

[Communicated to the Assembly,  
the Council *Official No.:* **A. 16.** 1939. II.  
and the Members of the League.]

Geneva, June 24th, 1939.

**LEAGUE OF NATIONS**

**REPORT**

OF THE

**CO-ORDINATION COMMITTEE**

ON THE

**ECONOMIC AND FINANCIAL QUESTIONS**

**contained in the Agenda of the Twentieth  
Ordinary Session of the Assembly.**

---

Series of League of Nations Publications

II. ECONOMIC AND FINANCIAL

1939. II.B. 4. ✓

In accordance with the instructions which we have received from the Council and the Assembly, we have the honour to submit the following memorandum on the part of the agenda of the twentieth ordinary session of the Assembly dealing with economic and financial questions, in order to facilitate the Assembly's discussions on these subjects.<sup>1</sup>

We have endeavoured in the second part of our report to give a general view of that part of the work of the Economic and Financial Organisation that arises for discussion and to show the interconnection between the various enquiries undertaken. In the first part of our report, we have thrown into relief certain selected subjects which we believe are likely to prove of particular interest to the Assembly Committee dealing with economic and financial questions.

---

<sup>1</sup> The following members attended the second session of the Co-ordination Committee, which was held at Geneva on June 23rd and 24th, 1939:

The Rt. Hon. S. M. BRUCE (*Chairman*), Baron Hans G. BECK-FRIIS (replacing the Rapporteur to the Council for Financial Questions), M. F. VAN LANGENHOVE (replacing the Rapporteur to the Council for Economic Questions), Dr. C. V. BRAMSNAES (member of the Financial Committee), M. DAYRAS (member of the Financial Committee), M. S. Y. P. YOUNG (substitute member of the Financial Committee), Sir F. W. LEITH-ROSS (member of the Economic Committee), Mr. Mitchell B. CARROLL (Chairman of the Fiscal Committee), M. M. HUBER (Chairman of the Committee of Statistical Experts), M. J. DE RUELLE (Chairman of the Communications and Transit Committee).

Mr. P. W. MARTIN assisted in the place of the Director of the International Labour Office.

M. V. V. BADULESCO (member of the Economic Committee) was unable to attend. M. van Langenhove, representing the Rapporteur to the Council for Economic Questions, also represented the Economic Committee.

## MEMORANDUM ON THE ASSEMBLY AGENDA

### Part I.

It may be convenient to the Assembly if we preface our comments on the individual items of the agenda by a brief consideration of the general significance of the work of the Economic and Financial Organisation of the League.

That work, as we show, covers a wide range of subjects and is effected through various channels; but the common aim of it all is that of improving economic conditions and raising the standard of economic well-being. This, indeed, should be the object of all economic policy, but it cannot be achieved without international co-operation and mutual understanding. The Economic and Financial Organisation offers a means for such co-operation and understanding. Its procedure consists of first surveying year by year the general evolution of economic events, supplementing this general survey by special studies of particular problems of immediate importance, and arranging for full and frank discussion between representatives of different countries or experts in different questions. The purpose of these discussions is either to formulate recommendations or to afford an opportunity for contact between responsible persons and for an exchange of views and experience. By these means, the knowledge available in one country can be put at the disposal of all to the common good; and there can be no doubt that, if the fruits of that knowledge were brought within the reach of the common man and that knowledge more widely applied, the result would be an increase in standards of well-being, which would be raised to levels never attained before. The knowledge that between what has actually been attained and what is technically and economically possible there exist untapped sources of well-being should act as a

constant stimulant to those in whose hands lies the determination of economic and social policy.

In recent years, there has been, in many countries, increasing recognition that constructive and internationally co-ordinated action is required if the right solutions are to be found and applied. The work of the Economic and Financial Organisation of the League has at once reflected this recognition and stimulated it.

The attention of public authorities has for many years been specially preoccupied by the problem of economic depression, and, since 1929, there has been an increased sense of social responsibility, for mitigating their consequences. A special delegation was appointed in 1938 to consider what practical proposals can be made in this field. Among the complexities of this problem, one thing at least is clear—that international collaboration is required to eliminate the risk that the policies undertaken by individual States to deal with depressions when they occur may have unfortunate and depressing consequences on other countries.

The commercial policy pursued by States towards each other, affecting as it does the international exchange of goods, is obviously of first importance; to this question, the discussions and reports of the Economic Committee are mainly devoted. That policy tends to be determined at any moment of time, both by the general state of business—the stage of the business cycle reached—and by more profound forces—the pressure of population or the arrest of population growth, that are being considered by the Demographic Committee.

It is not necessary for us to dwell in detail, at this point, on the relationship of the other work of the Economic and Financial Organisation to this general problem of improving economic well-being.

We may recall the extent to which the report of the Mixed Committee on Nutrition aroused public interest and action in different parts of the world. The League's work on nutrition has now become the spearhead for a more general attack on the problem of the standard of living, on which subject a special report is being prepared for the next Assembly by a sub-committee of the Economic Committee.

Much of the other work, even when it is highly technical, such as that on agricultural credits, medium-term credit to industry,

improvements in international loan contracts, the work of the fiscal Committee in connection with the prevention of double taxation and the principles of direct taxation, has the same final objective—to improve the functioning of the economic machine to the advantage of the consumer.

\* \* \*

The hopes of achieving any rapid economic and social progress have, however, been seriously lessened by recent political happenings. One political shock has succeeded another. Actual warfare has been engaged and is still being engaged in some parts of the world. A state of tension and uncertainty has been created under which it is difficult to plan for the future. Almost every country is incurring armament expenditures on a scale never before attained. The immense increase in State disbursements is creating a fictitious appearance of prosperity. Production is active, but an increasing proportion of that production is intended, not to satisfy consumption needs, but to supply means of destruction or of defence. The point must sooner or later be reached where further increases in the production of armaments can only be rendered possible by limiting consumption.

In present circumstances, this wasteful expenditure on arms is a regrettable necessity. None the less, we consider it essential that, in the inevitable preoccupation with immediate problems, sight should not be lost of the final objective of increasing economic well-being. For it is only in so far as the promise of well-being inherent in our civilisation is fulfilled, that existing systems of production and distribution will derive their ultimate justification.

The orientation of policy in present conditions throws up four big questions for the consideration of the Assembly, on which we comment below.

#### I. *Commercial Policy.*

In the field of commercial policy, recent Assemblies have been particularly concerned with the means by which the various restrictions to international commercial intercourse might be relaxed and trade between the different systems of economy that have developed since 1929 promoted. The Economic Committee noted in its last report that discussions which were being conducted to this end

between the representatives of certain great Powers, and also between representatives of industry in their respective countries, had to be suspended, owing to political events, in the spring of this year.

The Economic Committee expressed the hope that it would "be possible to resume them before long and to bring them to a successful conclusion on a basis which will favour a rational development of international trade".

In the meantime, the existence of difficulties in the way of co-operation among all countries constitutes no ground for refraining from pursuing an active commercial policy. On the contrary, it is very important that all countries should do everything in their power to promote international trade on the most liberal basis possible and in such a way as to allow all States to benefit by the commercial agreements concluded between any of them. One of the major economic problems of many countries to-day is to find means for safeguarding their working population against the danger of unemployment. The creation of work by the State can only be a temporary palliative, especially when that work is devoted to military preparedness. It will tend to stimulate imports without promoting exports and thus strain the balance of payments and create maladjustments in international trade. We cannot hope to find a general and stable solution of the problem of unemployment except by peaceful economic collaboration which will provide each country with its living space—that is to say, full opportunities for the development of its economic life.

The Economic Committee makes a number of proposals regarding the manner in which trade might and should be developed, even in present circumstances. It is not necessary for us to recapitulate these proposals here; they are enumerated in Annex I. We would draw the special attention of the Assembly to that part of the Economic Committee's report which has been printed separately under the title "Observations on the Present Prospects of Commercial Policy".

## 2. *Standard of Living.*

Trade is a means to an end and not an end in itself. That end is the wealth and welfare of the people conducting it.

In the present situation, we are bound to recognise that the movement towards higher standards among those people who

are forced to divert a large and increasing proportion of their productive resources to the requirements of national defence must in the immediate future be slowed down if not entirely stopped. But, even now, standards of consumption can to some extent be protected and perhaps even raised by using existing resources more economically and efficiently. It is, indeed, with such methods that the League committees dealing with the subject have primarily concerned themselves. The discussions of the Committee charged with this question have centred round two means for improving living standards—first, the spreading of existing scientific knowledge over as wide an area as possible and, secondly, the study of new problems the solution of which may help to guide policy or practice in the future. We hope that the European Conference on Rural Life, which is to be held in the autumn of this year, may give an impetus to the spread of scientific knowledge amongst agriculturists and to the improvement of distribution and marketing methods.

In the second part of this report, we mention some of the special studies which are now being undertaken by the technical organs of the League and the International Labour Office in connection with the standard of living—studies relating to physiological standards, to a comparison of those standards with actual levels of consumption, to problems of taxation, transport costs, housing, etc. Each one of these will add to the body of knowledge on which enlightened policy may be based.

### 3. *Economic Repercussions of Armament Production.*

The Economic Committee proposes in its latest report that the Economic and Financial Organisation be requested to make a full study of "the economic repercussions of armament production, including its influence on the standard of living" and we would commend this proposal to the Assembly.

Moreover, whatever the final outcome of the state of political tension may be, society will have to readapt itself sooner or later to a peace-time economy, and a difficult period of adaptation must be foreseen on account of the present diversion of plant and labour to armament needs and the growing dependence of business on Government spending. We do not think Governments can begin to concern themselves too soon with the problems to which that transition must give rise. On the contrary, policies should now be

shaped with that consideration constantly in mind. When we consider the number of human beings now under arms or engaged in the production of armaments, instead of being employed in normal industry and agriculture, it is obvious that acute problems of transference will arise. This whole question is one which should, in our opinion, be studied in close collaboration with the International Labour Office.

As the Assembly is aware, a special delegation was appointed in January 1938 to consider "measures which might be employed with a view to the prevention or mitigation of economic depressions". We understand that this delegation has now reached an advanced stage in its work and will be able to begin the first reading of its report next month. We have no doubt that the guiding principles contained in that report will prove of very real value in connection with these questions of the standard of living, the effect of taxation on business enterprise and the transition to peace conditions. We hope, therefore, that the report may be completed sufficiently early to enable whoever may be charged with the study of the problems we have just mentioned to make full use of it.

#### 4. *Demographic and Long-trend Problems.*

Below these fluctuations in economic activity with which the delegation on economic depressions is concerned, longer-trend forces are at work, some of which may intensify while others lessen the probable depths of depression, but all of which necessitate an adaptation of national economic policies and of the international economic system. We have in mind the problems presented by population pressure when the growth of population outruns the development of its environment; the problems presented by the arrest of population growth; the instability which is caused by the increasing importance of the demand for durable goods or luxury services; the forces that determine the terms of trade between agricultural and industrial States.

Certain of these questions underlie the terms of reference of the Demographic Committee, which was appointed in the spring of this year on the instructions of the last Assembly.

The Economic Committee has also drawn attention to certain features of the economic relations between the predominantly

agricultural countries and the predominantly industrial States, and has emphasised that it is in the interests of the latter countries to do everything in their power to assist the former to find remunerative markets for their products. The Economic Committee proposes to study the particular problems of the predominantly agricultural countries and of the relations between them and the industrial countries.

This question of the terms of trade of agricultural States is closely allied to that of the principles of monetary and credit policy in these countries raised by the last Assembly which is now under consideration by the Financial Committee.

---

## Part II.

### NOTES ON AGENDA

We would draw attention again, as we did last year, to the fact that the report of the Committee appointed to consider the Structure and Functions of the Economic and Financial Organisation, which has now been approved by the Council and the Assembly, recommends that, " in transmitting this memorandum to Governments, the Secretariat should ask them whether they wish to raise any further questions, and in the event of their doing so, the additions suggested should be distributed as a supplement to the memorandum ". We venture to hope that Governments will avail themselves of the opportunity thus afforded to them to submit proposals in advance of the Assembly in time to enable as many delegations as possible to study them before leaving for Geneva.

#### *Item 16 (a): General Economic and Financial Questions.*

With a view to the discussions in the Second Committee, the Economic Committee has submitted a report containing its observations on the present prospects of commercial policy.<sup>1</sup> It records the impossibility of concerted action in present circumstances and, in regard to treaty-making policy, confines itself to suggesting improvements in bilateral agreements, which seem at the moment to offer the most effective means of promoting trade. It emphasises the need for taking measures to adopt a dynamic policy aimed at attracting all the principal trading countries, and, in this connection, draws attention to the commercial policy of the United States of America, which is typical of the liberal principles advocated in its report.

The basis of such a policy must, in the opinion of the Committee, be the most-favoured-nation clause, under which concessions to one country are automatically extended to all others enjoying

---

<sup>1</sup> Document C.179.M.108.1939.II.B.

most-favoured-nation treatment. While insisting on the serious obstacle that quotas constitute in the way of the further development of trade, the Committee makes a certain number of suggestions regarding the means by which quota restrictions might be relaxed by those countries which do not feel in a position to abandon them altogether. The Committee addresses a special appeal to countries which instituted import restrictions to defend their currencies and retained them after their currencies had been adjusted.

A section of the report is devoted to the parallel question of exchange control, which the Committee frequently examined in the past. The Committee appreciates the difficulties of abolishing exchange control in certain countries under existing conditions. But means are, it feels, still available for so adjusting such control as to mitigate certain of its adverse effects. The Committee is fully aware of the reluctance of certain countries to bring their internal price-level into line with world market prices through currency adjustment, on account of their fear of inflation, budgetary difficulties or rising prices. In this connection, the Economic Committee points out that "there has been no single example in recent years of currency devaluation leading to inflation. Devaluation does indeed require the simultaneous adoption of an appropriate budgetary policy. It is also sometimes argued that the beneficial effects of monetary re-alignment on export trade are only temporary. It is true that currency adjustments cannot in any case create a permanent export premium, but they do nevertheless result in the permanent removal of the arbitrary impediment to exports represented by an overvalued currency".

Certain recent experiments have shown that if an exchange control country allows its exporters to sell on the free market a proportion of the foreign exchange resulting from their exports to free currency countries, trade with the latter countries will be stimulated. This method encourages exports to free currency countries by enabling the exporters to obtain a higher price for such exports and thus helps to avoid an excessive concentration of trade with clearing countries. The Economic Committee suggests that this system should be applied over the widest possible area.

The Economic Committee mentions several other means for promoting the economic development of countries with exchange

control, and suggests more particularly that such countries should take action to improve the grading and presentation of their goods and thus their competitive position in the world market.

A detailed summary of the Committee's suggestions is given in Annex I.

\* \* \*

The last Assembly invited the Economic and Financial Organisation "to study the methods of providing medium-term credit to industry". The Financial Committee has reported at some length on this subject; its observations are contained in its report to the Council on the work of its sixty-eighth session.<sup>1</sup>

The Financial Committee notes that, while big industry has, in normal circumstances, no difficulty in obtaining the financial facilities it needs and can justify, financing through public issues is difficult for medium and small-sized undertakings. Small industrial concerns in need of capital and credit have therefore been accustomed to rely on local banks knowing the business and the management personally or, in certain countries, on the support of individual capitalists of the region. The Committee emphasises the necessity of drawing a clear distinction between the need for capital and the need for credit. It states some of the conditions in which medium-term credits can legitimately be granted, and comes to the conclusion that credit institutions specially designed to furnish medium-term credit to small and medium-sized industries have their own special usefulness. It describes the machinery recently set up for these and kindred purposes in nine countries, and points to the small volume of business done by these institutions as suggesting that the legitimate unsatisfied demand for this type of financial facility does not represent very large sums in most countries. The fact is that, in the view of the Financial Committee, industrial undertakings of medium and small size should be financed with a large proportion of equity capital rather than indebtedness, and the Committee draws attention to certain tendencies which appear to be reducing the volume of capital prepared to take risks.

In its conclusions, the Financial Committee states that, in its

---

<sup>1</sup> Document C.176.M.105.1939.II.A (Part II).

opinion, the broad tendencies affecting the supply and demand for equity capital require the most serious consideration.

*Item 16 (b): Demographic Questions.*

In accordance with a resolution adopted by the last Assembly, the Council appointed at its January session a "Committee of Experts to study Demographic Problems and especially their connection with the economic, financial and social situation, and to submit a report on the subject which may be of practical value to Governments in the determination of their policies". On this Committee, in compliance with expressed wishes of the nineteenth Assembly, experts from non-member States were asked to serve.

The Committee met in April and laid down the general plan of its work. It decided to classify the problems which arose for its consideration into three major divisions: problems which present themselves in countries in which (a) the population is increasing with great rapidity; (b) the population is decreasing or is threatening to decrease; (c) the population is sparse in comparison with the productive area and resources.

The Committee proposes to institute a certain number of special studies relating to the effects of rapid increases in population in restricted areas, to be carried out concurrently with the studies of wider issues conducted by the Secretariat under its general direction.

*Item 16 (c): Standard of Living.*

As we have indicated in the first part of this report, it is proposed to convene the Sub-Committee charged with this subject immediately before the Assembly in order that it may submit as full and complete a report as possible.

Studies are now being conducted by various technical organisations of the League and by the International Labour Office on a number of different subjects with a view to throwing light on this general problem. Among these, we may mention enquiries into the budgetary outlay of the working classes, housing, clothing, certain fiscal aspects of the problem, as well as the studies undertaken by the Transit Organisation on the incidence of transport costs on the standard of living. The Sub-Committee will report on the progress made in all these subjects and submit proposals for the continuation of this work.

The Economic Committee decided at its March session that a study should be made of the effects on the standard of living of economic policies in certain typical countries. Professor Westin-Silverstolpe (Sweden) has been entrusted with this work, and it is hoped that the study may be ready in time for the coming Assembly.

*Item 16 (d): Economic Depressions.*

The delegation set up by the Council in January 1938 to report on the measures which might be employed with a view to the prevention and mitigation of economic depressions has continued its deliberations. It met in December 1938 and a further meeting has been arranged for July 1939. On account of the scope and complexity of the problem, the delegation has had to give its attention to a wide range of subjects on which a number of detailed memoranda had been prepared.

Among the subjects being considered by the delegation is that of policies which might ensure a greater degree of stability in the economic systems of non-industrialised States.

The Financial Committee has had a general exchange of views on a related subject raised in the last Assembly—that of “the fundamental principles of monetary and credit policy which might be applied to agricultural countries with a view to diminishing the influence of fluctuations in the balance of payments on the credit structure and the rate of exchange”. It decided to defer further consideration of this subject until after publication of the report of the delegation on depressions, unless its advice is meanwhile solicited by any particular country.

*Item 16 (e): International Loan Contracts.*

The sixteenth Assembly invited the Council to appoint a “Committee of legal and financial experts to examine the means for improving contracts relating to international loans issued by Governments or other public authorities in the future, and, in particular, to prepare model provisions—if necessary, with a system of arbitration—which could, if the parties concerned so desired, be inserted in such contracts”.

This is the first occasion on which a thorough study has been made of the legal problems arising in connection with this class of contract,

and the report should prove of very real interest to bankers and issue houses. Certain of the problems involved proved to be both complex and difficult of solution.

The Committee, which has now completed its report, was in no way concerned with existing loans, save in so far as disputes which may have arisen concerning them afforded evidence about the nature of the improvements which might be effected in contracts concluded in the future. Its recommendations relate to (a) the drafting of loan documents, (b) monetary clauses and the gold clause, (c) functions for the service of the loan, and (d) the settlement of legal disputes.

*Item 16 (f): Agricultural Credit.*

The eighteenth Assembly instructed the Economic and Financial Organisation to study " 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 ", and, in 1938, the Assembly decided to extend the enquiry into agricultural credits, " within the limits of the budgetary provisions available, to countries that may consider such an enquiry useful, and, in the first instance, to the Argentine Republic and Uruguay ".

As we reported last year, the first enquiry was entrusted to M. Tardy, Directeur général honoraire de la Caisse nationale de Crédit agricole in France, who visited a number of countries in Central and Eastern Europe. His report <sup>1</sup> was published at the end of last year and is mainly devoted to conditions in that region.

The Financial Committee also deals with certain broad aspects of this question in its report <sup>2</sup> on its sixty-eighth session, and, in particular, with the relationship of agricultural credit to general economic conditions. It emphasises the desirability of agricultural credit being used to facilitate the adjustment of agricultural production to changes in the demand for agricultural products and points to several examples of such adaptation having been successfully made. No attempt is made in the report to set out a

---

<sup>1</sup> Document C.479.M.322.1938.II.A.

<sup>2</sup> Document C.176.M.105.1939.II.A.

theoretically perfect framework for systems of agricultural credit, which must necessarily vary with local conditions and traditions. The Committee does, however, formulate certain guiding principles which should be followed in the administration of agricultural credit systems.

Among the subjects raised in the Financial Committee's report is the relationship between agricultural credit systems and the general credit system, including the central bank. The Committee feels that, in the present circumstances, perhaps the most constructive work which might be undertaken in connection with this problem would be a critical study of this question. It therefore proposes to delegate a few of its members to make this study and to invite the assistance of two or three experts in the administration of agricultural credit systems.

The Secretariat is at present in communication with the Argentine Government regarding the proposed extension of the agricultural credit enquiry to that country.

The reports mentioned will constitute part of the documentation of the European Conference on Rural Life, at which the question of agricultural credit will be discussed.

*Item 16 (g): Fiscal Questions.*

Since the last meeting of the Assembly, the Fiscal Committee has devoted its attention mainly to three subjects: (a) fiscal evasion, (b) the behaviour of tax systems in relation to economic fluctuations and (c) principles of taxation.

Its work on the problem of fiscal evasion, to which attention had been drawn by the Assembly in 1936 and 1937, has been completed.<sup>1</sup> It collected very full information on the methods of preventing fiscal evasion in different countries, which has been communicated to Governments in order to inform them of the methods of assessment and control of income from movable capital used by the various national administrations. This information may be useful to States when negotiating bilateral conventions. Such conventions would indeed permit of a desirable extension of international co-operation for the prevention of double taxation

---

<sup>1</sup> See Report on the Work of the Eighth Session of the Fiscal Committee (document C.384.M.229.1938.II.A).

without necessitating far-reaching reforms in domestic legislation, to which most Governments are opposed.

At its ninth session, the Committee examined the results of the enquiry into the behaviour of tax systems during different phases of the trade cycle. It sets out in its report<sup>1</sup> the economic and technical factors which determine the sensitiveness of the yield of taxation to economic fluctuations, draws attention to the detrimental effects on the trend of business which may be exercised during depressions by certain taxes and discusses the conditions tending to determine the stability or variability of tax revenue.

The Assembly in 1938 invited the Economic and Financial Organisation to "study and advise upon the principles on which fiscal legislation . . . should be based". The Committee has begun with direct taxes and has already laid down certain provisional principles relating to taxes on income. These principles cover the apportionment of the right to levy taxes on income between the State and local authorities, the organic structure of income taxation, the methods of assessment of taxable matter, the methods of collection and the formal character which legislation relating to taxes on income should present.

A chapter of the Fiscal Committee's report deals with studies undertaken by the Committee on recent tax legislation in various countries. The Committee draws attention to the very remarkable similarity in the tax problems with which the various Governments are faced. The Committee therefore thinks that it might be appropriate to institute, through its members and through its corresponding members, most of whom are high officials in the tax administration of their respective countries, a system of exchange of information concerning the new laws and regulations introduced in the field of taxation. It is to be hoped that the national administrations will give their active support to this proposal.

*Item 16 (h): Publications of the Economic Intelligence Service.*

As indicated in the Secretary-General's *Report on the Work of the League, 1937/38*, the following publications have appeared since the last Assembly or will appear before September next:

---

<sup>1</sup> Document C.181.M.110.1939.II.A.

*Monthly Bulletin of Statistics* ;  
*Statistical Year-Book, 1938/39* ;  
*Money and Banking, 1938/39* :  
    Vol. I: *Monetary Review* ;  
    VOL. II: *Commercial and Central Banks* ;  
*Balances of Payments, 1937* ;  
*Review of World Trade, 1938* ;  
*International Trade Statistics, 1937* ;  
*International Trade in Certain Raw Materials and Foodstuffs,*  
*1937* ;  
*Statistical Testing of Business-cycle Theories* :  
    Vol. I: *A Method and its Application to Investment Activity* ;  
    Vol. II: *Business Cycles in the United States of America,*  
    *1919-1937* ;  
*Urban and Rural Housing* ;  
*Public Finance, 1928-1937* (sixty-one pamphlets) ;  
*World Production and Prices, 1938/39* ;  
*World Economic Survey, 1938/39.*

The subjects dealt with in these publications are generally apparent from their titles. The series as a whole gives a very full description of the major economic events and tendencies during recent years, which are summarised for the convenience of the non-specialist in the *World Economic Survey*. As the series of pamphlets on the public finance of different States has now been completed, the *Survey* contains a chapter this year tracing the major tendencies of financial developments in the recent past.

In addition to the publications enumerated above, a new edition has been issued of the volume on business-cycle theories, which was first published in 1937. For this edition, the author, Professor von Haberler, of Harvard University, has written a new chapter dealing with recent discussions on the subject.

*Item 17: European Conference on Rural Life.*

The Assembly's proposal was that the European Conference on Rural Life should meet in July 1939. Since then, several Governments have requested that the Conference be postponed until the autumn, either because they considered that the national documentation would then be more complete, or because they

thought the moment would be more favourable for a conference of this kind.

The Preparatory Committee, whose Bureau met in Geneva on January 23rd, therefore proposed that the Conference should be postponed until October, the date chosen being October 16th.

The work of documentation is being actively pursued. In addition to the general documents,<sup>1</sup> the following European countries have prepared, or are preparing, national monographs: Belgium, United Kingdom, Bulgaria, Denmark, Finland, France, Hungary, Ireland, Latvia, Lithuania, Luxemburg, Netherlands, Norway, Poland, Roumania, Sweden, Switzerland, Turkey, Union of Soviet Socialist Republics, Yugoslavia.

These monographs, which are illustrated, follow in their general lines the order of the items included on the agenda of the Conference, each country being at liberty, however, to lay particular emphasis on the problems which specially concern it.

In accordance with the principle approved by the Assembly, on which the Preparatory Committee's report is based, the Bureau recommended that the social character of the Conference should be emphasised, especially problems of hygiene, medical assistance, education, farm and village planning and the conditions of land tenure.

#### *Item 18: Housing.*

As we have indicated above, we think it would be convenient to consider this question in connection with Item 16 (c) of the agenda, "Standard of Living".

The eighteenth Assembly called for "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".

The Assembly of last year expressed "the hope that, in the preparation of the special report on housing undertaken by the Economic and Financial Organisation in virtue of the instructions given by its resolution of October 2nd, 1937, it will be possible to devote special attention to the financial aspects of town-planning"; and requested "the Financial Committee to consider this report when it is completed, with a view to determining whether it would

---

<sup>1</sup> For a list of the general documents prepared, see Annex II.

be useful to Governments if the study were extended to cover other aspects of housing policy ”.

The results of the investigation will be published before September under the title “ Urban and Rural Housing ”.

The Financial Committee at its last meeting considered the second paragraph of the resolution of the last Assembly quoted above. It was able to examine advance proofs of certain sections of the report but decided to defer full consideration of the matter until its next session.

In addition to the studies mentioned here, research is being carried out on various aspects of the housing problem by the Health Organisation and the International Labour Office. The Co-ordination Committee has been informed that liaison has, where necessary, been established between these different studies.

#### *Item 19: Nutrition.*

The nineteenth Assembly, in its report on this subject, authorised “ the Council, in arranging for the annual meetings of representatives of National Nutrition Committees contemplated in the Assembly resolution of October 2nd, 1937, to confine such meetings, in cases where it appears appropriate to do so, to groups of countries whose nutrition problem is broadly similar in character and empowers it, should occasion arise, to invite representatives of countries in which there exist public bodies which, while not national nutrition committees, perform similar functions ”.

In accordance with this decision, arrangements have been made to hold the next meeting on this subject in Buenos Aires this autumn.

In October 1938, a meeting was held in Geneva at which eleven European countries and Australia, Canada, Egypt, Iraq and the United States of America were represented. The meeting provided an opportunity for a useful exchange of views and experience between the delegates regarding the progress of nutrition work in their countries. The delegates also exchanged views on methods of conducting dietary surveys; methods of improving the nutritional status of infants and young children; and on methods of education and publicity to improve nutrition.

In accordance with the Assembly's instructions, the Economic and Financial Organisation published in the autumn of last year a *Survey of National Nutrition Policies*, based on information furnished by Governments and by the representatives of National Nutrition Committees in the course of the October meeting to which we have just referred. The survey opens with a review of the progress of the League's work in regard to nutrition problems. An account is given of the various steps taken in a number of countries with a view to improving nutritional levels, the final chapter being devoted to the work done with the object of inculcating a better and more widespread knowledge of the principles and practice of rational nutrition. Other chapters deal with the work of National Nutrition Committees, food consumption surveys and their results, assessment of diets and certain economic aspects of the nutrition problem.

We should perhaps mention that a monograph entitled "Guiding Principles for Studies on the Nutrition of Populations", by Dr. E. J. Bigwood of Brussels, was published under the auspices of the Health Organisation in April 1939. Its publication may be said to complete one early stage in the whole nutrition movement.

The Assembly will no doubt wish to survey the work accomplished up to now with the object of giving further directives.

This question is entered also under Item 20 of the agenda—"Health Questions".

---

## ANNEX I

### RECOMMENDATIONS AND SUGGESTIONS MADE BY THE ECONOMIC COMMITTEE IN ITS REPORT TO THE COUNCIL ON THE WORK OF ITS FIFTIETH SESSION (JUNE 15TH-20TH, 1939)

---

1. Recommendation to States Members to state at the next Assembly what methods of collaboration appear to them most likely to promote international trade on as liberal a basis as possible.

2. Urgent and careful examination by each country of its position in relation to all others with a view to the negotiation of reciprocal concessions in tariffs or other matters on the following bases:

- (a) Long-term commercial agreements;
- (b) Most-favoured-nation treatment in tariffs and in their application;
- (c) Establishment of as liberal quotas as possible and most-favoured-nation treatment in their administration.

3. Recommendation to the Assembly to approve the resolution on the reduction of obstacles to trade adopted on December 16th, 1938, by the Eighth International Conference of American States held at Lima.

#### 4. *Tariffs.*

- (a) Reduction of tariffs which are unduly high.
- (b) Revision of tariffs applied to products the import of which represents only a small proportion of national production.
- (c) Renunciation of arbitrary tariff specialisation.

#### 5. *Quotas.*

- (a) Frequent revision of quotas in force with a view to their suppression, if possible, or their enlargement if maintained.
- (b) Revision, in particular, of quotas established to defend the balance of payments and maintained in force after monetary adjustment was made.

- (c) Possible substitution of moderate tariffs for quotas.
- (d) Possible adoption of tariff-quotas.
- (e) Application of the most-favoured-nation clause as mentioned under 2 (c) above.

#### 6. *Exchange Control.*

(a) Investigation by the exchange-control countries of every means of so adjusting their position as to make possible the abandonment of control as soon as circumstances permit.

(b) Granting by free-currency countries to exchange-control countries of free disposal of as large a proportion as possible of the foreign exchange resulting from the exports of the latter.

(c) Examination of the possibility of extending further and to the largest possible number of countries the system by which a part of the foreign exchange arising out of exports is sold on the free market by the exporters of exchange-control countries.

(d) Investigation by the exchange-control countries of methods which might:

- (i) Lower the level of prices of their export products;
- (ii) Diversify the part of their production intended for export;
- (iii) Improve productive efficiency and the sorting, grading and marketing of their products.

Support to such efforts by the importing countries.<sup>1</sup>

(e) Purchase by the free-currency countries of as large a volume as possible of products from exchange-control countries.

(f) Study of the possibilities for the investment of capital in debtor countries for the purpose of financing production and organising sales abroad, including, if appropriate, the setting-up of branch factories in the smaller exchange-control countries by manufacturers of free-exchange countries.

(g) Formation in appropriate cases in free-currency countries of companies to conduct a barter trade.

---

<sup>1</sup> The Economic Committee draws the attention of the forthcoming European Conference on Rural Life to these points.

7. *Concerning, more particularly, Countries of Predominantly Agricultural Structure.*

(a) Assistance on the part of industrial countries with a view to the opening of markets for the products of agricultural countries.

(b) Increased consideration in industrial countries for the interests of consumers.

(c) So far as possible, the granting of protection to be accompanied by an obligation in respect of prices of protected products and efficiency of methods of production.

(d) Revision of extreme forms of agricultural protectionism.

---

ANNEX II

GENERAL DOCUMENTS PREPARED FOR EUROPEAN  
CONFERENCE ON RURAL LIFE

---

*International Institute of Agriculture.*

"Some Aspects of Agricultural Overpopulation in Europe."

"The Land Tenure System as a Basis for the Organisation of Rural Life in Europe, Agrarian Reforms and their Economic and Social Consequences for Rural Life."

"Enquiry into the Capital Invested in, and the Income obtained from, Agricultural Undertakings in Europe, based on Accounts for the Period from 1927/28 to 1934/35."

"Land Reclamation in Europe."

"Conditions and Improvement of Agricultural Production, Stock-breeding and Rural Industries."

"Principal Aspects of the Measures taken by the Authorities in connection with the Agricultural Markets and Production."

*International Labour Office.*

"Co-operative Action in Rural Life" (document C.I.M.I.1939, Conf.E.V.R.2).

"Sickness Insurance and Rural Medical Assistance."

"Recreation in Rural Areas" (document C.109.M.64.1939, Conf.E.V.R.17).

*International Institute of Intellectual Co-operation.*

"Intellectual Aspects of Rural Life" (document C.90.M.49.1939, Conf.E.V.R.16).

*Economic Organisation of the League of Nations.*

"Systems of Agricultural Credit and Insurance" (document C.479.M.322.1938.II).

"Survey of National Nutrition Policies, 1937/38" (document C.478.M.321.1938.II.A).

"Urban and Rural Housing."

*Health Organisation.*

"General Survey of Medico-social Policy in Rural Areas" (document C.60.M.22.1939, Conf.E.V.R.13).

Studies on rural planning, health in rural districts, tuberculosis, typhoid and nutrition problems.

"The Organisation of Technical Instruction for Agriculturists", by J. VAN DER VAEREN (document C.75.M.36.1939, Conf.E.V.R.14).

---