

LEAGUE OF NATIONS

INTERNATIONAL ECONOMIC CONFERENCE

VÉRBATIM RECORD OF THE PLENARY MEETINGS

FIRST MEETING

Held on Wednesday, May 4th, 1927, at 11 a.m.

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1. OPENING SPEECH BY THE PRESIDENT.

President : M. Georges THEUNIS.

1. — OPENING SPEECH BY THE PRESIDENT.

The President :

Translation : Ladies and Gentlemen — I am happy to welcome you to the opening of the International Economic Conference.

I have pleasure in greeting the distinguished members of this Conference and am glad to see many with whom I have had cordial relations during the meetings of the Preparatory Committee for the Conference.

You, who have come from every quarter of the world, are all equally anxious, I am sure, to contribute your valuable knowledge and experience to our work in a spirit of sympathy and co-operation.

Our Conference — and this is a fact worthy of special note — is of an unusual character. It includes representatives of forty-seven nations Members of the League ; it includes the United States of America, Russia, Turkey and other nations as well as delegates of important international organisations, such as the International Labour Office, the International Institute of Agriculture, the International Chamber of Commerce, the International Co-operative Alliance, and many more. Further, all its members have been selected so as to represent producers, consumers, the co-operative movement, industrialists, workers, farmers, financiers and traders, not to mention the delegates of the principal women's associations, whom I am particularly glad to welcome among us.

When we consider the various nationalities and qualifications of the members of this Conference, we may fairly ask whether these has ever yet been

an assembly so fully and completely fitted to study the great problems which are to-day vexing the peoples of the world and jeopardising the existence of those two infinitely precious and longed-for things : peace and prosperity. For material prosperity is a sign of peace as well as a cause of peace.

The League of Nations is tirelessly engaged in strengthening the peace of the world. That is its great mission.

Our mission to-day is to contribute to it by studying the economic difficulties which have made the world organism distressingly and dangerously sensitive, and by doing our best to provide some kind of general guidance in the economic field which may help towards the maintenance of that peace which has been so dearly bought.

Let me begin by giving a brief sketch of what has led up to the International Economic Conference.

On September 24th, 1925, on the motion of the French delegation in the person of M. Loucheur, whom I am glad to see here to-day, the Assembly of the League of Nations passed the following resolution :

"The Assembly,

"Firmly resolved to seek all possible means of establishing peace throughout the world ;

"Convinced that economic peace will largely contribute to security among the nations ;

"Persuaded of the necessity of investigating the economic difficulties which stand in the way of the revival of general prosperity and of ascertaining the best means of overcoming these difficulties and of preventing disputes ;

"Invites the Council to consider at the earliest possible moment the expediency of constituting on a wide basis a Preparatory Committee which, with the assistance of the Technical Organisations of the League and of the International Labour Office, will prepare the work for an International Economic Conference."

The Council adopted this proposal. Thirty-five persons of twenty-one different nationalities, representing the principal economic groups, were appointed by the League to serve on the Preparatory Committee, whose duties were defined as follows :

"To arrange for the preparation and collection of such economic information as may assist the work of the Conference, and to consider and present for the approval of the Council the programme, composition, rules of procedure and date of meeting of the Conference."

The Preparatory Committee, its task thus defined, was to meet under the chairmanship of M. Ador. Unfortunately, M Ador was unable, owing to ill-health, to perform the duties which, to the entire satisfaction of all the members of the Preparatory Committee, had been entrusted to him. To me was then given the onerous duty of deputising for M. Ador, whose continued absence we deeply regret.

At its first meeting, in April 1926, the Preparatory Committee was concerned mainly with the preparation and classification of the documentation to be collected for the present Conference. This documentation, much of which has been forwarded to you, is the result of a great deal of work.

The Economic Section of the League of Nations, primarily, and also the International Labour Office, the International Institute of Agriculture at Rome and a number of great national and international organisations prepared reports and monographs, in addition to which we had memoranda by private persons and distinguished economists, some of whom are to-day present in our midst.

Lastly, certain groups working outside the general lines laid down by the Preparatory Committee were good enough to offer their valuable assistance, among them being the International Chamber of Commerce, which has submitted an extremely interesting report.

In November 1926, the Preparatory Committee held its second and final session. The Committee learned that the Council of the League in June 1926 and the Assembly in the following September had approved its work ; it was also informed as to the general lines on which it might continue its investigations. A report was drawn up and communicated to you all ; it is included in the booklet containing the agenda of the Conference.

On December 9th, 1926, the Council noted the report and approved the recommendations which it contained. The Preparatory Committee had completed its task.

A whole year was thus devoted to the preparations for the International Economic Conference. The time was usefully employed. Not only has it been possible to examine carefully the principal problems to be solved, but circumstances have gradually become more propitious for an adequate enquiry into the true elements and origins of the prevailing disorder. It has been easier to establish with certainty the radical causes of the present — almost world-wide — disequilibrium than was the case some time ago when the more confused state of the world might easily have led astray even the most perspicacious minds.

In these circumstances, what is the task which lies before us ? What are the principal points of our agenda ?

In the first place, we have to conduct a general enquiry, a broad survey of the main aspects of the world economic situation, the economic causes of the present instability and the economic policies which may influence the peace of the world.

Apart from the interest which attaches to these written or verbal surveys of the situation of the various countries from an international point of view, it is more than likely that this enquiry will bring out yet more clearly the close relationship that exists between the economic politics of nations and international political peace. This initial result will be no less important because it is general in character. Passing to a more definite and detailed consideration of the various factors in the present economic situation, we shall have to settle the three categories of problems classified under the headings of "Trade", "Industry" and "Agriculture".

It should be noted, as the Preparatory Committee's report points out, that problems of finance and population are not to be dealt with separately. It has been held that these questions form an integral part of the others, and that it would be practically impossible to study any important economic question without encountering the financial and demographic aspects of that problem.

Among the questions of particular urgency at the present time we might mention commercial and tariff policy and international industrial agreements, the progress of which has aroused great and very legitimate interest during the past few months. We have also created a special category, and shall probably create a special committee to study questions connected with agriculture in order to emphasise the often unrecognised importance of what is the oldest industry in the world. Agriculture still forms the basis of other industries, and it may be said that agricultural prosperity is a *sine qua non* of general prosperity.

It is clear that many, perhaps most, of the points to which we shall devote special attention are more or less specifically European. But we must not forget that, by reason of the undoubted, nay manifest, interdependence of the nations, every situation, every measure which affects the economic life of one nation or group of nations produces an effect — slight, perhaps, but always appreciable — in all other countries.

To make the situation clear, we have — in addition to the experience and profound technical knowledge which you possess and from which the League of Nations hopes to obtain effective aid — a body of documentation, to which I have already referred.

The exceptional value of this documentation is so evident that I need hardly draw attention to it. I am sure, however, that I am faithfully interpreting your wishes in offering our cordial thanks and congratulations to the authors of those documents and to their assistants. The documents represent the fruit of hard work combined with immense erudition.

This documentation will make it easier to locate the main factors of the present economic situation. As a result of war and post-war needs and of the psychological tendencies which are their outcome, means of production have been created and developed throughout the world which are not consonant with normal capacities and do not meet the needs of the various markets.

The immense though temporary stimulus given to demand during the war and the hindrances or complete interruption of commercial relations led to a situation which could only be restored to the normal by a somewhat painful process of adjustment. Transport difficulties, and indeed the impossibility at times of transporting at all, led to the creation and development of new and independent centres of production, quite apart from existing centres the output of which had

been diminished or reduced to nil. The destruction of permanent and floating capital during and after the war has visibly impoverished a large part of Europe. Post-war financial instability has also produced a peculiar mentality, a kind of fever, leading to an abnormal increase in certain kinds of expenditure, immediate consumption and the production of higher-grade and more "luxurious" commodities than formerly.

This situation has developed, we must admit, to the detriment of those habits of thrift which formerly provided the funds necessary for the maintenance of economic life, for long-term investments, which are indispensable to progress. Scientific invention, stimulated by difficulties as they arose, has developed certain processes of manufacture to an extraordinary degree and has often caused plant and machinery to be put to unexpected uses. Territorial changes and the instability of public finance and currency have had serious consequences which we cannot ignore.

The disruption of former economic markets, protective tariffs and other forms of protection which have been established almost everywhere, and the instability of these tariffs themselves, have still further complicated the situation.

Nations have shown an increasing desire to become self-supporting, while at the same time they have sought to create fresh trade outlets — two tendencies which obviously clash. The result, however, has been that Customs barriers have been raised, completing the vicious circle in which the nations turned.

There was no lack of reasons, or rather pretexts, to justify such a policy. The persons concerned sought to convince both others and themselves that high-Customs-tariffs formed a defensive weapon and that the very increase of rates often allowed of profitable bargaining. It was said that certain tariffs were designed solely to restore an equilibrium unjustly disturbed by certain circumstances, more particularly by what has been called "exchange" dumping.

Unfortunately, it has often happened that these tariffs were later retained under pressure from parties whose interests were protected by them.

The result of these abnormal and artificial measures was to render the efforts made to increase output more and more futile. The first effect of restraints on trade is to impede or prevent the ordinary distribution of products on which trade depends.

We have long been familiar with the remarkable contradiction between the enormous and sustained efforts made by the nations, with a considerable loss of capital, for the improvement of means of communication for passengers and goods by constructing railways, ports and canals, and, on the other hand, the fiscal and administrative measures by which they are apparently striving to render of no avail their heavy expenditure and their persevering efforts.

Everyone realises how dangerous these illogical tendencies are, both in themselves and as a result of the reactions to which they give rise.

The respective importance of these causes of perturbation, which I must necessarily summarise briefly, will be gauged by a consideration of the documents and by your discussions.

Some of these causes are apparently no longer so serious as they were immediately after the war; others, on the contrary, have assumed greater importance. It should therefore be possible to state to what extent the world is being reorganised and to determine the relative difficulty, under present circumstances, of the obstacles which have still

to be overcome and the possibility of achieving this result.

It will thus no doubt be found that the dislocation, of economic relations due to the war has been more serious and more lasting in its consequences than the material havoc wrought and the destruction of machinery and plant. This, perhaps, furnishes the explanation of the fact that the central problem, the crux of the difficulties, would appear to be that trade has been unable, particularly in Europe, to keep pace with the development of means of production, which have already reached and even passed the pre-war level.

These brief and necessarily imperfect considerations will no doubt suffice to explain the reception given throughout the world to the International Economic Conference.

The Conference is arousing considerable interest, but what is undoubtedly an erroneous view of its possibilities has led certain persons to form unreasonable and unwarranted hopes of immediate and universal economic appeasement. This attitude, which is no doubt a generous one but which connotes a failure to realise the complex and brutal facts of the situation, has on the other hand produced an element of somewhat mocking scepticism, which is perhaps excusable, seeing that the magnitude of our programme alone might daunt the boldest.

Gentlemen, to you falls the honour of achieving a task which should justify, in part at least, the hopes that are centred in you.

What will be the final outcome of our investigations and discussions? It is difficult to prophesy.

I should, moreover, be exceeding my province if I were to offer any suggestions in advance as to the work which we are about to do and on which it will be for you to decide. But, not being unduly vain, and realising the immense task to be accomplished in such different fields, we shall certainly make no claim to dispel the difficulties and sufferings of mankind simply by the stroke of a magic wand.

Keeping strictly to present possibilities, which already constitute a vast and noble field of work, we realise that we are entering on duties that will require much time, that we are laying the foundation-stone of a structure designed to serve the general interest and the cause of peace.

For this work, Gentlemen, there are truths which we must constantly proclaim. Some persons will perhaps be inclined to regard the Economic Conference as a meeting of theorists intent on the adoption of a number of abstract formulas or recommendations rather than on practical solutions. It is for us to undeceive them. Certainly we do not imagine that our work will be perfect, and no one can forecast the net results with any accuracy. But we are convinced that these results *must* and will be achieved some day.

This must be so if the world is to advance along the path in which it is the League's mission to guide it. This must be so if we are to assuage the burning thirst for peace which grows stronger as the world becomes more conscious of itself. One thing is certain — that the political work of the League would be useless unless based on a proper economic foundation. It cannot be too often repeated that political action and economic action are interdependent.

I have used a word which is now very commonly employed but which has a special force in these surroundings — interdependence, or solidarity if you prefer it. Solidarity represents both the essence and the object of the League; it explains its work and justifies its aim. All those among

us — scientists, economists, statesmen, industrialists and workers, of every rank and nationality — who have pored over the great problems on the solution of which depends the fate of States and peoples, all of us have seen those problems lit up at times, and always by the same light — the light of solidarity. Sometimes it is an almost invisible flickering glimmer, still lost in the night of ignorance or stifled in the smoke of battle. At other times it spreads and grows so strong that it dazzles even the most incredulous. Nationally and internationally, politically and economically, but perhaps most of all in the economic field, the interdependence of interests is a fact, and it is useless to deny that fact or to fight against it. It must be recognised, utilised and properly directed.

That is the work before this Conference. It was thought that reasonable men, discussing matters in the spirit of co-operation which constitutes the strength of the League, would not fail to discern — perhaps above and beyond certain immediate interests — the true, essential and permanent interests of their own countries and of the world in general. It was thought that, when they had thus reached a common conclusion, that conclusion might usefully be published, since it would carry with it a triple authority: that of the Conference from which it issued, that of the individual interests voluntarily merged and that of the profound sincerity of which it was the outcome.

So far, Gentlemen, I have sketched the origin and the scope of our work.

I should like now to go into certain points of procedure and organisation which will undoubtedly be of assistance to us. Our programme is divided into two parts: first, a general survey, that is to say, a general discussion; and then a discussion of the problems of industry, trade and agriculture.

The general survey, which should begin this afternoon, will comprise an analysis of the present international situation and a definition of economic tendencies throughout the world, and will, as you no doubt realise, bring into prominence the essential questions to be discussed later in Committee.

I have already received a number of applications from members of the Conference who wish to speak this afternoon.

If our discussions are to be fruitful, we must proceed on orderly and systematic lines. It is essential that our work should be properly co-ordinated, and that means that we must classify the questions with which we have to deal according to the information at our disposal. It is desirable, further, that our general discussion should cover the main lines of the world economic situation and its principal features.

In view of the large number of members present at the Conference and the great variety of subjects with which we have to deal, I would ask your leave to classify the speeches to some extent. I regret that I should have to ask you to entrust me with this delicate task, but I think that some such procedure is necessary in order to avoid confusion. For this purpose I would ask members of the Conference who desire to speak to send to the Secretariat, when notifying their desire, a short summary — a few lines — indicating the subject of their speech. This will permit of the classification to which I have referred.

We must endeavour, further, to make the best possible use of the necessarily limited time at our disposal. I would request speakers, therefore, to be good enough, whenever possible, to communicate the texts of their speeches — if they exist in writing — or fairly full notes of the essential points. If we could have these some hours beforehand, it

would be possible to translate them into English or French as the case may be, and, with their authors' approval, to distribute them to the members of the Conference. This would have the advantage of reducing the time required for verbal interpretation.

May I emphasise this point? I should have by to-night a complete list of the names of those who wish to speak, together with the particulars which I have just mentioned.

I might also point out now that the days actually devoted to an investigation of the international situation — probably the first three days — will not be the only opportunity given to members of the Conference to express their views in public.

Normally, the detailed discussions on divergent or opposite views will take place in the Committees or Sub-Committees. They may also take place, however, during the later plenary meetings, which will be devoted to an examination of the draft resolutions submitted by the various Committees.

In view of these circumstances and of the fact that the work of the Committees ought not to be delayed, you will, I am sure, agree that it will be impossible for all the members of the Conference to speak during the first few days. I propose, therefore, that we should fix Saturday afternoon as the limit for the initial plenary meetings which are to be devoted to a general survey.

We shall also have to consider before then — though not at the moment — how our Committees are to be organised for the purposes of the agenda. The Committees will themselves decide whether it is necessary to form Sub-Committees. They will have to appoint their Chairmen, Vice-Chairmen and Rapporteurs if necessary.

Within twenty-four or forty-eight hours I hope to submit to you proposals for the nomination of a certain number of Vice-Presidents of the Conference, but one proposal I should like to submit at once. I should like to propose as first Vice-President of the Conference the member who, in September 1925, first submitted to the Assembly the suggestion that this Conference be held and who since then has worked to such purpose, both on the Council and at other meetings, that this magnificent idea is now bearing fruit. I refer to M. Loucheur.

I gather that my proposal is unanimously accepted. I therefore declare M. Loucheur first Vice-President of this Conference.

As regards the composition of the Committees, the most practical solution seems to be — in order to meet the wishes of members — that each member should himself state the Committee on which he would prefer to sit. Lists of names should be sent in for this purpose.

As regards the duration of the Conference, we should remember that most of us can only devote a limited amount of time to the discussions. I think we should indicate May 21st as the probable date for the closure. Our work must not be vitiated, however, by undue haste during the last few days. I would request you, therefore, not to accept any engagements which would oblige you to leave Geneva before May 28th. At the same time we should aim at finishing by May 21st if possible.

Finally, I would venture to draw your special attention to the two booklets "General Arrangements" and "Guide to the Preparatory Documents of the Conference", which have been distributed to you.

Rules of procedure similar to those which have been followed at previous conferences will be duly submitted for your approval. I would point out in this connection that the Council of the League has decided that experts accompanying members of the Conference shall not be entitled

to vote and shall not take part in the discussion except by permission of the Conference or the Committees. • • •

In order that we may achieve the best possible results in the shortest possible time, several delegations have intimated that they would be extremely glad if there were no "official" dinners or luncheons — at all events, during the first

part of the Conference, that is to say during the first fortnight. Personally, I am glad to support this proposal, since it will enable us to devote the whole of our time to our work, the importance and difficulty of which is obvious to all. It will require all our energies.

The Conference rose at 12.30 p.m.