He had studied with close interest that Committee's report, which set forth in detail the difficulties implicit in each of the conceivable systems.

He had acquired the impression that the authors of the report had attempted the impossible by suggesting a complete system obviating any possibility of fraud and closing all gaps—it in particular, by transit measures. Had it been necessary to build up a scheme as perfect as that in the present instance, they would have had to wait until the war was over, whereas their whole object was to bring the war to an end as quickly as possible. There was the experience of the Disarmament Conference, which had overreached itself by being over-ambitious.

Two different views had been expressed in the present Committee. For his own part, he thought that, before arriving at a judgment in favor of either, or of a combination of both, delegates must have time to think the matter over, and that consequently the moment had not yet come to set up a sub-committee for any particular class of studies.

Each of the systems proposed had its drawbacks and its advantages.

The defect of the system of prohibiting exports from Italy to each of the participating countries was that it left Italy free to concentrate her opportunities for buying on the key products of the war industry. The fundamental defect of the other system was that it was not likely to be speedy in application, and some of the methods of application had already been seen to involve difficulties.

He did not intend to express a definite opinion that day, though he felt that Article 16 could be more effectively applied by stopping exports from Italy, since that would lead to tangible results more rapidly than any other system. It was, however, desirable to be quite clear as to the defects it might present and to take appropriate measures to meet them.

M. TITULESCO (Roumania) agreed that, were the Co-ordination Committee to embark upon procedure like that followed by the Disarmament Conference, it would soon see that it would get nowhere. If that was clear, he might say that he saw no real incompatibility between M. Coulondre's proposal and Mr. Eden's. The questions might be put as follows: first, an embargo on all exports from Italy, and, secondly, what were the raw materials on which, when consigned to Italy, an embargo should be placed? He himself would not rank either question before the other. Apart from them, however, there was the problem of financial and economic mutual support, which should be studied by a sub-committee, as he had already proposed.

M. KOMARNICKI (Poland) had paid close attention to the very pertinent statements made by the previous speakers. He could at once assure the Committee that the ideas that had been put forward had the deep sympathy of his Government, which was anxious to ensure the observance of the Covenant by prompt and effective action. The present was not the time to survey point by point the proposals that had been made. It was now, he thought, the turn of the experts, who would be asked to consider the questions raised in all their aspects. There was certainly enough material for a programme of work for an economic sub-committee.

The most practical course would be to have only one sub-committee, since the various aspects of the problems which it would have to study were very closely interrelated. Any subdivision of the technical work would have serious disadvantages and involve considerable delay. It was only after that preliminary and quite indispensable study had been completed that the Committee would find it possible to work out the proposals to be submitted to Governments. Needless to say, there could be no idea of asking the experts to do the whole job at once. As and when the different points were completed and certain concrete proposals emerged, the latter would have to be submitted without delay to the Co-ordination Committee, and through it to Governments. It was only by that analytical and progressive method that concrete results could be obtained, while no aspect of the questions within the Committee's province would be neglected.

M. MOTTA (Switzerland) felt that no useful progress could be made without setting up a technical sub-committee to examine the two main proposals submitted by the representatives of the United Kingdom and France and the suggestions made by the other delegates, and to put forward a plan as soon as possible. He therefore agreed to the idea of creating a sub-committee of experts, and even only a single one. Having said this, while fully realising his responsibilities and Switzerland's duty to the community generally, he wished to submit two observations.

He had already made in the Assembly a statement, with which delegates were acquainted but which he wished to recall here, to the effect that the Swiss Confederation had common frontiers with Italy in the Cantons of the Valais, the Grisons, and the Ticino. The Grisons was contiguous to Italy in its Ladin, Romauntsch, and Italian valleys. The Ticino had a population of 160,000, of whom 35,000 were Italian subjects, living in perfect harmony with their neighbour over a still greater length of frontier and its population was racially Italian. The Ticino had a population of 160,000, of whom 35,000 were Italian subjects, living in perfect harmony with the Swiss population. The great majority of the remainder of the Ticinese population consisted of Italian Swiss, with a small proportion from other cantons and abroad. That being so, if it were decided, as Mr. Eden and M. Coulondre proposed, that all trade transactions with Italy should be broken off, the resulting situation would be fraught with difficulties and dangers. Switzerland had no thought of profiting by the common misfortune or of taking advantage of the situation; indeed, the very idea of such an attitude was repugnant to her. Nevertheless, the complete cutting-off of relations with Italy seemed to M. Motta to be absolutely impossible, particularly on the political side. Switzerland could impose restrictions and quotas against
The Committee should give the fullest possible consideration to Switzerland's position.

Mr. Te Water (Union of South Africa) expressed his appreciation of the very clear, fair and objective picture painted by the French delegate of the two methods proposed to the Committee. So far as he was concerned, those two methods could be tested by the needs of the situation — that was to say, effectiveness, simplicity and immediacy; and for him that left only one answer. He therefore strongly urged that the indirect method should be immediately examined, though he did not for a moment think that a parallel examination should not at the same time take place on the direct method.

With regard to the question of compensation, speaking for himself, he could say that the compensation for lost trade to his country would be the gain of a new regime of security were such a pacific settlement to be given up. If economic and financial sanctions, if they were to have any purpose and meaning, should be as effective as possible, but at the same time as little irritating as possible, unless all hope of a pacific settlement was to be given up.

Mr. Eden (United Kingdom) thanked the Committee for the very kind way in which they had listened to his suggestions and for the measure of support accorded to them. In order to clarify the position towards the close of the discussion, he wanted first to make it quite plain that his Government was in no way opposed to the French representative's proposals. The United Kingdom Government was fully prepared to do its share in working them out and in applying them. His anxiety in respect of those proposals, however, was that he feared, from the work which had been done on the subject and, indeed, from the work done in the Committee of Thirteen, that they would prove in practice to be very slow and difficult to organise; his only criticism, therefore, of the proposals concerned the order of priority suggested by M. Coulondre. He would not wish to see his own proposals sent to a technical sub-committee to be examined after the French proposals, for he feared that in that event a very long time might elapse before they came back to the Committee of Eighteen. Speaking frankly, he was very little impressed by the argument about direct and indirect economic measures; it seemed to him that the most important test for economic measures lay in their rapidity and their efficacy to bring the war to a close. He agreed with M. Titulesco that the United Kingdom proposals were more efficacious and more rapid and required less study. That, indeed, had been the verdict of the Committee of Thirteen, upon which most of the countries in the present Committee had been represented.

He agreed entirely with M. Motta that what was required were sanctions that would be the most effective and the least irritating, and he suggested that the way to find the answer to that formula was to apply sanctions that would be effective from the start. If the Committee's purpose was to determine upon the maximum of effective economic sanctions, he believed that its course should be to adopt now the proposals he had placed before the Committee and to work out those put forward by the French representative.

He was quite frank, and it was much better to be frank in a committee like this, he did not believe that it was in the least necessary to send his proposals to a technical sub-committee at all; they did not require any technical elaboration whatsoever. What they required was an admittedly very difficult political decision. His suggestion, therefore, would be that a technical sub-committee should be asked to examine the French proposals, and that the members of the present Committee should be asked to consider his own proposals within whatever time was necessary for the purpose. The Committee of Eighteen could then take a political decision as to whether they were effective or not at its next meeting.

M. Pouritch (Yugoslavia) said that, as the Assembly had decided that sanctions would be taken, he was willing to discuss at a later meeting, and after due reflection, the question of economic measures, but that he must consult his Government on the subject. In his opinion, if a technical sub-committee were set up, it should be competent to examine every question.

As regards the question of compensations, or, if the term were preferred, mutual support, it had been said that, in any case, all the participating Powers would have to make a sacrifice.
and that the compensation would consist in an increase of security. But there was also a practical question. All the countries wished to apply the Covenant; but there were countries in which this attitude would cost nothing, and others that would have to pay a heavy price for it. Hence the problem consisted in making an equal distribution of sacrifices. In that connection, there were three classes of country. First, there were those which would benefit from the situation owing to the disappearance of a competitor. Secondly, there were those which would lose the Italian market, but would be able to replace it. Lastly, there were those which, having lost that market, would not find another. Compensation could not be complete, but Yugoslavia asked that proposals should be submitted such as would afford some sort of compensation for the countries most affected. Yugoslavia was ready to apply sanctions scrupulously, but she would not like to be the only one to suffer from joint action. The technical sub-committee would probably be able, or at least he supposed so, to indicate the kind of compensation that might be offered to countries suffering the greatest injury owing to sanctions.

M. Ruiz Guñazú (Argentine Republic) said that, owing to the complexity of the relations of the problem under discussion with Argentine's economic position, he could not take part in the general discussion that day, but would speak at a later meeting.

M. Bourquin (Belgium) entirely supported the procedure proposed by the United Kingdom delegate. He thought that the essential point was to do something effective, and therefore to act quickly. If the Committee started studying a complex problem with a view to a complete solution, it would lose a great deal of time. Moreover, there were two arguments in favour of his view—first, that the sanctions provided for in Article 16 were being applied for the first time, and consequently a sort of case-law was being created which might later on be found a help or an obstacle according to the nature of the solutions adopted; and, secondly, that every attempt must be made to avoid measures that would be unduly irritating, and hence to take, immediately, steps sufficiently effective to put an end to the conflict, since otherwise those same steps would have to be taken a little later, as well as others that would have the drawbacks mentioned by M. Motta.

M. De Graeff (Netherlands) unreservedly endorsed the South African representative's observations, and completely approved, on behalf of his Government, all the proposals made to the Committee by the United Kingdom representative.

M. Coulondre (France) thought that, in a question as serious and fraught with such grave consequences as that which was now being debated, it was necessary to speak quite frankly and to avoid any ambiguity. He recalled that in his statement he had endeavoured, on the basis of the ideas expressed by the Sub-Committee of the Committee of Thirteen in July, to indicate as impartially as possible the means to be employed to reduce the material and financial resources that the Covenant-breaking country might employ for its military enterprise. Thus, he had not rejected either of the categories of measures which might be considered; but, in his desire to take action which was effective and at the same time as little irritating as possible, he had suggested that a technical sub-committee perfectly acquainted with the question should study the two classes of measure and should state as soon as possible which it recommended, supposing it did not recommend both. Those measures required consideration, if only for the purpose of defining the methods of application. Without attempting to state a definite opinion, he thought that certain embargo measures which could be taken immediately might, if applied by a large enough number of countries, have appreciable effects. He did not question the possible efficacy of measures effecting Italian exports, but must emphasise their seriousness, which made an exhaustive, though speedy, study essential. The technical sub-committee that would make those studies would have to review all the aspects of the question. It would have to pay special attention to the opportunities of diverting trade and to the means at the disposal of the Covenant-breaking State for financing supplies of the raw materials requisite for the pursuit of military operations, and so on.

That sub-committee should be set up as soon as possible, and a time-limit might perhaps be fixed for the completion of its work.

The discussion was adjourned until the next meeting.

10. Terms of Reference of the Sub-Committee of Military Experts.

The Chairman read the following draft terms of reference of the Sub-Committee of Military Experts, proposed by the French delegation:

"(1) Examine the list attached to Proposal I; compare it with previous lists and especially with Article 1 of the Convention of June 17th, 1925, and Article 4 of the text drawn up at first reading by the Special Committee of the Disarmament Conference; propose the additions or modifications necessary to complete the nomenclature and to harmonise it with the laws adopted by certain States for the purpose of applying the above-mentioned proposals for international regulation."
“(2) Propose other articles indispensable for the conduct of hostilities — more particularly means of transport.”

M. Cemal Hüsnü (Turkey) noticed that the draft terms of reference read out by the Chairman mentioned the Convention of June 17th, 1925. As the Turkish delegation was anxious not to approve that Convention in any way, it would be preferable that it should not be mentioned in the terms of reference.

The Chairman thought that he could completely reassure M. Cemal Hüsnü. The terms of reference were intended solely for a sub-committee set up to make additions to a list, and could not possibly imply any sort of approval of the 1925 Convention.

The terms of reference proposed by the French delegation were approved.

THIRD MEETING.

Held on Monday, October 14th, 1935, at 10.30 a.m.

Chairman: M. de Vasconcellos (Portugal).


The Chairman said that several members of the Committee, as well as himself, had been impressed by the fact that, although the Committee’s meetings were private, the newspapers had published full accounts of them. He desired to ask the Committee whether it was of opinion that measures should be taken to prevent the repetition of such indiscretions. The Secretariat, for its part, had reduced the staff to the minimum, and all those attending the meetings were required to maintain the strictest secrecy. He asked whether the Committee had any other proposals to make.

M. Coulondre (France) proposed that a somewhat fuller communiqué be issued to the Press, apart from which no information would be supplied to it.

M. Litvinoff (Union of Soviet Socialist Republics) thought that, if the present publicity continued, it would be preferable that the meetings should be public, since the reports in the Press would then conform more or less to the truth. The present position, by which the newspapers gave all the details of meetings, not always correctly, was worse than it would be if the meetings were public. A practical suggestion might be to charge the Secretariat or some special body to make enquiries as to the manner in which the information reached the Press and as to the nationality of the newspapers publishing it. That would give some clue as to the culprits.

M. Motta (Switzerland) considered that this question of publicity was an extremely puzzling one. In the present instance there were two difficulties: first, the number of persons in touch with the proceedings, and, second, the number of documents in circulation. He himself did not think it would be wise to admit the Press to meetings. The Press did not always give a faithful picture of a meeting, but one coloured by the opinions and tendencies of the various journalists.

The most practical solution would be to give the Press a fairly full communiqué in order to satisfy the curiosity of the journalists, but it should contain no statement that had been made in confidence. He therefore supported M. Coulondre’s proposal.

M. de Madariaga (Spain) thought that this was an endemic and probably inevitable trouble, the only safe remedy for which would be, as suggested by M. Coulondre, to give the Press a fairly full communiqué.

The question of indiscretions, however, deserved thorough examination. There might, in fact, be leakages other than those which members had in mind. For instance, if a delegation telephoned a full account of the day’s happenings to its Government, was it certain that there was no leakage through the telephone?

As to the actual fact mentioned by the Chairman, it would be desirable to make a detailed investigation into the circumstances and to ascertain the source of the indiscretion.

Mr. Loveday, Secretary of the Co-ordination Committee, said that, while there had, in fact, appeared in Sunday morning’s Press a full record of the second meeting, equivalent to what might have been the Minutes, that was not the publication of the Minutes as prepared by the Secretariat, because, in fact, the Minutes had not at that time been prepared. It was a complete record, because the journalists had received, no doubt from various sources, all the

1 Excluding raw materials, which are forming the subject of other technical studies.
information requisite for them to reproduce a picture of what had happened. In those circumstances, it was somewhat difficult for the Secretariat to conduct a useful enquiry. There was no doubt at all that the sources from which the journalists received their information were very varied, and it would be difficult to ask the Secretariat to become detectives, except in the case of a specific document getting out to the Press, in connection with which there was Secretariat responsibility. In the present case, there was no question at all of a particular document, because no such document was in existence.

The CHAIRMAN proposed that a circular should be sent to all the heads of delegations asking them to request their staffs to pledge themselves not to disclose any information regarding the Committee's discussions apart from the communiqué which would be issued to the Press. In accordance with the French delegate's proposal, the Press communiqué might be fairly full.

As regards the enquiry suggested by the Spanish delegate, the Chairman would get into touch with the Secretary-General and discuss the matter with him.

M. Titulescu (Roumania) requested the Chairman not to have the circular in question sent to him. A fortnight earlier the Press had wrongly attributed to him a statement which he was supposed to have made at a secret meeting of the Council. He had thus been obliged to furnish explanations, not only to public opinion in his country, but also to his Government and to the representatives of friendly countries. He had been compelled to make a complaint. As the Roumanian delegation had been the victim of the methods mentioned by the Chairman, there was no need for it to receive the circular suggested.

M. Rüstü Aras (Turkey) thought that each delegation might undertake, on its own responsibility, to furnish a statement to its official agency.

The CHAIRMAN said that, in view of the objection raised by the Roumanian delegate, he would merely request the heads of delegations, all of whom were present, to ask their staffs not to give any information to the Press apart from the communiqué issued by the Information Section.

Agreed.


The following draft of Proposal II was read:

"With a view to facilitating for the Governments of the Members of the League of Nations the execution of their obligations under Article 16 of the Covenant, the following measures should be taken forthwith:

"The Governments of the Members of the League of Nations will prohibit forthwith:

"(1) All loans to or for the Italian Government and all subscriptions to loans issued in Italy or elsewhere by or for the Italian Government;

"(2) All banking or other credits to or for the Italian Government and any further execution by advance overdraft or otherwise of existing contracts to lend directly or indirectly to the Italian Government;

"(3) All loans to or for Italian public authorities or any person or corporation in Italian territory and all subscriptions to such loans issued in Italy or elsewhere;

"(4) All issues of shares or other capital flotations for any person or corporation in Italian territory and all subscriptions to such issues of shares or capital flotations in Italy or elsewhere;

"(5) All banking or other credits to or for any Italian public authority or any person or corporation in Italian territory and any further execution by advance overdraft or otherwise of existing contracts to lend directly or indirectly to such authority, person or corporation;

"(6) The Governments will prohibit the transactions mentioned in paragraphs (1) to (5) whether effected directly or through intermediaries of whatsoever nationality.

"Each Government is requested to inform the Committee through the Secretary-General of the League within the shortest possible time of the measures which it has taken in conformity with the above provisions."

Point (1).

M. Motta (Switzerland) observed, in the first place, that Proposal II raised more delicate and complex problems than those contained in Proposal I, already voted.
In the text under discussion, each of the paragraphs referred to direct or indirect measures (loans, credits, etc.). The idea in itself was obviously correct. A thing could not be refused directly and allowed indirectly. Without expressing a definite opinion, he wondered whether the words "direct or indirect", "directly or indirectly", were not liable to alarm Governments. Would it not be preferable to say simply that such-and-such loans or transactions were prohibited? Was it wise to leave room for interpretations which might sometimes raise exceedingly delicate questions?

M. MAXIMOS (Greece) thought that the expression "direct or indirect" was just what was wanted to meet M. Motta's point. There did not seem to be any possibility of a misunderstanding in this connection, and it would be difficult to find a simpler and more precise expression.

**Point (1) was adopted.**

**Point (2).**

M. DE MADARIAGA (Spain) thought that the expressions "au bénéfice du Gouvernement italien" and "to the Italian Government" were not equivalent. In his opinion, the French expression would permit of a loan to an Italian firm, the financing of which might be useful to the Italian Government.

M. MAXIMOS (Greece) proposed to delete the words "bénéfice du" in the French text.

Mr. EDEN (United Kingdom) agreed to the amended text, but thought that M. de Madariaga's point would be covered by the word "indirectly".

M. DE MADARIAGA (Spain) said that the deletion of the words "bénéfice du" was justified, on the one hand, by the necessity of bringing the French and English texts into line and, on the other, by the fact that the words themselves were unnecessary, since the paragraph already contained the word "indirectly".

It was decided to delete the words "bénéfice du" from the French text.

M. KOMARNICKI (Poland) asked what the Committee meant by the words "all banking or other credits".

M. MAXIMOS (Greece) replied that the Sub-Committee had been thinking of the credits of any large private firm or joint-stock company, which could not be described as banking credits.

M. LITVINOFF (Union of Soviet Socialist Republics) asked whether the words "or other credits" covered commercial and industrial credits — goods sold to Italy on credit; that was to say, not only banking operations, but purely industrial and commercial operations.

M. MAXIMOS (Greece) replied that this question would be considered later.

**Point (2) was adopted with the amendment noted above.**

**Point (3).**

M. Motta (Switzerland) understood that, if Point (3) were adopted and applied literally, an English, French, Swiss or other firm would be prohibited from granting loans or credits to a branch in Italy. He must make full reservations with regard to this principle, which, in his opinion, went too far.

Mr. EDEN (United Kingdom) understood that that was exactly what the text meant. For instance, English banks which had branches in Italy would be unable, on account of this paragraph, to act as they had acted in the past. The intention of the paragraph seemed to him quite clear.

Mr. FERGUSON (Canada) said that Mr. Eden's view was correct, since, otherwise, funds negotiated through a branch of a bank in Switzerland or England could always be commandeered and made use of by the Italian Government.

M. MAXIMOS (Greece) observed that there were two cases. The first was that to which M. Motta had referred: the case of a big English, French or Swiss commercial firm, for instance, with a branch in Italy. It supplied goods on credit, since it was dealing with one of its own branches; as soon, however, as it received advice of the sale of those goods, it would have to ask for an immediate remittance of the proceeds of the sale. In other words, it must give formal instructions to its branch in Italy to sell for cash the goods which it had in stock or which might be sent to it later.

The question of banks was a little more complicated. Branches of foreign banks in Italy should be instructed not to allow further credits beyond those already granted. Thus, effect would be given to Point (3) of Proposal II.

M. DE GRAEFF (Netherlands) was not sure whether the discussion did not concern Point (5) rather than Point (3), since the latter dealt with loans to or for any Italian public authority or any person or corporation in Italian territory, whereas Point (5) related to banking credits.
M. Litvinoff (Union of Soviet Socialist Republics) was satisfied with M. Maximos' explanation as regards branches in Italy of banking and other institutions of other countries, but wondered whether it covered the case of Italian banking or industrial establishments in other countries. Point (3) only prohibited loans to Italian corporations resident in Italy, but not to those resident in other countries. If the latter received credits, their transactions in Italy could naturally not be controlled, and they might be able to give loans and obtain goods and credits without the necessary control to prevent it.

M. Maximos (Greece) said that Italian banks established in the different countries were of two kinds. They were either branches of Italian banks or banks of the country formed with Italian capital. A Government representative might be sent to the former to check their transactions. On the other hand, it would, he thought, be very difficult to take steps to deal with the second class, because the shares could be transferred to nationals of the country and such banks could then be regarded as national banks.

He observed that the United Kingdom representative in the Sub-Committee for Financial Measures had drawn attention to the general character of the measures proposed and had suggested that a technical sub-committee should be set up to regulate their practical application.

M. Rüstü Aras (Turkey) agreed that there were a number of details that would require careful consideration. Certain Italian banks had branches in foreign countries. Those branches had received deposits from nationals of the countries in which they were situated, and the depositors might find themselves in a very difficult position if their deposits were suddenly blocked.

The general idea of the paragraph was quite clear. Confidence must be placed in the national Governments, which would know what were the best steps to take for the application of that provision both in the general interest and in that of their nationals. In case of doubt, they might consult the sub-committee which it was proposed to set up.

M. Maximos (Greece) explained that his idea was that the branches of Italian banks in foreign countries would continue to transact business and to make use of any deposits they possessed or might receive. They should not be prevented from accepting new deposits. Obviously, such deposits must be used in the country itself, and the sole purpose of the control to be set up over such banks would be to prevent such deposits from being used for credits for the importation of goods into Italy or for loans to Italians.

M. de Madariaga (Spain) suggested, in connection with the Netherlands delegate's observation, that Point (5) might be placed before Point (4), unless there were any strong reasons for keeping to the present order.

In the same connection, it was not very clear from the two paragraphs whether the expression "in Italian territory" applied equally to "Italian public authorities". That raised a question that had been settled in a particular sense by the resolutions of October 1921, which interpreted the principles of the Covenant in accordance with the concept of residence and not that of nationality. The point was of some importance for the treatment to be applied to Italian establishments abroad. Would they be regarded as national establishments in accordance with the 1921 resolutions, or as establishments to which the proposed measures applied?

The distinction was one of considerable importance in the case of banks, and perhaps even more in that of insurance companies, for there was a large amount of Italian insurance business in foreign countries. He would like to have the Technical Sub-Committee's view upon the consequences which the measures proposed by the Committee might have on Italian insurance companies established abroad.

Mr. Eden (United Kingdom) referred to the suggestion made by the United Kingdom representative at the meeting of the Financial Sub-Committee on the previous day. It was not suggested that there should be any modification of the purpose of the text before the Committee, but only that, as its interpretation might at a later stage create certain technical difficulties, an expert body to which these technical difficulties could be referred by Governments as they arose should remain in continual session.

M. Rüstü Aras (Turkey) said that M. Maximos' remarks on the question whether branches of Italian banks could make use of deposits received or to be received from Italian nationals raised the extremely important problem of the exit of foreign exchange. Would it be possible to prevent the remission of such foreign exchange to Italy? That was a purely financial problem, calling for careful consideration.

M. Motta (Switzerland) thought that M. de Madariaga's suggestion of transposing Points (4) and (5) was merely a question of drafting. He considered, however, in the light of what M. de Madariaga had said, that the words "in Italy" should be added after the words "Italian public authorities". All the proposed measures should operate as between one territory and another, and not within the national territory of a country other than that concerned.

He did not wish to raise again the question of the legal sense and force of the 1921 resolutions on the economic weapon. Unlike some delegates, he thought the question of very great, if
not primary, importance. In any case, Switzerland could not follow any other line than that laid down by the 1921 interpretation of the Covenant.

M. Maximos (Greece) agreed that the words "in Italy" should be added after the words "Italian public authorities". That was what the Sub-Committee had had in mind.

Italian insurance companies in foreign countries raised an extremely complicated question, which might be referred to the Technical Sub-Committee. Obviously, the present Committee could not go into all the details of life, shipping and fire insurance transactions. The Sub-Committee to be appointed would be able to consider the questions of the insurance of prohibited goods, bottoms transporting such goods and vessels flying the Italian flag.

The foreign-exchange problem would be settled by the control to be exercised by each Government in the foreign branches of Italian banks. An Italian holder of a deposit in one of such branches might be allowed to draw on his deposit on the sole condition that the money thus withdrawn would not be used for transactions prohibited by the measures under discussion. He would thus be on the same footing as an Italian making a deposit in a bank that possessed the nationality of the foreign country in which he was living.

M. De Madariaga (Spain) asked for some explanations.

In the first place, although he had received assurances on the point, he was doubtful whether the word "collectivities" was a very happy one. The Chairman of the Technical Sub-Committee proposed to add the words "in Italy". He would like to know whether the Italian railways, for instance, or the big Italian shipping companies were "collectivités publiques". If so, what financial relations could be maintained with those undertakings, which had a large number of foreign branches? Could they receive credits or loans? Were they included under one or other of the paragraphs of the Proposal? He wished to be certain that the recommendations which he would transmit to his Government were quite clear.

As regarded the second point, he was not altogether sure that M. Maximos had clearly understood his question or that he himself had clearly understood the Greek delegate's reply. What was to be done in the case of branches of Italian banks established in the various countries? Could financial relations be continued with them or not? Was the criterion of residence to be followed? If so, normal relations could be continued with those branches; but, in that case, how would it be possible to make sure that the head office, and consequently Italy, would not benefit by any financial advantages granted? He would merely ask that question.

With reference to insurance, he did not think there was any objection to its being studied by a technical sub-committee; but that was not exactly the question he had raised. What had he meant to ask was this: Could persons insured with an Italian insurance company, established, say, in Spain, continue to pay premiums to that company? Could the latter continue its banking transactions?

There was, he thought, a whole series of small questions of that kind which had not been sufficiently cleared up, and he would like to be able to give the experts of his country any explanations for which they might ask.

M. Sandler (Sweden) did not think that questions relating to branches or insurance companies would give rise to any serious difficulties in Sweden. His contribution to the discussion would therefore be more or less of a theoretical nature.

Taking the 1921 resolutions as a premise, he thought that the arguments put forward by M. de Madariaga and M. Motta appeared to be fully justified in the case of establisments already in existence. But there was the possibility that new companies or ad hoc establishments might be created, and that contingency should be borne in mind. He did not ask for the immediate solution of that problem, which might be studied by the sub-committee of experts which Mr. Eden had proposed.

He wished to repeat that, in his opinion, it was not possible, from the outset, to avoid all possibility of fraud or leakage, but it should be foreseen.

The Chairman understood that the Committee had no objection to the appointment of the sub-committee of experts proposed by Mr. Eden, to which all questions of detail might be referred, while the discussion in the present Committee might be guided towards the framing of a text in general terms.

M. Coulondre (France), in order to allay the misgiving expressed by M. de Madariaga and M. Motta, proposed that, in Point (3), the word "Italian", before the words "public authorities" should be deleted. The ambiguity referred to by M. de Madariaga would thus be removed, and an indication which was not in accordance with the spirit of the text — namely, an indication of nationality in regard to public authorities — would also be eliminated. He thought that the Committee's intention was not to lay stress on nationality; the question was one of residence.

A reply to the second question raised by M. de Madariaga was, he thought, contained in Point (6), which referred to intermediaries of whatsoever nationality.

With reference to insurance, he supported M. Maximos' suggestion. He thought that that and other cognate matters could best be discussed by the Economic Sub-Committee.
Lastly, as regarded the committee of experts, he supported Mr. Eden's proposal all the more strongly because it was obvious that the committee could not hope to achieve perfection at the first attempt; even if it succeeded, that would still not be enough, because the interests involved would naturally try to circumvent any such measures as might be taken. He considered it essential, therefore, to set up a committee of experts to close, not only any gaps which the Committee might leave in its system, but also any breaches which might be made by interested parties with a view to impeding its application.

M. Litvinoff (Union of Soviet Socialist Republics) urged that the sub-committee of experts should not lose sight of the Turkish delegate's suggestion regarding the control of transfers. If, in addition to the prohibition of credits, a decision was taken also to control transfers to foreign countries, that might meet all the difficulties mentioned by the Spanish, Swiss and other delegates. The question of nationality would then play no part in the matter.

M. Bourquin (Belgium) thought that all members would agree that a sub-committee of experts should be set up, but he desired it to be understood that that did not interfere with the application of the rules which the Committee had to determine and which should come into force at once. If difficulties arose on points of detail, the sub-committee of experts would have to deal with them.

Mr. Eden (United Kingdom) agreed with the Belgian delegate. In suggesting that a sub-committee of experts should be set up, Mr. Eden had certainly not intended that it should take responsibilities off the shoulders of the present Committee. The latter's task was to take decisions, and the sub-committee would help to make them operative.

The Chairman stated that, in his view also, the task of the Committee of Eighteen was to establish rules and that of the sub-committee of experts to study their application in detail.

M. Motta (Switzerland) supported the French proposal and withdrew his own suggestion to add the words "in Italy" after "... Italian public authorities...

M. de Madariaga (Spain) concurred.

The Committee decided to delete the word "Italian" before the words "public authorities".

The Committee also decided to invert the order of Points (4) and (5).

**Point (5) (now Point (4)).**

M. Litvinoff (Union of Soviet Socialist Republics) said that he had received no reply to his question as to whether or not commercial and industrial credits were covered by these Points. That was a matter which could not be a subject of guesswork, but must be stated clearly in the text.

M. Maximos (Greece) replied that the text specified that it related to "all banking or other credits", and that there could therefore be no doubt.

**Point (5) (now Point (4)) was adopted, the wording to be brought into line with that adopted for Point (3).**

**Point (4) (now Point (5)).**

M. de Madariaga (Spain) was under the impression that the French text seemed to prohibit also the calling-up of capital, for instance, by the Red Cross, which would be contrary to the 1921 resolutions concerning humanitarian relations. The English text did not contain this ambiguity.

M. Titulesco (Roumania) thought that the Chairman of the Committee might make an authoritative statement on behalf of that body to the effect that appeals for funds by the Red Cross were not covered by Point (4) (now Point (5)).

M. Coulondre (France) thought that M. de Madariaga would receive satisfaction if the word "capitaux" were substituted for "fonds".

M. Sandler (Sweden) asked why the expression "public authorities" had been omitted from Point (4) (now Point (5)).

M. Titulesco (Roumania) also thought that these words should be added.

M. Maximos (Greece) concurred.

Mr. Loveday, Secretary of the Co-ordination Committee, observed that loans to public authorities were covered in Point (3). Moreover, a public authority could not issue a share.

M. Sandler (Sweden) said that the text did not relate only to issues of shares, but also to other "appels de fonds".

M. Maximos (Greece) said that he would have preferred to retain the expression "appels de fonds" at the end of Point (4) (now Point (5)). When in the past a company had issued shares of which 50% was paid up, 50% remaining to be covered, the holders or those who
subscribed might not be called upon to find the money. Consequently, the expression "appels de fonds" should be retained.

M. COULONDRE (France) did not grasp the bearing of M. Maximos’ remark, from the point of view of the French. On the contrary, he thought that the change contemplated might give satisfaction to M. de Madariaga, as the word “capitaux” was more specifically financial and more satisfactorily excluded the operations of the Red Cross.

M. MAXIMOS (Greece) fell in with the French delegate’s suggestion and withdrew his objection.

Mr. LOVEDAY, secretary of the Co-ordination Committee, thought that the introduction of “public authorities” would change the whole sense of the paragraph under consideration. The idea of that paragraph was that it should refer to capital issues of companies or corporations. The introduction of “public authorities” would give by implication a quite different sense to the French “appel de fonds”, and it would be necessary to alter both texts and say in the English, “All issues of shares or other capital flotations to or for . . . .”

The CHAIRMAN said that, if the addition were approved, the text would have to be redrafted.

M. SANDLER (Sweden) said that he would prefer the text to remain unchanged.

Mr. FERGUSON (Canada) said that the Sub-Committee for Financial Measures had given much consideration to the text and was competent to give a fair judgment on the matters involved. Its members fully understood the technique of the issue of shares and the flotations of corporations. A public authority did not issue shares, and if that idea were imported into the English text it would greatly confuse the issue. The text passed by the Sub-Committee was such that any Government should be able to apply it to the best advantage itself. The text ought to be as broad as possible in order that it might be as effective as possible. It would be a great mistake to cross the t’s and dot the i’s and make minor changes that would interfere with the text as established by the Sub-Committee.

Mr. LOVEDAY, Secretary of the Co-ordination Committee, on reflection, was inclined to think that another consideration made it wise to put “collectivités publiques”. “Public authorities” and “collectivités publiques” were not, he thought, exactly parallel terms; on the other hand, the same thing would be covered exactly by the three terms “collectivités publiques”, “personnes physiques” and “personnes morales”. That being so, he suggested that the safe thing to do was to use these three terms in all the clauses.

Point (4) (now point (5)) was approved in the following terms:

“(5) All issues of shares or other capital flotations for any public authority, person or corporation in Italian territory and all subscriptions to such issues of shares or capital flotations in Italy or elsewhere.”

Adopted.

Final Paragraph.

Mr. EDEN (United Kingdom) pointed out that Proposal II differed from No. I in certain respects. The timing of the coming into force of the proposals now under consideration was of some importance — that was to say, the countries concerned ought to be acting approximately at the same moment. To meet that difficulty, he would make the following suggestions. The text asked for early replies from Governments, and the Committee might perhaps agree that, if all the Governments concerned had not replied by, say, the end of the week, the Secretary-General should be requested to approach them and to ask for their replies. He was anxious to avoid the situation of a number of Governments replying and a number not doing so, because that would create very considerable confusion.

M. GOMEZ (Mexico) and M. MAXIMOS (Greece) associated themselves with the United Kingdom delegate’s observations.

M. TITULESCO (Roumania) did not think it would be necessary to alter the text; it would be sufficient for the Committee to agree to it in principle.

M. DE GRAEFF (Netherlands) regretted his inability to undertake, on behalf of his Government, to put the measures into operation before the end of the week. His country’s legislation would, in fact, have to be modified, and the matter would therefore have to be laid before Parliament. However, it might perhaps be possible to regard it as extremely urgent.

M. COULONDRE (France) thought that the Netherlands delegate’s observation raised an important question. It might perhaps be possible for those Governments that were obliged to ask their legislatures for the necessary powers to apply immediately certain measures adopted by the Committee for which they already possessed sufficient powers. He accordingly proposed that it should be understood, in one form or another — the Secretary-General might make a suggestion to that effect — that, when they had taken a decision in principle, Governments should at once apply those measures for which they possessed the necessary powers, pending the approval of the legislature in the case of the other measures.
M. Sandler (Sweden) thought that all his colleagues were agreed that it would rest with each Government to take the necessary steps on its own responsibility to ensure the effective application of the proposed measures. Special cases might then arise which, although not of much practical importance in themselves, would, in view of the constitutional provisions in force, call for new legislation. He thought he should draw the attention of his colleagues to the possibility, in such cases, of framing measures that would enable the proposed prohibitions to be applied without delay and, from a practical standpoint, in a sufficiently effective manner, without waiting for the introduction of the legislation which might be desirable to enable a theoretically complete system to be devised.

In that connection, he would like to say that, in order to be able to give effect to the proposed measures in the shortest possible time, the Swedish Government proposed to make the following arrangements:

The National Bank of Sweden would take note of Proposal II submitted by the Sub-Committee, and would undertake to comply with the stipulations contained therein for the whole of the period during which the Swedish Government acceded to the proposal.

A similar undertaking would be given by Swedish private banks in virtue of an agreement to be concluded between them. That agreement would be communicated to the Swedish Government, which would officially take note of it.

Thanks to those measures, the effective observance of the prohibitions contemplated in the Proposal would be ensured in Sweden. The financial transactions in question were carried out in Sweden only by the State or through a bank.

As regarded the opening of ordinary commercial credits, such transactions were, as a general rule, effected only by the banks. In the present situation, it would be most exceptional for such credits to be opened in favour of Italy otherwise than through a bank.

He therefore ventured to say that, so far as Sweden was concerned, the measures described were calculated to ensure the effective application of the rules laid down in Proposal II.

In conclusion, he wondered whether it would not be desirable to avoid hesitation and the postponement of the decisions to be taken by the Governments by concentrating on the actual result it was desired to obtain, rather than on the method of bringing about that result. That suggestion would involve a slight change in the French text. He would, of course, agree to any proposal that used the French word exactly corresponding to his suggestion.

M. Titulesco (Roumania) was anxious that the application of sanctions should not be delayed by certain States on the pretext that they had to pass legislation. He did not wish to interfere in the affairs of any country. He did not doubt the sincerity of any one of them, and was convinced that they were all resolved to carry out their obligations without delay. He would point out, however, that the Parliaments of countries that were among the original Members of the League had already, by ratifying the treaties in which the League Covenant was embodied, assumed the obligation under Article 16 to "subject the Covenant-breaking State to the severance of all trade or financial relations". For himself, he did not see how he could go to the Roumanian Parliament for a second time to ask for power to take certain measures when he already had it. It should also be pointed out that the measures now proposed were much less severe than those laid down in Article 16.

In every country the executive authority could therefore take any necessary decisions immediately, and if, for reasons of which he was ignorant, those decisions had to be laid before Parliament, that should not cause any delay.

M. Coulondre (France) supported the opinion expressed by the Roumanian delegate. In his personal view, the ratification of the Covenant by the Parliament of France authorised the Government to take the measures involved by the application of Article 16. If, however, a little earlier in the debate, after an observation by the Netherlands delegate, he had contemplated the possibility that certain countries might not be in a position to apply in full the proposal now being worked out, he had been thinking mainly of the question of penal sanctions. Many Governments represented on the Committee were in a position to apply, by way of Governmental decisions, the arrangements now being suggested, but, to ensure the application of some of these arrangements, penatctions would have to be provided for, in which case parliamentary action might become necessary.

M. Motta (Switzerland) reminded the Committee that Switzerland was the only country in the world that had become a Member of the League of Nations by plebiscite. At that time there had been something more than a parliamentary vote. The State had assumed certain obligations. True, but what organs of the State applied these decisions? That was quite another question. In 1921, Governments had been invited to express their opinions on the point, and he well remembered, if not the words, at any rate the fact: the Swiss Government had announced that very probably, for measures such as those described in Article 16, the competent body would be the Federal Assembly — that was to say, Parliament — and not the Government. He wished to make that statement in order that the discussion might be perfectly clear and that no one might seem to be shirking his duty.

In the present case, he was bound to admit that he was not yet in a position to say definitely whether the Federal Council — the Government — was competent to take all these steps.
He must therefore at least reserve his Government’s right to examine the question of internal national competence.

M. de Madariaga (Spain) did not think that the present discussion served any very useful purpose. The problem raised by Mr. Eden, which had led to the present debate — the problem of the urgency and simultaneity of the measures — could not be settled by the present Committee. He thought that the Committee should approve the texts which had been submitted to it and that the above-mentioned problem could be examined more usefully by the Co-ordination Committee.

M. de Madariaga’s suggestion was approved.

Preamble.

After a short discussion, the second paragraph of the Preamble was adopted in the following form:

“...The Governments of the Members of the League of Nations will forthwith take all measures necessary to render impossible the following operations...”

Proposal II was adopted with the amendments noted above. (For final text of the Proposal submitted to the Co-ordination Committee, see Minutes of the third meeting of the Co-ordination Committee, page 16.)

13. Steps to be taken by Members of the League in respect of their Public Law: Statement by the Argentine Delegate.

M. Ruiz Guínazú (Argentine Republic) wished to make a general statement explaining the significance of his vote ad referendum:

I stated at the first meeting, on October 11th, that the Argentine Republic would consider the co-ordination of the measures contemplated, in conformity with the general rules adopted by the 1921 Assembly and in conformity with its national Constitution.

I am entirely in agreement with M. Titulesco that this is not the place to discuss amendments to Article 16; but that does not prevent me from stating again that the criterion we take as a sovereign State is based on arguments deriving from certain rules which serve as the guiding principle in the political and concrete action initiated by this Committee — that is to say, the resolutions of October 4th, 1921.

Having said this, let me next define the special situation of the Argentine, as other delegates — for example, M. de Madariaga — have done for their countries.

Our position is one of positive reality. I need not say at this point that the Argentine is in a peculiar situation, similar to that described by M. Motta, when he pointed out that three cantons of the Swiss Confederation were of Italian origin. There are, in point of fact, in the Argentine Republic — living there, working there, and contributing to the continual progress of the country — about one million Italians who form a population attached to our soil by family ties and by common labour, and attached also to our institutions and social progress.

It will be readily understood from what I have just said in regard to numbers that the strict application of Article 16, an article “full of explosive matter”, as the Swiss delegate has said, would constitute, not only a sanction for the Italian Government, but actually a punishment for the Argentine. I dare not think of the damage of all kinds, not merely economic but social, which the relentless application of certain sanctions would involve for my country. It is not going too far to suppose that our demands in the matter of compensation would dismay the Governments required to grant them! I do not propose, however, to refer to such matters at this point, although other of my European colleagues have done so.

The geographical situation of America in itself offers certain peculiar features. That situation was taken into special consideration by the Assembly in 1921; for, logically, propinquity determines obligations which are less serious in the present case for oversea countries.

That is why, with a broad vision of time and space, Resolution No. 9 of 1921 foresaw in paragraph (b) that it would be desirable “to postpone, wholly or partially, in the case of certain States, the effective application of the economic sanctions”, and the text added with perfect equity: “...such postponement shall not be permitted except in so far as it is desirable for the success of the common plan of action, or reduces to a minimum the losses and embarrassments which may be entailed in the case of certain Members of the League by the application of the sanctions”.

That principle or rule is deserving of full consideration for most of the countries of Latin America.

I do not propose for the moment to go into other aspects of the problem; to do so would be premature.

I desire, in conclusion, to submit briefly a further aspect of my country’s situation, one which, indeed, is similar to that of other American countries. I refer to a practical question which affects the whole fabric of our political structure — I mentioned this point at the first meeting — namely, the provisions of our Constitution.

In my view, it is not desirable at the present juncture to discuss that particular point of doctrine, which concerns the several Governments more directly. I realise, however, that the fundamental fact ensuing from those provisions cannot be left on one side by the Committee, which is asking for the immediate application of sanctions. The position is this: The Argentine...
Government cannot enact legislation at present, because Congress is not in session. Consequently, any measure decided upon will have to be referred to the Supreme Court of Justice, which will be obliged to pronounce on its constitutional aspect.

These foregoing reasons, taken together, explain the reservations which we put forward at the beginning of the discussion and the significance of our vote ad referendum.

The CHAIRMAN said that the Committee would take note of the Argentine delegate’s declaration and would, if necessary, examine the special question it raised.

M. GOMEZ (Mexico) noted that the Argentine delegation had referred, in its declaration, to the special position of certain countries in Latin America. He desired to make it clear that Mexico was not one of those countries.

M. LITVINOFF (Union of Soviet Socialist Republics) was not quite clear as to the meaning of the Argentine delegate’s declaration. M. Ruiz Guinazú had said that he was prepared to vote ad referendum. All delegates were in the same position, since Governments were being asked for their replies.

M. Ruiz Guinazú (Argentine Republic) replied that the term ad referendum in every language, and more particularly in languages of Latin origin, had only one meaning: it meant final authorisation by the Government of each country.

The discussion was adjourned to the next meeting.

FOURTH MEETING.

Held on Monday, October 14th, 1935, at 4 p.m.

Chairman: M. de VASCONCELLOS (Portugal).

14. Steps to be taken by Members of the League in respect of their Public Law (continuation).

Mr. FERGUSON (Canada) confessed that he had been somewhat surprised and genuinely alarmed by the Argentine delegate’s declaration, if he had understood it correctly. He hoped he might be entirely mistaken in his appreciation and interpretation of M. Ruiz Guinazú’s remarks, but he had understood him to say that, because there were perhaps one million Italians in the Argentine, any prohibitions would necessarily be irritating and might be the cause of grave internal troubles, and that he was not in a position to obtain a ratification at the present time because the Executive had no authority to give it, and, as Congress was not in session at the moment, it would mean having resort to the Supreme Court, which, if it followed the course of courts in general, would make it rather uncertain when the League would receive a decision or advice.

That being the case, Canada — and probably a number of other countries — was placed in a rather difficult position. Canada had joined the League, as he assumed all other Members had, with a full knowledge of her undertakings, and fully appreciating the obligations imposed upon her and the risks she was running. The Members had felt that, by unanimously co-operating in any action that might be taken, none of them would unduly suffer and that the losses they might have to suffer would be more or less levelled up among them. If, however, States as important as the Argentine and Switzerland, and other nations, made declarations which, he hoped he might be wrong in saying, were tantamount to a refusal to co-operate, he was afraid he would find himself in a difficult position with his Government.

When they signed the Covenant, the Canadian people had realised that, if ever they were asked to implement it, they would be substantial sufferers. Canada was a borrowing country and a country of raw materials and natural products. She was looking for capital and people to help to develop the country. She must sell the great quantities of her base metals and minerals and had been able to sell a very substantial amount. If she had to restrict the market of her mineral industry, the second most important industry in Canada, and to drive thousands of men out of employment, in order that she might fulfil her obligation, she was ready to do so, because she was prepared to carry out her promise; but he hoped she would have the cooperation of other nations which had the same difficulties, and he hoped they would share the burden with Canada.

If, by a process of disintegration, one country after another was going to discover difficulties so great that they thought they could not face them, then let the delegations go home. With important countries outside the League, some of them having left and some having shown no desire to co-operate, the life-blood was gradually being sapped out of that organisation; if
public confidence in the League was to be maintained, and if the delegates were to have the support of the world behind them, they must stand together.

He made these remarks in the best of good feeling, and hoped he had entirely misunderstood his friend from the Argentine, a country with which Canada had nothing but the most friendly and close co-operative business relations. He was sure, however, that M. Ruiz Guíñazú would consent, if possible, to elaborate a little more clearly before the Committee what exactly was the situation of his country and what he had wished to imply by the somewhat startling things he had said that morning.

M. Ruiz Guíñazú (Argentine Republic) said he would begin by giving an explanation to the Canadian delegate and to his colleagues on the Committee. He would, in fact, put more clearly what he had said that morning.

When it pronounced in favour of the proposals under consideration, the Argentine delegation intended, as was its duty, strictly to adjust the procedure of their application to the provisions of the Argentine Constitution, under which no decision could be taken until the Executive had received powers from the Legislature.

He added that, in saying that the Argentine delegation's vote was ad referendum, he had meant that it would have to be ratified by Parliament.

He pointed out that the Argentine Constitution applied the description of "national authorities" to the three bodies which formed the Federal Government. Although foreign affairs were in the hands of the Executive, certain questions which were regarded as falling within the sphere of Parliament had to be laid before the latter body under Article 67 of the Constitution.

Such parliamentary intervention was particularly necessary in the present case, because the proposal that had been discussed at the morning meeting would place nationals and foreigners on a different footing, which would be a violation of the great and generous principle of equality established by the fundamental charter of the Argentine. The written constitution of the Argentine, unlike those of some European countries, conferred only limited powers.

Under the American federal system, when a national or a foreigner considered himself to be deprived of the protection of the constitutional guarantees by some administrative or other decision, he could appeal to the Supreme Court of Justice on the plea that the decision depriving him of those guarantees was null and void.

In conclusion, M. Ruiz Guíñazú repeated that the attitude adopted by the Argentine delegation was entirely in conformity with the principles laid down in the resolutions of the 1921 Assembly — that was to say, it was wholly within the framework of the Covenant.

The Argentine delegation had already voted for the first resolution, and was determined not to weaken the function of the League, which was to seek the immediate restoration of peace.

The Chairman recalled that, at a previous meeting, he had raised the question now under discussion from a more general point of view, and had at the same time pointed out that certain countries would undoubtedly have to pass special legislation for the execution of the whole or part of the measures which were going to be voted by the Committee. The present discussion proved that the question was an urgent one and should be dealt with thoroughly.

Mr. Eden (United Kingdom) agreed with the remarks just made by the Chairman, and had no doubt that a great many internal constitutional difficulties might arise in the application of any measures agreed upon by the Committee. That was a question of the greatest importance. While it was of comparatively great importance in regard to financial measures, it would become of infinitely greater importance in the case of economic measures. Although there might not be so much harm in some kind of time-lag in the putting into force by the various countries of financial measures, it was absolutely imperative in the case of economic measures that they should be carried out together. He was therefore in general agreement with the views expressed by the Canadian representative.

He would venture to make a suggestion in order to attempt to meet, not the future difficulties, but the present difficulties in respect of the financial proposal. The Co-ordination Committee might be asked to adopt a resolution on the following lines:

"The Governments are invited to put in operation at once such of the measures recommended as can be enforced without fresh legislation, and to take all practicable steps to secure that the measures recommended are completely put into operation by October 31st, 1935. Any Governments which find it impossible to secure the requisite legislation by that date are requested to inform the Committee, through the Secretary-General, of the date by which they expect to be able to do so."

M. De Madariaga (Spain) associated himself with Mr. Eden's proposal.

Reverting to the question of constitutional difficulties, of which the Chairman had spoken several times, he said that, in his opinion, it should be dealt with direct and in a general manner. The United Kingdom delegation's proposal covered only present difficulties. Generally speaking, he saw only two solutions — either a study of those difficulties one by one for each country, to be undertaken by the Legal Section of the Secretariat, or a decision by the
Co-ordination Committee recommending all States to proceed urgently to such a study in their own countries and to place themselves urgently in a position which would allow them to apply the proposed measures without delay. The first solution would perhaps not be wise, because it was always dangerous for the League to interpret the constitutional positions of the different countries. As regarded the second solution, he might take the position of the Argentine Republic as an example. That country's delegate, whose desire, like that of his Government, to co-operate in the application of the Covenant was not open to question and needed no confirmation from a foreigner, had explained the difficulty in which he was placed owing to the fact that the Argentine Parliament was not in session. If a proposal were put forward by the Co-ordination Committee emphasising the necessity for each State to take immediate steps to put itself in a position to apply sanctions, countries which were in a situation similar to that of the Argentine Republic might perhaps be stimulated to take exceptional measures for the summoning of Parliament. He did not wish to give advice to Governments, but he thought that, if the Co-ordination Committee adopted such a proposal — which would not be more exorbitant than those put forward in regard to finance or the embargo — concerning the procedure to be followed by Governments, the latter's attention would be drawn to the urgency of taking all necessary steps with a view to the speedy application of sanctions.

He therefore definitely proposed to entrust to a small committee of three or four specially competent members of the Committee of Eighteen the task of drafting a proposal of a practical legal character which would be sent to States as the Co-ordination Committee's proposal.

Mr. Ferguson (Canada) expressed his appreciation to the Argentine delegate for making his attitude clear. If the Committee could adopt the principle outlined in Mr. Eden's resolution, it would meet all the difficulties as they arose from time to time.

The Chairman considered that the text proposed by Mr. Eden, taken in conjunction with M. de Madariaga's second proposal, was quite sufficient at the moment to ensure that the difficulties encountered by Governments in the execution of the measures they might vote in the Committee would be surmounted as speedily as possible.

If the Committee agreed, he would put forward suggestions later regarding the composition of the sub-committee which the Spanish delegate had proposed.

The text submitted by the United Kingdom representative might be inserted between the sixth and last paragraphs of Proposal II.

The text proposed by the United Kingdom delegate was approved.

M. Litvinoff (Union of Soviet Socialist Republics) said that the proposal just adopted dealt only with one group of considerations put forward by the Argentine delegate. There was, however, another group not touched on in the resolution, which he could not pass over in silence. M. Ruiz Guinazu had spoken of his country's special position in the present conflict, of the composition of the population of the Argentine, of the special characteristics of its foreign trade, etc., and of conditions which would place the Argentine in a special position with regard to any measures that might be recommended or adopted by the League.

He did not want to prolong the discussion now, but must reserve his right to revert to those arguments. He would also have to refer to the declarations of the Swiss, Austrian, Hungarian and other delegations, because all those declarations created a very grave situation which might compel other Governments to reconsider their attitude towards the proposals of the League.

Mr. Te Water (Union of South Africa) welcomed the statement just made by the Soviet representative. At some stage it would have to be made clear that some delegations were faced with the position that, when the Committee's resolutions had reached final form, their Governments would have to view them as a whole. He knew that his own Government would carefully examine them, first, from the point of view of the Covenant itself and whether they achieved what the Covenant obliged it to achieve, and, secondly, from the point of view of the unanimity reached on the questions at issue. With those two points in mind, therefore, he wished fully to associate himself with the reservation made by the Soviet delegate.

15. Declaration concerning Mutual Support: Proposal by the United Kingdom Delegate.

Mr. Eden (United Kingdom) reminded members that there had been some discussion regarding the third paragraph of Article 16. That paragraph involved a very important question. It contained two parts, and he would suggest that it might be a good thing to ask the Co-ordination Committee to reaffirm the first part of the paragraph in question. He would therefore suggest the following resolution:

"With a view to facilitating for the Governments of the Members of the League of Nations the execution of their obligations under Article 16 of the Covenant, it is recognised
that any proposals for action under Article 16 are made on the basis of the following provisions of that article:

"The Members of the League agree, further, that they will mutually support one another in the financial and economic measures which are taken under this article, in order to minimise the loss and inconvenience resulting from the above measures, and that they will mutually support one another in resisting any special measures aimed at one of their number by the Covenant-breaking State."

M. COULONDRE (France) said that, as a delegate appointed for a technical task of co-ordination, he was not qualified to undertake a new obligation of a political nature, but he noted that the text submitted simply reproduced the provisions of Article 16, paragraph 3. He need not remind the Committee that, both in the Council and in the Assembly, M. Laval, the French Prime Minister, had repeatedly stated that France did not intend to evade any of the obligations of the Covenant.

The text proposed by the United Kingdom delegate was adopted.¹

M. RÖSTÖ ARAS (Turkey) accepted the United Kingdom representative's proposal, on the understanding that it did not in any way prejudice the appointment of the compensation committee to which reference had been made.

16. Appointment and Terms of Reference of the Legal Sub-Committee.

The CHAIRMAN proposed that the Legal Sub-Committee whose appointment had been suggested should consist of representatives of Belgium, the United Kingdom, France, Greece, the Netherlands and Poland, and that its terms of reference should be left to the Bureau.

The proposals of the Chairman were adopted.


The CHAIRMAN pointed out that one proposal had been made by the French delegate and another by the United Kingdom delegate, and that the appointment of a number of sub-committees had been suggested. Now, however, it was agreed to consider the appointment of a single sub-committee, or at most two, and he proposed that the Committee should now consider that point.

M. COULONDRE (France) said that a number of speakers in the general discussion which was now closed had seemed to contemplate two classes of economic measure, the one involving embargoes on products essential for the conduct of hostilities, and the other aiming at the stoppage of exports from Italy to the different countries. The question of mutual support between States taking such action had also been raised. The exchange of views appeared to have given rise to a general feeling that the importance of those questions was such as to make it desirable for them to be studied by sub-committees of specially qualified persons. It was, further, his impression that, while entertaining this idea, the Committee was also anxious to indicate its wish that the setting-up of such sub-committees should not hold up its own work, but that conclusions should be reached as soon as possible.

He accordingly proposed the appointment of two sub-committees—the first to study the actual economic measures comprised in the two classes under consideration, and the second to study questions of mutual support. The Committee of Eighteen would instruct the two sub-committees to work with the utmost diligence and to report by stages when they had any concrete practical proposals to submit. He therefore submitted the following draft decision:

"1. The Committee of Eighteen decides to undertake an immediate study of the application of measures concerning the embargo on raw materials and products essential to Italy for the continuance of hostilities, and concerning the cessation of Italian exports to countries Members of the League.

"For this purpose it appoints a sub-committee.

"2. The Committee of Eighteen decides to study at the same time the conditions under which the principle of mutual support laid down in paragraph 3 of Article 16 can be applied in the economic field.

"For this purpose it appoints a second sub-committee.

"3. The Committee of Eighteen requests the two sub-committees to pursue their work with the utmost diligence.

"4. As soon as either of the sub-committees has reached definite conclusions on any point, it will lay them before the Committee of Eighteen."

Mr. EDEN (United Kingdom) was entirely in agreement with the French delegation's proposal and with the remarks made by M. Coulondre in presenting it. He would like to say expressly that, in agreeing to that procedure, he did not do so in order to cause delay, but rather with a view to arriving at decisions as rapidly as possible. During the last discussion

¹ Document No.: Co-ordination Committee/40.
on the subject, he had told the Committee that, in his view, the proposal he had made did not require technical discussion, and he still held that view; but, in order to facilitate matters, he was prepared to allow his proposal to go to the sub-committee together with the French delegation's proposal, so that they might be jointly examined.

He would only request that, if the discussion on the embargo in the technical sub-committee was a prolonged one, it might be possible to break into it with a view to allowing his proposal to be examined. He hoped that would not be necessary; indeed, he thought that the whole of the procedure could be carried out in two or three days; but, in any event, he would ask the Committee that the proposal which he had made on Saturday should be approved at latest on or about Friday, October 18th.

M. RÜSTÜ ARAS (Turkey) agreed with all the proposals that had been made.

M. STUCKI (Switzerland) thought that one of the most important questions in connection with economic sanctions was the prohibition of imports of Italian products. He would consider the matter from the point of view of procedure. It was, he thought, of the utmost interest and importance to know what part Italian products played in the trade of the different countries. Obviously, if a country prohibited the import of Italian products, it would lose its exports to Italy. There were countries whose exports to Italy might not amount to more than one-half per cent of their total exports; in others, exports to Italy would be an extremely high percentage of the total.

He did not mean to prejudge the point. He merely wished that the Secretariat should be asked to indicate Italy's share in imports and exports for each country concerned. He understood the information was available. All that was required was to calculate the percentages for which he asked. The figures might be very useful to the proposed first sub-committee in its future work.

The CHAIRMAN understood from the Secretariat that the necessary material was available from which to supply the information requested by the Swiss delegate.

M. LITVINOFF (Union of Soviet Socialist Republics) asked whether the sub-committee would also deal with the questions of the transit of goods to Italy through various countries and of supplies to Italy by non-members of the League.

Mr. Eden (United Kingdom) agreed with the Soviet delegate that these questions were important. As, however, the sub-committee was going to report by stages, it could perhaps take up those subjects when it had finished with one or two of the first questions referred to.

M. DE MADARIAGA (Spain) agreed with Mr. Eden that it was possible to proceed by stages. The various questions that arose did not really differ fundamentally. On the contrary, transit problems and the question of collaboration with non-member States arose in connection with all the points which the Committee would have to consider, and particularly in connection with the two points it was at present discussing. He must admit, however, that, so far as collaboration with non-member States was concerned, there was a political issue with which the Co-ordination Committee would have to deal at the very outset.

The CHAIRMAN said that he proposed to raise the question of collaboration with non-member States in the Committee of Eighteen at an early meeting, before submitting it to the Co-ordination Committee.

M. DE MADARIAGA (Spain) thought that, if the Committee felt that the question of collaboration with non-member States would arise as an economic issue in connection with the problems which the Committee was already referring to the technical sub-committee, it was urgently necessary to deal with the political aspect of such collaboration. The technical sub-committee would not be able to make a complete study of the problems of stopping Italian exports or placing embargoes on raw materials without considering the attitude of the non-member countries in the matter. As it would not be able to make such a study until the Committee of Eighteen had considered the political issue involved, it was urgently necessary to deal with that aspect of the problem. As he had pointed out at a previous meeting, the problem was less simple than it appeared, particularly in view of the political differences between the Member and non-member States and the delicate considerations involved.

He was accordingly in favour of appointing a very small political sub-committee of three or four members to study the question and report on the following day to the Committee of Eighteen. The latter could then deal with the political side of the question before referring it to the Co-ordination Committee. That would leave the way free for the technical sub-committee to consider the question of the collaboration of non-member States from the economic standpoint.

Mr. Eden (United Kingdom) agreed that the problem of non-member States was a complex and delicate one, but did not agree that their co-operation was indispensable at the present stage of the Committee's work.
There were two proposals before the Committee. In the first place, there was the embargo on raw materials. He understood that there were some raw materials upon which an effective embargo could be placed by the co-operation of the Members of the League alone.

Secondly, as regarded the proposal for the interruption of Italian exports to countries Members of the League, he could not accept the idea that the co-operation of non-members was indispensable before the States Members could themselves take a decision upon the interruption of Italian exports to their own countries. One of the advantages of his proposal, indeed, was that it was not indispensable that such co-operation should be established. That did not, of course, mean that the League did not want that co-operation or that it ought not to do all it could to secure it.

M. Komarnicki (Poland) agreed with Mr. Eden, and thought it would be essential to examine at a later stage the manner in which the assistance of the non-member countries could be obtained. For the moment, it was desirable to obtain the first technical elements which would be provided by the two sub-committees, and particularly by the first, since conclusions would emerge as the study of certain branches of economic relations proceeded. It would be seen to what extent the co-operation of other non-member countries would be required in order that the measures proposed to the Governments might be effective.

In reply to a question by the Chairman, M. de Madariaga (Spain) said that he agreed that the point should not be discussed for the moment.

M. Sandler (Sweden) considered that, in view of the interdependence of their work, the two sub-committees should be entitled to hold joint meetings if they thought fit.

M. de Madariaga (Spain) understood that the sub-committees would examine simultaneously the transit problems raised by the questions they were going to study.

The Chairman replied in the affirmative.

M. Stucki (Switzerland) asked whether it was proposed to initiate any procedure in consequence of the declarations made concerning sanctions by two Members of the League — Austria and Hungary. That was a matter of importance to the sub-committee dealing with economic questions, since it had to examine transit questions. The situation was clearly different if a country was asked to prohibit the transit of certain goods while a neighbouring country authorised their passage through its territory, or if, on the other hand, the transit prohibitions applied generally. The question was of special interest to Switzerland. Was the sub-committee's work to begin before this problem had been solved — States in that case retaining the right to make reservations — or was it to be settled first?

M. Bourquin (Belgium) recognised that the question raised by M. Stucki was extremely important from the point of view of transit. Clearly, the attitude of Austria and Hungary would have a considerable influence on that of other States. An undoubted correlation existed.

The question was where to begin. From the point of view of abstract logic, it would perhaps be preferable to enquire first of all what the attitude of Austria and Hungary would be. From the practical point of view, on the other hand, the proposition was reversed. If Austria and Hungary were now asked what they were going to do, they would repeat what they had said in the Assembly, whereas, if all the other Members of the League agreed on a definite scheme, the problem would assume a quite different aspect, since the two countries in question would have to say whether they were willing to take the responsibility of wrecking the whole system.

M. Komarnicki (Poland) approved this view. He observed that the question had certain analogies with that of the non-member countries. It should be understood that the two technical sub-committees were to study all the aspects of the questions submitted to them. In the present case, the question was certainly a technical one.

M. Rustu Aras (Turkey) also shared the Belgian delegate's views. He further thought that the very useful suggestions made at a previous meeting by M. Potemkine should be borne in mind.

M. Litvinoff (Union of Soviet Socialist Republics) thought that the question raised by the Swiss delegate was rather a continuation of the discussion provoked by the Argentine delegate's declaration. He suggested that the discussion on this particular point might proceed simultaneously in the Co-ordination Committee from the political point of view and in the sub-committee from the practical point of view. A general discussion of the question might be very helpful to the sub-committee in finding practical solutions.

The Chairman closed the discussion, saying in reply to the Soviet delegate that the question which he had raised might create practical difficulties and delay the progress of the work. If his desire was acceded to, the members of the sub-committee would have to go to the Co-ordination Committee. On the other hand, as the Committee of Eighteen was in a hurry to obtain the sub-committee's report, it was desirable to expedite the latter's work.

M. Litvinoff (Union of Soviet Socialist Republics) said that he would not press his proposal.
The CHAIRMAN announced that he would submit suggestions regarding the composition of the two sub-committees later.

The decision proposed by the French delegation was adopted, subject to the observations made during the discussion.


The CHAIRMAN suggested that the Sub-Committees set up by the decision just adopted should be composed of representatives of the following countries:

**Sub-Committee for Economic Measures:**
- Argentine Republic
- Belgium
- United Kingdom
- Canada
- France
- Netherlands
- Poland
- Roumania
- Spain
- Sweden
- Switzerland
- Turkey
- Union of Soviet Socialist Republics

**Sub-Committee on the Organisation of Mutual Support:**
- Union of South Africa
- United Kingdom
- France
- Greece
- Mexico
- Poland
- Roumania
- Spain
- Union of Soviet Socialist Republics
- Yugoslavia

M. LABOUGLE (Argentine) thanked the Chairman for having included a member of his delegation in one of the Sub-Committees, but said that his delegation would prefer not to serve on it.

The Committee requested the Chairman to preside over the Sub-Committee on Economic Measures.

The proposals of the Chairman were adopted, with the omission of the Argentine Republic.

19. Urgent Communications with Governments.

Mr. LOVEDAY, Secretary of the Co-ordination Committee, reminded the Committee that that morning it had emphasised the importance of having Proposal II communicated as rapidly as possible to all States Members of the League, and it had even been suggested that, if a communication had not been received by the end of the present week from the Governments of Member States regarding the measures they proposed to apply in consequence of that proposal, the Secretariat should be entitled to communicate again, pressing for a reply. That raised the whole question of the method to be applied in the case of countries far distant from the League. The procedure normally adopted was that of wirelessly a message giving the text of the resolution, and the Secretariat had a technique by which these measures were conveyed as rapidly as possible. But that technique did not, unless very special measures were taken, really constitute an official communication; it was the general emission of information as distinct from an official communication, to which a reply would be expected. He would like to ask whether the Committee considered that technique adequate for the purpose of the rather special problem before it.

M. HAAS, Director of the Communications and Transit Section, said that, during the past few days, in order to ensure the rapid circulation of communications from the Secretariat, messages had been sent at fixed hours to as many Governments as possible, both from the League's own wireless station and from the Radio-Suisse station. A considerable number of Governments had received such communications. The system was adequate so far as preliminary information only was concerned. Unless special arrangements were made, however, communications of that kind could not be regarded as in every case sufficient to dispense the League from making other communications. On the other hand, it was an extremely expensive matter to communicate separately with all the Members of the League.

He suggested that the Committee should consider the possibility of sending to all Governments separately, in the ordinary manner, a telegram calling their attention to the features of the service to which he had referred, notifying them that official communications from the Secretary-General on behalf of the Co-ordination Committee would be transmitted by that service, and requesting them to inform the Secretariat if they were unable to receive communications by that method or if, after one or two days' experience, they found that the service was unsatisfactory. The question could be settled in that way for the great majority of countries. Other methods would be used for countries to which the service was not satisfactory.

On the Chairman's proposal, the Committee decided that its documents, together with those of its Sub-Committees, should henceforward be circulated to the members of the Co-ordination Committee.

21. Steps to be taken by Members of the League in respect of their Public Law: Draft Resolution submitted by the Legal Sub-Committee.

The following draft resolution, 1 submitted by the Legal Sub-Committee, was read:

"The Co-ordination Committee,
"Considering that it is important to ensure rapid and effective application of the measures which have been and may subsequently be proposed by the Committee;
"Considering that it rests with each country to apply these measures in accordance with its public law and, in particular, the powers of its Government in regard to execution of treaties:
"Calls attention to the fact that the Members of the League, being bound by the obligations which flow from Article 16 of the Covenant, are under a duty to take the necessary steps to enable them to carry out these obligations with all requisite rapidity."

M. Politis (Greece), Chairman of the Legal Sub-Committee, said that the Legal Sub-Committee had been asked to prepare a draft resolution inviting the Governments to take urgent steps to place themselves in a position, in accordance with the requirements of their respective Constitutions, to apply the measures proposed by the Co-ordination Committee with the speed and uniformity necessary for their efficacy.

The Legal Sub-Committee had felt that it should first of all gain an idea of the extent to which the Governments of the different Members of the League were in a position to discharge the obligations arising out of Article 16 of the Covenant, and it had found that, in certain countries, though very few, there was already a general law empowering the Executive to carry out these obligations if necessary.

The Legal Sub-Committee had found, in the second place, that in all the States Members of the League in which the Covenant had been ratified after legislative authorisation - and they were very numerous - the Covenant had force of law. It was regarded as part of the country's legislation, and, in consequence, the Government's general powers enabled it to carry out the obligations arising out of the Covenant in the same way as internal laws.

There was a third class of country in which the rigid character of the Constitution precluded the Government from carrying out Article 16 of the Covenant, at least in some respects, unless empowered by special legislation.

Such being the situation, the Legal Sub-Committee had been obliged to recognise that, great as was the variety of systems of public law in force in the different States Members of the League, it in no way affected the obligation that Members of the League had assumed by ratifying the Covenant. Consequently, each Member of the League, by its mere acceptance of the Covenant, had contracted the additional obligation of taking the necessary steps under its public law to enable it, when occasion arose, to carry out the undertakings arising out of Article 16.

The Legal Sub-Committee had thus come to the conclusion, already reached by the International Blockade Committee in 1921, that it was not for the League to formulate uniform rules of procedure for the different countries, but that all the Members of the League should be reminded that they must see to it that they were in a position to take the necessary steps to carry out the obligations arising under Article 16.

These general considerations had inspired the text of the draft resolution. It consisted of three paragraphs. The first two were simply statements: first, that it was important to ensure the rapid and effective application of the measures which had been or might subsequently be proposed by the Co-ordination Committee; secondly, that it rested with each country to apply those measures in accordance with its public law and, in particular, with the powers of its Government in regard to the execution of treaties.

Those two statements having been made, their logical conclusion was contained in the third paragraph, in which it was proposed to remind the Members of the League that, since they were bound by the obligations arising out of Article 16, it was their duty to see that they were in a position to carry out those obligations with all requisite speed.
M. Ruiz Guñazú (Argentina) agreed with M. Politis. He desired to inform the Committee that the Argentine Government proposed, in accordance with the draft resolution, to consider with the utmost attention the stipulations of Argentine public law. for the purpose of conforming to the obligations arising under the Covenant of the League. He could state definitely that his Government had latterly taken all the requisite steps in connection with Proposal I, already voted, on the subject of the arms embargo, and had given instructions for the preliminary enquiries which were essential for the application of the Proposal.

M. de Madariaga (Spain) would like to put certain questions to the Chairman of the Sub-Committee. As he saw the matter, the resolution should not be so much a resolution as a proposal, on the lines of Proposals I and II, already adopted; and the attitude to be taken up by the Committee in relation to the Governments on the legal issue should also be similar—that was to say, it should propose to the Governments that they should take certain formal measures, just as it had proposed that they should take certain substantive measures. Such an attitude would be more certain to draw their attention to that important question. In other words, had M. Politis any objection to changing his draft resolution into draft Proposal III? That would entail some slight changes of form. A second question which he wished to put to M. Politis was whether he had any objection to the introduction of the idea of simultaneous action into the text. He thought simultaneous action was essential, if the Governments' attention was to be directed to the importance of the action taken and its effectiveness. At the same time, and in contrast with that conception, it would be possible to introduce a reference to the fact that the different State Constitutions might bring into play an element of uneven timing, and that the Committee's proposal had its origin in that consideration. He accordingly proposed that the first paragraph should read as follows:

"Considering that the efficacy of these measures would be proportionate to the simultaneity with which they were applied by the different States."

Further, in order to emphasise the contrast, he suggested the addition of the words "at the same time" after the word "Considering" in the second paragraph.

M. Komarnicki (Poland) considered that the text submitted to the Committee was perfectly clear, and for his part he was prepared to vote for it as it stood.

He was in some uncertainty, however, as to its legal character; and, in particular, he wished to make the most explicit reservations in regard to M. de Madariaga's proposal. The present text was not a proposal; it was a statement of the obligations already existing in Article 16 of the Covenant. Accordingly, if it were put on the same footing as the other proposals for concrete measures, the effect of the obligations already undertaken by the Committee under Article 16 of the Covenant would be considerably weakened. The present text could not be treated on the same footing as the concrete measures already proposed. It should be submitted in the form of a report or a recommendation; he would himself prefer a report, as showing that the members of the Co-ordination Committee had in mind the undertakings assumed by them under the Covenant. In any case, he felt that there were very grave objections to describing the text as a "proposal".

M. Titulesco (Roumania) thought that the text could not constitute a proposal. On that point he agreed with the Polish delegate. The word "resolution" had been used for many years in the League for much less serious cases than the stoppage of a war which might have worldwide consequences. It would not be understood why the League should suddenly hesitate at the very moment when it needed the greatest courage.

Moreover, account must be taken of the requirements of logic. What did the word "proposal" mean? It meant that the Governments were free to accept or reject it. Was it to be contemplated that a Government might refuse the rapid and effective application of measures proposed in accordance with the rules of its public law? Was it to be contemplated that a Government might declare that it was not bound by Article 16?

He would not object, however, to the use of the expression "report" or "voeu", although they appeared somewhat to weaken the idea of duty. Firmness should at any rate be shown when it was merely a case of repeating the obligations by which Members of the League were already bound.

M. de Madariaga (Spain) withdrew his suggestion that the text submitted should be changed into a proposal. It was, in any case, his desire to act on the lines indicated by the Polish and Roumanian delegates. But he felt that the text was somewhat theoretical, whereas it was the Committee's duty to draw the attention of Governments to positive, practical, immediate and urgent realities. After fifteen years' work at Geneva, whenever he was confronted with a text which reminded the Members of the League of their duty, he had always a feeling that the question was left somewhat too much within the realm of principles. It was that feeling that had prompted him to suggest making a "proposal". But he realised that such an expression would appear to justify negative replies, which could not be the case, although the question of unanimity might arise in view of certain negative attitudes.

Having said so much, he would be very glad if the Committee would accept the amendments he had proposed in the first and second paragraphs, in order to urge the desirability of...
simultaneous action and to make the Governments understand the importance of the question. The third paragraph he could accept in its present form, but he would prefer that the following text should be substituted for it:

"Draws the attention of the Members of the League to the practical importance of their taking all necessary steps in order to enable them to carry out with all requisite rapidity the obligations which flow from Article 16 of the Covenant."

M. Politis (Greece) feared that, if additions were made to the draft resolution — except perhaps for the paragraph at first proposed by M. de Madariaga — the underlying concept would be weakened. He thought he had already made it quite clear that the Sub-Committee's intention had been to set forth certain undeniable facts, since it had realised that it was impossible to lay down uniform rules of procedure, in view of the fact that the sovereign powers of each country were the basis on which it regulated its conduct in accordance with its public law and set about the discharge of its international obligations. The question was one of reserved competence. The only thing that concerned the commonwealth of nations was that the measures adopted should be such as to ensure, when the time came, the rapid execution of the obligations assumed. That was stated in the text, and he thought there was nothing more to add.

The last part of the resolution was not without effect, as M. de Madariaga appeared to think. It drew attention to a duty. At first sight it might appear to be unnecessary to call the attention of States to the obligations they had assumed, but in the actual case with which the Committee was dealing that reminder was of practical importance; it was intended to prevent any State from alleging difficulties of internal organisation as an excuse for failure to carry out its international obligations. That was the idea expressed. It should be expressed as courteously as possible, but he did not think it feasible to descend a step lower and say, as M. de Madariaga had proposed, that it was of the highest importance that States should do a certain thing. That would mean descending from the legal level on which the Sub-Committee had wished to remain to the lower level of expediency. It would be as good as saying that States were free to do as they wished, but that it would be expedient for them to act in a certain way. That would not be telling them the truth. The truth was that they had signed the Covenant, that the Covenant was their law, that it must be enforced, and that they had the consequential obligation of putting themselves in a position to enforce it. It was for them to decide in what way that should be done; but the essential point, to which attention should be drawn, was that they had the additional duty, resulting from their acceptance of the Covenant, of putting themselves in a position to fulfil the obligation they had assumed.

In his opinion, therefore, it was preferable to maintain the text as it stood.

Doubts had been expressed about the title "Resolution". He would point out, however, that it was a generic term, which — as fifteen years' experience of the League had taught him — was of no importance in itself. What was of importance was the contents of the resolution. A resolution might involve a decision, it might contain an innovation or simply a recommendation — and many resolutions of that kind had been adopted.

What the Committee had before it, therefore, was a resolution of the Co-ordination Committee, containing merely a statement to which the Legal Sub-Committee considered it expedient to draw the attention of States. That was the reason for the reminder.

He would now turn to M. de Madariaga's proposal to insert a new paragraph between the first and second, drawing attention to the expediency of the simultaneous application of the measures. When he had first heard that proposal, he had at once felt somewhat uncertain about it, because it was to be feared that, if stress were laid on the desirability of the simultaneous application of the measures, the collectivity might be brought down to the level of the lowest common denominator. In other words, collective action as a whole would have to wait until those members who were hampered internally by over-rigid rules were in a position to fulfil their obligations. As, however, the idea was expressed in very veiled terms, and it was stated that simultaneity might contribute to effectiveness, he was inclined to think that the danger to which he had been alive at the outset was perhaps not a very real one; and, if M. de Madariaga was anxious that his clause should stand, he would not object.

M Titulescu (Roumania) said that he personally did object.

M. de Madariaga (Spain) said that his idea had been to make the resolution more influential with Governments, and so to expedite and improve the working of sanctions. He found, however, that even his clause dealing with simultaneous action had given rise to apprehensions, and he accordingly withdrew that proposal also.

He was not, however, satisfied with the legal character of the last paragraph. On practical grounds, and in view of the fact that he had accepted the last paragraph of the Sub-Committee's proposal in its entirety, he proposed to add the following paragraph:

"Draws the attention of the Members of the League to the practical importance of such steps being taken in good time to ensure the effectiveness thereof."

M. Komarnicki (Poland) was satisfied by the explanations offered by M. Politis. In the spirit of these explanations he was also prepared to accept the word "resolution".

Regarding the other proposals, he thought it would be dangerous for the Committee to do anything on those lines. He himself preferred the original wording; but, if all the members of the Committee were prepared to accept M. de Madariaga's last proposal, he would not object.
M. POLITIS (Greece) said he could not understand M. de Madariaga's proposal. Up to the present, the idea had been the effectiveness of the executory measures under Article 16; under M. de Madariaga's proposed paragraph, the idea would seem to be the effectiveness of the proposals by which a country could be enabled to give effect to Article 16.

M. DE MADARIAGA (Spain) admitted the force of the objection. He thought the text should be revised.

M. MOTTA (Switzerland) said that he had listened carefully to the observations of the different delegations, and his conclusion was that M. Politis was to be congratulated and that the text should be adopted as it stood.

M. DE MADARIAGA (Spain) withdrew his proposal.

The draft resolution submitted by the Legal Sub-Committee was adopted without change.¹


The CHAIRMAN directed attention to the revised list² of arms compiled by the Sub-Committee of Military Experts.

M. MOTTA (Switzerland) accepted the list, but wished to make the following general observation.

Category V (2) covered products intended for chemical or incendiary warfare. But how could the export of these products be prohibited when the use of them was regarded as a crime against mankind? All States had accepted that fundamental idea, which was, it seemed to him, embedded in the fabric of the human conscience. Was the Committee now, by a declaration of that kind, to give birth to the supposition that one or other of the belligerents might employ products of the kind? To touch on such an idea, even indirectly, was highly dangerous. He entirely agreed with the list, and that was why he was concerned not to weaken its effect by referring to products intended for chemical or incendiary warfare.

Captain VIALLET, Rapporteur of the Sub-Committee of Military Experts, explained that the Sub-Committee's instructions were to study the annex to Proposal I. The annex included, under Category V, chemical products. The question of principle raised by M. Motta did not come within the province of the Sub-Committee, which had merely to decide whether that category should be left as it stood or be enlarged or amended. That chemical and incendiary weapons were, in principle, included would seem to be established by the Sub-Committee's terms of reference, which were to study the list attached to Proposal I. That list was President Roosevelt's list, which, he gathered, had been accepted as the basis of discussion.

M. MOTTA (Switzerland) thought there was a slight misunderstanding. There was a paragraph in the experts' report which said, "The Sub-Committee considered that the list submitted to it was too restrictive, and decided to include all appliances and products for use in chemical or incendiary warfare".

It was no case, therefore, of directions received by the Sub-Committee of Experts from the Committee of Eighteen. It was an idea for which the military experts themselves were responsible. But the consideration that had led him to object to the inclusion of those products was so pertinent and so imperative that he asked the Committee not to agree to the inclusion, in the list, of that category of weapons, which was prohibited alike by international law and by the conscience of mankind.

The CHAIRMAN pointed out that President Roosevelt's list, which the Committee had already adopted, contained one category of products intended for chemical and incendiary warfare. The Sub-Committee of Experts had simply added to that list, and had taken no initiative, because the principle had already been adopted by the Co-ordination Committee.

M. DE MADARIAGA (Spain) thought that it would be possible to find a solution reconciling the desire to include all weapons of war in the list with the anxiety felt by M. Motta. That solution would be to insert a note stating that the Committee had not thought it necessary to include products intended for chemical and incendiary warfare, because that kind of warfare had been prohibited by international law. It might also be added that Italy had signed and ratified the Protocol concluded at Geneva in 1925, thus debarring herself from carrying on chemical warfare. Unless such a note appeared in the document, that category must be retained in the list.

M. MOTTA (Switzerland) accepted M. de Madariaga's suggestion.

M. COULONDRE (France) desired to submit a slightly different formula. In his opinion, it would be better to leave the list as it stood, adding a note to the effect that the products in question were already prohibited by the 1925 Convention on chemical warfare. In other words, he suggested that M. de Madariaga's proposal should be inverted. He thought that that solution would satisfy all members of the Committee.

¹ Document No.: Co-ordination Committee/40.
² Document No.: Committee of Eighteen/8, Annex. For the revised list, see Minutes of the fourth meeting of the Co-ordination Committee, page 19.
M. DE MADARIAGA (Spain) accepted M. Coulondre's proposal.

M. Motta (Switzerland) said that he could accept either M. de Madariaga's formula or M. Coulondre's, provided it was clearly stated that chemical and incendiary warfare was contrary to the conscience of mankind.

M. Rosenblum (Union of Soviet Socialist Republics) took it that the list would remain as it stood, but that it would be explained in a note that those products intended for chemical or incendiary warfare were already prohibited by a convention prohibiting chemical warfare.

The Chairman pointed out that chemical warfare was, indeed, prohibited, but the export of the products in question was not. They should therefore remain in the list.

Proposal I A and the annexed list were adopted, it being agreed that the Chairman would submit to the Co-ordination Committee direct the text of the footnote suggested by M. Coulondre.1

SIXTH MEETING.

Held on Saturday, October 19th, 1935, at 11 a.m.

Chairman: M. de Vasconcellos (Portugal).

23. Work of the Sub-Committee on Economic Measures: Statement by the Chairman.

The Chairman said that the Sub-Committee on Economic Measures had been instructed by the Committee of Eighteen to make a special study of two proposals—one to prohibit the export to Italy of certain products which would be useful for the continuance of hostilities, and the other for an embargo on Italian exports to all the participating countries.

It appeared from the discussions in the Sub-Committee that the two proposals were in no sense incompatible; on the contrary, they were mutually complementary. The proposal for an embargo on Italian exports had been found to have the advantage that it could be quickly put into operation without raising any serious administrative difficulties, and it also offered guarantees of efficacy whatever attitude might be adopted by States not members of the League. The proposal to prohibit the export of certain commodities to Italy had, on the other side, the advantage of producing direct effects on certain Italian industries of importance for the continuance of hostilities.

By its very nature, the text relating to the prohibition of the importation of Italian goods had not needed detailed technical study. The views expressed in discussion by members of the Sub-Committee had seemed to show that there was agreement on the general provisions it contained. One member, however, had felt that certain special steps might be taken, without interfering with the object in view, in the case of countries whose trade with Italy was governed by a compensation system under which there was a balance in their favour. Certain members had also pointed out that the application of the prohibition to goods covered by contracts in course of execution might, in certain cases, cause damage, not to Italy, but to their own countries. In consequence of this observation, it had been decided that difficulties of that kind could be enquired into by the committee for the application of measures which it was proposed to set up later.

A legal question had arisen during the examination of the text—namely, what would be the legal consequences of the paragraph affecting contracts in course of execution? The question had been submitted to the Legal Sub-Committee, whose report 1 had been forwarded to the Committee of Eighteen.

The other proposal, the text of which was now before the Committee of Eighteen, concerned the prohibition of the export of certain products to Italy. There had been a detailed technical examination of the list of those goods. The only commodities at present on the list were those of which the production was to a large extent controlled by Members of the League. Provisionally, the Sub-Committee had also considered what other products not so controlled might, if required, be brought under a prohibition to export to Italy.

It had not been thought necessary as yet to include provisions for prohibiting the transit of such products to Italy, but it had been felt that the application committee which had been suggested might make proposals to that effect to Governments, if experience revealed that such prohibition was necessary to ensure the complete efficacy of the measures already in contemplation. On that hypothesis, the Legal Sub-Committee had been asked to examine the question whether certain international conventions concluded with States not members

1 Document No.: Co-ordination Committee/40.
of the League, providing for freedom of transit by certain routes, would or would not preclude Members of the League from issuing that prohibition under Article 16 of the Covenant.

This question of transit was, however, reserved for settlement by the Committee of Eighteen.

The Sub-Committee had also considered what recommendations should be proposed to Governments for applying the measures of embargo and for ensuring their simultaneous application, which was regarded as essential. Measures had likewise been contemplated to prevent the diversion of traffic to the advantage of Italy. The Committee of Eighteen would be called upon to consider those measures.


The following proposal was read:

"With a view to facilitating for the Governments of the Members of the League of Nations the execution of their obligations under Article 16 of the Covenant, the following measures should be taken:

(1) The Governments of the Members of the League of Nations will prohibit the importation into their territories of all goods (other than gold or silver bullion and coin) consigned from or grown, produced or manufactured in Italy or Italian possessions, from whatever place arriving;

(2) Goods grown or produced in Italy or Italian possessions which have been subjected to some process in another country, and goods manufactured partly in Italy or Italian possessions and partly in another country, will be considered as falling within the scope of the prohibition unless 25% or more of the value of the goods at the time when they left the place from which they were last consigned is attributable to processes undergone since the goods last left Italy or Italian possessions;

(3) Goods the subject of existing contracts will not be excepted from the prohibition;

(4) Goods en route at the time of imposition of the prohibition will be excepted from its operation. In giving effect to this provision, Governments may, for convenience of administration, fix an appropriate date, having regard to the normal time necessary for transport from Italy, after which goods will become subject to the prohibition;

(5) Personal belongings of travellers from Italy or Italian possessions may also be excepted from its operation.

Having regard to the importance of collective and, so far as possible, simultaneous action in regard to the measures recommended, each Government is requested to inform the Committee, through the Secretary-General, as soon as possible, and not later than October 28th, of the date on which it would be prepared to bring these measures into operation. The Committee will meet on October 29th for the purpose of fixing, in the light of the replies received, the date on which the said measures should be put into operation."

M. MOTTA (Switzerland) desired to make a preliminary statement. The Swiss delegation had already stated its point of view in the Sub-Committee on Economic Measures. He had nothing to add to that statement and merely renewed the reservations which his delegation had already made in the Sub-Committee.

The CHAIRMAN said that this statement would be duly noted. In the short report which he had submitted at the beginning of the meeting, account was already taken of the Swiss delegation's reservations.

Preamble and Points (1) and (2).

Adopted without observation.

Point (3).

M. KOMARNICKI (Poland) had very little to add to the statements made by the Polish delegate in the Sub-Committee on Economic Measures. The Committee was aware of the attitude which Poland had adopted in respect of the performance of obligations arising out of the League Covenant. Poland was in favour of the full application of the Covenant, and it was in that spirit that the Polish delegation accepted the proposal contained in Point (3). He must, however, state frankly on the present occasion that Poland was obliged to make an exception in the case of certain specific contracts. That exception affected only part of Point (3). The Polish delegation did not object to the system as a whole and did not wish

1 Document No.: Co-ordination Committee/40.
to make any breach in it; but it was, in its judgment, quite indispensable for Poland to exclude certain specific contracts from that clause. The financial values involved in the contracts in question, which were concluded by institutions directly dependent on the State, were relatively small; but the execution of the contracts was of considerable importance either for the national economy or for the security of the State.

The Chairman pointed out that, during the discussions in the Sub-Committee on Economic Measures, it had been suggested that this question should be studied in detail by the application committee which it was proposed to appoint.

M. Litvinoff (Union of Soviet Socialist Republics) observed that, as he had mentioned in the Sub-Committee, the Soviet Government would have the same inconvenience as the Polish Government in regard to certain contracts placed in Italy. He would not ask for any exceptional treatment if this proposal were accepted by everybody; but, if exceptions were to be made in favour of other Members of the League, he reserved his Government’s right to take advantage thereof and to ask for a similar exception.

M. Komarnicki (Poland) said that he accepted Proposal III with the exemptions he had mentioned.

M. Rüstü Aras (Turkey) made the same reservations as M. Litvinoff, Turkey being in the same position as the Union of Soviet Socialist Republics.

Mr. Eden (United Kingdom) was a little troubled lest the gap in this respect should become a very big one.

Perhaps the delegate of Poland would be good enough to consult the proposed application committee about his reservation, and other delegates might do the same. Perhaps it would then be possible to prevent everybody making the same reservation — which would, in effect, completely nullify the paragraph.

M. Maximos (Greece) also made reservations in regard to orders placed with Italy, already paid for by Greece but not yet executed.

M. Coulondre (France) supported Mr. Eden’s suggestion. The French delegation had always considered that the indispensable condition for the adoption of a sanction was its efficacy.

If it was decided to adopt particular measures, it was essential for future action on behalf of collective security and for the dignity both of the League of Nations and of the various Governments that such measures should yield the anticipated result. He urged accordingly that any exceptions which might be made to the established rule should be submitted to the application committee which was to be set up.

M. Komarnicki (Poland) replied that he had made the declaration which his Government had authorised him to make. At the same time, he was ready to give the application committee a statement of the contracts which, in the Polish Government’s opinion, should be exempted from the measures referred to in Point (3).

M. Sandler (Sweden) imagined every Government represented on the Committee felt hesitation and anxiety in this connection. He therefore begged his colleagues to transmit to their Governments the opinions expressed during the discussion, at the same time asking them to examine once more whether it really was vitally necessary for them to make exceptions, and to consult the application committee before taking a final decision.

M. Litvinoff (Union of Soviet Socialist Republics) was prepared to accept the suggestion made by the Committee to put special cases before the organ of application to be set up. In any case, the Soviet Union would follow the lead of the Polish Government in this connection.

M. Maximos (Greece) associated himself, on his own behalf and on that of the Turkish representative, with M. Sandler’s suggestion.

M. Titulesco (Roumania), although not quite positive on the point, thought that Roumania had current contracts with Italy regarding ships. He therefore considered he must make the same reservation as the Polish representative, while at the same time associating himself with Mr. Eden’s proposal and that of M. Sandler, which were in accordance with his views.

M. Soubbotitch (Yugoslavia) associated himself with M. Titulesco’s remarks.

Mr. te Water (Union of South Africa) said that, in presence of all these reservations, Point (3) might as well be deleted.

South Africa also had current contracts. In fact, probably there was not a single Member State represented in the Committee which had not. But it was just that sort of contract they ought to prohibit, as the document before them set out to do.

Some members were expressing a desire to avoid immediate damage to themselves; but he did not think any of them would escape that, after the plan of co-ordination had been put into effect for a week or so. Surely, therefore, M. Sandler’s suggestion was a wise one — namely, that delegates should impress upon their respective Governments — and he appealed to the Polish delegate to impress upon his Government — that when the plan of co-ordination became
operative, it should be put into effect as from that very day. Otherwise, there was a very great danger that all the Committee’s efforts would be nullified.

He felt very strongly that action such as the present on a document of that nature was merely designed to nullify its effects.

The CHAIRMAN was sure members did not desire, on the one hand, to vote a proposal for specific action, and, on the other hand, to take a decision which would make such a wide breach in it that the proposal would be inoperative. The suggestion that the different cases should be studied by the application committee was a very reasonable one. Each particular case would be judged on its merits.

Mr. Eden (United Kingdom) fully appreciated the view expressed by the representative of South Africa, but he did not think the Committee was as yet in so desperate a position that it need drop Point (3). If it had to do that, a considerable part of the merit of the proposal would be gone. The reservations proposed, as he understood them, applied only to certain contracts of a quite exceptional nature, and he believed the position in regard to these could be dealt with by the proposed application committee. All the Committee need do, he suggested, was to endorse M. Sandler’s proposal for an appeal to Governments to make none of the exceptions contemplated, if possible, or, if they must make them, to limit their number to the very minimum and, in any case, to put them before the application committee.

M. Komarnicki (Poland) thanked the United Kingdom representative for his last observations. The Polish Government viewed the present proposal in the same light. Care must be taken to avoid the possibility that the considerable losses which would result from the application of that proposal did not recoil and redound to the advantage of the Italian Government; that would be the very reverse of the purpose which the proposal had in view.

The CHAIRMAN concluded from the observations which had been made that the application committee would study all the special cases which were submitted to it.

M. Litvinoff (Union of Soviet Socialist Republic) suggested some reference to the report of the Legal Sub-Committee in Points (3), so as to indicate that the opinion of that Sub-Committee was accepted by the Co-ordination Committee.

M. Komarnicki (Poland) supported M. Litvinoff’s proposal.

The CHAIRMAN said that on all legal questions the opinion of the competent sub-committee would be communicated to Governments.

Point (3) was adopted.

Point (4).

M. Sandler (Sweden) remarked that Point (4) stipulated that the preceding provisions were not to apply to goods en route. The same must hold good a fortiori in the case of commodities already imported. That conclusion appeared so obvious that he had not thought it necessary to propose any change in the text. In view of the provisions of Point (2), he had nevertheless thought it wise to draw attention to the matter so as to avoid any misunderstanding in the interpretation of Point (4).

The CHAIRMAN noted that the Swedish representative did not propose a change in the text. He merely wished his interpretation to appear in the Minutes.

M. Komarnicki (Poland) did not object to M. Sandler’s interpretation. The general question of the interpretation of the proposal might nevertheless arise. He presumed that it would be for the application committee to interpret the various provisions adopted.

The CHAIRMAN had no doubt that the Committee was unanimous on that point. The application committee would be set up for the very purpose of solving such difficulties and dispelling any misunderstandings that might arise.

Point (4) was adopted.

Point (5).

Adopted.

Last Paragraph.

Mr. Eden (United Kingdom) said that a rumour had reached him that some members thought October 29th was a little early. He did not press the date suggested — that was to say, within a day or two. It was for the Committee to decide.

The CHAIRMAN thought personally that October 29th would be a little too soon. Certain members proposed October 31st.

M. Rüstö Aras (Turkey) proposed November 4th.

M. Litvinoff (Union of Soviet Socialist Republics) thought a fairly long interval might have to be envisaged. The Committee could not know what dates the various Governments...
would propose, or divine the motives by which they would be actuated. Some might wish to see existing contracts executed and so forth. As the Co-ordination Committee might therefore find some difficulty in fixing on any one of the dates proposed by the various Governments, he wondered whether it would not be better to fix there and then a date on which the sanctions should come into operation, and propose it to the various Governments.

M. COULONDRE (France), on the contrary, thought Mr. Eden’s proposal very wise. M. Litvinoff had proposed that a date should be fixed for the application of the sanctions, but it was impossible as yet to foretell how the Governments would reply. The Committee could merely make suppositions which might well be disproved by events. The wisest procedure would therefore be for the Committee to fix a date on which to reassemble and decide when the measures should take effect, in the light of the replies which it would by then have received — and must, indeed, insist on receiving.

M. LITVINOFF (Union of Soviet Socialist Republics) did not press his proposal.

Mr. EDEN (United Kingdom) thought there was a little misunderstanding. As he understood the position, M. Litvinoff wished to fix a date there and then on which the sanctions should come into force, whereas M. Coulondre found it difficult to fix a date until the position of the various Governments was known.

The problem of the date was a rather complicated problem, and he had given a great deal of thought to it. All members were agreed that these sanctions, whatever they might be, must come into force simultaneously, since it would obviously not be fair to Governments if they came into operation on different dates. The difficulty of fixing a definite date there and then was that a great many members of the Committee might say they could not be certain whether the date agreed would be one to which they could adhere. That was why he had suggested a two-stage procedure — so as to give Governments time to name a date. Then, when the Co-ordination Committee met again, it would have to take the responsibility, which M. Litvinoff was asking delegates to take at once, of itself determining the date; but it would do so with a knowledge of the position of the Governments which was not in their possession at the present time. That was his only reason for suggesting this somewhat involved procedure.

Although he could see no objection to putting the date mentioned in the last paragraph back a day or two, he rather hoped that it would not be put as late as November, because of the psychological effect on world public opinion. It would not matter much if the date was changed from October 29th to 31st, but a postponement to November would not, he feared, make a very good impression.

M. TITULESCO (Roumania) did not wish to express any opinion as to the date of the Committee’s next meeting. He would fall in with the wishes of his colleagues.

He wondered whether it would not be possible to reach a compromise between the idea put forward by M. Litvinoff and that accepted by Mr. Eden. When it next met, the Committee would have before it the Governments’ replies. Should it not forthwith be assigned the imperative duty of fixing at that next meeting the date of the entry into force of the measures in question? The text before the Committee said: “The Committee will meet on….. for the purpose of fixing, in the light of the replies received, the date on which the said measures should be put into operation”. The idea was, therefore, the superimposition of the second recommendation on the first. If the Committee agreed upon the date of its next meeting and decided that it should then fix the date for the entry into force of the measures, the following formula would be preferable: “….. the date on which the said measures must necessarily be put into operation”. It would then be known that on that date there would be not only friction, but also efficacy. At the present moment it was a question, not of injuring Italy, but of defending the Covenant and exerting pressure on one of the belligerents by means of effective measures for the purpose of stopping the war. The other side to such measures was, of course, friction and irritation. Unless a date was fixed on which it was known definitely that the measures would come into force, only the bad side of the system would be left and no tangible result could come into force, whereas M. Litvinoff was asking delegates to take at once, of itself determining the date; but it would do so with a knowledge of the position of the Governments which was not in their possession at the present time. That was his only reason for suggesting this somewhat involved procedure.

M. DE MADARIAGA (Spain) agreed with M. Titulesco in so far as the spirit of his proposal was concerned, but wished to suggest a wording which, although firm, was possibly a little less dictatorial—namely, “….. in the light of the replies received, the date of the entry into force of these measures”.

Secondly, he thought that the Committee should not allow itself to be hypnotised by the European nations alone. Certain delegations would have very great difficulty in informing their Governments and obtaining an early reply; but the obstacle of distance was offset by the fact that, in the case of remote countries, the consequences of a delay in the application of the sanctions were less serious than they might be in the case of European countries.

He did not propose that the text should be amended as a result of what he had said, but desired to emphasise the fact that the Committee might fix the date for the entry into force of the measures in question, even if certain States were not at the time in a position to apply them. From the point of view of world public opinion and from their own point of view, those States would be in a more favourable position if they had no need to fear that they might be holding up the Committee’s decisions.

M. TITULESCO (Roumania) accepted the text proposed by M. de Madariaga and was grateful to him for his suggestion.
M. Ruiz Guiñazu (Argentine Republic) associated himself with M. de Madariaga's proposal.

M. Sandler (Sweden) pointed out that, if a Government had finally fixed the date on which it was prepared to carry out the obligations it had contracted, it would be difficult for it to change the date after the Committee had taken a decision. He suggested, therefore, that, in the framing of the text, account should be taken of the fact that the reply which Governments would be asked to furnish would be a preliminary reply, and that the date would not be fixed till later, in the light of the Committee's discussions.

He accordingly proposed the following wording: "... Each Government is requested to propose to the Committee, through the Secretary-General ..."

M. Titulesco (Roumania) supported M. Sandler's observation. If, for instance, a State replied that it would be prepared to apply sanctions on April 15th, it would be very difficult for the Committee to fix another date and the whole of the efforts that had been made would have failed in their object. In his opinion, M. Sandler's idea could be expressed as follows: "... as soon as possible and not later than ... the date which it proposes for the entry into force of these measures". A date which was merely proposed could always be modified.

M. Bourquin (Belgium) observed that, when Governments answered on their own account, they would not know what other States could do. He therefore felt somewhat doubtful about M. Titulesco's suggestion. He thought it would be best for each State to inform the Committee, through the Secretary-General, of the date by which it would be ready. When that information had been collected from the various Governments, the Committee could take the collective decision.

M. Motta (Switzerland) proposed the following text: "... the date on which it could be ready to bring these measures into operation ..."

M. Eden (United Kingdom) asked if all could not agree on M. Motta's proposal. M. Sandler (Sweden) thought that what was essential was that each Government should realise that its reply was not final. This would be made quite clear by the Minutes, and hence each Government receiving them would know where it stood.

M. Titulesco (Roumania) was of opinion that it would be preferable to find a text which could be accepted by everyone.

The Chairman believed that the delegates might be able to agree on the Swiss proposal, completed by that of M. Sandler that the Minutes should be sent to the Governments.

M. Titulesco (Roumania) thought that the present text would go against everyone's interests. He proposed the following text: "... the date which each Government prefers in its own case for putting them into operation ..."

M. de Madariaga (Spain) accepted M. Motta's text.

M. Rustu Aras (Turkey) pointed out that the proposed measures were not optional but compulsory. In those circumstances they should be applied as quickly as possible. That was the spirit in which the Governments should act. Each of them should indicate the earliest date on which it was ready to take the measures. As he saw the matter, they had no choice. In communicating their decisions, the Governments would know that the committee appointed would have to fix a date of collective application.

M. Titulesco (Roumania) said that in the end he would accept M. Motta's proposal. M. Motta's text was approved, it being understood that the Minutes of the discussion would be communicated to the Governments.

The Chairman consulted the Committee on the Spanish delegate's proposal concerning distant countries.

M. de Madariaga (Spain) said that, in his mind, his observation did not require a new text. The idea was merely that the Committee should note that distant countries were in a special position and their replies might therefore arrive late, but that this should neither hold up nor delay the Committee's work. Consequently the Co-ordination Committee, in applying the last paragraph of Proposal III, was not obliged to fix a date later than all those that might be suggested to it; it might, if necessary, choose a date earlier than those suggested by certain distant States. The Committee might even take its decision in the absence of certain replies. No amendment or addition need be made, since the matter would be mentioned in the Minutes.

The Chairman noted that the Committee approved M. de Madariaga's view, and asked members for their opinion as to whether the date for the Committee's meeting should be November 4th or October 31st.

The Committee decided by a majority in favour of October 31st.

Proposal III was adopted with the amendments noted above.

(For final text, see Minutes of the fifth meeting of the Co-ordination Committee, page 20.)

The Chairman said it was understood that the Legal Sub-Committee's report would be annexed to the Proposal just adopted.

The following proposal 1 by the French delegation was read:

"The Co-ordination Committee requests the Committee of Eighteen to continue in session in order to follow the execution of the proposals already submitted to Governments, and to put such new proposals as it may think advisable to make before the Co-ordination Committee or the Governments represented thereon.

"To this end it shall appoint such sub-committees, technical or other, as it may deem fit from among its own members or from those of the Co-ordination Committee."

M. COULONDRE (France), explaining the French delegation's proposal, said that the earlier work had shown the political importance of the committee which it was proposed to set up. On several occasions the decision had been reached that that committee would have to deal with different questions of great importance. Further decisions of the same nature would probably be taken with regard to other questions submitted to the Committee of Eighteen for discussion. That meant that the permanent Committee, which would survive the present proceedings and would itself be essentially a co-ordination committee, could hardly be composed exclusively of experts. The French delegation therefore thought that there ought to be a decision that the Committee of Eighteen should remain in being, and that its task should be fixed by the Co-ordination Committee.

On the proposal of M. DE MADARIAGA (Spain), consideration of the French proposal was postponed until the next meeting.

SEVENTH MEETING.

Held on Saturday, October 19th, 1935, at 3 p.m.

Chairman: M. DE VASCONCELLOS (Portugal).


M. CANTOS (Spain), Chairman of the Sub-Committee on the Organisation of Mutual Support, submitted and commented briefly on the following draft proposal: 2

"The Co-ordination Committee draws the special attention of all Governments to their obligations under paragraph 3 of Article 16 of the Covenant, according to which the Members of the League undertake mutually to support one another in the application of the economic and financial measures taken under this article.

"I. With a view to carrying these obligations into effect, the Governments of the Members of the League of Nations will:

"(a) Adopt immediately measures to assure that no action taken as a result of Article 16 will deprive any country applying sanctions of such advantages as the commercial agreements concluded by the participating States with Italy afforded it through the operation of the most-favoured-nation clause;

"(b) Take appropriate steps with a view to replacing, within the limits of the requirements of their respective countries, imports from Italy by the import of similar products from the participating States;

"(c) Be willing after the application of economic sanctions to enter into negotiations with any participating country which has sustained a loss with a view to increasing the sale of goods so as to offset any loss of Italian markets which the application of sanctions may have involved;

"(d) In cases in which they have suffered no loss in respect of any given commodity, abstain from demanding the application of any most-favoured-nation clause in the case of any privileges granted under paragraphs (b) and (c) in respect of that commodity.

"II. With the above objects, the Governments will, if necessary with the assistance of the Committee referred to below, study, in particular, the possibility of adopting

1 Document No.: Committee of Eighteen/19.
2 Document No.: Committee of Eighteen/16.
within the limits of their existing obligations, and taking into consideration the annexed opinion of the Legal Sub-Committee of the Co-ordination Committee, the following measures:

"(1) The increase by all appropriate measures of their imports in favour of such countries as may have suffered loss of Italian markets on account of the application of sanctions;

"(2) (a) The decrease by all appropriate measures of their imports hitherto obtained from States non-members of the League of Nations not applying sanctions to such extent as may be required to offset such advantages as these countries may have derived by increasing exports to Italy owing to the imposition of sanctions;

"(b) The decrease by all appropriate measures of their imports obtained from States Members of the League of Nations not applying sanctions so far as may be necessary in order to enable the obligations of mutual support to be carried into effect;

"(3) The promotion, by all means in their power, of business relations between firms interested in the sale of goods in Italian markets which have been lost owing to the application of sanctions and firms normally importing such goods;

"(4) Assistance generally in the organisation of the international marketing of goods with a view to offsetting any loss of Italian markets which the application of sanctions may have involved.

"They will also examine, under the same conditions, the possibility of financial or other measures to supplement the commercial measures in so far as these latter may not ensure sufficient international mutual support.

"III. The Co-ordination Committee decides to constitute a Special Committee, consisting of... to afford, if necessary, to the Governments concerned the assistance contemplated at the beginning of the second part of the present proposal."

With reference to Section I (d), M. Cantos pointed out that, should a State Member of the League suffer damage, it could ask for the application of the most-favoured-nation clause, and, in his personal opinion, it could even do so in virtue of the concept of mutual support. With regard to the passage in brackets following Section II, paragraph (4), certain differences of opinion had arisen on that point, but they had now been removed. The brackets should therefore be struck out, and their contents would form a new paragraph with no number.

Preamble.
Adopted.

Section I.

Paragraph (a).
Adopted.

The Chairman said that a report by the Legal Sub-Committee would be appended to the Proposal.

Paragraphs (b), (c) and (d).
Adopted.

Section II.

Introductory paragraph.
Adopted.

Paragraph (1).
Adopted.

Paragraphs (2) (a) and (b).

M. Sandler (Sweden) said that his Government felt bound to make a careful examination of the Legal Sub-Committee's Report, especially in so far as it concerned questions affecting States not Members of the League. That examination was particularly necessary in view of paragraph (2) (a) of the draft proposal. It seemed doubtful whether the problem referred to there should be dealt with at the present juncture. Non-member States had not as yet been approached in any way. That being so, he would prefer paragraph (2) (a) to be deleted.

M. Komarnicki (Poland) wished to make a statement regarding both paragraph (2) (a) and paragraph (2) (b). He thought there was some misunderstanding. The drafting of paragraph (2) (a) did not seem very happy, and he understood that that paragraph was not the result of a very exhaustive discussion.

1 Document No. : Co-ordination Committee/40.
His objections, however, were in the nature of very explicit reservations with regard to paragraph (2) (b). The Committee was called upon to apply the Covenant in all its length and breadth. It was at the same time its imperative duty to make sure that its procedure was quite regular. It was not competent to impose, by devious ways, measures of a punitive character — in which sanctions — on a country whose case had not been submitted to the only organs competent in the matter — namely, the Council or the Assembly of the League. The Committee was not entitled to supplant those organs, its function, being entirely explicit, forbade that. So much for procedure and the legal bases of the Committee's action in that particular sphere.

The problem, however, undoubtedly had a political aspect also. Was it thought proper to sap the various bases of the life of a State which had been saved from a financial and economic catastrophe by the joint efforts of Members of the League? That was a question that he would like to put to the authors of the proposal, even though such a question might seem to them somewhat indiscreet.

The Chairman thought he could safely say that the authors of the proposal had certainly not intended to apply sanctions to the States alluded to in paragraph (2) (b). The Committee had been instructed to examine and co-ordinate measures relating to the application of economic and financial sanctions to a covenant-breaking State. If in the course of its study of those measures it found itself faced by a special situation, it was, he thought, its duty to take that situation into account. If it were a matter of studying the legal or political situation of the States in question, that task would not come within the Committee's terms of reference; he thought, however, that a study of the economic and financial measures ensuing from a special situation did come within the Committee's competence. That, of course, was his personal opinion; it would be for the Committee to decide.

M. Titulesco (Roumania) supported M. Sandler's proposal for the deletion of paragraph (2) (a).

With regard to paragraph (2) (b), he thought that the Committee was fully competent to adopt it. The Governments of the States Members of the League had the duty of organising mutual support. The Committee was simply indicating the lines to be followed, and nothing was more natural than that steps should be taken to prevent States Members of the League which did not apply the sanctions from deriving benefit from the sacrifices accepted by the others. If exports from non-participating States to other countries were not reduced, those States would benefit, on the one hand, because their present situation as exporters to Italy would not suffer, and, on the other, because they would have excess exports to Italy. It was, he considered, a primary moral duty — in using that word he was thinking of the "defaulting" States, and not of those prepared to apply the sanctions — to see that justice was done and not to put on an equal footing States which did and States which did not apply Article 16 of the Covenant. In his view, paragraph (2) (b) ought to stand.

Mr. te Water (Union of South Africa) had very little to add to M. Titulesco's remarks concerning the deletion of paragraph (2) (a). The Committee was indebted to M. Titulesco for his statement, which would eliminate a very considerable amount of discussion. Mr. te Water thought that the decision to which M. Titulesco had come was wise and he entirely supported it. He agreed with the Chairman that it was not a question of competence or of principle. The principle contained in paragraph (2) (a) might well be applied at a later stage if non-member States, not only were not helpful to the plan of co-ordination, but even, by their action, proposed to destroy its effect. The question could be raised at a very much later stage and it did not seem expedient to raise it now.

With regard to paragraph (2) (b), he was again in agreement with M. Titulesco. That paragraph dealt with a matter within the Committee's true province; true it was strong action, but it was strong and not weak action that the Committee should take.

M. Komarnicki (Poland) remarked that the Co-ordination Committee, in which all the countries were represented, would discuss this question, and he therefore reserved the right to speak in that Committee.

M. de Madariaga (Spain) felt misgivings with regard to paragraph (2) (a), which, he thought, while not in itself open to criticism, was somewhat premature. Non-member States had received no official communication from the League; they had received information only through the Press. It was rather discourteous to begin addressing them in this way now, and he would prefer that, before separating, the Committee should decide to inform the countries in question what stage the League's work had reached. According to the reaction of those States, the Committee would take the necessary steps, though it might be hoped that such action would prove unnecessary.

Coming to paragraph (2) (b), M. de Madariaga did not think that it referred to cases comparable with that of the country against which sanctions were taken. There were certain shades of difference to be taken into account and he would find it difficult to support a measure which would seem like punishing sovereign countries that had found themselves faced with certain difficulties, or felt certain scruples, or were absolutely unable to go quite as far as the Committee. He had no objection to the general idea underlying paragraph (2) (b), but would like it to be transmuted; he would prefer that, first of all, a suggestion should be made to study the possibility of cooperation with the States in question. Only if such negotiations failed should more definite steps be taken. He was averse to the use of the vigorous language to which Mr. te Water had alluded.
The CHAIRMAN pointed out that the question of non-member States had not yet been dealt with. His intention was to propose that the Committee merely send a communication to those States and for that purpose he had prepared a text which would be read. The replies of the Governments in question would then have to be considered.

He noted that all the delegates who had spoken had expressed themselves in favour of deleting paragraph (2) (a); if no objection were raised, he would take that paragraph as deleted.

**Paragraph (2) (a) was deleted.**

The CHAIRMAN invited the Committee to continue the discussion on paragraph (2) (b).

M. COULONDRE (France) supported the Roumanian delegate's proposal. He saw very serious reasons, economic, political and moral, for retaining the provision contained in paragraph (2) (b) in one form or another.

The economic grounds were those to which the Committee should give special consideration, since it was a committee for co-ordinating economic and financial measures. Moreover, they seemed fully adequate to justify the inclusion of the clause in question. The participating countries would suffer from the application of those measures. On the other hand, the countries belonging to the League which did not share in sanctions would in all probability derive benefit therefrom. It would therefore seem that, from the economic standpoint and from the standpoint of mutual support, the possibility should be considered of distributing among participating States a certain proportion of the imports from countries which would derive special and unexpected advantages from the sanctions. There was nothing to forbid account being taken of both political and moral considerations. All the members of the Committee had in turn voted in favour of the proposal because they had come to the conclusion that it was a matter of capital importance for losses to be equitably distributed among the Members of the League. Public opinion in those countries would fail to understand why, when some Members of the League were suffering loss, other Members should profit from the sanctions.

Finally, he drew special attention to the danger which would attend the future organisation of collective security if such a provision were omitted. It would mean putting a premium on defection.

To take account, however, of the Spanish representative's remarks, he would suggest wording paragraph (2) (a) a little differently. Paragraphs (2) (a) and (2) (b) would be replaced by the following texts:

"In order to facilitate this increase (the increased purchases referred to in the preceding paragraph), the taking into consideration of the advantages which the trade of certain States Members of the League not participating in the sanctions would obtain from the application of these sanctions, in order to reduce by every appropriate means and to an equitable degree imports coming from these countries."

Mr. EDEN (United Kingdom) cordially agreed with the South African representative in welcoming the deletion of paragraph (2) (a).

As regarded paragraph (2) (b), he agreed with the French representative's text, which seemed to meet the difficulty facing the Committee.

One further observation. It would be very desirable that the present Committee should try and reach agreement on the text under discussion. He hoped that the Polish representative would not maintain the view that the subject was one to be discussed in the Co-ordination Committee. Mr. Eden, on the contrary, thought that it was a question to be discussed in the present Committee, and that the latter should agree on it if possible before bringing it before the Co-ordination Committee. The Committee of Eighteen was a political body and, if it was to give valuable political guidance to the Co-ordination Committee, its members must first agree among themselves. He hoped, therefore, that the Committee might be able to agree upon the text put forward by the French representative or on some slight modification of it.

M. TITULESCO (Roumania) was sorry to disagree with both the French and the United Kingdom representatives. That did not happen often, but, when it did, he stuck to his opinion with the stubbornness for which he was notorious.

The League must realise that, in this unfortunate paragraph (2) (b), there was one question which went beyond the wording employed. That paragraph raised the problem of the League's authority in relation to all countries on the globe. There was unfortunately an opinion which was gaining more and more ground, and which the League's oldest supporters found it more and more difficult to combat. It was said that there were countries at Geneva which won a position for themselves by the use of their fists, while other countries did not secure the position to which they aspired in spite of their demonstrations of loyalty repeated throughout fifteen years. It was said that the League drew no distinction between sinners and the virtuous. But it was a certainty that no religion could last if it did not offer both a heaven and a hell. If men were always sure of gaining paradise, they might be equally sure that their religion would never be observed. He went on to examine M. Coulondre's proposal, which Mr. Eden had supported.

What was the difference between this new draft and that originally proposed? Paragraph (2) (b) had itself undergone alteration.

If he had accepted the deletion of paragraph (2) (a), it was because he had been told that paragraph (2) (b) would stand. If that was now to be modified, he failed to obtain what he wanted. The proposal just submitted created three categories of countries, and the least...
favoured of those were the countries which observed the Covenant. It was a common belief among the people that misfortune was due to lack of intelligence. The public must not be led to ascribe their sufferings to the fault of their leaders. M. Coulondre's text created three classes of States. In the first class came the States not Members of the League. They lost nothing on their exports to States Members, and they were entitled to make as much profit as they liked out of additional exports to Italy. It was said: "Let us hope that these States, since they enjoy the advantage of adding to the profits they earn from their trade with the States represented in the League, the profit of additional trade with Italy — let us hope it was said, "that they will barter this advantage for participation, in one way or another in international measures, such as transit, for example, through their territories." The most favoured, therefore, were those which were not Members of the League. They were among the great of the earth. He acquiesced, for they had not broken any international pledge.

The second class comprised those Members of the League who refused to apply Article 16. Here a distinction of capital importance must be drawn. Some countries had come forward and had loyaly said: "For our part, we shall apply the resolutions of 1921." He bowed to the necessities of their internal situation for they had not said that there had been no violation of the Covenant. When he said that, he was alluding to one country in particular; he knew how hard it had been for that country to say that Italy had broken the Covenant. But, unhappily sentiment was not a guide that could be followed in this matter. If sentiment were in question, there was a much more solid basis for the friendship between Roumania and Italy than the "ancient" foundations of Austro-Italian friendship, or the recent friendship between Italy and Hungary. None the less, Roumanian as he was, M. Titulesco had trampled on his feelings and done his duty by being the first to agree to the United Kingdom delegate's proposal. But what was happening now? To-day there were certain nations that refused to apply Article 16. Those countries would not see any decrease in their exports to the countries participating in sanctions, except in so far as they made a profit on additional exports to Italy. For them, therefore, no loss; but for all the rest, yes. A first class of States, non-members of the League, would have their present profits assured and extra profits besides. The second class, Hungary and Austria, Members of the League, would sustain no loss because they did not apply sanctions.

The third and last class, consisting of the Members of the League which loyally applied the Covenant, would have to bear the whole brunt of the application of sanctions.

He, the Foreign Minister of a country that was one of the Latin nations, a country that had a profound affection for Italy, was asked to go before the public in his country and defend the sanctions as contemplated at Geneva, without being able to offer the consolation that those who did not apply the Covenant would not be more favourably placed. How could he be asked to go to Roumania and say: "You must lose everything Geneva asks you to lose. As for Hungary, she will lose nothing." "Why?" he would be asked. "Because Roumania is a Member of the League and is faithfully applying the Covenant." "But why do we apply it if there is no risk?" Roumanians were logical people and their answer would be: "If the Covenant is not enforced, why do we remain in the League?"

He was emboldened to speak so freely at Geneva itself, because he was a veteran of the League. Never had he been heard to express himself so passionately on questions that directly affected his country. But this time international justice was at stake. Roumanians would accept any hardship, but they would never accept injustice. For that reason, he pressed for the maintenance of the basic idea underlying paragraph (2) (b).

M. Komarnicki (Poland) said that, in response to Mr. Eden's appeal, he would attempt to define his position with regard to the new proposal submitted by the French delegation.

He desired to state at once that there was no divergence of principle between the Polish and the United Kingdom delegations. He too was of opinion that countries not participating in the sanctions should be prevented from enjoying any advantages that they might derive from the situation; the representatives of the countries in question would perhaps make a declaration on those lines in the Co-ordination Committee.

On the other hand, no penalties should be inflicted on them by diminishing their exports over and above that measure, which seemed to him fair. In his view, the French proposal was a very marked improvement on the previous text. He noted in particular the words: "...to an equitable degree". If the word "equitable" could be interpreted as meaning "to a degree corresponding to those advantages", he would be perfectly satisfied. The new text appeared to him preferable to the earlier one, which fixed no limit for the reduction of the imports coming hitherto from countries non-members of the League which did not apply sanctions.

He was prepared then to accept the French proposal, subject to the addition after the words "equitable degree" of the words "corresponding to those advantages".

M. Motta (Switzerland) desired first to thank all those delegations which, directly or indirectly, had acknowledged the special situation of his country. The fact of their having done so would justify him perhaps in saying a few words which were intended to be quite impartial.

No one, he contended, could reasonably maintain that States Members of the League were entitled to profit by the misfortunes of others or by the embarrassments that they might suffer as a result of the proposed measures. Such an idea could accordingly be dismissed once and for all.
His impression on first hearing M. Coulondre's proposal had been that it was more equitable, more temperate, than the proposal contained in the document under discussion. From the beginning he had felt that the French proposal was to be preferred. If any doubt had remained in his mind, the Roumanian delegate's speech would have strengthened that first impression. There was, indeed, a fundamental divergence between the two tendencies now apparent.

M. Titulesco was in favour of punishing States which he regarded as disloyal. He had urged that pressure should be brought to bear on them amounting practically to an international penalty.

M. Coulondre took an entirely different view. The French delegation's attitude was: no coercion, but no advantages for those who were not loyal; hence no punishment; but in all equity no share, or at all events only a reduced share, in any advantages that might accrue.

The Committee of Eighteen, an offshoot of the Co-ordination Committee, was a conference of sovereign States. The States particularly aimed at by the paragraph in question were Members of the Co-ordination Committee. He did not know what their attitude would be. The Committee was called upon itself to give an opinion on the proposals about to be submitted to it. But he thought that he might venture, as one of the very few delegates who had been present at all the Assemblies of the League at the head of his delegation, to urge that full consideration be given, in terms of human and political realities, to the situation of each Member State. It was essential to realise that the responsibility of every Government was seriously involved by any decisions that it had already taken or might think it necessary to take. All members were loath to take those decisions. The Committee was adopting sanctions because it was its duty to do so, because international organisation demanded that it should ensure respect for the Covenant; but everyone present felt how painful it was to proceed with the application of a system of sanctions such as the Committee was in process of framing. Since that was so, and since that feeling was undoubtedly shared by M. Titulesco, would it not be better, on the present occasion, to avoid any suggestion of anger and simply to keep to the notion of equity? He would ask M. Titulesco not to interpret the word "anger" in any objectionable sense. What was called for in everything was the idea of equity. A sense of equity and a sense of moderation were the greatest of virtues in the word "anger" in any objectionable sense. What was called for in everything was the idea of equity. A sense of equity and a sense of moderation were the greatest of virtues in politics.

Mr. Eden (United Kingdom), replying first to the Polish delegate, reminded him that nothing that the Committee was doing prevented any Member States not represented from explaining their own position in the Co-ordination Committee, but equally in light of those States did not deprive the countries in the Committee of Eighteen of their obligation of trying to reach an agreement in the latter Committee upon the text to be presented to the Co-ordination Committee.

Mr. Eden thought that M. Titulesco's interpretation was correct, he would be in full agreement with him. He did not think it was any part of the Committee's duty to say that those who did not take part in the joint action should not gain, but should not lose, since everyone knew that each of the participating States would lose considerably. He did not, however, understand the French text in that sense. The text did not in any sense limit the loss which might fall on non-participating States Members, except in the one phrase "dans une mesure equitable". He did not know what the interpretation of that phrase might be, but all the participating States had to suffer "dans une mesure équitable". He did not see that the text meant that the non-participating Member States would not suffer equally with the others. In his view, the text meant that both categories of States would suffer equally, but that the participating States were not going to penalise the non-participants beyond the share of loss which the participants themselves would bear.

Consequently, he took the French text to mean, not only that Members which did not take their share would not gain, but that other Members would have the right to take steps to see that the former did not gain and even to see that they shared in the loss "dans une mesure équitable". If that was the correct interpretation, the arrangement seemed to him to be a very fair one, on which the Committee might agree.

Mr. Te Water (Union of South Africa) felt that the passion with which M. Titulesco had addressed this subject was fully justified. He found it difficult to speak with patience and restraint in the face of defaming fellow-Members of the League, and he believed he was not alone in that feeling; but he also found it equally difficult to speak with patience and restraint with regard to the custom, which seemed to be part of the system of the League, of watering down direct proposals as though delegates were afraid of their thoughts being brought into the light of day.
He quite agreed with M. Titulesco that paragraph (2) (b) was more direct. That quality seemed to the South African representative to be its value, and the absence of that quality in the French proposal afforded him grounds for criticism.

He would suggest that, with regard to paragraph (2) (b), M. Titulesco could be met by making one or two slight alterations in the text, to which he hoped the United Kingdom and French delegates might be able to agree. Instead of the phrase "States Members of the League of Nations not applying sanctions", there might be inserted the phrase "non-participating States Members of the League". In that way the word "sanctions" would be avoided, if it was necessary to avoid saying things directly. The paragraph might go on to read, "... so far as may be necessary and equitable in order to enable the obligations of mutual support to be carried into effect". He thought this would enable M. Titulesco's proposal to be accepted by the United Kingdom and French delegates and he felt sure M. Titulesco would agree to his suggestion.

M. Litvinoff (Union of Soviet Socialist Republics) said that the arguments put forward by M. Titulesco were so strong and convincing, from the moral, economic and political points of view, and were presented in such a splendid and eloquent manner, that he would only weaken them if he attempted to add anything. He would only say, therefore, that he fully supported M. Titulesco's motion and argumentation.

He would point out, however, that, by adopting this other text of paragraph (2) (b), the Committee would by no means be exculpating those Members of the League who had failed to do their duty. It was not putting "full stop" to the matter, and he hoped the Council would take it up independently of what paragraph 2 might mean economically for those countries.

M. de Madariaga (Spain) wished to draw the attention of the Committee of Eighteen, and of M. Titulesco in particular, to the fact that he was speaking for a country whose impartiality was very great, since geographically it was remote from the countries concerned and had no commercial ties, or very few, with them. The problem therefore only affected Spain from the general standpoint of the League's interests.

Neither the Committee of Eighteen nor the Co-ordination Committee was a tribunal empowered to take steps of a punitive nature, or even steps implying a moral or theoretical rebuke. If a country declared that it did not agree that there had been a breach of the Covenant it was acting from the standpoint of its sovereign right, against which nothing could be urged in the present state of international relations. The fact that Spain did not take that view had been proved since her representatives had voted for sanctions, and she would take a more and more active part in them as those sanctions came into effect.

M. de Madariaga felt that, from the moral, theoretical and legal standpoints, first, the Committee of Eighteen and the Co-ordination Committee that they were not courts of justice but empirical organisations which were to concern themselves with the practical application of the measures proposed.

The Committee was engaged at the moment upon a huge experiment, one which was new in history and which might already have been made in 1931. He must remind the South African representative that that experiment had not been made then, and that, however hard it might be, required Members to think with patience and speak with moderation. In two previous cases the Members of the League had been unable to arrive at a system of sanctions. Was it really very surprising if there were one or two countries now which did not desire to take part in them.

M. de Madariaga felt that, from the moral, theoretical and legal standpoints, first, the Committee was not competent, and, secondly, if it were, it would be wise for it to remember the day when the same case had arisen.

From the empirical standpoint, what was the Committee's task? It had to take the necessary steps to ensure that the system of sanctions was not undermined. That was the important point. The procedure did not consist in confronting people with rigid rules, but in asking them what they intended to do and to what extent they thought they could co-operate. A country might very well take no part in sanctions and at the same time have no desire to hamper them. It might perhaps be arranged that people not taking part in sanctions would acquiesce in rules adopted by the Committee. Only if the system were hampered in its operation, or if the Committee found itself faced, not by a neutral, but by an enemy, would it be possible to contemplate other measures. Accordingly, as things now stood, the need was to negotiate. In doing so, people did not adopt a legal or judicial attitude. It was only when negotiations failed that one could venture to take moral liberties.

M. Titulesco (Roumania) thanked the representatives of South Africa, the Union of Soviet Socialist Republics and the United Kingdom for their support of the views he had expressed.

He would revert later to Mr. Eden's suggestion. While there was agreement between Mr. Eden and himself on the substance of the question, he felt that they differed on the actual wording of the French text.

M. de Madariaga had said that the Committee was not competent and could not take up a judicial attitude; but M. Titulesco did not ask the Committee to pass judgment. From the moment that the Committee was competent to lay down economic rules regarding exports, he failed to see why it would not accept amongst those rules the instructions contained in the original paragraph (2), the more so since M. de Madariaga agreed to the French text. Consequently, he must infer that, though M. de Madariaga acted as judge in the case of Austria and Hungary, in so far as those countries derived benefits from Italy, he refused to act in the same capacity.
as regarded the losses which the two countries referred to should suffer in order that they
might be put on a footing of equality with Roumania. In other words, M. de Madariaga was
acting as a half-judge.

Referring to M. Motta's observations, M. Titulesco replied that nothing in what he had
said was marked by a desire to punish, or had any resemblance to anger, taking the word in
the unobjectionable sense mentioned by M. Motta.

He was not asking that Hungary should be punished; he was asking that his own country
should not be punished. His sole request was that the two countries should be put on the same
footing, and that, from the moment that Hungary and Austria were bound by Article 16, as
Roumania was, they should suffer the same consequences as if they had given effect to that
effect.

M. Motta had stated a great truth when he had said that equity and moderation were the
highest virtues in politics. He would therefore ask M. Motta whether it was equitable to
demand of Roumania, because she applied sanctions, should suffer more than the countries
which did not apply them, and whether there was anything excessive in the suggestion to ask,
not that Hungary should be punished, but that she should be placed on a footing of equality
with all the States which applied sanctions. In view of the foregoing remarks, he felt that the
classification of States which he had made held good.

There were first the more fortunate States — the non-member States — more fortunate
because they retained the advantage of their present trade and had the prospect of the special
advantage they might derive from trade with Italy.

Next came the Members of the League which did not apply sanctions, and which, under
M. Coulondre's proposal, would only have to forgo additional profits.

Finally, there was the third category of States, which bore the whole burden — the loyal
Members of the League.

He asked M. Motta whether there was any lack of moderation in reducing the number of
categories of countries to two and taking the necessary steps to see that the countries which
did not apply sanctions came under the category of those which did.

Concrete instances were sometimes necessary for the comprehension of a discussion. That
was why he pointed out that Roumania would suffer loss because she could export no more
wood, for instance. When she offered her wood for sale, she would be told: “I can't buy from
you because I am buying wood from Austria”. Roumania was entitled to reply: “Continue to
buy from Austria, but cut your purchases down by the amount which it is essential that I should
sell to you as a consequence of sanctions”.

If Roumania had cattle to sell she would be told: “I can't buy them because I am purchas-
ing from Hungary”. Roumania would have to reply: “Buy from Hungary, but cut down your purchase by the amount which I must sell to you as a consequence of sanctions”. Proportionately, the loss should be equal.

The United Kingdom representative had expressed his sympathy with the argument
advanced by M. Titulesco because he had understood that there was no bitterness or desire to
punish in that argument; it was simply a demand for justice with the object of remedying the
situation of countries which applied sanctions. M. Titulesco could tell M. de Madariaga that
those countries had never been grudging in regard to sanctions.

He would now take the texts. According to the wording of M. Coulondre's proposal, the
exports of countries not Members of the League would be reduced in proportion as their trade
increased by the exports which they could subsequently send to Italy. If M. Coulondre's text
could convey what Mr. Eden had in mind, M. Titulesco would accept it immediately. He would
accordingly suggest an alternative: the Committee might adopt either the South African
representative's proposal, M. Titulesco agreeing that it should read: “The decrease by all
appropriate measures of their imports obtained from States Members of the League of Nations
not participating in sanctions so far as may be necessary and equitable”, or M. Coulondre's
text with an addition which would bring out the ideas expressed by M. Titulesco namely:
“In order to facilitate this increase, the taking into consideration of the advantages which the
trade of certain States Members of the League not participating in the sanctions would obtain
from the application of these sanctions, and also the obligations of mutual support . . .”. Two
factors would be taken into account — the “profit due to increased exports” factor, and the
“obligation of mutual support” factor. The text would end in the same way as M. Coulondre
had proposed. M. Titulesco was prepared to accept either of these alternatives.

M. COULONDRE (France) said that the words which he had used before proposing his new
draft expressed less strikingly and eloquently, but equally clearly, an attitude identical with
that taken up by M. Titulesco. He would add that he construed his own text in the same way
as the United Kingdom representative had done. He had thought it important to mention,
among the considerations involved, those of the increased benefits which might accrue to
countries not participating in sanctions.

As to the question of mutual support, he thought that that idea was covered by the word
“equitable”, but he fully agreed to the addition proposed by M. Titulesco. He would, however,
ask for a slight change in the wording. The text would be clearer and better balanced if it read: “In order to facilitate this increase, the taking into consideration of the obligations of mutual support and the advantages which the trade of certain States Members of the League of Nations not participating in the sanctions would obtain from the application of those sanctions, in order to reduce by every appropriate means and to an equitable degree imports coming from
these countries.”
M. RÜŞTÜ ARAS (Turkey), on behalf of the Balkan Entente, supported the alternative proposals made by M. Titulesco. The new wording proposed by the French delegate seemed to answer to the intention of those proposals and could therefore be accepted by the Balkan Entente.

M. SOUBBOTITCH (Yugoslavia) would merely say that he agreed with M. Titulesco’s reasons for his alternative proposals, which he accepted on behalf of the Little Entente.

M. DE MADARIAGA (Spain) agreed to the French proposal as amended by M. Titulesco. He thought the Committee should endeavour to get the countries in question to enter into negotiations, in order to make sure that, at the very least, they did not jeopardise the action contemplated. If the Committee decided otherwise, he thought that it would be making a mistake but, in a spirit of solidarity, he would share in that mistake.

M. KOMARNICKI (Poland) agreed to the new French proposal and wholly subscribed to what M. de Madariaga had said.

Paragraph 2 was adopted in the following form:

“In order to facilitate this increase, the taking into consideration of the obligations of mutual support and of the advantages which the trade of certain States Members of the League of Nations not participating in the sanctions would obtain from the application of these sanctions, in order to reduce by every appropriate means and to an equitable degree imports coming from these countries.”

Paragraphs 3 and 4.

Adopted without observation.

Final paragraph of Section II.

M. RÜŞTÜ ARAS (Turkey) had no objection to the wording employed. He was, however, obliged to make every reservation in regard to both the rights and the obligations deriving from Article 16 of the Covenant. In other terms, that wording was, if he might say so, only a partial application of Article 16 of the Covenant so far as concerned mutual support in the financial sphere; but it must in no way prejudice the full effect of Article 16 in regard to mutual support in the application of financial measures.

The CHAIRMAN remarked that the Turkish delegate had not made a reservation; his declaration would be recorded in the Minutes.

Section III.

The CHAIRMAN said that the composition of the Special Committee referred to in this section would be discussed during the part of the meeting dealing with procedure.

On this understanding, Section III was adopted.

Proposal V was adopted, with the amendments noted above.

(For final text, see Minutes of the fifth meeting of the Co-ordination Committee, page 25.)

27. Embargo on Certain Exports to Italy: Draft Proposal IV.

The CHAIRMAN presented the following proposal drawn up by the Drafting Committee of the Sub-Committee on Economic Measures:

“With a view to facilitating for the Governments of the Members of the League of Nations the execution of their obligations under Article 16 of the Covenant, the following measures should be taken:

“(1) The Governments of the Members of the League of Nations will extend the application of paragraph (2) of Proposal I of the Co-ordination Committee to the following articles as regards their exportation and re-exportation to Italy and Italian possessions, which will accordingly be prohibited:

“(a) Horses, mules, donkeys, camels and all other transport animals.

“(b) Rubber.

“(c) Bauxite, aluminium and alumina (aluminium oxide), iron ore and scrap-iron.

“Chromium, manganese, nickel, titanium, tungsten, vanadium, their ores and ferro-alloys (and also ferro-molybdenum, ferro-silicon, ferro-silico-manganese and ferro-silicon-manganese-aluminium).

“Tin and tin-ore.

“The list (c) above includes all crude forms of the minerals and metals mentioned and of their ores, scrap and alloys.

1 Document No.: Committee of Eighteen /18.
"(2) The Governments of the Members of the League of Nations will take such steps as may be necessary to secure that the articles mentioned in paragraph (1) above exported to countries other than Italy or Italian possessions will not be re-exported directly or indirectly to Italy or to Italian possessions;

"or:

"The Governments of the Members of the League of Nations will take the necessary steps to ensure that exportation to other countries of the articles mentioned in paragraph (1) above cannot be used, directly or indirectly, for provisioning Italy and Italian possessions. In default of more effective measures, they will limit exportation, re-exportation (and transit) of these articles to the average quantities exported, re-exported (or passing in transit) during the last three years.

"(3) The measures provided for in paragraphs (1) and (2) above are to apply to contracts in course of execution. The attention of Governments is drawn to the annexed opinion on this question of the Legal Sub-Committee of the Co-ordination Committee.

"(4) Goods en route at the time of imposition of the prohibition will be excepted from its operation. In giving effect to this provision, Governments may, for convenience of administration, fix an appropriate date, having regard to the normal time necessary for transport to Italy or Italian possessions, after which goods will become subject to the prohibition.

"Having regard to the importance of collective and, so far as possible, simultaneous action in regard to the measures recommended, each Government is requested to inform the Co-ordination Committee, through the Secretary-General, as soon as possible, and not later than October 28th, of the date on which it would be prepared to bring these measures into operation. The Committee will meet on October 29th for the purpose of fixing, in the light of the replies received, the date on which the said measures should be put into operation.

"The attention of the Co-ordination Committee has been drawn to the possible extension of the above proposal to a certain number of other articles. It entrusts the 'Permanent Committee for the Application of the Measures taken' with the task of making any suitable proposals to Governments on this subject."

The Preamble was adopted.

Paragraph (1).

M. de Madariaga (Spain) regretted that he could not accept paragraph 1 as it appeared in the draft proposal, because iron ore and scrap-iron were included in the list, whereas the finished products, iron and steel, were not. He felt that it was so illogical to prohibit the export of iron ore and scrap-iron and to allow iron and steel to enter that, for his own part, unless convincing arguments were produced, he could not accept paragraph (1).

The Chairman asked M. de Madariaga whether he wished iron ore and scrap-iron to be deleted from the list.

M. de Madariaga (Spain) said his view was that iron and steel products ought to be included in the list, or alternatively that iron ore and scrap-iron ought to be struck out.

M. Rosenblum (Union of Soviet Socialist Republics) entirely agreed with M. de Madariaga.

M. Coulondre (France) pointed out that, in including iron ore and scrap-iron in the list, the Sub-Committee had simply conformed to the general criterion on which the list had been drawn up. The States Members of the League had almost complete control of supplies of iron ore and scrap-iron, but they did not control supplies of iron, pig-iron and steel. It was therefore perfectly true that, while the country aimed at could no longer obtain iron ore or scrap-iron, it could not be prevented from procuring iron, pig-iron and steel, and there was no question of prohibiting the export of iron, pig-iron and steel, because some of the non-participating countries were large producers of those goods and already supplied them to Italy. Iron ore and scrap-iron had, however, been kept on the list because it was felt that the cutting off of these supplies might considerably hamper the Italian industry, which was organised to manufacture iron, pig-iron and steel out of the ore and scrap which it imported from abroad.

He was prepared, however, to accept whatever opinion prevailed as a result of the discussion with regard to the maintenance or withdrawal of iron ore and scrap-iron.

1 The Drafting Committee was unable to reach agreement on this paragraph. Two drafts submitted to it are reproduced.

2 Document No.: Co-ordination Committee /40.
Mr. Eden (United Kingdom) agreed with the French delegate’s arguments. The position with regard to iron ore was precisely the same as the position with regard to rubber. An embargo was to be placed on the export of iron ore because the Members of the League virtually controlled its supply, although they willingly admitted that goods manufactured from iron ore could be exported by countries outside the League. In the case of rubber, which was controlled by Members of the League, they were prepared to refuse its exportation, but that did not prevent the exportation of rubber goods, such as tyres, by non-members of the League. He was bound to say that, if the list was to be modified, it would be a little unfair if League Members producing one material were hampered at the expense of those producing another material.

M. de Madariaga (Spain) pointed out that the primary object was not to handicap Italian industries, but to deprive the Italian Government of iron and steel goods. Consequently, if it was to be allowed to obtain those goods and he would observe that the text did not say that they would come from non-member countries, but did say negatively that they would come from Member countries — there was no reason for depriving Italy of iron ore and scrap-iron. The same might perhaps apply to rubber and to rubber tyres, and he had no objection to their being treated in the same way as iron ore and scrap-iron.

M. Sandler (Sweden) was prepared to vote for the list as it stood.

M. Bourquin (Belgium) said that, although the list directly affected Belgium, inasmuch as it included scrap-iron, the Belgian delegation would agree to it. The problem was quite different, however, if it was proposed to include iron, pig-iron and steel. The Sub-Committee’s intention had been to include in the list the products controlled by Members of the League. Iron, pig-iron and steel were not such products. Certain non-member States occupied important positions in that respect, and no decision could be taken on the point until their attitude was known.

M. de Madariaga (Spain) said that he could not recommend the list to his Government until the point of including iron ore and scrap-iron had been explained.

M. Coulondre (France) replied that, if the export of iron ore and scrap-iron, which were controlled by States Members, were stopped, the Italian national industry, as at present organised for manufacturing iron, pig-iron and steel, would be hampered. Consequently, Italy would have to obtain iron, pig-iron and steel from abroad, and would of course have to pay considerably more for them than for the iron ore out of which they could be made. That, he thought, was the main point of the proposed measure.

Mr. Riddell (Canada) said that the question raised by the delegate of Spain had been twice raised by himself during the discussions of the Sub-Committee on Economic Measures, in the course of which he had expressed the doubts of the Canadian delegation regarding an embargo on raw materials not extending to products or derivatives useful for war purposes. For instance, tin and tin ores were included in the list. But any Member of the League would be free to export tin cans to Italy; and probably what Italy needed was tin cans rather than tin ore, since, if she had the tin cans, she would not have the trouble of making them.

The Canadian delegation had always held the view, which he had expressed in the Committee of Thirteen, that any scheme of economic sanctions should be comprehensive. He would not raise the question at that stage were it not for the fact that he hesitated to forecast the way in which his Government would receive the enquiry as to what measures it was prepared to take to control the export of crude minerals, with all the difficulties which these measures involved, when it was informed that there would be no restrictions on the export of derivatives, semi-manufactured and manufactured forms of the raw material.

In the text before the Committee there were two alternatives. The first was that States producing prohibited raw materials should be under the obligation "to take such steps as may be necessary to secure that the articles mentioned in paragraph (1) above exported to countries other than Italy or Italian possessions will not be re-exported directly or indirectly to Italy or to Italian possessions". The other alternative required them to limit their exportation and re-exportation of these articles to the average quantities during the last three years.

He was not in a position at present to make any definite proposal, but thought the question should be very carefully considered. All the responsibilities were being placed on the countries producing the raw materials, which were being asked to follow these materials into Member States as well as non-member States. So far as he could see, the text placed no obligation on States which did not produce raw materials. That omission could not be passed over in silence.

The problem of raw materials affected relatively few Members of the League, while the question of manufactured and semi-manufactured products would affect a larger number. It was unfortunate if it might be thought that the many were shifting their responsibilities upon the few.

He merely wished to call attention to the problems which this proposal raised, because he had never heard any argument as to why the Committee should not go further than the question of raw materials and place obligations on the countries at least that produced semi-manufactured goods.

His remarks were intended simply to express the doubts of his delegation concerning these aspects of the proposal.