Reserving for the Council of the League of Nations, with which it lies to deal with the matter, its observations on the subject of the Austro-German Protocol, the French Government proposes to explain in this Memorandum the principles according to which, in its view, a policy of restoring European economic conditions could be carried into effect.

The French Government has always been thoroughly convinced of the need for positive action, and is willing, now as hitherto, to co-operate in such action to the utmost of its power. When, last September, it took the step of calling at Geneva for the appointment of a Commission of Enquiry for European Union, its object was to establish a more rapid and effective instrument.

The causes of the present depression are numerous, of long standing, and deeply rooted. To mitigate, if not to end, the depression, the essential thing is to resist the temptation to disperse our efforts and, on the contrary, to unite them, to concentrate them on a certain number of specific points, and to pursue them with energy and perseverance.

**At its second session — that is to say, at the beginning of its work, the Commission of Enquiry for European Union was informed, in a penetrating study by M. Colijn, of the results of the three sessions of the Conference with a View to Concerted Economic Action.**

The Commercial Convention adopted by that Conference could not be put into force. Apart from that, the Conference had had before it three proposals, all envisaging tariff negotiations:

- A British proposal aiming at an all-round reduction of tariffs proceeding by groups and stages;
- A Netherlands proposal suggesting negotiations between States with autonomous tariffs and States with conventional tariffs;
- A proposal by several countries asking for preferential Customs treatment for their surplus grain produce.

M. Colijn pointed out the difficulties these proposals had encountered. Of the various methods suggested for improving the situation of the agricultural countries of Central and Eastern Europe, however, the Conference, said its President, had only accepted one — that of agricultural credits — inviting the League to pursue energetically, through its Financial Committee, the study of this question.

Addressing the Ministers for Foreign Affairs present, the President of the Conference begged them not to ignore what was taking place in the sphere of economic relations and added:

"It is particularly for those who have to maintain and improve international relations to bring about a better economic organisation of Europe."

I. THE AGRICULTURAL PROBLEM.

Faced by this problem, the Commission of Enquiry for European Union at once took practical action, dealing first with the position of the agricultural countries. Any attempt to find a way out of the difficulties of the depression in Europe must be directed, in the first instance, towards helping the agricultural countries. Their purchasing power has been so weakened that, if it could be restored and increased, the more specifically industrial countries would gain the stimulus of a large, active and extended demand.

The work contemplated by the Commission of Enquiry has been carried out by several Conferences and Sub-Committees.

Doubts have, it is true, been expressed as to the results of this work. These doubts are answered by the facts. The reports that have been submitted to the Commission of Enquiry for European Union are sufficient to show that most valuable work leading to practical suggestions and solutions was done by the two Paris Conferences (February 1931) and the International Conference at Rome (March 1931).

**Scheme for Agricultural Mortgage Credit.**

Simultaneously, the work entrusted by the Commission of Enquiry for European Union to the Financial Committee of the League last January with a view to the preparation of the practical scheme of agricultural mortgage credit has proceeded.

The scheme is now ready. If the sanction of the Commission of Enquiry and the Council of the League is obtained, the new Agricultural Mortgage Institute can start its operations at the beginning of next autumn.

It will be seen, therefore, that, far from having been sterile, the efforts made by the European Union in the space of three months have borne considerable fruit. This proves that the method employed is not a faulty one. It affords an excellent example of international co-operation, and deserves to be pursued to the end.
Agricultural Preference System.

Being convinced that the distress of the peoples of Central and Eastern Europe is largely due to the inadequate prices at which they have to sell their grain, the French Government considers it important to supplement the measures already contemplated by instituting, as those concerned desire, a system of European preference for their grain.

This preferential system, as the French Government conceives it, does not invalidate the most-favoured-nation clause. In the French Government's view the "preference" should be exceptional—it should be in the nature of a derogation justified by abnormal circumstances, and consequently variable as those circumstances may vary, and, moreover, limited by the fixing of a specified quota which would itself be open to review.

Conceived on those lines, there seems no reason why the preferential system should disquiet those countries which have hitherto opposed it.

The overseas countries in particular appear to have realised at Rome that, as far as they were concerned, it would affect only quantities negligible for practical purposes. On the basis of the average for the last three years, the wheat and flour surpluses available for export in the nine principal producing countries of the world may be estimated at 209 million quintals. In this total, the Danubian countries are represented by only 9 million quintals, or 4.3 per cent. Moreover, their wheat does not compete with Canadian, Australian, Argentine or American wheat; it is of a different quality and finds different buyers. The difficulty is not so much to secure new markets for this wheat as to obtain better prices on its normal markets.

If, therefore, the granting of a preference should involve any sacrifice, the sacrifice will not fall either on other exporting countries or on countries which do not buy Danubian wheat.

Nor does resort to the preferential system necessitate any discrimination being introduced into the Customs tariffs of the purchasing countries as these at present exist. Wheat of every kind, no matter from where it may come, would pay the existing duties on importation into the protected territories, and in this way the price system within the countries in question would not be disturbed. The producers, however, would receive a certain proportion of the duty paid, calculated so as to ensure them, as far as possible, an adequate remuneration.

Strictly speaking, therefore, States making this rebate take nothing from the regular revenue of the State budget at the taxpayer's expense; all that happens is that they receive a little less on an item of revenue which has never been regarded as a regular means of budgetary income.

In practice, the system which the French Government recommends might take the following form:

1. The countries of Central and Eastern Europe would set up a single joint selling bureau for their wheat.
2. A commission, on which the buying and the selling countries would be represented, would periodically fix the quotas which would receive Customs preference.
3. The representatives of the buying countries on this Commission would allocate these quotas and fix the amount of the preference.
4. The preference would take the form of a rebate paid to the central bureau of the selling countries.
5. The central bureau would divide these sums between the various national organisations of the selling countries, which in their turn would pass them on to the farmers. Moreover, both quota and preference might, if necessary, be revised.

It would not appear to be difficult to give practical effect to such a system, nor is it likely to encounter insuperable obstacles.

Question of Equivalent Concessions.

The question arises whether the buying countries which give the benefit of preference to the selling countries in respect of a specified quota will grant it without any consideration, or whether they will be entitled to an equivalent concession in return.

Certain countries favourably disposed to preference will put forward the crisis through which their own industries are passing as a reason for claiming, in order to ensure the marketing of their manufactured products, a Customs advantage corresponding to that which they give the agricultural countries.

This might give rise to objections on the part of States not in a position to grant any preference to the wheat of the European exporting countries.

In order to remove these objections, it might perhaps be decided that the advantages conferred on the countries buying Danubian cereals as an equivalent for the preference granted by them should be automatically extended to all countries entitled to the benefit of the most-favoured-nation clause.

The French Government does not desire to decide between these two ideas for the moment. In any case, it considers that the essential point is to interfere as little as possible
with the most-favoured-nation clause, and therefore that it is desirable either to give no
equivalent concession at all or to make it available to everyone.
Moreover, it is of opinion that the question is a complicated one and should be fully
discussed; it will only come to a definite decision after this discussion.
At present it will be sufficient to accept, under the conditions just stated, the principle
of a temporary preferential system, variable and limited, which would be applicable to
wheat exported by the countries of Central and Eastern Europe.
The French Government is convinced that this system, if supplemented by an
international mortgage credit institution, the adoption of the measures suggested by the
Conferences of Paris and Rome and the concerted action of exporters for the purpose of
regulating the disposal of stocks, is likely to lead to an immediate and increasing relief
of the depression in the agricultural countries of Central and Eastern Europe.
Moreover, in endeavouring to improve the situation of the populations of these
countries, the industrial countries in the West will not be making a useless sacrifice: the
renewal of the purchasing power of the Danubian farmers will be seen in an increase in
their demand for manufactured products, and the purchases that they formerly made
in the Western countries—which have fallen off by half since the crisis—will recover
and exceed their former level.

II. THE INDUSTRIAL PROBLEM.

The measures recommended by the French Government to alleviate the agricultural
crisis can constitute only a part of a constructive programme; for the agricultural countries
alone are not suffering from the crisis. The crisis also affects industrial countries. The
problem must therefore be considered under this aspect.
The League of Nations has not failed in this respect. Since 1927 it has been endeavouring
to confer on Europe a new economic charter.
The League apparently considered at first that unduly high Customs barriers, which
hinder the marketing and the movement of goods, were the real cause of the economic
difficulties in Europe and throughout the world; it therefore endeavoured to induce the
parties concerned to agree to a simultaneous and uniform reduction in their Customs tariffs.
This action on the part of the League of Nations was, however, rendered signal
fail by the crisis of exceptional extent and duration which had meantime occurred.
After long and fruitless discussions, it was compelled to abandon this method.
It was then thought desirable to fall back on the idea of a stabilisation of duties and at
least to secure what was called a "Customs truce". This scheme did not prove any more
successful.
Nor have the efforts of the Economic Conference with a view to stabilising the tariff
regime arising from the commercial treaties so far led to the desired result.
As a matter of fact, Customs duties are an effect and not a cause.
The cause of the present crisis, or rather the causes, for they are numerous, must be
sought in the disequilibrium between the production of raw materials and the production of
manufactured goods, a disequilibrium which is itself attributable to over-rapid technical
progress and the undue speed with which rationalisation has been pursued during the past
few years; in the absence of agreement between the principal centres and elements of
production, each of which has developed independently without regard to the others, and
finally in the defective distribution of markets by machinery badly organised for the
distribution of commodities.

Necessity of developing Agreements between Producers.

If these views are accepted, then the means of remedying the crisis will take the form
improving the operation of the machinery of production and distribution, and of regulating
production and sale. This is, moreover, the method and form of international action
employed or suggested in the case of wheat.
The production of raw material, the transformation industries and the distribution
of commodities are now dealt with by a large number of cartels.
As regards raw materials, it will be sufficient to mention potash, copper, zinc, tin,
mercury, aluminium, superphosphates and rock salt.
As regards manufactured products, mention may be made of raw steel, cast steel, rails,
tubes, rolled wire, wagons, dye-stuffs, synthetic nitrates, incandescent lamps, enamel
products, linoleum, heavy electric material and sugar.
Reference may be made in the transport industry to numerous maritime pools, which
supervise the freight market.
These combines may also be classified according to their degree of development. Some
of them lay down national quotas, fix prices, allocate markets and exercise supervision at
every stage of production and distribution. Others confine their activity to one stage of
production or trade and are less fully developed. Some derive their strength from their
purely technical resources, others from their financial resources.

Have these combines proved successful?
No doubt they did not prevent the crisis from occurring. However, if they had been
more numerous and of longer standing, if they had been concluded for a longer period, it
might perhaps have been possible to avoid the economic crisis.
In any case, wherever these combines existed and wherever their action made itself felt, the effects of the crisis were mitigated and the market, instead of collapsing, showed signs of comparative strength.

Indeed, if we look around the economic world, we find that industrial combines are the sole element of order and organisation which has stood fast.

The French Government considers that the true method — adapted to circumstances and deduced from experience — is the method of combines. In this respect a study of the past confirms the lessons of the present. The situation prior to the war, a realisation of the obstacles to the League's economic action, an analysis of the attempts just made to form a sugar cartel or those which will soon result in the formation of a wheat combine — all lead to the same conclusions.

This is the right road to take; it is the road that, we may hope, will lead us to the result we seek.

The task before us is still a very considerable one. It will consist in strengthening existing combines, and enlarging their field of action, and in promoting new combines.

For example, the international steel combine should be strengthened by an extension of the term of its contract, and the geographical area it covers should be increased.

The combine of French, German and Swiss producers of heavy electrical material, concluded for twenty years, should be extended to other countries.

The negotiations between French, British, Belgian and German producers for the organisation of the coal market should be resumed, stimulated and brought to a successful issue.

Products which have hitherto lain outside the field of international action but which occupy a prominent place in the economic sphere should be cartelised.

Thus, agreements might be concluded in regard to chemical products (other than dye-stuffs already cartelised), in particular artificial fertilisers.

Partial agreements have recently been concluded in the motor-car industry. Thus, the European market might be divided by means of quotas amongst the various producing countries.

As regards textiles, the silk combine exists as yet only in rudimentary form; it should be further developed.

The international conferences regularly held by the wool industry also provide the elements of a rapprochement, which, without undue difficulty, should lead to the formation of a real cartel.

As regards timber, the advantages of an international agreement are clearly evinced not merely by the chaotic state of the market but by the necessity of concerted action to reduce felling, and these circumstances will tend to promote the conclusion of such an agreement.

Private Combines and Reductions of Tariffs.

Further, the French Government does not advocate only the consolidation and extension of combines such as those hitherto in existence. It thinks that this economic policy should henceforth be conducted on lines calculated to give it a new character and increase its importance.

Hitherto when negotiating or forming a combine, producers, in making their calculations have always regarded Customs duties as res acta, as one of the unchanging factors of the problem.

Their agreements were to some extent based on Customs duties. They could stabilise them; it did not seem, however, that they could exercise any far-reaching influence on the tariff policy of the participating countries.

The French Government considers that to-day, if combines are increased and extended, they might directly affect Customs tariffs and change their aspect.

Indeed, whenever a combine is sufficiently powerful, it regulates both quotas and prices.

It reserves the home market for the producers of each country belonging to the combine; and at periodic meetings it fixes the quotas of imports to be admitted to the various countries at prices agreed upon after discussion.

Hence the Customs duty on imported cartelised products is not so important as under the open competition system. It may be justifiable for quantities for which no quota has been fixed, but it loses its raison d’être as a protective duty for quota consignments, and for that category of products it becomes needless, since the national industry is already protected.

It is therefore possible to contemplate a partial lowering of tariff barriers between the different countries without in any way injuring the interests either of producers or consumers, and without in any way disturbing the national economy of the various countries.

The tariff would of course not be abolished, because it is essential to be forearmed against the danger of dumping. The amount of the duty might conceivably be refunded, however, in respect of all products cleared through the Customs with a certificate of origin issued by the accredited administration of the cartel. In this way products imported from one country to another in accordance with the quotas fixed by industrial agreements would in practice be duty free.

Such a system would, moreover, constitute a kind of bounty to those accepting voluntary discipline, whereas the producers of countries refusing to enter international combines would be excluded from the benefit of exemption from duty. Such a system would frustrate — at all events, in respect of cartelised products — the artifices, such as...
direct or indirect export bounties, which are so frequently employed to upset markets and which favour unfair competitors to the detriment of the others.

The French Government desires to add, moreover, that though it advocates this method and asks for it to be considered, it by no means rejects any other which might lead to the same result, and, in particular, it is prepared to continue the negotiations already begun with certain countries with a view to the revision of existing tariffs.

There will obviously be objections to the cartel method, more especially since it is not new and there has been ample opportunity to study it.

It will perhaps be said that the League has already attempted to give its patronage to this system and has had to abandon its attempts. Nevertheless, the League's inquiries have not been entirely fruitless. They have given new prominence to the idea; they have stimulated fresh initiatives; but for them, the newly created sugar syndicate would perhaps never have been brought about. The coal cartel, which was impossible yesterday, will perhaps be formed to-morrow. A programme, if it is to be endowed with life, must not merely be right in itself, but circumstances and the moment must alike be favourable.

It will be objected that the combine method does not lead to immediate results, that it requires long and detailed preliminary conversations and that the terms of the combine being revisable at fairly frequent intervals it will prove uncertain and will not engender permanent security.

Yet although the conclusion of agreements has hitherto proved slow and toilsome, although the agreements concluded may be frail, it may be hoped that their negotiation will be less difficult and they themselves become more solid when the Governments and the League of Nations take them under their auspices, stimulate them and assist private initiative.

Above all it is evident that the proposed Austro-German Customs Union, if it is to take shape, will require no less time and no less trouble. To decide in principle upon a Customs union can quickly be done, but to bring it into being is a much longer process. In practice the Austrian and German Governments will be obliged to revise, article by article, the whole Commercial Convention which at present regulates trade between the two countries. There will be discussions and objections in regard to most of those articles. It will probably be necessary to establish intermediate tariffs to tide over the period of transition and to save a large number of Austrian industries from collapse. Remember that in the "Salzburg" scheme set up in October 1918 half of the Austro-Hungarian items were, at the request of the Austro-Hungarian industries, provided with "intermediate tariffs" to meet the contingency of a Customs union with Germany.

The comments which accompanied the publication of the draft in the countries concerned openly admit moreover that a very long period would be necessary before the union could be completed.

Within that period how many international combines could be concluded! Lastly, when we come to fundamentals, it seems that the method proposed by the French Government is not essentially different from that which the Austrian and German Governments are to put into practice.

In either case the method is to examine an article or a material and regulate its production and sale by means of an agreement.

The method advocated by the French Government which is no less rapid or adaptable than the Austro-German method and does not substantially differ from it offers undoubted advantages over it.

The French programme takes no account of frontiers; consequently it does not present any political dangers nor does it give rise to any kind of suspicion.

It does not lead to the creation of rival economic units. It does not leave the League of Nations outside the scope of the action it recommends; it will come into effect within the framework of the League and with the League's help.

Lastly, it does not deliberately discard all that has been attempted hitherto. It is based on experience; it is the crown of ten years of incessant effort.

For all these reasons the French Government feels justified in thinking its method preferable to that of the Austro-German Customs Union.

It proposes that, since a general action to bring about the immediate and simultaneous lowering of Customs duties has not succeeded, the economic life of the nations, each material and product being dealt with in turn, should be organised at an accelerated rate, by developing the system of combines and cartels, regardless of political frontiers, in the certainty that in this way and in no other way Customs barriers will gradually be eliminated smoothly and without disturbance.

It proposes the immediate convening of a conference similar to those held at Paris to study in a strictly practical spirit the problem of wheat, or the appointment of a committee of experts, similar to the delegation formed by the Financial Committee of the League of Nations, for the purpose of drawing up a practical scheme of agricultural mortgage credit.

It proposes that that committee or conference should be asked to determine what industrial combines it is most important and easiest to strengthen, extend or create, and what inter-State Customs agreements should be made to supplement such combines.

Thereafter the French Government proposes that with the help of the experts and under the auspices of the various Governments the various industrial interests should be invited to confer together and conclude agreements, on the basis of the plan laid down, to introduce greater order into production and trade and to establish peace on a more solid basis.
III. THE SPECIAL SITUATION OF AUSTRIA.

It would be desirable that the general programme of European economic restoration should be completed by exceptional measures enabling immediate and effective aid to be given to Austria.

Austria, situated as she is in a pivotal position in Central Europe, is bound to live mainly on her foreign trade with European countries. In normal years she sells 49 per cent of her exports to European industrial countries — in other words 6 per cent, 10 per cent and 12 per cent more than Belgium, France and Germany respectively. She also markets 28 per cent of her exports in the agricultural countries of Europe, of which she is one of the principal sources of supply.

Austria is thus bound to suffer more than any other country from the slump in trade between European States, which are forced by the economic crisis to withdraw into themselves, and it may justifiably be feared that, as a result, the difficulties she has experienced hitherto are being aggravated.

The Europe community can no more rest indifferent to this position than can the Government of Austria itself.

It is an imperative duty for the Austrian Government to remedy the evil in so far as the causes of that evil are due to its own action.

But the Powers to which Austria gave a solemn undertaking not to alienate her independence without the approval of the Council of the League and which must see that nothing is done to jeopardise that independence, are also in duty bound to assist Austria to economic prosperity, at all events in so far as her free existence is at stake.

It is its sense of this moral responsibility which has led the French Government to the view that, in any scheme of European organisation, special consideration must be given to the economic difficulties of Austria. Indeed, the desirability of helping Austria's international trade was realised, when the new frontiers were fixed, by the signatories of the Treaty of St. Germain, who provided (Article 222) for the conclusion, for a period of 5 years, of preferential agreements between Austria and the Succession States of the former Monarchy. For various reasons which need not be repeated here, however, that clause has not been applied.

The French Government proposes that, under the auspices of the League of Nations, the European States which are Austria's principal customers should examine together the situation of that country and endeavour in concert with it to find solutions which, while compatible with their own interests, are at the same time calculated to improve Austria's trade balance by extending her markets.

The facilities which the States concerned would be asked to grant may vary in each individual case; one country might grant tariff reductions on certain articles, another advantages in respect of transport, and so on.

Further, it will have to be considered whether these concessions should or should not be counterbalanced by concessions on Austria's part. In the French Government's opinion, however, any such counter-concessions should not be of a preferential nature.

Convinced as it is that Austria's difficulties are only temporary and are due to the period of economic adaptation through which that country is passing and that Austria will in the near future find sufficient opportunities for economic expansion by exploiting her natural resources and more particularly her water power, the French Government considers that the special regime contemplated should also be of a provisional character.

Any departure from the most-favoured-nation clause which may result in respect of Austrian goods would thus be strictly limited both as regards the time for which it would be applicable and the articles to which it would apply; and, in view of its exceptional character, it should be welcomed by other countries.

The French Government considers that this regime must not be established by bilateral agreements but by joint negotiations between the various States concerned and Austria.

In applying the system of agricultural preference advocated by the present Memorandum, Austria, as one of the principal cereal-buying countries, will be asked to make, by the reductions of Customs duties to which she would agree, a relatively greater fiscal sacrifice than the other countries. The French Government considers that, in order to take this contribution into account and in view of the general considerations set forth above, it is only right and expedient that Austria, as compared with the other countries of Central and Eastern Europe, should be granted corresponding benefits in the programme of European mutual assistance.

* * *

IV. CREDIT PROBLEMS.

The application of the programme set forth above should result in establishing, on the basis of co-operation instituted between all the Powers concerned, a permanently easier atmosphere. Such an atmosphere is essential for the fulfilment of the measures of financial co-operation without which no plan of European reconstruction can be effectively carried out.

A movement of capital from countries possessing lendable funds to markets where capital is scarce is an essential preliminary condition of such reconstruction.
Useful financial operations, however, will not become possible until the existing difficulties have really been smoothed away, the French market being in a position, for its part, to co-operate at once with the other markets where capital is held, with a view to ensuring the success of these operations, either under the auspices of the League or within the enlarged framework of private relationships between one financial market and another.

As regards agricultural countries, the Financial Committee and the Committee appointed by the Commission of Enquiry for European Union acting on the initiative of the Council of the League, have just set on foot a mortgage credit scheme which will give agriculturists in those countries means to obtain the long-term credits which they at present lack or can obtain only at usurious rates of interest. As soon as its Statutes have been put into force the new organisation will be able by issuing bonds in different markets to obtain the capital necessary to enable it to operate.

Here then is fresh evidence that, in a concrete case relating to a specific subject, the competent organs of the League are fully capable of establishing an institution which can secure the support both of the Governments concerned and of the financial circles which will have to operate it in accordance with the ordinary rules of business. The French Government hopes, for its part, that the new institute will have an opportunity of proving its worth at the earliest possible moment.

It thinks, however, that, side by side with this first achievement, or with any similar one which might be attempted, it would be no less desirable in a neighbouring field to contemplate and to urge intervention by the League on a still wider scale.

Indeed, from the general point of view of the need for capital, whether European or from overseas Members of the League of Nations, it may be noted that a large number of transactions must, in view of their size, be effected by co-operation between the banks of the different markets, both in the case of State loans for currency purposes and for financing large programmes of public works. In the absence of any specialised international organ, such transactions at present give rise to competition which is often needless and indeed harmful, the different markets having ultimately to reach agreement for the realisation of such projects.

For this category of transactions the French Government suggests for its part that the League’s Financial Committee should be permanently empowered to receive requests from borrowing States, and by agreement with them to approach bankers in the various markets with a view to the formation of lending groups, which should, of course, be strictly international. In this way, the most flexible and closest link could be formed between the directing organs of the lending markets, treasuries and banks of issue and the borrowers.

Perhaps indeed the competent Committee of the League of Nations might undertake, at the same time, to study under what conditions really international bonds with wide possibilities of free circulation in every market should be created.

The French Government feels there is no need to emphasise the importance of systematic intervention by the Financial Committee at any time when an urgent need for capital is revealed throughout the world.

As regards transactions of a different category from the above — whether they be short-, medium- or long-term — namely, such transactions as would be left to the banks in the various markets, French credit institutions have always been desirous of co-operating with other lending markets in carrying them through. Contact has already been frequently established on this subject. Apart from large issues which have been made on the Paris market, it may be recalled that the Bank of France has recently formed a group consisting of a certain number of French banks; that this group has expressed its readiness either to act in concert with similar groups in other countries or to take action direct within the limit of its available funds, to satisfy any need for medium-term credits that may be manifested.

In certain agricultural circles, on the other hand, insistence has been placed on the desirability of extending operations for financing the harvests; the French Government, for its part is ready to approach French banks which specialise in this class of transaction, and to consider with them any concrete proposals that might be capable of realisation, either in France or for preference in agreement with other financial centres.

Lastly, any noticeable improvement in international relations must in any case manifest itself on all markets by a resumption of normal transactions, a result which is at present rendered difficult by the political atmosphere. This development would relate particularly to the following transactions:

1. Readier admission to the market in various national centres of first-class securities, which are at present too often quoted in their market of origin alone; such quotation would permit companies concerned to become better known abroad and thus to obtain capital more readily there.

2. A more active participation of the various national credit institutions in investments abroad, either of their reserve funds or of the proceeds of bonds issued by specialised organisations.
3. Facilities, which would constantly be extended, for placing on the loan markets reliable foreign issues by means of appeals to the public, whether loans of public bodies, companies holding concessions or private companies.

A wide policy of European collaboration must permit of progress in these three directions, limited solely by the necessity of furnishing the indispensable financial guarantees to private lenders. That is to say, the programme outlined above corresponds to concrete realities and must give positive results.

In applying the measures which have been outlined, it goes without saying that the first efforts would be devoted to countries whose special situation demands immediate assistance.

In this respect the action in favour of Austria which the present Memorandum has in view in the industrial sphere would naturally be supplemented by a parallel action in the financial sphere.

It further goes without saying that the various parts of the constructive programme submitted by the French Government form a single whole and that financial assistance must, in the realm of industry, accompany the formation of agreements which will avoid the dangers of unbridled competition for the lending countries.

But, above all, it is clear, and one cannot too often insist on the fact, that such a programme, if it is to be accomplished, presupposes a general desire for peace in Europe. Without such a desire, those who have money to lend in the various countries, being anxious above all for security, will continue to avoid investing money abroad, whatever be the measures taken by Governments to secure their assistance. Thus, financial requirements are closely connected with political requirements, and any solution not based on collective co-operation in a plan for European re-organisation would prove to be fruitless.


ADDITIONS TO THE AGENDA OF THE SESSION PROPOSED BY THE BELGIAN GOVERNMENT.

PROPOSAL BY THE BELGIAN GOVERNMENT FOR THE INSTITUTION OF A PROCEDURE OF NOTIFICATION AND REDRESS IN MATTERS RELATING TO INTERNATIONAL TRADE.


Among the proposals put forward by the Belgian Government on December 11th, 1930, in connection with the agenda of the Commission of Enquiry for European Union will be found the following suggestion:

The system of permanent union which it is proposed to set up between the various European States implies, in the first place, the avoidance, so far as possible, by them of measures by which they might affect one another adversely. In the regulations, however, which they find it necessary to enact in the economic field, to safeguard national interests, sufficient allowance is not always made, particularly in times of emergency, for the interests of other peoples. Governments, being concerned primarily with remedying the internal difficulties with which they have to cope, frequently injure neighbouring countries by the measures they employ, arouse their resentment or even call forth reprisals. In this way, far from curing the evil, they have sometimes only made it worse.

In the field of Customs policy, the Commercial Convention concluded at Geneva on March 24th, 1930, laid down a principle which merits attention in this respect. The Convention instituted, in the case of one of the contracting parties finding it necessary to increase existing Customs duties or to impose new duties, a procedure of notification and redress in favour of the other contracting States. The latter States are thus given an opportunity of putting forward their interests and, if need be, asking for any necessary changes and adjustments.

Notwithstanding the hope expressed by the Commission of Enquiry for European Union at its first session, the signatory States, which met in conference at Geneva on March 16th last, were unable to agree upon the date for the putting into force of the Commercial Convention.

At present it is impossible to say whether the Convention can be applied at some later time, or whether the idea on which it was based will be taken up again one day in other circumstances. It should further be noted that the Convention was only intended as a temporary measure.

In these conditions it would seem particularly desirable to extract from the provisions embodied in the Convention the principle to which reference is made above, to enlarge its scope as far as possible, and to convert it into one of the permanent rules governing international trade.
PROPOSAL BY THE BELGIAN GOVERNMENT RELATING TO THE DRAFT CONVENTION ON THE TREATMENT OF FOREIGNERS.

EXPLANATORY NOTE.

[Translation.]


In its note of December 11th, 1930, the Belgian Government drew the attention of the Commission of Enquiry for European Union to the draft Convention on the Treatment of Foreigners.

This question, which is raised in Article 23(e) of the Covenant, has been under consideration by the League almost since the beginning of its work.

As the outcome of protracted preliminary investigations, a draft was framed and submitted at a Conference which met in Paris on November 5th, 1929. After deliberating for four weeks, the Conference was obliged to recognise that the complexity of the subject made it impossible to reach any generally accepted solutions for certain questions, and that the problem would accordingly have to be examined afresh.

In point of fact, the amendments and reservations submitted during the discussions were markedly retrograde as compared with the original draft, and indeed even with the measures already applied in a large number of countries.

For this reason the Conference, on concluding its session, decided to submit the question for fresh examination by the Governments and drew their attention " to the expediency of drafting the proposed Convention on the most liberal lines, with the possibility of appending exceptions based on special situations of fact or of law at present existing, in view of which the Governments will put forward their proposals ".

Being anxious to facilitate the action initiated in this sense, and to pave the way for a second session of the Conference in accordance with the programme mapped out, the Belgian Government made proposals to certain Governments which had displayed a similar desire, with a view to conferring on the possibility of framing a draft on liberal and equitable lines, such as might receive the support of the other Governments.

The Belgian Government has been gratified with the acceptance of its proposal by the various Governments it has consulted. Certain entirely unofficial conversations were held in September and November 1930, and again in January 1931, between representatives of Belgium, France, Germany, Great Britain, Italy, the Netherlands and Switzerland, with the valuable help of the Economic Relations Section in the League.

The concordance of views achieved during these negotiations made it possible to draft a Convention based on broader tendencies than that prepared by the Paris Conference. The Governments which took part in these conversations have appended the draft to the observations they have sent to the Secretary-General of the League. Their intention in so doing is to indicate the solutions which they would be prepared to recommend for adoption at a second session of the Conference, to facilitate the Conference's work thereby and to enhance its prospects of success.

It was considered that this action merited the attention of the Commission of Enquiry for European Union.

No system of inter-European Union is conceivable unless nationals and concerns in one European country receive in the territory of the others equitable treatment approximating so far as possible to that enjoyed by nationals of the country and national concerns. The main difficulties which have hitherto prevented the conclusion of the proposed Convention have been found to exist among the European countries. The Members of the Commission should therefore do their utmost to help in surmounting those difficulties.


DRAFT PROTOCOL OF ECONOMIC NON-AGGRESSION PROPOSED BY THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS.

The representatives of the undersigned European countries, Recognising that:

(a) The mitigation of the crisis which has overtaken the national economy of most countries requires, in addition to abstention from war as a means for the solution of international conflicts, the complete cessation of all forms of economic aggression, both avowed and concealed, by any countries or groups of countries, against any other countries or groups of countries;
(b) The cessation of economic aggression is an essential condition for the peaceful co-operation of States in the sphere of economics, irrespective of their political-economic systems;

(c) The cessation of economic aggression would help to put an end to the present atmosphere of mistrust, uncertainty and alarm, weighing so heavily upon the economic position;

And hoping that all other countries inspired by their example will join this Protocol, Have decided to recommend their Governments to sign the following Protocol:

1. The contracting parties once more solemnly confirm the principle, proclaimed at the International Economic Conference of 1927, of the peaceful coexistence of countries, irrespective of their social-political and economic systems.

2. The parties undertake in their mutual relations to forego any discrimination whatever, and to regard as incompatible with the principles of the present Protocol the adoption and application in their respective countries of a special system directed against one or more of the countries signing the present Protocol or not applicable to all other countries.

This Protocol will be ratified and come into force between those of the contracting parties who give in their ratification papers to the President of the Commission for the study of a European Union.

This Protocol may be subscribed to by all States in the world. Notification of adherence will be given to the President of the Commission for the study of a European Union, and it will immediately come into force between the State subscribing to it, and all other parties to it.

The President of the Commission for the study of a European Union will notify all parties to the Protocol of every new ratification or of every adherent, as soon as ratification papers have been received.


CUSTOMS EXEMPTION OF FUEL FOR MOTOR TRANSPORT CROSSING FRONTIERS BY LAND, WATER AND AIR. ¹

PROPOSAL BY THE GERMAN REPRESENTATIVE ON THE COMMISSION OF ENQUIRY FOR EUROPEAN UNION.

Recent years have witnessed an extraordinary growth in the use of motor transport in European traffic, by land, water and air alike. On the road, the motor is predominant for the conveyance of both passengers and goods; in waterborne traffic, whether by sea or inland waterways, there has been a constant increase in the equipment of vessels with motors; air transport has so far been confined exclusively to motor-driven craft.

The provisions at present in force in the various European States as regards the Customs clearance of motor fuel for transport crossing the frontiers have failed to keep pace with the rapid growth of traffic; moreover, they differ in almost all countries. To facilitate traffic between the European States it would be desirable to have uniform regulations for Europe, such regulations to take equal account of modern traffic requirements and of the fiscal interests of the European countries.

The German Government accordingly considered that it should place this issue before the Commission of Enquiry for European Union.

It proposes, with a view to the further examination of the question:

1. That the Communications and Transit Committee of the League be instructed to study the matter further, in consultation, if necessary, with the Economic Committee;

2. That the Governments of the States represented on the Commission of Enquiry for European Union be requested to send to the Secretariat information concerning the relevant regulations at present in force in the different countries.

¹ See Annex 2.
ANNEX 9.

DRAFT CONVENTION ON THE TREATMENT OF FOREIGNERS.¹

DRAFT RESOLUTION PROPOSED BY THE BELGIAN GOVERNMENT.

[Translation.]

The Commission of Enquiry for European Union,

Considering that a system of co-operation between the European States is inconceivable unless the nationals and undertakings of one State receive in the territory of the other States equitable treatment approaching, as nearly as possible, to that accorded to the nationals and undertakings of the State concerned;

Reaffirming that it would be desirable, as already asserted by the International Conference on the Treatment of Foreigners at the close of its first session on December 5th, 1929, to "draft the proposed Convention on the most liberal lines, with the possibility of appending exceptions based on special situations of fact or of law at present existing, in view of which Governments would put forward their proposals";

Being informed of the steps taken in this sense by several of its Members with a view to ensuring the success of the second session of the International Conference on the Treatment of Foreigners, and of the conformity of views reached by them on the majority of important points;

Being confident in the successful issue of the combined efforts of all its Members in this field;

Invites the latter to give their whole attention, in a spirit of genuine international co-operation, to the various problems raised by the drafts of the Convention on the Treatment of Foreigners, and to take all useful steps to enable the delegates of the European States at the next session of the Conference to be furnished with instructions allowing of the conclusion of a convention representing a real improvement, in the system of European economic relations.

ANNEX 10.

ESTABLISHMENT OF A PROCEDURE FOR NOTIFICATION AND APPEAL, AND STABILITY IN THE CONDITIONS OF INTERNATIONAL TRADE.

DRAFT RESOLUTION PROPOSED BY THE BELGIAN, LUXEMBURG AND SWEDISH GOVERNMENTS.

[Translation.]

The Commission of Enquiry for European Union,

Considering that the state of constant co-operation which should be at the foundation of the European Union implies primarily that the States composing the Union should, as far as possible, avoid all action by which they might injure one another, and that the observance of this principle is specially to be recommended in the field of international trade;

Holding that it would be desirable accordingly that no European State should put in force any Customs measures which might injure the trade of the other European States, without having first notified them and given serious consideration to any observations they may offer;

Holding, further, that it is desirable to ensure the stability of commercial relations, and that the European States should with that end in view refrain, as far as possible, from availing themselves of the right to denounce their commercial treaties;

Recommends its Members to conform to the utmost possible extent with the rules above enunciated, and to adopt them as fundamental principles of the system of international commercial relations.

¹ See Annex 6.
ANNEX 11.  

C.E.U.E./37.

SUGGESTIONS FOR SOLVING EXISTING PROBLEMS AS REGARDS AGRICULTURE, PRODUCTION AND TRADE, AND CREDITS.

DRAFT RESOLUTION PROPOSED BY THE FRENCH DELEGATION.

[Translation.]

The Commission of Enquiry for European Union considers that the following are the most urgent economic and financial problems calling for practical solutions:

1. Agricultural problem: marketing of cereals of Central and Eastern European States;
2. Problem of production and trade, more particularly marketing crisis in industrial countries;
3. Problem of credits.

Accordingly,

1. As regards the agricultural problem, it recognises that apart from the measures now in course of preparation or execution (organisation of the grain market, agricultural mortgage credit), the establishment of a preferential agricultural regime would have the effect of lightening working costs, and of ensuring in the abnormal circumstances now prevailing a price which would afford a profit for the Central and Eastern European grain exporters.

Having noted the recommendation passed by the Wheat Committee which met in Paris from February 26th-28th last, the Commission of Enquiry requests its President to convene that Committee again before June 15th with a view to deciding what measures shall be taken, with due reference to the results of the London Conference, in order to ensure the regular application of an exceptional regime of this nature and to co-ordinate the various arrangements made or contemplated with this object by the exporting States in agreement with the importing States.

The Commission of Enquiry considers that the particular facilities in question, designed to meet the difficulties of the present situation, could be granted only as an exceptional and temporary measure and subject to the rights of third States.

Further, the concessions which might be made in compensation should not be of a preferential character.

2. As regards the problem of production and trade, the Commission of Enquiry for European Union recommends, on the one hand, the continuance of tariff negotiations and, on the other, the extension and development of private agreements.

(a) It requests the Council to convene a meeting, when it thinks fit and after consulting the Economic Committee or its Bureau, to take steps for the application of the principles formulated in the Commercial Convention of March 24th, 1930.

(b) It invites the States to continue, and to endeavour to bring to a successful conclusion as rapidly as possible, the commercial negotiations entered into by agreement between various Governments and the British Government on the latter's initiative.

(c) It decides to convene at Geneva in June next a committee of highly-qualified economic experts who, working in contact with the Governments and availing themselves of the work of the economic organisations of the League, will determine what private agreements might most profitably be enlarged or established and by what tariff arrangements they should be supplemented. These experts will be eight in number, one being appointed by each of the following Governments: Belgian, British, Czechoslovak, French, German, Italian, Polish and Swedish.

(d) The Commission of Enquiry for European Union, having considered the statements of the representative of Austria to the effect that that country is at present in a position calling for special and immediate measures, requests the Council to appoint a committee of highly qualified persons to devise and propose such measures, to be taken by the Austrian Government itself or by the European community, as may be best calculated to remedy the difficulties of that country.

This Committee should meet before June 15th, if possible, and should state the result of its work and any proposals it may have to offer at the next meeting of the Commission of Enquiry.

3. With regard to the problem of credit, the Commission of Enquiry for European Union considers it highly desirable that the work of mutual aid among the European countries which it is pursuing may be seconded, thanks to the confidence which should result, by an effective policy of financial co-operation, more especially in the matter of long-term credit.

With a view to preparing for this co-operation, it requests the Council to appoint a small committee of five members, consisting of representatives of the Governments of those countries which might lend money, to consider, in conjunction with a delegation of the Financial Committee, what practical steps could be taken to facilitate the issue of State loans of an international character by more active intervention on the part of the League of Nations, within the scope of its organisation and in agreement with the bodies controlling the principal markets.

4. Treatment of foreigners.

5. Having regard to the capital importance of the problems of the trade in, and transit of, cattle-rearing products, the Commission of Enquiry for European Union requests the competent organs of the League of Nations to push on the work already undertaken in this matter with all possible despatch.
ANNEXE 12.

RÉUNION RELATIVE A L'ÉCOULEMENT DES STOCKS DE CÉRÉALES 1930,
(Paris, du 23 au 25 février 1931.)

Acte final

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ANNEX 12.

MEETING FOR THE DISPOSAL OF 1930 CEREAL STOCKS.
(Paris, February 23rd to 25th, 1931).

Final Act.
ANNEXE 12.

RÉUNION RELATIVE À L’ÉCOUTEMENT DES STOCKS DE CÉRÉALES 1930.
(Paris, du 23 au 25 février 1931.)

Acte final.

Les Gouvernements de l'ALLEMAGNE, de l'AUTRICHE, de la BELGIQUE, de la BULGARIE, du DANEMARK, de l'ESTONIE, de la FRANCE, de la GRANDE-BRETAGNE, de la GRÈCE, de la HONGRIE, de l'ÉTAT LIBRE D'IRLANDE, de l'ITALIE, de la LETTONIE, de la LITUANIE, du LUXEMBOURG, des PAYS-BAS, de la POLOGNE, de la ROUMANIE, de la SUÈDE, de la SUISSE, de la TCHÉCOSLOVAQUIE et de la YOUGOSLAVIE,

A la suite de la résolution ci-après, adoptée le 21 janvier 1931 par la Commission d’étude pour l’Union européenne:

« La Commission d’étude pour l’Union européenne,

« Ayant reconnu la gravité exceptionnelle de la crise traversée par les États agricoles de l’Europe centrale et orientale et la nécessité de porter remède à cette situation dans le cadre européen, sans attendre les solutions de plus grande envergure qu’elle souhaite voir intervenir et qu’est notamment destinée à préparer la Conférence du Blé, convoquée à Rome le 26 mars 1931,

« Estime que cette situation pourrait être grandement améliorée si les représentants autorisés des pays intéressés de l’Europe (pays exportateurs de céréales de l’Europe centrale et orientale et pays importateurs européens) se réunissaient à très bref délai pour rechercher ensemble les moyens d’écouler l’excédent de céréales actuellement disponible. Cette réunion aurait lieu, à la seule diligence du Président de la Commission d’étude pour l’Union européenne, et ses conclusions recevraient leur application sans référence nouvelle à la Commission d’étude. »

Ayant reçu la convocation qui leur a été adressée par le Secrétaire général de la Société des Nations au nom du Président de la Commission d’étude pour l’Union européenne, en vue de participer à une réunion ayant l’objet indiqué dans la résolution ci-dessus mentionnée,

Ont, à cet effet, désigné les délégations suivantes:

**ALLEMAGNE.**

*Premier délégué:*
Le docteur HERMES,

*Délégués:*
M. SARNOW,
M. WEBER,

**AUTRICHE.**

*Premier délégué:*
Le docteur Richard SCHÜLLER,

*Délégué:*
M. Henri SCHMID,
Final Act.

The Governments of Germany, Austria, Belgium, Bulgaria, Denmark, Estonia, France, Great Britain, Greece, Hungary, the Irish Free State, Italy, Latvia, Lithuania, Luxemburg, the Netherlands, Poland, Roumania, Sweden, Switzerland, Czechoslovakia and Yugoslavia,

In pursuance of the resolution set forth below, adopted on January 21st, 1931, by the Commission of Enquiry for European Union:

"The Commission of Enquiry for European Union,

Recognising the exceptional gravity of the crisis through which the agricultural countries of Central and Eastern Europe are passing, and the necessity of remedying this situation in Europe, without awaiting those more far-reaching solutions which it trusts will be devised and for which the Wheat Conference, to meet in Rome on March 26th, 1931, is to prepare;

"Is of opinion that this situation could be greatly improved if the authorised representatives of the European countries affected (grain-exporting countries of Central and Eastern Europe and European importing countries) were to meet at an early date and make a common effort to find means of disposing of the grain surplus at present available. The meeting would be called on the sole initiative of the President of the Commission of Enquiry for European Union, and its conclusions would be put into effect without further reference to the Committee of Enquiry."

Having received the invitation sent to them by the Secretary-General of the League of Nations on behalf of the President of the Commission of Enquiry for European Union to take part in a meeting for the purpose indicated in the above-mentioned resolution,

Have appointed for this purpose the following delegations:

**First Delegate:**
Dr. Hermes,

**Delegates:**
M. Sarnow,
M. Weber,

**First Delegate:**
Dr. Richard Schüller,

**Delegate:**
M. Henri Schmid,
BELGIQUE.

Premier délégué:
Son Excellence
M. le comte De Romée De Vichenet,
Ministre plénipotentiaire.

Délégués:
M. Van der Vaeren,
M. Albert Henry,
Directeur général au Ministère de l'Agriculture.
Directeur général au Ministère de l'Agriculture.

BULGARIE.

Délégué:
Son Excellence M. Bogdan Morfoff,
Ministre de Bulgarie à Paris.

DANEMARK.

Délégué:
Son Excellence M. H. A. Bernhoff,
Ministre du Danemark à Paris.

ESTONIE.

Délégué:
Son Excellence M. C. R. Pusta,
Ministre d’Estonie à Paris.

FRANCE.

Délégués:
Son Excellence M. Aristide Briand,
M. A. François-Poncet,
M. Jules Gautier,
M. Lesage,
M. Paul Elbel,
M. Escallier,
M. Massigli,
M. Coulondre,
Ministre des Affaires étrangères.
Sous-Secrétaire d’Etat à la prudence du Conseil et à l’Economie nationale.
Directeur au Ministère de l’Agriculture.
Directeur des Accords commerciaux au Ministère du Commerce.
Directeur du Mouvement général des Fonds, Ministère des Finances.
Ministre plénipotentiaire; Chef du Service français de la Société des Nations, Ministère des Affaires étrangères.
Sous-Directeur des Affaires commerciales, Ministère des Affaires étrangères.

GRANDE-BRETAGNE.

Premier délégué:
Lord Tyrrell,
Ambassadeur d’Angleterre à Paris.

Délégués:
Sir Sydney Chapman, K.C.B., C.B.E.,
M. Wigram,
Principal Conseiller économique du Gouvernement de Sa Majesté.
Secrétaire à l’Ambassade d’Angleterre à Paris.
BELGIUM.

First Delegate:
His Excellency
Count De Romrée De Vichenet,
Minister Plenipotentiary.

Delegates:
M. Van Der Vaeren,
M. Albert Henry,
Director-General at the Ministry of Agriculture.
Director-General at the Ministry of Agriculture.

BULGARIA.

Delegate:
His Excellency M. Bogdan Morfoff,
Bulgarian Minister at Paris.

DENMARK.

Delegate:
His Excellency M. H. A. Bernhoff,
Danish Minister at Paris.

ESTONIA.

Delegate:
His Excellency M. C. R. Pusta,
Estonian Minister at Paris.

FRANCE.

Delegates:
His Excellency M. Aristide Briand,
M. A. François-Poncet,
M. Jules Gautier,
M. Lesage,
M. P. Elbel,
M. Escallier,
M. Massigli,
M. Coulondre,
Minister for Foreign Affairs.
Under-Secretary of State to the Presidency of the Council and for National Economy.
President of Section at the "Conseil d'Etat".
Agricultural Expert to the League of Nations.
Director at the Ministry of Agriculture.
Director of Commercial Agreements at the Ministry of Commerce.
Director of the "Mouvement général des Fonds",
Ministry of Finance.
Minister Plenipotentiary, Head of the French League of Nations Department, Ministry of Foreign Affairs.
Sub-Director of Commercial Affairs, Ministry of Foreign Affairs.

GREAT BRITAIN.

First Delegate:
Lord Tyrrell,
British Ambassador at Paris.

Delegates:
Sir Sydney Chapman, K.C.B., C.B.E.,
Chief Economic Adviser to His Britannic Majesty's Government in Great Britain.
Mr. Wigram,
Secretary at the British Embassy at Paris.
GRÈCE.

Délégué permanent du Gouvernement hellénique auprès de la Société des Nations.

HONGRIE.

Premier délégué: Son Excellence M. le baron VILLANI,

Délégués: M. Etienne de WINCHKLER, M. FODOR, M. Simon ENYEDI,

ÉTAT LIBRE D'IRLANDE.

Premier Secrétaire de la Légation d'Irlande à Paris.

ITALIE.

Premier délégué: Son Excellence M. G. DE MICHELIS,

Délégués: Son Excellence M. CIANCARELLI, M. I. BROCCI, M. E. ANZILOTTI, M. G. C. STUCKY, M. A. BERIO,

LUXEMBOURG.

Conseiller d'État.

Premier délégué: M. P. BRAUN,

Délégué: M. J. P. MERTZ,

Premier délégué: Son Excellence M. P. KIMAS,

Délégué: M. Emil WILLGRABS,

Délégué: Son Excellence M. P. KLIMAS,

Délégué: M. Emil WILLGRABS,

Délégué: Son Excellence M. P. KLIMAS,

Délégué: M. Emil WILLGRABS,

Délégué: Son Excellence M. P. KLIMAS,
GREECE.

Delegate:
M. R. RAPHAEL,
Permanent Delegate of the Greek Government accredited to the League of Nations.

HUNGARY.

First Delegate:
His Excellency Baron VILLANI,
Hungarian Minister at Paris.

Delegates:
M. Etienne de WINCHKLER,
Counsellor of Section at the Ministry of Foreign Affairs, Sub-Director of the Economic Section at the Ministry of Foreign Affairs.
M. FODOR,
Director of the Institute of Agricultural Exportation.
M. Simon ENYEDI,
Secretary of the Stock Exchange, Budapest.

IRISH FREE STATE.

Delegate:
Mr. F. J. CAWLEY,
First Secretary of the Irish Legation at Paris.

ITALY.

First Delegate:
His Excellency M. G. DE MICHELIS,
Ambassador, Senator.

Delegates:
His Excellency M. CIANCARELLI,
Minister Plenipotentiary.
M. I. BROCCHE,
Counsellor of State.
M. E. ANZILOTTI,
Director-General of Industrial Production and Trade at the Ministry of Corporations.
M. G. C. STUCKY,
President of the National Fascist Millers' Federation.
M. A. BERIO,
First Secretary of Legation at Paris.

LATVIA.

Delegate:
M. Emil WILLGRABS,
Counsellor at the Latvian Legation at Paris.

LITHUANIA.

Delegate:
His Excellency M. P. KLIMAS,
Lithuanian Minister at Paris.

LUXEMBURG.

First Delegate:
M. P. BRAUN,
Counsellor of State.

Delegate:
M. J. P. MERTZ,
Director of the Federation of Agricultural Associations.
PAYS-BAS.
Premier délégué:
Le docteur VAN RIJN,
Conseiller agricole néerlandais à Rome.

Délégué:
Le docteur SEVENSTER,
Conseiller agricole néerlandais à Paris.

POLOGNE.
Premier délégué:
M. SOKOŁOWSKI,
Directeur au Ministère du Commerce et de l'Industrie.

Délégués:
M. Adam ROSE,
M. A. ROMAN,
Conseiller économique au Ministère des Affaires étrangères.

ROUMANIE.
Premier délégué:
M. Ernest ENE,
Secrétaire général du Ministère de l'Agriculture et des Domaines.

Délégués:
M. César POPESCO,
M. E. MARIAN,
M. A. I. POPESCO,
Directeur de l'Industrie au Ministère de l'Industrie et du Commerce.
Directeur de l'Institut d'exportation.
Attaché commercial auprès de la Légation de Roumanie à Paris.

SUÈDE.
Délégué:
M. O. W. WINTHER,
Conseiller à la Légation de Suède à Paris.

SUISSE.
Délégué:
M. W. LAESSER,
Directeur de l'Administration fédérale des blés.

TCHÉCOSLOVAQUIE.
Premier délégué:
Le docteur Antonin PROKES,
Conseiller supérieur au Ministère de l'Agriculture.

Délégué:
Le docteur Ladislav FEIERABEND,
Directeur général de la « Kooperativa ».

YOUgoslavie.
Premier délégué:
M. M. PILJA,
Chef de Division au Ministère du Commerce et de l'Industrie.

Délégués:
M. L. GOTLIB,
M. le professeur M. Todorović,
Directeur de la Société privilégiée pour l'exportation des produits agricoles.
Professeur à l'Université de Belgrade.
THE NETHERLANDS.

First Delegate:
Dr. van Rijn,

Delegate:
Dr. Sevenster,

Poland.

First Delegate:
M. Sokolowski,

Delegates:
M. Adam Rose,
M. A. Roman,

ROUMANIA.

First Delegate:
M. Ernest Ene,

Delegates:
M. César Popesco,
M. E. Marian,
M. A. I. Popesco,

SWEDEN.

Delegate:
M. O. W. Winther,

SWITZERLAND.

Delegate:
M. W. Laesser,

CZECHOSLOVAKIA.

First Delegate:
Dr. Antonin Prokes,

Delegate:
Dr. Ladislav Feierabend,

YUGOSLAVIA.

First Delegate:
M. M. Pilja,

Delegates:
M. L. Gotlieb,
Professor Todorović,
Les délégués suivants assistaient à cette réunion à titre d’observateurs :

**ESPAGNE.**

M. José-Maria AGUINAGA,
Premier Secrétaire de l'Ambassade d'Espagne à Paris.

**FINLANDE.**

M. M. NORDBERG,
Consul général, Attaché commercial de Finlande à Paris.

L’Institut international d’Agriculture de Rome s’était également fait représenter. Ces délégations se sont en conséquence réunies à Paris, au Ministère des Affaires étrangères, les 23, 24 et 25 février 1931. La Conférence a confié la présidence à M. André FRANÇOIS-PONCET (France), Sous-Secrétaire d’État à la Présidence du Conseil et à l’Économie nationale.

La Conférence a adopté les résolutions ci-après :

1. La Conférence, réunie à Paris le 23 février, sur l’invitation de la Commission d’étude pour l’Union européenne,
   Après avoir recueilli, confronté et précisé les chiffres relatifs aux excédents de blé, disponibles jusqu’à la prochaine récolte dans les pays de l’Europe centrale et orientale,
   A constaté que ces excédents ne représentaient qu’une faible part des besoins des pays européens importateurs de blé.
   Elle a enregistré, aussi bien chez les représentants des nations normalement acheteuses de blés étrangers que chez ceux des nations qui n’en importent pas ou qui n’ont pas l’habitude d’importer des blés en provenance des pays considérés, la volonté de participer dans toute la mesure possible à l’achat des stocks reconnus disponibles dans les pays en question ou dans certains d’entre eux.

2. La Conférence a acquis, de la sorte, la conviction que dans un délai rapproché, les dispositions qui se sont affirmées au cours de ces réunions permettront le placement et l’écoulement des quantités de blé excédentaires.

3. La Conférence a étudié dans le même esprit les chiffres relatifs aux excédents de maïs et d’orge.

4. La Conférence a réservé l’examen de la question du seigle et de l’avoine.
The following delegates were present at this meeting as observers:

SPAIN.

M. José-Maria Aguinaga,
First Secretary of the Spanish Embassy at Paris.

FINLAND.

M. M. Nordberg,
Consul-General, Finnish Commercial Attaché at Paris.

The International Institute of Agriculture at Rome was also represented. These delegations therefore met at Paris at the Ministry for Foreign Affairs on February 23rd, 24th and 25th, 1931. The Conference appointed as its President M. André François-Poncet (France), Under-Secretary of State to the Presidency of the Council and for National Economy.

The Conference adopted the following resolutions:

"1. The Conference, which met at Paris on February 23rd, on the invitation of the Commission of Enquiry for European Union:

"Having collected, compared and exactly determined the figures relating to the surpluses of wheat available until the next harvest in the countries of Central and Eastern Europe;"

"Has noted that those surpluses represent only a small part of the needs of the European countries which import wheat."

"It has further noted that both the representatives of the countries which normally buy foreign wheat and those of the countries which do not import foreign wheat or do not usually import wheat from the countries under consideration are willing to participate to the utmost possible extent in the purchase of the stocks of wheat recognised to be available in those countries or in some of them."

"It is therefore convinced that the attitude revealed in the course of its meetings will, in the near future, enable the surplus quantities of wheat to be marketed and disposed of.

"As regards the details of the commercial operations which will have to take place and the terms of the contracts which will bind the purchasers to the vendors and will define the conditions governing their transactions, the Conference recognises that, in view of the great diversity of cases, it would be difficult for the Conference itself to prescribe an identical solution for all; but its members, being prepared to reserve a certain proportion of their imports of foreign wheat for wheat originating in the countries under consideration, undertake to initiate without delay the negotiations necessary to enable those transactions to be carried out, and thus to justify to the full the confidence which the Commission of Enquiry for European Union has placed in them. The results of their efforts will be communicated to the Commission of Enquiry for European Union at its forthcoming sessions."

"2. The Conference has studied in the same spirit the figures relating to the surpluses of maize and barley."

"It has noted that these surpluses, which are concentrated in a smaller number of countries, are less as a whole than the aggregate quantities of European imports needed for the current year."

"It has further noted that the importing countries are also prepared, as in the case of wheat, to reserve part of their imports of foreign maize and barley for maize and barley originating in the countries concerned. It has noted with satisfaction that large purchases have already been or are now being made, and that certain countries have taken special measures which, if applied in a liberal spirit, would facilitate the disposal of the stocks of certain exporting countries."

"The Conference is of opinion that action similar to that contemplated in the resolution relating to wheat should be taken by the European countries which are concerned in the importation of maize and barley."

"3. The Conference reserved the examination of the question of rye and oats."
EN FOI DE QUOI les délégués ont signé le présent Acte.

FAIT à Paris, le vingt-cinq février mil neuf cent trente et un, en simple expédition qui sera déposée dans les archives du Secrétariat de la Société des Nations; copie conforme en sera transmise à tous les Membres de la Société des Nations, ainsi qu’aux États non membres ayant participé à la Conférence.

DONE at Paris, the twenty-fifth day of February, one thousand nine hundred and thirty-one, in a single copy, which shall be deposited in the archives of the Secretariat of the League of Nations, and of which authenticated copies shall be delivered to all Members of the League of Nations, and to the States non-members which took part in the Conference.

ALLEMAGNE
Dr. A. HERMES

AUTRICHE
ScHÜLLEr

BELGIQUE
Sous le bénéfice des déclarations verbales faites à la séance du 24 février, relatives à la liberté du commerce des céréales en Belgique.

DE ROMRÉE.
J. VAN DER VAEREN
Albert HENRY

BULGARIE
B. MORFOFF

ESTONIE
C. R. PUSTA

FINLANDE
Maunor NORDBERG.

FRANCE
André FRANÇOIS-PONCET
M. LESAGE
Jules GAUTIER

GRÈCE
R. RAPHAËL

HONGRIE
Fr. VILLANI
E. WINCHKLER

ITALIE
Giuseppe DE MICHELIS
B. J. Ciancarelli.
Eugenio ANZILOTTI.
Albert BERIO

Translation. — Subject to the verbal declarations made at the meeting of February 24th, regarding freedom of trade in cereals in Belgium.
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ANNEX 12 a.

DISPOSAL OF 1930 CEREAL STOCKS.

1. LETTER FROM THE BRITISH GOVERNMENT TO THE SECRETARY-GENERAL OF THE LEAGUE OF NATIONS.

London, April 27th, 1931.

With reference to the Final Act adopted by the Conference of representatives of the grain-exporting countries of Central and Eastern Europe and of the European importing countries which met at Paris from February 23rd to February 25th last¹, under the auspices of the Commission of Enquiry for European Union, I have the honour to inform you, on instructions from His Majesty's Principal Secretary of State for Foreign Affairs, that, although His Majesty's Government in the United Kingdom fully sympathise with the States bordering on the Danube in their present difficulties, they regret that they were unable to associate themselves with the declarations embodied in the resolutions contained in the Final Act of the Conference in view of the difficult situation in certain overseas countries, notably in Canada, Australia and India, on which the United Kingdom of Great Britain and Northern Ireland ordinarily relies for its supplies of cereals.

I shall be grateful if you will be so good as to bring this decision to the knowledge of the other Governments which took part in the Conference.

Berne, May 1st, 1931.

Both internal and external trade in cereals and in the products manufactured from cereals are free in the Czechoslovak Republic. Under this legal system, the trend of events has been such that the Czechoslovak Republic can cover the greater part of its requirements in the matter of cereals and cereal products (especially flour)—for which it is not self-supporting—by imports from the agricultural States of Central and Eastern Europe. Taking the average for the four years 1926 to 1929, the Czechoslovak Republic covered its imports in this way—by means of imports from those States—as follows: wheat, 77 per cent; wheaten flour, 43 per cent; and maize flour, 68 per cent.

The Czechoslovak Government does not doubt that, even in the future, the Czechoslovak external trade in the commodities in question will develop in a manner favourable to the aforesaid Central and Eastern European States.

WORK OF THE COMMITTEE TO STUDY THE PROBLEM OF THE EXPORT OF FUTURE HARVEST SURPLUSES OF CEREALS.

REPORT ON THE WORK OF THE FIRST SESSION OF THE COMMITTEE.

(Paris, February 26th to 28th, 1931.)

The following members were present:

Chairman: His Excellency M. François-Poncet, Under-Secretary of State, Prime Minister's Department and Department of National Economic Affairs (France).


Belgium: M. M. Suetens, Director at the Ministry for Foreign Affairs. M. Van der Vaeren, Director-General at the Ministry of Agriculture. M. Albert Henry, Director-General at the Ministry of Agriculture.

Czechoslovakia: Dr. Antonín Prokes, Higher Counsellor at the Ministry of Agriculture. Dr. Ladislav Feierabend, Director-General of the “Kooperativa” (Union of Agricultural Co-operative Societies).


France (continued): M. COULONDRE, Minister Plenipotentiary, Sub-Director of Commercial Affairs, Ministry of Foreign Affairs.  
M. P. ARNAL, French Consul.  
M. J. MARTIN, “Chef adjoint du Cabinet” of the Minister of Finance.

Germany:  
Dr. ERNST, Director at the Ministry of Commerce.  
M. O. SARNOW, Counsellor at the Reich Ministry of Finance.  
M. WEBER, Counsellor at the Ministry of Agriculture.

Great Britain:  
Lord TYRRELL, British Ambassador at Paris.  

Italy:  
H. E. M. G. de MICHELIS, Ambassador, Senator.  
H. E. M. CIANCARELLI, Minister Plenipotentiary.  
M. I. BROCHI, Counsellor of State.  
M. E. ANZILOTTI, Director-General of Industrial Production and Trade at the Ministry of Corporations.  
M. G. C. STUCKY, President of the National Fascist Millers’ Federation.  
M. A. BERIO, First Secretary of Legation.

Norway:  
H. E. M. E. COLBAN, Norwegian Minister at Paris.

Switzerland:  
M. W. STUCKI, Director of the Commercial Division at the Federal Department of Agriculture and Industry.  
M. W. LAESSER, Director of the Federal Wheat Administration.

Yugoslavia:  
H. E. M. Constantin FOTITCH, Minister Plenipotentiary and Secretary-General of the Royal Ministry for Foreign Affairs.  
M. Milan TODOROVIC, Professor at the University of Belgrade.  
M. M. PILJA, Chief of Division at the Ministry of Commerce and Industry.  
M. L. GOTLIEB, Director of the Privileged Company for the Export of Agricultural Products.

* * *

The Committee, the appointment of which was requested by the Commission of Enquiry for European Union at its discussion on January 21st, 1931, met at Paris on February 26th, 27th and 28th in order to examine the difficulties which may constantly arise in the future from the disposal of surplus cereals harvested in Europe and to suggest any measures calculated to remedy them, “including all Customs arrangements”.

I. The Committee recognised in the first place that the disposal of surplus European cereals is not merely a European but a world problem, and that a wholly satisfactory solution could be reached only by an understanding between all the parts of the world concerned.

As compared with the pre-war figures, the total cereal-growing areas of Europe have not increased, although the yield is slightly greater. There is no over-production in Europe; there is over-production in the world as a whole, and, in view of the circumstances in which that over-production has taken place and the re-entry of Russian cereals into the market, it is clear that the resultant crisis would not settle itself until after a long lapse of time and at the cost of great suffering.

The Committee therefore considers that it is in the interest of producers in every continent to act together with a view to checking the spread of the crisis.

If, in response to the wish expressed by the Commission of Enquiry for European Union, all the overseas countries concerned agree to take part in the Conference which has been organised by the International Institute of Agriculture and which is to be held at Rome from March 26th, the latter will provide an early opportunity for the exchange of views which is essential.

II. With the above considerations in mind, the Committee entered upon the study of the proposals made to improve the European situation, and in the first place examined the advantages in Customs matters that the exporting countries of Central and Eastern Europe, which attach the greatest importance to them, asked certain European countries to grant.

On this subject the Committee took into consideration the work already accomplished by a Committee of the Conference for Concerted Economic Action held at Geneva in November 1930, the findings of that Committee as a result of its work being still valid. It also learned that practical attempts on the lines in question were shortly to be made by several European countries, which stated that they intended to carry them out with due reference to the definitions and the safeguards laid down in the Annex to the Final Act of the November Conference.

III. The Committee then turned its attention to other measures which seemed to it calculated to facilitate the regular disposal of the surplus cereals in question by improving the conditions of sale. In particular, it thinks that conditions and costs of transport which limit the area in
which these cereals can be disposed of will have to be examined by the national administrations of the transit and import countries.

These measures—the effect of which, though no doubt limited, would nevertheless be far from negligible—might with advantage be supplemented by banking measures relating to sales and purchases of cereals and methods of payment. Thus it might be possible to contemplate for the discounting of bills a better use of markets in which the rate of interest is low, the warranting of goods and possibly the introduction of the system of negotiable transport documents.

The Committee was also glad to note the progress recently made by exporting countries in the organisation of their exports of cereals. It earnestly hopes that these efforts will be continued.

As regards the purchasing countries, it also hopes that statistics will be collected more rapidly and in greater detail, in order to enable available stocks and requirements to be estimated at all times with greater certainty. Closer collaboration between the public services and private trade would also facilitate and render more fruitful negotiations with the organisations of selling countries.

The Committee desires to point out that several purchasers have expressed the hope that certain kinds of Danubian wheat will be better adapted to the preferences of the milling trade in their respective countries. They stated that action on these lines would undoubtedly lead to increased business and higher prices.

IV. The Committee was most interested to learn that active progress was being made with the preparatory work for the creation of an international institute for agricultural credit. It awaits with confidence the continuation and completion of that work.

V. The Committee desires to recommend that, agricultural phenomena being by their very nature liable to change, the problems arising out of the production of, and trade in, cereals in Europe may, if found necessary and at the most suitable time, be made the subject of further consultations under the auspices of the Commission of Enquiry for European Union.

With reference to the considerations set forth in the first part of the present report, the Committee thinks it might be desirable for it to be in a position to submit a supplementary report after the Rome Conference.


ANNEX 14.

UNEMPLOYMENT.

PROPOSALS OF THE INTERNATIONAL LABOUR ORGANISATION.

Note by the Secretary-General:

The Secretary-General has the honour to submit to the members of the Commission the following documents:

(1) Proposals of the International Labour Office for practical action in connection with unemployment in Europe;
(2) Extract from the draft Minutes of the eighth sitting, on April 22nd, 1931, of the fifty-second session of the Governing Body of the International Labour Office;

As an introduction to these documents will be found a summary prepared by the International Labour Office, of the memorandum referred to under No. 1. As will be seen from the Minutes (vide No. 2), the Governing Body of the International Labour Office instructed the Director to transmit the memorandum on unemployment to the Commission of Enquiry for European Union, together with the Minutes of the discussions which had taken place in the Governing Body, the proposals having been made on the Director's responsibility.

The Minutes are communicated in their draft form, as they still have to be approved by the Governing Body at its next session.

These documents are submitted to the Commission in accordance with Resolution No. VI, passed in January 1931 by the Commission of Enquiry for European Union, requesting the International Labour Office to acquaint it with the first results of the work undertaken on the question of unemployment.

Summary of the Proposals of the International Labour Office for Practical Action in Connection with Unemployment in Europe.

At its fifty-second session (April 18th to 22nd, 1931), M. Albert Thomas, Director of the International Labour Office, put before the Governing Body of the International Labour Office a memorandum, for submission to the Commission of Enquiry for European Union, with a view to practical action in connection with unemployment in Europe.

1 See Official Journal, February 1931, pages 209 and 473.
This document brings out the specifically European aspects of world unemployment. It recalls the conditions peculiar to Europe as regards the causes of the crisis and the means employed to attenuate its effects, more particularly by means of unemployment insurance. It lays special stress, however, on two points: (1) the organisation of the finding of employment for workers; (2) the execution of extensive public works.

1. **European Labour Exchange.** — The Convention on unemployment, adopted at Washington in 1919 by the International Labour Conference, laid the basis for the sound organisation of the finding of employment for workers. Of the twenty-four States which ratified that Convention, twenty-one are in Europe. The measures taken by them in the matter have certainly done something to make the crisis more bearable and even to attenuate it. It may be asked, however, whether the development of public employment exchanges in the various European countries is sufficient. The Convention provided that the operations of the various national systems would be “co-ordinated by the International Labour Office in agreement with the countries concerned.” This provision has remained a dead letter so far. The time has probably come to attempt to apply it in the case of the European countries.

Either the International Labour Office itself or some public institution of a non-commercial nature, established in connection with the Office, could act as a sort of clearing-house for the regular review of the demand and supply of labour in all occupations. What has been done as regards the buying and selling of certain materials required by industry might be attempted in the case of the organisation of the employment of workers, in order to give them all work and to remove the means of subsistence under acceptable conditions. Such an institution would be a sort of European labour exchange. It would present a moral as well as a material advantage; it would give European peoples the habit of considering questions of employment, not merely from the national point of view, but from an international point of view.

Recently, certain States have endeavoured to arrange exchanges of young workers, chiefly printers and hotel employees, with a view to enabling them to improve their knowledge of their trade and of foreign languages. The International Labour Office has acted as an intermediary in these exchanges. It has, moreover, with the assistance of various countries, done valuable work in the finding of employment for Russian refugees; in spite of particularly unfavourable conditions, employment was found for 35,000 of the refugees.

The ground is thus not entirely new. If so desired, a European Labour Exchange could be rapidly set up and get to work within the actual framework of the many laws designed to protect labour markets against invasion by foreign labour.

2. **Programme of Extensive Public Works in Europe.** — In a recently published study, the International Labour Office has pointed out the value for the various countries of a national public works policy laid down in advance and capable of alleviating, if not preventing, unemployment, by holding over until a crisis shows signs of appearing, the execution of works not absolutely required by a specific date.

Besides pointing out the importance of national public works as a partial remedy for the crisis, the Unemployment Committee, which met in January last, drew attention to “the possibility of Governments coming to an agreement, through the appropriate organs of the League of Nations, with a view to joint execution of extensive public works of an international character.”

Such work is of direct use to the country in which it is carried out, and it is of indirect, but not less vital, importance to other countries, through the substantial improvements which are provided for all concerned and through the orders of material or equipment and the demand for labour to which it gives rise. Such work would also present a psychological and moral advantage; it would interest all the countries of Europe in objects of a European character, and would thus develop that spirit of collaboration, that “European spirit”, which it is the object of the Commission of Enquiry for European Union to create.

Without attempting, at the present stage, to draw up a scheme, the International Labour Office directs attention to some ideas which have already been put forward in this connection.

One such idea is for a great international road system to meet the requirements of a constantly increasing motor traffic. Special routes for motor traffic are everywhere being made in the most advanced countries of Europe. They are, however, not connected with one another. Such a road system should have main arteries, both longitudinal and transversal. There might, for example, be one main artery passing through Paris, Vienna and Athens, and another through Paris, Berlin, Warsaw and Moscow, a transversal trans-alpine artery and another from the Balkans to the Baltic. This would represent the nervous system of the united Europe which it is desired to create.

A system of navigable waterways is also needed. Certain regional systems already exist and only require to be co-ordinated. The linking up of the Rhine and the Rhone and of the North German system with that of the Danube would be enterprises which would affect international waterways or waterways which pass through various countries. They would be of interest to a large number of commercial Powers of Western, Northern and Central Europe.

The Director of the International Labour Office also refers to the problem of the international distribution of electrical power, already mentioned by the Belgian Government in a memorandum to the Commission of Enquiry for European Union.

He refers, lastly, to a scheme with which the Office has long been specially preoccupied—the uniform and concerted substitution on all railways on the continent of Europe of a system of automatic coupling for the present system of screw coupling which still causes many fatal accidents every year. According to the calculations of experts, this undertaking, which is so desirable on humanitarian, economic and even technical grounds, would provide work for more than 600,000 men for five years.

* * *
The Director of the International Labour Office emphasises the fact that, in the considerations set forth, he has systematically confined himself to what was strictly within the competence of the International Labour Organisation and to those questions within the competence of the Organisation which could be studied by the Commission of Enquiry for European Union with a view to action in the near future. He fully realises that other economic or financial action may produce a greater effect in reducing unemployment, but notes the constantly recurring difficulties encountered in the negotiations which have been carried on for some years past in this connection.

From the point of view of the unemployed, immediate results are required; even if those results are limited, it does not matter so much provided they are tangible. Accordingly, the Director of the International Labour Office has deliberately left out of account in his memorandum more far-reaching and, possibly, in the long run, more effective proposals, such as problems of wages and hours of work, which, in their connection with unemployment, have given rise to controversy between the employers' and workers' representatives on the Governing Body. The study of these wide problems will be systematically continued as part of the normal work of the International Labour Organisation. In the proposals for submission to the Commission of Enquiry for European Union, the Director of the Office has confined himself to a few limited and definite suggestions concerned more especially with Europe.

In order that they may be studied and set in motion as rapidly as possible, he proposes:

(1) That a sub-committee of three members of the Commission of Enquiry for European Union should discuss with three members of the Governing Body of the International Labour Office, and with the assistance of experts—i.e., the heads of the competent administrations—the possibility of the immediate development of the international placing of workers and the migration of workers in Europe;

(2) That another sub-committee, on which the Governing Body of the International Labour Office might also be represented (for labour questions), should draw up a scheme of European public works to be carried out in the near future.

Proposals of the International Labour Office for Practical Action in Connection with Unemployment in Europe.

(For submission to the Commission of Enquiry for European Union, May 1931.)

The Commission of Enquiry for European Union adopted, in January 1931, the following resolution No. VI:

"The Commission of Enquiry for European Union,

"Being apprehensive in regard to the unemployment position in Europe and the very grave consequences it is producing;

"Requests the Secretariat of the League to acquaint it at the May session with the first results of the work undertaken by the Economic and Financial Organisation and the International Labour Office referred to in Resolution 16 of the eleventh Assembly."

A few days later the Governing Body, on the proposal of M. Sokal, Polish Government representative, instructed the Director to submit to it "a memorandum on the possibility of laying before the Commission of Enquiry for European Union, which will hold its meeting in May, proposals for practical action in connection with unemployment ".

The Director submits the following observations and proposals to the Commission of Enquiry:

I.

In order to ensure a reasonable division of work between the various bodies of the League, it is necessary at the outset to define exactly the competence of the International Labour Office and the part which it may take in any work which may be undertaken by the Commission of Enquiry for European Union with a view to reducing and, if possible, removing unemployment.

Unemployment is a social phenomenon distinct in itself from the economic depression. It is possible to imagine an organisation of employment such that economic depression might occur without the workers being inevitably thrown out of employment. Unemployment also exists during periods of economic prosperity.

The most serious unemployment, however, is usually the result of economic depression. It has even been said—wrongly, as a matter of fact—that it is only a symptom of depression. It is certain that, if it were possible to prevent cyclical and accidental economic disturbances of a more or less lasting nature, the chief causes of unemployment would be removed.
In September 1930, the League of Nations decided to make an enquiry into the development and causes of the present depression, and expressed the desire to obtain for this purpose the collaboration of the International Labour Office. In January, the Governing Body adopted a resolution which draws attention to certain economic factors which produce unemployment (excessive production of certain agricultural products, maladjustment between the production of certain industrial products and the markets’ power of absorption, the inelasticity in money and credit as related to the gold supply, lack of confidence causing an inadequate distribution of credit, the fall in the purchasing power of certain countries with a silver currency, too high cost of production in certain countries, disturbances in international commerce, maladjustment of movements of population to the resources of the world, extra-rapid development of labour-saving machinery and of certain methods of rationalisation). In its studies, the Office will endeavour to appreciate the importance of each of these factors; but, as regards both Europe and the world in general, it is for the Economic Organisation of the League to study the remedies for the depression and to make the necessary proposals.

At the same time, as emphasised by the Governing Body in its January resolution, the International Labour Office has a specific part which it can and should play, under its constitution, in order to protect the wage-earners against the evils of unemployment and, if possible, to prevent the occurrence of unemployment even during periods of depression. Through the promotion of employment exchanges, unemployment insurance, a policy of public works and an appropriate international settlement of the problems of wages and hours of work, the Office can and must endeavour to promote an organisation of employment likely to alleviate the suffering caused by unemployment, and even to prevent its recurrence.

The question thus arises whether the International Labour Office is able, in its own strictly defined sphere, to submit definite proposals to the Commission of Enquiry for European Union. At this stage it is necessary once more to recall the general principles emphasised in the first note submitted by the Office to the Commission of Enquiry. The work of the International Labour Organisation is of a universal nature. By definition the Organisation, which was set up to protect all wage-earners, is concerned only with universal problems for which universal solutions may be found. The Conventions and recommendations adopted by the Conference are of this universal nature. The Conference, while it takes account of special circumstances, adopts rules which are to be of universal application. They must be specially borne in mind in the present case, since the economic depression is worldwide in its nature, its causes go beyond the frontiers of individual States, and the reactions of one country on another, are appreciable and in some cases self-evident. The work on which the International Labour Office has been engaged since its establishment in connection with unemployment has always been of this universal nature.

The Organisation cannot, however, leave out of account certain regional aspects of labour problems. The “Labour” part of the Treaties of Peace itself, and some of the Conventions adopted by the Conference, express or apply the principle that the solution of certain problems should be adapted to the nature of certain regions and to the circumstances of their special development. It may therefore be asked why the Organisation should not do for Europe what it has done for certain tropical countries. The unemployment crisis, while being worldwide, presents, nevertheless, certain aspects which are peculiar to Europe.

Some of the general causes of unemployment which are mentioned in the resolution of the Governing Body, and with regard to which all the experts are in agreement, have exercised special influence in Europe. The agricultural depression is exceptionally serious in the countries bordering on the Danube. The over-production of certain raw materials and of industrial equipment, especially as regards coal mines and certain of the engineering industries, merits consideration in its relation to Europe. The lack of confidence which leads to imperfect circulation of capital has its chief source in Europe. Excessive cost of production is also characteristic of the European situation, at least as regards the western and Mediterranean countries in which manufacturing industries are highly developed, but which depend for their raw materials on other parts of the world. It is the old industrial countries of Europe which have particularly suffered in external trade from the establishment or development of new centres of production in America, the Far East and even in the southern hemisphere, and from the artificial barriers to international trade and the difficulties created in such trade by the problem of political debts. As regards the adjustment of movements of population to the resources of the world, it is in Europe more than anywhere else that there is possibly a surplus of workers as compared with the available employment.

As regards all these possible causes of economic disturbance and of unemployment, the Governing Body recognised their universal nature as well as their European nature. But there are still others which are peculiar to Europe. In most European countries during the war there sprang up various artificial industries, which have since been maintained as a result of national policies of protection. The existence of such industries under ordinary conditions is not justifiable and compromises the economic equilibrium of the Continent by reducing the normal exports of the countries in which these industries have always been carried on because of favourable physical and economic conditions. Thus Europe has become its own competitor on its own home market. The unemployment at present afflicting the workers in Europe would appear to be attributable, to some extent at least, to a lack of organisation in Europe.

The Economic Organisation of the League will no doubt have occasion to suggest to the Commission of Enquiry the steps which might appropriately be taken in Europe. Similarly, in
the special sphere of the Office, in accordance with and in execution of the principles laid down in the Conventions and recommendations, there is certain action which might appropriately be taken to combat the unemployment at present existing in Europe and which, in the opinion of the Office, should be brought to the notice of the Commission of Enquiry.

II.

Unemployment Insurance. — The establishment of unemployment insurance was the subject of one of the first recommendations of the International Labour Organisation. The object of the insurance is to compensate the unemployed to some extent for the loss of wages. Nevertheless, in the opinion even of those who, like the Director, do not consider that insurance reacts unfavourably on the re-employment of labour in spheres of activity capable of development either within the country or abroad, insurance does not cure a country of unemployment. It simply provides a measure of assistance for the unemployed.

That, however, is in itself an appreciable result. The reserves accumulated by insurance during periods of activity and prosperity maintain during periods of depression a certain purchasing power amongst those who no longer find remunerative employment. They also maintain the moral of those concerned—a by no means negligible advantage. In a country in which unemployment exists, they ensure to industry and to society a certain equilibrium and a certain power of resistance which enables the country better to withstand the depression.

This was brought out in the recommendation adopted by the Washington Convention in 1919, to the effect that "each Member of the International Labour Organisation establish an effective system of unemployment insurance either through a Government system or through a system of Government subventions to associations whose rules provide for the payment of benefits to their unemployed members".

Up to the present, unemployment insurance has developed almost solely in Europe. Reference to the tables recently published by the International Labour Office will show that systems of compulsory insurance against unemployment are already in existence in nine European countries (Austria, Bulgaria, Germany, Great Britain, Ireland, Italy, Poland, Switzerland (nine cantons), U.S.S.R.) covering more than 46 million workers, and that subsidised systems of optional insurance are in operation in eight countries (Belgium, Czechoslovakia, Denmark, Finland, France, the Netherlands, Norway, Switzerland (fourteen cantons)) covering 2,800,000 workers. This represents a considerable progress if it be remembered that, in 1919, the number of insured workers did not exceed 5 millions, the majority of whom—3,700,000—were in Great Britain, which was the only country in which at that time compulsory insurance existed, and even then it applied to certain industries only.

Much still remains to be done, however, in Europe in order to extend compulsory insurance to all countries of the Continent, and thus to increase the possibilities of economic co-operation on a footing of equality by removing the differences in the standard of living of the workers in the various countries.

In order to expedite progress on these lines, not, indeed, in Europe only, but throughout the world, the Governing Body of the Office will no doubt decide to submit at an early date to the Conference, as already suggested by the latter, a proposal for transforming the Washington recommendation into a Convention.

The Finding of Employment for Workers. — It cannot, of course, be maintained that unemployment is chiefly due to maladjustment of the labour supply. As has already been seen, the principal cause is the economic depression, which is aggravated in Europe by certain disturbing elements of a permanent nature. It is, however, quite obvious that a sound organisation of the finding of employment by public exchanges, such as are recommended in the Unemployment Convention adopted by the International Labour Conference at Washington in 1919, tends to render the depression less burdensome and even to reduce it. Redistribution of labour and transfer of workers from one industry to another, adjustment of supply and demand by a sound organisation of vocational guidance, systematic preparation and diffusion of information concerning offers of employment—these are the most immediate and most tangible results obtained from the establishment of public employment exchanges. But, if appropriately organised, these exchanges can do more than this. When they see that the requests for employment are increasing, they can indicate the appropriate moment for giving effect to a policy of public works, to which reference will be made later. They can be warned by employers who are rationalising their undertakings of the moment at which the process of rationalisation produces, at least temporarily, that unemployment which is so often the price which must be paid, and they can take steps to meet the situation.

The International Labour Office will no doubt have occasion at an early date to promote further measures of general interest for all the countries of the world. In the case of Europe, it cannot be denied that that continent has already shown considerable appreciation of the assistance to be derived from the institutions recommended by the 1919 Convention, since, of the twenty-four States which have ratified the Convention, twenty-one are in Europe, while one other European country has been authorised by its national authority to ratify, and, in the case of two others, ratification has been recommended by the Government to the national authority.

1 International Labour Review, Vol. XXVII, No. 1, January 1931, pages 50 and following. In the case of Italy, the number of insured should be calculated at 5,000,000, instead of 2,600,000.

2 Austria, Belgium, Bulgaria, Denmark, Estonia, Finland, France, Germany, Great Britain, Greece, Hungary, Ireland, Italy, Luxemburg, Norway, Poland, Roumania, Spain, Sweden, Switzerland, Yugoslavia. The three non-European countries are India, Japan and the Union of South Africa. Ratification has been authorised by the competent authority in the Netherlands; in Czechoslovakia and in Latvia the competent authority has been recommended to ratify.
It may be asked, however, whether this development of public employment exchanges in the various European countries is sufficient. The Washington Convention provided that “the operations of the various national systems would be co-ordinated by the International Labour Office in agreement with the countries concerned”. It must be admitted that this particular provision has remained a dead letter so far. The time has probably come to attempt to apply it in the case of the European countries.

Some Governments have already shown the importance which they attach to this provision. Thus, in its last report on the enforcement of the Convention, the Polish Government expressed the desire that the International Labour Office, after consultation with the countries concerned, should make proposals in order to render uniform the methods of finding employment.

It would, however, be possible to go further. Even in times of serious unemployment, there are often industries which, in certain countries are short of labour, and for the requirements of which it might be more economical, from a general European point of view, to bring trained workers from another country rather than to attempt to adapt to employment in those industries unemployed workers in the country itself who might be skilled in other work. Either the International Labour Office itself or some public institution of a non-commercial nature established in connection with the Office could act as a sort of clearing-house for the regular review of the demand and supply of labour in all occupations. What has been done as regards the buying and selling of certain materials required by industry might be attempted in the case of the organisation of the employment of workers in order to give them all work and the means of subsistence under acceptable conditions. Such an institution would be a sort of European labour exchange. If it could be established and brought into operation, the material advantage would be at once obvious. But the moral and, so to speak, psychological advantage would be at least as great. It would give to European peoples the habit, which they are still far from possessing, of considering questions of employment, not merely from the national point of view, but from an international point of view. Recently, certain States have endeavoured to arrange the exchanges of young workers, chiefly print boys and hotel employees, with a view to enabling them to improve their knowledge of their trade and at the same time to acquire also a knowledge of foreign languages. In this connection, the International Labour Office has acted as an intermediary between various international associations of employers and workers interested in these exchanges. The absence of international systems of employment offices has constituted an obstacle to such exchanges, with the result that there has been created in some countries a certain amount of discontent and dissatisfaction which is not conducive to harmonious co-operation. Doubtless it would be desirable that such an employment exchange should not be merely European, but should become universal. It seems to the Office, however, that, in order to be successful, the experiment should at the outset be limited in scope and carried out on conditions offering the possibility of success. In Europe, the way has been prepared by the various ratifications of the 1919 Convention, in addition to which there is the fact that the suggested exchanges of workers would be facilitated by the relatively limited extent of European territory and the relative proximity of the two points within which the exchanges would take place. If the experiment obtains the success desired, the scope could be enlarged so as to become worldwide, but it would appear that it should first be tried in Europe.

Encouragement to undertake it is to be found in the work done by the Office, with the assistance of various countries, in the finding of employment for Russian refugees. In spite of particularly unfavourable conditions, it was possible to find employment for 35,000 of the refugees.

Migration within Europe. — In addition to the problem of placing the individual worker in employment, which concerns particularly the skilled worker and the employer requiring his services, it is necessary to distinguish certain other mass movements of an international character which are caused by the necessity of adjusting population to the economic development of the various countries, and which lead to the establishment of definite currents of migration of a more or less regular nature. Attention used previously to be concentrated on overseas migration, which was the largest in volume, and which was long the only kind of migration with regard to which statistics were available. Closer study has shown that considerable importance must be attached also to the migration of workers from one European country to another. Such migration has, moreover, developed according as overseas migration has diminished through the necessity, at first scarcely felt but now increasingly appreciated and expressed by European nations, of adapting themselves more closely to the possibilities of their own continent.

Migration of this kind has long taken place from Belgium, Spain and Italy into France, from Italy into Switzerland, and from Poland into Germany. For some ten years past regular movements have been observed from Poland, Czechoslovakia, Austria, Hungary and Roumania into France, from Poland into Denmark, and from Austria and Czechoslovakia into Germany. There are many other movements of the same kind. All these movements could not be left unregulated or serious difficulties of all kinds would have occurred. They required to be controlled, organised and regulated, according to variations in the conditions from which they arose. A policy of bilateral international agreements has been developed for this purpose. It would appear that steps might be taken further to develop this policy.

In the first place, there might be developed amongst European countries greater exchange of information on the changing conditions of the labour market in the various occupations in the various countries. The Office could thus furnish full and objective information to emigration countries concerning the conditions of employment and residence obtaining in the immigration countries. This the International Labour Office has already done, to the extent of the information which it possesses, in the case of all the countries of the world, and it could develop its work even further in the case of such European countries as would be prepared to increase the volume and reliability of the information furnished. Here again, as in the matter of the finding of employment for individuals,
the International Labour Office could render undoubted service as a “clearing-house”, unless such duty could be better discharged by the European labour exchange suggested previously. The International Labour Office could, however, especially in view of the duties assigned to it by the Treaty of Peace, of which the essential feature is the protection of the wage-earners, intervene in order to ensure that the living and working conditions of immigrant workers are on the same level as those enjoyed by the subjects of the immigration countries. Such equality of treatment is very desirable, particularly in Europe. Many immigration countries, rich industrial countries, have laid down for their workers standards which they legitimately fear might be lowered if new arrivals were able to work on lower standards. Hence the utility of bilateral agreements between immigration and emigration countries, which, while regulating the procedure for the recruitment and placing of workers with a view to the national interests involved, also ensure to national and foreign workers the same treatment for the same work. Twenty-four such agreements are already in force in Europe, covering sixteen States. Of these twenty-four agreements, eleven are agreements between Governments, four are agreements between administrations, four are non-official agreements, and five are clauses concerning migration contained in commercial treaties. This situation contains features which may inspire some degree of satisfaction. It would, however, be desirable if it could be supplemented, for by no means all countries of emigration have as yet concluded agreements with countries of immigration. Among the former, Poland and Austria have each concluded five agreements, but Italy only three, Czechoslovakia three, Yugoslavia and Hungary two each and Roumania one. Among the countries of immigration, France has already concluded eight agreements and Germany five, but Belgium has only made four, Luxemburg two and Switzerland one. The International Labour Office is able to offer its services with a view to promoting the conclusion of further agreements. It can give still further help in establishing definite rules by embodying in a Convention the main principles on which every bilateral agreement should be based. Thus, the free circulation of workers, which is not less desirable than the free circulation of goods, would gradually be established in Europe and would at the same time be regulated and provided with safeguards. The provision of proper safeguards for emigrants and their suitable distribution in accordance with their capacities and the requirements of the countries of immigration would regularise migration currents, and would probably increase their volume, thus tending to alleviate unemployment in countries which at present appear to be over-populated in comparison with their productive capacity and the opportunities of employment which they offer. Such are the lines on which the internal problem of migration within Europe may be dealt with. Europe, however, has been in the past, and still is to-day, mainly a region of transoceanic emigration. Surely it would do well to try the method of the “united front”. A united Europe would surely be in a better position to negotiate migration treaties with oversea countries which would make due allowance for the requirements of both parties. Here, again, the work which might be done by the International Labour Office or an official institution set up in connection with it, acting as a clearing-house both for information on requirements and for the distribution of migrants, would be of great value. Moreover, a European organisation could consider the possibility of granting credits to countries of immigration which might require them in order to receive European immigrants, to establish them and to equip them. The policy of international credits which has recently been inaugurated for the benefit of European agriculture might also be applied in other directions. One of the most suitable and fruitful fields for such a policy would be the settlement in foreign countries of some proportion of the surplus working population which at present clogs the European economic system, and shows signs of becoming a possible social danger.

Organisation of Public Works. — In a recently published study, the International Labour Office has pointed out the value of a national policy of public works, for those countries which have drawn up schemes in advance, in alleviating if not preventing unemployment. What is meant here is not the improvised organisation of “relief works” at a time when unemployment threatens to prevail or has already appeared. Improvised works of that kind can never be more than an uncertain palliative which produces comparatively little effect, and may even impede the resumed activity of private industry. On the other hand, however, the preparation of a well-thought-out scheme of public works useful to the community and economically profitable, to be carried out in sections as soon as an unemployment crisis shows signs of appearing, may be extremely effective. Work of this kind should be begun before unemployment becomes acute—e.g., when the number of unemployed amounts to about 4 per cent of the total working population. The work should, if possible, not create any artificial demand for labour. It should not induce regularly employed workers to leave their ordinary posts, nor should it provide employment for regularly employed workers to leave their ordinary posts, nor should it provide employment for

1 The following are the States parties to the Treaties (the names in parentheses are those of the States with which the State mentioned has concluded a bilateral treaty): Germany (Austria, Lithuania, Poland, Czechoslovakia, Yugoslavia); Austria (Germany, France, Hungary, Poland, Czechoslovakia); Belgium (France, Italy, Luxembourg, Poland); Denmark (Poland); France (Austria, Belgium, Hungary, Italy, Poland, Czechoslovakia, Roumania, Yugoslavia); Hungary (Austria (France); Italy (Belgium, France, Luxembourg); Latvia (Lithuania, Poland); Liechtenstein (Switzerland); Lithuania (Germany, Latvia); Luxembourg (Belgium, Italy); Poland (Germany, Austria, Belgium, Denmark, France, Latvia); Roumania (France); Switzerland (Liechtenstein); Czechoslovakia (Germany, Austria, France); Yugoslavia (Germany, France).

vacancies created in certain districts and certain undertakings. The work should, moreover, be organised on economically sound lines; in other words, the wage rates should be those normally paid.

National public works organised on these lines are bound to produce good results. Not only do they directly diminish the number of unemployed, but the economic activity which they stimulate, by ordering tools and material from private industry, and by increasing the purchasing power of the worker (who in all cases receives a higher wage than the sum which he might obtain through a system of unemployment insurance or public relief), restores confidence in private industry and promotes its activity.

It will thus be seen that good effects of various kinds may be produced by systematically planned public works, the execution of which can be adjourned in time of prosperity and hastened when a crisis appears. The publication of the International Labour Office analyses such schemes of public works and the effects produced in various European countries, France, Germany, Finland, Great Britain, Sweden, Norway, Switzerland and Italy. Up to the present, however, no concerted schemes of public works planned on a European scale for the benefit of Europe have come into existence.

The Unemployment Committee of the International Labour Office drew attention to "the possibility of Governments coming to an agreement through the appropriate organs of the League of Nations with a view to joint execution of extensive public works of an international character". The value of such work is two-fold. It is of direct use to the country in which it is carried out, and it is of indirect but not less vital importance to other countries through the substantial improvements which are provided for all concerned, and through the orders of material or equipment and the demand for labour to which it gives rise. Indeed, such work would also present a psychological and moral advantage. It would interest all the countries of Europe in objects of a European character and would thus develop that spirit of collaboration, that European spirit which it is the object of the Commission of Enquiry for European Union to foster.

It is interesting to note that the idea of great international public works has haunted the minds of all those who, for more than a hundred years past, have dreamed of a united Europe. It was the idea which Saint-Simon put forward so ably in his remarkable memorandum of 1815. Quite recently it was put forward again by the American engineer, Dannie Heineman,1 who endeavours to show that Europe, like the United States of America, cannot create economic equilibrium and close solidarity except by improving and developing the machinery for inter-course, roads and railways.

It would no doubt be premature and presumptuous to attempt at the present stage to draw up a scheme of international public works for Europe. Some ideas have, however, already been put forward, and the International Labour Office may draw attention to them by way of example.

One of such ideas is that of a great international road system. Europe already has, of course, numerous and fine roads; certain European road systems are among the finest in the world. But at the present day, when motor traffic is increasing so enormously and so rapidly, it surely can hardly be maintained that any of these road systems is entirely sufficient to meet the needs of international trade. Special roads for motor traffic are everywhere being made in the most advanced countries of Europe. They are, however, not connected with one another, but rather resemble scattered fragments of a body which has not yet come into existence and which does not even appear to have been imagined as a whole by any human mind.2 Such an international road system should have main arteries, both longitudinal and transversal. There might, for example, be one main artery passing through Paris, Vienna and Athens, another through Paris, Berlin, Warsaw and Moscow, a transversal trans-Alpine artery and another from the Balkans to the Baltic. This would, as it were, represent the nervous system of the united Europe which it is desired to create.

A system of navigable waterways is also needed. Certain regional systems already exist and only require to be co-ordinated. The linking up of the Rhine and the Rhone and of the North German system with that of the Danube would be enterprises which would affect internationalised waterways or waterways which pass through various European countries. They would be of interest to a large number of commercial Powers of Western, Northern and Central Europe.

Something has already been done, though only on a small scale, in the direction of transmitting electric current from one country to another. Arrangements for this purpose have been made between Switzerland, on the one hand, and France, Germany and Italy on the other hand, as well as between France and Belgium. The Belgian Government, in a memorandum addressed to the Commission of Enquiry for European Union in January 1931, raises the problem of the international distribution of electrical power. This would be an extremely useful piece of work and would help to provide Europe with a unified economic organisation, which would be one of the surest pledges of its political and spiritual union. It will, of course, be realised that important orders for material of various kinds would have to be placed in numerous countries for an undertaking of this kind. 3

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1 Esquisses d'une Europe nouvelle, Brussels, 1931.
2 Cf. the recent schemes for motor roads worked out by M. Péligué and M. L. Lainé, who lay stress on the international character of their French roadway scheme. As regards the development of railway systems, the Office has received a copy of an inter-European and Asiatic railway scheme submitted to the Communications and Transit Committee of the League of Nations by an Italian engineer, M. Barduzzi.
3 Cf. "Les deux Europes", by M. Delaisi, and "The Importance to be attributed to Electricity for the Transformation of Europe, B" in a pamphlet by Mr. Heineman.
It is not necessary to put forward too many suggestions of this kind at the present stage, but a word may nevertheless be said concerning a scheme with which the Office has long been specially preoccupied—the uniform and concerted substitution on all railways on the Continent of Europe of a suitable system of automatic coupling for the present system of screw-coupling, which still causes many fatal accidents every year. In accordance with a resolution adopted by the Labour Conference in 1928, a committee was set up to study this problem. That committee got into touch with the International Railway Union, which is studying the technical, economic and financial aspects of the problem. The studies are proceeding satisfactorily, and it is hoped that a solution may be reached in a comparatively short time. It is not necessary to explain in the present note the details of what is being done. It may, however, be pointed out how much an undertaking on so large a scale and presenting such great social and, indeed, economic utility (for not only is it economically desirable to save human lives, but even from the technical point of view the change would present advantages) might do to promote the solution of the terrible problem of unemployment. A qualified expert gives the following figures regarding the operations which would have to be carried out in Germany alone for the introduction of automatic coupling: 750,000 trucks would have to be equipped, the total expenses would be about two milliard Swiss francs, and of this sum he estimates that only one-fifth would be absorbed by material and four-fifths, or 1,600,000,000 Swiss francs, by wages. Taking as a basis a wage of 10 francs per day and estimating the period required for the work at five years, it will be seen that work would be provided for more than 100,000 men for five years to transform the German material alone. The total number of railway trucks in Europe is six times as many as the number in Germany; thus, more than 600,000 workers would be provided with employment for five years if this work, which is of undoubted international utility, were undertaken.

It is fully realised that these questions are new ones. They may encounter scepticism, they may disturb traditional views and arouse uneasiness among particular interests. Nothing can be done on the line here suggested without a bold general conception, international financial co-operation and the sacrifice of certain narrow national interests. It would, nevertheless, appear that the idea of international public works is gradually making headway. In the discussion which took place on this point in connection with unemployment at the meeting of the Governing Body of the International Labour Office in January 1931, the German Government representative stated that the idea of public works carried out in accordance with international agreements might well be developed and might lead to practical results. He stated that certain European countries, such as Great Britain and Germany, which have long suffered from an unemployment crisis, are meeting with increasing difficulties when they attempt to inaugurate public works of real economic utility. There remains the resource of undertaking international public works in collaboration with other States which have adequate funds at their disposal.

III.

In the considerations set forth above, the Office has systematically confined itself to what fell strictly within the competence of the International Labour Organisation; may, more, to those questions within the competence of the Organisation which could be studied by the Commission of Enquiry for European Union. It is, however, impossible not to realise the constantly recurring difficulties encountered in the negotiations which have been carried on for some years past in order to put these ideas into application. It is impossible not to realise that, even if such a programme were progressively carried out, it would not be followed by an instantaneous recovery of the economic system which is so profoundly disturbed. It must, indeed, be recognised that certain reform measures, such as the reduction of Customs barriers, might at first cause increased unemployment among certain classes of workers.

From the point of view of the unemployed, immediate results are required; even if those results are limited, it does not matter so much provided they are tangible. The action proposed above would produce direct and speedy effects. For the same reason the Office has in the present memorandum deliberately left out of account more far-reaching, and possibly in the long run more effective, proposals, which are definitely within the competence of the International Labour Organisation, but for the immediate realisation of which the Organisation is not yet in a position to take effective action. What the Office has in mind is the problems of wages and hours of work which, in their connection with unemployment, have given rise to controversy between the employers’ and workers’ representatives on the Governing Body. No opinion will therefore be stated in the present note concerning the immediate effectiveness of a reduction in the working day or week, or of the maintenance (pending the raising) of wages as a means of combating unemployment. It nevertheless appears certain that closer agreements on the lines of the Conventions with a view to improved conditions of labour, such as those which the Office is at present endeavouring to promote in the case of coal mines, would decrease unfair competition and would remove many of the causes of unemployment in Europe. The study of these wide problems will be systematically continued as part of the normal work of the International Labour Organisation. The present memorandum is confined to a few limited and definite suggestions, concerned more specially with Europe.
In order that they may be studied and set in motion as rapidly as possible, the following proposals are made:

"1. That a sub-committee of three members of the Commission of Enquiry for European Union should discuss with three members of the Governing Body of the International Labour Office, and with the assistance of experts—i.e. the heads of the competent administrations—the possibility of the immediate development of the international placing of workers and the migration of workers in Europe.

"2. That another sub-committee, on which the Governing Body of the International Labour Office might also be represented (for labour questions), should draw up a scheme of European public works to be carried out in the near future."

It is quite realised that the adoption of these proposals would not mean the end of unemployment in Europe. It would, however, mean that some part of the work which could be carried out at once in connection with labour protection would have been attempted.

Rapid action is possible in connection with the finding of employment and migration. If it is desired, a European Labour Exchange could be set up rapidly and could work on the lines laid down by the numerous laws intended to protect national labour markets against an excessive influx of foreign labour. The question of public works would, of course, require more time. Even in the national sphere, the difficulties have sometimes proved discouraging. Internationally, there will, of course, be still more obstacles. It will be necessary to overcome prejudices in many quarters. Technical and financial difficulties will be encountered. It must not be thought that, before they have been overcome, the present terrible unemployment crisis will have been remedied by a spontaneous recovery of industry. It must be remembered that depression may recur, and preparations must be made to set in motion the great international mechanism constituted by a far-reaching and well-considered scheme of international public works. It must not be forgotten that, in addition to the cyclical elements in the present depression, which act alternately in one direction and in the other, there are the elements of endemic unemployment from which certain great European countries have suffered for years past and will perhaps suffer for years to come.

In the interests of all parties, Europe as a whole must show its sense of solidarity. Collaboration for the execution of great public works and for the institution of a European Labour Exchange would have a limited but nevertheless definite utility in reducing the number of the unemployed. It would, moreover, have considerable moral value for the development of European unity. If the Commission of Enquiry can transform these two simple formulae of systematic European collaboration into reality, it will have proved the possibility of movement by moving. The action outlined above represents the two first steps which it is proposed that it should take.

Geneva, April 15th, 1931.

THE GOVERNING BODY OF THE INTERNATIONAL LABOUR OFFICE.

FIFTY-SECOND SESSION, APRIL 1931, GENEVA.

Extract from the Draft Minutes of the Eighth Sitting.

(Wednesday, April 22nd, 1931, Afternoon).

The eighth sitting of the fifty-second session of the Governing Body of the International Labour Office opened at 3.30 p.m. on Wednesday, April 22nd, 1931, at the International Labour Office, Geneva.

The following members were present:

M. Arthur Fontaine (Chairman).
Sir Atul Chatterjee.
M. Gemmill.
M. Johanson.
M. Jouhaux.
Mr. Kirkaldy (substitute for Mr. Forbes Watson).
M. Krueger (substitute for M. Vogel).
M. Laemmle (substitute for M. Weigert).
M. Lambert-Ribot.
M. Mahaim.
M. Marchesi (substitute for M. Olivetti).
M. Mertens.
M. de Michelis.
M. Molin.
M. Müller.
M. Oersted (substitute for M. Hodač).
M. Posada.
Mr. Poulton.
Mr. Riddell (substitute for Mr. Robertson).
Mr. Schürch (substitute for Mr. Moore).
M. Sokal.
Mr. Wolfe (substitute for Mr. Lawson).
M. Yoshisaka.

Absent:
M. Cantiло.

The following deputy members were present:
M. Backlund (substitute for M. Hueber).
M. Brablec.
M. Curgin.
M. Erulkar (substitute for M. Fujita).
M. Lecocq (substitute for M. Gérard).
M. Schevenels (substitute for M. Caballero).
M. Tzaut.
M. Vanek (substitute for M. Oersted).
M. Zulawski.

There were also present:
M. Albert Thomas, Director of the International Labour Office.
Mr. H. B. Butler, Deputy Director of the International Labour Office.
Mr. Phelan and Mr. Pône, Secretaries to the Governing Body.
M. Viple, Chef de Cabinet of the Director.
M. Berio, accompanying M. de Michelines.
M. Larriola, accompanying M. de Michielis.
Miss Clark, accompanying Mr. Riddell.
M. Hosono, accompanying M. Yoshisaka.
M. Ishii, accompanying M. Yoshisaka.
Mr. Kerwyn de Meerenbré, accompanying M. Lecocq.
Mr. Mather, accompanying Sir Atul Chatterjee.
M. Picqueunard, accompanying M. Arthur Fontaine.
M. Carlos Posada, accompanying M. Posada.
Mr. Rolls, accompanying Mr. Kirkaldy.
M. Rosner, accompanying M. Sokal.
M. Sjöstrand, accompanying M. Molin.
Mr. Somervell, accompanying Mr. Wolfe.
M. Waline, accompanying M. Lambert-Ribot.

Twelfth Item on the Agenda: Continuation of the Discussion on Unemployment.

The Director reminded the Governing Body of the conditions under which it had instructed the Office at its fifty-first session to prepare for the April session a memorandum on the possibility of laying before the Commission of Enquiry for European Union, which would hold its next meeting in May, proposals for practical action in connection with unemployment, while itself continuing its researches and activity in the international sphere.

The Unemployment Committee had not met again before the present session of the Governing Body, and, since the agenda of the present session was very heavy, the Office had mainly directed its efforts on the unemployment question towards preparing the memorandum on which the Governing Body was called upon to take a decision.

In addition, the resolution adopted at the fifty-first session of the Governing Body had been communicated to the Organisation Sub-Committee of the Commission of Enquiry for European Union, which had referred to it in its report. If therefore the Governing Body approved the lines on which the Office in its memorandum proposed to lay the question before the Commission of Enquiry for European Union, the Office would send the memorandum to that Committee.

The Director's report to the fifteenth session of the International Labour Conference would, moreover, deal more specially with the question of unemployment as a whole, so that the Conference could hold a general discussion on that question.

The memorandum submitted to the Governing Body might be considered to be of a somewhat limited and cautious nature. Although the unemployment problem and its remedies were of a universal character, and the International Labour Organisation was concerned with solutions which might be applied to the whole world, there were nevertheless certain aspects peculiar to Europe, and it was of course with those aspects that the memorandum primarily dealt.
The possible remedies for unemployment in Europe might be of a political, financial or economic character, which removed them outside the competence of the Organisation. Thus, for example, far-reaching measures might be contemplated with a view to a Customs truce or a more satisfactory distribution of gold, the improvement of the circulation of capital or the distribution of credit. The Office could, of course, refer to the importance of such elements; but it should mainly devote its energies to drawing attention to the measures and reforms which fell within its competence. However limited those measures might appear, it felt that it was its duty to recommend them.

M. Yoshisaka said that the memorandum of the Office on unemployment from the European point of view contained certain suggestions which deserved particular attention in view of their permanent character.

The memorandum dealt with certain phenomena and certain causes of unemployment which it considered as specifically European. Nevertheless, even within Europe itself, conditions were not always similar, and the intensity and character of the crisis differed in different districts. Moreover, certain of those phenomena and causes existed to an even greater extent in overseas countries than in certain European countries. It therefore appeared that the measures proposed in the memorandum, as, for example, the organisation of international public works, employment exchanges, and so on, could be applied to overseas countries as well. If international public works, for example, were organised on a wider basis than that of Europe, it would be greatly to the advantage of the European Labour Exchange.

The memorandum referred to the question of emigration only from the European point of view. Here again the exchange of labour should not be limited to European emigration, but should aim at an exchange of workers between countries in all continents. There were some overseas countries whose interests were identical with those of European countries, and those countries would welcome international action on broad lines, especially in connection with measures of a permanent character.

Incidentally, M. Yoshisaka would be glad if the Director would indicate on what legal basis the question of unemployment could be treated specially with regard to Europe.

M. Picquenard said that, while it would be desirable for the Organisation to be able to put forward practical suggestions for remedying unemployment, he thought it might be dangerous to recommend measures which could not be carried out in the near future, as the prestige of the Organisation might suffer if they were unsuccessful.

The memorandum of the Office expressed the opinion that a European Labour Exchange could be set up rapidly, but that the organisation of international public works would require more time. It might be questioned, however, whether the organisation of the Labour Exchange would not in fact encounter the same difficulties as the organisation of international public works. This depended on what the European Labour Exchange was to be. If it were proposed merely to centralise information concerning the labour market in the various countries, it could, of course, be organised at a very early date.

The information which the majority of European States furnished periodically to the International Labour Office under the Unemployment Convention might serve as a basis for its work, and if that information were published earlier, in more detail and with greater uniformity, valuable progress might be made.

If, however, it were proposed that the European Labour Exchange should play a more active part, and should itself undertake to place workers in employment and to act as an intermediary between applications and vacancies, its functions would be of a much more delicate nature and would doubtless encounter serious difficulties. It was well known that the balancing of applications and vacancies within a country was a difficult matter, and the difficulties would be much greater when several different countries were concerned. Workers could not be treated as interchangeable merchandise; their origin was not a matter of indifference to their future employers. Foreign workers would obviously be more acceptable in proportion as the customs and methods of working of their country of origin resembled those of the country of immigration. Similarly, a country of immigration would obviously be inclined to give preference to workers from neighbouring countries, since their transport and possible repatriation would be easier and less costly. Moreover, the countries of emigration themselves would want to know in what countries and under what conditions their transport and possible repatriation would be easier and less costly. Foreign workers would obviously be more acceptable in proportion as the customs and methods of working of their country of origin resembled those of the country of immigration. Similarly, a country of immigration would obviously be inclined to give preference to workers from neighbouring countries, since their transport and possible repatriation would be easier and less costly. Moreover, the countries of emigration themselves would want to know in what countries and under what conditions its nationals were to obtain employment.

Questions of that nature had, up to the present, been governed by bilateral treaties, and it might be questioned whether they were more satisfactorily regulated by a European organisation working on international lines. In any case, the negotiations would take a long time, so that the European Labour Exchange could not be put into practical operation for some considerable time.

Reference had been made to the action taken by the Office in placing refugees. But it must be remembered that only 35,000 persons had been dealt with in the course of several years, and that the operation was not really one of balancing applications and vacancies. It really came under the category of assistance, and was not carried out in order to supply definite labour requirements.

But, even if these difficulties were overcome, it was not certain that a European Labour Exchange would really bring practical relief to the present unemployment crisis. It could not
balance applications and vacancies unless both existed. There would be no difficulty in finding available workers in most countries, but while the world crisis continued, it would be difficult to find countries where such workers could be employed. As far as France was concerned, labour available workers in most countries, but while the world crisis continued, it would be difficult to balance applications and vacancies unless both existed. There would be no difficulty in finding economic causes of the present crisis and of unemployment had been reviewed, but not very sufficiently represented on the sub-committee so that all points of view could be taken into consideration. It was probable that, if the Office had been able to consider the question as a whole, the result of its studies might have been better balanced. In the introduction to the memorandum, the economic causes of the present crisis and of unemployment had been reviewed, but not very clearly or fully. Thus, the memorandum made no reference to the part played by Stock Exchange speculation, which was of the greatest importance, particularly since close connections existed between the principal stock markets of the world. It might, therefore, have been better to make no reference whatever in the memorandum to the economic aspect of the question.

With regard to the remedies of a social nature with which the Office considered itself competent to deal, it appeared, as M. Picquenard had suggested, that too optimistic a view had been taken of the immediate results to be obtained. In fact, economic measures alone could effectively remedy the general economic crisis and the resulting unemployment crisis. The measures which fell within the competence of the Organisation were really of a secondary character, and the memorandum attributed too much importance to them. The memorandum also contained certain contradictions. On the one hand, it called attention to the necessity of increasing economic collaboration on a basis of equality and of making efforts to render conditions of work uniform in order to decrease "unfair competition"; but, on the other hand, it made no reference to certain factors such as rates of interest of which, in the poorer countries of Eastern Europe, had a serious effect on costs of production. If there was to be any reference to competition, all its elements should be taken into consideration.

M. Picquenard had referred to bilateral emigration treaties, but even countries where such treaties were in operation frequently expelled foreign workers. It had even happened that workers' organisations had demanded that foreign workers should be replaced by nationals. Before setting up labour exchanges to find employment for workers internationally, it would be necessary to leave foreign workers in the countries where they had already found employment.

Reference had been made to the work of the Office in placing Russian refugees. That, however, had been an entirely different matter. It was not likely, for example, that the European unemployed would consent to work in South America.

With regard to public works, it seemed that, during the economic crisis, the budgets of the various States which mostly showed a deficit could scarcely be expected to bear the additional expense required for work mainly undertaken as a remedy for unemployment. It must also be considered whether the various countries would have sufficient credit to raise loans under such conditions.

As regards the two committees suggested at the end of the memorandum, he proposed that the first should consider primarily the question of requiring Governments to retain foreign workers who were already employed in their countries, and postpone until a later date its consideration of the other subjects suggested in the memorandum, and that the second committee should in any case consider the financial and credit situation of the countries in which public works might be undertaken.

M. Müller said that he was greatly disappointed with the memorandum submitted by the Office. It was true that the Office stated that the remedies proposed would not result in a definite elimination of unemployment but would merely tend to bring about its rapid reduction in certain directions. The remedies suggested, however, appeared, in the light of the painful experience of the German workers, to be illusory.

Unemployment insurance, for example, would be universally admitted to be nothing more than a remedy for the miseries caused by unemployment and not for unemployment itself. It might at the most have a certain influence in alleviating the crisis, since the relief paid to the unemployed maintained their purchasing power to some extent.

With regard to public employment exchanges, it was difficult to see what useful purpose they served, even if they were to be developed as they had been in Germany, when there was no demand