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LEAGUE OF NATIONS

ECONOMIC ORGANISATION

CONSULTATIVE COMMITTEE

APPLICATION OF THE RECOMMENDATIONS

OF THE

INTERNATIONAL ECONOMIC CONFERENCE

REPORT ON THE PERIOD MAY 1928 TO MAY 1929

Prepared for the Second Meeting
of the Consultative Committee (May 6th, 1929)

STATEMENT FOR THE PERIOD ENDING MARCH 15th, 1929

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RESOLUTIONS OF THE COUNCIL AND ASSEMBLY CONCERNING THE WORK OF THE ECONOMIC CONSULTATIVE COMMITTEE.

I. RESOLUTION OF THE COUNCIL.

At its session in June 1928, the Council examined the report of the Economic Consultative Committee on its first session—held in May 1928—and adopted the following resolution:

“ The Council:

“ 1. Takes note of the report of the Economic Consultative Committee on the results of its first session;

“ Notes that, according to the report, the application of the recommendations of the Economic Conference has already made some headway during the past year;

“ Observes the influence of these recommendations on the independent action of Governments in their commercial policy;

“ Observes, however, that it is evident from the report that, while the rising movement of tariffs seems to have been checked, the general inverse movement so strongly urged by the Conference has not yet set in;

“ Accordingly again begs both Governments and countries to give their whole attention and active support to carrying out the recommendations of the Conference, and calls their attention to the Consultative Committee's report;

“ 2. Approves the report of the Economic Consultative Committee, especially its recommendations and the proposal for entrusting to the Financial and Economic Organisation the carrying out of the new tasks recommended by the Committee;

“ Refers to the Economic Committee, for gradual study and action, the Consultative Committee's recommendations as to Commerce, Agriculture and Industry, including those relating to the examination of the coal and sugar questions;

“ Reserves the right, however, to take a decision subsequently on the Committee's recommendations for establishing close relations, the importance of which it realises, between the various organisations that devote themselves to the study of agricultural questions;

“ Requests the Economic Committee to place these recommendations on the agenda of the session which it is to hold this month, so that it can at once go forward to consider them as far as it may think advisable and practicable;

“ 3. Instructs the Economic and Financial Committees to undertake, as soon as circumstances allow and on the lines suggested by the Consultative Committee, the study which that Committee demands 'of some of the more important principles and tendencies in financial and economic policy and practice which tend to create or to destroy conditions favourable to peace'.”

2. RESOLUTION OF THE ASSEMBLY.

The Assembly of 1928, having taken note of a report submitted by the Second Commission (Rapporteur: M. Loucheur), adopted the following resolution:

“ The Assembly:

“ (1) Having noted the work of the Economic Organisation of the League of Nations during the past year, observes with satisfaction the progress achieved, particularly in regard to the undertakings resulting from the resolutions of the World Economic Conference which

were recommended to the favourable attention of all Governments by the Assembly at its eighth ordinary session;

“ Is confident that the Economic Organisation will successfully carry through the important tasks still assigned to it, and that it will, if necessary, deal with them in an order corresponding to their respective importance and urgency and the possibility of reaching practical results, regard being had to the manifold and occasionally divergent interests involved;

“ (2) Notes with satisfaction that the Convention for the Execution of Foreign Arbitral Awards, which was opened for the signature of States by the Assembly on September 26th, 1927, has been signed by eleven States, and that there have been five new ratifications of the 1923 Protocol on Arbitration Clauses;

“ Trusts that at least those States which signed the Protocol will accede to the Convention, and thus enable traders in these States to resort to arbitration with full security;

“ (3) Welcomes the conclusions of the Convention of November 8th, 1927, and the Supplementary Agreement of July 11th, 1928, for the Abolition of Import and Export Prohibitions and Restrictions, and also the two International Agreements, dated July 11th, 1928.

“ Earnestly hopes that the Governments of the signatory States, and especially the Governments of the States enumerated in Article C of the Supplementary Agreement of July 11th, 1928, whose abstention might jeopardise the future of the Agreements concluded, will speedily ratify these Agreements and thus contribute towards achieving real progress in the economic situation of the world.

“ (4) Trusts that the Diplomatic Conference on Statistics convened for November 26th next and the conferences contemplated for 1929 in regard to the treatment of foreign nationals and the partial assimilation of legislation on bills of exchange, promissory notes and cheques will lead to valuable results;

“ (5) Hopes that the preparatory work of the establishment of a simplified uniform Customs nomenclature, of which it recognises the high importance as facilitating tariff agreements and increasing the efficacy of the most-favoured-nation clause will soon be successfully concluded.

“ (6) Considering that the Economic Committee has already arrived at interesting conclusions as to the possibility of reconciling the two tariff systems (hard-and-fast tariff and negotiable tariff);

“ Requests the Economic Committee to pursue its work with a view to framing a doctrine in regard to commercial policy and preparing collective agreements to facilitate, by bringing about a milder Customs regime, the movement of certain products which are of special importance or which lend themselves more particularly to treatment of this kind;

“ (7) Follows with interest the investigations undertaken in regard to veterinary measures, and approves their objective character and the desire to take into account the legitimate and occasionally conflicting preoccupations of countries which export and import cattle;

“ Considers that their completion is essential to enable regulations to be cleared from all suspicion of veiled protectionism, and promote the greater freedom of trade advocated by the Economic Conference;

“ And is confident that they will be pursued as rapidly as is consistent with the complexity of their character;

“ (8) Expresses its confidence that the Economic Committee, to which the investigation of the problems relating to coal and sugar were submitted at the instance of the Consultative Committee, will carry through its work with all desirable energy, while not neglecting any of the interests involved, whether of producers or consumers—countries or persons—or the workers;

“(9) Hopes that the Economic Organisation will be able to expedite, along the lines of the recommendations of the World Economic Conference and the Consultative Committee, the study of various aspects of the problem of international industrial understandings—in particular, the status of such understandings, their juridical forms, the legislation controlling them and the publicity concerning them;

“(10) Believes that the successful attainment of the objects contemplated by the World Economic Conference will largely depend upon the measure in which it will prove possible to harmonise the interests of agriculture and industry, account being taken, *inter alia*, of the particular position of countries which are mainly agricultural or in the early stages of industrial development;

“Approves the view expressed by the Economic Consultative Committee that the systematic study of the problems of agriculture will be an important factor in the encouragement of economic co-operation between peoples.”

A. COMMERCE.

I. SUMMARY OF SITUATION.

The Economic Conference hoped that a reduction of tariff barriers would be secured (a) by autonomous unilateral action, (b) by bilateral action combined with the operation of the most-favoured-nation clause, and (c) by multilateral action, *i.e.*, by the means of conventions concluded between all or several States under the auspices of the League of Nations.

The first of these methods had some immediate success, proposed increases in tariffs contemplated at the time of the Conference being substantially modified. The second also had considerable effect in 1927, which, as the Consultative Committee remarked last year, was notably a year of tariff treaties. But 1927 saw only the beginning of multilateral action and no results comparable to those of the other two methods.

The record for 1928 is strikingly different, multilateral action having more results to its credit than either unilateral or bilateral.

(a) The detailed analysis below shows that no reduction of duties having any real bearing on international trade as a whole was introduced by autonomous action during the past year.

In several countries, indeed, there is again a certain tendency towards increased protectionism, as shown by the introduction of new tariffs, partial increases on articles of which there is a big consumption, and, lastly, by the character of the preliminary work and discussions in connection with proposed changes in the Customs regime.

The above picture might, however, appear superficial and thus convey a false impression if no mention were made of a circumstance characteristic of the present period.

In view of tariffs often built up in fragmentary form to meet the changing conditions of the post-war period, there has been a demand in several countries for a fairer equilibrium between different branches of industry, and in particular between industry and agriculture, which has unquestionably suffered from the higher level of industrial protection; and it has unfortunately sometimes been found easier to level up than to level down.

(b) Commercial treaties were even more numerous than during the preceding year, but the majority of these treaties do not contain any tariff agreement, and consequently do not provide for any reduction of duties.

Among the few treaties which deal directly or indirectly with tariff questions, some are designed, on the contrary, to put an end to previous consolidations, with a view to increasing the margin of protection accorded to certain branches of the national industry.

One very far-reaching fact must be noted among the favourable developments of this year.

The urgent recommendations of the Economic Conference in favour of the wider application of the most-favoured-nation clause may be said to have been followed by all those States which have concluded commercial agreements during the past year.

This regime, of which the Conference emphasised the valuable effects, has once again become the rule in international economic relations.

(c) There has been a considerable range of work, and some substantial results, in the sphere of multilateral action.

The imports and exports convention, if duly ratified by enough countries, will remove the great bulk of the commercial policy barriers to trade other than tariffs. The progress either

achieved or anticipated in the matter of the simplification of Customs nomenclature, Customs formalities, administrative protectionism, commercial arbitration, regulations for tariff supervision, etc., will undoubtedly have the effect of eliminating many of the obstacles which stand in the way of international trade. But the central sphere of tariff policy remains almost untouched. Multi-lateral action has indeed been attempted in this sphere by submitting to a close examination certain groups of commodities. In one of these (skins and bones), where the conditions were specially favourable, some real success has been achieved. The preliminary studies undertaken into other groups of goods, however, do not yet permit of our forecasting the possible results.

II. INDEPENDENT OR CONTRACTUAL ACTION BY STATES. TARIFFS AND TREATIES.

I. MAIN EVENTS.

(a) *Tariffs.*

Spain, Peru, Chile, Persia and China (the last two countries having acquired their Customs autonomy in 1928) have put new Customs tariffs into force. The new Spanish duties correspond to the former conventional duties, while those of the Peruvian tariff are slightly lower than the old duties; but in all the other cases the general level of duties has been raised.

New tariffs are in preparation in the following countries: Brazil, Egypt, Finland, Mexico, Portugal, Roumania and Turkey. Further details on this subject are given below. The general tendency of alterations is to tighten up protection.

Estonia, Latvia and Lithuania have adopted a two-column tariff.

The increase of the "agio" in Bulgaria has led to a general increase in Customs duties. The duties on sugar have been increased in Austria, Germany and Italy. The duty on raw sugar has, however, been decreased in Great Britain. In Sweden, a proposal to increase the import duty on sugar has been rejected by Parliament.

A draft German law was submitted in execution of the recommendations of the International Economic Conference, its purpose being to eliminate the last traces of "fighting" duties from the Customs tariff.

(b) *Treaties.*

More commercial treaties have been concluded this year than last year (42 as against 30). These treaties are all—with one exception—based on the most-favoured-nation clause, unlimited in most cases. The exceptions to this are: the Hispano-Finnish Agreement and the Franco-Austrian and Franco-Czechoslovak Agreements, which limit the application of the clause to certain categories of goods.

Only six treaties contain tariff provisions, whereas, in 1927, sixteen treaties contained various tariff modifications. Moreover, in contrast to last year, many *additional* agreements have been negotiated, frequently with the object of abolishing the consolidation of duties, thus re-establishing the right to raise the tariff. The Austrian Agreements, which aim at the more effective protection of agricultural production, are characteristic of this tendency.

Again, the number of provisional agreements or *modus vivendi* amounts to thirty-four, as against three only in 1927. China, Lithuania, Persia and Spain are the countries which have made most use of this method.

Treaties are still only concluded for very short periods: generally for not more than one year. There are only five exceptions to this: the German-South African Treaty, two years; the Italian-Hungarian Treaty, three years; the German-Siamese Treaty, five years; the German-Lithuanian Treaty, five years; the Latvian-U.S.A. Treaty, ten years.

2. TARIFF AND CONTRACTUAL POLICIES OF THE VARIOUS COUNTRIES.

Austria.

I. *Tariff Policy.*

Few changes were made in the Austrian tariff in 1928. On July 15th, there came into force the general duties on cereals which the Law of October 27th, 1927, had fixed at a definite figure, in place of the sliding-scale duties levied under the Laws of September 5th, 1924, and July 28th, 1926.

A Law dated December 13th increased the duties in the general tariff on the various categories of sugar. The increase will continue so long as the price of foreign crystallised sugar at the Lundenburg frontier does not exceed 45 schillings per 100 kg. Should it exceed this limit, the duties may be brought back to their original level. As the duties on sugar have been reduced in the commercial agreement with Czechoslovakia and as, consequently, the new general duties can only be applied after the revision or abrogation of the above conventional duties, the law provides at the same time for an increased consumption tax (from 10 to 16 gold crowns per quintal); this latter, not being affected by the conventions, can be levied *in toto*.

II. *Commercial Agreements.*

1. On April 6th, 1928, a Treaty of commerce and navigation was signed with *Denmark*, on the basis of the most-favoured-nation clause. This treaty, which still awaits ratification by Denmark, is to last for one year. But it may be prolonged for an indefinite period.

2. Commercial Agreement of May 16th, 1928, with *France* (see France).

3. A commercial Agreement signed on June 14th, 1928, with *Hungary*, which came into force provisionally on July 15th of the same year, modifies the provisions of the present commercial treaty between the two countries. As a result of this agreement, 29 duties of the Austrian tariff are affected; the majority have been lowered, but a few have been raised (*e.g.*, those on cereals and flour, young cattle and margarine). On the other hand, 12 duties of the Hungarian tariff have been raised and only one lowered—the duty on steel-plate caps (painted, varnished, etc.).

4. Provisional Agreement of June 17th, 1928, with *Persia* (see Persia).

5. Commercial Treaty of June 19th, 1928, with the *United States of America* (see United States of America).

6. Agreement of July 9th, 1928, subsidiary to the Treaty of commerce of September 3rd, 1925, with the *Kingdom of the Serbs, Croat and Slovenes*. This agreement came into force on December 10th, 1928, and will continue to be operative until June 30th, 1931. Under this agreement the Kingdom of the Serbs, Croats and Slovenes agrees to the increase of Austrian duties on live-stock and meat, in respect of which she had hitherto enjoyed special favours. Similarly, the Kingdom of the Serbs, Croats and Slovenes agrees to forgo several consolidations of former duties. Austria forgoes the consolidation of numerous Serb-Croat-Slovene duties on industrial products. Moreover, she has accorded certain tariff reductions.

7. Exchange of notes, September 29th, 1928, with *Spain* (see Spain).

8. Commercial Agreement with *Lithuania*, signed on October 5th, 1928. This agreement, based on the most-favoured-nation clause, is to last for one year and will then be subject to denunciation at six months' notice.

9. Exchange of notes, January 1929, with *Switzerland* (see Switzerland).

Belgo-Luxemburg Union.

I. *Tariff Policy.*

No important changes have been made autonomously in the Customs tariff.

II. *Commercial Agreements.*

1. Agreement dated May 15th, 1928, with *Persia* (see *Persia*).
2. Treaty of August 16th, 1928, with *Lithuania* (see *Lithuania*).
3. On November 12th, 1928, the Treaty of commerce and navigation signed on August 28th, 1927, with *Turkey* came into force. This treaty is based on the most-favoured-nation clause (an exception being made in regard to the facilities accorded by Turkey to countries detached from the Ottoman Empire in 1923). It includes the consolidation of 17 duties in the Turkish tariff in favour of Belgian exports, and 15 duties in the Belgo-Luxemburg Union tariff in favour of Turkish exports.
4. Treaty of November 23rd, 1928, with *China* (see *China*).
5. Agreement of December 15th, 1928, with *Spain* (see *Spain*).

Bulgaria.

I. *Tariff Policy.*

On July 26th, 1928, the Customs duties were, in actual practice, raised to a considerable extent by the increase from 1,500 to 2,000 per cent of the "agio" applicable to the payment of these duties (fixed in *gold* levas in the tariff).¹ Certain articles, however, which are not produced in Bulgaria, or which have to meet no foreign competition, are excluded from this increase.

At the end of the year, exemption from duty was accorded to fertilisers of every kind and motor and lubricating oils for agriculture.

II. *Commercial Agreements.*

1. On June 22nd, a commercial Agreement based on the most-favoured-nation clause was concluded with *Latvia*. This agreement entered into force on January 21st, 1929.
- For the Agreement of February 11th, 1928, with *Estonia*, see *Estonia*.

Czechoslovakia.

I. *Tariff Policy.*

In 1928, few changes were made autonomously in the Czechoslovak Customs tariff, though certain duties were lowered.

As from November 19th, the import prohibitions on numerous goods (62 tariff items) were abolished, as well as export prohibitions on two classes of goods.

II. *Commercial Agreements.*

1. *Modus vivendi* of June 17th, 1928, with *Persia* (see *Persia*).
2. Supplementary Agreement of June 26th, 1928, with *Poland* (see *Poland*).
3. Commercial Treaty of July 2nd, 1928, with *France* (see *France*).
4. Provisional Agreement of December 13th, 1928, with *Spain* (see *Spain*).

Denmark.

I. *Tariff Policy.*

On April 1st, 1928, the law for the permanent incorporation in the tariff of the duties temporarily established in 1924 on luxury articles came into force. This law also increases the Customs duty on several articles (lead, tin and zinc pipes; photographic films).

¹ This is the proportion officially determined by the Government, for the payment of these duties, between the value of the paper leva and that of the gold leva.

II. *Commercial Agreements.*

1. Treaty of April 6th, 1928, with *Austria* (see *Austria*).
2. On August 22nd, 1928, a Treaty of commerce and navigation was signed with *Greece*, based on the most-favoured-nation clause. This treaty was to remain in force for one year after the date of the exchange of ratifications. It will cease to be operative three months after it is denounced.

Estonia.

I. *Tariff Policy.*

A Law of May 15th, 1928, which came into force on September 15th, lays down that, until the application of the new maxima and minima Customs tariffs, the basic import tariff, with its concomitant conventional tariffs, is to be regarded as the minimum tariff for imports; the rates of the basic tariff increased by 50 per cent are to be applied as a general Customs tariff. Foreign goods pay duty under the minimum tariff or the general tariff according as they do or do not originate in a country which has signed a treaty of commerce with Estonia.

In June, the duties on several articles were lowered, while "southern fruits" were admitted free. Further changes—entailing, it would seem, increased duties on motors and steam-engines—are under contemplation.

II. *Commercial Agreements.*

1. A Treaty of commerce and navigation, based on the most-favoured-nation clause, was concluded on February 1st, 1928, with the *Kingdom of the Serbs, Croats and Slovenes*. This treaty came into force on September 10th of the same year.
2. By an exchange of notes on February 11th, 1928, Estonia and *Bulgaria* accorded each other most-favoured-nation treatment. This agreement came into force on July 24th.
3. Provisional economic Treaty of March 25th, 1928, with *Latvia* (see *Latvia*).
4. Exchange of notes, July 1st, 1928, with *Italy* (see *Italy*).
5. As from September 1st, 1928, Estonia and *Canada* have accorded each other most-favoured-nation treatment.
6. Treaty of commerce, December 8th, 1928, with *Germany* (see *Germany*).
7. Commercial Agreement, February 21st, 1929, with *France* (see *France*).

Note. — The treaties concluded by Estonia always contain the Baltic clause.

Finland.

I. *Tariff Policy.*

Few tariff changes were made in 1928. Certain duties were lowered (on meat extracts, condensed soups and gramophones), while in October, as a result of the revision of the Convention with Spain, the duties on prepared fish and cork were increased.

A new tariff is being prepared, but it is thought that the present tariff will remain in force for the whole of 1929 as it stands, except for certain minor changes.

II. *Commercial Agreements.*

1. Agreement of August 11th, 1928, with *Spain* (see *Spain*).
2. Provisional *modus vivendi* governing trade relations with *Lithuania*, signed on October 7th, 1928, which came into force on October 15th. This temporary arrangement—based on reciprocal most-favoured-nation treatment—was a consequence of the application of the maximum scale of Lithuanian duties (as from October 1st) to goods coming from countries which have not concluded commercial treaties with Lithuania.

France.

I. *Tariff Policy.*

Since the increased duties which the Customs "Addendum" imposed in March 1928, practically no changes have been made autonomously in the French tariff. There has been no question of putting the new draft tariff into effect in the immediate future. Moreover, the effects of Customs measures adopted under commercial agreements concluded by France in the last two years have not yet been felt to the full extent.

The approval of the Customs "Addendum" enabled the French minimum tariff to be extended to all German imports as early as April 15th, 1928, under Article 6 of the agreement of August 17th, 1927. This fact, and the application of the same tariff as from May 27th to almost all Austrian goods, has caused the disappearance of most of the intermediate duties on the produce of certain European countries. The minimum tariff is therefore practically the same as in pre-war days; the usual French tariff for almost all other countries. Evidence of the origin of goods will therefore, in the case of most countries, hardly be of sufficient importance to justify any further insistence on the production of *certificates of origin*. Consequently, in August 1928, the French Government abolished this tiresome and costly obligation, except for a small number of products the verification of whose origin is still necessary for various reasons.

II. *Commercial Agreements.*

1. Treaty of May 11th, 1928, with *Persia* (see *Persia*).

2. Commercial Agreement with *Austria*, which was signed on May 16th, 1928, and came into force provisionally on May 27th.

Austria continues to grant general most-favoured-nation treatment to French products; she has also consolidated and reduced the duties on 79 of these products. France has consolidated the duties of her minimum tariff in favour of 147 products which are largely exported by Austria, and has accorded the minimum tariff (and most-favoured-nation treatment) to almost all Austrian goods. The products to which these advantages do not apply are placed in a special list.

With regard to samples and specimens, the contracting parties undertake to apply the Geneva International Convention of November 3rd, 1923. The agreement, which is not limited to Customs questions, but covers the entire range of economic relations between the two countries, may be denounced as from April 1st, 1929, and will lapse three months after denunciation.

3. A Protocol signed on June 20th, 1928, complements the Commercial Agreement of August 17th, 1927, with *Germany*. It regulates certain tariff questions which have arisen in connection with the application of this agreement. The Protocol came into force on August 1st, 1928 (apart from certain provisions which can only be applied after they have received Parliamentary approval). After this come a number of annexed letters clearing up certain other points connected with administrative action or regulations. At the beginning of February 1929, another agreement was concluded, after negotiations lasting several months, regulating the frontier traffic between the two countries.

4. Under the Commercial Convention concluded on July 2nd, 1928, with *Czechoslovakia*, France will enjoy most-favoured-nation treatment in Czechoslovakia and obtain appreciable reductions of duty on motor-cars, silks, wines, chemical products, oil, etc. Czechoslovak goods imported into France will all—apart from a small number set out in a special list—enjoy most-favoured-nation treatment, *without any limitations as to quantities* (as heretofore). With regard to prohibitions and restrictions, the agreement is based on the Geneva International Convention; but France agrees to the temporary maintenance in Czechoslovakia of the prohibition on motor-cars, wines and clover-seed. This prohibition is purely theoretical as far as France is concerned, since exceptions and adequate quotas have been granted to her for the importation into Czechoslovakia of French products of these kinds.

5. An additional Protocol to the Polish-French Commercial Treaty of December 9th, 1924, has been concluded with *Poland*, on July 8th, 1928. As from August 1st, 1928, Poland has allowed French wines to enter the country under the former tariff of March 15th, 1928, while France has accorded her minimum tariff to several Polish products (fine steel and special steels, rolled zinc and zinc powder, hats, products derived from the distillation of coal-tar, etc.).

6. A *modus vivendi* with *Lithuania* signed on July 20th, 1928, came into force on August 15th of the same year.

Under this *modus vivendi*, France has granted her minimum tariff and most-favoured-nation treatment to a whole range of Lithuanian goods. In addition, the special duties accorded to certain Estonian products, under the Franco-Estonian Convention of 1922, are accorded to like products from Lithuania. In return, the latter grants most-favoured-nation treatment to all French goods—subject only to the reservation embodied in the Baltic clause. Moreover, Lithuania has undertaken, in the Protocol of Signature, not to increase her present Customs duties on certain goods exported by France before the final Treaty of commerce has been concluded.

7. Treaty of commerce, December 2nd, 1928, with *China* (see *China*).

8. The Treaty of commerce signed on January 30th, 1929, with the *Kingdom of the Serbs, Croats and Slovenes* contains the most-favoured-nation clause in respect of all French goods and also reduces duties on several products (wines, brandies, soaps, perfumes, silks, etc.). For her part, France grants Serb-Croat-Slovene products the benefit of her minimum tariff and most-favoured-nation treatment without any tariff modification.

9. On February 21st, 1929, the existing Agreement with Estonia was replaced by a new commercial Agreement based on most-favoured-nation treatment and involving tariff reductions.

10. The Treaty relating to trade, shipping and settlement which was concluded with Greece on March 12th, 1929, in Athens, includes the general most-favoured-nation clause and provisions for reduction of tariffs.

At the beginning of February 1929, negotiations were in progress with *Poland* and the *Belgo-Luxemburg Union*.

Germany.

I. *Tariff Policy.*

On March 30th, 1928, the German Government introduced a Bill in the Reichstag to give effect to the recommendations of the Geneva International Economic Conference; this bill was prepared by the provisional Economic Council of the Reich and adopted on November 23rd, with a few modifications of detail, by the Council of the Reich.

Article 1 of this Bill provides for the ratification of the Convention on prohibitions, the supplementary Agreement and the two international Agreements concerning the export of hides, skins and bones. Article 2 provides for the reduction or abolition of import duties on a number of products.

These measures apply to duties which had been raised or introduced for the first time after the war owing to special circumstances, particularly currency inflation, and the necessity of creating a suitable basis for negotiating commercial treaties. The total or partial disappearance of these causes has led to the abolition or reduction of the duties in question. The number of German tariff items thus affected is 141—out of a total of 946—but the products, which are exclusively manufactured or semi-manufactured articles, are only of minor importance from the point of view of German imports.

By a decree dated December 14th, 1928, applicable on December 18th, the duty on *refined* sugar has been raised from 15 to 25 Rentenmarks per 100 kg. The Minister of Finance is, however, authorised to reduce the duty to 10 Rentenmarks per 100 kg. if the price of molasses on the Magdeburg exchange rises above the average monthly quotation of 21 Rentenmarks per 50 kg. This decree is applicable until December 31st, 1931.

Finally, the importation of printed films has been settled for 1929-30 as follows: the necessary licences will be granted strictly in proportion to the export of German films.

II. Commercial Agreements.

1. Treaty of commerce and navigation with *Siam* signed on April 7th, 1928, which came into force on October 24th of the same year. The treaty is based on the most-favoured-nation clause. Its duration is for five years, but if it is not denounced twelve months before the expiration of this period, it will be prolonged indefinitely; it will cease to have effect twelve months after notice of denunciation.

2. Exchange of notes, May 7th, 1928, with *Italy* concerning the rates to be applied to synthetic medical products imported into Italy.

3. Protocol to the Agreement of August 17th, 1927, with France, signed on June 20th, 1928 (see France).

4. Commercial Agreement with *China* signed on August 17th, 1928 (see China).

5. Treaty of commerce and navigation with the *Union of South Africa* signed on September 1st, 1928. It will come into force for two years as from the date of the exchange of ratifications; it will then remain in force for six months after the date of its denunciation. The treaty is modelled on that concluded between Germany and Great Britain in 1924. It includes a provision concerning immigration, the juridical status of nationals of the contracting parties, consular representation, etc. In the matter of commercial travellers and samples, it refers to the rules laid down in the Geneva International Convention of November 8th, 1923. The agreement is based on the reciprocal and unconditional granting of most-favoured-nation treatment,¹ to the exclusion, however, of the advantages accorded by the Union of South Africa to Portuguese East Africa and the countries with which it is connected by a Customs union (Basutoland, Bechuanaland, Northern and Southern Rhodesia and Swaziland). Similarly, Germany cannot claim the minimum rates and reductions at present granted to British goods, and goods from the British dominions, colonies and protectorates. The preference granted to Great Britain is therefore limited to such preferential treatment as she at present enjoys; all subsequent concessions will be automatically extended to Germany.

This provision has led to a discussion in the British Press as to whether the arrangement is compatible with the principle of Imperial preference.

It will be remembered that England, when she concluded her commercial agreement with Germany, was careful to maintain intact her right of according, at any time, specially favourable treatment to any part of the British Empire.

The treaty has been ratified by Germany, but has not yet been ratified by the Union of South Africa.

6. Additional Agreement to the Treaty of commerce and navigation of 1927 with the *Kingdom of the Serbs, Croats and Slovenes* signed on October 19th, 1928. This agreement defines the tariff rates for certain goods on import into that country or Germany.

7. Treaty of commerce and navigation with *Lithuania* signed on October 30th, 1928, which came into force on January 9th, 1929. Concluded for five years; renewable by tacit consent. It is based on most-favoured-nation treatment (limited, however, by the Baltic clause). It does not contain any tariff provisions, but Lithuania undertakes to reduce by 50 per cent her export duties on timber. She also agrees to abolish export restrictions on raw hides, hair and bones, and undertakes not to introduce in the future any import or export prohibitions. The treaty also contains other clauses concerning transport by land and by sea, immigration, domicile, etc.

8. Treaty of commerce with *Estonia* signed on December 8th, 1928. Based on most-favoured-nation treatment.

9. Agreement with the *U.S.S.R.* signed on December 21st, 1928. This agreement provides for the granting of further credits. The Soviet Government undertakes to afford legal protection to certain pre-war German trade-marks and to accord Customs facilities, on their import from Germany, to household utensils and chemical and photographic products.

¹ The protocol (7) annexed to the treaty also provides for the conclusion of a special agreement, including reciprocal tariffs, calculated to facilitate trade between the two contracting parties.

10. Negotiations for the conclusion of an agreement with Poland, which have been dragging on for four years, have not yet led to any result.

A solution which would regularise the present abnormal Customs situation between these two countries—a situation which has been slightly improved by recent agreements between certain branches of industry—would be welcomed with real relief, particularly on account of the influence which the present state of affairs exerts on the relations of these two States with other countries.

It would seem that compromises acceptable to both parties have already been discovered on several important points. However, many difficulties have still to be overcome, particularly in the matter of an agreement concerning the export of Polish agricultural products (above all, live-stock).

The Convention on timber concluded on November 22nd, 1927, was renewed on January 18th, 1929, until the end of 1929.

11. Treaty of commerce and navigation with *Persia*, February 1929 (see *Persia*).

12. Negotiations are being conducted with *Switzerland* with a view to modifying the Commercial Treaty of July 14th, 1926, in certain secondary directions. On May 3rd, 1928, a protocol was added to this treaty concerning the tariff treatment to be accorded in Switzerland to separate parts of motor-cars and bicycles imported from Germany and the tariff treatment to be accorded in Germany to motor-cars and parts of motors, carding machines and woven-hemp hats coming from Switzerland. This protocol came into force on June 15th, 1928.

Great Britain.

I. *Tariff Policy.*

The tariff measures adopted by Great Britain in 1928 are few and of slight importance. Under the 1928-29 budget, the Customs duties—general, and British preferential—on raw sugar were reduced. The British preferential duties on molasses, glucose and saccharine were also reduced. (Corresponding alterations were made in the duties on products containing sugar and the drawback on products containing sugar.) Under this same budget, however, three new duties were imposed: on lighters, buttons of every kind and hydrocarbure oils. Another import duty was imposed in June on enamelled iron and steel hardware. The latter duty, and that on buttons, unlike the others, are protective and are intended to remain in force for five years only.

Although the tariff measures adopted in England during the past year are not likely to produce far-reaching effects, it should be noted that very important discussions have taken place in political and business circles regarding future Customs policy. The controversy centres around the need of finding some remedy for unemployment.

The example of the "high standard of living" which United States industries have been able to obtain for their workers behind the shelter of a high tariff and the fact that certain foreign firms have been obliged, after the introduction of safeguarding duties, to establish factories in England and, consequently, employ British labour seem to be arguments in favour of protection which are even influencing the labour organisations.

This would explain the support which the trade unions are giving to a petition submitted by the Yorkshire light-woollen fabric manufacturers to the Board of Trade for a safeguarding duty to be imposed in defence of their products.

On the other hand, the supporters of a liberal Customs policy point out that, as Great Britain is mainly organised for exportation, any Customs protection tending to raise the price of industrial production will, in the long run, lead to a reduction of exports, and perhaps aggravate the evil it was intended to remedy. It is pointed out that this danger is greater in the case of key industries, such as iron and steel, which influence the cost price of many articles exported on a large scale from the United Kingdom.

A petition for safeguarding has also been submitted by the pottery industry. But the attention of the British business world is mainly concentrated on the claims of the iron and steel industry. This industry has long been urging the imposition of Customs duty on semi-finished iron and steel products as a protection against increasing foreign competition.

Although, in December 1927, the Government refused to extend the Safeguarding of Industries Act to iron products, the manufacturers have persisted in their demands, and in August 1928 they obtained from the Government a promise that the procedure laid down by the Act—which is considered by the industries to be too stringent—would be modified.

Moreover, in September 1928, the National Congress of the Conservative Party pronounced itself in favour of extending the Safeguarding of Industries Act to iron products, and in December 1928 the Iron and Steel Traders' Corporation asked the Government to appoint a Royal Commission of Enquiry into the situation of the metal industries and the best means of protecting the home market.

Business circles favourable to the maintenance of the traditional policy of free trade followed by England in the past fear that, once a breach has been opened in the present tariff system, it will never be closed again. Other countries would probably be led to adopt retaliatory measures which would, in the long run, exert a harmful influence on the volume of British exports.

The question of key-industry duties and of safeguarding has formed the object of an enquiry by the Balfour Committee, which recently published its final report containing the following main conclusions on tariff policy in Great Britain. These conclusions may be summarised as follows:

Tariff policy must in the main be a tariff for revenue subject to certain qualifications. Key-industry duties can be regarded as right in principle but should be reviewed periodically. Tariff policy with the object of neutralising differences in labour costs in rival countries by differential Customs duties is considered as "neither defensible in theory nor feasible in practice". As regards safeguarding, the conclusion of the report is *that the operation of this procedure must be limited both as regards the field of industry to be covered and the duration of the duties.*

II. Commercial Agreements.

1. By an Exchange of Notes on February 25th, 1928, Great Britain and *Haiti* accord each other most-favoured-nation treatment as from March 1928.

2. Treaty of tariff autonomy with *Persia* signed on May 10th, 1928 (see *Persia*).

3. Treaty of commerce and navigation with *Panama* signed on September 25th, 1928. This treaty, under which the two countries grant each other most-favoured-nation treatment, will last for ten years. On the expiration of this period, it will lapse twelve months after denunciation.

On September 26th, 1928, Great Britain and *Panama* also concluded an Agreement concerning the treatment of commercial travellers and their samples. This agreement will remain in force six months after the date on which it has been denounced.

4. Treaty of commerce with *China* signed on December 20th, 1928 (see *China*).

5. Agreement concerning the treatment of commercial travellers and samples with *Ecuador* signed on January 5th, 1929. This treaty came into force on the same day.

Greece.

I. Tariff Policy.

The changes made in the Customs tariff by autonomous action in 1928 are only of minor importance.

II. Commercial Agreements.

Treaty of commerce and navigation of August 22nd, 1928, with *Denmark* (see *Denmark*); with *France*, of March 12th, 1929 (see *France*).

For the commercial relations between *Greece* and *Spain*, see *Spain*.

Hungary.

I. *Tariff Policy.*

The Customs duty on several raw materials was abolished or reduced in 1928.

II. *Commercial Agreements.*

1. Commercial Agreement of June 14th, 1928, with *Austria* (see Austria).

2. Treaty of commerce and navigation dated July 4th, 1928, with *Italy* (see Italy).

3. As from August 1st, 1928, Hungary and *Canada* have granted each other most-favoured-nation treatment.

4. A provisional commercial Agreement was signed on October 23rd, 1928, with *Lithuania*. The agreement is based on reciprocal most-favoured-nation treatment (with the Baltic clause in favour of Lithuania). This agreement came into force on the day that it was signed. It will remain operative until the conclusion of a final treaty of commerce, but it may be denounced by either party before this date provided three months' notice be given.

5. A Treaty of commerce concluded on November 9th, 1928, with *Sweden*, for three years, secures for the goods of each of the high contracting parties most-favoured-nation treatment in the territory of the other.

6. A commercial Agreement based on the most-favoured-nation clause was concluded on January 23rd, 1929, with *Japan* by an exchange of notes. This agreement came into force on January 31st.

A Law passed in January 1929 authorises the Government to conclude commercial agreements with other countries for a maximum duration of two years subject to denunciation with not less than six months' notice, and to bring these agreements into force by means of decree-laws.

This authorisation will cease to be operative on December 31st, 1930.

Italy.

I. *Tariff Policy.*

From a tariff point of view, two important measures characterised Italian policy in 1928: the raising of the Customs duties on wheat, wheat-flour and semolina as from September 13th, and of the duty on sugar from January 1st, 1929. On the other hand, several products used for feeding live-stock are being admitted Customs free, while numerous goods intended to be worked up in Italy are admitted temporarily.

II. *Commercial Agreements.*

1. *Modus vivendi* of June 25th, 1928, with *Persia* (see Persia).

2. Exchange of notes May 7th, 1928, with *Germany* (see Germany).

3. Treaty of commerce and navigation with *Hungary* signed on July 4th, 1928. Under this treaty, which is to last for three years, the two countries grant each other most-favoured-nation treatment for *all* goods. It is this universality which distinguishes it from the agreement of 1925. The treaty also contains certain tariff provisions: the duties of the Italian tariff are reduced or consolidated in favour of Hungarian horses, live-stock, poultry and other agricultural products, while the duties of the Hungarian tariff are reduced or consolidated in favour of Italian cheese, flour, fruit, cotton and other goods. A protocol annexed to the treaty defines the regime for imports and exports. There is also a veterinary agreement, the object of which is to facilitate trade in animals and animal products between the two countries.

4. An Exchange of Notes on July 1st, 1928, established most-favoured-nation treatment with *Estonia*.

5. An additional Protocol to the Treaty of commerce and navigation with *Czechoslovakia* was signed on November 19th, 1928, and came into force on December 31st. Czechoslovakia forgoes the reduced duty provisionally accorded her under the treaty in the case of motor engines.

To counterbalance this, Italy has granted new and more favourable rates for two Czechoslovak products.

6. Provisional Agreement of November 27th with *China* (see China).

7. Commercial Agreement of December 30th, 1928, with *Spain* (see Spain).

It should be noted that on November 14th, 1928, ratifications were exchanged which brought into force the Treaty of commerce (July 14th, 1924) with the *Kingdom of the Serbs, Croats and Slovenes*. This treaty provides for the reduction or consolidation of 14 import duties and 1 export duty of the Italian tariff, and 164 import duties and 12 export duties in the Serb-Croat-Slovene tariff.

Latvia.

I. *Tariff Policy.*

A new two-column tariff, including 207 very carefully arranged items grouped into 10 categories, came into force on April 16th, 1928. The duties in the first column (general tariff) are applicable to goods of countries which have not concluded a commercial agreement with Latvia; generally speaking, these are 50 per cent higher than the corresponding figures in the second column (the minimum tariff applicable to goods of countries that have concluded an agreement with Latvia). This two-column system involves the production of a certificate of origin whenever goods are cleared. The Lithuanian rule has been adopted for the determination of the country of origin of manufactured or semi-manufactured products.

II. *Commercial Agreements.*

1. On April 16th, 1928, a provisional Commercial Treaty signed on March 25th, 1928, came into force with *Estonia*. This agreement has no fixed time-limit; it may be denounced at any time and will remain operative for three months after denunciation. The contracting parties grant to each other most-favoured-nation treatment. The final protocol, however, lays down that neither country can claim the special advantages in the matter of Customs duties granted to Finland, Lithuania and the U.S.S.R. pending settlement of the question of the *unlimited* application of the most-favoured-nation clause, of which these countries have manifested the desire to avail themselves in trade with each other.

At the end of January 1929, a Latvian and an Estonian delegation met at Riga to begin negotiations for the unification of the Customs tariffs of the two countries.

2. A Treaty of friendship, commerce and consular rights concluded on April 20th, 1928, with the *United States of America* came into force on July 25th of the same year. This treaty—which is to last for ten years and which will lapse twelve months after it has been denounced—contains the most-favoured-nation clause (apart from the special treatment accorded by Latvia to Estonia, Finland, Lithuania and the U.S.S.R., a similar exception being made by the United States with regard to its dependencies, the Panama Canal Zone and Cuba).

3. Provisional commercial Agreement with *Bulgaria* (see Bulgaria).

4. A Treaty of commerce and navigation with *Japan* signed on July 4th, 1928, came into force on September 3rd, 1928. This treaty is also based on the most-favoured-nation treatment, with the above-mentioned exceptions as regards Latvia, and excluding the facilities accorded by Japan to China and the United States.

Lithuania.

I. *Tariff Policy.*

Two important changes were made in the Customs tariff in 1928. On June 15th, the duties on petrol, motor-cars, motor-bicycles, bicycles, inner and outer motor-tyres, etc., were increased.

On October 8th, the duties on tea, tobacco, yeasts, matches, wines and alcohol were also raised.

In addition, an Order of the Minister of Finance dated May 12th, 1928, which has been applied as from October 1st, lays down that the goods of countries which have not concluded a commercial agreement with Lithuania shall pay 30 per cent more than the duties of the ordinary tariff. As a result of this, certificates of origin have to be produced before goods enjoying the ordinary tariff can be cleared. The rules on this subject lay down that the country of origin of semi-finished and finished goods is that in which they have been subjected to transformation, in the course of which the amount of labour or materials of local (geographical or industrial) origin employed amount to at least 50 per cent of the value of the goods.

A Law of May 14th, 1928, authorises the Government to increase Customs duties by 150 per cent (with the exception of duties consolidated under treaties of commerce). This increase may be as much as 300 per cent in the case of goods coming from countries which have no commercial treaty with Lithuania.

II. *Commercial Agreements.*

(All Lithuanian commercial agreements include the Baltic clause.)

1. *Modus vivendi*, July 20th, 1928, with *France* (see France).
2. Provisional Treaty of commerce and navigation with the *Belgo-Luxemburg Union*, which was signed and came into force on August 16th, 1928; it is based on the most-favoured-nation clause.
3. Lithuania and *Canada* have granted each other most-favoured-nation treatment since September 15th, 1928.
4. Provisional Commercial Agreement, signed on September 24th, 1928, with the *U.S.S.R.* Based on the most-favoured-nation clause (an exception being made regarding the treatment accorded by the *U.S.S.R.* to Estonia, Finland, Latvia and the continental Asiatic States adjacent to Soviet Russia).
5. Commercial Agreement concluded on October 5th, 1928, with *Australia*. Based on reciprocal most-favoured-nation treatment, this agreement is to last for a year and may be denounced subject to six months' notice.
6. Commercial Agreement concluded on October 5th, 1928, with *Austria* (see Austria).
7. *Modus vivendi* of October 7th, 1928, with *Finland* (see Finland).
8. Provisional Arrangement of October 23rd, 1928, with *Hungary* (see Hungary).
9. Treaty of commerce and navigation of October 30th, 1928, with *Germany* (see Germany).

Netherlands.

I. *Tariff Policy.*

A new Customs duty was established in 1928 (8 % *ad valorem* duty on sabots).

II. *Commercial Agreements.*

1. Agreement of June 20th, 1928, with *Persia* (see Persia).
2. Commercial Treaty of July 25th, 1928, with *Turkey* (see Turkey).

Norway.

I. *Tariff Policy.*

Certain additions and alterations to the Customs tariff were made in June 1928: *inter alia*, the duties on electric cables, wool and woollen goods, clothing, hats, etc., were raised, whereas the duty on wheat was abolished and duties on wheat-flour products were reduced.

Moreover, all tariff duties were temporarily increased by 50 per cent, except those on certain kinds of fruits and vegetables, rice, wines, cork, agricultural motors and machinery.

A new list of import and export prohibitions—including 14 import items and 2 export items—was issued in August.

II. Commercial Agreements.

1. Agreement of April 26th, 1928, with *Poland* (see Poland).
2. Treaty of commerce of June 5th, 1928, with the *United States of America* (which see).
3. Exchange of notes of September 22nd and September 29th, 1928, with *Spain* (see Spain).

Poland.

I. Tariff Policy.

Since the readjustment of Customs duties in order to adapt them to the new situation created in October 1927 by the stabilisation of the zloty, the Polish tariff has undergone few changes. These include a modification of the duties on machinery and apparatus, salted herrings and bacon. Several decrees have established a system of drawbacks for a number of goods. In addition, as from July 8th, a reduction of duties—amounting in some cases to 20 per cent—has been granted to certain imports which are not manufactured in the country. A Ministerial Decree of February 1st, 1929, has introduced export duties on swine and pork.

II. Commercial Agreements.

1. Negotiations with *Czechoslovakia*—begun as a result of the general increase in Polish duties on March 15th, 1928, which was naturally very injurious to countries exporting to Poland—led to the signature of the "Fourth Additional Protocol to the Polish-Czechoslovak Commercial Treaty of April 23rd, 1925".¹ This protocol—which was signed on June 26th, and came into force provisionally on August 1st, 1928—will exempt in whole or in part from the above-mentioned increase most Czechoslovak goods already referred to in previous agreements, and there will be even further reductions in the case of certain articles (for instance, textiles). The protocol is, in fact, a sort of codification of the previous arrangements and the Treaty of 1925 in the matter of Customs reductions.

2. An Agreement complementary to the Treaty of commerce of December 22nd, 1926,² with *Norway* was signed on April 26th and will come into force on July 20th, 1928. Under this agreement, Poland has reduced the duties on smoked herrings and prepared sardines, while Norway has decreased the duties on mineral oils and has also exempted Polish salt, molasses and syrups from all duties.

3. Treaty of friendship and commerce, May 19th, 1928, with *China* (see China).

4. Commercial Agreements of July 8th, 1928, with *France* (see France).

5. Additional Protocol to the Commercial Treaty of March 26th, 1925, with *Hungary* signed on December 2nd, 1928. The percentage reductions of Polish duties in favour of Hungary, as provided in the above convention, have been replaced by *fixed* conventional duties. At the same time, the two countries concluded an Agreement concerning the import quotas conceded by Poland to Hungary in 1929.

6. Under the Agreement signed on August 24th with the City of Danzig—which will remain in force until March 31st, 1929—certain agreed quotas of goods which are dutiable on exportation from Poland (bran, rags, crude bones, metal scories and cinders) may be exported to Danzig Customs free or with a reduction of the duty. Under another Agreement with the Free City of Danzig, the Treaty of commerce between Poland and Turkey was extended to Danzig as from December 13th, 1928.

Portugal.

I. Tariff Policy.

The Customs tariff has not undergone any appreciable change, but its revision, commenced in November 1926, is almost terminated.

¹ Under Article XXVII, this agreement was extended to the Free City of Danzig as from February 24th, 1928.

² This treaty was extended to the Free City of Danzig as from January 12th, 1928.

In the Portuguese colonies of Mozambique and Angola, new tariffs were introduced on January 1st and July 1st, 1928, respectively. It appears, however, that the Mozambique Government intends to revise this new tariff completely and in particular to reduce the duties on necessities. The duties of the Angola tariff, which are generally *ad valorem*, are a combination of the old 1892 duties, the various additional taxes, industrial dues, stamp duties, etc. Liberal preference (in most cases 40 per cent of the normal duties) is accorded to Portuguese goods.

II. *Commercial Agreements.*

Agreement with *Canada* (see *Canada*).

Roumania.

I. *Tariff Policy.*

A commission which has long been working on the revision of the Customs tariff finished its work in July 1928. Among other measures it proposed the abolition of prohibitive duties on silks, perfumes, etc., and an almost general reduction of duties, particularly on foodstuffs and textiles. The fate of this proposal is unknown. The new Roumanian Government has stated that it intends to proceed immediately with the application of a new import tariff which will satisfy both producers and consumers. On the other hand, with a view to fixing the duties, the Minister of Industry and Commerce is collecting information both as to the wholesale and retail prices of manufactured products in the leading foreign industrial countries and the export prices of these products.

In June 1928, many new export duties were introduced; later on, in September 1928 and in January 1929, the export duties on several categories of goods (hides, horses, pigs, poultry, meat, etc.) were lowered.

II. *Commercial Agreements.*

1. As from August 1st, 1928, Roumania and *Canada* have been granting each other most-favoured-nation treatment.

2. On November 10th, 1928, a provisional Agreement was concluded with *Germany* on financial questions. There is a proposal to open negotiations for a commercial treaty.

Kingdom of the Serbs, Croats and Slovenes.

I. *Tariff Policy.*

The changes made autonomously in the tariff in 1928 were few and unimportant.

II. *Commercial Agreements.*

1. Agreement of February 1st, 1928, with *Estonia* (see *Estonia*).

2. On July 9th, 1928, a Commercial Agreement was signed with *Austria* (see *Austria*).

3. On October 19th, 1928, an Agreement was signed with *Germany* (see *Germany*).

Spain.

I. *Tariff Policy.*

In July 1928, the Customs section of the Council of National Economy had already completed the new tariff nomenclature which the Council had instructed it to prepare under a Decree-law dated July 20th, 1927. But as it proved impossible to fix the duties before January 1st, 1929, the Madrid Government decided to postpone the general revision until the following year. The

Minister of National Economy was, however, authorised, by a Decree dated November 29th, 1928, to bring the duties in the second column of the tariff "into line with the internal and external requirements of Spanish national production". Consequently, a Decree of December 28th modified 222 duties in the second column; every class of goods was affected except cotton. Duties which have been altered to the greatest extent are those on machinery, apparatus and vehicles. The new duties are, generally speaking, the old *conventional* duties, which are lower than the corresponding duties of the former second column. Under the terms of the same decree, the provisions of the Treaty of commerce fixing the conventional duties cease to be applicable as from January 1st, 1929. They have been replaced, as a result of the revision of commercial agreements, by most-favoured-nation treatment. The second column has been re-established as the *intangible* minimum tariff, applicable to goods coming from countries which have concluded commercial agreements with Spain. This second column will remain in force until October 1st, 1929. In the three following months, the Government will revise the tariff, after which the new tariff will be definitely applied (January 1st, 1930).

II. *Commercial Agreements.*

During 1928, Spain denounced all her commercial treaties with other countries in order to recover her full freedom of action in tariff matters as from January 1st, 1929. The following new agreements have taken the place of the former treaties of commerce.

1. A provisional Agreement under which Spain and *Greece* granted each other most-favoured-nation treatment in the case of *certain goods* of each country governed their economic relations until July 30th, 1928. Having been renewed for three months by an exchange of notes, the agreement finally lapsed on October 31st, 1928, and was not renewed. As negotiations for a new agreement produced no positive results, Spain has, since November 1st, 1928, been applying the maximum duties in the first column of her tariff to goods coming from Greece, while Greece applies her maximum Customs tariff to Spanish goods.

2. The Commercial Agreement signed on May 28th, 1928, with *Sweden* revoked the conventional duties levied under the Treaty of May 4th, 1925. The two countries have agreed to apply *general* and mutual most-favoured-nation treatment in place of these duties. This agreement ought to have come into force on September 1st, 1928, but it was not applied until January 1st, 1929.

3. By an Exchange of Notes, Spain and *Turkey* decided to prolong the Customs regime in force between the two countries (most-favoured nation treatment) for six months as from July 1st, 1928.

4. The provisions of the Anglo-Spanish Treaty of commerce and navigation of October 31st, 1922 (with the amendments thereto as set out in the Treaty of April 5th, 1927, and the Agreement of June 27th, 1924), have been applied to *Canada*, as from August 1st, 1928, as a result of an exchange of notes, the two Governments having agreed that the Hispano-Canadian *modus vivendi* of April 10th, 1924, should expire on July 31st, 1928.

The Canadian Government has accorded most-favoured-nation treatment to Spanish goods by a proclamation dated September 8th, 1928.

5. An Agreement dated August 11th, 1928, with *Finland*, which came into force on October 1st, 1928, included certain alterations in the Treaty of July 16th, 1925. Reciprocal most-favoured-nation treatment is limited to certain goods. Finland has increased her Customs duties on four Spanish products and Spain has raised her duties on one Finnish product. The agreement is without time-limit, but can be denounced at three months' notice.

6. By an exchange of notes dated respectively September 22nd and 29th, 1928, Spain and *Norway* have modified their Treaty of October 7th, 1922. The conventional duties enumerated in the lists attached to the treaty (27 duties in favour of Norwegian products and 18 in favour of Spanish products) have been replaced as from January 1st, 1929, by general and reciprocal most-favoured-nation treatment.

7. The Commercial Convention with *Austria* of February 3rd, 1925, has also been revised.

By an exchange of notes on September 29th, 1928, Spain has granted most-favoured-nation Customs treatment to goods coming from Austria, and the latter country has undertaken to apply the duties mentioned in this same list, with very few exceptions, to the Spanish products set out in List A of the Convention of 1925. The new agreement came into force on January 1st, 1929.

8. A provisional Agreement signed on December 13th, 1928—which came into force on January 1st, 1929, and will expire on October 1st, 1929—obliges Spain to apply most-favoured-nation treatment to *Czechoslovak* goods. Czechoslovakia will continue to apply to Spanish goods the duties established under the Hispano-Czechoslovak Treaty of 1925.

9. In a provisional Agreement dated December 15th, 1928, Spain and *Belgium* agreed to accord each other most-favoured-nation treatment. All the tariff provisions under former agreements have been abolished.

10. The provisional Agreement of December 31st, 1928, with *Italy* provides for the mutual application of most-favoured-nation treatment. It does not contain any tariff provisions; however, in the case of certain goods in which Italian exporters are interested, Spain has autonomously imposed duties which are the same, or practically the same, as the conventional duties previously in force.

11. A *modus vivendi* denounceable at a month's notice was concluded on December 31st, 1928, with *Switzerland* and came into force on January 1st, 1929. It provides for reciprocal most-favoured-nation treatment. In addition, Switzerland will proceed autonomously to maintain, with very few exceptions until the coming into force of the new stationary tariff, the conventional duties accorded to Spanish products under the Treaty of commerce of May 15th, 1922.

12. Under a provisional Commercial Agreement which came into force on January 1st, 1929, *Hungary* continues to grant Spanish products the treatment laid down in the Commercial Agreement of June 17th, 1925; while Spain grants Hungarian products most-favoured-nation treatment.

Sweden.

I. *Tariff Policy.*

A Bill was introduced by the Government to place a temporary duty on sugar in order to protect Swedish beetroot growers and the Swedish sugar industry, but it was thrown out by the Riksdag in February 1929.

No important change in the Customs tariff took place in 1928.

II. *Commercial Agreements.*

1. A Commercial Convention was signed on March 9th, 1928, with *Colombia*, including the unconditional most-favoured-nation clause. The convention has no time-limit, but will lapse three months after it has been denounced.

2. Agreement of May 28th with *Spain* (see Spain).

3. Exchange of notes July 30th-August 9th with *Persia* (see Persia).

Switzerland.

I. *Tariff Policy.*

The most important autonomous tariff action taken by Switzerland in 1928 was to increase all duties on certain cotton fabrics with a view to abolishing an old tariff anomaly in this respect. The tariff charges and taxes on unfinished and finished watch-cases were also rearranged and modified.

As from August 1st, all restrictions on the exportation of cheese were abolished, but the export tax on the same has been maintained.

II. *Commercial Agreements.*

1. Following on an Exchange of Notes (June 9th, 1928), Switzerland and *Egypt* have decided to grant each other provisionally most-favoured-nation treatment (with the exception of leaf-tobacco imported into Egypt). The arrangement—which also applies to the Principality of Liechtenstein so long as the latter is united to the Swiss Confederation by the Treaty of Customs Union of March 29th, 1923—came into force on December 26th, 1928.

This agreement may be denounced subject to three months' notice.

2. Agreement of August 28th, 1928, with *Persia* (see Persia).

3. *Modus vivendi* of December 31st, 1928, with *Spain* (see Spain).

4. By an Exchange of Notes (January 1929), Switzerland renounced the special duties on cattle (including calves) that *Austria* had granted her under the Treaty of commerce of January 6th, 1926.

Negotiations are proceeding with *Germany* (see Germany) and *Belgium*. It is expected that the agreement with the Belgo-Luxemburg Union will include certain tariff provisions in addition to the general most-favoured-nation clause.

Turkey.

I. *Tariff Policy.*

Turkey has undertaken the preparation of a new Customs tariff. The Supreme Economic Council has laid down the bases of this tariff as follows:

1. Protection of articles of which it is desired to increase the production in Turkey.
2. Moderate duties on articles of primary necessity which cannot be obtained in the country.
3. Moderate duties on articles required to assist agricultural and industrial production in Turkey.
4. High taxes on luxury articles.
5. Building materials not manufactured in Turkey to be allowed to enter the country Customs free.

II. *Commercial Agreements.*

1. Provisional Agreement of June 1st, 1928, with *Persia* (see Persia).

2. Treaty of commerce with the *Netherlands* signed on July 25th, 1928. Pending ratification, the two countries have decided to prolong for six months as from August 15th, 1928, the provisional commercial agreement already in existence.

3. On November 12th, 1928, the Treaty of commerce and navigation of August 28th, 1927, with the *Belgo-Luxemburg Union* came into force (see Belgo-Luxemburg Union).

Union of Socialist Soviet Republics.

I. *Tariff Policy.*

Fairly considerable changes were made in the Customs tariff on October 1st, 1928. In general, the duties were increased with a view to restricting the importation into the U.S.S.R. of *non-productive goods* (e.g., luxury articles and foodstuffs) and articles which are now being manufactured in the country (chemical products, ironmongery, etc.). The duties on several products (cast-iron goods, parts of machines, etc.) which are lacking in the home market have, however, been lowered or entirely abolished.

On October 24th, 1928, new provisions were promulgated with regard to the transit of goods, and the Commissariat of Commerce accordingly published a long list of goods the transit of which through the territories of the Union is forbidden. This list includes fabrics, sugar, matches, soap, glass, rails for railways, etc.

II. Commercial Agreements.

1. Customs Treaty with *Persia* on the basis of the most-favoured-nation treatment, signed on March 11th, 1928; duration, seven years.
2. Agreement of September 24th, 1928, with *Lithuania* (see Lithuania).
3. Agreement of December 21st, 1928, with *Germany* (see Germany).

Canada.

I. Tariff Policy.

In 1928, two important steps were taken in the matter of Customs policy.

In June, the rule under which excise duties, levied in the country of origin on goods imported from abroad, were not reckoned in the valuation of these goods for the application of anti-dumping duties was abrogated. Henceforth, anti-dumping duties will be applied, even if the difference between the price of the goods on the home market and the export price is due to excise duties payable in the country of origin, so long as there is still a difference of more than 5 per cent as compared with the price in the market of origin. The former rule is, however, maintained as regards articles originating in Great Britain.

As from February 1st, 1929, the percentage of British labour or materials requisite in order that goods manufactured in England with foreign raw materials may, on their importation into Canada, be subject only to British preferential duties has been raised from 25 to 50 per cent of the cost price of these goods. The same increase has also been applied to the percentage of labour or materials reckoned in the cost price of articles entitled to benefit by special trade agreements between Canada and other countries.

II. Commercial Agreements.

1. Under proclamations by the Canadian Government, the most-favoured-nation clause has been accorded to *Latvia* (July 14th), *Hungary* (August 1st), *Roumania* (August 1st), the *Kingdom of the Serbs, Croats and Slovenes* (August 9th), *Estonia* (September 1st), *Spain* (September 9th), *Lithuania* (September 15th), and *Portugal* (October 1st).

2. As from June 30th, 1928, Canada has granted British preferential treatment to goods originating in *Newfoundland* in return for the most-favoured-nation treatment granted to Canada by Newfoundland under a Decree dated June 14th, 1928.

3. By an Order dated September 6th, 1928, the benefit of the intermediate duties of the Canadian tariff was granted to *Cuba* as from November 22nd. In return, Canadian goods entering Cuba will pay the general tariff duties.

Chile.

A new import tariff came into force on April 27th, 1928. The 1,792 items in the former tariff have now become 1,955, and the duties are, on the whole, higher than previously (for instance, on cotton fabrics the increase varies from 16 to 30 per cent; similarly, the duties on certain woollen fabrics have been more than doubled). The duties of the new tariff must be regarded as minima duties: the President of the Republic is authorised to increase them by 50 per cent (or, in the case of goods allowed to enter Customs free, to impose on these goods a 15 per cent *ad valorem* duty) in the case of the goods of countries which apply differential duties to Chilean products. The President is also entitled to reduce temporarily the duties on essential foodstuffs, and to raise by 35 per cent the duties on goods manufactured in Chile when the latter are produced in sufficient quantities to meet local requirements.

United States of America.

I. Tariff Policy.

The United States tariff policy did not undergo any important change in 1928. In conformity with the provisions of the flexible tariff, the duties on certain goods were raised. By a decision

dated July 24th, an anti-bounty duty was established on silk-waste twist of British provenance. The drawback granted by Great Britain on the exportation of this article was treated as an export bonus. In June, the delegates of the agricultural co-operative associations, representing 981,000 United States farmers, met at Washington to discuss tariff problems. The meeting decided to ask Congress to impose duties on all products directly or indirectly competing with United States agriculture. For this purpose there was drawn up a long list of articles on which it was proposed to place higher duties—the increase to be as much as 500 per cent on bacon. A similar tendency to demand a revision of the tariff in the form of increased duties on goods in which Europe competes with America was also noticeable in industrial circles. The Tariff Commission conducted enquiries into the cost price of several articles. It should be noted, in this connection, that the special Committee appointed by Senate resolution to investigate the application of the flexible tariff by the Tariff Commission submitted its report in July. This report shows that twenty-nine increases have been made in the course of six years, whereas only five decreases have occurred, all on articles of very small importance.

The majority of the Committee therefore recommends that the "flexible tariff" should be abrogated, either because it is of little practical value or because it is held that any changes in the tariff must be left to the Legislature. According to the majority of the Committee, the Tariff Commission should become an organ of Congress, merely making recommendations to the latter in respect of Customs duties. Though not sharing the majority's view, the minority also recognises that the Tariff Commission has not fulfilled the object for which it was instituted under the Law of 1922. The minority considers that one of the reasons why the Commission has not accomplished all that was hoped was the disagreement between its members as to the need of inspecting manufacturers' books in order to ascertain the production cost of foreign goods, instead of acting on the theoretical assumption that this cost must be lower than the average invoice prices of the factory. In the autumn of 1927, the Washington Government had consented, in its negotiations with France, to abolish the system of enquiries by Treasury agents among foreign exporters to ascertain the value of goods taxed *ad valorem* on importation into the United States. According to the newspapers, the United States Customs Administration intends to be guided, for the clearance of these goods through the Customs, by the price on the United States market. The announcement of this new method of valuation is causing anxiety among foreign exporters, since the prices of goods on the United States market are generally higher than those current abroad.

II. *Commercial Agreements.*

1. Treaty of friendship, commerce and consular rights with *Latvia* dated April 20th, 1928 (see *Latvia*).
2. Treaty of friendship, commerce and establishment with *Norway* signed on June 5th, 1928, based on the most-favoured-nation clause.
3. Treaty of friendship, commerce and consular rights with *Austria* signed on June 19th, 1928. This treaty, which, in its aims and general provisions, is similar to the other agreements concluded by the United States of America with European and South American countries during the last five years, includes reciprocal most-favoured-nation treatment not only in tariff questions, but also as regards import and export prohibitions and restrictions (exceptions, quota, etc.).
4. Treaty of July 25th, 1928, with *China* (see *China*).
5. Agreement to facilitate the activities of commercial travellers with *Uruguay* signed on August 27th, 1928.

China.

I. *Tariff Policy.*

The outstanding feature of the year from the Customs point of view was, for China, the conquest of her Customs autonomy, which immediately led to the promulgation (December 15th,

1928) and the application (February 1st, 1929) of a new tariff. The latter is very like the draft prepared by the 1926 Peking Tariff Conference, *i.e.*, it applies—in addition to the former *ad valorem* duties—the “interim surtaxes” which had been fixed at the Conference by the representatives of Great Britain, Japan and the United States of America.¹ The surtaxes vary from 2½ to 22½ per cent and, as the basic Customs duties (of the 1923 tariff) amounted to 5 per cent, the new duties start from a minimum of 7½ per cent and reach 27½ per cent in the case of luxury articles. They are therefore considerably higher than the duties in force up to January 31st, 1929, the uniform rate of which was 7½ per cent. The tariff includes 718 items with few specifications grouped into 14 categories (the most numerous category is that of *metals* with 89 items). The last item, which includes all goods not otherwise specified, is subject to an *ad valorem* duty of 12½ per cent. Only a few articles are exempted from duties: cereals and flour, books, newspapers, periodicals and maps. As an offset to the increased Customs duties, the Chinese Government has undertaken to abolish the *likin*; that is to say, the very vexatious internal duties levied in the various provinces at the will of the local Governors. The Government considers that the new tariff—which is provisional—will produce increased Customs receipts amounting to about £3,000,000 sterling.

II. Commercial Agreements.

On May 19th, 1928, a Treaty of commerce and friendship containing the most-favoured-nation clause was concluded with *Poland*.

During 1928, the Nanking Government began negotiations with various countries for the recognition of China's right to establish a Customs tariff and for the abolition of the exceptional laws and privileges which place her in a position of inferiority to other Powers. It concluded a number of agreements, all including the reciprocity and most-favoured-nation clauses.

1. The first Agreement was that of July 25th, 1928, with the *United States of America*, which stipulated absolute and complete tariff autonomy for China as from February 1st, 1929, subject to the reservation that the United States of America should receive most-favoured-nation treatment.

2. An Agreement with *Germany*—signed on August 17th, 1928, and ratified and applied on January 21st, 1929—confirmed the Treaty of 1921, which already recognised China's Customs autonomy.

3. An Agreement with the *Belgo-Luxemburg* Union was signed on November 23rd, 1928.

4. On November 27th, the preliminary Treaty of friendship and commerce was concluded with *Italy* (recognising China's Customs autonomy and abolishing the privileges of extraterritoriality which Italian nationals had hitherto enjoyed).

5. On December 20th, 1928, after long negotiations, the Treaty with *Great Britain* was signed. This treaty is also applicable to the British dominions, colonies, possessions and protectorates. In the third annex to the treaty, the Chinese Government gives an assurance that the internal taxes (*likin*) shall be abolished and undertakes that, apart from the new tariff, no duties will be increased during the year beginning on February 1st, 1929.

6. An Agreement with *France* was concluded on December 22nd, 1928.

7. An Agreement with *Spain* was concluded on December 27th, 1928.

8. Finally, in January 1929, *Japan* agreed, by an exchange of notes, to the *provisional* application of the tariff for one year.

Denmark, *Portugal* and *Switzerland* had already recognised the principle of Chinese Customs autonomy.

All the above agreements are to be regarded as preliminary agreements, *i.e.*, they provide for negotiations with a view to the conclusion of a final treaty of commerce and navigation.

¹ There are only two exceptions, in the case of oils and cigarettes.

Japan.

I. *Tariff Policy.*

There has been no important autonomous modification in the Customs tariff.

II. *Commercial Agreements.*

1. Treaty of commerce and navigation of July 4th, 1928, with *Latvia* (see Latvia).
2. Exchange of notes of August 9th, 1928, with *New Zealand*. By this exchange of notes, the two countries grant each other most-favoured-nation treatment until such time as New Zealand shall accede to the Treaty of commerce between England and Japan of April 3rd, 1911, and the additional Agreement of July 30th, 1925.
3. Agreement, October 1928, with *Persia* (see Persia).
4. Agreement of January 1929 with *China* (see China).

Persia.

I. *Tariff Policy.*

On May 3rd, 1928, the Persian Legislature approved a new Customs tariff, which came into force on May 10th. It is a two-column maximum and minimum tariff and includes 65 import items, with about 300 duties, mostly *ad valorem*. The most detailed specification is that of textile products. The duty is 50 per cent in the minimum tariff and 100 per cent in the maximum tariff (for perfumes with a basis of alcohol, manufactured tobacco, etc.). The minimum tariff also contains a number of exemptions—for instance, live animals of every kind, wood for fuel, coal, telephones, telegraphs and accessories, typewriters, printers' type, stereotypes, books, newspapers, motor-cars, vehicles for the transport of goods, railway carriages and tramways. Articles not otherwise specified pay a duty of 15 per cent *ad valorem* in the minimum, and 25 per cent in the maximum tariff. The table of export duties includes 10 headings; 35 articles have to pay export duty, and the exportation of 1 article (arms and accessories) is prohibited. The last heading includes goods not otherwise specified which are exempt from duty. The highest export duty is that levied on carpets (12 per cent *ad valorem*). A note in the tariff specifies that the Government reserves the right to prohibit the exportation of carpets dyed with colours which cannot be legally¹ imported into Persia or to fix from year to year the rate of the duty applicable to these carpets.

II. *Commercial Agreements.*

1. Treaty of commerce with *Great Britain* signed on May 10th, 1928. This treaty recognises Persia's *Customs autonomy*. Persia agrees to grant to British and British Indian goods the benefit of her minimum tariff. The two countries accord each other most-favoured-nation treatment. The provisions of the other treaties between Great Britain and Persia, which do not limit Persia's tariff autonomy, remain in force until the conclusion of a final treaty of commerce and navigation.

2. In October 1928, Persia signed a Treaty of commerce with *Japan*, in which no mention is made of the most-favoured-nation clause, but by which the tariff applied by each of the contracting parties to goods of the other party will be the same *as is in force with other countries*.

3. Persia has settled her economic relations with the following countries by establishing a *modus vivendi* (pending the conclusion of a definitive treaty of commerce) under which Persia grants most-favoured-nation treatment to the goods of the other contracting party, subject to reciprocity:

France (May 11th, 1928).

Germany (May 13th, 1928). Unilateral declaration by the Persian Government.²

Belgium (May 15th, 1928).

¹ The importation of synthetic dyes, except synthetic indigo, is prohibited.

² A treaty of commerce and navigation between Persia and Germany was concluded in February 1929.

United States of America (May 14th, 1928). Unilateral declaration by the Persian Government.
Iraq (May 23rd-June 3rd).
Turkey (June 1st and December 1st, 1928).
Austria (June 17th).
Czechoslovakia (June 17th).
Netherlands (June 20th).
Italy (June 25th).
Sweden (July 30th-August 9th).
Switzerland (August 28th).

Egypt.

I. *Tariff Policy.*

A new Customs tariff which institutes pacific duties instead of *ad valorem* duties is in preparation.

II. *Commercial Agreements.*

1. A provisional Agreement was concluded with *Switzerland* on June 9th, 1928 (see *Switzerland*).

2. A provisional Commercial Agreement, as a result of an exchange of notes on June 6th and June 21st, 1928, with *Palestine*. The agreement came into force on November 1st, 1928; it is based on the most-favoured-nation clause, exceptions being made in regard to the special treatment accorded by Egypt to the Sudan and by Palestine to Syria.

3. A similar Agreement was concluded with the *Levantine States under French Mandate* by means of an exchange of letters on June 13th, 1928. This agreement also came into force on November 1st, 1928.

Union of South Africa.

I. *Tariff Policy.*

The budget law has introduced numerous changes (about 70) in the Customs tariffs: several duties were increased or introduced for the first time. There were also many reductions. The increases took effect as from April 5th, 1928 (date on which the Bill was introduced in Parliament), whereas the reductions were only applied on the day on which the law came into force (June 7th).

II. *Commercial Agreements.*

1. Treaty of commerce and navigation signed on September 1st, 1928, with *Germany* (see *Germany*).

2. Commercial Treaty with *Mozambique* signed on September 11th, 1928. The treaty is based on reciprocal most-favoured-nation treatment (exceptions being made in regard to the facilities accorded by Mozambique to Portugal and to the Portuguese colonies and those accorded by the Union of South Africa to the United Kingdom and to the British colonies). The treaty—which also provides for freedom from Customs duties in the case of a large number of articles imported from the territory of either contracting party into the territories of the other—is to remain in force for ten years, after which date it will cease to be operative twelve months after the date of denunciation.

III. — COLLECTIVE ACTION UNDER THE AUSPICES OF THE LEAGUE OF NATIONS: WORK AND PROPOSALS OF THE ECONOMIC COMMITTEE.

NOTE. — *In addition to the questions mentioned in the present chapter, the Economic Committee has undertaken studies on coal and sugar, industrial and other statistics, industrial agreements, economic tendencies influencing the peace of the world, diseases of animals and plants. (For these subjects, see the following chapters.)*

A report on the results of the April session of the Economic Committee will be communicated later.

A. LIBERTY OF TRADING.

Abolition of Import and Export Prohibitions and Restrictions (Second Conference).

The Green Book prepared for the first session of the Economic Consultative Committee explained the results of the First International Conference (October-November 1927), which closed with the conclusion of an International Convention for the Abolition of Import and Export Prohibitions and Restrictions.¹

In addition to the temporary exceptions admitted by the First Conference, the signatory States were allowed to put forward, before February 1st, 1928, other requests for exceptions.

Under Article 17 of the Convention, provision was made for a *Second Conference* to consider all these requests. This Conference was also to determine the conditions required for the coming into force of the Convention and in particular the minimum number of States and the individual States whose ratification or accession was indispensable, the last date on which the ratifications might be deposited, and the date on which the Convention was to come into force.

The Consultative Committee stated that it was satisfied with the results of the First Conference, but nevertheless² expressed its fear that certain reservations still under consideration by the signatory States might seriously jeopardise the effectiveness of the Convention and expressed a hope that the Second Conference would refuse to admit any exceptions contrary to the principle of the liberty of trading.

The Second Conference met at Geneva from July 3rd to July 11th, 1928. With one exception, all the States signatory to the Convention of October 8th, 1927, were represented.

M. COLIJN, member of the Economic Consultative Committee, presided over this Conference also. In his report to the Council,³ he used the following words:

“The task before the Conference seemed at the beginning a difficult one. The number of exceptions claimed by various States was considerable, and it needed the combined efforts and goodwill of all the delegates present to remove the numerous difficulties in the way of a successful conclusion to the Conference. The experiences of this Conference, however, clearly showed the value of collective negotiations in commercial questions.”

Owing to the sincere conviction of all the delegates that some concrete result must be obtained, *many of the requests for exceptions were withdrawn*, and the Conference agreed to a small number

¹ For the text of the Convention, see document C.14.M.11.1929.II.

² Pages 10 and 11 of the Report of the Consultative Committee on its First Session (document C.217.M.73.1928.II).

³ See document C.368.1928.I.

of reservations which, in view of their local effect, and compared with the number of prohibitions still in existence, may be regarded as negligible.

Even where reservations have been admitted, special guarantees of favourable treatment have been given by the States thus favoured on behalf of countries interested in the export of these products.

The Supplementary Agreement¹ concluded by the Conference was signed on the last day of the Conference by twenty-six States, namely:

Austria	Estonia	Poland
Belgium	Finland	Portugal
Chile	France	Roumania
Czechoslovakia	Hungary	Kingdom of the Serbs, Croats and Slovenes
Germany	Italy	Siam
Great Britain	Japan	Sweden
India	Latvia	Switzerland
Denmark	Luxemburg	Turkey
Egypt	Netherlands	

Since then, three new signatures have been appended, namely: Bulgaria, Norway, United States of America.

The conditions and date for the coming into force of the Convention of November 8th, 1927, and the Supplementary Agreement are fixed in Article C of the latter.

According to this Article, the two Agreements, in order to be brought into force, *must have secured, before September 30th, 1927, either the ratification or the accession of at least 18 countries.*

Moreover, each of the contracting parties has the right, at the moment of the deposit of its ratification or of the notification of its accession, to make the entry into force of the Convention, in so far as that party is concerned, conditional on the ratification or accession by certain countries, without, however, being entitled to specify countries other than those named in Article C, *i.e.:*

Austria	Hungary	Kingdom of the Serbs, Croats and Slovenes
Czechoslovakia	Italy	Switzerland
France	Japan	Turkey
Germany	Poland	United States of America
Great Britain	Roumania	

With regard to the United States of America, the Conference, having been informed that in the year 1928-29 there would only be a short Session of Congress in that country, agreed that, even if the ratification of the United States were not deposited by September 30th, 1929, the Convention would nevertheless come into force if none of the countries which had made their application of the Convention subject to the ratification of the United States raised any objection to this course.

If all the required conditions have been fulfilled on September 30th, 1929, *the Convention will come into force on January 1st, 1930. Its coming into force will mean the abolition, before July 1st, 1930, of all import and export prohibitions and restrictions apart from those authorised under Articles 4, 5 and 6 of the Convention and Article A of the Supplementary Agreement.*

In his report to the Council, the President, M. Colijn, summarised the result of the two Conferences as follows:²

“ The Convention, which constitutes the first important multilateral treaty directly affecting economic relations between peoples, will, when ratified, restore the free movement of almost all natural products and manufactured articles. I say *when ratified*, because Conventions signed at Geneva are useful only in so far as they are ratified. But *if* it is ratified, the Convention of November 8th, 1927, with its Supplementary Agreement, will remove the many prohibitions and restrictions that still exist and compared with which the few exceptions

¹ For the text, see document C.13.M.10.1929.II.

² Document C.368.1928.II.

authorised by the Conference are of but slight importance. In this way, the Convention will contribute to the favourable development of commercial relations between States and, when put into operation, will inspire the confidence so badly needed to counteract tendencies which point in the opposite direction and prevent the economic recovery of Europe and of the whole world quite as much as existing trade barriers.

"The delegates who took part in this Conference and drew up the Convention have done their duty. It now remains for the Governments to do theirs, and in order that the Convention of November 8th may have beneficial effects, it is necessary for the Governments to take steps to obtain the speedy approval of their respective Parliaments."

According to the information received by the Secretariat to date, the Belgian Parliament has approved these two Agreements: it is the first Parliament to do so. The German and Swiss Governments have also laid before their respective Parliaments a bill for the ratification of these Agreements. Bills are also being prepared by several other countries (Austria, Denmark, Finland, France, Great Britain, Luxemburg, the Netherlands, Portugal, etc.)

The situation is not, however, altogether satisfactory since the time-limit set for the depositing of ratifications will elapse in September 1929 and Governments will have to act quickly if they wish the Convention to come into force on the date proposed.

The Economic Committee is watching anxiously the progress in ratifications. In one of its recent reports (document C.558.M.177.1928.II.), after pointing out the great importance of the Convention on Prohibitions in the restoration of the liberty of commerce, and a previous and indispensable condition for any real improvement in Customs relations, the Economic Committee added:

"In this case, the delay in ratifications may be specially detrimental to the interests of international trade, in that the coming into force of the Convention is conditional on its being ratified within a given time by eighteen specifically named countries. If the ratifications are not received by the expiration of that period, the results gained may have to be reconsidered. At the same time, the application of the two international agreements relating to the exportation of hides and skins, and of bones, to which the Economic Committee attaches particular importance, as being a first step in the direction of the collective agreements on Customs matters recommended by the Economic Conference, would be compromised."

The Council confirmed the Committee's point of view and, on December 14th, 1928, adopted the following resolution:¹

"(3) Requests the Secretary-General to remind the Governments of States that signed the Convention for the Abolition of Import and Export Prohibitions and Restrictions of November 8th, 1927, the Supplementary Agreement of July 11th, 1928, and the two Agreements concerning the Export of Hides, Skins and Bones dated July 11th, 1928, of the importance which the Council and the Economic Committee attach to the entry into force of these agreements as soon as possible;

"Without prejudice to the decision of the countries concerned, the Secretary-General will intimate to the Governments which have signed these instruments the Council's desire that they should begin to take the necessary steps for ratification, regard being had to the fact that a considerable part of the time-limit laid down in these agreements has already elapsed."

B. COMMERCIAL POLICY.

I. *Tariff Systems and Contractual Methods.*

In last year's Green Book, it was stated that the Economic Committee, when called upon to choose between the "*tariffs of negotiation*" and "*intangible tariffs*", admitted that it could not base its choice on purely theoretical grounds without considering duty rates.

¹ See document C.602.1928.II.

Continuing its enquiries in this matter the Committee—though expressing a hope that methods would be standardised in the future—recognised that the two present systems can exist side by side without inconvenience, provided they comply with certain requirements.¹ Though tariffs which can be reduced by negotiation seem to be more in keeping with the intentions of the Economic Conference, it is equally true that the main point is the application of as low Customs duties as possible. Consequently, whatever system a country may choose, *provided its tariff be moderate*, and accordingly not a hindrance to the trade of other countries, the question of method is not of much importance.

A non-reducible but moderate tariff may offer to the trade of other countries advantages which largely compensate the impossibility of negotiating.

When, however, a country puts a very high tariff into force and refuses to lower it as result of negotiations, we are bound to recognise that the tariff policy of such a country is not compatible with the most important recommendations of the Economic Conference. This being so, and admitting that a moderate autonomous tariff makes negotiation unnecessary, the Economic Committee is of opinion that it would be equitable to seek from countries which apply an intangible tariff certain guarantees to attenuate the inconveniences which any sudden change in their tariff policy would cause to international trade. These countries should therefore:

- (1) Be ready to examine the representations of States which might consider they were harmed by the measures taken by them;
- (2) Introduce their tariffs, so far as they may find it possible, for substantial periods, since they declare that it is impossible for them to fix their tariffs by agreement.

On the other hand, as regards the use of tariffs reducible wholly or in part (single- or double-column tariffs) by negotiation, the Committee felt bound to reassert the necessity for avoiding the excesses which this system sometimes involves by applying scrupulously certain principles already laid down by the Economic Conference: reduction of the margin for negotiation, application of the new tariff only *after* negotiations, stabilisation of the tariff thus obtained by the avoidance of any sudden change, and by as wide a consolidation as possible of the duties agreed to in the course of the negotiations.

2. *The Most-favoured-nation Clause in Customs Matters.*

In this matter also, there are two schools of thought. One regards the clause solely as a guarantee for equality of treatment and claims it as a right *a priori*. The other, though recognising the importance of the clause as a means of avoiding all unjust discrimination, considers that the granting of it may be made dependent upon mutual tariff concessions.

In this question—as in that of the tariff systems—the Economic Committee finally arrived at what amounts to a compromise which is referred to below. It considered that, for the time being, to meet the desire expressed by the Economic Conference, it should devote its attention mainly to preparing uniform rules for the application and interpretation of the clause, which should be drafted in as definite and clear a manner as possible.

Thus, after very careful consideration and discussion, the Committee has arrived at a common doctrine concerning the field of application of the most-favoured-nation clause in Customs matters, the methods of its application, and the exceptions that can be admitted. This doctrine is set out in the annex to the Committee's Report on its Twenty-seventh Session (document C.20.M.14.1929.II) of which the following is a summary.

(a) Though the Economic Conference expressed itself in favour of the widest possible application of the most-favoured-nation treatment, it recognised that every country must judge for itself in what cases and to what extent this fundamental guarantee should be embodied in any particular treaty.²

¹ See Report to the Council on the Work of the Twenty-fifth Session (document C.357.M.111.1928.II).

² See page 33 of the Final Report (document C.E.I.44(I).)

Subject to this reservation, the Committee concluded that “ the granting of most-favoured-nation treatment should be the rule, and that the refusal to grant this guarantee or the corresponding institution of a differential regime can only be justified in the case of States which refuse to follow an equitable tariff policy or resort to discriminatory practices”.¹

(b) The clause must be unconditional and unrestricted; only then does it represent in Customs matters the maximum of advantages and guarantees; only then can it be recommended as the fundamental stipulation on which international economic relations should be based.

(c) In other domains—as for instance the treatment of foreigners, internal taxes on consumption and distribution, etc.—the clause, even though unconditional and unrestricted, only represents a minimum of the advantages and guarantees that two countries may grant one another, treatment on the same footing as nationals being in such matters the most equitable solution of all.

(d) The main field of application of the clause is “ Customs matters ”. The Committee is of opinion that Customs matters include Customs rates and the manner of applying Customs duties, *i.e.*, import and export duties, coefficients of increase, if any, and subsidiary duties of every kind levied on imports or exports; the expression also includes all rules, formalities and charges connected with Customs operations of every kind.

(e) As regards import and export prohibitions and restrictions, the Committee felt that, in view of the uncertainty caused by the noticeable differences in post-war treaties on this subject, an express stipulation was necessary to make the clause apply to this question also.

(f) As regards temporary imports and exports properly so called, the clause should apply to all concessions which, being designed solely to facilitate international trade, relate only to goods not intended to undergo any further transformation.

(g) Temporary imports and exports included under the heading “ finishing trade ”. The Committee draws a distinction between the *active* finishing trade and the *passive* finishing trade. The clause should in every case apply to the former, whereas the varying conditions in different countries render its application to the latter difficult and unpractical.

(h) In order to benefit by the clause, goods must “ have their origin in ” the country which enjoys most-favoured-nation treatment and must be “ like products ” in the sense that they must possess the characteristics which entitle certain goods to a given Customs treatment. Without attempting to define the two terms, the Committee states that, whatever standards may be adopted in the various countries, the clause certainly means that these standards must be applied in exactly the same manner to the products of all countries.

(i) The Committee, in its report, then considers the exceptions admitted by tradition, such as Customs unions, frontier traffic, special historical, ethnical, geographical ties between certain countries and, finally, submits a *model formula* for the most-favoured-nation clause.

3. *Decision of the Council.*

At its last session, the Council decided to communicate to the various States all the conclusions of the Economic Committee which we have summarised in the two previous chapters, recommending them to take as a basis, when formulating their commercial policy and drafting bilateral treaties, the principles laid down by the Committee. It further requested them to forward to the Secretary-General, if they so desire, any observations they may wish to make concerning these principles.

* * *

4. *Questions under Consideration.*

The question of the effect of plurilateral agreements on bilateral conventions based on most-favoured nation treatment is of particular interest now that the Economic Committee is engaged

¹ See Report of the Economic Committee on its Twenty-fifth Session (document C.357.M.III.1928.II).

in preparing such agreements. With regard to this problem, the Committee found itself faced with considerable difficulties.

The 1927 Conference recommended, on the one hand, that the most-favoured-nation clause should be applied on the widest possible scale and, on the other hand, that plurilateral or collective conventions should be concluded on tariff questions. These two recommendations seemed contradictory, because if, under a clause inserted in a bilateral treaty, a State might claim the advantages of plurilateral agreement, that State would no longer have any interest in acceding to the agreement.

In view of the above, the Economic Committee is inclined to endorse the opinion expressed by some of its members, namely, that the inclusion in a bilateral treaty of a clause to the effect that a contracting party may not, in virtue of this clause, claim from the other contracting party new rights or privileges arising under multilateral conventions concluded under the auspices of the League of Nations and to which the former country is not a party, need not necessarily be regarded as contrary to the policy recommended by the 1927 Conference.

In view, however, of the importance of the question and the influence its solution would exert on future plurilateral agreements, the conclusion of which is contemplated by the Committee, the latter preferred to consider the question further before giving any final opinion on the point.

Apart from this question, the Committee decided that it might eventually consider other aspects of the clause, for instance, the compatibility of penalisation measures (including anti-dumping measures) with the loyal application of the clause.

C. COLLECTIVE AGREEMENTS IN RESPECT OF CERTAIN GROUPS OF GOODS.

I. *International Agreements concerning the Export of Hides, Skins and Bones.*

In conformity with the provisions of the two Protocols concerning the Export of Hides, Skins and Bones, signed at Geneva on March 16th, 1928 (see the previous Green Book—document C.C.E.7), a *second meeting* of delegates of the interested States met at Geneva from June 29th to July 11th, 1928, at the same time as the Second Conference on Prohibitions.

This second meeting was convened to consider the situation brought about by the communications of the various Governments received in compliance with the Protocol. The Governments of the countries who had taken part in the First Conference, together with those of certain other States, particularly interested in the question, all signatories to the Prohibitions Convention of November 8th, 1927, were invited to this Conference. The Council invited M. Serruys, then Chairman of the Economic Committee, to preside over the meeting. The following States were represented: Austria, Belgium, Czechoslovakia, Denmark, Finland, France, Germany, Great Britain, Hungary, Italy, Japan, Latvia, Luxemburg, Netherlands, Norway, Poland, Roumania, Kingdom of the Serbs, Croats and Slovenes, Switzerland.

The meeting drew up two Agreements, one relating to the export of hides, and skins, and the other to the export of bones.¹ These Agreements were signed the last day of the Conference by the delegates of all the countries represented, except Japan and Latvia. They have since been signed by Bulgaria, Sweden and Turkey, bringing the number of signatory States to twenty.

Under the Agreement concerning the *Exportation of Hides and Skins*, the various countries undertook:

(1) Not to subject, as from the dates of the coming into force of the Agreement, the exportation of raw or prepared hides and skins to any *prohibition or restriction*;

(2) Neither to maintain nor impose on these products, as from the same date, any *export duty*, or any charge, which, under their respective laws, would not be applicable to all commercial transactions in these products.²

¹ For the text of these agreements, see documents C.11.M.8.1929.II (Hides and Skins) and C.12.M.9.1929.II (Bones).

² This latter provision does not apply to Roumania.

Under the Agreement relating to the *Export of Bones*, the various countries also undertook:

(1) To abolish all *prohibitions and restrictions* on the export of raw or dried bones and certain similar products.¹

(2) With regard to *export duties*, the Protocol lays down that these shall be reduced by stages and by groups of States, taking into account the particular situations in different regions.

(a) The contracting States which at present impose no export duties on these products or whose export duties do not exceed the rate of 1.50 Swiss francs per 100 kg., undertook not to impose or maintain, as from the date of the coming into force of the agreement, any export duty on these products exceeding the rate of 1.50 Swiss francs.

An exception was, however, allowed in the case of Austria, Hungary, and Czechoslovakia, who, under the terms of the Protocol to the agreement, are authorised to impose an export duty which may exceed the rate of 1.50 Swiss francs, but must not exceed 3 Swiss francs.

(b) The contracting States which at present impose on these products export duties exceeding 1.50 Swiss francs but not exceeding 3 Swiss francs and impose no prohibitions on these products undertook not to increase the rates of duty at present in force. Nevertheless, those of the above States which at present apply a system of prohibition on these products may increase their export duties up to the maximum rate of 3 Swiss francs.

States which at present apply export duty in excess of 3 Swiss francs undertook to reduce it to a figure not exceeding 3 Swiss francs.

(c) Poland, Roumania, and the Kingdom of the Serbs, Croats and Slovenes were released from all obligations as regards export duties on the products in question in return for an assurance that they would not increase their present rates and would make every effort to reduce these rates progressively in the future.

(d) A special arrangement was made in the Protocol for glue-stock hides, to the effect that these should not be subject to any export duty. An exception to this undertaking was, however, permitted on behalf of Poland, Roumania, and the Kingdom of the Serbs, Croats and Slovenes, who maintained their freedom in this matter, and on behalf of Hungary, who may levy on this product an export duty not to exceed two-thirds of the duties applicable to bones.

These two Agreements must be ratified by the signatory States *before July 1st, 1929*, in order to bring them into force. If all the ratifications have been obtained on this date, the Agreements will come into force on October 1st, 1929. If, on July 1st, 1929, the Agreements have not been ratified by all the signatory States, the States which have ratified them shall come to an agreement between themselves regarding the possibility of putting these Agreements into force.

Up to the present, the Agreements have only been ratified by one State, viz., Belgium. The German and Swiss Governments have laid before their respective Parliaments a draft law for the ratification of these Agreements. Similar drafts are in preparation in some of the other countries.

It will be remembered that the meetings to consider the export of hides, skins and bones were arranged by the Economic Committee because several countries considered that they could not abolish export prohibitions on these goods unless at the same time an agreement were concluded abolishing or limiting the rates of export duties.

The question of prohibitions as regards skins, hides and bones is governed by these special Agreements and not by the main Convention signed on November 8th, 1927. If the two Agreements, owing to an insufficient number of ratifications, do not come into force, the States which have signed them will again become free—under the terms of Article 6 of the main Convention—to submit requests for exceptions. It is to meet this eventuality that a special Article—Article B—has been included in the Supplementary Agreement signed on July 11th, 1928.

¹ Italy only entered into this undertaking in respect of glue-stock hides. As regards the other products, she is authorised to maintain the prohibition at present in force, so long as she is not freed from certain contractual undertakings concerning her export duty on bones.

2. *Experiments in connection with the Reduction of Tariffs by Groups of Goods.*

In the first Green Book, a detailed explanation was given of the reasons for which the Economic Committee had decided to approach the problem of the reduction of tariffs by means of a series of progressive experiments in connection with certain basic industrial products and foodstuffs [aluminium, cement, iron and steel (semi-finished products), leather, timber and sawn wood, cellulose and paper, fresh fruit and vegetables, rice, etc.].

Aluminium: A proposal for collective action was made by the German Government. Crude aluminium is subject in Germany to an import prohibition which the Government will be obliged to abolish under the Convention of November 8th, 1927, on Prohibitions. Before introducing duties on crude aluminium, the German Government asked the Governments of the principal producing countries whether they would be prepared to consider concerted action to abolish or reduce the duties on this product. With the consent of the German Government, this question was referred to the Economic Committee, which has examined it on the basis of reports submitted by two of its members.

This enquiry convinced the Committee that, although certain countries were in favour of the German Government's proposal, others showed little inclination to consider it, and others again did not regard it as a matter of urgency, coming so soon after the renewal of an industrial agreement on this subject between all the European producers. In view of this situation, the Committee was forced to conclude that present circumstances are not favourable to the continuation of this enquiry.

As regards *cement*, on the basis of a report submitted to it by one of its members, the Committee held that concerted action would be of great value owing to the disparity between rates and that such action would have some prospect of success. It has therefore conducted a semi-official enquiry among the Governments of the interested countries with a view to ascertaining whether they would be prepared to take part in a preliminary meeting at which the representatives of these countries would examine in common the ways and means of taking concerted action in respect of cement tariffs. The Committee already possesses information concerning the probable attitude of many of these countries. This information, however, is not yet complete and, in view of the difficulties attendant upon the present situation, the Committee thought it preferable to adjourn the question for further consideration to its next session.

* * *

The Committee is making, through its rapporteurs and in conjunction with the Sub-Committee on Customs Nomenclature, preliminary enquiries to ascertain whether collective action for the reduction of tariffs is possible, as regards the other groups of goods referred to above.

D. UNIFICATION OF CUSTOMS NOMENCLATURE.

The first draft framework of a unified Customs nomenclature prepared by the Sub-Committee for the Unification of Customs Nomenclature was communicated to the members of the Consultative Committee last year in document E.350.¹

This draft also indicated the groups of articles to be included in the framework and in its sections; it was accompanied by a commentary. This document was also communicated to a number of highly qualified persons in the various countries, in order to bringing it to the notice of all competent quarters and to invite any criticisms or suggestions.

The Sub-Committee of Experts, to which later were added a Hungarian and a Swiss expert, considered the observations received. The Experts took into account the suggestions submitted

¹ See document C.346.M.103.1928.II [E. 350(2)] — Draft Framework for Customs Nomenclature.

to them in so far as they considered that the modifications or transfers thus requested or proposed would make the nomenclature more intelligible to those who had to consult Customs tariffs.

The result of this study was incorporated in the *new draft framework*¹ which has now been communicated to the members of the Consultative Committee.

The Sub-Committee of Experts considers that this new draft, which includes a number of fairly important alterations as compared with the original draft, should be regarded as final and that it would be undesirable to conduct any further discussions or enquiries on this subject, seeing that further modifications would only destroy the harmony of the work in which the Experts have endeavoured to reconcile theoretical principles with practical necessities.

The Economic Committee agrees in principle with the opinion expressed by the Experts. Though it has invariably borne in mind the need for associating with its work the economic circles interested, it agrees that the preliminary draft *detailed nomenclature* now being prepared by the Experts (certain categories are already completed) can *alone* be used as a basis for consultation with the various quarters recommended by the Economic Conference.

Following a decision by the Council, the Secretary-General has already communicated to the Governments the draft framework prepared by the Experts in its new form, with an indication of the lines along which the Experts have worked. At the same time, the Secretary-General has informed the various Governments that the Sub-Committee of Experts is now dealing with the second part of the work entrusted to it, namely, the preparation of a detailed standard nomenclature.

The cognate questions concerning rules for the clearing of goods through the Customs, including in the first place the clearing of composite goods and goods consisting of separate parts, have for long been under consideration by the Experts, since a uniform body of rules is needed. The experts have studied the methods followed in a large number of countries, but have not yet been able to agree on any common principles, to supplement the classification of these goods and govern its application.

In view of the difficulties experienced, the Experts have thought out partial solutions under the various headings. They suggest that they might, before the final detailed nomenclature is prepared, embody these solutions in uniform rules.

E. INTERNATIONAL CONVENTION FOR THE SIMPLIFICATION OF CUSTOMS FORMALITIES (signed at Geneva, November 3rd, 1923).

Since May 1928, this Convention has been ratified by Finland, so that the number of ratifications and accessions now amounts to twenty-eight. Although many European and overseas States have already ratified the Convention, there are nevertheless one or two important countries—from the point of view of international trade—whose accession would be desirable in order that international trade should derive full benefit from the provisions of the Convention.

F. ADMINISTRATIVE PROTECTIONISM.

The Consultative Committee has recommended that steps should be taken as soon as possible to put an end to administrative protectionism, which takes very varied forms.

On the invitation of the Council, the Economic Committee has included this question on its agenda, and one of its members has submitted a report, followed by a memorandum from another member of the Committee. These two reports set forth the various aspects of administrative protectionism in a systematic manner and attempt to define the problem.

¹ See document C.346.M.103.1928.II. [E.350.(2)] — Draft Framework for Customs Nomenclature.

The Committee has instructed a sub-committee to prepare for its next session proposals for future action in this matter.

G. TREATMENT OF FOREIGNERS.

While the Consultative Committee was in session last year, the Secretary-General communicated to the Members of the League the text of a draft international convention prepared by the Economic Committee, and destined to replace bilateral treaties with their inadequacies and uncertainties by a plurilateral convention establishing a positive and liberal system.

The draft was accompanied by an explanatory note referring both to the draft as a whole and to the details of each of the provisions of the Convention.¹

The replies received from the Governments of twenty-eight countries show with what care the draft has been studied by the competent departments and the great importance attached thereto.

The Secretary-General's letter invited the Governments to inform him whether they considered that the draft constituted an adequate basis for an international convention and whether they would be prepared to participate in an international conference convened to conclude such a convention.

The replies received were practically all in the affirmative.

At its January 1929 session, the Economic Committee examined the results of the enquiry made by its rapporteurs into the observations received up to date. After discussing the advisability of convening the Conference forthwith and the principles and framework of the proposed convention, it decided not to modify the original draft convention² and to ask the Secretary-General of the League to use the right conferred upon him by the Council to convene the Conference. At its March session, the Council fixed the date of the Conference for November 5th next.

Accordingly, invitations were sent out to all the Members of the League and to the principal States non-members. These invitations were accompanied by a preparatory document including, apart from the draft already communicated, the replies and observations of the various Governments, the general comments of the Economic Committee on these replies, and its comments on each of the articles of the draft convention, concerning which Governments have submitted observations (document C.I.T.E.I.)

H. BILLS OF EXCHANGE AND CHEQUES.

The Green Book laid before the Consultative Committee last year draws attention to the report³ submitted to the Economic Committee by the legal expert whom it had called upon to make certain proposals in the form of draft conventions designed to bring into line and standardise—in part at least—the laws of what is known as the "continental" group of countries.

This report was approved by the Economic Committee at its session in June 1928 and was communicated in July to the States Members and non-members of the League with a request that they should formulate, before the end of the year, any observations and proposals they might desire to make, and at the same time state whether, in their opinion the draft thus submitted to them could be used as the basis of discussion for an international conference.

Doubtless, the delay on the part of certain Governments in sending in their observations is due to the complicated nature of the problems raised. Up to the present, the Secretariat has

¹ See document C.174.M.53.1928.II.

² The main lines of this draft have already been set out in the Green Book submitted by the Secretariat to the Consultative Committee before its session in May 1927 (document C.C.E.7).

³ Document C.175.M.54.1928.II.

received fifteen replies, all favourable to convening the Conference at an early date, and accepting the proposals of the experts as a basis of discussion.

Most of the replies show that the drafts have been carefully examined. The International Chamber of Commerce and the International Institute for the Unification of Private Law have also forwarded their observations.

Nevertheless, the slowness with which the replies from the various Governments are coming in makes it very unlikely that it will be possible to convene the Conference in the present year, as had been hoped.

I. COMMERCIAL ARBITRATION.

The Protocol concerning Arbitration Clauses,¹ opened for signature to all States Members and non-members of the League of Nations on September 24th, 1923, has been ratified during the period covered by this report by France, Japan and Switzerland.

In the same period, it has been signed on behalf of Estonia and Nicaragua.

This agreement, therefore, has now been signed on behalf of thirty countries and put into force as between eighteen countries² without counting the numerous British colonies, protectorates or mandated territories.

The Convention on the Execution of Foreign Arbitral Awards, opened on September 26th, 1927,³ for signature to all countries signatory to the 1923 Protocol has, since May last, been signed by six fresh countries, bringing the total number of signatures to twelve.

No ratification has yet been received, but this delay is probably due, in the case of several States, to the necessity for making certain changes in their laws. In other cases, the delay may be due to the difficulty of including in the agenda of their Parliaments the bill required for ratification.

It is nevertheless true that, owing to lack of the two necessary ratifications, the Convention has not come into force.

J. RATIFICATION OF ECONOMIC CONVENTIONS.

In addition to the above observation to the effect that no countries have ratified the Convention on the Execution of Foreign Arbitral Awards, it has already been pointed out:

(a) That the number of ratifications of the International Convention for the Simplification of Customs Formalities is inadequate and that, in particular, several important European countries have not yet become parties to this act.

(b) That neither the International Convention for the Abolition of Import and Export Prohibitions and Restrictions nor the Agreement concerning the Free Export of Skins, Hides and Bones has yet been ratified on behalf of a number of signatory countries, although much of the period fixed for the deposit of these ratifications has elapsed.

The Economic Committee, on whose initiative these acts were concluded, naturally feels some anxiety on the subject. Consequently, in its report to the Council after its session in

¹ See document A.83.1923.II — Annex.

² *i.e.*, Albania
Austria
Belgium
British Empire (for Great Britain
and Northern Ireland)
Denmark
Finland

France
Germany
Greece
Italy
Japan
Monaco

Norway
Netherlands
New Zealand
Roumania
Spain
Switzerland

³ Document C.659.M.220.1927.II.

October 1928, it drew the particular attention of the Council to the situation and its harmful consequences from the point of view of international trade. It made certain suggestions,¹ which were examined by the Council at its session in December 1928.

As a result, the Council adopted the two resolutions set out below. In addition, a more general discussion took place, as a result of which the Council decided to send to all Members of the League a circular letter² dated January 31st, 1929, reminding them "of the service which they would render to the League if they found it possible to expedite the ratification of agreements and conventions concluded under the auspices of the League and signed by them". The Secretary-General also communicated the Minutes of the Council meeting at which this decision was taken. These Minutes contained the definite suggestions put forward by the Italian representative, who was the author of the proposal.³

The following is the text of the two resolutions referred to above:

"The Council:

"Requests the Secretary-General to remind the Governments of States that signed the Convention for the Abolition of Import and Export Prohibitions and Restrictions of November 8th, 1927, the Supplementary Agreement of July 11th, 1928, and the two Agreements concerning the Export of Hides, Skins and Bones, dated July 11th, 1928, of the importance which the Council and the Economic Committee attach to the entry into force of these Agreements as soon as possible;

"Without prejudice to the decision of the States concerned, the Secretary-General will intimate to the Governments which have signed these instruments the Council's desire that they should begin to take the necessary steps for ratification, regard being had to the fact that a considerable part of the time-limit laid down in these Agreements has already elapsed."⁴

"Requests the Secretary-General to remind the Governments of States which are Contracting Parties to the Protocol on Arbitration Clauses of September 24th, 1923, of the connection existing between that Protocol and the Convention of September 26th, 1927, on the Execution of Foreign Arbitral Awards, the latter being complementary to the former, so that they may consider the desirability of securing, by their participation in the new agreement, advantages which they cannot obtain from the first alone."⁴

In addition to the action taken on several occasions by the Council, reference should be made to the following recommendation adopted by the International Conference relating to Economic Statistics in the Final Act, signed on December 14th, 1928:

"The Conference recommends that the Governments of countries on whose behalf the Convention has been signed should notify the Secretary-General of the League of Nations of the situation in regard to the ratification of the Convention so far as their respective countries are concerned, should their ratifications not have been deposited within two years from the date of signature."

¹ See the Economic Committee's Report to the Council — document C.558.M.177.1928.II, page 6.

² C.L.18.1929.V.

³ Document C/53rd Session, P. V.4(1).

⁴ The first of these resolutions has been embodied in a circular letter from the Secretary-General to the Members of the League, dated January 16th, 1929 * and the second in a circular letter dated January 11th, 1929 **.

* C.L.2.1929.II.

** C.L.1.1929.II.

B. INDUSTRY.

I. RATIONALISATION: SCIENTIFIC ORGANISATION OF WORK.

(a) At its first session, the Consultative Committee considered how far the International Management Institute at Geneva could co-operate in the international application of the recommendations of the International Economic Conference on the study of rationalisation. The Committee expressed the desire that the International Institute should devote itself more particularly to certain questions directly connected with the Economic Conference's recommendations, the solution of which could be effected by international action.

Unfortunately, during the past year the Institute found its work held up by internal difficulties: being without the necessary personnel, it was prevented from directing its efforts along the lines indicated by the Consultative Committee.

Nevertheless, as regards the Committee's recommendations, the Institute devoted itself to defining the field of possible future action, selecting the best methods to be followed, and undertaking certain preliminary work—so far as the moment appeared appropriate and so far as the experience of the limited staff at its disposal permitted.

In accordance with the wish expressed by the Consultative Committee at its first session, the Institute has submitted to it a memorandum giving a brief account of the special position of the Institute during the past year and the present condition of its work. This memorandum has been distributed to the members of the Consultative Committee.

(b) Meanwhile, the International Labour Office has continued its investigations into the effects of rationalisation on the position of labour.

These investigations have been limited to the various methods of rationalisation and to the different aspects of working-class life in connection with which it was desired to define the effects of rationalisation or the problems to which it gives rise.

The various measures of rationalisation to be covered by this enquiry were divided into two main classes—scientific organisation of work, and measures of rationalisation outside the field of labour proper.

The subjects connected with work and the worker's life which are being studied in their relations with rationalisation are employment, the nature of the work from the worker's standpoint, the health conditions of the worker, safety, hours of work, wages and their purchasing power, industrial relations.

The present stage of the investigation consists in analysing and making use of the available information (scientific papers, official documents, employers' publications and workers' publications). In several directions the work is already well advanced.

From the outset, the International Labour Office has kept the International Management Institute informed of its intentions and it proposes to pursue its investigations in consultation with the Institute.

2. STUDIES CONCERNING INDUSTRIAL AGREEMENTS.

(a) It would obviously have been desirable if the Consultative Committee could have been furnished, this year, with a general report covering the three points which it characterised as essential in its report last year, namely; the subject-matter, nature and economic rôle of agreements; their status and the legislation applicable to them; and the publicity given to them.

But the necessity of giving priority to various tasks already undertaken and, in particular, the difficulty of obtaining accurate information on the activities and the internal organisation of cartels, led the Economic Committee and the Economic Section to concentrate first on that part of the problem which in the opinion of the Consultative Committee offered the best avenue of approach.

In the opinion of the Consultative Committee, as stated in its report on the session of May 1928, the best way of approaching the general question of industrial agreements was to study the development of these forms of organisation and the legal framework within which that development is taking place.

In the economic history of the last fifty years, the growth of the various forms of economic association and the development of the rules of law which govern them have been proceeding on parallel lines and now tend to converge. Even where the letter of the law has remained unchanged, a more or less satisfactory adjustment is taking place owing to the development of case law and the introduction of administrative practices.

A comparative study of these succeeding changes reveals the nature of the relations between economic associations and public authorities, in their capacity as guardians of the interests of the public. These rules constitute, often for different and entirely opposite reasons, the main problem in all quarters, whether among producers or consumers.

With the gradual increase in the number and importance of agreements covering several countries, the problem is transferred from the national to the international field. But here again it seemed necessary, before attempting to frame policy, to make a legal and economic enquiry with a view to determining how far and in what form—whether by legislation, judicial or administrative measures, or by the growth of common law—the countries in which agreements play an important part are carrying out the two fundamental principles: namely (1) free development of agreements as an essential factor in economic progress and (2) the possibility of intervention to safeguard the interests of the public where the economic power of the combination is being misused.

For this reason and other reasons which follow, the Committee decided to begin with the legal questions.

Taking as a starting-point the interesting paper submitted to the Economic Conference by Dr. Lammers—which the Secretariat supplemented by a series of communications from members of the Economic Committee and the most important recent publications—the Committee instructed the Secretariat to investigate the legal aspect of cartels and, for this purpose, sought the assistance of three legal experts from Germany, France and the United States of America. This selection was made with the object of bringing together exponents of the three most characteristic and important legal systems.

With the help of these experts, the Secretariat is to undertake preliminary work for the Economic Committee by verifying and completing the material already collected and by drawing up “ a preliminary statement on the character and development of the principles on which the laws in force in the different countries are based, and in particular on the standpoint at present adopted, as expressed not only in the legislative texts, but by jurisprudence and administrative practice ”.

(b) Meanwhile, the Economic Committee has not lost sight of the other enquiry recommended by the Consultative Committee in regard to the form, subject-matter and economic rôle of industrial agreements.

Under its direction, the Secretariat has made the most extensive investigations possible, but it has of course, only been able to use information which is public property, such as that contained in published articles of association, in *communiqués* and in technical and other reviews.

The difficulties encountered in the course of these enquiries have made it clear that, with few exceptions, the information thus obtainable does not enable any conclusions to be drawn which would really be based on the essential features of the various agreements and on the part they play in economic life.

It would seem, therefore, that in the future, whilst the enquiries already started would be continued and extended, it would be necessary to select a few characteristic examples from among

the most important industrial agreements and to see what means can be devised of making a thorough analysis of their form and economic rôle.

This is obviously a somewhat difficult task upon which the Consultative Committee might be able to make valuable suggestions.

3. COAL.

The Consultative Committee in its last report made the following recommendation:

“ The Consultative Committee, impressed with the serious position of the coal industry and the importance of the international factors involved in this problem, recommends, in the interest of consumers and producers alike, that the Council should invite the Economic Organisation of the League to take up the enquiries that have been started in relation to the coal problem and to supplement them as soon as possible by obtaining such advice as it may deem appropriate and in the manner suggested by the Economic Conference.

“ A report should be submitted to the Council in order that the latter may be able to judge whether concerted international action could further the solution of this problem.”

With the approval of the Council, the Economic Committee decided upon the following procedure for their enquiry into the present situation of coal industry.

In the first instance, considerable information was obtained through the members of the Committee itself, and statistics were obtained by the Secretariat and the International Labour Office in order to bring their earlier publications on the coal industry up to date.

In the second place, a delegation was appointed by the Committee consisting of: M. TRENDELENBURG (President), Sir Sydney CHAPMAN, M. SERRUYS, M. DI NOLA, M. DOLEZAL, to undertake a “ preliminary technical and economic consultation of coal experts in order to verify the documentary material already collected and to extend it in certain directions which are of particular interest ”.

This consultation has been carried out in two stages. In the first instance, the Committee consulted a group of authorised experts belonging both to producing and consuming countries who, without being representatives of employers' organisations, occupy positions enabling them to have an insight into all the aspects of the coal question, whether in the matter of production, consumption, trade or transport.

After this consultation which took place in January, the Committee, without departing from the technical boundaries which it had assigned for itself, decided to continue the enquiry by having recourse to labour experts.

The persons in question were consulted in their capacity as experts and not as representatives of labour interest, their names being suggested by the International Labour Office. This second consultation was concluded on March 2nd.

The delegation is preparing its report to the Economic Committee. The latter, at its session beginning on April 8th, will complete a preliminary report for transmission to the Council. This report will probably be followed by a final report when the Committee has finished its enquiry.

A copy of the preliminary report will be transmitted in due course and before the meeting on May 6th by the Secretariat to the members of the Consultative Committee.

4. SUGAR.

The Economic Consultative Committee in its last report made the following recommendation:

“ The Consultative Committee having regard to the difficult world position of the sugar industry, and particularly to the international aspects of the problem, the great importance

and urgency of which are generally recognised, recommends that the Council invite the Economic Organisation of the League to undertake a thorough study of all factors and measures influencing the production and consumption of sugar and the international trade therein, and to lose no time in obtaining such advice and employing such methods of work as it may deem appropriate.

“ A report should be made to the Council, in order that the latter may be able to judge whether concerted international action could further the solution of the problems under consideration.”

The Council on June 9th, 1929, approved this recommendation and referred it to the Economic Committee. The Economic Committee, at its session of July, decided that it was in the first place necessary to collect sufficient data so as to enable a worldwide orientation. It therefore asked its members as well as a number of Governments and also the International Institute of Agriculture to assist it by collecting information and statistics on a number of detailed questions.

In this manner a most valuable collection of material was received which was reviewed by the Economic Committee at its October session.

The Committee thought it desirable to have this material completed by asking a few experts of world reputation in sugar circles to prepare memoranda on certain subjects. As a result, the following three memoranda were prepared, which together present a comprehensive picture of the world situation:

Dr. PRINSEN GEERLIGS, of Amsterdam. — “ The Production of Cane Sugar. ”

Messrs. F. O. LICHT, of Magdeburg. — “ The Production of Beet Sugar. ”

Dr. MIKUSCH, of Vienna. — “ The Influence of Legislation on the Production, Consumption, Export and Import of Sugar, and the Development of Consumption and the possible Means of increasing it. ”

These memoranda were considered by the Economic Committee in January.

As the Committee stated in its January report:

“ Taken together, these papers reveal the fundamental idea that the present situation of the sugar industry throughout the world is essentially due to lack of equilibrium between production and consumption. Hence, the natural conclusion is that, to re-establish equilibrium, either an attempt must be made to increase consumption or production must be reduced or both solutions must be sought.

“ It is questionable whether it would be consistent with the rôle of the League of Nations to take any action with the object of checking the natural development of production, *i.e.*, of preventing expansion resulting from the free play of economic forces.

“ The development of world production, however, is partly the result of artificial measures of various kinds for which States are mainly responsible.

“ An examination of the problem from this point of view would certainly be of great value, as would also a study of the possibilities of increased consumption.”

The documentation now being sufficient, the Economic Committee therefore decided to proceed to a consultation of experts of the sugar industry with the above end in view.

This consultation has been arranged for April 4th. The Economic Committee has chosen from amongst its members a delegation consisting of the officers of the Committee—Dr. TRENDELENBURG and Sir Sydney CHAPMAN, and, further, of M. Barboza CARNEIRO, M. BRUNET (to be replaced in case of absence by Dr. NEDERBRAGT), M. DVOŘÁČEK and M. STUCKI, who will meet with experts from some sixteen countries. The results of this consultation will be communicated to the Economic Consultative Committee in a supplementary report.

At a later date, the Economic Committee will consult experts on beetroot production. The method for this consultation will be established at the April session of the Committee.

5. INDUSTRIAL STATISTICS.

The programme of work on industrial statistics, which was approved by the Consultative Committee at its last session, has been actively pursued in the course of the past year. In the chapter of the present volume dealing with the Statistical Conference, mention is made of the work accomplished by the Expert Committees of the International Chamber of Commerce in preparing statistical principle for certain industries and of the contribution of this work to the success of the Conference. Details of the activities and the results so far achieved by each of the various Expert Committees are given in the report of the Chamber of Commerce.

It should be mentioned that, in accordance with the recommendation of the Consultative Committee, this work has been carried out in consultation with the Transit Organisation of the League and the Special Committee for the Unification of Tariff Nomenclature, which are undertaking parallel lines of enquiry.

C. AGRICULTURE.

I. RECOMMENDATIONS OF THE ECONOMIC CONSULTATIVE COMMITTEE.

(a) In its report on its first session, the Consultative Economic Committee stressed the importance of ensuring effective co-operation in the general economic field, under the direction of the League of Nations, between the various organisations which devote themselves to the study of agricultural questions. It also expressed the wish that its Chairman be kept informed of progress towards agreements designed to bring about closer relations between the International Institute of Agriculture and the League of Nations.

Acting upon this recommendation, the Chairman attended the discussions which took place last year between the Secretary-General and the President of the International Institute of Agriculture.

After careful consideration, it was recognised that it is somewhat difficult at the present time to determine the form and nature of the permanent relations which should exist between the League and the Institute. But a provisional agreement was concluded in the course of these discussions and will be found in a report dated July 28th, 1928. Under the terms of this agreement, it is understood that the technical organisations of the League of Nations will officially notify the Institute of Agriculture of all decisions made by League bodies involving the collection of information on agriculture. Such bodies are to ask the Institute in what manner and to what extent the latter considers that it can assist in the work.

The Institute will simultaneously inform the League bodies of the work it is doing.

The agreement also provides for an exchange of publications between the two Institutions.

(b) In two other recommendations, the Consultative Committee also expresses the desire that the most important factors in agricultural economy should be systematically and continuously studied.

No action has been taken on this recommendation by the Economic Organisation of the League. Nevertheless, international work is being done in other organisations, in particular at the International Institute of Agriculture, which is submitting a report, as it did last year, giving a brief review of its work during the past year and a general survey of the agricultural situation.

2. CAMPAIGN AGAINST THE DISEASES OF ANIMALS AND PLANTS.

(a) DISEASES AFFECTING ANIMALS.

The Green Book of last year explained the way in which the attention of the Economic Committee had been drawn to this question, and also the importance which certain countries, more especially the agricultural countries, justifiably attached to the study of these problems. On the same occasion, the Consultative Committee learned that the Sub-Committee of Veterinary Experts had at its first meeting stated that its final aim was to re-establish confidence between importing and exporting countries, a confidence which could only, in its opinion, be based on the existence of well-organised veterinary services in all countries and on the regular and prompt exchange of information on the sanitary situation. To this end, it had decided to institute a preliminary enquiry into the organisation of these services in the different countries.

(a) A large number of countries, including almost all which play an important part in the trade in cattle and animal products, sent in detailed statements based on the questionnaire drawn up by the Sub-Committee of Experts. The experts have accordingly received information on twenty countries which will enable it to give a definite opinion as to how the national veterinary and information services should be organised in order to inspire complete confidence in other countries.

The result of this first part of the experts' work is embodied in a preliminary report (document C.525.M.155.1928.II), the chief conclusion of which is that considerable progress towards the re-establishment of mutual confidence would be made if all the States interested would agree to organise their veterinary services and publish their sanitary bulletins in accordance with the rules laid down by the experts and with due regard to the work of the International Office for Epizootic Diseases. The Sub-Committee thinks that these common rules might perhaps furnish the basis for an international agreement.

The experts fully understood that it was their duty, not merely to lay down the guarantees which countries exporting live-stock could give, but also to investigate the facilities which, on the basis of such guarantees, importing countries could grant.

A second enquiry was accordingly decided upon, this time into the measures in force in the different countries for the import, transit and export of animals and raw products of animal origin, and a new questionnaire was drawn up for this purpose.

At the request of the Economic Committee, the Council sent the experts' first report to the Governments for their opinion, at the same time asking them to reply to the questionnaire. A large number of European countries have already sent replies, which show that their Governments are favourable to the experts' conclusions regarding the organisation of veterinary and information services; the experts will therefore shortly be able to resume their work.

They then propose to study the very important problem of the inspection of meat intended for export—for which they have secured the assistance of qualified technical experts belonging to some of the large meat-exporting countries. Three specialists—one each from the Argentine, Uruguay and New Zealand—have been invited to take part in those meetings of the Sub-Committee at which this particular question will be discussed.

(b) DISEASES AFFECTING PLANTS.

The Economic Committee is also anxious to take up as soon as possible the study of the economic aspects of the campaign against epiphytes, in particular of the possibility of reconciling the requirements of this campaign with the legitimate demands of the export trade.

It has, however, been informed that the International Institute of Agriculture is planning an international conference at Rome this year for the purpose of drawing up a new convention on the protection of plants, to replace that of 1914, which could not be put into force. The Committee therefore thought it wiser to await the results of this conference in order to ascertain its views on the protection required by plants against disease.

The results of this conference will at the same time furnish the scientific and technical data required for the further work of the Economic Committee, which will consist in reducing, on the basis of the guarantees recommended by the Conference, the difficulties sometimes caused to the development of international trade in plants by phytopathological measures, perhaps too strictly applied.

D. GENERAL QUESTIONS.

I. INTERNATIONAL CONFERENCE ON ECONOMIC STATISTICS.

Last year the attention of the Consultative Committee was drawn to the preparations that were being made for holding an International Conference on Economic Statistics. The Committee expressed the hope that an agreement would be reached which would give practical effect to the resolutions of the World Economic Conference relating to the provision of fuller and more comparable statistics of international trade, industry and agriculture. An important step towards the full realisation of this hope has now been taken.

At the Conference which was held at Geneva from November 26th to December 14th, 1928, forty-two States were represented, eight delegations being sent by States not Members of the League of Nations.

The Conference resulted in a Convention signed up to the present date by twenty-five States, the text of which (document C.606(1)M.184(1)) has already been distributed to the Committee.

This Convention was, in effect, the culmination of protracted preparatory work instituted by the League in 1922 and pursued in co-operation with the International Institute of Statistics, the International Institute of Agriculture and the International Chamber of Commerce.

The results of the Conference can best be appraised by a brief survey of the technical provisions of the Convention.

* * *

Definite obligations were undertaken in respect of both the scope of national economic statistics and the methods to be applied in the compilation of statistics of international trade. The Convention involves further the acceptance of certain guiding principles to be employed in the compilation of statistics of fisheries, of mineral and metallurgical output, of indices of industrial activity and of censuses of industrial and agricultural production. With the exception of those relating to mineral and metallurgical output and agricultural production, the principles accepted were based on resolutions prepared in the first instance by a Mixed Committee selected by the League of Nations and the International Institute of Statistics and subsequently approved by that Institute.

The principles for agricultural statistics are those elaborated by the International Institute of Agriculture whose standard form for an agricultural census is annexed to the Convention.

The annex dealing with mineral and metallurgical statistics is based on the report submitted by the International Chamber of Commerce. As was reported last year, this body offered to form for certain selected industries special international committees to determine the terms, scope and most suitable methods for compiling industrial statistics. A number of such committees met during the course of the year and adopted resolutions, either preliminary or definitive in character, which were submitted by the International Chamber of Commerce to the Statistical Conference.

The Statistical Convention in no way cuts across this extremely useful activity of the International Chamber of Commerce. On the contrary, it may be hoped that resolutions already adopted which were not considered by the Conference and others which may be adopted in the future will constitute a basis, both for the consideration of a special Committee of Experts set up by the Conference and for the agenda of any future official international gathering.

The signatory States undertake to publish a minimum programme of national economic statistics which embraces the occupied population, the land on which or the establishment in

which that population is occupied, the products of their industry, the international exchange of those products and the variations in the prices at which they are sold.

With regard to the methods to be applied in the compilation of statistics of international trade, not only was agreement reached on the vexed question of definition of the terms of general, special and transit trade, but systems of valuation, generally uniform in nature, will in future be applied and the statistics themselves will relate to the whole political territory of the several States (*i.e.*, including free ports, free zones, etc.) and not merely the Customs area. For the classification of goods according to countries of provenance and destination, three main systems are at present in force. As a prelude to a possible assimilation of methods in the future, the Convention provided that each country should prepare for twelve consecutive months returns of commodities classified according to each of these systems.

The Convention is so drafted as to apply with degrees of obligation that vary according both to the class of statistics concerned and the economic or statistical development of the particular country. It is provided that, as soon as the Convention shall come into force, a committee of technical experts shall be appointed to further the work which the Conference has begun. The functions of this committee will be to prepare the basis for international agreement on questions still calling for solution and to make suggestions for the improvement or amplification of the provisions of the Convention.

II. PUBLICATIONS OF THE ECONOMIC AND FINANCIAL SECTION.

Since the last meeting of the Consultative Committee, the Economic and Financial Section has published the second volume of the *Memorandum on International Trade* dealing with the period 1912-1926, the first volume of the same Memorandum dealing with the period 1913-1927, a *Memorandum on Production and Trade 1923-1927*, and the *Statistical Year-Book* containing information which in certain cases terminates with the year 1927, in others with the year 1928.

The *Memoranda on Trade and Production* were somewhat delayed owing to the work arising in connection with the Statistical Conference which was held in November last.

* * *

The latest *Memorandum on International Trade* gives a review of the situation in the year 1927, from which it would appear that the quantum of world trade in that year was probably 20 per cent greater than in 1913 and some 8 per cent greater than in 1926. The most rapid development took place in Europe, whose trade was about 13 per cent greater than in 1926, and within Europe the most marked progress was achieved in the Central and Eastern countries. Similar tendencies make themselves apparent from the analysis of the production of raw materials and foodstuffs contained in the *Memorandum on Production and Trade*. The total world production index for 1927 was about 21 per cent higher than 1913. In view of the British coal dispute in 1926, it is preferable to compare conditions in 1927, not with that year, but with 1925. During this period, the world index increased by 4 per cent, that of Europe by a little over 6 per cent.

The second part of the *Memorandum on International Trade* (Vol. I) contains a summary of the estimates of the balance of payments of some twenty-five States. The majority of the statements refer to the year 1927 or to that and preceding years.

The *Statistical Year-Book* gives all the detailed production figures, country by country, and continent by continent (66 tables in all), on which the production indices mentioned above are based. It contains, in addition, sections dealing with demographic statistics, public finance, money banking prices, etc.

III. GENERAL RESOLUTIONS OF THE CONFERENCE.

I. ECONOMIC TENDENCIES AFFECTING THE PEACE OF THE WORLD.

The Consultative Committee, in its last report, made the following recommendation:

“ That the Economic Organisation be asked to make, in consultation with such persons and by such methods as may seem most suitable, a preliminary study of some of the more important principles and tendencies in financial and economic policy and practice which tend to create or to destroy conditions favourable to peace. The Committee considers that such a study might form a basis of further discussion at its next meeting and would in the meantime serve a valuable purpose in securing for this most important aspect of economic problems the attention both of Governments and of the public.”

The Economic Committee, after several preliminary discussions, has come to the conclusion as stated in its last report, “ that a more definite appeal should be made with a view to stimulating researches and discussion among private persons and institutions competent to do so”.

With this object, it has requested the Secretariat “ to prepare, in consultation with some economists, a statement relating to the detailed examination of the question”. This statement will be discussed by the Economic Committee at its next session and if it then reaches a conclusion on the matter and is prepared to make recommendations and report to the Council, these will be transmitted by the Secretariat to the Consultative Committee.

2. PURCHASING POWER OF GOLD.

The Consultative Committee, in its last report made the following recommendation:

“ The Consultative Committee, while recognising the great benefit to international commerce that has already resulted from the stabilisation in terms of gold of the currencies of most countries of the world, recalls the fears entertained by the Genoa Conference of the dangers that might arise from undue fluctuations in the purchasing power of gold. In view of the detrimental effects upon industry, agriculture and the conditions of employment that would result from such fluctuations, the Committee appreciates the great interest which the central banks take in this problem and recommends it to the attention of the Financial and Economic Organisation of the League.”

On June 8th, 1928, the Council requested the Financial Committee to consider to what extent and in what way the League of Nations could most usefully assist in the study and solution of the problem of undue fluctuations in the purchasing power of gold.

After full discussion by the Financial Committee, the Council decided, at its December session, on the recommendation of the Financial Committee, that “ a special committee of some eight or nine persons should be constituted to examine into and report upon the causes of fluctuations in the purchasing power of gold and their effects on the economic life of nations”. This Committee is to consist of a small number of members of the Financial Committee and further of other persons of international authority.

The Secretariat, at the request of the Committee, has collected a considerable body of information and is continuing this preparatory work. The full membership of the special committee will, it is contemplated, form the subject of a proposal by the Financial Committee to the Council at its next session.

3. DOUBLE TAXATION AND TAX EVASION.

The year 1928 marked an important stage in the progress of the work undertaken under the auspices of the League of Nations in regard to double taxation and tax evasion.

The investigations, which were begun as far back as 1921 on the recommendation of the International Financial Conference of Brussels, led to the drafting of four model Conventions in 1927 to serve as a basis for the negotiation of bilateral agreements between States.

These four drafts, accompanied by a detailed commentary (document C.216.M.85.1927.II), were submitted to Governments for their opinion and discussed at the *General Meeting of Government Experts*, which met at Geneva from October 22nd to 31st, 1928.

This meeting was attended by the representatives of twenty-seven countries. It approved the drafts submitted to it, modifying them slightly, and added two draft bilateral conventions for the prevention of double taxation in the special matter of direct taxes, these being intended more particularly for the use of countries whose fiscal systems do not distinguish between impersonal and personal taxes or countries whose fiscal systems differ appreciably from each other (document C.562.M.178.1928.II).

We have therefore a series of drafts which have been discussed and approved by the representatives of twenty-seven Governments and which, if applied, would greatly reduce the evils caused by double taxation and tax evasion. In order to bring out the full importance of this fact, it will be enough to point out that, with the tariffs at present in force, the possibility of double taxation constitutes a grave obstacle to the international circulation of capital. In endeavouring to remove this obstacle, we are making a further contribution, which is greatly needed, to the work of the Economic Organisation of the League; we are doing for capital what the draft Convention on the Treatment of Foreigners attempts to do for individuals and what the policy propounded by the World Economic Conference is undertaking in the case of commodities.

The prevention of double taxation has, indeed, long since ceased to be a matter for mere theoretical discussion; the Secretariat has collected the existing international conventions and the provisions of internal law designed to prevent double taxation and tax evasion (document C.345.M.102.1928.II). In this manner there have been collected no fewer than 128 conventions or texts of laws, all of which are actually in force.

This result is sufficient to show that the problem is undoubtedly a practical one. It emphasises the importance of measures to promote greater uniformity in conventions applicable in similar cases or to provide a basis for negotiations between countries which have not hitherto been able to negotiate because their respective fiscal systems were too dissimilar. There can be no doubt that a worldwide network of conventions such as those which the experts recommend would largely mitigate the evils at present caused by double taxation and tax evasion.

Draft conventions are, however, inadequate for the prevention of double taxation. We must above all guard against any relaxation of effort. We must follow up all progress achieved, give such progress publicity, and constantly call attention to what has still to be done. This was realised by the Government experts, who adopted the views already expressed by the technical experts and recommended, by a unanimous decision of the twenty-seven States represented, the creation, within the framework of the League organisation, of a Committee to study taxation questions. This Committee, where work covers a wide field, was constituted by the Council at its session in December 1928.

The Committee will consist of about ten members; but, following the plan adopted in the case of the Economic Committee, the Council may appoint, in countries which have no titular member on the Fiscal Committee, a corresponding member who will follow the Committee's work, be able to participate therein when called upon to do so, and receive all the Committee's documents. As the corresponding members will be kept constantly informed of the work of the Fiscal Committee, they will be able to give the administrations of their respective countries the benefit of this work, and they will thus be the natural leaders in their countries of the movement against double taxation.

These corresponding members will probably be chosen at the Council session in June 1929, at the same time as the titular members of the Committee. The Committee will thus be able to hold its first meeting before the end of the present year.

IV. WORK OF VARIOUS INTERNATIONAL ORGANISATIONS.

I. INTERNATIONAL CHAMBER OF COMMERCE, PARIS.

Since the last session of the Economic Consultative Committee, the Committee on Commercial Policy and Trade Barriers of the International Chamber of Commerce has held two sessions, on November 13th, 1928, and February 13th, 1929, respectively. The first session drew up the programme for the Amsterdam Congress. It also decided on the various points which it proposed to study in preparation for the session of the Economic Consultative Committee in May 1929.

Important reports were drawn up on the following questions:

- Import and export prohibitions.
- Customs tariffs and practices.
- Reduction of Customs tariffs, autonomous action, bilateral action, collective action.
- Most-favoured-nation clause.
- Stability of Customs tariffs.
- Methods of establishing tariff rates and indices.
- Customs formalities.
- Periods for the entry into force of tariff rates and indices.
- Customs formalities.
- Periods for the entry into force of laws and regulations relating to Customs.
- Legislation and fines relating to Customs.
- Administrative protectionism.
- Tariff discriminations in the matter of railways.
- Dumping.

The Committee on International Industrial Statistics and the Sub-Committees of experts on shipbuilding, the coal mining industry, the wool industry, iron ore, the wood-pulp industry, semi-manufactured metallurgical products and the silk industry also met. The results of their proceedings are summed up in a report entitled "International Industrial Statistics", which was submitted to the Diplomatic Conference on Economic Statistics in November last.

The delegation of the International Chamber of Commerce, of which M. PIRELLI is President, will submit to the Economic Consultative Committee at its next session two reports: namely, "Annual Report on the World Economic Situation (1928)" by M. Pirelli, and a report summing up the views of the International Chamber of Commerce on the above-mentioned problems of commercial policy. Both these reports will be sent to members of the Economic Committee during the month of April.

2. INTERNATIONAL FEDERATION OF LEAGUE OF NATIONS SOCIETIES.

The Federation has always taken an interest in the work of the International Economic Conference. Its eleventh assembly, soon after this Conference, reminded the National League of Nations Societies of the necessity for making great efforts with a view to education and propaganda on the lines of the Economic Conference's resolutions, and accordingly recommended the creation of economic committees within the national societies. This resolution was followed up by the proposal made in 1928 to the General Council of the Federation by the Czechoslovak

National Society, which led to the Prague Economic Conference. This Conference's resolutions are attached, together with that adopted by the twelfth assembly of the Federation at The Hague, which preceded it.

(a) *Twelfth Plenary Congress of the Federation (Brussels).*

The Twelfth Plenary Congress of the International Federation of League of Nations Societies was held at The Hague from July 2nd to 7th, 1928. Among the resolutions adopted by this assembly, the following relate to the economic work of the League of Nations:

1. *International Money.*

The Twelfth Plenary Congress:

(i) Expresses the hope that banks of issue will continue to hold international conferences for the examination of all possible improvements in the existing system of international payments;

(ii) Expresses the hope, in view of the fact that bills of exchange and cheques are the principal means of payment in international commerce, that successful results will soon be achieved as a result of the work prepared by the Hague Conferences of 1910 and 1912 and now being developed by the competent organs of the League of Nations and by the International Chamber of Commerce with a view to removing the discrepancies which exist between the laws of different States on bills of exchange and cheques;

(iii) Notes with satisfaction that, by resolution of June 8th, 1928, the Council of the League of Nations has invited the Financial Committee of the League of Nations " to examine how far and in what way the League of Nations can assist most usefully in the study and solution of the problem of abnormal fluctuation in the purchasing power of gold ".

2. *The Economic Organs of the League.*

The Twelfth Plenary Congress:

Noting that the conclusions of the Economic Consultative Committee emphasise the extent of the work to be done in order to secure effective amelioration of the world economic situation:

Commends to the particular consideration of the Council and of the Assembly of the League of Nations the urgency of providing the economic organs of the League with the material and financial means necessary to enable them to have effect given to the resolutions of the International Economic Conference.

3. *The Economic Situation of Austria.*

The Twelfth Plenary Congress:

Considering that Austria is unable to secure, under the existing system of commercial treaties, an adequate market for her goods;

Considering that in the past the exchange of goods between Austria-Hungary and some of the neighbouring States, in particular Italy, Serbia and Roumania, was during many years aided considerably by the mutual grant of differential Customs duties;

Considering that a purely transitional system of preferential tariffs, concluded with the neighbouring States, could now increase the outlet for Austrian goods:

Requests the League of Nations to have studied by its economic organs the question of the possibility and advisability of having a similar system of differential Customs duties now applied with a view to increasing the outlet for its goods which is so urgently required by Austria, the more especially since such a system might become the starting-point for a general reduction of Customs duties through the extension of differential treatment to all neighbouring States.

4. *Control of Cartels.*

The Twelfth Plenary Congress notes with satisfaction that the International Economic Conference "considers that the League of Nations should closely follow . . . forms of international industrial co-operation and their effect upon technical progress, the development of production, conditions of labour, the situation as regards supplies, and the movement of prices, seeking in this connection the collaboration of the various Governments. It should collect the relevant data with a view to publishing from time to time such information as may be of general interest".

It is further of opinion that the League should be fully informed of the forms, the nature and the activities of industrial *ententes*, together with the operation and effects of the national systems protecting public interests against the dangers of monopoly. The results should provide guidance as to methods of so directing the tendency towards international cartels and combines that it should not be prejudicial to public interest or international commercial development.

5. *Calendar Reform.*

The Twelfth Plenary Congress:

Considering that the existing calendar is a source of trouble in commercial, industrial, scientific, educational and religious quarters and involves serious loss of time and money;

Considering that the adoption of a simple practical calendar would be of indisputable moral and material advantage to future generations:

Invites the League of Nations Societies to urge the Governments of their respective countries to take immediate steps to expedite the convening by the League of Nations of an International Conference entrusted with proposing specific measures for the reform of the calendar.

6. *Alcoholism.*

The Twelfth Plenary Congress:

Convinced that alcoholism is a grave scourge of international concern,

Requests the League of Nations, in conformity with the proposal submitted to the eighth ordinary session of the Assembly by the Governments of Belgium, Czechoslovakia, Denmark, Finland, Poland, and Sweden, to set up within the League of Nations a committee of experts on the evils of alcoholism.

(b) *International Economic Conference, Prague*
(October 4th to 6th, 1928).

The International Economic Conference organised by the International Federation of League of Nations Societies with a view to studying and bringing to the notice of the public the recommendations of the International Economic Conference of May 1927, was attended by representatives of twenty international organisations of an economic and social character, and adopted the following resolutions:

1. *Application of the Recommendations of the Geneva Economic Conference.*

The Prague Economic Conference, convened on the initiative of the International Federation of League of Nations Societies, welcomes the Geneva Economic Conference as the beginning of a new era in the economic relations between peoples.

The Prague Conference declares that the greatest obstacle to the application of the Geneva economic policy resides, on the one hand, in the lack of co-ordination of the efforts of people of goodwill and, on the other hand, in ignorance as to what can be done. The Conference accordingly calls for:

(a) The creation of an Auxiliary International Economic Committee to work in conjunction with the International Federation of League of Nations Societies and having as its purpose to supply documentary information to the national sections and to the public in general;

(b) The creation, where they do not already exist, of national economic liaison committees associated with the International Committee.

The Conference further advocates, in order to carry the Geneva work to its proper conclusions, the drawing up of an international Economic Protocol. This Economic Protocol should, in particular, include:

(a) A provision whereby Governments undertake to submit to their legislatures, within a maximum period, with a view to ratification by the country, all international economic conventions concluded and drawn up by the organisms of the League of Nations (Economic Committee, International Labour Conference, special diplomatic conferences);

(b) A provision whereby Governments undertake to eliminate from their national policies and their relations with other States anything contrary to the resolutions of the International Economic Conference, of the Economic Committee or of the Economic Consultative Committee of the League;

(c) An undertaking by Governments to conclude no commercial treaty which does not contain, in so far as tariffs are concerned, the most-favoured-nation clause, general and unconditional;

(d) An undertaking to conclude long-term commercial treaties uniform in character and carrying the same guarantees of equality and reciprocity, concerning exchange of commodities and of capital, the legal status of economic establishments and the conditions of foreign labour;

(e) An undertaking to register all commercial conventions and treaties with the Secretariat of the League of Nations;

(f) An undertaking to insert in commercial treaties the provisions of the Conventions adopted by the International Labour Conference and especially of the Washington Conventions;

(g) An undertaking not to increase tariffs without previous agreement between all countries signatories of the Protocol;

(h) An undertaking to propose within a maximum period the ratification of all conventions which, whether they deal with individual commodities or with Customs tariffs as a whole, would have the effect of stopping any increase in existing tariffs, as well as an undertaking to proceed, as soon as possible, to a diminution of those tariffs.

The Conference likewise calls for an extension of the activities of the Economic Committee of the League of Nations and of the Economic Consultative Committee and for such increase in their budgets as would enable them

to perform their work in a way proportional to its importance. The Conference further considers indispensable a proportionate representation, in the Consultative Committee, of the various economic elements, particularly those of agriculture, of labour—employers and workers, of co-operation and of their international organisations. It affirms the necessity for the Consultative Committee's setting-up at the earliest possible moment the Commission envisaged by the Geneva Conference, to establish permanent relations between agricultural and consumers' co-operatives and to study in that connection the creation of an international institute for agricultural credits.

It recalls the urgent necessity for continuing the studies, which were outlined, concerning international industrial agreements and according to which publicity should be given to these agreements, while their existence, their juridical status and periodical reports on their activities should be communicated to the Economic Committee of the League of Nations.

In adopting the above proposals, the Prague Economic Conference believes that it is serving the League of Nations and its various organs and is thereby moving in the direction of economic peace and general prosperity and thus of the peace of the world.

2. *Customs Barriers.*

The Prague Economic Conference:

Considering that the lowering of Customs barriers is one of the best ways of realising that appeasement of men's minds which is the basis of world peace;

1. Recommends that the public authorities in each country should endeavour to realise a gradual and progressive lowering of Customs barriers—which is the necessary condition of the creation of ever-widening Customs unions;

2. Expresses the hope that meanwhile Governments and the League of Nations, taking into consideration the internal economy of each country, should facilitate, so far as possible, efforts to draw up collective treaties which try to fix existing Customs duties as the maximum not to be exceeded and to establish a diminishing scale for the tariffs in force;

3. Likewise recommends that the unification of Customs nomenclature and tariff systems should be realised at the earliest possible time.

3. *Principles of a Political Economy favourable to Peace.*

Convinced that, owing to the growing interdependence between nations, the juridical organisation of peace cannot be conceived without the simultaneous and converging realisation of economic peace, the Prague Economic Conference records its satisfaction at the great progress accomplished in that direction by the Geneva International Economic Conference, and it takes note with pleasure of the persevering efforts made by Governments and official or private organisations to apply the Geneva recommendations.

Economic disarmament, which is the natural complement of moral disarmament and a necessary condition of material disarmament, implies for all peoples free and equal exercise of their productive capacity, the peaceful circulation of goods, capital and persons, the loyal exchange of services and, in general, the application to economic relationships of those rules of justice and morality which, in every society worthy of the name, should preside over individual relationships.

It is therefore incumbent upon nations, in their mutual relationships, to avoid all claims to economic and financial hegemony, all exclusive consideration of narrow national interests, all temptation to impose upon the weak obligations beyond their resources, all measures which could endanger the vital interests of the States which have suffered most from the war or which are otherwise naturally handicapped. Nations should impose upon themselves the rule of reciprocity in sacrifice as in gains, the just distribution of advantage and burden and should seek the rapid solution by exclusively juridical means of all disputes which arise from the clash of interests.

Recalling Article 23 of the Covenant of the League of Nations, whereby the Members of the League undertake "to secure and maintain freedom of communication and of transit and equitable treatment for the commerce of all Members of the League", the Conference considers that this principle of equitable treatment should apply to all States and to all economic relationships, whether affecting capital, commodities or human labour. Thus would be solved peacefully the problems associated with the quest of commercial outlets, with the distribution of raw materials and the admission of foreign labour, which may, in the existing state of the world, breed dangerous conflicts.

The Conference welcomes gratefully the efforts that have been made to bring about economic agreement and the Customs union of the peoples of Europe, since these are an indispensable condition of the raising of their standard of life and of their return to prosperity. The Conference urges, however, that for the policy of particular economic agreements there should be substituted a system of general economic agreements, since only these would make it possible to take into consideration the needs of all countries and to establish equitable conciliation between all the interests involved.

Along the lines above indicated, there would be established first in the continent of Europe, which has been ravaged by the most disastrous of wars, and gradually between all men a happy and fruitful co-operation in which each nation would bring to the common task the whole resources of its soil, its genius, its labour, and its civilisation.

4. *Continuation of the Work of the Prague Economic Conference.*

The Prague Economic Conference:

1. Invites the Auxiliary International Economic Committee, associated with the International Federation of League of Nations Societies and also the national economic committees, to study the problem of:

“The more important principles and tendencies in financial and economic policy and practice which tend to create or to destroy conditions favourable to peace,”

a subject of study recommended by the Economic Consultative Committee of the League of Nations.

2. In that connection it now submits to their consideration the draft resolution on Co-operation, Economic Organisation and Peace, presented to the Conference by M. Gaston Levi, and the delegates of the International Co-operative Alliance and the International Co-operative Bank Committee.

The Conference also commends to the Committees for study the question of the control of international industrial agreements.

National Committees having other proposals to make on the general problems indicated in paragraph 1 above are invited to forward them to the Auxiliary International Economic Committee for communication to the national committees for study.

3. It invites the national committees to communicate to the Auxiliary International Committee as early as possible the results of their study of the problem.

4. In view of the success of the Prague Economic Conference, it expresses the wish that the International Federation of League of Nations Societies, in agreement with its Auxiliary International Economic Committee, shall convene a later Conference with the object of arriving at effective action, resulting from study of the above and of other international economic problems, which may prove helpful to the economic activities of the League of Nations.

5. The Conference desires to express its appreciation for the opportunity which this occasion has offered to the members of so many international organisations to meet and appreciate each other's efforts towards the establishment of international economic peace.

The proposal to set up an auxiliary International Committee for Economic Questions attached to the Federation, in pursuance of the Prague Economic Conference's resolutions, is now under consideration. Its aim is to establish a connection between the propaganda already being carried on by the Federation in the economic sphere and that of the other great international associations pursuing similar aims, and thus to co-ordinate the efforts which are being made internationally to further and intensify the economic action of the League of Nations.

3. OTHER MANIFESTATIONS.

(i) *Baltic and White Sea Conference (Copenhagen).*¹

The General Assembly of the White Sea Conference met at Hamburg on May 18th, 1928, and among other resolutions adopted the following:

The Annual General Meeting of the Baltic and International Maritime Conference, representing twenty maritime nations:

(1) Regards freedom of international trade from all artificial restraints as fundamental to commercial prosperity;

(2) Records its appreciation of the work of the Economic Conference and other bodies on the question of trade barriers;

(3) Notes with satisfaction that certain countries have declared their readiness to adopt the recommendations of the Economic Conference; and

(4) Urges all owners by vigorous propaganda to lend their support in this important matter.

¹ BALTIC AND WHITE SEA CONFERENCE:

Seat: Copenhagen. *Foundation:* 1905. *Object:* To unite shipowners in order to improve European shipping conditions; to fix minimum freights, to improve charter-parties and make them uniform, to co-operate with other shipowners' associations, etc., with a view to regulating competition.

Members: Shipowners and shipbrokers in: Belgium, Danzig, Denmark, Estonia, Finland, France, Germany, Great Britain, Ireland, Italy, Latvia, Lithuania, Netherlands, Norway, Roumania, Russia, Spain, Sweden, United States of America. More than 7,000,000 tons of shipping are known to be represented.

Activities: Monthly and special bulletins; international conferences.

(According to the *Handbook of International Organisations*, published by the League of Nations.)

(ii) *International Agriculture Committee (Paris).*

The Paris International Agriculture Committee and the International Conference of Agricultural Associations held joint meetings on May 23rd and 24th, 1928, at Vienna.

The following resolution was unanimously adopted:

The International Agriculture Committee, after hearing the communications made to it by M. Albert Thomas, Director of the International Labour Office, and by M. Hermes and M. Jules Gautier,

Notes with the greatest satisfaction that, both at the International Economic Conference of 1927 and at the Economic Consultative Committee of 1928, the essential importance of agriculture in general world economy was recognised without question;

Associates itself with the recommendation adopted by the Economic Consultative Committee to the effect that the League of Nations should study the best means of bringing about the rational co-operation of all the organisations dealing with agricultural questions;

Declares its willingness to take an active part in this co-operation, in liaison particularly with the International Institute of Agriculture at Rome, and, in all that concerns questions relating to agricultural labour and social problems, with the International Labour Office;

Thanks the League of Nations for having enlisted the help of agriculturists, and requests it to use its high authority to promote concrete measures which may lead to a rapid improvement of the position of agriculture, this being an essential condition of general prosperity and world peace.

(iii) *International Shipping Conference (London, June 1928).*

The International Shipping Conference met in London from June 12th to 15th, 1928, and was attended by delegates from seventeen countries. Among other questions, the Conference reviewed the report and recommendations of the World Economic Conference, with regard to which it adopted the following resolutions:

This Conference:

1. Welcomes the reports of the World Economic Conference, Geneva, and the International Chamber of Commerce, Stockholm, 1927, as showing a general consensus of opinion:

(a) That tariffs are too high and barriers against trade too many;

(b) That excessive tariffs lessen the buying power of consumers, and thereby diminish the selling power of producers and hamper the world's markets for manufactured goods.

2. From its practical experience of the cargoes which form the bulk of international trade, confirms the view put forward by the Economic Conference that:

"Agriculture is the occupation of the majority of workers throughout the world; its various products represent in value the greater part of human labour, and the exchange of its products against industrial products forms indeed the basis of world trade,"

and therefore urges the importance of the resolution adopted by that Conference, viz., that:

"In those States in which Customs protection is maintained, it should be reduced, both for industry and agriculture, to the lowest possible point indispensable to production; care should be taken to assist in the maintenance of an equitable balance between industry and agriculture and not to stifle one to the advantage of the other."

This Conference welcomes the creation of the Consultative Committee of the Economic Organisation of the League, and pledges the shipping industry throughout the world to place itself at the disposal of that Committee in securing effect for the recommendations of the Economic Conference in order that international trade may be promoted and increased and that it may be carried on to the best advantage.

(iv) *International Parliamentary Conference on Commerce.*

The Fourteenth Plenary Assembly of the International Parliamentary Conference of Commerce was held at Versailles on June 19th, 1928, at which thirty-eight countries took part.

The following resolutions, among others, were adopted:

The International Parliamentary Conference on Commerce recommends:

1. That import and export prohibitions should be abolished, particularly those applicable to raw materials;
2. That Customs duties should not be increased by internal taxes, even if these are of general application, such as the turnover tax, the taxes on distribution or consumption, when such taxes, by means of variable

coefficients, discriminate between raw materials, produce or merchandise, according to whether they are of native or foreign origin;

3. That Customs duties in each country should only protect industries which are self-supporting.

The International Parliamentary Conference on Commerce recommends:

That commercial relations between States should be regulated by a complete system of commercial treaties;

That, leaving out of account the problems of free trade and protection, which are always present, commercial treaties should be of long duration and should in principle ensure equality of treatment between contracting States;

That although, having regard to the economic interdependence which exists between the various countries, an early return to stable conditions and more especially a general reorganisation of the international economic system, as well as the growth of a pacific spirit in the different countries, are to be anticipated, every effort should be made, by concluding and applying new commercial treaties, to set up Customs machinery which will assist in establishing stable and equitable conditions;

That, for this purpose, States should apply, unconditionally, the most-favoured-nation clause.

In addition, the Conference approved the following resolution of its Committee on Agriculture:

The Permanent Committee on Agriculture of the International Parliamentary Conference on Commerce, being firmly convinced that permanent co-operation between Parliaments in agricultural matters is of undeniable utility, notes with satisfaction and gratitude the work undertaken in the interest of international agricultural credits, on the initiative of the International Parliamentary Conference on Commerce, by the International Institute of Agriculture in Rome and the Economic Conference at Geneva;

Has decided in future to devote itself mainly to the consideration of the question of the application of agricultural credits, but, in principle, to extend the field of its activities to all agricultural questions;

Instructs its newly constituted Bureau to put into practice the general principles hitherto studied, and, in particular, to collect information on the matter as soon as possible, and to undertake any additional work which may promote and hasten the application and effective organisation of international agricultural credits.

(v) *International Peace Bureau (Berne)*.¹

The Twenty-sixth International Peace Congress met at Warsaw from June 25th to 29th, 1928. Delegates from seventeen different countries took part in this Congress.

The agenda, among other points, included the following:

The Economic Organisation of Peace:

1. The results of the International Economic Conference and their bearing on the resolutions of the Peace Congress.

2. Supervision of industrial agreements.

3. Problem of the Economic Union of Europe within the framework of the League of Nations.

The following resolutions, among others, were adopted:

2. ECONOMIC COMMISSION.

Resolution I.

1. The International Peace Congress welcomes the efforts of the International Economic Conference to reduce artificial economic obstacles. It notes that such efforts correspond in a very large measure to the demands made by earlier Peace Congresses, and requires the immediate carrying out of the Geneva resolutions, in particular those which contemplate the reduction of Customs duties, free exchange of industrial and agricultural products, facilitation of transport, and the conclusion of long-term commercial treaties based on the needs of all States and nations and not serving only a few interested territories and circles.

¹ INTERNATIONAL PEACE BUREAU.

Seat: Berne, 12, Kanonenweg. *Foundation:* Founded in 1892 by the Universal Peace Congress at Rome. Prize at World Exhibition, Paris 1900; Nobel Prize 1910. *Objects:* To supply information to associations and private persons working in the cause of peace; to classify and keep records of meetings; to found a library; to encourage, by the most appropriate methods, the foundation of peace societies.

Members: National Peace Societies in Argentina, Belgium, Denmark, Great Britain, France, Germany, Italy, Netherlands, Norway, Poland, Portugal, Sweden, Switzerland, etc.

Governing Body: International Council of fifty members.

Activities: Organisation of Universal Peace Conferences; publication of the bulletin of the Congress and the official organ *Le Mouvement pacifiste*, which is now issued in French; and, in general, the support of all enterprises aiming at the establishment of a system of international relations founded on law and the maintenance of peace.

(According to the *Handbook of International Organisations*, published by the League of Nations.)

2. The International Peace Congress draws the attention of the League of Nations to the dangers of economic political and in particular of commercial disputes, which, under pressure of public opinion, may seriously endanger peace.

3. The International Peace Congress expresses the desire that the League of Nations should, within three months of the outbreak of an economic dispute, take the initiative in convening the parties to the dispute to negotiate direct, and apply all possible means to settle the dispute—impartial enquiries, summoning of experts, setting up of a Conciliation Committee, and, as a last resort, placing the matter before an impartial Arbitration Court.

4. The International Peace Congress expresses the desire that the Economic Conference should again deal with the question of the equitable distribution of raw materials.

Resolution II.

1. The International Peace Congress sees in the renewed increase of purely private economic international cartels and trusts, which extend to various countries, no sure means tending to the economic organisation of peace, and advocates international control from the social and economic points of view, such control to be under the auspices of the League of Nations.

2. The International Peace Congress consequently renews its request for the setting-up of an international Economic Council on the lines of the International Labour Office of the League of Nations.

.....

Resolution IV.

The International Peace Congress at Warsaw urges the speedy conclusion of an equitable Commercial Treaty between Germany and Poland which shall serve as a basis for normal and lasting economic relations between the two countries.

The elaboration of this treaty shall not be complicated by introducing questions of a political nature. This treaty shall be based on the principle of freedom of exchange of industrial and agricultural products, and the possibility for both parties to the treaty to export under the same conditions and in accordance with the general interest of the country, and not the interest of special regions of one or other of the countries.

V. ECONOMIC CONDITIONS IN 1928.

Economic evolution in the decade following the war has been characterised by a progressive stabilisation of the monetary systems and a gradual readaptation of productive activity to changed conditions. In 1927, economic improvement was greater than in any single year during this period; the year 1928 may be described as a period of consolidation.

The aggregate production of wealth in 1928 was certainly not below the level of the preceding year. The output of foodstuffs and raw material was either maintained or increased. In the extractive and manufacturing industries, further headway was made in the policy of rationalisation. International trade continued to increase, not only in volume, but also in value. Economic life in general enjoyed the benefit of greater monetary stability, the effects of which were naturally particularly marked in Europe.

But the process of consolidation has been neither uniform nor easy; in many directions there was no advance and even retrogression during the year. That the readaptation of production to demand in a number of industries is still far from having been completed is proved above all by the year's record of unemployment. There has been over-production in several industries, others have suffered from a falling-off in demand, while in others again the process of rationalisation has reduced the labour strength required. The depression in the sugar industry continued, the fight for coal markets became more intense, and the situation of the timber trade, and in many countries, of the textile industry remained unsatisfactory. Towards the close of the year, there was a distinct falling-off in production in certain countries attributable in part to industrial disputes and in part, no doubt, to credit conditions.

I. PRODUCTION.

The record of the world's productive activity in 1928 shows somewhat different results for agriculture and for industry. Agricultural production as a whole increased considerably, though unevenly, in volume; but, owing to the downward trend of prices, it is difficult to

estimate yet whether there was any substantial increase in total selling values. The data concerning industrial production convey the impression that the rate of advance tended to slacken in 1928. While production generally averaged higher than in recent years, and notable progress was realised in some directions, the level of 1927 was not maintained in all industries or in all countries. On the other hand, the falling tendency of prices was largely arrested during the course of the year, although several important trades continued to suffer from price depression.

The greater agricultural production was due rather to a higher yield than to any significant increase in the land under cultivation. Nearly all the important crops averaged higher than in the five-year period 1922-26 and in most cases they exceeded the favourable yields of 1927. The wheat crop was the largest since the war; record quantities were harvested in Canada and exceptionally good harvests were obtained in the United States, Argentine and Australia; but Russia and India were forced to supplement their supplies from abroad. The world's wheat surplus for the crop year 1928-29, estimated by the International Institute of Agriculture at 110 million quintals, was twice as large as that of the preceding year. Similarly, a further increase in the crops of barley, oats and rice, beet and cane sugar, wine and tea, cotton and raw silk was registered. The British rubber restriction scheme, put into force in 1922, was removed, and, as a consequence, the shipments of plantation rubber were 31 per cent in excess of the average for the period 1922-27. The remarkable recent progress in the output of dairy products continued.

On the other hand, the rye, maize and potato harvests were relatively poor as were those for certain textiles. Agricultural prices tended to decline; the sugar market was particularly affected by the abolition of the measures restricting output in Cuba, by the rapid growth of production in Java and by new fiscal and protection measures. The coffee crop was smaller than that of 1927-28, which was, indeed, the largest ever harvested. The State purchases of domestic cereals in Russia only amounted to 58 per cent of the total required and in certain large towns it was necessary to resort to a system of rationing.

The state of industry is more difficult to gauge. But, in addition to the annual surveys furnished by certain associations, evidence of value may be obtained from the statistics of production of certain raw materials and fuels, from the indices of industrial activity and from the records of employment and unemployment.

The world production of coal was over 35,000,000 tons less than in 1927, a drop two-thirds of which was due to a lower output in the United States of America. It must be remembered however, that production was stimulated in the earlier of these two years by the demand for coal intended to replenish stocks which had been practically depleted during 1926. There are no grounds for believing, therefore, that the actual consumption of coal was materially less in 1928 than in 1927. In neither year did it show any substantial increase over that in 1913 and, if the production figures for 1928, in view of the relatively normal condition of stocks, be taken as roughly indicative of consumption, it will be found that, including lignite, the increase during this period of fifteen years was only about 4 per cent.

The world production of crude oil increased in 1928 by some 3 per cent. In the United States, an attempt was made to restrict output, but the total extracted was not materially reduced below that of 1927. Colombia and Venezuela continued the remarkable development of their mining industry. In 1923, Colombia produced 400,000 and Venezuela 4,100,000 barrels of petroleum. In 1927, the Colombian output was 14,600,000 and the Venezuelan 64,400,000. In 1928, Venezuela again raised her output by two-thirds and Colombia by over one-third. As a result of this extraordinarily rapid development and of the recent falling-off in supplies from Mexico, Venezuela is now the second oil-producing country in the world.

An increase in production was also registered by the iron and steel industry. The advance was more marked in the case of steel (about 6½ per cent) than in that of pig-iron (about 2½ per cent). The share of Europe in the total production of both iron and steel diminished and, in contrast to 1927, the United States steel output again exceeded the combined production of European countries.

A record amount of steel was smelted in France, her output being double that of 1913. The production in the United Kingdom and Germany was slightly lower than in the preceding year.

But comparison between these two years is somewhat misleading for the United Kingdom owing to the accumulation of orders which had to be worked off during the first half of 1927, and German production was affected by labour disputes in the autumn of the year. Actually the average monthly production in the United Kingdom during the whole of 1928 exceeded that during the last half of the preceding year. In Belgium, Canada, Luxemburg, Poland, Russia and the Saar, the production of both pig-iron and steel was higher in 1928 than in 1927. These figures are specially significant when taken in relation to those for coal which have been mentioned above.

From their indices of manufacturing activity, industrial production in France, Poland and Canada would appear to have made consistent and very considerable progress. The annual index number for France, which rose by 16 per cent, bears witness to her general prosperity. In Canada and Poland, record figures were registered in nearly every branch of production. In the United States, there was a general advance of about 4 per cent. This is considered to be little higher than the "normal annual rate of expansion of general business". The manufacture of motor-cars and constructional work were particularly active and this activity stimulated the heavy metal and allied industries. The Russian index averaged 20 per cent higher than in 1927, but there were signs towards the close of the year of a reaction.

The volume of industrial production in Germany, the United Kingdom, and Sweden, would appear to have fallen off slightly. As has been remarked above, comparison of the British figures is to some extent vitiated by the abnormal situation of the first half of 1927. During that same year Germany enjoyed a minor industrial boom, from which there was a substantial decline last year, accentuated in the autumn by the lock-out in the Ruhr, the reactions of which were felt far beyond the metallurgical industries. Her exports of manufactured commodities were, however, maintained. The contraction in Sweden was exclusively due to industrial disputes.

While, taking the world as a whole, industrial conditions were not unsatisfactory and positions were gradually consolidated, the difficulties presented by the unemployment problem in a number of countries were accentuated and not diminished. In Germany, Russia and the United Kingdom, there was a substantial increase in the number of persons out of work. It amounted in the last-mentioned of these three countries to about 9 per cent on the monthly average and by the close of the year 240,000 persons were added to the ranks of the unemployed, which then numbered 1,334,000. In Germany, the situation became rapidly worse towards the close of the year, when about 1,702,000 workers were in receipt of the unemployment benefit. The increase was still larger in Russia, where the monthly average for nine months was 16 per cent above the level of the preceding year, and 1,374,000 workpeople were unemployed in September, which is not an unfavourable season.

It is noteworthy, on the other hand, that conditions in several countries which have recently stabilised their currencies were more favourable. Unemployment almost disappeared in France and Belgium and was gradually reduced (though it still remained considerable) in Italy and Norway.

2. TRADE.

The aggregate value of international trade continued to increase in 1928, but the rate of advance was slower than in 1927. In that year, the recorded value of trade in terms of dollars increased by 4 per cent; in 1928, according to preliminary information covering about 85 per cent of the world total, the corresponding rise amounted to some 3 per cent. The decrease in the general level of gold prices, if any, was probably small, and it may therefore be concluded that, although the actual *quantum* of goods exchanged internationally increased, the rate of increase was less than in the preceding year when it was estimated at 8 per cent.

The rate of growth in Europe appears to have lagged somewhat behind that achieved in North America and in the world as a whole. The tendency which manifested itself in 1927, when European trade developed by not less than 13 per cent, seems to have been reversed.

Within Europe, the headway made was almost entirely due to the Central and Eastern countries and, to a less extent, to the larger imports of the fringe of Northern countries. In Western and Southern Europe (representing about 60 per cent of the trade of the Continent), no marked change in the value of trade is registered.

British exports were over £14 million higher than in 1927 and her imports nearly £21½ million lower. Re-exports dropped slightly and the net result was a reduction in the negative balance of trade by £33 million. In Germany, total trade rose by nearly 6 per cent and the import surplus was less than half of that of the four preceding years, diminishing by RM.1.274 million. The foreign trade of France and Italy developed in the opposite direction. In France, the value (not the volume) of exports dropped by 6 per cent, while imports very slightly increased. In Italy, decreasing exports were accompanied by a 10 per cent rise in imports, largely due to the relatively poor harvest of 1927. Belgian and Dutch trade improved. Amongst the other countries of Europe, the most noticeable development was the striking increase of 31 per cent in Russian imports.

Complete data for South America are not yet available, but it seems probable that the continent in which trade developed most rapidly during the last twelve months was North America. Canada, indeed, enjoyed a year of unprecedented economic prosperity and her total trade rose by 11 per cent. The United States not only maintained her position as the world's leading commercial country, but increased the excess of exports over imports by some \$372 million. The gross exports (not net) of capital from the United States, including all forms of investment abroad, are reported to have risen in 1928 by some \$102 million as compared with 1927.

From the information available, it would appear that, in all the leading commercial countries of South America, trade continued to develop. Particularly striking are the very substantial increase in the exports of Chile and the continued prosperity in the Argentine, whose trade advanced even beyond the exceptional levels reached in 1927.

Indian exports, which have contracted in recent years, showed a slight recovery, while in New Zealand record figures were reached. On the other hand, the exports from Australia were slightly and the imports into Australia very substantially lower than in 1927.

3. PRICES.

Prices on the whole during the year 1928 were remarkably stable and it is difficult to trace any general trend other than the inevitable tendency for the gold price indices, now currencies are more generally stabilised, to converge and the consequent upward movement in those countries where the level ruling was below that of the rest of the world. With the currencies of most countries now based directly or indirectly on gold, it is no longer possible to gauge the fluctuations in the purchasing power of gold from the changes in the index for a single state. The purchasing power of one gold currency may fall while that of another rises. It is interesting in this connection to note that, during the course of the year 1928, the British Board of Trade index dropped by 1 per cent, while in the United States prices rose by 2.4 per cent. There was similarly an upward movement in Bulgaria, France, Germany, New Zealand, Sweden, Switzerland, Russia, Peru and Poland. In sixteen other countries for which price indices are available, prices dropped in 1928. The fall was in most cases less than 2 per cent.

4. FINANCE.

During the course of the year, further progress was made in the stabilisation of currencies and in the consolidation of public finances. The Italian reform, the elaboration of which was completed in the preceding December, was put into force early in the new year, as was also the Estonian currency reform, which entered into application on January 1st. In the succeeding months, seven other countries: namely, Luxemburg (February), Norway and Siam (April), Greece (May), France

(June), Bolivia (July) and Bulgaria (November), established the definitive stabilisation of their respective currencies. Further, since the close of the year, Roumania has issued an international loan for the same purpose and a new fixed parity for the leu has been laid down. Preparatory measures with a view to ultimate currency reforms are likewise under consideration in China, Japan, Turkey, and other countries.

These and the earlier currency reforms have resulted in a growing demand for gold on the part of a number of newly established or re-organised central banks, and this demand has been accentuated in the last year or two by a certain change in the policy of countries operating under the gold exchange standard. Thus, the United States of America lost gold during the course of the year to the extent of 392,000,000 dollars. The Bank of France increased its reserves by 13,851,000,000 francs and the Reichsbank by 964,000,000 marks. Austria doubled her reserve, Belgium increased hers by nearly one-third, Poland increased hers by a fifth, the Italian gold stocks rose by over 500,000,000 lire.

Two contrary tendencies existed in the discount markets. On the one hand, certain of the countries which successfully stabilised their currencies found themselves in a position to lower their official rates. On the other hand, in view of the violent stock-exchange boom which took place in the United States of America, the Federal Reserve Board raised its discount rate on commercial paper from 3.5 to 5 per cent, while brokers' loans ruled at one stage as high as 12 per cent. These credit conditions naturally affected the situation in Europe and the British bank rate was increased in February last from 4½ to 5½ per cent and the Italian rate from 6 to 7 per cent in March 1929. The Bank of England, which attracted gold during the first eight months of the year, lost considerable quantities during the last four, her reserve falling from £175.9 million at the end of August to £153.3 million at the end of December.

LEAGUE OF NATIONS

Geneva, June 18th, 1929.

ECONOMIC CONSULTATIVE COMMITTEE.

APPLICATION OF THE RECOMMENDATIONS OF THE
INTERNATIONAL ECONOMIC CONFERENCE.

Corrigenda to the section of the Report on the Application of the
Recommendations of the International Economic Conference
relating to Great Britain.

English text.

p. 16. Tariff Policy. I. para. 1.

"enamelled iron and steel hardware"
should be
"wrought enamelled iron and steel hollowware".

p. 17. para. 2 should read:-

"Although in December 1925 the Government refused to extend the Safeguarding of Industries Procedure to iron and steel products, the manufacturers have persisted in their demands and in August 1928 they obtained a promise that the present procedure - which is considered by the industries to be too stringent - would be modified if the present Government were returned to power after the General Election."

para. 3 should read:-

"Moreover in September 1928 the National Congress of the Conservative Party pronounced itself in favour of extending the Safeguarding Procedure to iron and steel products and in December 1928 the Iron and Steel Trades Confederation asked the Government to appoint a Royal Commission of Enquiry into the situation of the iron and steel industry."

paras. 5 and 6 should read:-

"The question of tariff policy was among the subjects considered by the Committee on Industry and Trade (Balfour Committee) which was appointed in 1924, and whose Final Report was published in March 1929. The Committee concluded that British tariff policy must in the main be a tariff for revenue subject to certain qualifications, e.g., in regard to Key Industry Duties and Imperial Preference. They considered the policy underlying Key Industry Duties to be right in principle but thought the Duties should be reviewed periodically. Tariff policy with the object of neutralising differences in labour costs in competing countries by means of differential customs duties was considered by the Committee as "neither defensible in theory nor feasible in practice". As regards Safeguarding Duties, the majority of the Committee found that, subject to modifications in the procedure followed, there was justification for continuing the experiment of safeguarding for a long enough period to yield more definite conclusions than those attained hitherto. They felt, however, that the operation of this procedure must always be limited as regards both the field of industry to be covered and the period of time for which any Safeguarding Duties shall continue in force, and that the strict fulfilment of the conditions is clearly incompatible with any policy of gradually building up a general tariff by means of a succession of safeguarding inquiries."