulesco has said that we could not consider the collaboration of non-European States non-Members of the League on the same footing as that of European non-Member States, since the position of non-European States Members of the League is quite a different one. I think this observation is justified, and I agree with him. Since non-European States are no more than observers, it is quite obvious that this distinction should be made between European non-Member States and non-European non-Member States.

Mr. Henderson has asked me to extend the scope of my proposal. I am in complete agreement with him on this point; I merely make the reservation that I should have time to submit an adequate draft, but I agree with him in thinking that, as we are about to examine the question of participation, we ought to express our opinion at the same time on the participation of overseas States, such as the United States of America and others.

I must reserve one further question, which always arises when a big conference is to be formed — namely, the participation of Danzig. I shall get into touch with the Polish delegation, which is especially interested in this question.

Dr. Munch (Denmark) [Translation]. — It appears to me that our Commission is in a rather difficult position with regard to the question of the invitation of non-Member States. If we send those States an invitation to-day, we run the risk of a refusal. So far
as I know, there have been no private conversations with the States in question. M. Grandi told us yesterday that he did not know the opinion of these Governments. On the other hand, if we reject the proposal of Dr. Curtius and M. Grandi we may put difficulties in the way of the future participation of these States. That would be very regrettable.

We are certainly all agreed on the necessity of securing, in one way or another, the co-operation of these States which represent half of our continent. By rejecting the proposal we may furnish further arguments for anti-League propaganda.

This morning's discussion, during which very varied opinions have been expressed, shows that it is very difficult to take a final decision immediately. For that reason, I wonder if the proposal of the Danish Government that certain sub-committees should be set up is not a good way out of this difficulty.

Among these sub-committees there will certainly be one to deal with the organisation of European co-operation, the first task laid upon us by the Assembly last September. The collaboration of the States in question would certainly be a most appropriate subject for this sub-committee to consider.

I do not know if the same would apply as regards another sub-committee which would have to deal with economic questions. It is obvious that the economic system of the Union of Soviet Socialist Republics is of vital importance for the economic systems of other European States. But this sub-committee would first have to deal with questions of commercial policy and the efforts that should be made to conduct the commercial policy of the various European States on more liberal lines. In this respect the situation in the various European countries is completely different from that in the Union of Soviet Socialist Republics, which has an economic system in which the question of a liberal commercial policy does not arise at all, since it is the State that buys and the State that sells.

If these sub-committees are set up, it may be supposed that at least the sub-committee for the organisation of European co-operation will invite the States in question to take part in its proceedings; and that will be a beginning.

Care should be taken, however, not to run the risk of giving offence to the Governments in question or receiving a refusal from them. It would be best to have private conversations with them before the invitation was sent in order to make certain how they would welcome such an invitation.

I do not know when it is proposed to hold another general meeting of our Commission; but it would be useful before our next meeting to get into touch with these Governments, since we should then have sufficient time to come to an agreement with them and perhaps also, by means of private governmental conversations, to arrive at a better measure of agreement between the members of this Commission.

In any case, it would be very useful to decide upon our method of work before taking a decision on a question on which it appears we are not agreed. It will then be easier to see by what practical means we can secure the collaboration of the non-Member States.

Only Turkey and the Union of Soviet Socialist Republics have been mentioned in this discussion. I would remind the Commission that Iceland is also a European State non-Member of the League of Nations; it would be expedient to communicate with her at the same time as with the other States.

The continuation of the discussion was adjourned to the next meeting.

FOURTH MEETING (PRIVATE, THEN PUBLIC).

Held on Saturday, January 17th, 1931, at 3.30 p.m.

Chairman : M. Briand (France).

6. Question of the Participation in the Work of the Commission of European States non-Members of the League (continuation).

The Chairman [Translation].— This morning you gave me permission, as French representative, to express to you my opinion in regard to the problems before us. I will do this as quickly as possible. At the same time, you must be well aware that the subject being debated is of the very highest importance and we have very carefully to gauge its entire scope, and all its bearings and consequences, which may be more serious than appear at first sight.

In the debate which took place this morning, it was gratifying to note that we all agreed in principle on the necessity of getting into touch with the representatives of other countries, and, in particular — this was the main point discussed — with the representatives of European States non-Members of the League of Nations. I must say, however, that the motion put forward by M. Grandi and supported by Dr. Curtius and Mr. Henderson raises, in the generality of its terms, a twofold problem, constitutional on the one hand and jurisdictional on the other.
What is this body as constituted by the last Assembly? What are our terms of reference? The Assembly thought it very desirable to set up a Commission of Enquiry for European Union.

This Commission, as is stated in the unanimous resolution adopted by the Assembly on September 17th, consists of “the representatives of European Governments Members of the League”. Working therefore with the Secretariat it becomes an ordinary Commission of the League of Nations. Unlike the Disarmament Commission or certain other technical Committees, its enquiry, be it noted, is not limited to any particular problem. Forming part of the League of Nations, of which it is an organ, our Commission may take up all the problems dealt with by the League itself, it may operate in every sphere of international activity. The only limit to its enquiry is a geographical one. Such is the situation created by the Assembly of the League. The League, through its Assembly, told us moreover that we might establish contact with other countries so far as we considered it expedient. For instance, we might work with non-European Members of the League, we might also work with European States which do not form part of the League. We could even get into touch with other States that are neither European nor Members of the League. But does that mean that we can bring these people into our Commission and make them part of it?

I cannot imagine that the Assembly ever intended that. The Assembly could not have given us such power; otherwise, what would happen to the Commission if we introduced so many other elements? It would become a larger body than the League itself. It would have more Members than the League itself. It would form, side by side with the League, a sort of competitive body, an eventuality which it has always been our desire to avoid.

We have been anxious, on the contrary, to work within the League, as part of the League with its usual organs.

The motion submitted introduces into this Commission once and for all, without any limitation of time, and at the very beginning of our work, the European nations which are not Members of the League, and it leaves the way open for bringing in all other countries as well. This would result in a disequilibrium which the Assembly certainly never contemplated!

The Assembly enabled us to invite, in so far as we might consider it desirable, the cooperation of European States not Members of the League. But it desired that we ourselves should be judges of the expediency of such co-operation. It stated that expressly.

If, therefore, at the very beginning we issued to the various States an invitation without any limitation as to time or scope, we should be abandoning this faculty to judge the question of expediency which the Assembly deliberately granted us in order to assist our work. We cannot do that.

Why did the Assembly raise the question of expediency? Surely because there are some points where the proposed contact could not very well be sought. Our Commission, as I said, is entitled to bring up any and every problem dealt with by the League of Nations. Suppose we were carried away by our inclination to seek wider co-operation, an inclination which I myself feel? Suppose the invitation were sent out and were, perchance, received with gladness and courtesy, and these countries came to the table. We might be all surprises than the other international relations. However, that may be, relations are maintained and we must utilise them as best we can.

I therefore think it is very necessary to keep within our terms of reference. We must not by any means abandon the idea of calling for that co-operation which is contemplated by the Assembly: but to what extent and in what way should this co-operation be realised?

My country also maintains relations with the Soviet Republics. I do not propose to discuss the efficacy of such collaboration, nor measure the degree of courtesy within which those relations are maintained. There are ups and downs, as in all international relations. I might say that our relations with the Soviet Republics give us perhaps rather more surprises than the other international relations. However, that may be, relations are maintained and we must utilise them as best we can.

Nevertheless, if we wish to establish a connection between a Committee of the League and Soviet Russia, the desire must be reciprocal. It takes two to maintain cordial relations. I see that we are disposed to take part in the most friendly conversations but I am not certain that we have yet received an assurance that such a disposition...
exists on the other side. I even noticed that our colleague, M. Grandi, commenced, with his great and habitual prudence, by saying: "I make a reservation. I do not know how our invitation will be received. I can guarantee nothing. I can only say that, if made, I hope it will be well received". I quite agree with that!

But — since anything is possible — our invitation might be received with a degree of coolness which, owing to the publicity given to the matter, might be somewhat disturbing. We have not the right to expose the prestige and authority of our twenty-seven countries to a rebuff which, when all is said and done, would be disagreeable. It might be useful propaganda for the other side — but we have hardly created our Union, with the encouragement of the League Assembly, for that purpose. We must therefore take certain precautions.

I think, in short, that we should be keeping closer to the spirit of the Assembly resolution if we extended our invitation only in respect of certain definite subjects. For instance, in beginning, as we have just done, to consider the economic problem, we might tell the European nations not Members of the League that we were quite prepared to establish contact with them and receive their suggestions.

When once that has been done to prove our goodwill, I think we might invite our Secretariat to get into touch with these nations, inform them of the Assembly resolution, and ask them how they themselves regard the possibility of contact and what subjects are of particular interest to them. They would then indicate to us: the problems which they would like to discuss with the European Union. Each subject would automatically be limited as the programme of studies was prepared.

In this way we should avoid the possibility of receiving an unfavourable reply; the next Assembly could not reproach us for having exceeded our terms of reference, and I think that the general tendencies which have taken shape this morning on the question of principle will be fully satisfied.

M. GRANDI (Italy) [Translation]. — The statements we have heard have brought out two points very clearly. All the members of this Commission would seem to recognise the desirability of inviting European non-Member States to take part in our work. Certain delegates, however, think it would be preferable to subject our invitation to certain conditions. It may therefore be said that we are practically agreed as to the desirability of inviting these States to work with us, but we are not agreed as to whether they should be placed on a footing of equality with the other Governments represented on the Commission.

I would venture to draw my colleagues' attention to the fact that we are now about to decide a very delicate point. I would also venture to remind them that, at the first session held in September 1930, M. Briand read us a memorandum from the French Government containing the results of the enquiry which that Government had conducted. The report contains the following passage:

"All these opinions seem to show that there is no division on any point of principle in connection either with the participation of the European States which are not Members of the League or with the question of relations with extra-European countries. The Governments will therefore find at their first meeting no serious obstacle to the satisfactory solution of a question which the League itself has already had to solve."

The Italian Government wonders what are the facts which can have modified this seemingly unanimous opinion held at the first session of the Commission. We should be absolutely frank on this point. If we communicate with States non-Members of the League and if we do not invite them to come here on a footing of absolute equality with the other Members, we should appear to be sending an invitation to these States, knowing in advance that it could not be accepted. In point of fact, which of our Governments would accept an invitation containing conditions as to the time of the invitation and the questions to be discussed?

I have listened most attentively to the observations made by our Chairman and, on referring to the resolution submitted by the German and Italian Governments, I must confess that I am not terribly concerned at the fate which may await our invitation. In this connection, I think we ought to make it clear where the responsibility lies. We ought to prove that it is not we who intend to divide Europe, but that by making the first advances we leave the responsibility to those who may perhaps decide not to accept what Mr. Henderson calls our generous offer.

That would make clear who is showing goodwill. We all know that the Commission has very wide terms of reference, but we must not forget that this is a Commission of

1 "Documents relating to the organisation of a system of European Federal Union." page 72.
Enquiry which cannot take any decision that is not ratified by the organs of the League — the Council and the Assembly — so that there is no need to take any undue account of the probability of a hostile attitude towards the problems we are considering. In that case, it would be for the Council of the League and for the Assembly to examine these questions once more at some meeting not attended by non-Member States, where the whole problem could be considered in the interests of the League of Nations alone. We therefore beg our colleagues to examine this problem in the light of the responsibilities of the European States represented here.

The resolution which the German and Italian Governments have submitted officially after this morning’s meeting was worded as follows:

"The Commission of Enquiry for European Union,

"Having regard to the resolution of the Assembly of the League of Nations of September 16th, 1930;

"Considering that the co-operation of non-Member European States may be useful to its enquiry;

"Decides forthwith to welcome such co-operation and invite the Governments of the said States to participate therein."

There is nothing to prevent us in the meantime from continuing our work, but the representatives of Germany and Italy simply ask you to take such action on this resolution as it deserves. That would be a first example of European co-operation.

M. MOTTA (Switzerland) [Translation]. — I hesitated for a long time before deciding to take part in this discussion. I do not forget that my country enjoys the very great honour of being the headquarters of the League and I am aware of the obligations which this honour imposes. It is quite evident that if the majority of the Commission decides in favour of this co-operation in the form proposed by certain representatives, my country could adopt only one attitude — namely, to raise no objection to the wishes of the majority.

Whatever our individual feeling may be, and even in spite of the fact that the Swiss Confederation has never wished to establish diplomatic relations with one of the States in question, it is clear that the League must enjoy full liberty of action, and the country in which the League’s head quarters are situated could not put any obstacles in the way of the solution which the majority of States Members considers necessary.

It is not my intention therefore — and in this I associate myself with our colleague, M. Titulesco — to place a ban on anyone, but I think that a very serious constitutional question, has been raised by M. Briand, and I also wish, after the remarks which have been made in this discussion, to explain my attitude on this point.

Before doing so, I would beg to remind you of a fact which is not unimportant. The Assembly resolution was voted without any preliminaries. It was never discussed in any Committee. Personally, though my attitude may be of little interest and may even be regarded as unfriendly, I thought that it would have been better to have followed the usual course and to have submitted the draft resolution to the Sixth Committee. For reasons which had to be respected and to which, on behalf of my country, I bowed, the resolution was voted without discussion in Committee. It would not therefore be quite correct to say that any Committee or Sub-committee considered the resolution from the particular standpoint of the co-operation of States Members and non-Members.

That being so, the constitutional question is of paramount importance. Those who have carefully studied, as we have all studied, the replies of the Governments to the French Government’s Memorandum, must have been struck by the fact that the main preoccupation of all Governments was to make sure that the future organisation should never directly or indirectly come involuntarily into opposition with the organisation of the League. The dominant thought in the Assembly was this: A European Commission if you like, but a Commission forming part of the League of Nations. No special mechanism extraneous to the League.

This Commission is not limited as to time or jurisdiction. We might even one day discuss the Articles of the Covenant. Reference has been made to Article 16; some other article might come under discussion as well. The deliberations of the Commission therefore are of primordial importance to the very existence of the League.

Under these circumstances, could we possibly agree to invite other countries not Members of the League to sit with us on absolutely equal terms? We should be running the risk of distorting the very nature we wish to confer on all the studies for European Union by converting the idea of the European Union into a conception lying outside the League of Nations. Nobody, I think, desired that.
Though it is permissible, therefore, that, in certain definite circumstances and for certain definite problems, we should invite co-operation, it is obviously not possible to call upon States non-Members of the League to sit as full members of the Commission. The only way open to States which take an interest in our work is to become Members of the League itself.

That is why I personally think, in all sincerity and solely from the firm standpoint of our earnest desire to work for better European organisation, that if there is to be any co-operation, it can only take place in the form suggested by our Chairman.

M. Titulesco (Roumania) [Translation]. — I think we might reach a unanimous decision if we had before us a definite text of a resolution summarising the points on which we are agreed because, as I said this morning, there are points of agreement among us than of disagreement. I therefore venture to submit the following draft resolution:

"The Commission of Enquiry for European Union,

"Asserting its intention, in accordance with the Assembly resolution of September 16th, 1930, of carrying out its work with such assistance as may be necessary for the progress of that work;

"Expresses the desire to secure the co-operation of non-Member European States in the examination of the results of the Economic Conference, a question which is already on the agenda.

"Wishing to ascertain the feeling of the non-Member European States with regard to this co-operation, the Commission requests the Secretary-General, to communicate to the States concerned the Assembly resolution dated September 16th, 1930, and to ask them to state on what questions they consider such co-operation to be desirable."

Mr. Henderson (British Empire). — I have not risen to submit another resolution. I do not believe that wisdom always lies in a multitude of resolutions. I have risen to make a suggestion. If we could pass from the general to the concrete, we might be able to reach some agreement, and I am anxious to know what would be the attitude of this Commission to inviting some of the non-European States to study the great problem brought so eloquently before us yesterday.

There is scarcely any problem of greater importance to all of us to-day than that of the present world economic situation. That problem is in no way restricted to Europe. A great deal of water has flowed under the bridges since our Chairman, on behalf of his Government, first called us together in 1929, to consider this subject. He could not foresee, nor could his Government foresee, the awful economic position in which the world would find itself in January 1931, but we are compelled to face that situation. I am not sure that even in September last there was not an idea of this, because the Assembly resolution contains certain words which I am going to quote, but which were not in the first draft of that resolution and must in consequence have been included for some reason. Those words are: "In so far as such co-operation may seem to them" — that is, to the members of this Commission — "to be useful for the pursuit of their enquiry".

Are we only to hear M. Colijn? Is that the end of the matter, or are we to subject this question to what I hope will be a very searching enquiry in order to ascertain how far we can co-operate? If we do intend to have such an enquiry, is there anyone who doubts for a single moment that we must have the assistance of the Powers referred to in the resolution submitted by Dr. Curtius and M. Grandi, or who thinks that their assistance in the study of this matter would be other than useful?

Unless we decide that point to-day, unless we decide to extend to the States in question an invitation to join us and study this one question, the opportunity may be lost for ever. Whilst I have much sympathy with the position stated by the Chairman, I think it is just possible that if we could appoint a sub-committee and adjourn the matter for a few hours, we should probably reach an agreement, provided we are ready to seize this opportunity, to invite these Powers to co-operate with us for this special purpose of studying the present world economic situation.

This would be an experiment. It might be a very useful experiment. It might be so educational that either we should feel afterwards that we should be making a mistake if we did not invite these States to participate with us when considering other subjects, or we should never want to have them here again. I have had a little experience in dealing with some of those whom we might invite here and I do not delude myself with the idea that we shall have the very best of bedfellows. But that should not deter us from trying to secure proper international co-operation, which in my opinion, is the basis of all the League's work. Would it not be possible to amalgamate our Chairman's idea and the suggestion which I have just made, and so reach an agreement, which would be better than having a few votes cast on one side or the other? I think we might ask those responsible...
for the resolutions to consult with the Chairman and see if they cannot produce a text which would probably be unanimously accepted at our next meeting.

Mr. Henderson's proposal was adopted.

The Commission decided to appoint a sub-committee for this purpose consisting of the following members:

- M. Briand
- Dr. Curtius
- Mr. Henderson
- M. Grandi
- M. Titulesco
- M. Motta

(The Commission went into public session).


Mr. Henderson (British Empire). — I feel sure that everyone here was deeply impressed by M. Colijn's masterly speech. In opening the discussion, I desire to express to him my deep gratitude for his clear and arresting statement, and to assure him that he will receive the fullest possible support both from myself and from the Government which I have the honour to represent.

The question of these economic negotiations over which M. Colijn has presided with such skill and patience, is not new to any of us, though I frankly confess that even I — although I am a colleague of the President of the Board of Trade — was unaware, before I heard M. Colijn's speech, that the case was so strong.

May I briefly refer to the order of these events? M. Colijn began with the Economic Conference of 1927, and reminded us that that Conference had reached certain very definite conclusions. The central theme of those conclusions is, as he said, that trade barriers, and in particular Customs tariffs, are too high and ought to be reduced. The Conference urged that if the nations were to achieve that economic prosperity which might be theirs, the barriers to international trade must be reduced. The details of that Conference may have faded from our minds; but we do remember that it was a Conference of the highest possible authority representing every shade of economic thought and every variety of business and economic interest. Indeed, it may be said that because of its great authority the Council and the Assembly accepted the Conference's conclusions and nearly all the Governments of the States Members declared their firm intention of making their policies conform to its recommendations.

As M. Colijn reminded us, in that same year 1927, twenty-nine Governments, among whom twenty were European, officially declared that they accepted the principles put forward by the Conference. Most of these Governments categorically stated that they intended to apply those principles in their own autonomous policy, as well as in their relations with other countries. Quite apart from what they were prepared to accomplish in the sphere of their own home policy, they were willing, they said, to co-operate in any concerted action undertaken by the League for the application of the Conference's proposals.

Those declarations were in the nature of pledges. They held out a promise to the peoples, a hope to other Governments, a hope to the Assembly and the Council of the League, that the work of the Economic Conference would not be entirely in vain.

Those pledges, M. Colijn has told us, are still unfulfilled. I know there have been great difficulties. M. Briand spoke of secret springs in the locks which we must open. There are secret springs, vested interests to be overcome. There are traditions and widespread beliefs which must be altered or abandoned. But our Governments were already aware of all this when they undertook to seek out means for the execution of this policy. They already knew, when they gave those pledges, that great difficulties would have to be overcome. In that case, it may be said, how could they give such pledges?

They gave those pledges because the authority of the Economic Conference had convinced them that, at all costs, the difficulties must be overcome and trade-barriers must be reduced. It was essential then that trade barriers should be reduced, and it is, for two reasons, equally essential to-day.

First — and this is a particularly important point, because each one of us represents the interests of his own country — the reduction of economic armaments would be to the advantage of every single country. I know very well that in this matter, as in military armaments, reduction of the so-called "National defences" is often referred to as if it were certain to create international insecurity and expose countries to invasion and attack; as if it were, in fact, a prelude to national disaster. I am convinced that that would not be so, even if one single nation were to reduce its trade-barriers by isolated action. But here we are not concerned with isolated action, we are concerned with collective action.
which must, by its nature, bring benefit to each and to all by allowing that expansion of production and international exchange of wealth by which the common prosperity of all can be increased.

In the second place, the adoption of this policy is essential in the interests of our continent as a whole, and therefore of the world at large. M. Colijn has forced us to consider what is the alternative to this policy which he urges.

What will happen in Europe if these tariff negotiations fail? The answer to this question is vital. What M. Colijn said about the unchaining of national passions is certainly most alarming. He warned us, in the clearest possible terms, that unless this policy makes progress, economic nationalism may triumph even in those countries where at present a more moderate attitude prevails. Sooner or later, he said these countries “will no longer be able to resist the protectionist forces developing within them.” I endorse his warning, and I reiterate his fear that failure in this policy may lead to a general European tariff war, the effect of which on the European situation would be very grave indeed.

I want therefore to make an earnest appeal to the Foreign Ministers assembled in this Committee to consider this matter in the light of M. Colijn’s observations and then see what action they can take when they return to their respective countries. I ask them, as he asked them, not to accept the view that this matter concerns the Ministers of Commerce alone. There are some among us whose countries have been engaged in tariff wars with neighbouring States. They know that such tariff wars affect not only the economic prosperity but the wider international policy of the Governments engaged. I hope they will go back from this Committee resolved to ask their Governments to consider the subject afresh, in the light of the purpose for which we have assembled here.

We are considering European co-operation in the broadest possible sense. M. Colijn has drawn our attention to a series of negotiations which have become European by a process of natural selection. Those negotiations have for their purpose the promotion of a common interest, economic and political, the reality of which none would venture to dispute. They are the result of four years of careful preparation. They come at a time when all Europe is smitten by disaster — a common economic disaster — recovery from which can only be aided by common action.

Finally, I say that one of the ways in which our Governments can help towards economic recovery is by restoring confidence, by proving to the peoples that our promises of co-operation were sincere? There can be no proof more effective than successful co-operative action. If, in this sphere, after such careful preparation, we cannot succeed, then I confess that I shall almost despair of any efforts to promote closer and truly amicable European co-operation. My last word is that I still hope, as M. Colijn does, that we shall go from here resolved that this great policy shall not fail.

M. MARINKOVITCH (Yugoslavia) [Translation]. — I wish first to thank M. Colijn for the sincerity with which he has described the efforts made by the various Economic Conferences to set international economic relations on a more reasonable basis. I am particularly grateful to him for this act of courage and probity; it is indeed an act of courage and probity on the part of a man who has taken such a leading part in these efforts to confess the mediocrity of the results obtained. I would venture to draw from M. Colijn’s observations certain conclusions which I think are unavoidable and which it would be helpful to recognise.

M. Colijn mentioned in his report the very imposing machinery with which the work was begun and what legitimate hopes of success we held in 1927 when the great Economic Conference met. More than two hundred experts representing all the branches of economic activity and the leading economic interests of Europe and the world were met in conclave. They adopted unanimously a number of resolutions. The Council and the Assembly, delighted with the result, approved those resolutions. Twenty-nine Governments, including twenty European Governments, accepted them and officially declared that they were prepared to bring their economic policy into harmony with them. Three years have elapsed and absolutely nothing has been done!

The situation may be regarded in various ways. Some may say with anger that the Governments entered into their undertakings too lightheartedly and have not made a sincere effort, and may express the hope that, at the last moment, the Governments will reconsider their position and do their duty. I venture to reach quite a different conclusion. If the resolutions of 1927 were not carried out, it was because it was impossible to do so. Everything necessary for their execution, the high authority of those who drafted the resolutions, the authority of the Council and the Assembly of the League, the goodwill of twenty-nine Governments, everything was there; and yet the result was nil. We may conclude, therefore that there were extremely important reasons why the Government could not apply the resolutions of the 1927 Economic Conference.

M. Colijn told us at the beginning of his statement that he was not bringing us a key for the secret lock to which the present desperate economic situation may be compared.
He proved to us however that we ought not to look for that key where we have been looking for it. The Economic Conference of 1927 thought it had found the key. It said to us: “Do so and so, and the economic situation will be excellent.” We have not been able to do what it recommended. The key did not work.

The fact is, that apart from economic considerations there are also political and social considerations. The old “things-will-right-themselves” school of economists argued that if nothing were done and events were allowed to follow their natural course from an economic point of view, economic equilibrium would come about of its own accord. It is probably true (I do not propose to discuss the point). But how would that equilibrium come about? At the expense of the weakest. Now, as you are aware, for more than seventy years there has been a powerful and growing reaction against this theory of economics. All the socialist parties of Europe and the world are merely the expression of the opposition to this way of looking at economic problems.

We were told that we ought to lower Customs barriers and even abolish them. As far as the agricultural States of Europe are concerned, if they could keep the promises they made in 1927 — admitting that the statements of 1927 did contain promises — and could carry that policy right through, we might perhaps find ourselves able to hold our own against overseas competition in the matter of agricultural products. But, at the same time, we should have to sacrifice four-fifths of our population; we should have to create in Poland, Roumania and Yugoslavia the same conditions as exist in Canada and the Argentine, where vast territories are inhabited by a scanty population and where machinery and other devices are employed. Obviously none of us could decide to adopt a system which would be very like Moscow’s five-year plan. We would not sacrifice our people by shooting them, but they would nevertheless be killed off by famine — which would come to the same thing.

I am sure that the key to which M. Colijn has referred does not exist. Economic and social life is too complicated to allow of a solution by any one formula; it calls for complicated solutions. We shall have to take into account the many varieties of geographical, political, social and other conditions which exist.

I do not think that the economic experts have yet understood this truth, which is a very simple one. This view is supported by the statements made at the last Economic Conference at Geneva. The agricultural countries, which are in the throes of a very severe crisis because they cannot find any outlets for their cereals and cannot compete in the open market with overseas States, came to Geneva with several resolutions, the adoption of which would, they thought, improve their position to a certain extent. I do not know whether they were right or wrong, but I do know that these schemes were discussed in a manner which absolutely precluded any satisfactory result.

I will merely refer to the question of preferential tariffs. The Conference discussed two principles on theoretic and academical lines. It compared the resolution asking for preferential tariffs with the principle of the most-favoured-nation clause. On the premise that that clause must be intangible, it refused to consider the possibility of establishing, for certain products, a preferential tariff in favour of the Eastern European States. That, I think, was too absolute an attitude, and it will lead nowhere.

In the first place, the most-favoured-nation clause is not so transcendental as some would have us believe. There have already been derogations. For instance, an exception has always been made in the case of frontier traffic and it has been observed in practice that such an exception did not in any way hinder the application of the clause. In other treaties there are other exceptions. For instance, in our Treaty of Commerce with Spain there is what is known as the Iberian Clause. Spain does not accord us the benefit of the most-favoured-nation clause for the advantages she accords to Portugal. Nevertheless, we signed the treaty and did not find the exception so very extraordinary. We did not say “Since you do not accept the most-favoured-nation clause in all its entirety we cannot sign.”

I remember that, in 1881, Austria-Hungary concluded with Serbia a treaty of commerce which excluded the benefit of the most-favoured-nation clause in the case of several articles of great importance to us — wheat, maize, barley, pigs and prunes. This result was obtained simply by extending the conception of frontier traffic to the whole of Serbia. Serbia was a small country, but there were nevertheless 350 kilometres between Belgrade and Vranja, so that it was an exaggeration to treat the traffic of the whole country as frontier traffic. Other States which had concluded treaties with Austria—Hungary containing the most-favoured-nation clause might have had some feelings on the matter. Even at that time there were a number of intelligent people about, who naturally perceived that this as a derogation to the most-favoured-nation clause. But they did not protest because they looked at its practical effect. In point of fact, economic concepts are only of importance in so far as they have a practical value. If an economic principle does not affect you, you can accept it; but when once your interests are involved, it assumes quite another aspect.

Consequently it was an absolute exaggeration to hedge oneself around with the most-favoured-nation clause as an intangible principle and refuse to consider, with all due care, what might be done without affecting the general scope of that clause, in view of the geographical position of the European nations exporting agricultural products.

When the European nations asked for a preferential tariff for their cereals, the request seemed to be an enormity so long as mere principles were under discussion. It was immediately objected that the United States of America would never agree. Delegates asked what Canada and the Argentine would say. But when the question is dealt with
on a practical basis, it will seen that an arrangement is perfectly feasible with Canada, with the United States, and even with the Argentine, since we are not competitors of those countries, whereas they are our competitors, and it is owing to them that we are unable to sell our products. Our exports are so small that they do not represent even one-tenth of the requirements of the industrial European countries. Now we sell one-tenth already; on good or bad terms, we sell it. Consequently, the oversea States would not lose anything if they were to ensure us a market for this part of our production.

When we first launched this idea after the Conference of Strbsko-Pleso, the Ministers of the various countries accredited at Belgrade immediately came to enquire what was happening. When we had explained the situation to them they were obliged to recognise that the matter did not really concern them, and was only of importance to European countries.

I think, personally, that the experts were not justified in hedging themselves round with this principle and refusing to consider an important and essential question for the European countries exporting agricultural products. If we continue to act thus, ignoring the requirements of others, and insist upon carrying out the 1927 resolutions in the form in which they were adopted, we shall not succeed. Even if, with all the goodwill in the world, we renew the promises made at that time, those promises will not be fulfilled. If we are unable to obtain markets elsewhere in Europe, we shall endeavour to obtain them in our own countries, to increase the number of consumers at home by creating industries and raising our Customs barriers still further. That would be the result, and no prediction of catastrophe following upon a Customs war could daunt us. Such warnings would fall on deaf ears because we have in any case to choose between one of two catastrophes — the catastrophe of the present and that of the future.

Last year, when I was in the Yugoslav mountains, I heard that the inhabitants of a small mountain village, having no maize or wheat on which to live, were simply cutting down a wood which belonged to them under a decision of the Council of State and were living on what they earned by selling the wood. Unfortunately, the forest grew smaller and smaller. I went to the village, collected together some of the leading inhabitants and endeavoured to reason with them, just like the great industrial States reason with us. I said to them: "You possess plenty of common sense. You see that your forest is becoming smaller and smaller. What will you do when you cut down the last tree?" They replied to me: "Your Excellency, that is a point which worries us: but, on the other hand, what should we do now if we stopped cutting down our trees?"

I can assure you that the agricultural countries of Europe are in exactly the same situation. You threaten them with future disasters; but they are already in the throes of disaster. The agricultural countries are unable to make both ends meet, and cannot buy from the industrial countries of Europe.

May I, without offence, appeal to your self-interest? I believe that this policy of the great European States is not merely unjust but unwise, for, after all, we are their customers. The European States, and particularly the great industrial States, certainly have interests outside Europe, but one-half of the markets of the greatest and most prosperous of these States is in Europe. For instance, we buy from 90 to 95 per cent. of our imports in Europe. If we are unable to buy, you will have three, four or five million unemployed. In order to buy, however, it is not enough to need goods and to be willing to buy them: one must also have the wherewithal to purchase.

In the present state of affairs, if some means is not discovered of overcoming the present crisis and enabling us to a certain extent to alter the nature of our production (which in any case will require time), we shall be very poor customers and the industrial States will be obliged to seek elsewhere the markets which we have hitherto provided.

I think therefore that, as a gathering of European nations, we ought to deal with the present European situation, since nobody else is willing to do so. Mr. Henderson referred to "natural selection", and showed that the various international economic conferences have gradually become limited to European States. This is not a case of natural selection, but, since the other countries do not desire to deal with the question because they think that they are unaffected and that for them the danger is still distant, we Europeans are entitled, and indeed bound, to fend for ourselves.

We invited the other Powers, but they did not accept the invitation, because they were quite well off and proposed to continue their policy, which was certainly not one of free trade. I feel bound to point out that, at the present time, European States do not occupy quite that paramount position they enjoyed fifty years ago, and even perhaps before the war, a position which would have allowed them at that time to inaugurate and apply a free trade policy. They wished to obtain for this purpose the consent of countries outside Europe, as you see, the latter are not even inclined to come to a conference. If, therefore, we defer all attempt to discover a remedy for the present economic crisis until the other countries outside America and certain European countries have learned by bitter experience — as they will, sooner or later — the results of over-selfishness in economic policy, it will perhaps be too late. Small countries may be selfish, because their attitude does not affect the general economy of the world; but a great country cannot afford to be selfish, because it would be working against its own interest. The policy of self-enrichment leads to the impoverishment of customers and to the creation of mass of ruined debtors,
We cannot await the result of such experiences, before putting the affairs of Europe in order; we ourselves will have to put them in order. Certain things can be done but we must rid ourselves of that spirit of exclusive orthodoxy which regards every new solution as a heresy. For a new situation, new remedies must be found.

M. Colijn spoke of bilateral treaties. I think that, working here on the European Commission, it would also be an excellent plan to organise meetings between groups of two or three, to discover a solution for certain questions which we might then examine together. But so long as certain States maintain an uncompromising attitude — for instance, as regards this question of the most-favoured-nation clause —, they will prevent the conclusion even of bilateral treaties because a great industrial State which would otherwise be prepared to adopt that course might hesitate in view of the attitude of other States and of the complications that might ensue if it granted concessions regarded by others as contrary to the the most-favoured-nation clause. I am convinced, therefore, that, without waiting for anybody and without convening those who take no interest in the question, the representatives of the States here present ought to do something more than recommend to their Governments or their Ministers for Foreign Affairs the execution of the resolutions of 1927 which are — at any rate, as far as we are concerned, as I already pointed out — entirely impracticable. Moreover, no one is making any attempt to carry them out, and we must seriously consider practical means of solving the European economic and Customs problems.

Of course, that would involve a sort of European Union; but when we employ this expression we always think of it as a sort of uniform system in which the relations between the members would always be the same and all work would be done in accordance with a general plan. I do not think that such a scheme of things would endure for long. Nothing durable in history has been the result of a preconceived plan, but has always grown up through the action of intelligent persons who have, according to the needs of the moment, gradually built up something which has at last become a great achievement.

I think that, sooner or later, we shall succeed in establishing a European Union, at any rate in the economic domain, organised roughly on the same lines as the British Empire. All the members of this Empire are in different situations. The whole Empire is quite illogical, but it is the result of living forces. That is what ought to happen in Europe as between the European States. We must, however, agree to help each other and work for our mutual enrichment. That is the only truth in political economy: It is only possible to acquire wealth by helping others to become wealthy also.

The European Commission ought to examine the problem in the light of this, the only rational principle, but I suppose that, in this enquiry, we ought not to introduce political considerations.

I have examined the Danish proposal which suggests a sub-committee for economic questions consisting of the four great Powers and several other States. The countries which are not represented on the Economic sub-committee would be represented on the Political sub-committee. I have not much confidence in that suggestion. If I were ill and needed treatment, I should not ask whether a doctor was a national of one of the great or small Powers; all I should ask for would be a good doctor.

When we appoint the sub-committee to study the organisation of economic relations between European States, I hope we shall choose those persons on whom we can rely, who know their subject, who are determined to draw up a plan and carry it through, and I hope that those persons will be chosen irrespective of whether they are nationals of great or small Powers. It is quite immaterial that any given country should be represented or not represented. The only requirement is that States with preponderating industrial interests should be represented on this sub-committee, together with the States whose interests are mainly agricultural, because, however great an expert a man may be, he is always influenced by his immediate surroundings, which he knows better than other facts or regions about which he has only read.

That is the only condition I would lay down regarding the composition of the sub-committee. We cannot merely approve the resolutions of 1927 and recommend States to accept them. We must decide to set up a sub-committee which would be required not to seek for one single, non-existent master-key, but to manufacture a whole bunch of keys such as every good housekeeper cherishes, that will open all the necessary locks and enable us to work and prosper in the economic field.

M. Colijn (President of the Second International Conference with a View to Concerted Economic Action). — I should like to make a few remarks in connection with what has been said by the last speaker. My feeling is that, even if the difficulties of the agrarian countries of central and south-east Europe were settled, the general economic situation of Europe would still be one of grave depression. Although I entirely agree that we shall have to seek for a way out of the difficulties in which certain countries find themselves, I consider that even if these difficulties are solved, we shall still be faced with a very serious economic problem. I am also of opinion that the dangers and the effects of the protectionist policy pursued by so many countries have been underrated.

In order to make my meaning clear, I will quote the example of the sugar industry. There is in Europe a country which is at present losing at least £3,000,000 on its sugar exports. I know another country in Europe which is losing at least £6,000,000 a year on its
sugar exports. How can these countries possibly go on exporting a product on which they are losing so much? It is very easy provided the tariff barrier is high enough to make it possible to make good the losses on exports by selling the sugar on the home market at any price you like. That is what some countries have done.

What is the result of that policy? Production, of course, continues all the time, and that has led us, in regard to this particular product, to the position in which we now find ourselves; as a result of the protectionist policy there is such enormous over-production that the producers have met together, I might even say have come to their senses, in order to see what means they can discover of restoring the equilibrium between production and consumption.

In my opinion, much of the trouble we are experiencing at present is due to that fact but not to that fact alone, for there are other causes as well. In general, however, the equilibrium between production and consumption has been destroyed. Immediately after the war, the situation was as follows: There was such an enormous demand for all sorts of these raw materials and foodstuffs, that production increased enormously, far beyond the limits of normal consumption. This increase in production was not noticed at the time since, in the years immediately following the war, the demand was so great that it swallowed up the surplus production which in normal circumstances would not have been required. What did certain countries do when, in 1922, the first signs became visible of a forthcoming disturbance of the equilibrium between production and consumption? They erected barriers in order to try and avert the consequences of the situation for themselves, but, in most cases, the outcome was that, as a result of these higher barriers, production within the barriers increased as well. That is the situation with which we are faced at present.

In my opinion, the only way out of this situation, in so far as one can speak of an only way, is to try and restore as far as possible the equilibrium between consumption and production. The producers have achieved that result in the case of sugar. Would it be entirely impossible for somebody or other in Europe, which is fully acquainted with all the intricacies of the matter, to do the same in the case of cereals? There is the International Institute of Agriculture at Rome, which is concerned with agriculture in general, and is certainly in a position to study the question. I am informed that, if production were curtailed by 10 per cent. for one year only, the whole surplus would disappear. If that is so, it is, I think, certainly worth while to carefully study the problem.

That, of course, would still not solve the problem brought forward by M. Marinkovitch. The fact would still remain that in a great many countries, with a total population of about 75 millions, the situation would be such as to demand an improvement.

M. Marinkovitch criticised the position taken up by certain countries in dealing with the question of preferential treatment. He was of the opinion that these countries clung too firmly and too resolutely to the most-favoured-nation clause and its orthodox application and interpretation. M. Marinkovitch seems to me to have overlooked one fact. The countries who took up that attitude were, I think, concerned less with the orthodox interpretation than with the necessity for ascertaining the opinion of those countries with whom they had concluded commercial treaties on the basis of the most-favoured-nation clause. If, in the opinion of a partner with whom you have a contract, you propose to withhold from him most-favoured-nation treatment, you will certainly not receive from him most-favoured-nation treatment as soon as he realises the fact. That fear was in existence all the time, and therefore the general opinion was that preferential treatment could only be given if it were certain that the countries with whom a treaty had been concluded on the basis of the most-favoured-nation clause would not object to the granting of such preferential treatment. Moreover, these countries had no duty on cereals and were therefore not in a position to give any preferential treatment. The situation at the last Conference therefore was such that it was very difficult to find a solution which would be agreeable to the countries asking for preferential treatment.

I do not think, however, that the last word has been said on this question. But before we can go into the matter and consider seriously the possibility of giving preferential treatment, it will, I think, be absolutely necessary to have a clear idea as to the interpretation and application of the most-favoured-nation clause. I know that the Economic Committee of the League has been working on this subject for a long time past and I am informed that we may possibly have their opinion on it about April next, so that it should then be possible to investigate the matter.

We all know, of course, that preferential treatment exists. It exists between Great Britain and its Dominions; it exists between Spain and Portugal. We also know all about the Baltic clause. It must be remembered, however, that between Great Britain and its Dominions there is no political bond; between Spain and Portugal there is a geographical bond, and the same may be said of the Scandinavian countries. Whether we could go so far as to accept a bond of that kind, between, say, a country such as France or Germany and countries such as those in South-East Europe, I for one am still very doubtful. I am not at all sure at present whether that would be compatible with the interpretation and application of the most-favoured-nation clause as applied up to the present.
Even so, I consider that no investigation into the application and interpretation of the clause will be possible unless we first obtain a certain measure of stability, tranquillity and security in Europe. These conditions, must be established before we can seriously take up any of the other problems: that is why yesterday I urged so strongly that the first thing to do was to get the Commercial Convention put into force. In order, however, to get the Commercial Convention put into force there must be a reasonable prospect of success for the bilateral negotiations which have been set on foot. Only if that is done, and done as the first step, can we deal with the questions brought forward by M. Marinkovitch. In connection with high protective duties no one can, I think, doubt for a moment that these duties cannot under any circumstances avert the unpleasant consequences of a constant fall in world prices. We have seen that for some time past and in particular with regard to sugar, which affords perhaps the best example I can quote. If the sugar producers had not agreed upon a restoration of the equilibrium between consumption and production, the price of sugar would certainly have fallen considerably more that it has done so far. It will continually be necessary to raise Customs barriers higher and higher, and the same will happen when production increases. It is not possible to avoid the disastrous consequences of a constant fall in prices merely by continually erecting higher barriers. I therefore adhere to my opinion that one of the means, though not the only means, of reviving a reasonable measure of prosperity in the world and in Europe in particular, is unquestionably the gradual lowering of high tariff barriers, though in conjunction, of course, with other measures.

I am sorry that I am obliged to leave to-morrow, and shall be unable to hear the rest of the debate on these questions. I wished at least to make my point of view clear, especially as M. Marinkovitch has expressed the opinion that the States which met under my chairmanship failed to deal in the way he desired with a problem which lies so close to his heart. I understand his point of view, but I am equally convinced that the States which took up the other point of view could not act in any different manner.

The Chairman [Translation]. — On behalf of the Commission, I thank M. Colijn for his very interesting communication. We are very grateful to him for having so kindly spent his last hours at Geneva with us. We deeply regret that his departure will deprive us of his valuable assistance.

The continuation of the discussion was adjourned to a later meeting.

FIFTH MEETING (PUBLIC)

Held on Monday, January 19th, 1931, at 4.30 p.m.

Chairman: M. Briand (France).


M. Mowinckel (Norway) [Translation]. — Colijn’s statement has certainly made a very strong impression on all the European representatives assembled here. We are all anxious to bring together the European countries, great and small, with the object of facilitating their reciprocal economic relations. We had hoped that, even if the existing obstacles which hamper their trade could not be removed at once, we could in any case reduce them. It is with disappointment that we have been obliged to note that we have made so little progress.

M. Colijn has shown that the first Conference for the Customs Truce to which all countries were invited, was, by a process of natural selection, composed almost exclusively of European countries. This proves that the European countries are those which at present feel the greatest need for co-operation. The Commercial Convention of March 24th, 1930, represents a first attempt to create a basis for the solution of the difficulties that obstruct the economic life of Europe. There are certainly many among us who hold that if we are unable to reach any settlement for Europe, success will not come more easily in an even wider field. It was therefore somewhat surprising, and I think that many delegates share my view, to hear the question of extending our discussions raised the very day after M. Colijn made his statement on co-operation between European countries; it is apparently proposed to hold a sort of new world conference, even before we have really begun to explore the practical possibilities of closer co-operation between the Governments represented here.

M. Colijn told us explicitly that, in his view, the only hope — pending the coming into force of the Commercial Convention — now lay in the success of the bilateral negotiations.
which are to be held. We are therefore confronted with the following question: What will be our position if our hopes are not fulfilled and if the Commercial Convention does not obtain the necessary ratifications? Shall we have to relinquish the work we have undertaken? Or shall we seek salvation in a world conference from which, as experience has sufficiently proved, experts, or as M. Colijn said, the other Ministers of State will evict the Ministers for Foreign Affairs.

This great idea of closer co-operation between the European countries Members of the League in the economic field, more particularly in questions of commercial policy is, in reality, a political question. The future of the peoples of Europe depends on the realisation of this idea. I might even go so far as to say that it carries within it the germ of the solution of the problem of peace.

I believe that real and effective military disarmament, in which all States are so deeply concerned, will be difficult to achieve so long as the international tension in economic affairs remains as serious as it is to-day. Moreover, if the economic tension could be lessened and if Customs barriers between the European States could be lowered the natural result would be to develop mutual feelings of understanding and friendship, of which military disarmament would be a logical outcome.

It was considerations of this kind which led M. Briand to make his suggestion and I imagine that the idea that took him to Locarno was the same as that which led him to take this fresh initiative — namely, his conviction that understanding and friendship between the peoples of Europe is the foundation of world peace. I could not accordingly suppress a feeling of disappointment when I heard it suggested — unquestionably, with the best intentions — that we should seek a solution outside of what should, to put it briefly, come first. We have a saying in Norway: “Sweep your own doorstep first. If you cannot do so, it is certainly not worth while trying to sweep someone else’s.”

I revert, however, to the question I put just now. What should we do if, unhappily, the Commercial Convention failed to become a living reality? Would it then be possible, using perhaps more modest means, to do something which might show the peoples of Europe that in their efforts to bring their nations nearer together the statesmen have been doing something besides clothe a pious aspiration in fine words?

Last autumn, the President of the Board of Trade of Great Britain, Mr. Graham, raised the question of a reduction of tariffs for certain groups of commodities. It would be highly desirable and most important that this idea should be carried out in practice.

There are, however, other possible solutions not altogether disconnected with the ideas on which Mr. Graham’s speech was based. Our Chairman, without going into details, has referred more than once to the question of agricultural credits as between the European countries, or between those of them which most need support, to enable them to surmount the peak of the present crisis. A practical solution in this matter would represent a very important and useful piece of common work.

In this connection, I take the opportunity to mention the Convention that has just been signed by Belgium, Denmark, Luxemburg, Norway, the Netherlands and Sweden, countries whose aggregate exports exceed £550,000,000 sterling and whose commercial fleet amounts to nine and a-half million tons. The Convention provides a practical application of the idea on which the Commercial Convention and the suggestions of M. Briand are based. It might even be said to be the direct outcome of M. Briand’s suggestions. I wonder, then, whether it would not be possible to seek for a similar solution between other European States where the special conditions are favourable. Perhaps we might try as well to extend the Convention that has been concluded so that it would apply to an ever larger number of European States.

Under the Convention to which I have referred we undertake to reflect before making any further extension of the protectionist Customs policy which unhappily has been so predominant in Europe these last ten years. Under our Convention the parties agree to advise the other parties beforehand whenever they propose to increase their Customs tariffs. The other parties must be given an opportunity of asking for an exchange of views within the brief time-limit laid down by the Convention. Under it, none of the parties is deprived of the right to take a final decision, but the exchange of views with the other parties might possibly lead to the relinquishment of the proposed increase in the Customs tariff.

This Convention is in no way exclusive. One of its clauses explicitly provides for the accession of other Governments. From what I have said, you will readily see that this Convention does not go so far as the Commercial Convention of March 24th, 1930, and does not tend to rob the latter of its utility.

The Convention to which I have referred may not perhaps seem to you to be of very great significance. I venture, however, to think that, in point of fact, it may be the first real step towards co-operation between the European States that have signed it, since they have considered that friendly and confident understanding is at present the essential solution.

I shall make no definite proposal. I wished, however, to emphasise the two points which, in my Government’s opinion, deserve our special attention to-day. In the first place, the European countries whose representatives are assembled in this Commission and which economically all have the same fundamental bases, must endeavour to come to an understanding. Next, I wished to place before you the less important, but by no means
negligible, question whether what has been done by the northern countries, and by Belgium, Luxemburg and the Netherlands, could not, failing something better, provide the starting-point for future developments. We all desire to combine in a common effort to achieve better and more concrete results with a view to European co-operation in economic matters and questions of commercial policy; moreover, if I may speak quite frankly, this result once achieved will do more than anything else to ensure international confidence and security and the maintenance of peace in Europe.

M. Hymsans (Belgium) [Translation]. — I thought it my duty to support the conclusions of the very remarkable statement made by M. Colijn, especially as I noticed in it certain ideas which I expressed, although very imperfectly, in my speech before the last League Assembly.

M. Colijn has recorded in a rather melancholy vein the somewhat numerous failures of the League's action in the economic field, and his record is a true one. We have welcomed many conventions, we have voted many, we have signed many, but the ratifications have often been far fewer than the signatures. The Governments which have signed have not always ratified and in their own countries have sometimes even taken measures that were directly at variance with the principles that had been adopted.

Why should this be so? I believe that unhappily these inconsistencies may be adequately explained by the facts of political life. Here we act in an atmosphere of serene calm and with full independence of mind. No pressure is brought to bear on us and when we go home, and I am speaking for everyone, we encounter individual interests which talk very loud and which take the form of electoral interests and coalitions; and then the Governments yield.

The Ministers for Foreign Affairs are now asked to exert their influence over the Ministers of Commerce. For me personally, that will be very easy because, being both Minister for Foreign Affairs and Minister of Foreign Trade, I shall certainly exert very strong pressure on my double. Nevertheless, I do not think such a very great effort will be necessary to convince the Governments. The work that will require all our energy is, in my view, to attempt to convince public opinion, because, by an instinct that is always uppermost at times of distress and depression, public opinion is inclined to demand expediency and measures of an empirical character.

M. Colijn displayed a certain pessimism which may be readily understood. I, however, am still optimistic for I have always thought that in these matters we should only advance slowly, that the way would be long, that we should encounter many obstacles—for nothing is more difficult than to instil the truth of an idea into the public mind.

M. Colijn has made the danger very clear. He said, to put it briefly, that we cannot conceive of European Union in a state of economic disorder, and the danger to-day, in view of the general circumstances, is lest economic nationalism should grow stronger and perhaps triumph in the western countries as well as in those of Eastern Europe.

I do not propose to examine the value of the resolutions adopted at the 1927 Economic Conference. To discuss them would only involve an academic debate, and that we can forego. We have not before us to-day recommendations by economists. We have before us a concrete programme adopted by the European Governments less than a year ago and embodied in the Protocol of March 24th, 1930, with which the first Conference with a View to Concerted Economic Action concluded.

The fundamental aim laid down in that programme is the creation of a large European market, and two main problems are put before us. The first concerns the eastern countries, the exporters of agricultural produce and the other concerns obstacles to trade in general.

M. Marinkovitch is chiefly preoccupied with the problem of the eastern countries. No one can fail to recognise its importance, which is plain for two reasons. The industrial States of Western Europe have a direct interest in increasing the purchasing capacity of their customers in the East. Secondly, the development of the economic relations between these two parts of the Continent is a sine qua non for any true European union.

M. Marinkovitch brought up, in this connection, the very delicate and controversial question of preferential treatment for cereals from Eastern Europe. To my mind, this question involves nothing that is impossible from the point of view of principle. Belgium, it is true, is one of the countries which are most strongly attached to the most-favoured-nation clause. We do not, however, make a dogma of that clause. There is no dogma in politics, especially in economic politics. We can easily agree that in exceptional circumstances certain countries should, by means of treaties, make derogations from the clause. These are individual questions to be settled by negotiation between the Governments concerned; we must not, however, imagine that preference will finally cure the evil from which the agricultural countries in the East are suffering. To my mind, it is rather a palliative which may temporarily prevent the evil becoming worse.

Before the war the Belgian market provided a wide outlet for the wheat exported by the Danubian countries. Their wheat is hardly sold in Belgium to-day, and yet my country has neither erected Customs barriers nor increased them. Cereals from Eastern Europe are admitted free of all duty as before.
The true remedy for the present situation is the better organisation of production, sales and credit. So far as my country is concerned I can say that we are entirely prepared to give all possible help on those lines.

That, however, is not the only problem before us to-day. There is a second, the gravity of which M. Colijn rightly emphasised. There is reason to fear — Mr. Henderson dwelt on this point and, coming from him, the warning was significant — that several States in Western Europe, which hitherto have been actively in favour of moderation exercised in matters of commercial policy, and whose influence is fundamental in the economic structure of Europe, may be led by circumstances to change their attitude.

The economic and political consequences of any such development would be considerable. It may be that it is in our power to avoid any such development. That depends to a large extent on the fate of the Commercial Convention which the majority of the European countries signed at Geneva on March 24th last, and on the outcome of the Customs negotiations which are to be opened in a few weeks between the principal Western European countries. Everything therefore will depend on the decisions taken by the Governments and their Parliaments in the next few months.

We must be thoroughly permeated with the idea that it is not only economic interests that are at stake but, as the Norwegian Minister for Foreign Affairs has very rightly brought out, grave political interests as well. Economic interests therefore must not be the only decisive factor at the forthcoming negotiations.

We are confronted to-day with a strange contradiction. At the very time when we are endeavouring to bind the European States closer to one another, which is the basis for any conception of European Union, we see them, under the sway of national interests, taking measures which are mutually injurious to them. They consider that an individualist policy may provide a remedy for the economic depression in which all are involved.

It may be that the lowering of Customs barriers, unanimously recommended by the economic world in 1927, will result in no immediate improvement in the present position. We cannot take the contrary state positively that to increase the impediments to trade aggravates the economic evil and keeps international discord alive. If the European countries are anxious to set up some system of union among them, the first rule to which they must submit is to avoid, as far as possible, injuring one another.

This idea, in so far as Customs measures are concerned, is embodied in the Geneva Commercial Convention of March 24th, which was signed by most of the European countries. It was already to be found in a rudimentary state in certain commercial treaties, in particular, that concluded in 1928 between the Belgo-Luxemburg Economic Union and France. It recurs, stated more forcibly as the guiding principle of a policy, in the Convention concluded at Oslo last December, on the invitation of the Norwegian Government, by the Scandinavian States, the Netherlands, Denmark and the Belgo-Luxemburg Economic Union. It has been rightly said that this Convention is a bond of union, and I was very glad to hear M. Mowinckel say that, in that sense, it is in line with M. Briand’s ideas, which were the starting-point for our discussions to-day.

The same idea is expressed in one of the proposals which the Belgian Government submitted for inclusion in this Commission’s agenda. I will read two passages from our note in which this argument is set forth:

"The essential object of the European Union of which it is proposed to lay the foundations is to establish a system of constant co-operation among the peoples of Europe. The European Union represents an attempt to strengthen the links uniting these peoples and to develop their mutual relations, but it implies primarily that every European country should refrain, as far as possible, from taking any steps that might injure other European countries."

"It must, however, be recognised that action taken on grounds of national interest tends as a rule to be somewhat neglectful of the interest of other nations. This is particularly true in economic matters during a period of crisis. Faced by serious difficulties, the authorities in every country act in isolation by a kind of reflex instinct of self-preservation. Thinking only of the internal position, they consequently find themselves injuring the interests of their neighbours; and thus, arousing resentment and giving ground for reprisals on the part of those neighbours, they not merely fail to cure the trouble but very likely aggravate it."

And in conclusion we say:

"There can, of course, be no question of encroaching upon the prerogatives of Governments or Parliaments. The example of the Commercial Convention shows, however, that it is possible, within those limits, to arrange for consultations and to allow for necessary adjustments to prevent measures taken in the national interest from injuring the interests of other countries and being regarded by them as vexatious."

"The Belgian Government according suggests that the Commission should consider to what subjects and in what manner the application of the principle defined above might properly be extended."

That, in our view, is one of the conditions that must be fulfilled before there can be any system of real European union.
with which we are now beset in the economic world, we must not take our stand on too wide a plane. That is M. Marinkovitch's argument as well.

Next, I wish to say how strongly convinced I am of the need for close and broadminded co-operation among us all. I join in the feelings of gratitude and admiration that have been expressed to M. Colijn for his very frank and clear statement. I thank, too, the Sections concerned in the League Secretariat. If the aims of the 1927 World Conference have not been achieved, it is no fault of the Secretariat nor of those who presided over the subsequent Conferences. The blame must be laid on circumstances which have been stronger than the will of man.

The 1927 World Conference was held at a moment of general prosperity. It was followed by the crisis due to over-production and the maldistribution of production, which brought with it a fall in prices, unemployment and all the difficulties that may be observed practically everywhere at the present time. Among the concomitant phenomena I may mention dumping, by which I mean both dumping practised by the, so to speak, classic methods, and social dumping, which consists of the lowering of the workers' standard of life in certain districts to a level that it is difficult to imagine, the sale of goods at a price below the cost price, and a whole series of irregular measures, the effects of which are felt in trade and in international economic life.

May I draw the Commission's attention to the circumstances in which certain countries far from the centre of Europe, among them my own, are placed? There are some nations which in this period of depression are struggling, if not for life, at any rate to defend themselves against difficulties which are quite abnormal. It must be remembered that even in normal circumstances these peoples have to contend with difficulties that are due to nature herself—for example, the severities of the climate. Their standards and their work as well are hampered by shortage of capital and by the excessive interest they have to pay for loans. Unquestionably, these difficulties have been felt more acutely during the crisis. That being so, it is only natural that the countries in question should, for the time being at any rate, have recourse to defensive measures.

These facts demonstrate, in my view, the absolute necessity for establishing European co-operation in the economic field, and, in this respect, I join in the hopes that have been expressed by the various representatives on this Commission and I hope, in particular, that the Geneva Convention concluded last March and ratified by my Government in the autumn, may come into force, thus constituting the first step towards economic co-operation.

The Oslo Convention may perhaps represent a step along this road. We have to explore the possibility of establishing a balance between consumption and production, promoting understanding between producers and consumers and, above all, preventing all irregular practices in international trade and international life. As these are largely social matters, it is, I think, extremely important to have the close co-operation of the International Labour Office, which has sent us a very valuable memorandum (Annex 2).

Lastly, our object is to form an economic union between the nations. We have to try and secure greater freedom for the circulation of goods, capital and labour. I do not, however, quite understand—and in this I entirely agree with M. Marinkovitch—how this result can be achieved unless the possibility of making certain derogations from the most-favoured-nation clause be accepted. In this matter, we have not only to deal with measures to be taken beforehand when drawing up bilateral treaties of commerce, but we must likewise consider measures to be taken, so to speak, ex post facto. We must try to lay down the rule whereby, when one group of States establishes a real rapprochement in the economic field, the other States may have an opportunity of obtaining the same benefits. The League organisations concerned have made very important studies on this question. I wish to emphasise the need for continuing those studies, due regard, of course, being paid to the principle known as the "principle of fair treatment". In other terms, if certain States agree mutually to grant one another special benefits, all other States would be entitled to obtain the same benefits on condition of reciprocity.

This principle is, I think, indispensible if we wish to encourage a regional rapprochement on the lines of the suggestions made by certain delegates at the last Assembly.

The question of agricultural credits, primarily concerns agricultural interests which need immediate help. It is, however, a question of common interest since, by assisting agriculturists, we shall be increasing their purchasing power and facilitating general economic development. We shall probably return to this subject at a later meeting. I wish merely to emphasise two points:

In the first place, this question concerns, in addition to certain countries in Central and Eastern Europe which have a wheat surplus, other States in North-Eastern Europe which do not export wheat but where farming is the principal national industry.

Secondly, I should like to mention a scheme which was submitted by the Latvian representative at the Sub-Committee of Agricultural Experts. Its object was to found a European Agricultural Bank which, on the basis of a mortgage system, would endeavour to promote loans to farmers. That idea, I think, merits consideration and should be studied by our Commission.
Those are the only points which I wish to mention. I hope that in this matter we shall succeed in obtaining practical results, however restricted. We must make every effort to do so, for the revival of public confidence in every country is essential.

The continuation of the discussion was adjourned to the next meeting.

9. Publicity of the Meetings.

After an exchange of views in which the Chairman, Mr. Henderson, M. Motta and M. Tittulesco took part, the Commission decided that, in future, its meetings would be held in public.

SIXTH MEETING (PUBLIC)

Held on Tuesday, January 20th, 1931, at 3.30 p.m.

Chairman: M. Briand (France).

10. Question of the Participation in the Work of the Commission of European States Non-Members of the League: Draft Resolution submitted by the Special Sub-Committee.

The Chairman [Translation]. — The draft resolution prepared by the special Sub-Committee is as follows:

"The Commission of Enquiry for European Union, "Having regard to the resolution adopted by the Assembly of the League of Nations on September 17th, 1930:

"Decides to study the world economic crisis, in so far as it affects the European countries as a whole, and to invite through the Secretary-General the Governments of Iceland, Turkey, and the Union of Soviet Socialist Republics to participate in this study."

M. Mowinckel (Norway) [Translation]. — I certainly do not intend to oppose a motion which has been so carefully prepared and is so generally supported. For my own part, however, and with reference to what I said on Saturday morning, I am obliged to make a reservation. Much as I would have desired co-operation with the States non-Members of the League in the questions we are considering and much as I would have liked to second any such co-operation, I cannot help feeling that this invitation is premature. When I recall the resolution adopted by the last Assembly, I regret that, before sending such an invitation, we cannot discuss the programme of our own work a little more fully. I may once again draw your attention, as I did on Saturday, to the concrete proposal which was submitted by the Danish Government and which, had it been adopted, would have afforded a definite basis, not only for co-operation among ourselves, but also for the co-operation which it is desired to obtain in the interests of all.

The Chairman [Translation]. — I can only take note of M. Mowinckel's reservations.

M. Hynans (Belgium), M. Marinkovitch (Yugoslavia), M. Quiñones de León (Spain), M. Beelaerts van Blokland (Netherlands), M. Westman (Sweden), Dr. Munch (Denmark), and M. Motta (Switzerland), associated themselves with M. Mowinckel's reservation.

The draft resolution was adopted.


M. Tittulesco (Roumania) [Translation]. — I should like to join in the tribute that has been paid by all members to M. Colijn's very lucid and courageous statement and to express my best thanks to him for the warning he has once again uttered with regard to the economic situation in Europe.

I should also like to say that I entirely agree with the profound truths which M. Marinkovitch propounded the other day with so much sublety and wit. Our discussions, however, must lead to conclusions; otherwise they would be futile and useless. I should like therefore to deal as briefly as possible with the conclusions to be drawn from our debates. I entirely agree that the European States must set to work again and seek, by a sustained effort and by mutual concessions, to remove the multifarious causes to which is due the absence of results following on the Economic Conference and all the later Conferences. All that, however, will take time. What must we do meanwhile?