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**COMMERCIAL POLICY IN THE
INTERWAR PERIOD:
INTERNATIONAL PROPOSALS
AND NATIONAL POLICIES**

LEAGUE OF NATIONS
GENEVA
1942

**COMMERCIAL POLICY IN THE
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**ECONOMIC, FINANCIAL AND TRANSIT
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Series of League of Nations Publications

II. ECONOMIC AND FINANCIAL
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LEAGUE

PREFACE

This volume on commercial policy constitutes a part of a general programme of studies devoted to problems likely to prove important in connection with the formulation, now or later, of economic policies for the post-war world.

In his *Report on the Work of the League, 1941/42*,¹ the Acting Secretary-General explains the principles on which this undertaking is being conducted. "If the objectives of the 'Atlantic Charter' that 'all the men in all the lands may live out their lives in freedom from fear and want' are to be realized, post-war policies must be thought out in advance and the lessons to be learnt from past experience must be learnt." In the execution of the programme of studies relating to post-war economic and financial problems, "three guiding principles are being kept constantly in mind. These principles may be briefly summarized as follows:

"(a) Every day is creating its to-morrow; the future must inevitably be built on the past. But before that building is planned and projected, we should ascertain what were the causes that led to failure—or success—in the recent past, learn and apply the lessons that may be deduced from the past. It is not sufficient to know the facts; we must know their causal relationships and be able to indicate, from the evidence of the past, not the final objectives that must be the expression of collective human will, but the roads by which this or that objective may or may not be reached.

"(b) Such evidence as to the past must itself be supported by an adequate basis of fact, and the essential information should be so collated and analysed as to allow those responsible for the formulation of policy to frame their own judgment on them.

¹ League of Nations publication: General 1942. 1.

“(c) While the future that lies before us is veiled, the core of the social and economic issues of that future is likely to be the problem of social security; we know, too, that inherent in the organization of modern society are dynamic forces conducive to instability. Two groups of such forces may be distinguished: those that lead to fluctuations in economic activity with their train of depressions, stagnation and unemployment, and those that have their origin in demographic pressure or the demographic pattern of society. The continued existence of these forces may be postulated and no social stability can be assured until we have learnt to deal with them. The means by which such control may be rendered effective must therefore constitute the central thread of all constructive thinking for the future and all policies must be considered in the light of their probable effect on economic stability, on demographic conditions, on social security.”

The League Economic and Financial Committees,¹ to whom a number of draft studies were submitted, recommended that when feasible, “the results of the Department’s enquiries should be published and made available to all interested with the least possible delay.” It has been thought well to begin with commercial policy and international trade. One volume, on *Europe’s Trade*, has already been published and a companion volume entitled *The Network of World Trade* will be published simultaneously with this pamphlet. The purpose of the analysis of *Europe’s Trade* is “to consider what was the part played by Europe in the trade of the world, how far Europe was dependent upon external markets and external markets dependent upon her, to estimate the importance to her of what, in the absence of a better term, is known as Empire trade, and to illustrate the commercial and general economic interdependence of different parts of the continent.”

The Network of World Trade is wider in scope and, although it deals with similar questions regarding other geographical or political areas, is primarily concerned with the essential unity of world trade, with the specific pattern it had assumed and with the multilateral system by which all classes of international ac-

¹ Economic and Financial Committees: Report to the Council on the work of the Joint Session, London, April 27th-May 1st; Princeton, N. J., August 7th-8th, 1942. League of Nations publication, 1942. II. A. 4.

counts were settled. Both of these volumes therefore fall under the second of the guiding principles explained in the Acting Secretary-General's report quoted above. But, while they are thus factual, statistical studies, from the facts summarized conclusions are drawn.

The purposes of the present study of commercial policy in the inter-war period are indicated in the introduction to Part II. They are to compare the commercial policies pursued by States in the inter-war period with the recommendations made by international conferences and committees, whether official or unofficial, to consider the reasons for the frequent discrepancy between the policies recommended and the policies actually pursued and in general for the success or failure of the recommendations made, and finally to draw from this twenty years experience lessons that it is hoped may be of value for the future.

The study falls into three parts; first, a simple historical record of the policies advocated and the policies pursued; secondly, the analysis of the causes of the success or failure of international action or proposals and, thirdly, a summary of conclusions. The first and second parts are self-contained. Those who have not the time or inclination to study the whole historical record will find the analysis of causes comprehensible without, or with but occasional, reference to it. The conclusions—necessarily tentative in character—on the other hand are based on the analysis contained in Part II and do not extend beyond the area of that analysis. As already stated, further conclusions based on supplementary evidence and relating to other aspects of commercial policy and phenomena will be found in *The Network of World Trade*.

A. LOVEDAY

*Director of the Economic, Financial,
and Transit Department*

League of Nations
September, 1942.

TABLE OF CONTENTS

PART I

CHAPTER I—EQUITABLE TREATMENT AND THE REMOVAL OF ECONOMIC BARRIERS, 1918-1921

1. The Fourteen Points, 1918.	15
2. The Covenant of the League of Nations, 1919.	15
3. The Peace Treaties, 1919.	16
4. The Supreme Economic Council, 1920.	17
5. The Brussels Financial Conference, 1920.	18
6. The Portoroze Conference, 1921.	19
7. The Council and the Assembly of the League of Nations, 1921. (Raw Materials Problem).	20
8. The International Chamber of Commerce, 1921.	21

CHAPTER II—THE GENOA CONFERENCE AND THE EARLY WORK OF THE LEAGUE OF NATIONS, 1922-1925

1. The Genoa Conference, May 1922.	22
2. Work of the Economic Committee on "Equitable Treatment": Customs Formalities, Unfair Competition, Treatment of Foreigners, Unjust Discrimination.	24
3. Other work aimed at improving the bases of trade: Commercial arbitration, Bills of exchange, double taxation. . .	29

CHAPTER III—INTERNATIONAL EFFORTS TO SECURE THE REMOVAL OF PROHIBITIONS AND RESTRICTIONS, 1924-1930

1. The partial restoration of "Liberty of Trading" in the early twenties.	32
2. The Prohibitions Conferences of 1927-1929 and the failure of the International Convention of 1927.	33
3. International Agreements on the export of hides, skins, and bones, 1928 and 1929.	35

CHAPTER IV—THE WORLD ECONOMIC CONFERENCE, MAY 1927, AND THE TARIFF PROBLEM

1. The economic and political background.	36
2. The tariff problem.	37
3. Recommendations of the Conference.	38

CHAPTER V — ENDORSEMENT AND APPLICATION OF THE RECOMMENDATIONS OF THE WORLD ECONOMIC CONFERENCE OF 1927

1. Endorsement.	41
2. Application.	42
(a) Tariff Stability, (b) Tariff Levels, (c) The unification and simplification of Customs Nomenclature, (d) Tariff Systems and contractual methods, (e) Miscellaneous questions.	
3. Work of the Economic Committee on the Most Favoured Nation clause.	47

CHAPTER VI — THE GREAT DEPRESSION AND THE EUROPEAN CONFERENCES, 1929-1932

1. The course of commercial policy, 1929-1932.	52
2. The Tariff Truce Conferences, 1930 and 1931.	53
(a) The first Conference with a view to Concerted Economic Action, (b) The second Conference and the failure of collective action on tariffs.	
3. The Commission of Enquiry for European Union.	55
(a) The cereals problem and proposals for temporary preferential tariff treatment, (b) The Danubian problem and the Stresa Conference of 1932, (c) Regional Agreements, (d) International Industrial Agreements.	
4. Procedure for the friendly settlement of inter-State economic disputes.	60

CHAPTER VII — THE LONDON MONETARY AND ECONOMIC CONFERENCE, 1933

1. The Report and Annotated Agenda submitted by the Preparatory Committee.	61
2. Views and Recommendations of Conference Commissions.	64

CHAPTER VIII — THE NEW PROTECTIONISM: PROPOSALS AND POLICY, 1933-1936

1. Evolution of trade relationships and policy. 68
(a) The course of world trade, (b) the currency factor and the growth of quotas, exchange control and clearings, (c) Characteristics of the new trade relationships: bilateralism, regionalism, discrimination, instability, (d) the consolidation of restrictions, the growth of State control and the pursuit of autarky; (e) exchange control and the influence of Germany.
2. The Montevideo Conference, 1933: The Tariff Agreements programme of the U. S. A.; British commercial policy. 73
3. Recommendations by League bodies: on Clearings, 1935; on Agricultural Protectionism, 1935; on Raw Materials, 1936-7. 75

CHAPTER IX — THE TRIPARTITE DECLARATION AND PROPOSALS FOR THE LIBERATION OF TRADE, 1936-1938

1. The Tripartite Declaration, 1936. 79
2. Proposals aiming at increasing liberty of international trade. 80
(a) the International Chamber of Commerce, 1936 and 1937, (b) the Buenos Aires Conference, 1937, (c) the Hague Convention, May 1937, (d) the Economic Committee's scheme, 1937, (e) the van Zeeland Report, 1938.
3. The course of policy in the year following the Tripartite Declaration. 85

CHAPTER X — PROPOSALS AND POLICY AT THE ELEVENTH HOUR

1. Proposals by international bodies. 87
(a) The League report on Exchange Control, 1938, (b) Resolutions of the Lima Conference 1938, (c) Recommendations by the Economic Committee and the International Chamber of Commerce.
2. Attempts by Governments to improve the conditions of international trade. 89

3. The course of policy, 1938-1939.	90
ANNEX: Parties to International Agreements affecting commercial relationships concluded and brought into force under the auspices of the League of Nations.	91

PART II

CHAPTER I

INTRODUCTION	101
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CHAPTER II — INTERNATIONAL COMMERCIAL AND FISCAL LEGISLATION

1. Summary of proposals and results.	104
2. Reasons for success achieved on these problems.	107

CHAPTER III — COMMERCIAL POLICY PROPER, 1919-1929

1. Summary of proposals and the course of policy.	110
2. Reasons for success and failure in regard to the abolition of prohibitions and restrictions, Exchange Controls, etc.	114
3. Reasons for general failure—and specific successes—of proposals aiming at the restoration of “normal” tariff practices and the commercial treaty system.	117
4. Causes of failure to achieve a reduction in tariff levels.	120
i. Causes of the post-1919 rise in tariff levels.	120
ii. How near was Europe to accepting Conference doctrine in 1927-1929?	127

CHAPTER IV — COMMERCIAL POLICY, 1930-1939

1. Summary of proposals and the course of policy.	136
2. Reason for the comparative ineffectiveness of Conference proposals.	143

CHAPTER V

WERE THE RECOMMENDATIONS OF THE CONFERENCES MIS-DIRECTED?	150
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CHAPTER VI — CONCLUSIONS

1. Conclusions regarding Policy	156
2. Conclusions regarding Procedure	162