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REPORT

OF THE

CO-ORDINATION COMMITTEE

ON THE

ECONOMIC AND FINANCIAL QUESTIONS

**contained in the Agenda of the Nineteenth
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REPORT OF THE CO-ORDINATION COMMITTEE

INTRODUCTION.

At the last Assembly, the following resolution ¹ was adopted:

“ The Assembly invites the Council to set up a committee to consider the structure and functions of the Economic and Financial Organisation of the League, more particularly with a view to extending the bases of international co-operation in the economic and financial spheres.”

In accordance with this resolution, the Council, in January last, asked for a report to be made to it on this subject.

In May, as a result of a recommendation contained in the report ² submitted to it, the Council appointed a Committee whose task was described in the report as being “ to initiate proposals for submission to the Assembly or Council, to allocate the tasks with which the Organisation is charged between appropriate Committees and to co-ordinate their work generally ”.

This Committee consists of a Chairman appointed by the Council, the Rapporteurs to the Council on Economic and Financial Questions, representatives of the Economic and Financial Committees, the Presidents of the other standing committees of the Organisation, and a representative of the Transit Organisation. The Council

¹ See *Official Journal*, Special Supplement No. 168, page 14.

² See Report of the Committee to consider the Structure and Functions of the Economic and Financial Organisation (document C.169.1938.II.B).

further invited the Director of the International Labour Office to attend the meetings of the Committee.¹

At the same time, it suggested that this Committee should draw up a memorandum for circulation to Governments in order to facilitate the discussions of the Assembly on economic and financial questions. It is in accordance with this suggestion that we submit the report that follows.

¹ The following members attended the first session of the Co-ordination Committee, which was held at Geneva on July 11th and 12th, 1938:

The Rt. Hon. S. M. BRUCE (*Chairman*), M. WESTMAN (replacing the Rapporteur to the Council for Financial Questions), M. LYCHOWSKI (replacing the Rapporteur to the Council for Economic Questions), M. POSPIŠIL (member of the Financial Committee), M. DAYRAS (member of the Financial Committee), M. VAN LANGENHOVE (Chairman of the Economic Committee), Sir F. W. LEITH-ROSS (member of the Economic Committee), Mr. H. F. GRADY (member of the Economic Committee), M. Y. SHUDO (member of the Economic Committee), M. HUBER (Chairman of the Committee of Statistical Experts), M. MODEROW (Chairman of the Communications and Transit Committee).

Mr. WINANT assisted in the place of the Director of the International Labour Office.

M. DE IONGH (member of the Financial Committee) and M. MANTZAVINOS (Chairman of the Fiscal Committee) were unable to attend.

MEMORANDUM ON THE ASSEMBLY AGENDA.

Part I.

The discussions which took place during the last Assembly on economic and financial questions covered a wide range of subjects. The various resolutions which were finally adopted (apart from those relating to the machinery of the League) fall naturally into two distinct, though related, groups—namely, those concerned with the economic relations among nations, and those more particularly concerned with the social well-being of each country. The agenda for the Assembly of 1938 is naturally largely determined by the discussions which took place last year; and in it also is to be found the same broad division of subjects.

The Assembly, at its session last September, considered various reports from its technical committees on the economic and financial situation of the world at that moment. In the light of these reports and after a lengthy discussion in the Second Committee, it came to the conclusion that action might be possible to remove some of the obstacles to international trade and in particular to facilitate the removal of exchange controls. Accordingly, it suggested that an attempt should be made to reach an agreement under which quota restrictions on the one hand, and exchange control on the other, should be relaxed or abolished, assistance being rendered, if necessary, to countries exercising a control of their exchanges in order to enable them to adjust them to world market conditions.

The Financial and Economic Committees have pursued the study of the question on the basis of an enquiry carried out through their members, and have set up a special committee consisting of certain members of both Committees to review the results.¹ Unfortunately, there have been two developments of major importance during the last twelve months that have rendered progress along the lines suggested by the Assembly extremely difficult to achieve.

¹ The Report on Exchange Control submitted by this Committee is published as document C.232.M.131.1938.II.A.

First, the political situation in Europe has in some respects become more difficult and, secondly, a recession in business has taken place which has been gradually spreading wider and wider.

The Committee does not feel it necessary to enlarge on the developments in the political field which are known to all, and they need only observe that the tension that exists in the political field is a limiting factor in regard to any efforts at international financial and economic reconstruction. Moreover, certain of the developments in the political field have very definite repercussions on the work of the Financial Organisation; for example, the recent defaults on international loans clearly tend to impede any plan for joint international action or assistance of a financial nature.

Moreover, political developments have led to alterations in commercial policy and have limited the area over which what used to be considered normal international economic relationships are still maintained. In one great region (the Union of Soviet Socialist Republics) foreign trade is a State monopoly; in another (Germany), it has become more and more controlled in the interests of a policy of self-sufficiency. In yet another great area in Asia, foreign trade is restricted by war and subjected to State control for war needs, while for over two years Spain has been torn in two by civil discord.

All these factors have greatly reduced the chances of a successful and immediate application on any wide scale of the policy outlined by the last Assembly. In the Report of the Mixed Committee on Exchange Control which has been referred to above, it is remarked that

“ the political tension which unfortunately prevails in Europe to-day makes it impossible for the time being to achieve any far-reaching solution of the problem. This could only be attempted with any hope of success, as M. van Zeeland observed in his report, in an atmosphere of international appeasement and co-operation between at least all the principal economic Powers ”.

In these circumstances, the Committee on Exchange Control came to the conclusion that all that could be done was to attempt to alleviate the situation of those countries which had been forced to maintain a system of exchange control, but which were anxious

to find means of restoring their relationship to the free currencies and the system of international trade. This object, in its opinion, cannot be achieved at a stroke, but requires a gradual effort to modify each of the factors which have led the countries concerned to their present situation. The study of the question cannot be divorced from the consideration of other impediments to international trade which have fallen with special severity on agricultural countries. Moreover, the restoration of the normal movement of capital from country to country is an integral part of the restoration of a system of free exchanges. In addition, it has been pointed out that restrictions on movement of population as well as on trade extend the area of difficulty.

Both the Economic and Financial Committees, in their last reports,¹ draw attention to the new or accentuated political and economic difficulties, the latter annexing to its report a note prepared by the Secretariat on certain aspects of the present economic situation. It is not necessary for us to recapitulate what these committees have stated, or even to summarise their findings. We shall confine ourselves to recalling that, during last year, the crest of world recovery would seem to have been passed; that by the end of the first quarter of 1938 world industrial production in the aggregate had lost all the ground gained during the past two years; that the quantum of world trade has once more been sinking; and that unemployment has again increased in most countries. Some countries have suffered less than others; indeed, in a few, conditions still continue to improve. The decline in economic activity in the United States appears to have been particularly pronounced.

The Economic Committee pointed out that, during the early summer, there were some signs of improvement in the general situation.

Moreover, the Financial Committee remarks that certain basic circumstances are to-day more favourable than they were in 1929 or 1930. In the vast majority of countries, monetary conditions are easier; the banking situation is now sounder than it was in many parts of the world; foreign indebtedness has been reduced; the machinery for neutralising the ill effects of great international transfers of capital is much strengthened, and a considerable degree of stability has been secured between the leading currencies.

¹ Documents C.233.M.132.1938.II.B. and C.227.M.129.1938.II.A.

In the purely economic field, the prospects of a general relaxation of the quantitative restrictions on trade depend largely on the creation of conditions which would encourage revival of business in the great industrial States and a rise in the prices of primary products. For, so long as the prices of primary commodities are falling, and, as a result of that fall, the national income of agricultural and mining countries is sinking and their balance of payments is adversely affected, it is very difficult for these States to accomplish any permanent monetary reforms. Such reforms would be facilitated by a revival of business in industrial countries and an upward movement of world prices.

It is to this problem, in the first instance, that we would call the attention of Governments at the next Assembly. Much has been learned during the depression concerning the means which Governments may employ to revive business, by removing any special impediments to profitable enterprise, by stimulating profitable investment, and by maintaining the volume of production and demand by methods appropriate to the conditions in the particular countries concerned. But these measures have generally been pursued on a purely national basis and have been accompanied by restrictions on trade which, while palliating the effects of the crisis in the country concerned, have set in motion forces which sooner or later react on the prosperity of that country, as well as of the rest of the world. Is it not possible to find means of harmonising the policies of national revival with a greater measure of international co-operation? What is required is an exchange of views and experience and an endeavour to replace by constructive concerted action those national restrictive policies that deepen depression.

The Economic Committee has pointed out that the countries co-operating through the Economic and Financial Organisation of the League accounted for 86% of world trade in 1937; and the League therefore affords an opportunity for such exchange of views and experience on a very wide basis.

Moreover, in spite of artificial restrictions on commercial exchanges, progress is possible, as the Economic Committee points out in its report, through the conclusion of bilateral agreements designed to increase the volume of trade. The Anglo-American commercial negotiations now taking place are of special importance

in this connection. We hope that the Assembly may, at its next meeting, urge the conclusion of reciprocal trade agreements designed to bring about a progressive relaxation of the principal barriers to trade arising from excessive tariffs, quotas and exchange control. In this connection, the Economic Committee remarks in its report that the programme of economic normalisation, especially through bilateral negotiations, is undoubtedly more urgent to-day than it was at the close of last year.¹

These two questions—that of a general revival in economic activity and that of commercial policy—constitute two of the major items of the Assembly agenda, which are grouped together in the printed agenda² circulated under one heading—namely, 17 (a) General Economic and Financial Questions. The Co-ordination Committee adds that in the same group of questions is that of raw materials. The position of that question is fully set out in Part II of this report.

The rest of the agenda contains two other questions to which we would draw special attention—namely, demographic (and emigration) problems and the problem of the standard of living. We comment on these and all the other items on the agenda, many of which are closely related to them, in Part II of our report; but we desire here to make certain general observations on them in order to give them their proper setting in the whole picture of work put before the Assembly.

The Committee wishes to emphasise that the freedom of movement of man, like that of goods and capital, is very much more restricted than it was before the war. The problem of population pressures in certain countries has accordingly become more acute, and it is a matter to which serious attention should be paid.

It is subject, perhaps, to two principal solutions which are in no way mutually exclusive. The one is to restore greater freedom of migratory movements; the other is to promote economic conditions, both national and international, such that the standard of living in congested areas may be raised. The two questions—that of populations and that of the standard of living—are thus to a certain extent allied.

¹ See document C.233.M.132.1938.II.B.

² See document A.2.1938.

In the printed agenda circulated to the Assembly, the question of the standard of living is, according to the Rules of Procedure, entered as a special item (17 (d)). But a number of the other questions before the Assembly, such as housing, agricultural credits, nutrition and the proposed European Conference on Rural Life, have the closest bearing on it.

The study of all these subjects, and the provision for all these activities, have a common object—namely, that of devising ways and means for spreading throughout all lands the knowledge available with regard to them, thus contributing to the realisation of policies of social well-being. The accumulation of scientific knowledge and of practical experience on all these subjects ought to be made available to all. There is no more suitable instrument for putting such knowledge at the disposal of Governments and peoples than the League of Nations—or, in its sphere, the International Labour Organisation. They can arrange for enquiries to be conducted as to the practices employed in different countries; they can arrange for exchange of experience between experts engaged on similar work in different countries; they can obtain the authoritative opinion of such persons and can formulate principles which may be employed by national administrations as a basis for action.

The object of all economic policy is to improve the conditions under which man lives; but the notion of welfare has sometimes been overlooked. It is not enough to consider commercial policy as a problem of inter-State negotiations. The aim of all commercial policy and of all international economic relations should be to create conditions as favourable as possible to the life of man. In the preliminary study on the question of the standard of living transmitted by the Economic Committee, consideration is given to the effects of commercial policy in this connection.

As we have stated above, the various items of the agenda to which we have alluded above are all aspects of this one single problem of the standard of living. The Assembly may think it appropriate to treat them jointly or in close connection.

We comment on each item of the agenda separately in Part II of this report.

Part II.

NOTES ON THE AGENDA.

In the notes that follow, we do not attempt to deal with all the various activities of the Economic and Financial Organisation, but confine our attention to the items contained in the printed agenda of the Assembly. The report of the Secretary-General to the Assembly and the supplementary report that will be circulated at the beginning of September give a full account of the whole range of work, including certain subjects, such as double taxation, loan contracts, etc., to which no reference is made here.

We would draw attention, however, to the fact that neither the agenda of the Assembly ¹ nor this report is in any way limitative. Indeed, the Committee appointed to consider the Structure and Functions of the Economic and Financial Organisation specifically recommended that Governments should be asked to state whether they wished to raise any further questions, and that, in the event of their doing so, the additions suggested should be distributed as a supplement to this report.

The first item on the agenda dealing with economic and financial questions, other than that concerning the structure and functions of the Organisation, on which a report ² has already been circulated to the Assembly, is item 17.

Item 17 (a): General Economic and Financial Questions.

The report of the Economic Committee on the work of its forty-eighth session,³ and the report of the Financial Committee on the work of its sixty-sixth session,⁴ contain a general discussion of the present situation. We have mentioned certain of the issues

¹ Document A.2.1938.

² Report of the Committee to consider the Structure and Functions of the Economic and Financial Organisation (document C.169.1938).

³ Document C.233.M.132.1938.II.B.

⁴ Document C.227.M.129.1938.II.A.(Part II).

raised by these Committees in Part I of our report, and desire here merely to draw special attention to these two reports.

There were two special questions raised by the last Assembly —namely, exchange control and raw materials.

(a) *Exchange Control.* — The last Assembly examined a suggestion of the Economic Committee to the effect that the existing systems of quotas and exchange control should be relaxed with a view to their abolition at the earliest possible moment, and requested the Economic and the Financial Committees to pursue the study of the methods that could be adopted to this end.¹ The Economic and the Financial Committees nominated certain of their members as a Mixed Committee to consider the possibilities of action in regard to exchange control. This Committee has submitted a report² in which it expressed the view (discussed and endorsed by the Economic and the Financial Committees) that recent economic and political developments have not been such as to facilitate the achievement of a far-reaching solution in this field. It has therefore limited itself to a number of technical suggestions for the

¹ See *Official Journal*, Special Supplement No. 168, Resolutions adopted by the Assembly during its Eighteenth Ordinary Session, pages 12 and 13.

The resolution of the Assembly reads as follows:

“ The Assembly,

“ Reaffirming the general desire of Member States of the League of Nations to pursue the realisation of the objects defined in the Joint Declaration of the Governments of France, the United States of America, and the United Kingdom, dated September 26th, 1936, and convinced that the achievement of these objects is an essential condition for any effective and lasting improvement of general well-being:

“ (1) Takes note of the report of the Economic Committee on the work of its forty-sixth session and approves its suggestion that the existing systems of quotas and exchange control should be relaxed, with a view to their abolition at the earliest possible moment;

“ (2) Endorses generally the conclusions contained in the report of the Committee for the Study of the Problem of Raw Materials;

“ (3) Requests the Economic and Financial Committees to pursue, each in its own sphere, and in consultation with the parties concerned, the study of the methods that could suitably be applied in order to carry into effect the principles referred to in paragraphs (1) and (2) above; and particularly to recommend, with due regard to the special economic needs of each country, practical measures designed to increase international exchanges and, in particular, to facilitate the removal of exchange controls;

“ (4) Makes an earnest appeal to all countries concerned to lend every possible support to the efforts of these Committees in order to arrive at practical results:

“ ”

² Report on Exchange Control submitted by a Committee composed of Members of the Economic and the Financial Committees (document C.232.M.131.1938.II.A).

relaxation of the exchange-control system, which are recommended to the consideration of the authorities concerned.

(b) *Raw Materials*. — With regard to raw materials, it may be recalled that the Committee set up for the study of this problem divided its report ¹ into two parts, the first dealing with the supply of raw materials and the second with difficulties of payment.

The Assembly referred the first part of the report to the Economic Committee, which, in its forty-seventh report, formulated certain principles applying more particularly to freedom of export, equality of conditions for exploitation, and the control to which should be subjected the operation of international regulation schemes relating to the supply of important raw materials.

Last January, the Council requested the Secretary-General to solicit the opinion of Governments on these various principles and to ask them whether the moment seemed favourable to international action with a view to their application.

Up to the present, ten replies have been received. The majority are favourable to the principles formulated, which, indeed, represent the policy actually applied by certain countries. However, most of the replies expressed the opinion that the present moment does not seem favourable to international action in this field.

It may further be added that, in its last report, the Economic Committee points out that one of the important recommendations of the Committee for the Study of the Problem of Raw Materials—namely, that concerned with the creation and administration of buffer stocks with a view to moderating price fluctuations—is at present the subject of definite proposals in the case of tin.

Finally, the Economic Committee desired to draw the attention of the Assembly to the dangers of deforestation and the resulting soil erosion in various parts of the world. It pointed out to the Assembly the importance of studying this question in collaboration with the International Institute of Agriculture.

As regards the second part of the report of the Committee on Raw Materials, certain proposals of a technical character regarding payment difficulties have been considered by the Financial Committee and transmitted to the Bank of International Settlements.

¹ Report of the Committee for the Study of the Problem of Raw Materials (document A.27.1937.II.B).

The problem of payment for raw materials in its broader aspects is closely related to the question of exchange control to which we have just alluded.

Item 17 (b). — Demographic Problems.

The last Assembly requested the Council to take the necessary steps to draw up a scheme of work for the study of demographic problems by the Economic and Financial Organisation of the League, in close collaboration with the International Labour Office.¹

In pursuance of this resolution, the Economic Committee has drawn up some observations regarding the study of this problem, which are annexed to its last report.² The Economic Committee proposes that a special demographic committee should be set up to study the demographic problem in its relation to the economic, financial and social situation, and to recommend practical remedies. It is thought that particular attention should be paid to the various criteria for estimating over-population, and to the measures adopted in different countries to deal with the increase in population and with methods for facilitating the absorption of this increase.

Item 17 (c). — International Migration.

The last Assembly decided³ to place upon the agenda of its next ordinary session the question of international migration, including the question of repatriation, in order to allow the competent organs of the League, on the basis of the report⁴ by the International Labour Office, to follow up the work of that Organisation in this field, and to make any necessary contribution to the results achieved.

The International Labour Office convened on February 28th a Conference of Experts on Technical and Financial Co-operation with regard to Migration for Settlement. This Conference was attended by a member of the Economic Committee and representatives of the Secretariat. The following countries were represented:

¹ See League of Nations, *Official Journal*, Special Supplement No. 168—Resolutions adopted by the Assembly during its Eighteenth Ordinary Session, page 14.

² Document C.233.M.132.1938.II.B, Section 6, page 6.

³ See *Official Journal*, Special Supplement No. 168, page 14.

⁴ International Labour Office—Report of Technical Conference of Experts on Migration for Settlement. I.L.O.—C.E.M.C.1/10/1938.

the Argentine, Austria, Bolivia, Brazil, Chile, Colombia, Czechoslovakia, the Dominican Republic, Ecuador, Hungary, Japan, the Netherlands, Peru, Poland, Switzerland, Uruguay, Venezuela, and Yugoslavia.

The Conference examined the technical questions which might arise both in emigration and immigration countries and with regard to the transport of emigrants. It expressed the opinion that international financial arrangements would have to be considered when, but only when, definite projects were under discussion.

The Conference then examined the means by which such collaboration could gradually be established; it recognised that it would be desirable to arrange a regular interchange of information between emigration and immigration countries, either directly or through the International Labour Office or through a committee to be created for the purpose.

Finally, the Conference adopted a series of resolutions, and, in particular, expressed the wish "that the Governing Body of the International Labour Office should proceed with the consultations and other steps necessary for the establishment of a Permanent International Committee on Migration for Settlement, comprising representatives of all countries which declare themselves interested in the question and decide to join the committee, as well as experts on economic, financial and social questions".

The Governing Body has communicated this report¹ to the Secretary-General, and it will be laid before the Assembly, which will no doubt desire to give consideration to the whole problem, including that of the procedure to be followed.

Item 17 (d). — Standard of Living.

In October 1937, the Assembly invited the Economic and Financial Organisation, in collaboration, when appropriate, with the International Labour Office, to examine measures of a national or international character for raising the standard of living. According to the terms of the Assembly resolution,² the first stage of this enquiry was to be limited to a preliminary investigation,

¹ I.L.O.—C.E.M.C.1/10/1938.

² See *Official Journal*, Special Supplement No. 168, page 13.

and it was anticipated that the 1938 Assembly would devote further attention to the question.

The Economic Committee accordingly requested an economist (Professor Hall) to prepare a memorandum on the question for its consideration. This memorandum, which was considered by the Economic Committee at its last session,¹ is being circulated as a separate document. In it, Professor Hall had recommended the adoption of a procedure similar to that followed in the case of nutrition. The Economic Committee agrees that the procedure adopted in the case of nutrition may afford a useful precedent, and remarks that, if it is adopted and a mixed committee appointed, that committee should be so constituted as to ensure that the wider economic implications of any policies advocated should receive full consideration. It remarks also that it will be desirable to have the collaboration of the International Labour Office, which is now engaged on an investigation of certain social aspects of the problem, which it is hoped may be available before the Assembly meets.

Item 17 (e). — Economic Depressions.

The last Assembly invited the Economic and Financial Organisation of the League to take the appropriate steps for the examination of the measures which might be employed with a view to the prevention or mitigation of economic depressions.

In January last, the Council appointed a special delegation to consider this question in all its aspects. At the same time, it invited Governments to furnish brief statements of the measures adopted in recent years with a view to reviving economic activity, and also a summary of any measures of a more permanent character adopted by them with a view to the prevention or mitigation of depressions in the future.²

The delegation just referred to held its first meeting in June, when it had before it, in addition to other memoranda, the replies received from several Governments in response to the Council's

¹ Document C.233.M.132.1938.II.B, Section 4, page 5.

² See League of Nations, *Official Journal*, Minutes of the One-hundredth Session of the Council, page 108.

invitation, and also a note on the relationship between building activity and general economic activity (see Item 19). The delegation invited the Chairman of the International Public Works Committee of the International Labour Office to assist at its deliberations.

The work of this delegation will be facilitated by the fact that the Secretariat has, in pursuance of an earlier resolution of the Assembly and with the aid of a grant from the Rockefeller Foundation, been conducting researches into the problem of the business cycle over a period of several years.

It devoted its first meeting to a general survey of the problems involved and to laying down the lines of the future discussion. In view of the extremely complicated nature of the subject, the delegation will not be able to complete its work before the next Assembly.

Item 17 (f). — Agricultural Credits.

The last Assembly invited the Economic and Financial Organisation to study the systems of agricultural credit and insurance, with a view to the elaboration of principles calculated to strengthen internal and external credit, and suitable for adoption by countries contemplating a modification of their existing legislation on these subjects.¹

The enquiry into this question has been entrusted to M. Tardy, Directeur général honoraire de la Caisse nationale de crédit agricole in France. It is understood that his report may be ready before the next meeting of the Assembly. The Co-ordination Committee would draw the attention of the Assembly to the fact that, should any Government desire advice with reference to any special problems relating to its agricultural credit system, the services of the Financial Committee would naturally be placed at its disposition.

The results of M. Tardy's enquiry will be submitted to the European Conference on Rural Life, which is to take place in the course of 1939.

¹ League of Nations, *Official Journal*, Special Supplement No. 168, page 13.

Item 17 (g). — Fiscal Questions.

(i) *Fiscal Evasion.* — The Assembly invited the Economic and Financial Organisation of the League to examine the methods to be followed in order that a convention—at least between a certain number of States—might be concluded at the earliest moment for the suppression of fiscal evasion, on the basis elaborated by the Fiscal Committee and submitted by the Council to the various States.¹

In order to expedite the matter, the Fiscal Committee met almost immediately after the Assembly, in October 1937.² It examined the replies which had been received from some thirty-five Governments as a result of the consultation referred to above. The Committee found that, owing largely to the difficulty Governments felt in calling for information from their citizens required only to meet the needs of the revenue departments of other States, there was no prospect, at the present time, of concluding an international convention for the suppression of fiscal evasion between a sufficient number of States to achieve the desired results. It considered, therefore, that the wisest course to pursue would be to attempt to obtain some improvement in the existing situation by instituting such exchange of information between revenue authorities as is compatible with existing legislation. The Committee felt, however, that, before proceeding further in that direction, it was necessary for it to have a more complete knowledge of the methods of tax assessment and measures to prevent fiscal evasion in the various countries. To that effect, it prepared a questionnaire to which, in January 1938, the Council requested Governments to reply.

Replies have been received from some fifteen Governments. They will no doubt enable the Fiscal Committee, when it meets in October next, to make useful suggestions both concerning the bilateral arrangements States might conclude in order to combat fiscal evasion of an international character, and also concerning improvements that could be introduced into tax laws in the light of the experience of other countries.

¹ See League of Nations, *Official Journal*, Special Supplement, No. 168, page 14.

² See Report of the Fiscal Committee on its Seventh Session (document C.490. M.331.1937.II.A).

(ii) *Behaviour of Tax Systems.* — Another important item on the agenda of the last meeting of the Fiscal Committee ¹ was the enquiry into the behaviour of tax systems in relation to economic fluctuations. The information collected in the course of that enquiry has been referred to a small group of economists which was appointed by the Council ² in January and will meet in the autumn.

Its report will be considered by the Fiscal Committee at its next session. This question is mentioned here, however, because the conclusions contained in the report will no doubt be of help to the delegation entrusted with the study of the means for preventing or mitigating economic depressions (see Item 17 (e)).

Item 17 (h). — Graphs relating to Financial and Economic Conditions.

The last Assembly requested the Economic and Financial Organisation to consider ways and means for arranging for a permanent exhibition of graphs relating to current economic and financial conditions.

Later, the Danish Government offered to place at the disposal of the Secretariat an exhibition of graphs for the preparation of which a sum of 50,000 Danish crowns had been offered by the Otto Mønsted Foundation.

By a resolution of May 13th, 1938, the Council of the League of Nations requested the Committee of Statistical Experts to consider this offer in connection with the Assembly resolution mentioned above, and to submit a report on both questions in time for consideration by the Council at its next ordinary meeting.

In agreement with a representative of the Danish Government, the Committee of Statistical Experts has prepared a plan for a permanent exhibition of graphs. Under this plan, it is suggested that the exhibition should demonstrate the economic and financial interdependence of nations. It is proposed that the exhibition should be situated in the building of the League of Nations, in rooms easily accessible to delegates, Committee members, journalists and the tourists visiting the building.

Owing to the generous offer of the Mønsted Foundation, the

¹ See Report of the Fiscal Committee on its Seventh Session (document C.490. M.331.1937-II.A).

² See *Official Journal*, Minutes of the One-hundredth Session of the Council, page 109.

cost involved in the preparation of the exhibition, as well as the general expenses for upkeep, heating, lighting, supervision, etc., for two years will be covered entirely by that gift. The plan of an exhibition of graphs can thus be carried out without any expense for the League.

Item 17 (i). — Publications of the Economic Intelligence Service.

The different aspects of the general economic and financial situation, briefly described in the report of the Financial Committee, are more fully elucidated in the various publications of the Economic Intelligence Service, which cover a wide range of subjects (population movements, production and employment, trade and balances of payments, currency and banking, interest rates, prices, and public finances). These publications derive much of their value from the fact that they are prepared by an international staff of experts in a central position embodying an experience gained during close on twenty years.

As indicated in the Secretary-General's Report on the Work of the League, 1937-38, the publications which have appeared since the last Assembly until the end of June this year are the following: *Monthly Bulletin of Statistics*; *Statistical Year-Book of the League of Nations, 1937/38*; *Money and Banking, 1937/38*—Vol. I, *Monetary Review*, Vol. II, *Commercial and Central Banks*; *Review of World Trade, 1937*; *International Trade Statistics, 1936*; *International Trade in Certain Raw Materials and Foodstuffs by Countries of Origin and Consumption, 1936*; *Balances of Payments, 1936*.

In addition, the following publications will appear in July and August respectively: *World Production and Prices, 1937/38*; *World Economic Survey, seventh year, 1937/38*.

The nature and content of each of the above publications are briefly described in the Secretary-General's report to the Assembly.

Item 18. — European Conference on Rural Life.

At the request of the last Assembly,¹ the Council undertook the preparatory work required for the European Conference on Rural Life, to be held in July 1939.

¹ See *Official Journal*, Special Supplement No. 168, page 11.

A Preparatory Committee, which sat from April 4th to 7th, 1938, submitted to the Council a report ¹ specifying the agenda of the Conference and the programme to be followed for its preparation. This report, which was approved by the Council on May 13th,² has been communicated to all European Governments, which were invited to state whether they intend to be represented at the Conference.

The Conference is primarily concerned with the problem of raising the standard of living of rural populations. The agenda drawn up by the Preparatory Committee covers the various facets of rural life in connection with which the public authorities are in a position to bring about an improvement in living conditions: demographic conditions, land-tenure systems, agrarian reforms, land settlement, co-operatives, agricultural credit, public health, nutrition, rural planning.

The Conference should allow of an exchange of experience, both technical and social, concerning the different problems of rural life in Europe, the progress made and the difficulties encountered, and should show in what form the individual efforts made by the various countries might be supported by suitable international measures.

The European Governments have been requested to prepare monographs, describing the conditions of life of the rural population and the improvements required. The experience of each country differs, being determined by its historical and social evolution, the movement of its population, its ethnic and geographical background and the various factors of its economic and social life. Each Government should therefore draw up its monograph in the light of its own special conditions.

Several Governments have already set up Committees to collaborate in the preparations for the Conference. The Preparatory Committee and the Secretariat will endeavour to keep in touch with the national Committees, so as to ensure the necessary cohesion and continuity of these preparations.

Various technical monographs are also being drawn up on the

¹ European Conference on Rural Life—Report of the Preparatory Committee on the Work of its First Session (document C.161.M.101.1938.II.B).

² Minutes of the Hundred-and-first Session of the Council, Seventh Meeting.

general problems included in the Conference's agenda. The Conference will be able to consult specially qualified experts and the work done by the Health Organisation, the Economic and Financial Organisation and the Communications and Transit Organisation of the League of Nations, the International Labour Office, the International Institute of Agriculture and the International Institute of Intellectual Co-operation.

In the light of the national monographs and the technical monographs, the Preparatory Committee will draw up a general annotated agenda to serve as a basis for the Conference's discussions.

Item 19. -- Urban and Rural Housing.

In its report on this question,¹ the last Assembly laid down the following general plan of study:

" (1) An international study of the methods employed in various countries for improving housing conditions, with special reference to the cost involved and results obtained, granted the objects in view;

" (2) A study of the relationship between the activity of the building industry and general economic activity;

" (3) Studies with a view to making recommendations concerning statistical methodology:

" (a) Of methods for estimating the future housing needs;

" (b) Of methods employed in collecting the statistics relating to actual housing accommodation;

" (c) Of methods employed in compiling building statistics;

" (d) Of methods employed in the statistics of building costs, prices, etc."

An expert on housing questions has been entrusted with the study called for in paragraph (1) above. He has visited, or will visit, a number of countries in Europe, in order to enquire into the measures taken or planned with a view to improving both urban

¹ Document A.46.1937.III.

and rural housing conditions. As these study tours cannot be completed until October, his report, which, as indicated in Part I of the present report, is closely linked to that of standard of living, will only be presented after the Assembly. It will be one of the documents to be laid before the proposed Conference on Rural Life, a subject which is likewise linked to the problem of the standard of living.

A brief study of the character indicated in paragraph (2) above has been submitted to the delegation appointed to report on Measures for Prevention or Mitigating Economic Depressions, to which reference has been made above (see 17 (e)).

The studies concerning statistical methodology, referred to under paragraph (3) of the general plan laid down by the Assembly, fall within the competence of the Committee of Statistical Experts. As the statistics relating to actual housing accommodation (paragraph (3), item (b)) are generally collected in connection with the general population censuses, that Committee planned its work so that the recommendations on this point might reach Governments in time for consideration by them when preparing their next population census, which, in most countries, will be taken round the year 1940.

It has therefore submitted to the Council a minimum programme on housing statistics, limited to subjects on which information adequate for purposes of international comparison can be obtained in connection with a general population census,¹ and has suggested that Governments should be requested to forward their observations on it before the end of the year.

The Committee will deal next year with the other questions raised by the Assembly resolution.

Item 20. — Nutrition.

The last Assembly had before it the "comprehensive and authoritative" report on nutrition drawn up by the Mixed Committee² set up under a resolution of the sixteenth Assembly, in 1935. It

¹ See report of the Committee of Statistical Experts on the Work of its Seventh Session (document C.226.M.128.1938.II.A).

² Final Report of the Mixed Committee of the League of Nations (document A.13.1937.II.A).

expressed the hope that Governments which had not already adopted the recommendation of the Mixed Committee, and set up National Nutrition Committees to deal with this important problem in all its aspects, would consider doing so. With a view to maintaining interest in the nutrition problem and to stimulating further action for the raising of nutritional levels, it:

(a) Invited the Council to arrange for annual meetings of representatives of National Nutrition Committees;

(b) Requested Governments to furnish to the League of Nations annual reports on the action taken by them to study the state of national nutrition and to improve nutritional standards; and

(c) Resolved that the Secretariat of the League of Nations should publish an annual summary, in brief and convenient form, of these statements and of the proceedings of the meetings of the representatives of the National Committees.

In January 1938, the Council requested the Secretary-General to enquire of all States Members whether they had set up a National Nutrition Committee.¹ The replies received showed that eighteen States Members had already set up National Nutrition Committees. It is a noteworthy fact, and one which demonstrates the value of the work of the Mixed Committee, that no fewer than fourteen of these Committees had been set up subsequent to, and—it may with justice be assumed—as a result of, the original recommendation of the Mixed Committee made in 1936 that National Nutrition Committees should be set up wherever possible. The Council, at its May session, decided to invite the Nutrition Committees of all the States Members who had by then informed the Secretary-General of the existence of such Committees to attend a meeting to be held in Geneva in the autumn of 1938. In addition, the Council also instructed the Secretary-General to invite a representative of the Nutrition Committee of the United States of America to participate in this meeting.²

Accordingly, it is expected that some nineteen States will be

¹ See *Official Journal*, Minutes of the One-hundredth Session of the Council, page 100 ff.

² See Minutes of the Hundred-and-first Session of the Council, Third Meeting.

represented at the next meeting of National Nutrition Committees. The great majority of these are European and North-American. The Co-ordination Committee feels that it should draw particular attention to the desirability of forming similar committees in other parts of the world. But if this is done, a question for decision will arise in connection with the last Assembly's resolution. As the Mixed Committee pointed out in its final report, the problem of nutrition necessarily varies widely from one part of the world to another. This being the case, it may be desirable in the future to confine the annual meetings of representatives of National Nutrition Committees to certain groups of countries whose nutrition problems are broadly similar in character.

The connection between the work on nutrition and the work on the standard of living is obvious. The connection is also close between nutrition and the question of rural life.

The Co-ordination Committee expresses the hope that the discussions which take place at the meeting of representatives of National Nutrition Committees next autumn will throw some much-needed light on the problems of rural nutrition, and so contribute to the success of the Conference on Rural Life.
