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GENERAL STUDY CONFERENCE ON PEACEFUL CHANGE.

MEMORANDUM ON

THE EFFORTS MADE BY THE LEAGUE OF NATIONS TOWARDS
A SOLUTION OF THE PROBLEM OF RAW MATERIALS.

by

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submitted to the Conference by the

GENEVA RESEARCH CENTRE

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CONSTITUTION

Article 5

"The Centre, as an organisation, shall not express an opinion on any aspect of international affairs. It shall not accept responsibility for the opinions expressed in the publications issued under its auspices."

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PREFACE

Originally this Memorandum was intended to deal with the efforts made by the League of Nations and of other International Organisations towards a Solution of the Problem of Raw Materials. As the preparation of the Memorandum advanced, however, it became clear that it would be impossible, within the relatively short time at our disposal, to consider the efforts of all international organisations which dealt with the raw materials question. Therefore, after a review of the rôle which the problem of raw materials played at the Paris Peace Conference 1919¹⁾ and of the activity of the International Labour Organisation as well as of certain other international organisations up till 1921, the Memorandum had to be limited to the efforts of the League of Nations in this matter. As concerns the other organisations the Memorandum will be extended later.

In some cases it has been doubtful how far the economic and financial activity of the League of Nations did or did not relate to the so-called problem of raw materials. For if one recognises the fact that the raw materials question can hardly be separated from the general problem of international economic relations in the broadest sense, one recognises also that the raw materials issue is involved, at least indirectly, in every attempt to deal with questions relating to international trade and commercial policy.

Nevertheless, we were obliged to make a selection if we were not to review the whole economic and financial activity of the League. In making this selection we endeavoured to concentrate especially on those efforts of the League of Nations in which the question of the supply

1) The Geneva Research Centre asked Mr. Bernhard M. BARUCH (New York), one of the members of the American Delegation to Negotiate Peace, for certain information concerning the raw materials question at the Paris Peace Conference. Mr. B.M. BARUCH was good enough to place all his materials on the Paris Peace Conference at the disposal of Mr. Maxwell S. STEWART who kindly forwarded to Geneva the extracts he was able to make from these materials.

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of raw materials (and sometimes foodstuffs) was expressly dealt with, even if it was not treated as the main subject.

As concerns the present enquiry of the League into the problem of raw materials and especially the first meeting of the Committee of Experts in March 1937, we endeavoured to give the fullest details of the discussions, as they furnish us with a complete survey of all the aspects of the raw materials question as it appears to day; furthermore, these discussions have not yet been published except for the summaries given in the Press Communiqués of the Information Section of the League of Nations.

Questions of procedure are dealt with especially in connection with the preparation of certain conferences as well as in connection with those proposals of the League which laid special stress on the procedure to follow in the future.

GENERAL INTRODUCTION

The different aspects of the problem of raw materials during the period of 1919-1937.

First of all, we desire to make certain general remarks concerning the different aspects under which the problem of raw materials has appeared during the last 25 years. As a matter of fact, ever since the so-called industrial revolution in the main European States the question of how to get necessary raw materials has existed.

Before the war, however, this problem never became as acute as during the last years because of the fact that industrialisation in Europe was accompanied by a period of relative free trade. But, in spite of the fact that from a purely commercial point of view there were no serious difficulties preventing industrialists from securing for themselves the necessary raw materials, it should not be forgotten that the desire to get access to territories which produced raw materials was one of the most important characteristics of that policy which we are accustomed to call "imperialism".

During the war, the problem of raw materials at once became acute. The breakdown of the world-wide economic relations of the Central European Powers and the necessity of war and armament production in all States made the supply of raw materials for many industries one of the most vital problems of the whole war. On the one hand, the ever-growing demand for raw materials and, on the other, the difficulties of transport (and especially shipping), the impossibility of increasing adequately the production of raw materials, and the restrictions on exports of these materials in the producing countries, soon created that scarcity of raw materials which characterised the whole war period.

But even at the end of the war the scarcity of raw materials did not disappear. On the contrary, the industries in the devastated regions had to be rebuilt, and for this purpose all kinds of raw materials were needed. Furthermore, normal production of the most elementary goods for immediate consumption had to be resumed and raw materials

and foodstuffs had to be transported in large quantities to the Central and East European States. At the same time, the disorganisation of the land transport system reached such a degree that the railway administrations of different States did not allow "individual wagons, coaches and locomotives to enter another State" as they feared "that the latter would keep them"¹⁾. In other words, the demand for raw materials largely exceeded the supply. These were the conditions/^{prevailing} when the question of raw materials had to be dealt with by the Paris Peace Conference.

After the signing of the Peace Treaty the situation became even worse. The Central and East European States were menaced by famine. The depreciation of the currencies of most of the States rendered the purchase of raw materials from abroad difficult or even impossible. The demand for raw materials steadily increased in connection with the general reconstruction of industries. On the other hand, "States which were producers of raw materials took steps to ensure supplies for the home markets by means of prohibitions or restrictive measures, by taxes imposed on exports, or by differential prices..."²⁾ It is easy to understand that such a state of affairs not only led to a steady rise in prices of raw materials but even endangered the industrial and economic life of those States which were obliged to import raw materials.

Under these circumstances various international organisations took up the problem of raw materials. (First of all, the International Federation of Trade Unions at its Conferences in Berne, Amsterdam and London 1919/1920; and then the International Labour Organisation at its First Annual Session in Washington 1919; the International Federation of Miners in Geneva 1920; the International Chamber of Commerce; and finally the League of Nations at

1) L.o.N., Report on the problem of raw materials and foodstuffs by Professor Gini with Annexes prepared under his direction, 1921, p. 40.

2) Ibid. p. 17.

the International Financial Conference and^{at} the Meeting
of the Council in Brussels at the end of the year 1920).

But during the following year the problem of raw materials appeared under a new aspect. "In the course of a few months, and before the conclusion of the enquiries which had been undertaken, the situation had completely changed".¹⁾ The economic system of many States had gone through the first post-war depression. The supply of raw materials became far greater than the demand. Prices therefore fell to a rather large extent, and the problem was no longer how to obtain raw materials but rather how to sell them at a profitable price. Nevertheless in certain States the difficulty of obtaining the necessary supplies of raw materials still continued for a certain time owing to the growing disorganisation of credit and exchange. But the depression of 1920/21 was surprisingly short. "In 1923, commodity prices nearly everywhere stopped falling and business conditions improved".²⁾ The question of raw materials definitely lost its practical importance, when, with the reestablishment of normal credit and commercial relations between the States the economies of all countries entered into the period of prosperity from 1925 to 1929. During this period there was no special problem of raw materials. International division of labour was resumed to a very large extent. Raw materials were imported by the industrial States which exported finished goods to those countries which produced raw materials.

This period of prosperity, however, came to an end in 1929 when the great depression began. It is one of the characteristics of the trade cycles in the present economic system that the depression is marked by a more or less catastrophic fall of prices in raw materials. This was exactly what happened from 1929 to 1933 and the problem of raw materials appeared once again under its aspect of "over-production". Producers of raw materials were unable to find an outlet for their goods and large

1) Ibid, p. 17.

2) L.o.N. "The course and phases of the world economic depression," (Doc. A 22 1931 II A) p. 106.

quantities of raw materials were either destroyed or kept in stock. During this period no State ever complained of not being able to obtain the necessary supplies of raw materials. The problem of raw materials as a scarcity problem reappeared only in the last period under consideration, when, after having reached the deepest point of the depression in 1932 and 1933, production in many States slowly recovered mainly as a result of rearmament programmes. Large quantities of raw materials were again necessary in order to meet the increased demand from industrialists in different countries. Prices of raw materials went up and reached or even exceeded the pre-depression level.

But in spite of the recovery of production which has taken place in many countries, the present situation differs from the period of general prosperity between 1925 to 1929, when the problem of raw materials practically did not arise. What are these differences? The present upward movement of business activity has not so far been accompanied by a similar development of foreign trade. The international division of labour which decreased enormously during the depression has not been resumed to the extent which prevailed during the general prosperity from 1925 to 1929. Trade barriers, quota systems, foreign exchange restrictions, and clearing agreements, which were introduced as measures of protection against the catastrophic fall of prices on the world markets, have continued to be applied particularly by those States whose industries depend, more than those of other States, upon the importation of raw materials. That the present recovery took place mainly on a national basis and without any considerable extension of international economic exchanges is certainly one of the main reasons why certain States are not in a position to pay for the raw materials which they need. If we recognise this fact, we come to the conclusion that, from the economic point of view, the problem of raw materials is not necessarily a problem of redistribution of the world's resources, but is fundamentally a question of re-establishing that degree of international division of labour which prevailed in former times.

These are the different aspects under which the problem of raw materials appeared during the last two and

a half decades and which it would be useful to keep in mind in considering the different efforts made by the League of Nations and other international organisations towards the solution of this question. It will be seen that the different organisations were particularly active during the first period from 1919 to 1923 and that the problem of raw materials practically lost its general interest in the following years. It is only quite recently that the question of raw materials re-appeared as a scarcity problem and as such was discussed by a number of international organisations.

CHAPTER I.

The problem of raw materials and the Paris
Peace Conference 1919.

Before dealing with the different efforts made by various international organisations towards a solution of the raw materials question, we will summarise certain attempts made by the Paris Peace Conference bearing either directly or indirectly on our problem. Besides the treatment of the colonial and mandates question in which the problem of access to at least certain raw materials was involved, the raw materials issue played a certain rôle in connection with the following activities of the Peace Conference :

- I. The Drafting of Article 23e of the Covenant of the League of Nations;
 - II. The Drafting of the economic clauses of the Peace Treaty;
 - III. The Executive work of the Conference done by the Supreme Economic Council which contained a special Raw Materials Section.
1. The Drafting of Article 23e of the Covenant of the League of Nations.

The origin of the clause of "equitable treatment for the commerce of all Members of the League" has been the subject of a special article by Professor RAPPARD¹⁾. It may be sufficient, therefore, to sum up here the debates and different proposals which finally led to the insertion into the Covenant of the following paragraph of Article 23 :

Subject to and in accordance with the provisions of international conventions existing or hereafter to be agreed upon, the Members of the League :

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- (e) will make provision to secure and maintain freedom of communications and of transit and equitable treatment for the commerce of all Members of the League. In this connection the special necessities of the regions devastated during the war of 1914-1918 shall be borne in mind.

1) Rappard, W.E. L'Origine de la Clause dite "De l'Equitable Traitement du Commerce dans le Pacte de la Société des Nations". Published in Mélanges d'Economie Politique et Sociale offert à M. Edgard Milhaud, p. 277-295.

In this form Article 23e seems to have nothing to do with the problem of raw materials. In view of the use of the rather vague term "equitable" and especially in view of the general introduction, Article 23e does not offer any practical guarantee against differential measures or even the commercial exclusion of one State from the markets of other countries.

The importance of this Article of the Covenant may, however, be seen from the fact that it formally serves as the basis of the whole economic and financial activity of the League. Moreover, the clause "equitable treatment for the commerce of all Members of the League", at least according to the intentions of its authors, was meant to protect such States against retaliatory and discriminatory tariffs. One may even say that Article 23e in its present form is exactly the result of various efforts made before and during the Peace Conference in order to come to an agreement on general equality of trade conditions, which obviously would have been of enormous importance for the problem of raw materials. As a matter of fact the putting into practice of such a programme would have meant nothing short of the realisation of the idea of equal commercial access to all countries which are producers of raw materials - a programme which, just now, is again the subject of public discussion and of various efforts, notably by the League of Nations.

The study of these efforts, therefore, not only offers some historical interest but seems to be fitted to facilitate the understanding of the difficulties with which the present efforts of the League of Nations in this matter are confronted.

The principle of perfect economic equality seems to have been enunciated first by President WILSON in Point 3 of his address of January 8, 1918 :

"The removal, so far as possible, of all economic barriers and the establishment of an equality of trade conditions among all the nations consenting to the peace and associating themselves for its maintenance." 1)

1) Miller, D.H. The Drafting of the Covenant, t.I, p.19.

The same idea appeared again in the "Declaration for Equality of Trade Conditions"¹⁾ prepared during the latter part of November 1918 by D.H. MILLER, the Technical Adviser of the American Commission to Negotiate Peace. This document, as well as a second recast and expanded "Declaration for Equality of Trade" prepared before the beginning of the Conference by D.H. MILLER in collaboration with two other American experts (Dr. SCOTT and Professor A.A. YOUNG), was intended to be adopted by all Members of the League of Nations in the form of a special agreement annexed to the Covenant.²⁾ Members of the American and of the British Delegation discussed this proposal as well as a British Draft "Convention for Equality of Trade Conditions"³⁾ which apparently was the British counter-proposal to the American Declaration for Equality of Trade.

Despite the fact that these proposals did not lead to any practical agreement, they are most interesting because of the far-reaching intentions of their authors.

According to Article 2 of the American Declaration of Equality of Trade Conditions every State may freely adopt and freely change a system of export and import prohibitions and duties, port dues, traffic rates, and other regulations; but "every such system, ... shall..., as to the rest of the world, be equal and without discrimination, difference, or preference, direct or indirect." This applied equally to States, Dominions, Colonies, protectorates, dependencies or possessions having (at that time) a tariff system. Tariffs and other charges should not discriminate as to the origin or destination of vessels or goods. Existing regulations or international agreements, however, should not be affected by any of the preceding provisions. Professor YOUNG, one of the authors of this Declaration for Equality of Trade Conditions, writes in 1921 :

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- 1) Extracts from this declaration are reprinted in Miller, D.H., The Drafting of the Covenant, t.I, p.19-21.
 - 2) Miller, t.II, Document 4, p.16-18 (see Appendix I p.1)
 - 3) Miller, t.II, p.18-21. (See Appendix 2 p.3)

"The immediate realization of all parts of so revolutionary a programme as this would have been impossible. It would have outlawed not only the differential tariff system of European and South American States, and of Japan, but also the imperial preference tariffs of the British Dominions, and the colonial tariff systems of France, Italy, Portugal, and the United States. The American advisers proposed, therefore, that existing discriminations should not be affected by these provisions, and that the British Dominions should be permitted, by way of exception, to make preferential arrangements among themselves and with Great Britain."1)

The British Draft Convention for "Equality of Trade Conditions" provided for equality of treatment as regards tariffs and other direct or indirect charges and restrictions on imports and exports. By using the term "High Contracting Parties", however, this draft "seems to relate only to trade between sovereign states and not to trade with colonies and protectorates"2). Furthermore, the British Draft Convention contains the most-favoured-nation clause in its European form, which means that all advantages and privileges accorded to one State must be extended automatically, i.e. unconditionally, to all other States. Finally, a very interesting clause is included in Article 13 of the British Draft which stipulates the following sanctions against States which do not carry out their obligations :

"Any State which is in default through failing to give effect to the decision of the Tribunal referred to in the Annex shall not while such default continues be entitled to claim any of the privileges conferred by this Convention".3)

These are the two proposals which were discussed between the Members of the American and British Delegation before the beginning of the Peace Conference. The acceptance of these proposals by the Members of the League would have constituted nothing short of the renunciation for the future of all measures of discrimination in the commercial policy of States. As regards the problem of raw materials this would have meant equal commercial access, for all the

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- 1) Young, A.A. "Commercial Policy in German, Austrian, Hungarian, and Bulgarian Treaties" in Temperley, H.W.V. A History of the Peace Conference of Paris Vol. V., p. 67/68.
 - 2) cf. "Notes on Draft Convention for Equality of Trade Conditions by Professor A.A. Young," Miller, t.II p. 21.
 - 3) Miller, t.II p. 20.

nations, to the markets of the producing countries, or, in other words, it would have anticipated that solution of the problem to be considered by the Commission of Experts set up at the last Session of the Council of the League of Nations for the study of the raw materials' question.

Professor RAPPARD characterises the nature and the significance of the American and the British proposals in the following words :

"Si l'idée de définir ainsi dans une déclaration annexe au traité de paix les droits et les devoirs des nations en matière de commerce extérieur avait prévalu, et si elle avait pu être effectivement réalisée, le monde se trouverait aujourd'hui doté d'une véritable charte économique internationale."1)

In the documents of that time we find only a few indications as to the course of the discussions which took place between the Members of the two Anglo-Saxon Delegations about these far-reaching proposals. Actually these discussions did not lead to any practical result. According to Professor YOUNG "it is quite probable that Great Britain and the United States could have come to an agreement on some important fundamentals," 2) although even "between those two States there were found to be difficulties over and beyond the obvious ones associated with Imperial Preference, the Philippine tariff and certain minor British and American trade discriminations."3)

Perhaps one of the reasons for abandoning these proposals may be found in the fact that it is extremely difficult to come to an agreement upon equality of trade conditions by means of a general convention which cannot sufficiently take into account the different conditions and interests in various States in all parts of the world. It may also be that, as Professor RAPPARD points out, the American Delegates themselves feared that the American

1) Rappard, W.E. op. cit., p. 284.

2) Temperley, H.W.V. op. cit., vol. V. p. 70.

3) Ibid., p. 71.

Nation and especially the American Senate and Congress would not have been prepared to follow them in an active international economic policy.¹⁾ As Professor YOUNG states, the American proposals met with small favour among the members of the technical staffs attached to the different delegations "even though they legalized all existing discriminatory arrangements and were aimed only against new ones."²⁾ D.H. MILLER, ten years later, in 1928, gives the following reasons for the failure to reach an agreement on the above-mentioned equality of trade proposals :

"There were some who thought that a general convention on the question might be entered into; indeed, ... the British made proposals on the subject; but it always seemed to me that the political obstacles in the way of such a treaty could not be overcome even if all the technical questions could be satisfactorily answered, which was at least highly doubtful; and the comment that I made on my own draft at the time was that 'it only emphasizes the very great difficulties of the whole subject!'"³⁾

These "political obstacles" also seem to have been one of the main reasons why neither the two first drafts of a Covenant elaborated by President WILSON nor other drafts of that time contained any reference to the principle of equality of trade conditions. It was only on January 16, 1919 that Lord Robert Cecil handed over to the American Delegation a draft of a Covenant for a League of Nations, which included the following principle to be embodied in a separate convention annexed to the Covenant:

"For achieving these ends the H.C.P. adopt the following measures :

- (v) They will endeavour to secure and maintain freedom of transit and just treatment for the commerce of all States members of the League."⁴⁾

Four days later, on January 20, 1919 President WILSON'S third draft of the Covenant went even further than the British proposal which very vaguely spoke of "just treatment for the commerce of all State

1) Rappard, W.E. op. cit., p. 285.

2) Temperley, H.W.V., op. cit., vol. V. p. 70.

3) Miller, D.H. t.I, p.21.

4) Miller, D.H., t.II. p. 106/107 ; see also p. 114.

Members." The American draft, in very definite terms, provided for a prohibition of any discrimination between one nation and another. Here is the text of the tenth of the supplementary agreements of this draft of President WILSON :

"It is further covenanted and agreed by the signatory Powers that in their fiscal and economic regulations and policy no discrimination shall be made between one nation and another among those with which they have commercial and financial dealings." 1)

The British draft of January 16, 1919 and President Wilson's third draft were the subject of several discussions between members of the American and British Delegations; the result of these discussions was, however, the adoption of the rather vague British formula as a basis of deliberations for the League of Nations Commission.²⁾

It may be interesting to note in this connection that at the first meeting of the Commission on the League of Nations on February 3, 1919, an Italian draft Covenant was laid before the Commission which proclaimed the following principle as regards raw materials :

"The international distribution of the foodstuffs and raw materials required to sustain healthy conditions of life and industry, must be controlled in such a way as to secure to every country whatever is indispensable to it in this respect."³⁾

According to D.H. MILLER the Italian draft was merely circulated but was not formally presented. It was only occasionally mentioned in the discussions.⁴⁾

In the course of the first discussion of Article 20 of the Draft Covenant the Commission agreed, on the request of the Belgium and French representatives, that during the period of reconstruction special arrangements with regard to the needs of the regions devastated during the war should be admitted⁵⁾. Furthermore, the word

1) Ibid., p. 105.

2) cf. Article 20 of the Draft Covenant which reads as follows : "The High Contracting Parties will agree upon provisions intended to secure and maintain freedom of transit and just treatment for the commerce of all States members of the League". Miller, D.H., t.II, p.237.

3) Miller, D.H., t. II., p. 247.

4) Miller, D.H., My Diary at the Conference of Peace, vol. I., p. 355.

5) Miller, D.H., The Drafting of the Covenant, t. II., p. 277/279.

"just" was finally replaced by the word "equitable"¹⁾ and President WILSON, according to the notes of D.H. MILLER, gave the following explanation as to the meaning of the article :

"Not any restriction on any State in regard to its fiscal policy, no thought of curtailment of right and customs duty, port charges, etc. - in mind that old arrangements of retaliatory tariffs and discriminatory tariffs should be done away with."²⁾

The following deliberations over the article led to some minor modifications of the draft. Finally, at the 13th meeting of the Commission, a British amendment was discussed according to which several matters, which up till then had been dealt with in special articles, were put together in a single article. This British amendment is also responsible for the shaping of the introduction to the present Article 23 whereby equitable treatment for the commerce of all Members of the League will be secured and maintained only "subject to and in accordance with the provisions of international conventions existing or hereafter agreed upon". It is evident that by the insertion of this clause, the whole article definitely lost its juridical significance. As it stands now, Article 23e enunciates the principle of equitable treatment without laying upon the Members of the League any obligation in this respect.

As a matter of fact, one has the impression that in the course of the discussion by the Commission there was a prevailing tendency to weaken the obligatory character of the much more precise provisions which were contained in former drafts. So, first of all, it must be emphasized that "equitable treatment for the commerce of all Members of the League", as it reads in Article 23, may be quite differently interpreted from the earlier formula of "equality of trade conditions."

1) Miller, D.H., t. I, p. 197.

2) Ibid., p. 197.

If we compare, further, Article 23e as it was finally adopted with the third Point of President WILSON'S address on January 8, 1918, the Declaration of Equality of Trade Conditions prepared by D.H. MILLER and his collaborators, the separate conventions provided for by Lord Robert Cecil's draft, of January 16, 1919 as well as with President WILSON'S third draft, the decisive difference can be summarized in the following words: Whereas the latter proposals intended to create at once concrete obligations between the State Members as regards equality of trade conditions, Article 23e only provides for a general principle without giving any "definite assurance of joint agreements by the Members of the League".¹⁾

This is the history and the result of one of the earliest efforts which were made in order to secure equal commercial access to all countries for every State. "Political obstacles" and divergent interests appeared to have made it impossible to come to an agreement of a more practical value in this matter.²⁾

2. The drafting of the Economic Clauses of the Treaty of Versailles.³⁾

The economic clauses of the Peace Treaty (distinguished from those parts of the Treaty devoted to Reparation, Finance, and Ports and Waterways) "were drawn up by a special Commission, the programme for which was prepared by an Economic Drafting Commission, appointed by the Council of Ten on January 27, 1919"⁴⁾. Mr. BARUCH, in a conversation with Maxwell S. STEWART stressed the fact that the real struggle on raw materials occurred in this Economic Drafting Commission. "This Drafting

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- 1) Temperley, H.W.V. Vol. V. p.69.
 - 2) It must, however, be emphasised that the Paris Peace Conference at least provided for "equal opportunity for the trade and the commerce of other Members of the League", in the "A" and "B" Mandates.
 - 3) Owing to the general lack of documentary works the following is based besides the publication of H.W.V. Temperley, A History of the Peace Conference of Paris, on the extracts which Mr. Maxwell S. Stewart was granted permission to make from Mr. B.M. Baruch's materials on the work of the Peace Conference.
 - 4) Temperley, H.W.V. op. cit., Vol.V. p. 52.

Commission comprised one representative of each of the five Great Powers and met under the Presidency of M. CLEMENTEL, the French Minister of Commerce, who afterwards presided over the Economic Commission"¹⁾.

According to a French memorandum (apparently issued in March 1919 and summarising earlier discussions) the French Government, as early as December 1918, had asked the British Government and President WILSON for the

"maintenance of concerted and uniform control on certain essential products, fundamental foodstuffs, textile materials and leathers, certain minerals and metals, and wood, mineral combustibles" ²⁾.

At the same time the French Gouvernement proposed a gradual and uniform loosening of this control once the invaded districts had been assured "the material indispensable for human alimentation" and industrial stocks had been accumulated on favorable terms. "Great Britain accepted this policy on December 31, 1918, on condition of its acceptance by the United States."³⁾

On January 27, 1919 (the day of the appointment of the Economic Drafting Commission) the French delegate and President of the Drafting Commission, M. CLEMENTEL, issued a memorandum which appears to summarise the French position as regards the supply of raw materials after the war. According to this memorandum the consideration of guarantees for the transition period should include the study of "the best method of assuring the equitable distribution of certain raw materials of which there appears to be a world shortage" as well as the study of measures to be taken in common with a view to re-establishing economic stability in the world by putting an end to the still considerable difference in prices of raw materials which had arisen in the countries which had most suffered by the war, owing to unfavorable rates of freight and exchange.⁴⁾

Neither this memorandum, nor the ensuing discussion and memoranda submitted by other delegations, dealt with

1) Ibid. p.52.

2) Reproduced from Mr. B.M. Baruch's documents.

3) Ibid.

4) Ibid.

the problem of raw materials in a general way but considered the whole question only for a period of transition immediately following the war. For this period certain measures were suggested in order to provide those countries and areas which suffered most from a shortage of raw materials and other products, with the necessary materials. In this respect it appears that the European Allies were in favour of a continuation of the war-time control of raw materials. "This was opposed by the Americans, and Mr. BARUCH in particular, from the very beginning, on the ground that there was no real shortage of raw materials, and that the business interests of the United States would not tolerate a continuation of war-time control. Mr. BARUCH claims to have said that he would sell anybody all the raw materials they wanted if they were willing to pay for them. He also said that he had always believed that the Allies were seeking to obtain American raw materials without paying for them, or at least for a nominal payment." 1). Owing to the attitude of the American Government the French proposals were abandoned, and "under strong pressure from the trading classes in each country" the inter-allied organisations had to be liquidated by the Governments of the different Allied States. 2).

The result of the discussion of the Economic Drafting Commission was the elaboration of the programme for the Economic Commission, which the Council of Ten accepted without change. Certain transitory measures, however, the consideration of which by the Economic Commission had been suggested by the Economic Drafting Commission, were referred to the Supreme Economic Council. Thus the Economic Commission had only to deal with the following matters: Permanent Commercial Relations, Contracts and Claims, Ex-Enemy-Aliens, and Abrogation or Revival of Economic Treaties. As regards Permanent Commercial Relations the Economic Commission was to consider what common measures were possible and desirable with a view to the removal of economic barriers, and the establishment on an equitable basis of the principle of Equality of Trade Conditions in International Commerce.

1) Résumé of a conversation with Mr. B. M. Baruch by Mr. Maxwell S. Stewart.

2) Temperley, H.W.V. op. cit., Vol. I, p. 295.

"Under this heading will arise such questions (among others) as customs regulations, duties and restrictions; the treatment of shipping including Port facilities and dues; unfair methods of competition, including false trade descriptions and indications of origin, 'dumping'. &c.; and the exceptions and reservations, transitory or otherwise, which may be found necessary to meet special circumstances." 1)

It was apparently in connection with this part of the programme of the Economic Commission that certain of its members discussed the possibility of securing assent to a general convention on Equality of Trade Conditions probably along the lines of the American and British drafts which we have already discussed in connection with the drafting of Article 23e of the Covenant of the League of Nations. These discussions, however, had no positive result. "The pressure of work involved in completing the Peace Treaty led to the idea being dropped, particularly as the uncertainty of the economic outlook in many of the belligerent countries naturally rendered the representatives of those countries unwilling to enter at that time into such an engagement" 2). This, perhaps equally applies to certain French proposals in the Economic Commission which included engagements "to levy neither export nor import duties on raw materials". The purpose of this proposal was "to put an end, so far as possible, to international rivalries in the search for raw materials, to suppress many of the causes of the economic conflicts that endanger the world's peace, and to offset the natural inequalities arising from the geographical distribution of resources" 3).

As concerns the other questions on the agenda of the Economic Commission the regulation of each of these matters involved the solution of very complicated and highly technical questions which have no direct bearing on the problem of raw materials. Therefore, we may content ourselves with some of the general observations on the economic clauses of the Peace Treaty made in TEMPERLEY'S History of the Peace Conference :

1) Temperley, H.W.V., op.cit., Vol.V. p.52.

2) Ibid., p. 56.

3) Ibid., p.68.

"The effect of the clauses as finally settled is to impose on the late enemy Powers unilaterally for the few years immediately following the conclusion of peace, obligations most of which may later on, when normal conditions and relations are restored, be continued on a reciprocal basis in commercial treaties of the usual type." 1)

"For the most part they merely establish a temporary and probational régime. They are one-sided, because the task was to establish the immediate conditions of peace and not to determine the economic relations and obligations of the victorious powers." 2)

The German Government protested against the Economic Clauses of the Peace Treaty in several notes.³⁾ After referring to the Fourteen Points of President WILSON as well as to some of his speeches, the German observations were mainly based on the argument "that many stipulations of this section were unilateral, placing economic restrictions on Germany from which the Allied and Associated Powers were free"⁴⁾.

The reply of the Allied and Associated Powers of June 16, 1919, after pointing to the economic conditions of Germany which was "in no wise suffering from the devastation brought upon the lands and homes of the Allied peoples" ⁵⁾ emphasised that these measures would be applied only for a transition period. The following are some of the most remarkable statements of this reply :

"Provided that she -(Germany)- abides by the Treaty of Peace, and provided also that she abandons those aggressive and exclusive traditions which have been apparent no less in her business than in her political methods, the ... Powers intend that Germany shall have fair treatment of the purchase of raw materials and the sale of goods subject to those temporary provisions already mentioned in the interests of the nations ravaged and weakened by German action..."

"The principles which the ... Powers desire to bring into application when the world returns to normal conditions are those which President WILSON has enunciated on various occasions in his speeches and which are embodied in Article 23 (e) of the Covenant of the League of Nations."

1) Ibid., p. 55/56.

2) Ibid., p. 84.

3) Cf. especially the observations of the German delegation on the Draft Treaty of Peace presented on May 29, 1919. v. Temperley op. cit., Vol. II, p. 318 ff.

4) Miller, D.H., My Diary at the Conference of Peace, vol. XIX, p. 406.

5) Temperley, H.W.V. op. cit., vol. II, p. 320.

"After the necessary period of transition is over, and when a reformed Germany is admitted to membership of the League of Nations, the ... Powers will be able to co-operate with her in arriving at a more permanent arrangement for the establishment of an equitable treatment for the commerce of all nations".¹⁾

3. The work of the Supreme Economic Council and its Raw Materials Section.

As the necessary documentary materials on the work of the Supreme Economic Council and its Raw Materials Section became available only just before the completion of the present study, it has so far been impossible to give an account of the efforts made by these bodies for a solution of the problem of raw materials. It is, however, intended to include such an account in the final version of this study.

Nevertheless, it may be useful to indicate here that "the bulk of the work of the Supreme Economic Council and of its Sections prior to the signing of peace with Germany related, first, to the relief of the famine-stricken countries in Eastern Europe and, secondly, to the revictualing of Germany in accordance with the terms of the Armistice".²⁾ After the signing of the Peace Treaty, the Raw Materials Committee of the Supreme Economic Council, as it was then called, was entrusted with several enquires into the general situation as regards the supply of raw materials after the war. Thus among other things it prepared the way for certain efforts made after the war towards a solution of the raw materials problem under the auspices of the League of Nations.

1) Ibid., p. 220/322.

2) Temperley, H.W.V., op.cit., Vol. 1. p.300.

CHAPTER II.

The efforts of the International Labour Organisation
and of other international organisations. (1919-1920).

During the deliberations of the Peace Conference, different international organisations passed resolutions on the question of raw materials. It may be remembered in this connection that the scarcity of raw materials which arose during the war continued to exist after the end of the war and even increased in the following months. The lack of necessary raw materials even endangered the whole industrial and economic life in various countries by causing inactivity among certain economic branches and thereby unemployment among the workers.

1. The first suggestions from different workers
organisations 1919.

Under these circumstances, it is not astonishing that one of the earliest impulses for an immediate solution of the problem of raw materials came from workers organisations. Thus the International Federation of Trade Unions, at its International Conference held in Berne as early as February 5-9, 1919, adopted a resolution proposed by the French Delegation which demanded that among the economic tasks of the League of Nations should be that of the international distribution of the necessary raw materials.¹⁾

As regards the supply of foodstuffs, the Consumers' Co-operative Movement in different countries was particularly active. First of all, the National Federation of Consumers Co-operative Societies of France submitted a report on the creation of an office for the collection of statistics of consumption and supplies to the Supreme Co-operative Council constituted under the French Ministry of Labour. On the basis of this report, which emphasised

1) Internationaler Gewerkschaftsbund : Protokoll der Internationalen Gewerkschaftskonferenz vom 5.-9. Februar 1919 in Bern, p. 38. An English text of this resolution may be found on p. 53 of the Report of the Proceedings of the International Trade Unions Congress (28 July - 2 August 1919, Amsterdam) which dealt with the same resolution.

the need for precise statistical information on consumption and supplies of foodstuffs, the Supreme Co-operative Council adopted two resolutions. Whereas the first resolution dealt with the creation of an office of statistics of internal commerce, the second suggested the constitution of an International Office of Statistics of Commerce attached to the Secretariat of the League of Nations which "should be charged with examining the resources and requirements of the various countries and with considering how distribution may be carried out to the greatest common advantage."¹⁾

A conference of the Inter-allied and Neutral Co-operative Societies held at Paris June 26 - 28, 1919, placed in the foreground of the so-called 'post bellum co-operative programme' "the establishment of international committees" which "would be entrusted with the duty of distributing food supplies among the nations in accordance with the needs of each and in so far as the resources of the world permit."²⁾

Finally, the First International Trade Unions Congress held at Amsterdam from July 28 to August 2, 1919, adopted a resolution on the tasks of the League of Nations which should be entrusted, among other things, with the "international distribution of the necessary raw materials."³⁾ It may be noted, however, that this resolution was adopted against the vote of the representatives of the German and Dutch Trade Unions.⁴⁾

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- 1) Cf. the Report of the National Federation of Consumers' Co-operative Societies of France (presented to the Supreme Co-operative Council by Mr. Albert Thomas, later to be Director of the I.L.O.) and the text of the resolutions of the Supreme Co-operative Council I.L.O.: Papers relating to schemes of International Organisation for the Distribution of Raw Materials and Foodstuffs Studies and Reports, Series B, Nr. 2, Oct. 5th 1920, p. 6 ff. and p. 15.
 - 2) Ibid., p. 2.
 - 3) Report of the Proceedings of the International Trade Unions Congress, 1919, Amsterdam, p. 53
 - 4) Ibid., p. 54.

2. The Baldesi motion at the Washington Conference of the International Labour Organisation and its consequences.

These suggestions for a solution of the problem of raw materials had already been made by workers organisations when the International Labour Conference met in its first Annual Session at Washington from October 29 to November 29, 1919. Again, the initiative for a treatment of the problem of raw materials came from the side of the workers. The Italian Workers delegate, Mr. Gino BALDESI, submitted a motion to the sub-committee appointed to study the questions relating to a systematic observation and prevention of unemployment, according to which the League of Nations should be asked to study the question of the equitable distribution of raw materials, "as the lack of raw materials for industry is a frequent and important cause of unemployment"¹⁾. Furthermore, the International Labour Conference should call the attention of the League of Nations to "the opportunity which is presented for establishing a permanent commission to assure such a just distribution among the different countries in accordance with their present and future industrial needs"²⁾. Finally Mr. BALDESI emphasised the necessity of a regulation of the ocean carriage of raw materials, for according to the Minority Report "excessively high and more especially fluctuating ocean freight rates are a leading cause of artificially high prices and speculation in raw materials."³⁾ These proposals, however, were not accepted by the Sub-Committee which "decided by a majority vote that it was not competent to express an opinion on such a subject on the ground that it was not authorized to deal with economic problems that have a political character."⁴⁾ Therefore, Mr. BALDESI presented a Minority Report on the

1) These and the following quotations are extracts from the Minority Report of Mr. Baldesi to the Conference. Cf. International Labour Conference, First Annual Meeting, 1919, p. 237.

2) Ibid., p. 239.

3) Ibid., p. 238.

4) Ibid., p. 237.

subject to the Conference and submitted a motion which no longer proposed the establishment of a permanent commission for the just distribution of raw materials, but simply recommended that the Council of the League of Nations should undertake to examine and to solve the problem in question. Here is the full text of the Baldesi motion as it was finally put to the vote :

"Considering that the question of unemployment is closely related to that of the distribution of raw materials and the means of maritime transport and freight rates; considering further that the question can only be effectively dealt with by the Council of the League of Nations, it is recommended that the Council should undertake to examine and solve the problem."1)

The following debate took a much more fundamental character than one would expect in connection with the rather modest form of the resolution laid before the Conference. First of all, Mr. BLOMJOUS, adviser of the Dutch employers delegate, spoke very strongly against international action in this matter and pointed out the resistance with which every attempt to distribute raw materials in another way than by free trade would necessarily have to meet. Mr. BLOMJOUS thought that "no power on earth will be able to eliminate this competition of the nations to secure for their own people the best possible living conditions and greatest prosperity"²⁾. He added that none of the nations which possess certain privileges either by nature or by the abilities of their own people will ever think of "parting with their rights to sell their raw materials to anyone to whom they want to sell them and who cares to pay the best price"³⁾. Finally, the Dutch employers' delegate laid special stress upon the practical difficulties of any system of international distribution of raw materials :

"Imposing any system whatever of distribution of raw materials would interfere with the right of private property and even with the right of national property. Moreover, no system could have any effect without fixing the selling prices and at the same time the fixing of the rates of exchange between the selling and the buying nations. This would overturn all existing trade customs; it would be more far-reaching than the nationalizing of industries." 4)

1) Ibid., p.143.

2) Ibid., p.135.

3) Ibid., p.135.

4) Ibid., p.135.(see Extracts from Mr. Blomjous' speech, Appendix 3. p. 6).

The opposite ideas were expressed, in a very eloquent speech, by Mr. JOUHAUX, French Workers delegate who pointed out that the continuation, by a large number of countries, of a restrictive and prohibitive policy as regards certain raw materials after the war "would be renewing, in a certain sense, a new form of economic imperialism as dangerous as the imperialism of yesterday"¹⁾. The speaker emphatically emphasised the repercussions of such a policy on the position of the working classes. No real solution of the problem of unemployment would be possible "as long as certain countries have the right to sell their raw materials to foreign purchasers at higher prices than those asked for their own inhabitants."²⁾ Therefore Mr. JOUHAUX considered it impossible "that the working classes in some countries should be condemned to perpetual unemployment while other countries unlawfully keep to themselves, through prevention of export, the raw materials which are needed to give employment to workers in the countries lacking these materials."³⁾

Finally, Mr. GUERIN, French employers delegate, expressed the opinion that the regulation of distribution of raw materials would necessarily lead to an increase of unemployment on account of the bureaucratic character of any such measure.⁴⁾

Put to the vote, the Baldesi motion was rejected by 43 votes to 40.

Thus for a second time in the course of the year 1919, an international body had failed to reach an agreement on the problem of raw materials, although the very small majority at the International Labour Conference against the Baldesi motion "was considered by the movers of the proposal for a distribution of raw materials rather as an encouragement than as a defeat".⁵⁾

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- 1) International Labour Conference. First Annual Meeting. 20th Session p.141.
 - 2) Ibid., p.141.
 - 3) Ibid., p.141. (see Extracts from Mr. Jouhaux' speech, Appendix 4. p. 6)
 - 4) Ibid., p.142.
 - 5) Note on the Distribution of raw materials distributed to the delegates of International Labour Conference. 4th Session. Geneva, 1922. p.3.

This also gives the explanation for the fact that, in the course of the year 1920, the initiative for a solution of the problem of raw materials continued to come from the international organisations of workers which, at that time, hoped for a solution of the problem of raw materials and unemployment by the League of Nations and especially by the International Labour Organisation. The International Federation of Trade Unions, in particular, appealed to different bodies in order to draw their attention to the matter. Thus, on March 5, 1920, the International Federation of Trade Unions appealed to the Council of the League of Nations and, emphasising the impossibility for countries with a low exchange rate to buy raw materials, requested the League of Nations to take the necessary measures.¹⁾ It further appealed to the Supreme Council of the Allied Powers which thereupon, on March 8, 1920, made the following statement regarding the supply of raw materials :

"The supply of raw materials being essential to the restoration of industry, countries which, under the present conditions of international exchanges, are not in a position to buy on the world markets and are consequently unable to restore their economic life, should be given means of obtaining commercial credits."²⁾

The statement concluded that the Powers represented at the Conference "will continue to exchange views with regard to the supply and distribution of necessary raw material and of foodstuffs, so as to establish quickly a normal situation".³⁾

This statement, apparently related to the growing difficulties of credits and exchanges of the post-war period, emphasises for the first time the necessity of giving credits to those countries which are not in a position to buy raw materials on the world markets. This idea

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- 1) Memorandum on the Distribution of raw materials submitted by C. Mertens (Belgium) to the Special International Trade Unions Congress, November, 1920, London. Cf. International Federation of Trade Unions: Report of the Special International Trade Unions Congress held ... in London, Nov. 22-27, 1920 Supplement IV. p.86.
 - 2) International Labour Conference, Fourth Session, Geneva 1922. Note on the Distribution of raw materials. p.3, (see also Appendix 5. p. 7).
 - 3) Ibid. p.3.

was to play an even greater rôle in the subsequent deliberations of the International Financial Conference of the League of Nations in Brussels 1920.

First, however, we have to mention various events which are related to our problem: On June 9, 1920, at its Fourth Session in Genoa, the Governing Body of the International Labour Organisation passed unanimously a resolution urging the preparation by the I.L.O. of an enquiry into industrial production throughout the world on the express understanding "that the question of transport and distribution of raw materials were not to be excluded from the scope of the enquiry"¹⁾. This proposal was submitted to the Governing Body on behalf of the Employers Group by the Italian Employers Delegate, Mr. Pirelli²⁾. Furthermore, during the Second Session of the Conference (in Genoa) a proposal was made by the Seamen's Delegates for a fair distribution of tonnage according to the needs of all the nations.

3. The problem of raw materials and the International Chamber of Commerce. (1920).

In the same month, the International Chamber of Commerce, at its organisation meeting, held in Paris, dealt with the problem of raw materials in a resolution which emphasised the duty of producers in all countries of the world "to increase by every possible means the production of all raw materials that are necessary to the world economic life", in order "to insure peace on a permanent basis"³⁾. The resolution further points to the fact that the Allied Nations, in some instances, possess more

1) I.L.O. Official Bulletin, Vol.I. April 1919-August 1920, (Geneva 1923) p.499.

2) Ibid. p.499, and International Labour Conference, Fourth Session, Geneva 1922, Note on the Distribution of Raw Materials, p.3.

3) International Chamber of Commerce, Resolutions adopted and Resolutions referred to the Board of Directors by the International Chamber of Commerce at its Organisation Meeting, held in Paris, June 23 to 30, 1920, p.8. (See full text of resolution, Appendix 6, p.)

raw materials than they require, and finally emphasises that "there is an eventual danger in discrimination as to prices of raw materials creating monopolies to the countries which own them; therefore ... the International Chamber of Commerce directs the attention of Governments and industrial and commercial people of those nations to the dangers of conflicts which may arise from such discrimination".¹⁾

The British Delegation, however, made certain reservations, declaring that, "while they regret the necessity for Government Control under present circumstances, they cannot recommend to their Government any alteration of the present system until control can be entirely withdrawn."²⁾ It was further resolved that the International Chamber of Commerce should establish a Bureau of Statistics and that statistical data as to the world's supply of food and of essential raw materials should be collected for the purpose of assisting "suitable authorities to effect a just and appropriate allocation of such food and essential raw materials in such manner as to assure to every producing nation a minimum of its needs."³⁾ This idea, to allocate raw materials to different nations according to their needs, on the basis of statistics, re-appears very often in the discussion on the problem of raw materials. Furthermore, as concerns general economic relations, the International Chamber of Commerce recommended "that import and export embargoes should gradually be revoked as soon as the international conditions of each country will permit."⁴⁾

4. The 1920 resolution of the International Congress of Miners on the creation of an International Office for the distribution of certain raw materials and its discussion by the Governing Body of the International Labour Organisation.

Finally, an account may be given of different efforts undertaken by the organs of the International Labour Organisation and the League of Nations in connection

1) Ibid., p.9.
2) Ibid., p.9.
3) Ibid., p.23.
4) Ibid., p.7.

with the proposals of the International Congress of Miners. At its 25th Congress, held from August 2 - 6, 1920, in Geneva, the International Federation of Miners discussed a proposal of the German Delegates suggesting the creation of an "International Coal Office". The German Delegate based his proposal on the fact that the general high prices of coal were due, principally, to the increase of the cost of transportation and to the general disorganisation of the distribution system, and that this situation could be remedied best by an International Organisation.¹⁾ The Congress unanimously adopted the following resolution :

"This Conference, considering the ill-distribution of fuel, ores and other materials, the profit-taking and speculation which are given full freedom of action in this as in all other spheres, considering also the poverty which results from such a state of things for all the peoples, desires that there should be instituted at an early date an International Office for the distribution of fuel, ores and other raw materials, essential to the renewal of the normal economic life of all nations, and requests the International Labour Office to take into particular consideration this urgent requirement presented by the delegates of the International Federation of Miners and confides to it the labour of meeting this requirement at the earliest possible moment, in accord with the executive Committee of the International Federation of Miners and with the assistance of the various branches of the League of Nations". 2)

The Director of the International Labour Office who personally attended the International Miners Congress and took an active part in the debates, communicated the text of the resolution to the Economic Section of the League of Nations as well as to the Secretary of the Supreme Economic Council, and further laid this resolution, as well as a report on the matter, before the Governing Body of the International Labour Organisation at its Fifth Meeting in October 1920. The report emphasises first of all, that "the constitution of an International Coal Office raises

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- 1) Protokoll des 25. Internationalen Bergarbeiterkongresses, Genf 2-6, August 1920, p. 198.
 - 2) This English text of the resolution of the International Miners Congress may be found in the letter of Mr. Butler to the Secretary General of the League of Nations by which the resolution of the International Miners Congress was communicated to the League of Nations. Cf. I.L.O. Bulletin 3. Nov. 1920. No. 9, p.7.

a number of problems which are not altogether within the jurisdiction of the Office"¹⁾. Therefore the Governing Body might easily adopt an attitude that "this problem does not concern the International Labour Office"²⁾. Nevertheless, according to this report, "it would still rest with the Office to express the desires and aspirations of the world of workers in a question such as this and to use its influence to urge the bodies directly responsible to find a solution of the problem"³⁾. Furthermore :

"The world of labour considers that the question of the distribution of raw materials and particularly of coal lies at the heart of the economic framework of the world today. It regards it as of primary importance, particularly for the solution of the problem of unemployment"⁴⁾.

"On all these moral and practical grounds" the report of the Director proposes "that the Governing Body should agree to take into consideration the request addressed to it by the International Miners Conference."⁵⁾

As regards the question of the constitution of an International Coal Office, the report draws the attention of the Members of the Governing Body to "the enormous difficulties which the problem raises"⁶⁾. "If the principle of distribution were accepted, to what an extent would the nations consent to allow themselves to be bound by general rules ?"⁷⁾ The report finally comes to the conclusion that "to approach the problem at once by a frontal attack, to ask for the constitution of a distribution office, with full powers, would at this juncture be a pure chimera, and invite defeat"⁸⁾. Therefore, it appeared to the Director of the International Labour Office that the measure to be taken could only be "the setting up of a permanent statistical office of prices and supplies,"⁹⁾ which would be able

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- 1) Ibid., p.2.
 - 2) Ibid., p.2.
 - 3) Ibid., p.3.
 - 4) Ibid., p.3.
 - 5) Ibid., p.3.
 - 6) Ibid., p.5.
 - 7) Ibid., p.5.
 - 8) Ibid., p.5.
 - 9) Ibid., p.5.

to make suggestions on measures to be taken in order to overcome the difficulties as regards supplies and prices of coal.

During the discussions of the Governing Body "it was argued that the Peace Treaty gave to the International Labour Office no power in such matters"¹⁾ as the Miners Congress had suggested. The workers delegates pointed out that the proposals of the Director to establish a statistical office "did not meet the demands of the Miners who had asked for the International distribution of raw materials indispensable for the working of industries. They fully realised the difficulties but considered that there should be an active international organism the functions of which should not be confined merely to the regulation of the diplomatic relations between the nations"²⁾. Finally the Governing Body rejected by 11 votes to 10 a motion put forward by the Dutch workers delegate, M. Oudegeest, for action by the League of Nations in the matter of the distribution of raw materials and adopted the Director's proposals according to which the Governing Body should continue negotiations with the League of Nations with a view of constituting "an international office of statistics of prices and supplies (the first section of which might deal with coal) attached to the Economic and Financial Section of the League of Nations"³⁾. Moreover, the resolution asked that the International Labour Office be represented on the Office of Statistics and follow carefully the investigations to be made.

Thus the very concrete proposals first of Mr. Baldesi at the Washington Conference of the International Labour Organisation in 1919 and secondly of the International Miners Congress in 1920 did not lead to any other result than the suggestion by the Governing Body of the I.L.O. to constitute an International Office of Statistics. This may be considered at the same time, as the end of a period of particularly strong efforts made by different workers organisations through the medium of the International

1) Ibid., p.6.
2) Ibid., p.6.
3) Ibid., p.7/8.

Labour Office and as the beginning of the investigations of the League of Nations into the problem of raw materials.

CHAPTER III.

The League of Nations and the problem of raw materials during the period of 1920-1921.

1. The International Financial Conference 1920.

In the meantime, on February 13, 1920, the Council of the League of Nations had resolved to convene "an International Conference with the view to studying the financial crisis and to look for a means of remedying it and of mitigating the dangerous consequences arising from it"¹⁾. But the task of the Conference was limited as, according to the supplementary instructions of the Council on August 5, 1920, any question which was still under discussion between the Allies and Germany should be excluded from the deliberations of the Conference²⁾.

The International Financial Conference met in Brussels from September 24, to October 8, 1920. The delegates were appointed by their Governments although they attended the Conference "as experts and not as spokesmen of official policy"³⁾. This also seems to be the reason why the discussions of the different economic problems on the Agenda took place in a very frank manner and why, finally, all the resolutions proposed by the different commissions were unanimously approved.

The Conference met in a period of growing difficulties of credit and exchange and, impressed by this state of affairs, the delegates made several interesting suggestions for removing these difficulties, with special

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- 1) L.o.N., Official Journal No. 2, March 1920, Procès-Verbal of the Second Session of the Council of the League of Nations in London, p.58.
 - 2) L.o.N., Official Journal No. 6, September 1920, Procès-Verbal of the 8th Meeting of the Council, p. 332.
 - 3) International Financial Conference, 1920, Proceedings of the Conference, t.I, p.1.

reference to the supply of raw materials. The fact that the delegates were experts and the treatment of the monetary aspects make the International Financial Conference of 1920 one of the most important meetings which have ever dealt with the problem of raw materials under the auspices of the League of Nations. As concerns the general character of the deliberations and of the practical recommendations of this Conference, it will be seen that they are governed, to a large extent, by the principles of economic liberalism and freedom of international trade.

The problem of raw materials was raised by the Italian Delegates. But unlike the Italian Workers Delegate at the Washington Conference of the International Labour Organisation who had originally proposed the establishment of "a permanent commission for just distribution of raw materials"¹⁾, the Italian experts at the International Financial Conference in Brussels were opposed to any measure of interference with the free circulation of raw materials and capital. The first Italian Delegate, Professor Alberto BENEDEUCE, even denounced as a delusion any attempt of the Governments to make their own country self-sufficient ; likewise, however, he strongly opposed any measure tending to create for one country a monopoly of raw materials or to discriminate between the nationals of different States. He thought, on the contrary, that the economic policy of the countries should tend "to arrive at a liberty of distribution of raw materials as well as gradually to come to a system of free trade"²⁾. Mr. BENEDEUCE added that a greater freedom of circulation of raw materials and capital should be aimed at "in order to attain the highest output in the interests of the whole community"³⁾.

Another Italian delegate, Mr. Ferdinando QUARTIERI, having expressed his confidence in "the rigorous application of the greatest freedom in international commerce and in the pooling of raw materials, coal and foodstuffs" made a strong appeal to the League of Nations for a study of

1) Supra p.22-23.

2) International Financial Conference, Brussels 1920. Proceedings of the Conference, Vol. II. Verbatim Record of the Debates, p. 75.

3) Ibid., p. 75. (See Extract from Mr. Beneduce's speech Appendix 7, p.9).

different measures which might be applied in order to uphold such a state of freedom in international commerce. He thought that the policy of certain States tending "to improve their budgets by raising the prices of their raw materials", is not only unfair but "very serious because it hits at the very root of the productive activity of countries that are less favoured".¹⁾ Mr. QUARTIERI then described the consequences resulting of such a policy of discrimination in the following words :

"... a nation which is put into the position of paying more for raw materials cannot, firstly, export; secondly, cannot provide for the needs of her own people; and finally, will not possess all the necessary means later on to buy the manufactured products which are produced by the wealthiest nations".²⁾

Finally, the speaker asked, that "in view of the seriousness of this state of things" the League of Nations should be invited, "to study the means of arresting this ruinous tendency towards a discrimination of prices and towards the application of differential tariffs as regards the export of raw materials and foodstuffs. The League of Nations ought also ... to complete its study with the view to eliminating every direct or indirect form which might constitute a monopoly or a privilege in favour of certain countries or of certain financial groups, of goods which ought to become the property of the world."³⁾

As concerns in particular the resolutions unanimously approved by the Conference, those proposed by the Commission on International Trade and by the Commission on International Credits deserve the closest attention in connection with the problem of raw materials. The resolutions on international trade are of a rather general character; they mainly emphasise the necessity of restoring that state of affairs in the field of international trade which prevailed before the war :

1) Ibid., p. 96.

2) Ibid., p. 96/97.

3) Ibid., p. 97. (See Extracts from Mr Quartieri's speech Appendix 8, p 9).

" The Conference recommends that, within such limits and at such time as may appear possible, each country should aim at the progressive restoration of that freedom of commerce which prevailed before the war, including the withdrawal of artificial restrictions on, and discrimination of price against, external trade".1)

Finally the resolutions on international trade state that the Conference would welcome any action of the League of Nations with a view of enabling those countries, "which under present conditions cannot purchase the necessary supplies for their reconstruction, temporarily to obtain commercial credits on an approved basis for this purpose."2)

The most important proposals were embodied in the resolutions on international credits. These proposals were intended to remedy a situation which resembles in many respects the present state of affairs. At that time, just as to-day, international credit relations were rendered difficult or even impossible owing to the general insecurity as to the final repayment of the credits by the borrowing countries. As a remedy for the lack of security for the final repayment of the credits, the International Financial Conference suggested the constitution of an international credit organisation³⁾ under the auspices of the League of Nations, in order to facilitate the acquisition of commercial credits for the payment of the essential import of the different States. These States would have to notify the organisation "what specific assets they were prepared to assign as security for commercial credits to be granted by the nationals of exporting countries."⁴⁾ These assets, (taxes, revenues, etc) would be used as a guarantee for the repayment of the normal commercial credits, which would continue to be granted and to be obtained by private exporters and importers. The International Credit Organisation would not be able to grant credits on its own behalf directly to Governments or private firms.

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- 1) International Financial Conference, Brussels 1920. Proceedings of the Conference, t.I., p.22
 - 2) Ibid., p. 23. (See text of these resolutions, Appendix 9, p.10).
 - 3) The technical details of which were developed in the speech of the Dutch banker Mr. Ter Meulen, ibid., p.116¹²⁰.
 - 4) Ibid., p. 27

Its only task would be to supervise the technical working of the whole system, which was organised on the following lines : The International Credit Organisation should determine the gold value of the assets offered by the different Governments which would then be authorised to issue bonds. The service of these bonds would be secured out of the revenue of the assigned assets. The private importer in a given country would then be able to borrow these bonds against certain securities from his Government and to use them as collateral security for the credits accorded to him by a foreign exporter.¹⁾

Finally the International Financial Conference suggested that the attention of the different Governments should be drawn to the system of "finishing credits" which suffered greatly owing to the insufficient legal protection for the creditor.

After the war the system of finishing credits, "that is to say of credits under which a lien in favour of the exporter or a banker is maintained on the raw material in all its different stages and upon the proceeds of the manufactured article .. suffered greatly owing to the lack, in many countries, of sufficient legal protection for the exporter throughout the various stages of importation, manufacture, re-exportation and sale."²⁾ Therefore, the International Financial Conference suggested the summoning of an advisory body of legal experts and business men to specify the legislative action which it would be desirable to take in order to attain the desired object in each of the countries concerned.

As already mentionned, all these resolutions were adopted unanimously by the expert delegates of the International Financial Conference. This fact, however, should

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- 1) A detailed plan as well as the full text of the resolution of the International Financial Conference on this International Credit Scheme, which is usually called, after the name of its author the "Ter Meulen Scheme", is given as Appendix 10, p 11). Furthermore, the whole matter is discussed in connection with the Report of Professor Gini, *infra*, p. 52 ff.
 - 2) International Financial Conference, Brussels 1920. Proceedings of the Conference, t.I., p. 26.

not lead us to underestimate the various difficulties entailed by an application of the recommendations of the Brussels Conference. It will be seen later, especially in connection with the discussion at the First Assembly of the League of Nations in December 1920, how difficult it was to reach an agreement on various questions relating to supply of raw materials between official representatives of different Governments.

2. Mr. TITTONI'S Report on Monopolies and the resolution of the Tenth Session of the Council.

Meanwhile the problem of raw materials was again dealt with at the Tenth Session of the Council of the League of Nations held in Brussels October 20 - 28, 1920. When this Session of the Council took place, public opinion almost universally and in all sections was deeply concerned with the disastrous consequences of the lack of raw materials. No less than seven international organisations or conferences had appealed to the League of Nations for an international enquiry into, and a solution of, the problem. First of all on March 5, 1920, the International Federation of Trade Unions had made the appeal, which we have mentioned, to the Council, requesting that the necessary measures should be taken in order to meet the situation. Furthermore the resolution of the International Miners' Congress, 1920, requesting the institution of an international office for the distribution of fuel and ores and other raw materials had been communicated by the International Labour Office to the Secretary General of the League of Nations. At the same time, the International Labour Office had further communicated the proposal of the Governing Body of the International Labour Organs. in that matter ¹⁾. A fourth appeal for action of the League of Nations was contained in the recommendations of the International Financial Conference, which we have just discussed. The Council, moreover, was appealed to by

1) Cf. the letter of H.B. Butler, Deputy Director of the International Labour Office to the Honorable Sir Eric Drummond, Secretary General of the League of Nations. See I.L.O. Bulletin 3, November 1920, Nr.9, p. 7 ff.

the International Parliamentary Commercial Conference which had just discussed the question in London.¹⁾ Furthermore, the Economic Conference of the "Fight the Famine Council" in London, in October 1920, adopted a resolution urging the desirability of an International Council to advise as to the production and distribution of food, coal and other indispensable raw materials.²⁾ Finally, the International Congress of League of Nations Unions which met at Milan October 12 - 16, 1920, just before the Session of the Council, adopted two resolutions, the first inviting of the League of Nations to "sanction as soon as possible the principle of the abolition in all countries of restrictions and barriers of all nature to commercial exchange especially as regards essential raw materials."³⁾ In the second resolution "the Congress expresses the opinion that any Mandatory Power is forbidden to make use of its position to secure, either for itself or for other Members of the League, special economic and commercial advantages."⁴⁾

These appeals of the different organisations indicate the amount of public interest which existed in connection with this question when the Italian delegate, Mr. TITTONI, raised the problem of raw materials in a report presented to the Council of the League on October 25, 1920. The report starts with an indication of the natural inequalities in the supply of raw materials due to geographical and physical differences in the position of the various States. "In the case of certain raw materials, moreover, their value is above all determined by their scarcity and their existence in limited quantities, so that the country which possesses them does not gain through its own superior capacity for study or for labour, but solely

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- 1) International Labour Conference, Fourth Session, Geneva 1922. Note on the distribution of raw materials, p.7.
 - 2) L.o.N. Proceedings of the First Session of the Provisional Economic and Financial Committee, 1920 (Doc.E.F.S.1./G.P.V.1.) p. 62.
 - 3) L.o.N. Report on the problem of raw materials and food-stuffs by Professor Gini, p.7./8.
 - 4) Ibid., p.8. See Text of these resolutions, Appendix 11, p.12.

through the poverty of others".¹⁾ In such a case "we are ... faced with a real monopoly : for the countries which have possession of raw materials can determine the quantities to be devoted to export, and the prices, in such a way as to increase the latter as much as possible"¹⁾. In order to increase prices the States which possess the monopoly "may have recourse either to export duties, when these are not prohibited by commercial treaties, or to the adoption of increased prices for sale abroad - these correspond in their consequences to export duties ; or else to a system of distribution of the monopolised products which is different for their own territory and for that of others ; or to special arrangements of tariffs, of railways, or of the merchant marine or to the grant of preferences to colonies"²⁾ Such a system of extreme protectionism "renders existing inequalities still more severe and creates new ones, thus multiplying the causes of rivalry and dispute between the nations."³⁾ The difficulty of obtaining raw materials and their excessive price, by excluding the possibility of producing and exporting may even be held " partially responsible for the unfavourable exchange rates of the countries which suffer from . . . monopoly"⁴⁾. But this, according to Mr. TITTONI, is only one side of the problem. "The richer and more powerful countries, who have the privilege of possessing raw materials, not only reserve them as a monopoly, ... but in addition seek to extend their monopoly to the raw materials of other countries by seizing them by means of great capitalist trusts, backed more or less openly by their diplomatic services".⁵⁾ As concerns this form of monopoly Mr. TITTONI especially pointed to the case of

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- 1) Cf. "Monopolies" Report presented by Mr. Tittoni with regard to possible action by the League with the view to securing equitable economic and financial treatment for all its Members. Proceedings of the First Session of the Provisional Economic and Financial Committee, I.O.N. E.F.S.I - G.P.V.I.), p. 23.ff.
- 2) Ibid., p. 23/24.
- 3) Ibid., p.24.
- 4) Ibid., p.24.
- 5) Ibid., p.24.

petrol. Finally the Italian representative recalled that "Article 23 of the Covenant of the League of Nations promises equitable commercial treatment to all States who join "1) and concluded

"by requesting permission to propose to this Assembly (of the League of Nations) the nomination of a Commission to study and present concrete proposals for the prevention of the monopoly of raw materials, either by States or by great international trusts, for the regulation of the distribution of these materials and the assurance to all States of equitable commercial treatment."2)

Mr. BALFOUR, the British representative, replied to the Italian delegate. This reply was summarised later in the "Notes on Mr. Tittoni's Report on Monopolies" submitted by Mr. Balfour to the Economic Committee. The reply of the British representative to the grievances of the Italian delegate certainly belongs to the most notable dialectical statements ever made in the course of the international discussion on the problem of raw materials.

Mr. BALFOUR did not agree with Mr. TITTONI that the present difficulties of Italy, for example in the supply of coal, were due to monopoly or to the abuse by other States of their economic position. According to Mr. BALFOUR, "the only kind of combination which has affected prices is the combination of labour in the great trade unions"3). In dealing with the question generally, Mr. BALFOUR first considered the question of how to define raw materials. He expressed the opinion that there are no raw materials which could be considered as unearned gifts of nature. Finally, Mr. BALFOUR condemned any attempt to limit the control of the States over their own products because this must necessarily hamper those efforts "which Nations may be in the future desirous of making for the conservations of their irreplaceable material."4) The following is Mr. Balfour's full statement on these points :

1) Ibid., p.24.

2) Ibid., p.24.

3) Ibid., p.25.

4) Ibid., p.26.

"Unless I am in error there lies at the root of Signor Tittoni's argument a principle, indicated, rather than formally expressed, according to which the raw material situated within the limits of any country should in equity be treated as the common property of all the world. Nature made it ; man should not monopolize it.

"But this doctrine suggests questions of very great difficulty. That is raw materials ? If it means, as in this connection I suppose it does mean, the unearned gifts of Nature, certainly coal, as it is produced at the present moment in Belgium, France or England must be regarded as a manufactured article. The capital, the scientific equipment, and the skilled labour involved in getting a ton of coal from the bottom of a mine a mile deep to the pit's mouth are at least as great as those required for the growth of vines or olives : and if it be said that only in certain parts of the world can coal be extracted, it is quite as true to say that only in certain parts of the world can vines or olives be grown."

"There is one other point to which I should like to draw attention. There are (I take an example at random) immense stores of coal in Spain, and great opportunities for the use of water power in Italy ; but hitherto it has been cheaper and easier to smelt iron and to run manufacturies by coal imported from Great Britain. Nor do I in the least make complaint of this; for doubtless the immediate advantage for Great Britain is great. But if an attempt is made to limit the control which every nation at present possesses over its own products the ultimate results must be to hamper any efforts which nations may be in the future desirous of making for the conservation of their irreplaceable material. No nation has yet made such efforts on any scale worth considering ; though whether this indifference to the needs of posterity can continue much longer is open to doubt. Could any policy be more flagrantly unjust than one which, directly or indirectly, required Belgium for example to export her coal for the use of other countries while these countries were allowing their inexhaustible stores of water power to run to waste ?"1)

As the result of the discussion, the Council adopted a resolution which contains the terms of reference for the activity of the economic section of the Provisional Economic and Financial Committee which later entrusted Professor GINI with the preparation of an Report on the question. The text of this resolution of the Council reads as follows :

1) Ibid., p.26.

"The Council has fully considered the difficulties experienced by numerous countries in assuring the import of raw materials essential to their welfare and even to their existence, and has requested the Economic Section of the Economic and Financial Committee to study :

- a) The extent and nature of their requirements;
- b) The causes of these difficulties (other than those arising from lack of credit or fluctuations in the rate of exchange, which have already been considered by the Brussels Financial Conference); the effects of the existence of monopolies will be very specially considered.

"The Council invites the Committee to submit to it at the earliest possible moment a report on the results of its enquiry "1).

3. The problem of raw materials at the First Assembly of the League of Nations.

Before we examine the efforts undertaken by the Provisional Economic and Financial Committee in connection with this resolution of the Council, we must give an account of the First Assembly of the League of Nations which took place in Geneva from November 15 to December 18, 1920. The First Assembly of the League of Nations had to deal, among other things, with the establishment of an economic and financial organisation. This question, which was discussed first in the Second Committee (Technical Organisations), set up by the Assembly, gave rise to an interesting debate on raw materials and Article 23e of the Covenant. First, the opening speech of Mr. TITTONI, the Chairman of the Committee, referred to the question of raw materials and discrimination in prices which in his opinion was one of the questions on which the Provisional Economic and Financial Committee should give an opinion. The representatives of the British Empire and of Canada immediately made certain reservations with regard to Mr. Tittoni's speech. At the third meeting of the Committee, Mr. ADOR (Switzerland) proposed the adoption of a motion according to which the duties of the Permanent Economic and Financial Committee should include among others:

"...the examination of measures for preventing monopolies of raw materials and of the means of controlling distribution of raw materials" 2).

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- 1) L.o.N. Official Journal, Nr. 8. Nov. Dec. 1920. Procès-Verbal of the Tenth Session of the Council, p.6.
 - 2) L.o.N. The Records of the First Assembly. Meetings of the Committees. I. Geneva 1920. Minutes of the Second Committee, p. 125.

This time, the representatives of Australia and India made reservations; Sir William MEYER (India) maintained that the terms of Article 23 of the Covenant could not be extended to raw materials.¹⁾ Mr. TITTONI replied that Article 23e could not be reconciled with monopolies of raw materials.²⁾

Finally, at the Fifth Meeting of the Committee, Mr. ADOR, in view of the opposition which his first proposal had met, only tried to form an agreement between the members of the Commission on the resolution which the Council adopted in Brussels emphasising that an enquiry should be made by the Provisional Economic and Financial Committee into the question of raw materials.³⁾ Mr. ADOR submitted a motion urging the necessity of an immediate enquiry into the matter. In an explanatory statement to this motion, the Swiss representative referred once more to Article 23e of the Covenant. This resolution immediately met with the opposition of the representatives of India, Canada, the British Empire, Australia and apparently New Zealand. In particular, Sir George FOSTER (Canada) "feared that the terms of the Council's resolution might cause apprehension in the countries which disposed of raw materials such as Canada and the United States".⁴⁾ Finally, the interpretation given to Article 23 by Mr. ADOR provoked the opposition of the representatives of both India and Canada, who stated that, in their view, this article did not refer to raw materials. The delegates of Italy, Sweden and Colombia supported Mr. ADOR's motion and Mr. RESTREPO (Colombia) "regretted that the representatives of the British Dominions appeared to abandon the principles of economic liberalism which had been the basis of the greatness of the United Kingdom and the development of the British Empire. Free trade was a guarantee of international peace".⁵⁾

The final text of Mr. ADOR's resolution, as adopted by the Second Committee, simply endorsed the Resolution

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- 1) Ibid., p. 125.
 - 2) Ibid., p. 125.
 - 3) Ibid., p. 132.
 - 4) Ibid., p. 132.
 - 5) Ibid., p. 133.

of the Council on the enquiry to be made into the problem of raw materials and monopolies.

Even before the report of the Second Committee was presented to the Assembly, the question of raw materials was dealt with by certain delegates during the debate on the report of the Secretary-General on the work of the Council. The Hon. N.W. ROWELL (Canada) pointed to the fact, that "the great nation South of Canada" could never be expected "to become a party to this League so long as there is any suggestion or contention that you are going to interfere with the domestic affairs of that country."¹⁾ Therefore, the Canadian delegate thought, it would be "unfortunate to throw out to this Assembly and to the public any proposal to the effect that the Covenant of the League covers the question of raw materials".²⁾ Once more, the reply came from the Italian delegate, Mr. TITTONI. He first of all regretted that the delegate of Canada should have pronounced a non possumus and then contented himself with an appeal to the generosity and idealism of the States which produce raw materials :

"To those privileged States which enjoy a monopoly with regard to raw materials, and to those whose wealth has permitted them to acquire a monopoly of these materials outside their boundaries, I say : Do not wait to be appealed to by the poorer States which are at the mercy of your economic policy, but come forward spontaneously and declare to this Assembly that you renounce all selfish aims, and before the bar of the League of Nations declare yourselves ready to support the cause of international solidarity".³⁾

Then came the debate on the Second Committee's Report in which the resolution mentioned above was submitted to the Assembly. The delegates of Canada and Australia again disputed the right of the League of Nations to deal with economic questions under the terms of Article 23. Until international conventions and treaties were concluded the League had to content itself with simple recommendations to the Governments concerned.

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- 1) L.o.N. The Records of the First Assembly. Plenary Meetings, p. 170.
 - 2) Ibid., p. 170.
 - 3) Ibid., p. 178.

The Italian delegate did not reply to these juridical arguments of the representatives of the British Dominions. He realised, however that an examination and discussion of the question of raw materials was not possible at this Assembly "and that a really useful and conclusive debate can only take place after the question had been thoroughly investigated from^a technical point of view."¹⁾ He then re-assured the Assembly on the doubts and anxieties which the Italian motion for an investigation into the problem of raw materials had raised. He said that there was no intention to interfere with the internal affairs of other countries or "to do violence^{to} nature and geography or to correct their inequalities".²⁾ What the Italian delegate desired was "that export duties, differential prices, particularly in respect of those raw materials which are indispensable for the food and the work of the people, should not be increased".³⁾ After pointing to the great dangers of such a policy which would tend to isolate the economic life of certain peoples and might lead to retaliation, he concluded by an appeal to the League to develop among the peoples the sense of economic unity and co-operation. For this purpose, the speaker concluded, the question of raw materials and monopolies should be completely and speedily examined from the technical point of view.⁴⁾

Finally, after a prolonged discussion on the question whether the Assembly should or should not indorse the Council's resolution on raw materials, the resolution submitted by the Second Committee was adopted by the Assembly, in the following form :

"The Assembly having noted the resolution taken by the Council at its meeting in Brussels, October 27th last, considers it indispensable that the Economic and Financial Committee should continue its work without delay in the manner indicated by the Council".⁵⁾

1) Ibid., p. 362.

2) Ibid., p. 362.

3) Ibid., p. 362.

4) Ibid., p. 363.

5) Ibid., p. 367. An interpretative paragraph of the resolution indicated that the resolution was voted only as an interpretative clause to the Report of the International Financial Conference to the Council.

In reading the discussions on the problem of raw materials and monopolies at the First Assembly one has the impression that the whole matter was considered as a test case as regards the economic tasks of the League of Nations. The delegates of the British Empire were opposed to the enquiry into the problem of raw materials, because - in addition to other reasons - they wanted to limit as far as possible the activity of the League in the field of economic questions. The delegates of Italy and Switzerland on the contrary, thought that the League could accomplish its political task only by giving the widest consideration to economic problems.

4. The Report of Professor GINI on Raw Materials and Foodstuffs.

During the Sessions of the First Assembly of the League of Nations the Economic Section of the Provisional Economic and Financial Committee met in Geneva and had to consider the resolution of the Council of October 27, 1920. This resolution entrusted to the Economic Section of the Provisional Economic and Financial Committee the preparation of a report on

- a) the extent and nature of the requirements of those countries which experienced difficulties in the supply of raw materials ;
- b) the causes of these difficulties ¹⁾

Accordingly, the Economic Section decided to address to the different Governments two questionnaires asking for information mainly on the following points :

- 1. Import and export restrictions (prohibitions, licences, export prices, etc.)
- 2. Monopolies.
- 3. Unfair competition.
- 4. Production of raw materials.
- 5. Imports and exports of raw materials. ²⁾

1) Supra, p. 41.

2) See the full text of these questionnaires in L.O.N. Proceedings of the First Session of the Provisional Economic and Financial Committee, 1920, Doc. E.F.S.1-G.P.V.1 p. 143 ff. and p. 148 ff.

It was, however, necessary to entrust an expert with the preparation of a preliminary report on the whole matter. Thus, on February 14, 1921, the Secretary General of the League of Nations requested Mr. C. GINI, professor of the University of Padua, to devote 6 months to drawing up a report on the production and the distribution of raw materials and foodstuffs, to be laid before the Economic Section of the Provisional Economic and Financial Committee.¹⁾ Professor GINI accepted the invitation and was given four scientific collaborators to assist him in the preparation of his report.

First of all, Professor GINI and his collaborators prepared another and more detailed questionnaire on statistical data regarding the production, imports, and exports of sixty different articles. The answers to these questionnaires as well as personal information obtained from Government officials and the result of a study on the question of raw materials, which Professor GINI began before he was entrusted with this enquiry by the League of Nations, were the materials for the preparation of the general report which Professor GINI submitted to the Provisional Economic and Financial Committee of the League of Nations.

In spite of the fact that the report of Professor GINI was prepared in a period which, in many respects, was of a special character, and in spite of the rather long time which has passed since its publication, this document may still be considered as the only systematic study of the different problems relating to the question of raw materials. A thorough discussion of the report does not lie within the scope of the present study; nevertheless it may be useful to give here a summary of those parts of the report which still deserve the attention of all students of the raw materials problem.

Professor GINI begins with an analysis of the changes of the economic situation which took place in the course of the preparation of the report. When the proposals for an enquiry into the question of raw materials first arose, "the demand for all or almost all raw materials and

1) Report on the Problem of Raw Materials and Foodstuffs by Professor Gini with Annexes prepared under his direction, p. 9

foodstuffs greatly exceeded the supply"¹⁾. "Impressed by this obvious scarcity", Professor GINI continues, "States which were producers of raw materials and foodstuffs took steps to ensure supplies for the home markets by means of prohibitions or restrictive measures, by taxes imposed on exports or by differential prices"²⁾. In the course of the enquiry the situation completely changed. The first post-war crisis led to a state of affairs in which the supply of raw materials became far greater than the demand. "The crisis of under-production has been rapidly replaced by a crisis of markets"³⁾. Under these circumstances the policy of restrictions and of export duties pursued by certain States was either abandoned or at least limited. "It is now the nations which export raw material and foodstuffs that feel some anxiety"⁴⁾.

In spite of the change in the situation, Professor GINI did not think that the examination of the difficulties which various States experienced in the past had become useless. On the contrary, he thought that the interest in the problem of raw materials was a permanent one. Indeed, Professor GINI admitted that the reestablishment of normal business conditions would lead to normal conditions of supply and demand as regards raw materials. Nevertheless, owing to the fact "that the course of economic development is subject to fluctuations", "we have every reason to expect ... the possibility of economic conditions in which the general supply of raw materials will be inadequate to the demand, thus reviving the difficulties and problems which led to the enquiry on raw materials"⁵⁾. Therefore, Professor GINI concluded, an enquiry into these difficulties and the possible remedies is of the greatest interest and "the League of Nations should devote the most careful attention to this problem"⁶⁾.

"A thorough and conscientious investigation is all the more necessary in that the proposals put forward in the discussions which have so far taken place must be admitted

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- 1) Ibid., p. 17.
 - 2) Ibid., p. 17.
 - 3) Ibid., p. 18.
 - 4) Ibid., p. 18.
 - 5) Ibid., p. 21.
 - 6) Ibid., p. 21.

"to have been very inadequate, considering the magnitude of the problems raised. It is obviously not the establishment of new committees or sub-committees, to enquire into the origin and distribution of raw materials throughout the world nor the institution of a Statistical Office to record the fluctuations of stocks and of prices, which the States concerned now expect from the League of Nations, however great the scientific interest of such institutions and their practical utility in the future might be. The League of Nations must examine the problem in a manner commensurate with the practical issues raised ; it must consider and decide what measures may or should be taken in the present circumstances or in any circumstances which may arise in the future, in order to avoid or to reduce the various difficulties met with the supply of raw materials. If no adequate measures can be taken, this must be clearly proved, and the difficulties explained. If, on the other hand, suitable measures can be applied, then the League of Nations should clearly and unequivocally indicate what steps the States Members of the League should take in order to attain their object".1)

After this justification of his investigation at a time when the original difficulties in the supply of raw materials had already disappeared, the report of Professor GINI, first of all, gives us a very comprehensive classification of the causes of the difficulties in the supply of raw materials and foodstuffs. These difficulties may be due to :

- A. Scarcity of the quantities available.
(Due either to exhaustion of the stocks or decreased production ; these, in turn, may be due to natural and artificial causes.)
- B. Increase of requirements.
(In the last analysis determined by the consumption of the finished articles.)
- C. Difficulties in distribution.
 - "(a) Commercial restrictions, such as prohibitions or limitations of exports, imports or transit, customs duties, licences.
 - (b) Difficulties in communications by land or sea.
 - (c) The increased distance between the centres of production and the countries which consume foodstuffs or the manufacturing centres where raw materials are made up."2)
- D. Difficulties of a financial nature.
(Lack of means of purchase, instability and disequilibrium of the rate of exchange).
- E. Speculation.
(When holders of raw materials expect higher prices in the future and prefer to hold back temporarily their products from the market.)

1) Ibid., p. 21.

2) Ibid., p. 22.

Following this classification of the various difficulties¹⁾ the third part of the General Report deals with the possible steps which might be taken by the League of Nations towards a solution of the problem of raw materials. "The remedies which the League may attempt to apply are essentially remedies relating to the production of raw materials and foodstuffs, their distribution and the elimination of financial difficulties"²⁾.

As regards the distribution of raw materials and foodstuffs, Professor GINI distinguishes between three solutions which have been proposed :

- 1) "The first solution may be termed the nationalist solution. According to this each nation should be self-supporting, that is, it should be able to draw sufficient raw materials and foodstuffs for its own population and its own industries from within the territories which belong to it politically or at least from the territories within which it has the right of economic exploitation"³⁾.
This solution pre-supposes either territorial adjustments or "economic concessions in the territories of other nations involving a limitation of the sovereignty of such nations."⁴⁾
At any rate such a solution could not be reconciled with the premises of the Covenant of the League of Nations.
- 2) "A second solution... may be called the socialist, or perhaps even the State solution...; According to this solution, the raw materials and foodstuffs of the whole world would be acquired by a central organisation and equitably distributed by it, in the common interest, among the various States according to the requirements of each individual State"⁵⁾.
Whereas Professor GINI is opposed to any such measures in normal times, he suggests the examination of the question whether it might not become necessary for the League to have recourse to the control of raw materials by means

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- 1) In fact, all these difficulties seem to be only different aspects of the general disorganisation which prevailed during and after the war.
 - 2) L.o.N. Report on the Problem of Raw Materials and Foodstuffs by Professor GINI with Annexes prepared under his direction, p. 24.
 - 3) Ibid., p. 24.
 - 4) "Such an expedient has been accepted, as is well known in the case of the mines of the Saar Valley, but this exceptional and temporary arrangement is only conceivable as one of the peace conditions imposed upon a conquered Nations." Ibid., p. 24.
 - 5) Ibid., p. 25.

of such a central organisation (similar to the Executives of the Allied States during the War) in order to apply sanctions against an aggressor.¹⁾

- 3) The third solution is based on the principle of free trade. Although not in disagreement with the general principle behind this solution, Professor GINI emphasises the dangers to which the economic system of the different States would be exposed in case of a sudden interruption of the application of the free trade policy. Thus he comes to the conclusion "that the application of the free trade policy which is theoretically desired by so many people would be practically advisable only if a super - State organisation could guarantee the continuity of this policy even through a period of economic crisis, and if it could also exclude the possibility of wars which would bring it necessarily to an end."²⁾

Professor GINI recognises that the League of Nations would not be able to assume ^{such a super-State organisation;} the task of ^{neverthe-}less he is of the opinion that the League of Nations without claiming to carry into effect the whole of such a programme ^{free-trade} of ^{could} take steps in this direction.

Thus, Professor GINI first of all suggests the formation of Customs Unions among groups of States whose interests are "not antagonistic but rather complementary"³⁾. Such Customs Unions "would reinforce by co-operation the economic strength of each nation, would reciprocally make good their deficiencies, and would contribute to the diminution of the difficulty which some of them experience in securing supplies of raw materials and foodstuffs"⁴⁾.

A second step in the same direction, according to the Report of Professor GINI would be the representation, through the medium of the League of Nations, of third parties in the conclusion of commercial treaties between two States.

Furthermore, the Report considers possible action in respect of export dues and of special import duties. While recognising the necessity of export dues

1) Ibid., p. 27.
2) Ibid., p. 31.
3) Ibid., p. 31.
4) Ibid., p. 32.

under certain circumstances (e.g. for financial reasons or in the case of a shortage of food for the home population during a scarcity period in a neighbouring country or in order to prohibit exports from a country with an exceptional low rate of exchange) the Report condemns those export duties or differential prices which are due to "an exploitation of a privileged situation"¹⁾. "In such circumstances, there would be a good case for intervention by the League of Nations on the demand of the States which are hit by such measures"²⁾.

As a last measure, as concerns the d i s t r i b u t i o n of raw materials, the report discusses the possible action in respect to monopolies. In this field, the report adopts a rather pessimistic point of view. It first emphasises that the formation of monopolies is closely linked with the present economic evolution and cannot be stopped by the State.³⁾

For these reasons "there seems little reason to expect that any action on the part of the League of Nations designed to prevent the constitution and operation of producing and distributing combines will meet with any greater success than that achieved by the individual Governments."⁴⁾ Nevertheless the Report recommends "that sales of commodities and concessions for industrial enterprises should go - on a strictly commercial basis - to the highest bidder, independently of his nationality"⁵⁾ furthermore, no single nation should acquire a monopoly by means of holding shares of joint stock companies.

It is impossible to deal here with the different proposals of the Report as concerns immigration, mandated territories, transport and labour legislation ; it will, however, be necessary to summarise, very briefly indeed, what the General Report of Professor GINI discusses and proposes in respect to international credits and exchange.

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- 1) Ibid., p. 33 "It is on that account that the differential prices maintained by England in the case of coal and the export duties imposed by the Argentine on grain and wool had been criticised" Ibid., p. 33
 - 2) Ibid., p. 33.
 - 3) Ibid., p. 35.
 - 4) Ibid., p. 36.
 - 5) Ibid., p. 36.

First of all, it deals with the so-called finishing credit scheme which we discussed in connection with the resolutions of the International Financial Conference in Brussels 1920. According to this scheme "the raw materials purchased continues to serve as a guarantee for the creditor throughout the various transformations which it undergoes, while the price realised by the sale is employed in the first place to reimburse the creditor"¹⁾. Professor GINI holds, however, that the carrying out of such a scheme would encounter certain difficulties not only from the legal point of view "but even more from the practical point of view since it involves the supervision of the debtor and the identification of the product"²⁾.

The Report then turns to different credit schemes of a more general nature under which the State would offer certain assets of its own as a guarantee for the re-payment of the credits obtained by its nationals. This also is the general idea underlying the Ter Meulen Scheme and it may, therefore, be worth while to summarise here some of the conclusions to which Professor GINI comes as regards these schemes. The assets, which the States would pledge as guarantee would probably only be accepted if they had a definite value for foreigners. This would be the case for example of "commodities or enterprises producing commodities which are in demand abroad such as coal, petrol or mineral ore."³⁾ In all other cases, if the State revenue is offered as security, the foreign creditors would not be exposed to loss on condition that the rate of exchange remained stable. Under these circumstances, however, "the necessity for all such guarantees would gradually disappear"⁴⁾. As regards the proposal of a general mortgage to be "put upon the whole of the real property of the nation as security for credits, it is difficult", according to Professor GINI, "to see any economic significance in such a proposal. A mortgage is of value only in so far as the property mortgaged can be sold in the case of the insolvency of the

1) Ibid., p. 43.
2) Ibid., p. 43.
3) Ibid., p. 44.
4) Ibid., p. 44.

debtor, and it is inconceivable that the whole of the existing real property in a country could be sold if the Government became bankrupt"¹⁾. Generally speaking, the report is opposed to any interference on the part of Governments or international organisations with the credit relations of private firms because of the fact that neither the State nor an international commission, in the view of Professor GINI, is as well equipped as private institutions "to know the needs and the solvency of the debtor and above all to judge whether credits are profitably employed"²⁾. "It therefore follows", concludes the Report, "that the concession of credits for raw materials is left to private initiative rather than to State or inter-State organisations, which, to a greater or less degree, are affected by the narrow outlook and slow methods of working common to all bureaucratic bodies".³⁾

As regards, in particular, the instability and the disequilibrium of the exchange rates, which at that time constituted one of the greatest difficulties in the supply of raw materials, the Report emphasises the necessity to re-establish currency on a sound basis. For this purpose Governments may have recourse to the introduction of new taxation, to national or international loans⁴⁾ as well as to the appointment of technical advisers of special competence in order to advise the ministers of finance of certain States whose currencies are particularly menaced. These advisers should be officials of the League of Nations.⁵⁾

The General Report of Professor Gini is followed by several monographs which deal with the production, trade and consumption as well as with the general position of certain specific raw materials and foodstuffs (cereals, wool, cotton, coal, mineral oil, iron, chemical manures) before, during and after the war.

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- 1) Ibid., p. 46.
 - 2) Ibid., p. 46.
 - 3) Ibid., p. 78.
 - 4) Ibid., p. 71.
 - 5) Ibid., p. 72.

5. The Report of the Provisional Economic and Financial Committee on Certain Aspects of the Raw Materials Problem.

Professor GINI submitted his Report to the Provisional Economic and Financial Committee, which itself, however, published a Report on Certain Aspects of the Raw Materials Problem (with the relevant documents submitted to the Committee by Professor Gini)¹⁾.

This report of the Committee is based largely on the report of Professor GINI ; it does not, however, deal with problems of credit and exchange as these matters were expressly excluded from the terms of reference of the committee.²⁾ The Report of the Provisional Economic and Financial Committee summarised the Report of Professor Gini and endorsed his recommendations as concerns greater freedom of international exchanges. It may be interesting to note, however, the cautious manner in which this report, which was intended to be submitted to the States Members of the League of Nations, deals with the question of trade restrictions and regulations:

"There is no question of challenging the incontestable right which States have to dispose freely of their natural resources, or of the output of their countries in respect of raw materials. It is legitimate that in exceptional circumstances they should be anxious to reserve them to themselves and that they should have the power to subject them at any time to a regime in conformity with their natural economy

... .
Doubtless, as a general principle, the tariff policy of States is one of their sovereign rights, and there are no doubt circumstances in which export duties or other restrictions may be necessary, e.g., in cases where other sources of revenue are lacking, or were they are an indispensable element in the economic system."³⁾

Finally, it may be mentioned that the report of the Provisional Economic and Financial Committee took a very negative attitude towards the proposal of the 1920 International Miners' Congress to constitute an International Office "for the distribution of fuel, ores and

1) L.o.N. Doc. C.51.M.18.1922 II; See Extracts from this report, Appendix 12, p. 13.

2) Supra, p. 41.

3) L.o.N. Doc.C.51.M.18.1922 II, p.9.

other raw materials essential to the renewal of the normal economic life of all nations." In view of the fact that this idea of an international distribution of raw materials by some international organisation played and still plays a certain rôle in the discussion on the raw materials problem, it may be interesting to quote in full the reasons given by the authors of the Report as the basis of their view that such a scheme would be impracticable :

"a) "It would, in our opinion, be impracticable to obtain the general consent of the producing and consuming States to delegate the important functions contemplated by the scheme to an international body, and the League of Nations has no power of compelling its Members to enter into any such arrangement against their will.

b) No scheme for the international control of the distribution of raw materials could be operated without fixing prices and allocating supplies on some principle of rationing. In our opinion, this necessarily involves the international control of the whole internal economic life of the countries concerned.

c) No scheme of rationing is possible without the power of compelling the consuming countries to take up their rations and to pay for them, which is clearly impracticable under present conditions.

d) There is no criterion by which an International Office could fix a reasonable ration of any raw material to be allowed to any country, except either on the basis of previous consumption (which would stereotype the existing distribution of industry), or on some arbitrary estimate of needs which would empower the International Office to dictate the lines of future industrial development of all the States of the League.

e) If all the above objections could be overcome, the mere loss to productive industry from the inevitable inefficient operation of the bureaucratic machinery of the International Office would probably be fatal to the scheme".1)

6. The consequences of the two reports.

The Report of the Provisional Economic and Financial Committee on Certain Aspects of the Raw Materials Problem was presented to the Council at its Fourteenth Session, held from September 12 to October 12, 1921 in Geneva. The Council discussed and adopted a resolution embodying the conclusions of the Report which was to be transmitted to the Assembly for consideration. The Council drew the attention of the Members of the League especially to those conclusions of the Report which dealt with "the effects that may be produced by artificial restrictions

1) Ibid., p. 10.

and duties on the export of essential raw materials on the economic life of other countries"¹⁾. Finally, in view of "the intimate connection between the restoration of transport facilities and the supply and distribution of raw materials" the Council expressed "the earnest hope that every effort will be made to expedite the work of the various Commissions charged with such matters as re-allocation and interchange of rolling stock in certain parts of Europe"²⁾.

After the adoption of this resolution the Marquis IMPERIALI (Italy) raised the question of the publication of Professor Gini's report. In view of the fact "that certain sections of the report were outside the scope of the enquiry which had been entrusted to the Economic Committee by the resolution of the Council of October 27, 1920, the Council agreed that the League of Nations should publish, under the scientific responsibility of Professor GINI ... those parts of the general report relevant to the enquiry entrusted to the Economic Committee"³⁾.

This question of the publication of Professor GINI's report was again discussed at the Fifteenth Session of the Council held from November 16 to November 19, 1921 in Paris. "The Marquis IMPERIALI said that the decision to publish only a part of Professor GINI's report had been unfavourably received by public opinion in Italy. It had been announced that notice of eight questions relating to this matter had been given in the Chamber of Deputies. In view of the national importance ... attached by Italy to the question of raw materials he asked whether the Secretary-General could make any proposals as regards publication to meet the new situation which had arisen. The Secretary-General reminded the Council that the decision which had been taken was based on considerations of a purely technical and administrative nature ... Professor GINI was authorised to publish the complete report at his own expense and on his own responsibility. This part of

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- 1) cf. Minutes of the Fourteenth Session of the Council of the League of Nations held at Geneva. Second part, September 12 - October 12, 1921. p. 112.
 - 2) Ibid., p. 112 (See text of the resolution of the Council, Appendix 13, p. 17.
 - 3) Ibid., p. 113/114.

the agreement might be varied and the complete report published under the auspices of the League, a printed slip being attached, as in similar cases, to the outside, stating that the report expressed the personal opinion of the authors without involving the responsibility of the Council in any way. The Secretary-General felt bound to point out that, when the Council took its original decision in the matter, it was never contemplated that the question of the publication of Professor GINI's report would be considered from a political point of view....

The Marquis IMPERIALI accepted the proposal of the Secretary-General".¹⁾

In the meantime the problem of raw materials was considered as already indicated in the resolution of the Council, by the Second Assembly of the League of Nations which met from September 5 to October 5, 1921. Mr. ADOR (Switzerland) presented the report on the work of the Provisional Economic and Financial Committee to the Second Committee of the Assembly. This report, after having pointed to the fact that the economic situation as regards the problem of raw materials had completely changed, gives a short account of the course of the enquiries which formed the basis of the report on the raw materials problem. It emphasises that, owing to the new economic situation, the replies to the different questionnaires "no longer reflect present circumstances"²⁾. Nevertheless the report states that the Economic Committee "insisted upon the necessity of improving transport conditions ... so as to facilitate the distribution of raw materials among the various countries"³⁾. Furthermore "as regards the effect of monopolies, the replies hitherto received do not permit of stating the influence which they have exercised upon the supply of raw materials"⁴⁾.

1) Minutes of the Fifteenth Session of the Council of the League of Nations, (November 1921), p.12.

2) L.o.N. The Records of the Second Assembly. Meetings of the Committees. Vol.I. Geneva 1921. p. 275.

3) Ibid., p. 275.

4) Ibid., p. 275.

It may be interesting to note that during the whole debate on the activity of the Provisional Economic and Financial Committee no special reference was made to any difficulty in the supply of raw materials. Most of the delegates, however, emphasised the growing exchange difficulties which had become more and more acute. Furthermore, different appeals were again made in favour of universal free trade.

Mr. ADOR submitted the report of the Second Committee to the Assembly. As regards the problem of raw materials, Mr. ADOR, after referring to the new situation which had arisen from the general fall in prices, laid special stress on the fact that "certain raw materials which exist only in certain countries had a definite action on the economic life of other nations"¹⁾. In these cases "it is essential for the latter that the exchange of raw materials should not be hindered by any restrictive measures"²⁾. In the debate the delegates and especially Mr. Maggiorino FERRARIS (Italy) agreed with Mr. Ador that "the situation in regard to raw materials is more favourable not only in regard to quantity but also in regard to price and distribution"³⁾. Mr. FERRARIS finally thanked the Council "for having authorised the publication of Professor GINI's extremely interesting report and annexes which throw great light on this point"⁴⁾. On the basis of the report of the Second Committee the Assembly adopted unanimously two resolutions which simply repeated the resolutions of the Council on the Report on Certain Aspects of the Raw Materials Problem, i.e. the Assembly recommended to the attention of the Members of the League of Nations especially those parts of the Report dealing with the effects of restrictions and duties on the export of essential raw materials and emphasised at the same time the necessity of expediting the work in such matters "as re-allocation and interchange of rolling stock in certain parts of Europe"⁵⁾.

1) L.o.N. The Records of the Second Assembly, Plenary Meetings, Geneva 1921. p. 476.

2) Ibid., p. 476.

3) Ibid., p. 480.

4) Ibid., p. 480.

5) Ibid., p. 489.

These recommendations of the Second Assembly may be considered as the end of the first period of thorough investigations into the problem of raw materials by the League of Nations. These investigations the carrying out of which had been the subject of so many controversies between certain members of the League lost their object when the first post-war crisis led to a fall in prices and even made it difficult for the producing countries to find outlets for their products.

CHAPTER IV.

The raw materials question at the International Economic Conference 1927.

1. The preparation of the Conference.

The efforts of the League of Nations towards a solution of the raw materials problem in 1920/1921 definitely lost their public interest with the re-establishment of normal international economic relations between the various countries. That is not to say that the world did not experience, at this time, any economic difficulties, but, these difficulties did not find their expression in direct relationships to the supply of raw materials.

Some years later, however, the problem of raw materials played a certain rôle at the International Economic Conference held by the League of Nations in Geneva from May 4 to 23, 1927. The idea of convening an international economic conference had not been lost sight of since the first day of the existence of the League of Nations. The International Financial Conference 1920 was the first step in this direction. It was, however, only at the sixth Ordinary Session in September 1925 that the Assembly, on the proposal of the French delegation, invited the Council to consider the expediency of constituting a preparatory committee in order to plan for an international economic conference. The resolution of the Assembly in 1925 expressly pointed to "the necessity of investigating the economic difficulties which stand in the way of the revival of general prosperity and of ascertaining the best means of

overcoming these difficulties and of preventing disputes"¹⁾. The Council, at its Session in December 1925, decided to appoint a technical Preparatory Committee of experts to arrange and to collect the necessary economic information and to determine the rules of procedure and the date of meeting of the Conference²⁾. The Committee comprised thirty-five persons of twenty-one nationalities, and included among its members industrialists, merchants, agriculturalists, financiers, officials with experience in matters of commercial policy, economists and representatives of workers' and consumers' organisations³⁾.

The documentary preparation of the International Economic Conference deserves the greatest attention from all students of the economic work of the League of Nations. The different documents prepared by several experts give a complete scientific survey of the various problems of international economic relations. Although these documents do not refer directly to the problem of raw materials their practical value for a thorough study of the different aspects of the raw materials problem can hardly be denied. In spite of this fact, it would carry us too far afield if we analysed the different memoranda and reports which formed the documentary preparation of the Conference. Nevertheless, we will indicate at least the title of certain documents⁴⁾ which in their treatment of commercial problems are connected more or less directly with the raw materials question.

- 1) C.E.I. 5 (1).- Final Report of the Trade Barriers Committee of the International Chamber of Commerce.
- 2) C.E.I. 22 .- Abolition of Import and Export Prohibitions and Restriction.

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- 1) L.o.N. Official Journal. Special Supplement No.33. Records of the Sixth Assembly 1924. p. 116.
 - 2) L.o.N. Official Journal (7th year No.2 February 1926) Minutes of the Thirty-Seventh Session of the Council (December 1925), p. 186.
 - 3) L.o.N. Report and Proceedings of the World Economic Conference 1927, Vol.1. Doc. C. 356 M. 129.1927.II (52^I).
 - 4) A full list of all the documents prepared may be found Ibid., p. 226 ff. Further details of the contents of these documents will be found in Guide to the Documents of the Conference (C.E.I. 40 (1)).

- 3) C.E.I. 23 .- Export Duties.
- 4) C.E.I. 33 .- I. Immunities of State Enterprises.
II. Railway Tariffs and Tolls as an Economic Factor. III. Nation and Flag Discrimination with regard to Communications and Transit. IV. Unfair Commercial Practices.
- 5) C.E.I. 37 .- Tariff Level Indices.
- 6) C.E.I. 39 .- Population and Natural Resources.
- 7) C.E.I. 41 .- Report on the Economic Work of the League of Nations.
- 8) C.E.I. 42 .- I. Direct and Indirect Subsidies.
II. Differential taxes on Circulation, Consumption or Handling of Foreign Imported Goods. III. Regulation of quantities of Imports and Exports Admitted.
- 9) C.E.C.P.24 (1).- Methods of Economic Rapprochement (Professor Grossmann).
- 10) C.E.C.P.36 (1).- Memorandum on Dumping (Professor Viner).
- 11) C.E.C.P.71 (1).- Stability of Customs Tariffs (J. Brunet).
- 12) C.E.C.P.93 .- International Cartels (Professor MacGregor).
- 13) C.E.C.P.96 .- Memorandum on Discriminatory Tariff Classifications (W.T. Page).
- 14) C.E.C.P.98 .- Recent Monopolistic Tendencies in Industry and Trade (Professor Cassel).

As regards the problem of raw materials in particular, the most interesting documents are those indicated under Nos. 1 to 3. The Final Report of the Trade Barriers Committee for example deals with such questions as Treatment of Foreigners, Obstructions to Transportation, Prohibitions on Importation and Exportation (Free Movement of Raw Materials - Export Duties), Customs, International Industrial Ententes, Financial Difficulties and Constitution of a Tariff and Trade Commission. Document C.E.I. 22 (Abolition of Import and Export Prohibitions and Restrictions) contains a commentary and preliminary draft international agreement drawn up by the Economic Committee of the League of Nations to serve as a basis for an International Diplomatic Conference. The study on Export Duties, after examining the nature and effects of export duties presents "an objective statement of the export duties of all countries as they stood at the close of 1926"¹⁾.

1) C.E.I. 23 (Export Duties) p. 12.

Particular attention is given to export duties on raw materials and foodstuffs. The lists of export duties annexed to this volume cover no less than 38 pages.

The Conference presided over by Mr. THEUNIS (Belgium) "was composed of members nominated by Governments, members nominated by the Council or by certain International Organisations invited by the Council, and of experts accompanying members or invited by the President of the Conference. It consisted of 194 delegates and 226 experts from 50 Member and non-Member States"¹⁾.

In examining the Agenda of the Conference drawn up by the Preparatory Committee and approved by the Council, one observes, first of all, the extraordinary variety of economic questions which had to be dealt with and secondly, the non-consideration of problems of international credit relations as well as population questions whose fundamental importance, especially in the field of international economic relations, can hardly be denied.

The following points of the Agenda enumerated under the heading "Commerce" were of special interest as regards the problem of raw materials : Import and Export prohibitions and restrictions ; limitation, regulation or monopolisation of trade ; economic and fiscal treatment of nationals and companies of one country admitted to settle in the territory of another ; obstacles to international trade ; indirect methods of protecting national commerce and shipping.

2. The treatment of the raw materials question in the debates of the Conference.

It was mainly in connection with these questions, that different delegates dealt with the problem of raw materials, although this question never played as important a rôle as for example during the discussions at the International Financial Conference 1920 or in the course of the other earlier efforts of the League of Nations in this matter.

During the general discussion Count Lelio Bonin LONGARE (Italy) spoke rather incidentally of a shortage of

1) L.o.N. Report and Proceedings of the World Economic Conference. Geneva 1927. Doc.C.356.M.129.1927 II.(52), Vol. I. p.4.

raw materials from which Italy was suffering.¹⁾ The Japanese delegate, Mr. SHIDACHI, emphasised the importance of the equitable distribution of foodstuffs and raw materials²⁾ and Mr. DUBOIS (Switzerland) demanded "that nations which do not possess raw materials should not be exposed to the risk of receiving insufficient quantities or of having to pay differential prices for such materials"³⁾. In the First Committee (Commerce), Sir Norman HILL (British Empire) stated that there was not only a problem of free access to raw materials for the industrialised countries but at the same time a problem of access to the commodities which the producers of raw materials required in return for their goods⁴⁾.

During the discussions on the problem of export duties within the Sub-Committee 2 on Customs Tariffs and Commercial Treaties, the Brazilian delegate explained that the Brazilian export duties were an important source of revenue and could not be repealed by a federal law. Moreover, the imposition of the export duty on crude rubber in Brazil was given as collateral security against certain loans. Mr Marino PEREZ (Cuba) did not see any economic reason "for expressly disapproving of export taxes as long as other forms of protection and of taxation ... are not as emphatically disapproved"⁵⁾. The following statement of the Cuban delegate seems to us to be very characteristic of a raw materials producing country replying to the demand of industrialised countries for a removal of export duties :

"Countries which possess a relative monopoly over certain raw materials, and must rely upon them to a large extent for their economic welfare and as sources of revenue, find themselves to a considerable degree dependent upon the manufactured articles and foodstuffs of other countries. As long as the latter are increased in price by a system of protective duties, by taxes on manufactures, by price fixing agreements between organised producers and in other ways, it cannot be regarded as unfair or unjustified for any country to levy an export tax on its particular products, even though they constitute raw materials.

1) Ibid., p. 68.

2) Ibid., p. 80.

3) Ibid., p. 85.

4) Report and Proceedings of the World Economic Conference, Geneva 1927, Vol. II. Doc.C.356.M.129.1927.II (52), (C.E.I.

5) Ibid., p. 74.

46), p. 12.

In levying such a tax, each country must consider the present and ultimate effect upon its own national economy, upon the wisdom of curtailing consumption of the article in question, and whether the profits to be obtained from the sale of the commodity in the world markets are not in fact decreased as the result of an export tax.¹⁾

3. The General Report of the Conference and the problem of raw materials.

The general results of the International Economic Conference with respect to the raw materials problem may be best seen from an analysis of the Report of the Conference as well as from the General Survey and Summary given by Mr. THEUNIS, President of the Conference, in his speech made at the closing meeting on May 23, 1927.

The Report of the Conference, which was adopted unanimously by the members of the Conference except for the abstention of the members of the U.S.S.R. delegation, (who, however, declared themselves in favour of certain resolutions) and of the members of the Turkish delegation²⁾, first discusses certain post-war problems and the economic situation as shown by the scientific documentation prepared for the Conference. In comparing the world's production of foodstuffs and raw materials before and after the war, the Report comes to the conclusion that "whereas in 1925 the world's population was about 5 per cent greater than in 1913, production of foodstuffs and raw materials was from 16 to 18 per cent greater ... This increased production of food and raw materials has, however, not been accompanied by a corresponding increase of international commerce, for the volume of trade in 1925 was only 5 per cent higher than before the war"³⁾. These figures are, however, average figures and relate to the world as a whole. The development of the various continents and countries, as pointed out in the Report, has been a very different one. As concerns the general situation of international commerce, the Report emphasises that many of the extreme forms of obstruction to trade introduced during and immediately after the war have since been removed⁴⁾. Nevertheless,

1) Ibid., p. 74.

2) L.o.N. Doc. C.356.M.129. 1927 II (52), Vol.I, p.30.

3) Ibid., p. 30.

4) Ibid., p. 32.

"Europe remains to-day ... with its tariffs higher and more complicated, less stable and more numerous than in 1913"¹⁾. The Report then turns to the fact that the stream of emigration decreased after the war, a fact which is causing changes in the relative density of population. "Those countries in which there is a rapidly increasing access of population in relation to their territory and natural resources have consequently intensified their industrial activity, and attach particular importance to the adoption by other countries of a liberal policy in relation to raw materials"²⁾.

The Second Part of the Report deals with various questions relating to international trade as laid down by the Agenda of the Conference. In this respect we will review only those recommendations which bear directly upon the question of raw materials. There are, first of all, the recommendations concerning import and export prohibitions and discrimination between foreign nationals and nationals of the own country. In this respect the conclusions of the Conference are of a very definite nature :

".... the Conference ... has condemned the system of import and export prohibitions and the privileges sometimes granted to state enterprises ..."3).

After having pointed to the fact "that import and export prohibitions ... have had deplorable results by hampering the normal play of competition by imperilling both the essential supplies of some nations and the not less indispensable markets of others and by bringing about an artificial organisation of production, distribution and consumption"⁴⁾ the Conference recommends the application of the principles laid down in the draft International Convention for the Abolition of Import and Export Prohibitions and Restrictions, as prepared by the Economic Committee of the League of Nations.⁵⁾ Moreover, the Conference recommends

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- 1) Ibid., p. 33.
 - 2) Ibid., p. 32.
 - 3) Ibid., p. 34.
 - 4) Ibid., p. 34.
 - 5) See Doc. C.E.I. 22, supra p.59-60.

that the application of these principles should not be rendered inoperative by measures such as export duties, fixing of quotas, health regulations or by restrictions on the free circulation of capital.¹⁾

The proposals made in respect to the economic and fiscal treatment of foreigners deserve our interest as they embody the question of equal commercial access to countries producing raw materials.

As regards the final solution of this matter the Conference expresses the opinion that a diplomatic conference should draw up an international convention determining the best method of defining the status of foreigners (and of foreign companies) of abolishing unjust distinctions between them and nationals and of preventing double taxation. Meanwhile, before an international conference could settle the question as a whole, bilateral agreements should be arrived at providing for equitable reciprocity not only from the economic but from the legal and fiscal point of view. In drawing up these agreements the following points among others should be borne in mind :

- "a) Equality of treatment with regard to conditions of residence, establishment, removal and circulation between foreigners admitted to a State and the nationals of that State;
- b) Conditions of carrying on trade, industry and all other activities by foreign persons and enterprises;
- c) Legal status of the same persons and enterprises;"²⁾
- d) Fiscal status of the same persons and enterprises

Under the second heading "Customs Tariffs" the Report makes certain proposals as concerns the form of import duties. These proposals of a more technical nature are summarised under the following titles : Simplification of Customs Tariffs, Unification of Tariff Nomenclature, Stability of Customs Tariffs, Application of Customs Tariffs, Customs Formalities and Trade Statistics.

After the proposals as to the form of Customs Tariffs the Report contains certain definite recommendations as to the substance i.e., to the actual amount of the import

1) L.o.N. Doc.C.356.M.129, 1927 II (52), Vol I, p. 34/35.
See Appendix 14, p.17.

2) Ibid., p. 36; see Appendix 15, p. 18.

duties : "The Conference declares that the time has come to put an end to the increase in tariffs and to move in the opposite direction"¹⁾. The Report then indicated the procedure to follow in order to reach a reduction of customs tariffs; in this respect it distinguishes three ways, viz.

- "1) individual action by States with regard to their own tariffs ;
- 2) bilateral action through the conclusion of suitable commercial treaties;
- 3) collective action, by means of an enquiry with a view to encouraging the expansion of international trade on an equitable basis by removing or lowering the barriers to international trade which are set up by excessive customs tariffs"²⁾.

In this connection, the Conference dealt also with the problem of export duties on raw materials. It considered that "the free circulation of raw material is one of the essential conditions for the healthy industrial and commercial development of the world"³⁾. Therefore the Conference recommends :

- "1) That the exportation of raw materials should not be unduly burdened by export duties or any other taxes and that, even in cases where such duties or taxes are justified by fiscal needs or by exceptional or compelling circumstances they should be as low as possible ;
- 2) That, in any case, export duties on raw materials should never be imposed for the special purpose of subjecting foreign countries using such materials to an increased burden which will place them in a position of unfair inferiority as regards the production of the finished article;
- 3) That export duties on raw materials, whether levied for revenue purposes or to meet exceptional or compelling circumstances, should never discriminate between different foreign destinations ;
- 4) That the above principles apply equally to export duties on articles of consumption"⁴⁾.

Furthermore, the Conference considered it "highly desirable that the widest and most unconditional interpretation should be given to the most-favoured-nation clause"⁵⁾. Finally, it was recommended that the League of Nations should establish "clearly defined and uniform principles as to the interpretation and scope of the most-favoured-nation clause in regard to customs duties and other charges"⁶⁾.

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- 1) Ibid., p. 41.
 - 2) Ibid., p. 39.
 - 3) Ibid., p. 42.
 - 4) Ibid., p. 42: See Appendix 16, p. 19.
 - 5) Ibid., p. 42.
 - 6) Ibid., p. 43.

The Report of the Conference then discusses certain indirect means of protecting national trade and national navigation (such as direct or indirect subsidies, dumping and anti-dumping legislation, discrimination arising from conditions of transport) without, however, being able to make very definite proposals in this respect owing to the "variety of opinion" prevailing at the Conference¹⁾.

Lastly, the Report discusses various questions relating to Industry and Agriculture. In this respect, the paragraphs devoted to International Industrial Agreements and Industrial Information refer also to raw materials. So far as the problem of International Industrial Agreements was concerned, "the discussion revealed a certain conflict of views"²⁾. While recognizing that such agreements - subject to certain conditions and reservations - may "act as a check on uneconomic competition and reduce the evils resulting from fluctuations in industrial activity"³⁾, the Conference considered nevertheless "that such agreements, if they encourage monopolistic tendencies and the application of unsound business methods, may check technical progress in production and involve dangers to the legitimate interests of important sections of society and of particular countries"⁴⁾. On the basis of these arguments the Conference came to the following conclusion in this matter :

" It consequently appears to the Conference that it is entirely necessary that agreements should not lead to an artificial rise in prices, which would injure consumers, and that they should give due consideration to the interests of the workers. It is further necessary that they should not, either in intention or effect, restrict the supply to any particular country of raw materials or basic products, or without just cause create unequal conditions between the finishing industries of the consuming and producing countries or other countries situated in the same conditions"⁵⁾.

Furthermore, the Conference recommended that the League of Nations should closely follow the effects of these international agreements upon the economic life,

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- 1) Ibid., p. 43.
 - 2) Ibid., p. 49.
 - 3) Ibid., p. 49.
 - 4) Ibid., p. 49.
 - 5) Ibid., p. 49/50.

"seeking in this connection the collaboration of the various Governments"¹⁾.

Under the heading "Industrial Information" the Conference recommended the collecting and compilation by the League of Nations of the widest possible statistical information referring, among other things, "to sources and supplies of raw materials, production, stocks and prices"²⁾; finally, the Economic Organisation of the League should arrange for the compilation of "special studies concerning the sources of supply of certain types of raw materials, more especially of those a world shortage of which in the future may be anticipated"³⁾.

4. Conclusions.

This may be sufficient to indicate the general character of the recommendations of the International Economic Conference of 1927. Like many other recommendations made by meetings of experts, the resolutions and recommendations of the 1927 Conference are governed by the spirit of economic liberalism. But in spite of the fact that the delegates were experts and thereby not officially representing their governments, it must be considered remarkable that, with only a few exceptions, these resolutions were passed unanimously. How can we explain the fact that, as one of the Danish delegates put it afterwards, protectionism was silent, at least it made no display of opposition?⁴⁾ In our opinion, the only answer to this question can be that the Conference met in a period of returning equilibrium and prosperity. Under such circumstances "the public opinion of all European countries had become aware that the ruling policy of raising economic barriers is one of the principal obstacles to their economic development"⁵⁾.

As regards in particular the problem of raw materials, the recommendations of the Conference on such questions as export restrictions and prohibitions, export

1) Ibid., p.50.

2) Ibid., p.50.

3) Ibid., p.50.

4) The Economic Consequences of the League. The World Economic Conference, p. 98.

5) Ibid., p.113.

duties, economic and fiscal treatment of foreigners, commercial policy and international industrial agreements can be regarded as the elements of any "code of fair practices".

The very nature of the Conference as a meeting of experts excluded the possibility of drafting and signing any convention binding different States. Nevertheless, it is certainly not an exaggeration to say that the deliberations of the Conference in many quarters gave rise to a great amount of optimism, particularly because a great many Governments declared that they either hoped or intended to apply the recommendations of the Conference¹⁾. In fact, however, the influence of the International Economic Conference of 1927 seems not to have been very great. It cannot be said that its recommendations were put into practice, although several attempts were made in this direction even under the auspices of the League. The following chapter will be devoted to one of these attempts.

CHAPTER V.

The International Convention on Export and Import Prohibitions and Restrictions and the agreements on hides and skins and bones.

As already indicated, the most important recommendations of the International Economic Conference of 1927 as regards raw materials were those on export duties and ^{and export} import/prohibitions and restrictions. In this respect, the International Economic Conference prepared the way for several Diplomatic Conferences which were to elaborate a convention on import and export prohibitions and restrictions as well as two agreements on the exportation of certain raw materials.

1. The International Convention for the Abolition of Import and Export Prohibitions and Restrictions.

As a matter of fact, the question of abolishing import and export prohibitions and restrictions had already been raised by the Italian delegation at the Fifth

1) L.o.N. Consultative Committee : Application of the Recommendations of the International Economic Conference. Doc. C.C.E.7. p.7.

Assembly of the League of Nations in September 1924. Since that time, following a resolution of the Assembly, the Economic Committee had had to consider "the possibility and expediency of an agreement ... with a view to the final suppression of import and export prohibitions and restrictions"¹⁾. On the basis of various consultations of Governments and of different organisations concerned, the Economic Committee of the League elaborated a preliminary International Draft Agreement to serve as a basis for an International Diplomatic Conference. This draft, which was submitted to the Council in September 1926 and to the International Economic Conference of 1927 as Document C.E.I. 22, served as the basis of discussion at the Diplomatic Conference which the Council finally convened at Geneva, on October 17, 1927.

The discussions at this Conference, which was attended by the delegates of 35 Member and non-Member States of the League of Nations, led to the elaboration and signing of the International Convention for the Abolition of Import and Export Prohibitions and Restrictions. According to Article 2 of this Convention "the High Contracting Parties undertake to abolish within a period of six months ... all import and export prohibitions or restrictions and not thereafter to impose any such prohibitions or restrictions"²⁾. Furthermore, "the High Contracting Parties will adopt all appropriate measures in order to reduce existing prohibitions and restrictions to a minimum and will refrain from imposing any new prohibitions or restrictions"³⁾. Article 4, provides for certain exceptions on the condition, however, that they do not constitute an arbitrary discrimination between foreign countries or a disguised restriction on international trade. These exceptions were based on reasons relating to public security or on moral, humanitarian and military grounds. Further exceptions from the

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- 1) L.o.N. Official Journal. Special Supplement Nr. 23. Records of the Assembly. Plenary Meetings (1924), p.158.
 - 2) L.o.N. International Conference for the Abolition of Import and Export Prohibitions and Restrictions, 1927 Doc. C.21 M. 12, 1928 II (7), p.7. See Appendix 17, p.19.
 - 3) Ibid., p. 7.

general obligation were admitted "for the purpose of protecting, in extraordinary and abnormal circumstances, the vital interest of the country"¹⁾. (Article 5.) Moreover, as concerns certain specific products the High Contracting Parties were authorized to make a reservation in regard to certain temporary exceptions which should, however, be withdrawn "as soon as the circumstances from which they arise cease to exist"²⁾. In the Final Act "the Conference declares that the Convention affects neither the tariff systems nor the treaty-making methods of the participating countries, nor the measures taken to ensure the application thereof, but it expresses the firm conviction that the abolition of prohibitions and restrictions should not warrant the establishment of excessive export or import duties or hindrances of any other kind which would replace those that it is the aim of the Convention to remove"³⁾. Finally, the Conference declares "that a return to freedom of trade ... entails on producing and consuming countries correlative obligations";⁴⁾ These obligations should lead to the introduction of equitable export and import duties "especially in cases where the latter are applicable to articles manufactured from the raw material for which free exportation is to be re-established under the Convention"⁵⁾. The Convention and a Protocol thereto were signed by 18 States at the closing of the Conference, on November 18, 1927. According to Article 17 of the Convention a second conference was to be convened between June 15 and July 15, 1928, in order to determine, among other things, "the number and, if necessary, the names of the Members of the League and of non-Member States, ... whose ratification ... must first be secured" ; as well as "the last date on which the ratifications may be deposited and the date on which the Convention shall come into force if the conditions required are fulfilled"⁶⁾.

As a result of this Second Conference which met July 3 to 19, 1928, a Supplementary Agreement and a Protocol thereto were signed. According to Article C. of this

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- 1) Ibid., p. 9.
 - 2) Ibid., p. 9.
 - 3) Ibid., p. 45.
 - 4) Ibid., p. 45.
 - 5) Ibid., p. 45.
 - 6) Ibid., p. 13.

Supplementary Agreement the High Contracting Parties agree that the Convention, in order to be brought into force, must have secured ratifications on behalf of at least eighteen States and that the ratifications must be deposited before September 30, 1929. Furthermore, each of the High Contracting Parties was entitled to make the entry into force of the Convention, insofar as it was concerned, conditional on ratification on the part of a certain number of countries¹⁾.

On September 30, 1929, only seventeen ratifications had been obtained, a certain number of which "were given subject to ratification by countries which had not ratified the Convention"²⁾. Under these circumstances the Council, on September 25, 1929, decided to convene a Third Conference for the consultation provided for by Article 17 of the Convention. This Conference, held in Paris December 5 to 20, 1929, led to the signing of a Protocol providing for a prolongation of the delay for depositing ratifications on behalf of Czechoslovakia and Poland till May 31, 1930. Furthermore, it was agreed that the Convention should be put into force on January 1, 1930. In case, however, Poland and Czechoslovakia had not ratified the Convention before May 31, 1930, those countries which made the putting into force of the Convention conditional on its ratification by these countries, should not be bound by its provisions after July 1, 1930.³⁾ Thus, the Convention was put into force for a period of eighteen months.

It was, however, impossible to secure the ratification of the Convention by Poland, for after a further extension of the delay for depositing ratifications, and after Czechoslovakia had deposited her instrument of ratification on June 25, 1930, the Polish Government made it

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- 1) L.o.N. Second International Conference for the Abolition of import and export prohibitions and restrictions, 1928. Proceedings of the Conference, (Doc.C.611.M.187. 1928.II (9), p. 11.
 - 2) L.o.N. Third International Conference for the Abolition of Import and Export Prohibitions and Restrictions, 1929. Proceedings of the Conference. Doc.C.176.M.81.1930 II (13), p. 7.
 - 3) Ibid., p. 9.

clear that it was unable "to ratify the Convention as long as the free disposal of her most important products was restricted by artificial measures in her natural markets"¹⁾. Thereupon "the Governments of Austria, Belgium, Germany, Hungary, Italy, Luxemburg, Roumania and Switzerland announced, that, as the conditions on which their accession had been made dependent had not been fulfilled, they ceased to regard themselves as bound by the provisions of the Convention as from July 1, 1930"²⁾. The Governments of France and Yougoslavia were also no longer bound since the condition on which they acceded to the Convention had not been realised. Thus, only seven countries Denmark, Great Britain, Japan, the Netherlands, Norway, Portugal and the United States of America, which ratified the Convention unconditionally, remained contracting parties of the Convention.

2. The International Agreements relating to the exportation of Hides and Skins and Bones.

The First International Conference for the Abolition of Import and Export Prohibitions and Restrictions, 1927, which drew up the International Convention just reviewed, was aware of the fact that in a large number of countries prohibitions were in force concerning such raw materials as skins, hides and bones. In order to prevent the submission of any reservation under Article 6 of the Convention in respect to these materials, the Conference recommended "that the countries in which these prohibitions are applied should immediately confer together with a view to ascertaining whether they could not simultaneously renounce all reservations in this connection"³⁾.

It was in pursuance of this recommendation that the Council convened a meeting of all States concerned "to consider the best means of obtaining the withdrawal of

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- 1) L.o.N. Supplementary Report on the Work of the League since the Tenth Session of the Assembly. (Doc.A.6 (a) 1930.) p.26.
 - 2) Ibid., p. 26.
 - 3) L.o.N. International Conference for the Abolition of Import and Export Prohibitions and Restrictions, 1927. Proceedings of the Conference, (Doc.C.21.M.12.1928 II (7). p. 45.

certain claims to exceptions in respect of the export of hides, skins, and bones"¹⁾. The meeting which was held from March 14 to 16, 1928, drafted two Protocols, one regarding the export of hides and skins, the second regarding the export of bones. By the first protocol the delegates recommended to their respective Governments the conclusion of an agreement "providing for the abolition of all export prohibitions and for the immediate or gradual abolition of all export duties on these products"²⁾. The Second Protocol, while providing for the abolition of any prohibition or restriction on the export of bones, recognises expressly the right to maintain or establish on such exported goods an export duty not exceeding three gold francs per hundred kilograms³⁾. The text of the Protocols was to be forwarded to the Signatory States of the International Convention for the Abolition of Import and Export Prohibitions and Restrictions of November 8, 1927, with a view to ascertaining whether they were prepared to accede to them.

In order to consider the situation brought about by the communications of the various Governments concerning the agreement to be concluded, a Second International Conference on Hides and Skins and Bones was held at Geneva June 29 to July 11, 1928. "The Conference drew up two Agreements - one relating to the exportation of hides and skins, the other to the exportation of bones"⁴⁾. These agreements were signed July 11 by the delegates of sixteen countries.

By Article 1 of the International Agreement relating to the exportation of hides and skins

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- 1) L.o.N. Meeting of Government Representatives to consider the question of the export of hides, skins and bones 1928. Proceedings of the Meeting. (Doc. C.198 M. 66, 1928 (21), p.3.
 - 2) Ibid., p. 3.
 - 3) Ibid., p. 6.
 - 4) L.o.N. Second International Conference on Hides and Skins and Bones, 1928. Proceedings of the Conference. (Doc. C.524 M. 154. 1928 II) (47) p. 3.

"the High Contracting Parties undertake that, on and after October 1, 1929, the exportation of raw or prepared hides and skins shall not be subject to any prohibition or restriction under whatever form or denomination"1).

They also undertook neither to maintain nor to impose any export duty or any charge on the products referred to in Article I - apart from a statistical duty - which is not applicable to all commercial transactions in these products.

The International Agreement relating to the exportation of bones, while providing for the abolition of export prohibitions and restrictions on raw or dry bones and their waste, horns and hoofs and their waste, and glue-stock hide, did not exclude the possibility of levying certain particularly specified export duties (in no case exceeding three Swiss francs) on the export of these products²⁾.

As in the case of the International Convention for the Abolition for Import and Export Prohibitions and Restrictions, both these agreements fixed a date (July 1, 1929) by which ratifications should have taken place by some of the Members of the League of Nations and non-Member States on whose behalf they had been signed³⁾. Failing this, the High Contracting Parties undertook to enter into consultation on the possibility of putting the agreements into force. Article 6 of the Agreement on Hides and Skins, and Article 10 of that on Bones established a procedure of revision according to which

"if, after the expiration of a period of two years from the date of the coming into force of the present agreement an application for a revision ... has been made to the Secretary-General of the League of Nations by at least one-third of the Members of the League of Nations and non-Member States to which the present agreement applies, the others undertake to participate in any consultation which may be held for this purpose"4).

1) Ibid., p. 4. See Appendix 18, p. 26.

2) Ibid., p. 11. See Appendix 19, p. 28.

3) Article 4 of the Agreement relating to Hides and Skins and Article 8 of the Agreement relating to Bones ; Ibid., p. 4/5 and p. 12.

4) Ibid., p. 5. and 12.

Within the prescribed time-limit, fourteen countries notified their ratifications¹⁾ and a Third Conference held at Geneva August 29 to September 11, 1929, decided to put into force both these agreements as from October 1, 1929.²⁾ Thereupon October 1, 1929, the agreements came into force between the following eighteen countries : Austria, Belgium, Czechoslovakia, Denmark, Finland, France, Germany, Great Britain, Hungary, Italy, Luxemburg, the Netherlands, Norway, Poland, Roumania, Sweden, Switzerland and Yugoslavia. The Report of the Secretary-General on the work of the League of Nations on June 1, 1930, states that "the export of hides, skins and bones has been subject to no prohibitions or restrictions as from October 1, 1929, in the signatory States. From the same date hides and skins have not been subject to any export duty and the export duties ^{on bones} will be appreciably reduced"³⁾.

CHAPTER VI.

The Debates on Commercial Policy at the 1929 Assembly of the League and the Commercial Convention concluded in 1930.

With the conclusion of the agreements on hides and skins and bones the League's activity in the field of economics reaches the year 1929 which, generally speaking, may be regarded as the end of the economic upward movement and the beginning of the Great Depression.

1. The Debates at the Tenth Assembly.

Having regard to this fact, it was perhaps not by mere accident that the League's Tenth Assembly in September 1929 served as the platform for a great debate on economic and commercial policy between the leading Statesmen of that time. Although the discussions were not directly

- 1) L.o.N. Third International Conference on Hides, Skins and Bones. (1929) Proceedings of the Conference. (Doc. C.92.M.18.1930 II (4), p. 3.
- 2) Ibid., p. 4 and 7.
- 3) L.o.N. Report on the Work of the League since the last Session of the Assembly. Geneva, June 1, 1930. (Doc. A.6.1930.), p. 63.

concerned with the problem of raw materials, their bearing on the general question of international trade and commercial policy may justify the inclusion in the present study of a short account of the economic principles enunciated at the Tenth Assembly.

The initiative for this debate as well as various definite proposals came from the representatives of the Great European Industrial countries. First, Mr. HYMANS (Belgium) recalled the resolutions of the International Economic Conference, 1927, emphasising the necessity of removing or lowering customs barriers. He suggested, as a first step in this direction, what he called "economic disarmament". The States acceding to such a convention "would undertake not to increase their customs tariffs"¹⁾.

After the Belgian representative, Mr. BRIAND (France) made his famous suggestions for a closer economic collaboration between the European countries in the form of a federated association of the different States. The following are those paragraphs of Mr. BRIAND's speech which dealt with this question :

"I think that among peoples constituting geographical groups, like the peoples of Europe, there should be some kind of federal bond; it should be possible for them to get into touch at any time, to confer about their interests, to agree on joint resolutions and to establish among themselves a bond of solidarity which will enable them, if need be, to meet any grave emergency that may arise. That is the link I want to forge.

Obviously, this association will be primarily economic, for that is the most urgent aspect of the question and I think we may look for success in that direction. Still, I am convinced that, politically and socially also, this federal link might, without affecting the sovereignty of any of the Nations belonging to such an association, do useful work ; and I propose, during this session, to ask those of my colleagues here who represent European nations to be good enough to consider this suggestion unofficially and submit it to their Governments for examination, so that those possibilities which I see in the suggestion may be translated into realities later - perhaps at the next session of the Assembly"²⁾

- 1) L.o.N. Official Journal. Special Supplement No.75. Records of the Tenth Ordinary Session of the Assembly, Plenary Meetings, p. 49.
- 2) Ibid., p. 52.

Mr. BRIAND's suggestions were warmly supported by Dr. STRESEMANN (Germany) who made it quite clear that he rejected "any political ideas directed against other continents and anything that could be interpreted as an economic autarchy of Europe"¹⁾. The next speaker, Mr. SCIALOJA (Italy), referred expressly to the question of raw materials. In the opinion of the Italian representative, the League of Nations concentrated chiefly on the legal aspects of conflicts and war "for-getting to take sufficiently into account the causes of that phenomenon"²⁾. He then very clearly pointed to the fact, that "the most violent conflicts of interests between nations occur in the economic sphere for in that sphere the peoples show an instinctive tendency to consider problems from the sole standpoint of their own immediate interests"³⁾. It should be the task of responsible Governments "to arrive at a complete understanding of all the aspects of the economic problem" and particularly "of certain fundamental questions such as raw materials"⁴⁾. After recalling earlier efforts of the League in this matter, Mr. SCIALOJA considered it not sufficient to institute enquiries as to a solution of the unfavourable conditions from the point of view of certain producing countries. He asked "that equal consideration shall be given to the interests of producing and consuming countries"⁵⁾. Finally, Mr. SCIALOJA appreciated the greatness of Mr. BRIAND's "magnanimous conception of a federal link between the European States"⁶⁾. While recognising the difficulties involved, the Italian delegate was of the opinion that this idea none the less deserved the closest attention and the most exhaustive consideration.

A practical and concrete proposal as regards the question of tariffs was then made by the Right Hon. William GRAHAM (British Empire). Having expressed his sympathy with the principles laid down by Mr. BRIAND and Dr. STRESEMANN, the British delegate suggested the adoption of an agreement under which the High Contracting Parties would undertake,

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- 1) Ibid., p. 70.
 - 2) Ibid., p. 71.
 - 3) Ibid., p. 72.
 - 4) Ibid., p. 72.
 - 5) Ibid., p. 72.
 - 6) Ibid., p. 72.

for a period of two years, not to increase tariffs above their existing level. Furthermore, during this period different efforts should be made to ascertain how existing tariffs could be reduced either for groups of commodities or for the general tariff level, by means of bilateral or multilateral agreements, or by unilateral action ¹⁾.

These proposals were then discussed in the Second Committee, in which Dr. BREITSCHIED (Germany), Rapporteur of the Committee, made certain reservations and suggestions as to the practical achievement of such a "tariff truce" as proposed by the Belgium and the British delegates ²⁾. The French, British and Belgian delegations presented a draft resolution on this subject.

In the further review of the discussion thereupon, we will concentrate upon the arguments of those delegates who declared themselves opposed to any action in the matter of tariff barriers. These objections, in the main, were based on the claim that younger and less industrialised countries must be protected against foreign competition. The delegates of the British Dominions, in particular, held this point of view.

Mr. McDOUGALL (Australia) emphasised the fact that "the majority of States used their tariffs in greater or less degree for protective purposes" ³⁾. Therefore, "the tendency to regard tariffs, as such, as being contrary to the spirit of the League of Nations was one which might cause some offense to the majority of the State-Members of the League" ⁴⁾. Whereas, in the opinion of the Australian delegate, the European States should apply the best possible methods of remedying the European situation, "the younger overseas countries, now in process of developing their industries, must retain their freedom of action to adjust their tariffs so as to enable them to carry on the forward movement of their industrial development" ⁵⁾.

1) Ibid., p. 79.

2) L.N. Official Journal, Special Supplement No. 77. Records of the Tenth Ordinary Session of the Assembly, Minutes of the Second Committee (1929), p. 14.

3) Ibid., p. 20.

4) Ibid., p. 20.

5) Ibid., p. 21.

The delegates of Persia, Poland, Canada, New-Zealand, India and South Africa argued on similar lines¹⁾.

In view of the opposition from these countries, the resolution finally submitted to and adopted by the Assembly leaves it to the discretion of the States to undertake concerted action. As regards commercial policy "... States which are prepared to participate therein, should agree not to increase their protective tariffs above the present level for a period of from two to three years..."²⁾ The Secretary-General should take the necessary steps for the conclusion of such an agreement at a date as near as possible to the end of January 1930.

As concerns the procedure to follow, Mr. BREITSCHIED, in submitting the Report of the Second Committee and the resolutions to the Assembly, explained the different stages of preparation of such a concerted action in the following way :

"First stage: An invitation to all States Members and non-Members of the League to give notice, before December 31, 1929, whether they wish to participate or not in a Diplomatic Conference to conclude a Customs truce and, if desirable, draw up a programme for future negotiations.

Second stage : Decision by the Council of the League with regard to the convening of this Diplomatic Conference, if possible for the end of January 1930.

Third stage : A Diplomatic Conference of States which have replied in the affirmative.

Fourth stage : Negotiations, contemplated in the first stage, between States concluding the Customs truce, which is expected to last for two or three years.

Fifth stage : A final Diplomatic Conference to which all States without distinction will be invited, and which will take note of the results of the negotiations and supplement them if necessary"³⁾.

With these explanations the resolution on concerted economic action was adopted by the Assembly without discussion.

1) See Ibid., p. 22, 30, 33, 50 and 52.

2) Ibid., p. 58.

3) L.O.N. Official Journal, Special Supplement No. 75.
Records of the Tenth Ordinary Session of the Assembly.
Plenary Meetings, p. 147.

2. The Commercial Convention of March 24, 1930.

It would carry us too far, in a study of the League of Nations and the problem of raw materials, if we followed at length any action of the League in connection with the problem of commercial policy, although, as we have seen, the problem of the supply of raw materials can hardly be separated from the general problem of commercial policy. Therefore, it may be worth while to indicate, very briefly indeed, what happened to the tariff truce proposals made at the beginning of the Great Depression.

The recommendations of the Tenth Assembly were followed, March 24, 1930, by the signing of a Commercial Convention, by which the High Contracting Parties only undertook "not to avail themselves before April 1, 1931, of the right to denounce the bilateral commercial treaties which anyone of them has concluded with any other of the High Contracting Parties and which are in force on this day's date"¹⁾. Furthermore, if any of the High Contracting Parties should proceed to increase or to impose his customs duties "the Party who regards himself as being injured thereby shall be entitled ... to ask for the opening of friendly negotiations between the Governments concerned in order to restore the equilibrium so disturbed"²⁾. Finally, in view of the value of the markets of overseas countries for the economic life of Europe and "considering that the majority of the Overseas countries are producers of raw materials and foodstuffs of which Europe is one of the main consumers" the Conference recommended "that the Economic Organisation of the League of Nations should undertake an objective investigation into the means of establishing close co-operation between Europe and the overseas countries and, in particular, consider in what respect the trade relations between Europe and the said countries might be improved to their mutual advantage"³⁾.

In spite of the fact, that the commercial convention of 1930 did by no means go as far as the tariff truce

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- 1) L.o.N. Preliminary Conference with a view to concerted economic action, 1930. (Doc.C.203 M. 96. 1930 II (15)), p.4.
2) Ibid., p. 4.
3) Ibid., p. 34.

proposals made at the Tenth Assembly, the Signatory States were "unable to agree upon a date for putting the commercial convention into force"¹⁾.

It may be interesting to analyse very briefly the causes which made it impossible to put into force this very modest convention. Such an analysis was given in the Report of the Second Committee to the Twelfth Assembly of the League in September 1931 :

"The Second Committee fully realises the reasons for the failure ... The economic depression was bound to have a considerable influence on the commercial relations between countries. The unprecedented fall in agricultural prices led to protective measures on the part of importing countries, which were anxious as to the fate of their agriculture. It also led the agricultural countries of Central and Eastern Europe to press more and more insistently for more favourable conditions for their export of cereals. Moreover, the shrinking of the external markets for the industrial products of the various exporting countries compelled the latter to seek on the home market compensation for the diminution of their external markets, thereby causing the parties concerned to call with growing urgency for protection, in some cases even to the exclusion of foreign competition.

Faced with this situation, many countries felt it necessary to preserve their freedom of action in tariff matters. Where that freedom was even in part restricted by agreements, they endeavoured to regain it by a process of deconsolidation, and even by the denunciation of treaties"²⁾.

This statement as well as explaining the immediate reasons for the failure to reach an agreement on certain action concerning the commercial policy of the countries, characterises the economic situation which prevailed generally during the Great Depression from 1929 onwards. During this period the problem of raw materials was dealt with by the Monetary and Economic Conference of 1933 to which the next chapter is devoted.

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- 1) L.o.N. Proceedings of the Second International Conference with a view to concerted economic action (Second Session), 1931, (Doc. C. 269 M.124.1931 II B (10)), p.8.
 - 2) L.o.N. Official Journal. Special Supplement, No.93. Records of the Twelfth Ordinary Session of the Assembly. Plenary Meetings, p. 198.

CHAPTER VII

The question of raw materials at the Monetary and Economic Conference, 1933.

The immediate reaction against the general fall of prices during the depression was a tendency to strengthen tariff protection. "One after another, all countries endeavoured, either by partial or successive changes or by complete remodelling of their tariffs, to check the import of foreign goods, so as to prevent serious disturbances of the national market as the result of uncontrolled influx of foreign products"¹⁾. Immediately after the failure of the attempt to conclude a "customs truce" in 1930, the United States of America put in force the Hawley-Smoot Tariff, which surrounded the country "with a tariff wall in many cases entirely unsurmountable"²⁾. Nearly all countries introduced different measures of protection (mainly for agriculture) which very often took the form of quantitative restrictions on imports (import quotas, import monopolies, foreign exchange control, etc)³⁾.

As regards raw materials, the world experienced a catastrophic fall in the prices of these commodities. Thus during the period of 1929 to 1934/35 the question of raw materials once again appeared under its 'overproduction'-aspect and the League of Nations, in the course of its efforts towards the economic and financial reconstruction of the world, was especially concerned with this side of the problem.

These also were the general economic conditions when the Monetary and Economic Conference was prepared and convened in 1933. The Draft Annotated Agenda submitted to the Committee of the Council for the Organisation of the Conference by the Preparatory Commission of Experts

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- 1) L.o.N. Economic Committee. Report to the Council on the Work of the Forty-first Session. (Doc.C.353.M.165,1934 II B. (1)). p. 7/8.
 - 2) Ibid., p. 8.
 - 3) This development up till 1934 is summarised in the Report of the Economic Committee mentioned in footnote 1. (See Appendix 2 : Evolution of Commercial Policy since the Economic Crises p 7 - 18).

gives a survey of the general situation and considers the steps to be taken in order to overcome the difficulties. It discusses in particular the causes and effects of the restrictions on international trade.

As concerns restrictions on raw materials, these had been imposed, according to the view of the experts, "either in the absence of agreements between producers or to promote the conclusion of such agreements or to render their operation possible"¹⁾. The problem of restrictions and prohibitions should, however, not be dealt with as an isolated problem - as was done in the 1927 Convention - but with the view "to modify the economic circumstances which were the direct or indirect causes"²⁾. Finally, as concerns certain products (especially certain foodstuffs and raw materials) the supply of which largely exceeded the demand, the experts considered the expediency of international agreements regulating production and trade without, however, pronouncing themselves on the attitude which Governments might assume in regard to such agreements.

It is not for this study to follow in detail the discussions and results of the Monetary and Economic Conference. Once more, the delegates agreed that all hindrances to free exchanges of goods and capital should disappear as soon as possible. In this respect, certain reservations were, however, made "in regard to the maintenance of quotas for agricultural products until such time as sufficient progress has been made in the international co-ordination of production"³⁾. Furthermore, the general interdependence between the commercial restrictions of different countries found its expression in the declaration of certain delegations representing agricultural countries

1) L.o.N. Monetary and Economic Conference. Draft Annotated Agenda. Doc. (C.48 (1).M.18 (1).1933 II (Spec.1)). p.24.

2) Ibid., p. 26.

3) L.o.N. Monetary and Economic Conference. Reports Approved by the Conference on July 27, 1933 and Resolutions adopted by the Bureau and the Executive Committee (Doc. C. 435 M. 220. 1933 II, (spec. 4))p. 22.

"that their countries could not abolish the import prohibitions imposed on manufactured articles so long as other countries found it necessary to maintain restrictive measures on the import of agricultural produce"¹⁾.

If we consider the fact that the raw material producing countries were faced with a general fall in prices and were even unable to find outlets for their products, it is not astonishing that a Sub-Commission of the Conference dealt with the question of the co-ordination of production and marketing of various foodstuffs and raw materials²⁾. According to the Reports of the Conference, concerted action is required in order "to increase the purchasing power of the producers of primary products by raising the wholesale prices of such products to a reasonable level"³⁾. For this purpose, international agreements for co-ordinating the production and marketing of certain commodities should be concluded. The Report, after enumerating certain conditions to which such agreements should conform, makes it clear "that several delegations have strongly emphasised the necessity of not prejudicing the future of the consuming countries, and in particular those which lack raw materials"⁴⁾. The following two principles should be observed as regards the choice of products to be dealt with : "1) the greatest possible number of producers were to be included ; 2) the product must lend itself as much as possible to international regulation"⁵⁾. The case of the following foodstuffs and raw materials was examined : wheat, wine, timber, cotton, wool, coal, copper, silver. The Report recommend either the extension of existing international agreements or the preliminary study and the preparation of new agreements in co-operation with the chief producing countries and the League of Nations.

1) Ibid., p. 22.

2) Certain private international organisations were asked to co-operate with this Commission. See Ibid., p. 5.

3) Ibid., p. 19.

4) Ibid., p. 20.

5) Ibid., p. 20.

Moreover, the Conference decided that the Sub-Commission on Co-ordination of production and marketing and its various Sub-Committees (wheat, sugar, wine, timber, coal, etc.) should continue its work¹⁾. Lastly, the Conference empowered the President to summon any committee set up by the Conference ; to refer any special question to experts for study and even to "determine the date of re-assembling of the Conference"¹⁾.

These were the recommendations of the Monetary and Economic Conference, particularly in respect to the question of raw materials, at it presented itself at that time.

In accordance with the recommendations of the Monetary and Economic Conference the competent organs of the League of Nations followed closely the negotiations between the representatives of various countries to consider the desirability of co-ordination of production and marketing of different foodstuffs and raw materials. With the exception of very few cases these negotiations seemed, however, to offer no real chance of success²⁾ owing to the general reluctance of the producers to bind themselves, even for short periods.

The general situation prevailing during the next two years can perhaps be best characterised by referring briefly to the results of an initiative taken by the Government of Soviet Russia relating to commercial policy. On July 8, 1935, the Government of the U.S.S.R., in a letter to the Secretary-General, asked "that the competent organs of the League of Nations should be instructed to study the question of an international agreement establishing the principle of mutual notification one month in advance of proposed changes in customs tariffs and of fresh import and export restrictions"³⁾. The Economic Committee entrusted

1) Ibid., p. 5.

2) L.o.N. Economic Committee. Report to the Council on the Work of the Fortieth Session. (Doc. C.643.M.306, 1933 II. B. (5), p. 7ff.

3) L.o.N. Official Journal No. 11. Nov. 1935. Minutes of the 88th Session of the Council, p.1158.

with the study of this proposal reported to the Council, after a considerable time, that the study of this question "has led to the conviction that there is no chance at present of achieving such an agreement"¹⁾. Thus the general situation during this period made it impossible to come to an understanding on the mere notification, one month in advance, of intended changes in commercial policy.

CHAPTER VIII.

The 1937 Enquiry of the League of Nations into the problem of raw materials.

1. Sir Samuel HOARE's speech at the 1935 Assembly of the League of Nations.

With the year 1935 we come to the Sixteenth Assembly of the League of Nations when Sir Samuel HOARE (United Kingdom), in his famous speech dealing with the achievements as well as with the general situation of the League in 1935, raised the question of raw materials. His declarations on the raw material problem²⁾ were preceded by some reflections of a general nature. It is not enough, Sir Samuel HOARE said, to prevent war, but "something must be done to remove the causes from which war is apt to arise"³⁾. He did not analyse these causes, however, but simply emphasised that from time to time changes would have to be made "by peaceful means and not by war or threat of war"⁴⁾. But, according to Sir Samuel, "not every demand for change deserves to be listened to A demand for change must be justified by the facts of the case and the free discussion of those facts. The justice of a claim is not necessarily in proportion to the national passions which are aroused in support of it - they may be deliberately aroused by what I regard as one of the most dangerous features of modern life - Government propaganda . . . Too often the

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- 1) L.o.N. Economic Committee. Report to the Council on the Work of its 44th Session, 1936 (Doc.C.377 M.248 1936 II B. 8.), p.4.
 - 2) Which are given in full in Appendix 20, p. 32.
 - 3) L.o.N. Official Journal. Special Supplement No. 138 Records of the Sixteenth Ordinary Session of the Assembly. Plenary Meetings. 1935, p. 45.
 - 4) Ibid., p. 45.

artificial excitement of national feeling is made the excuse for the repudiation of an obligation or for a threat of force"¹⁾.

It was on the basis of these statements that the representative of the United Kingdom asked for an enquiry by the League into the problem of raw materials. First of all, he suggested investigating what might be the real scope of the trouble of those countries which feel some anxiety from the fact that they do not possess the necessary raw materials either in their native soil or in their colonial territories. In the view of the British Government, Sir Samuel HOARE continued, "the problem is economic rather than political and territorial. It is the fear of monopoly - of the withholding of essential raw materials - that is causing alarm"²⁾. Sir Samuel HOARE thought, however, that in the present circumstances the question was less a problem of exclusive monopolies for the consumer countries than a problem for the producing countries of how to sell the raw materials at a remunerative price. He added that the same side of the question had been investigated by a commission of the Monetary and Economic Conference the work of which "was directed primarily towards raising wholesale prices to a reasonable level through the co-ordination of production and marketing "³⁾. The speaker recommended this precedent as "a suitable line of approach to an enquiry which should be limited in this case to raw materials from colonial areas including protectorates and mandated territories"⁴⁾. He then concluded :

"...the emphasis in the terms of reference should fall upon the free distribution of such raw materials amongst industrial countries which require them, so that all fear of exclusion or monopoly may be removed once and for all.

The Government that I represent will, I know, be prepared to take its share in any collective attempt to deal, in a fair and effective way, with the problem that is certainly troubling many people at present and may trouble them even more in future"⁵⁾

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- 1) Ibid., p. 45.
 - 2) Ibid., p. 45.
 - 3) Ibid., p. 45.
 - 4) Ibid., p. 45.
 - 5) Ibid., p. 45.

It may perhaps be worth while to recall that these proposals were made in a period when Italy was preparing her war against Abyssinia. This peculiar situation and the efforts of various Governments to prevent the outbreak of war must be borne in mind if one wants to understand the significance of these proposals. Furthermore, it may be interesting to note that the suggestions of the United Kingdom delegate were supported by the representative of the Netherlands, Jonkheer de GRAEFF. While admitting the unequal distribution of raw materials and the fact of overpopulation, and while understanding the need of extension, the Dutch delegate emphasised that these expansionist requirements could not "justify the resort by a State to methods of force." 1). He reminded the Assembly "that Article 23 of the Covenant requires equitable treatment for the commerce of all members of the League" and then asked whether "existing conditions are in conformity with this provision of the League charter" 2). According to the Dutch delegate "the integral application of the principle of the Open Door must be the pivot of any system which aims at the maintenance of a genuine League of Nations." 3)

2. The Raw Materials Question at the 1936 Assembly of the League of Nations.

It was, however, only the Seventeenth Assembly of the League which dealt in a more concrete way with the question of raw materials and which prepared the way for the present investigations into the problem.

During the general discussion Mr EDEN (United Kingdom) recalled the observations made by Sir Samuel HOARE in his speech at the last Assembly in regard to the question of access to certain raw materials. It appeared to him that this subject now was ripe for discussion and "for impartial expert enquiry under the auspices of the League on the lines suggested by the United Kingdom delegate last year. His Majesty's Government would be prepared to support the taking of steps in this direction by this Assembly." 4).

1) Ibid., p. 62

2) Ibid., p. 62

3) Ibid., p. 62

4) L.O.N. Official Journal. Special Supplement No.155. Records of the Seventeenth Ordinary Session of the Assembly. Plenary Meetings. 1936, p.47.

Practical proposals were submitted in the Second Committee where the main discussion on our subject took place. Mr. MORRISON, United Kingdom, after a general survey of the international economic situation after the French devaluation and the conclusion of the currency agreement between France, Great Britain and the U.S.A., spoke on raw materials. He considered that "exchange controls and other obstacles to trade have a connection with this problem of supplies of raw materials." 1). Therefore, any relaxation of exchange controls and other restrictions "ought to contribute greatly towards a solution of the problem of raw materials supplies." 2). He then suggested that it should be left to the organisation conducting the enquiry to draw up a definite list of special raw materials and foodstuffs to be dealt with. The enquiry should ascertain "the conditions in which these commodities are produced and marketed so as to elicit whether there are, in fact, any hindrances to their being obtained by all States which may require them; whether, if such hindrances exist, they can be removed by general undertakings on the part of the countries concerned to provide for and maintain their accessibility in the future on equal terms for all requiring them." 3) The British delegate suggested that "the Council might be requested to appoint a Committee composed, in suitable proportions of members of the Economic and Financial Committee of the League and other qualified persons..." 4) Finally, Mr. MORRISON suggested securing the co-operation of some non-Member States "who either as producers or consumers, or both, have a special interest in this question." 5) He submitted a Draft Resolution along these lines which was finally adopted by the Assembly. The delegates of Poland, the Netherlands, Belgium, Switzerland, Colombia, Bulgaria and India expressly endorsed and approved the resolution submitted by Mr. MORRISON. Mr. VERVERKA (Czechoslovakia) remarked that Czechoslovakia was obliged to buy the necessary raw materials with universally negotiable currencies while being "forced to sell chiefly to countries from which it was difficult to procure payment." 6).

1). L.o.N. Official Journal. Special Supplement No. 157.
Records of the Seventeenth Ordinary Session of the Assembly,
Meetings of the Committees 1936, p.42.

2). Ibid., p.42.

3). Ibid., p.42.

4). Ibid., p.42.

5). Ibid., p.42.

6). Ibid., p.65.

The delegate of Portugal made reservations as to the final solution of the problem. Nevertheless, he stated that certain guiding principles of the proposal (as for example the exclusion of any redistribution of raw materials outside their natural sale and the extremely modest powers of the proposed new organ) facilitated its acceptance by the Portuguese delegation. Generally speaking, the Portuguese delegate expressed the opinion "that in view of the abundance and low price of African raw materials the question assumed the form of a problem of payment..... The basis of the problem was, therefore, to provide the nations with the means of paying for the raw materials received from the producing countries."¹⁾ Finally, before the adoption of the resolution submitted by the United Kingdom delegate, Mr. KOMARNICKI (Poland) thought that the expression "commercial access" should be defined so as to include the problem of the purchase of raw materials. After a statement of Mr. STOPPANI (Secretariat) according to which the term commercial access included the monetary question in the programme of work, the Polish delegate declared that he would not press his suggestion and the resolution was submitted to the Assembly in its original form.²⁾ The Assembly adopted the resolution without further observations.³⁾

3. The appointment of a Committee to study the problem of raw materials in January 1937.

It was therefore for the Council to appoint the proposed Committee for the study of the problem of raw materials. The Council met in January 1937 for its 96th Session. The representative of Poland was rapporteur on the eleventh point of the Agenda which read as follows: Raw Materials: Appointment of a Committee of Enquiry. The report of Mr. BECK (Poland), after a short historical survey emphasises that "the problem of the supply of raw materials, mixed up and confused as it has been in turn with colonial questions, migration questions, trade and monetary problems and considerations of defence and national prestige, has given rise

1). Ibid., p 84.

2). Ibid., p. 84.

3). L.O.N. Official Journal. Special Supplement No.155. Records of the Seventeenth Ordinary Session of the Assembly. Plenary Meetings. 1936, p.141/42. See full text of the resolution, Appendix 21, p. 33.

and still gives rise to keen controversy." 1). The report considered it desirable that the Council should proceed immediately to the appointment of the Committee in accordance with the general principles laid down in the resolution of the Assembly. This meant that "the choice of the raw materials to be considered should be left to the discretion of the body" 2) to be appointed. As regards the composition of the Committee, the report proposed the list of members and other qualified persons which is given as Appendix 22 (p.34). This list should, however, not be considered as being complete. Besides the possibility of obtaining the assistance of specialists belonging to other countries, the report envisages "the appointment of an expert of Canadian or Italian nationality." 3) As concerns certain aspects of the problem of raw materials the report comes to the conclusion that besides the collaboration of Brazilian, American and Japanese experts, "the Secretary-General should be asked to take steps with a view to obtaining the co-operation of a German expert." 4) Finally, it should also be left to the Secretary-General to fix the date of the first session and to collect all the necessary preparatory documentation for the Committee.

The presentation of the report to the Council was followed by a short debate in which Mr. DELBOS (France) asked that the International Labour Organisation be associated directly with the work of the Committee of enquiry. The Council adopted this proposal as well as the conclusions of the report.

The following day, the representative of the Union of South Africa, at the request of his Government, raised the question of the status of the members of the Committee to study the question of raw materials in the following words: "... the manner in which Sir Henry STRAKOSCH, a member of the Financial Committee, has been designated as a member of the Raw Materials Committee has led to the false impression that he represents the Government of the Union of South Africa on that Committee. This, naturally is not the case...." 5).

- 1). L.O.N. 96th Session of the Council. Minutes. Fourth Meeting, p.4.
- 2). Ibid., p.4.
- 3). Ibid., p.5.
- 4). Ibid., p.5.
- 5). L.O.N., 96th Session of the Council. Minutes. Fifth Meeting, p.15.

In reply, Mr. KOMARNICKI "pointed out that the observations of the representative of the Union of South Africa might equally well apply to all the other members of the Committee... The members of the Committee in question had been appointed by the Council in their personal capacity, either as members of the Economic and Financial Committees of the League or because of their personal qualifications. They did not represent their Governments. They were simply required to give the Council an authoritative opinion on the problem of raw materials." 1).

4.) The first meeting of the Committee to study the problem of raw materials, March 1937.

At the beginning of February 1937, the Committee to study the question of raw materials was summoned to its first session on March 8th, 1937. The Secretary-General consulted the German Government as to its possible collaboration in the activity of the Committee. The German Government, however, without giving any explanation for its refusal,²⁾ refused to be represented in the Committee. In this connection it may, however, be interesting to quote here what the Berlin correspondent of the Manchester Guardian gathered as the reason for Germany's declining the Secretary-General's invitation:

"The German Government takes the view that the summoning of the League Committee to make raw material supplies more accessible is an attempt to fob off her demand for the return of her former colonial empire....

It is also declared that Germany's experience of League Conferences and Committees is that they suffocate in purely theoretical discussions and bring neither advantages to any European country nor economic co-operation between them.

Nobody expected Germany to participate.... when England is trying to evade for the present Germany's colonial claims by means of the Raw Materials Committee." 3).

As regards Italy, there were only a few press reports to indicate that the Italian Government would not, at the present moment, change its general negative attitude towards the League of Nations. 4)

1). Ibid., p.15.

2). cf. Journal des Nations, February 23 and 24 1937.

3). cf. Manchester Guardian Weekly, February 26, 1937.

4). cf. Journal des Nations, February 27, 1937.

When the Committee met March 8, 1937, the Secretariat had prepared a Memorandum which was, however, not made public. A press communiqué of the League indicated that this Memorandum "begins with a short account of the way in which the problem of raw materials has been before the League since 1920, and goes on to analyse, with the aid of public documents and review articles, the information from which the experts may be disposed to draw their conclusions." 1). After giving as an example a classification of essential raw materials and of raw materials of comparatively secondary importance, the Memorandum, according to the press communiqué,

"... analyses the grievances of countries inadequately provided with raw materials and shows how certain of them have reacted, generally by resorting to a policy of economic autarchy. The direct and indirect obstacles to international commerce in raw materials are pointed out, both as regards the action of Governments (in the home country, in colonies or dependencies and in mandated territories) and that of private individuals (formation of international agreements or cartels)." 2).

The Memorandum, after giving a summary of different proposals put forward as a solution of the problem of raw materials, then distinguished in the main between the following seven suggestions:

1) The revival of commercial exchanges through the abolition of the obstacles at present placed in the way of international circulation of goods.

2) The generalisation in all colonial territories of the system of the open door or of the system of freely accepted commercial equality that formerly existed in the British colonial empire.

3) The transformation of colonies into mandated territories or the transfer of their administration to an international authority.

4) The organisation on an international basis of the distribution of the world's raw materials with the control of such materials.

5) The conclusion of international agreements for the distribution of raw materials through reciprocal exchanges of goods or services.

6) The admittance of consumers' representatives to sit on the controlling body of certain cartels; such agreements should also be brought under international supervision.

7) Various suggestions have been made regarding the award of concessions: formation of chartered companies; creation of an international bank and formation of an international mines and forests trust, to be set up and administered by the League of Nations. 3).

1) L.O.N. Information Section. Press Communiqué, March 2, 1937,

2) Ibid., p. 3.

p. 1.

3) Ibid., p. 3/4.

As may be seen from these very few indications as to the contents of the Secretariat's Memorandum, this study seems to be rather a documentary survey on the different aspects of the problem than an expression of a definite point of view. The Secretary-General, in referring in his opening speech to this document entitled "General Aspects of the Problem as brought out by the principal Statements made and Publications issued since September 1935", pointed out that its duty is only to give assistance to the members of the Committee; "it does not give the views of the Secretariat, which can have no views of its own" ¹⁾. In spite of this Statement, the Memorandum seems to have caused considerable alarm among certain Conservative members of the House of Commons. Mr. EDEN had to answer no less than six questions concerning certain proposals which were discussed in this document. Mr. EDEN pointed out that the Memorandum would by no means form the basis of the work of the Raw Materials Committee. He emphasised especially that any question of re-distributing colonies or mandated territories as well as any proposal for change in their administration were completely excluded from the terms of reference of the Committee. ²⁾.

The Committee, after electing Mr. STUCKI (Switzerland) as Chairman decided that its meetings would not be public but that communiqués would be published.

The general discussion during the first days of the meeting gives us a survey of all aspects of the problem of raw materials as it appears at the present moment. Various points of view found their expression during the debate in the course of which the members of the Committee took the opportunity to emphasise mainly "the anxieties and requirements of their own countries" (to use the words from the opening speech of the Secretary-General) ³⁾.

Sir Frederic LEITH-ROSS ⁴⁾ opened the discussion. He first of all thought that the Memorandum prepared by the Secretariat, while valuable as information, should not be regarded as a basis of discussion. Turning to the question as to which materials were to be dealt with by the Committee, he

1). cf. L.o.N. Press Communiqué No.8070, 1937.

2). cf. Journal des Nations, March 11, 1937 (author's translation).

3). L.o.N. Press Communiqué No.8070, 1937.

4). A summary of this speech is given in L.o.N. Press Communiqué No. 8071. 1937.

thought that not only industrial raw materials but also food-stuffs and fodder should be inserted into the list of the materials to be studied by the Committee. As regards each of these materials, statistical investigations should be undertaken in respect of world production, world consumption and price movements as well as the production and consumption, imports and exports of each of the chief countries concerned. In this connection the Committee would have to consider what should be regarded as a single country. "The position of the British Empire," Sir Frederic pointed out, "was somewhat peculiar, seeing that the United Kingdom Government had no power over the economic policy of the Dominions." He then turned to the question of raw materials produced in colonial dependencies and, while not denying that there may be certain advantages for a country to find the necessary raw materials in its own colonies, came to the conclusion that these advantages were rarely obtained without reciprocity. He then raised an interesting point in regard to the application of the open door principle to all colonies: "such a policy might in certain cases be harmful to the development of the colonies and even to the welfare of the natives." Moreover, some of the countries that desired the adoption of the policy of the open door in other States, "practised a policy of restricting the circulation of goods and endeavoured to maintain an artificial level for their currency." Finally, Sir Frederic observed that the production of artificial substitutes must lead inevitably to a lowering of the standard of life of the people and concluded by asking whether some of the difficulties in securing raw materials were not due to the economic and monetary policy of the countries concerned.

Mr. SHUDO ¹⁾ (Japan), who spoke next, stated that the only means of nourishing the Japanese population of 100 millions was industrialisation. With the exception of raw silk, Japan possessed no raw materials, the supply of which was not always hampered by obstacles. This was the reason why Japan endeavoured to save herself by self-sufficiency in spite of the disturbance to world economy caused by such attempts. In order to overcome the present difficulties,

1). A summary of this speech is given in L.o.N. Press Communiqué No. 8071. 1937.

Mr. SHUDO made the following proposals: Abolition of all restrictions on the export of raw materials, giving up of all endeavours to form monopolies of raw materials, permission of immigration of all races into undeveloped territories, possible adoption of the principle of 'A' and 'B' mandates for these undeveloped territories and, lastly, restoration of freedom of commercial transactions.

Mr. ROSE ¹⁾ (Poland), after recognising the problem of raw materials as a problem of general economic disequilibrium, emphasised that "the process of capitalisation in Poland was handicapped by the difficulty of insufficient raw materials." An annual population increase of 450,000 gives the problem of industrialisation its vital importance in Poland. So long as a liberal policy in economic matters prevailed, the unequal distribution of raw materials was not felt seriously. Under present conditions, however, when ^{were} circulation of capital and goods had diminished and territories/closed to emigration, and especially in view of the finance and exchange difficulties, the "have not" States "must be helped to raise themselves economically to the level of possessors." Mr. ROSE considered "that the problem must be regarded above all as financial." In this connection several financial proposals had been brought forward: the financing of the purchase of raw materials, the organisation of international credit, plurilateral clearing agreements, the supply of funds for the acquisition of investment goods, etc. He suggested the appointment of two Sub-Committees, one for financial and the other for colonial questions.

Sir Henry STRAKOSCH ²⁾, the South African member of the Committee, warmly supported Sir Frederic LEITH-ROSS' proposal for including foodstuffs in the enquiry. First of all, the Committee should carefully examine whether the various complaints in regard to raw materials were well founded. If this were the case, the causes of these difficulties should be investigated. The Committee would especially have to see whether such difficulties were due to the policy of other countries or that of the country concerned.

1). A summary of this speech is given in L.o.N. Press Communiqué No. 8073. 1937.

2). A summary of this speech is given in L.o.N. Press Communiqué No. 8073. 1937.

"It would be interesting to make a comparative study of the economic policy followed in countries belonging to what were called the Sterling bloc and other countries. It might, for instance, be observed that certain countries like New Zealand Australia and Argentine which required to import industrial products, had no difficulty, whilst others had difficulties; and it must be seen whether in these latter countries the economic policy followed by them was not the cause."

Quantitative statistics such as those contained in the Secretariat's Memorandum were of small value "for account had to be taken of the population of each of the producing countries in question." Moreover, it was a mistake, in the view of Sir Henry, to regard the British Empire as an economic and monetary unit. In this respect he "referred to the fact that when the United Kingdom currency was devalued, Australia detached her currency from that of London. In the same way, New Zealand and South Africa only devalued sometime after the United Kingdom. India had complete fiscal autonomy." Finally, Sir Henry thought it necessary to investigate and "to determine the requirements of raw materials per head of the population at different periods."

Mr. POSPISIL ¹⁾ (Czechoslovakia) characterised the position of his country. While being obliged to import raw materials and to pay for them in foreign currency, Czechoslovakia suffered from the fact that her exports were not paid for and credits were tending to become "frozen". "The enquiry into raw materials should be extended not only to the principal countries but also to certain groups of countries in a similar situation." "The speaker then referred to the enquiry into the raw materials problem shortly after the war, an enquiry which under the circumstances prevailing at that time "led to the recommendation of international measures for restoring the financial and monetary position of the countries (concerned), so that they might be enabled to have recourse to credit." In the view of Mr. POSPISIL any super-nationalisation of essential raw materials at the present time would be still less realisable than it was at the time of the 1921 enquiry when these proposals were termed utopian and unrealisable. Only the greatest possible liberty of exchange of

1). A summary of this speech is given in L.o.N. Press Communiqué No. 8074. 1937.

commodities would be a practical way out of the present difficulties. If the colonial aspect of the problem should be studied, the Committee should convince itself" that this problem had many other aspects to which certain countries, which had never thought of making claims to colonies, attached the greatest interest." A formula for international financial assistance might perhaps be found at once "to alleviate the unfortunate consequences of the present bilateral system."

Finally, as regards procedure, Mr. POSPISIL recommended "enquiries by groups of countries; foodstuffs should not be left out, at any rate as regards the part played by them in the economic and commercial structure of the world. The choice of industrial raw materials should be directed chiefly to those that preponderate from the point of view of national defence."

Mr. van GELDEREN ¹⁾ (Netherlands) said that the Open Door had always been effectively applied in the Dutch Indies. Exports from the Netherlands to the Dutch Indies, which amounted to 13% of the total, were considerably less than the exports from any other colonial country to its colonies. As concerns the relation between exports of raw materials and imports of industrial products, Mr. van GELDEREN drew the attention of the Committee to the fact that the Dutch Indies' imports from Japan, for example, have been much higher than the exports to Japan. "In order..... to ensure the sale of their colonial products the Netherlands Indies have been obliged to take certain steps." "Netherlands capital invested in the Indies is only 62 per cent of the total of investments." Finally, the speaker emphasised the necessity of collecting statistics and actual information, as soon as possible, as in this respect most of the publications on the problem of raw materials could hardly be regarded as satisfactory.

Mr. GRADY ²⁾ (U.S.A.) stated that even the United States were obliged to purchase abroad many products indispensable for their industries. ".... To regard the problem of raw materials as exclusively one of commercial policy would be to over simplify it. The situation of countries that lacked raw materials must be considered objectively and with sympathy."

- 1). A summary of this speech is given in L.o.N. Press Communiqué No. 8074. 1937.
- 2). A summary of this speech is given in L.o.N. Press Communiqué No. 8074. 1937.

Mr. GRADY particularly emphasised the necessity of a return to equitable commercial treatment. "A constructive effort had been made to that end and was to be seen in the conclusion by the United States of sixteen commercial agreements, each of which aimed at affording and securing equitable treatment and a reduction of barriers to each of the co-contractants." Quotas and other measures should be administered "on the nearest approximation possible of the most-favoured-nation principle." The speaker then asked whether clearing agreements "did not largely lie at the root of the difficulties that certain countries had in procuring raw materials." He then turned to the question of Imperial Preferential Tariffs and its bearing on the problem of raw materials. In this connection "he gave certain indications on the changes in the régime for the Philippines which it was proposed to make in the future!" "A generalisation of the system of the Open Door in all colonial territories should be regarded as an ideal to be earnestly striven for." Finally, Mr. GRADY "made certain remarks as to the practice followed by cartels and international agreements!" In his view it should be considered whether certain complaints as to the difficulty of procuring raw materials under production control systems were not well-founded.

Mr. Max LEO-GERARD ¹⁾ (Belgium) stated that Belgium had no essential raw materials save coal. The Belgian industry "which supported eight and a half million inhabitants in a very small territory was based on the transformation of raw materials purchased abroad." As regards the Belgian Congo "the system of the Open Door, imposed by the Berlin Act of 1885, was strictly applied." "Foreign undertakings and settlers were admitted on a footing of absolute equality." The speaker considered that foodstuffs should not be included in the Committee's programme. First of all, industrialised nations should buy food by selling the output of their industrial activity; secondly "there was no monopoly or scarcity of foodstuffs.....As regards industrial raw materials, even the cartels were seeking for markets"; they always feared the appearance of substitutes. Protection of the consumer would only be possible by a return towards greater commercial liberty.

1). A summary of this speech is given in L.o.N. Press Communiqué No. 8074. 1937.

Finally, Mr. LEO-GERARD thought that any attempt to finance purchases of raw materials by countries that lacked foreign currency "would not be conceivable unless the borrowers arranged that the capital thus involved or the capital invested on longer term security should no more be blocked by transfer prohibitions or compromised by measures of nationalisation.

Mr. MAURETTE ¹⁾, Assistant Director of the International Labour Office, was the next speaker in the general discussion. The enormous difficulties in the way of organising production on an international basis might be seen from the fact that the miners since 1923 had been endeavouring to secure such an international organisation but had not even been able to draft a report on this subject. Mr. MAURETTE hoped that, in speaking of "commercial access", it was intended to give "as liberal an access as possible ... to raw materials, under the best possible conditions of financing, so that large quantities of raw materials might be purchased and much work secured for workers". After pointing out that only essential raw materials should be dealt with by the Committee, Mr. MAURETTE observed that there was no solution of the problem of raw materials by territorial re-adjustments "for one would not find one even by exchanging whole continents." Nevertheless, the colonial aspect must not be wholly neglected "for quite likely in a more or less near future certain colonial territories might develop their resources in an unexpected way." Moreover, "if it were possible to help forward the exploitation of certain territories at present insufficiently developed, the result would be an advantage for the world."

"As regards methods of work, Mr. MAURETTE thought the proposal to study each raw material was not wholly irreconcilable with Mr. ROSE'S proposal for two sub-committees; one for finance and one for colonial questions. These two sub-committees might work rapidly whilst the more detailed investigations were going on."

Mr. MUNIZ ¹⁾. (Brazil), "considered that, in undertaking an investigation into raw materials, the League was performing one of its essential duties, the prevention of disputes between nations by eliminating their causes." He

- 1). A summary of this speech is given in L.o.N. Press Communiqué No. 8074. 1937.
- 2). A summary of this speech is given in L.o.N. Press Communiqué No. 8074. 1937.

then described the economic position of Brazil which always had been closely dependent on foreign trade. Her main exports were agricultural products, raw materials and foodstuffs. "His country was interested in increasing its exports and was constantly endeavouring to augment the production of raw materials and foodstuffs suitable for export." With the growing industrialisation of the country, Brazil tended "to encourage imports of machines and manufactured articles, and of raw materials not produced within the country." For all these reasons, Brazil did not pursue a policy of restrictions as regards foreign trade. Mr. MUNIZ characterised the position of all new countries in regard to raw materials in the following words:

"They were obliged by their public and private loans to pay fixed sums to foreign countries. When the level of raw material prices fell, the value of their exports diminished and this caused a deficit in the balance available for transfer abroad and rendered them liable to lose their gold reserves.....

Unless industrial nations abandoned their present policy of fostering their agricultural production and unless agricultural countries could count on the restoration of international financing, it was certain that there would be no other alternative for the latter countries than to seek to stabilise their balance of payment by a policy of reducing imports and increasing industrialisation."

Mr. STUCKI ¹⁾ first distinguished between three different periods during which the problem of raw materials had appeared. The first was the war or immediate post-war period of great scarcity and high prices of raw materials. The second period was that of falling prices when holders of raw materials had to endeavour to find a market for their products without causing prices to fall. During this period, many conferences were devoted by the League to the study of the position as regards various individual raw materials. A third period began when the demand for raw materials had again increased. To-day, fears of war even led to a storage of raw materials by certain countries. "These three different situations had occurred in the space of twenty years." Mr. STUCKI thought therefore, "that the situation might quite likely change again very shortly." In the following part of his speech, Mr. STUCKI emphasised particularly the difficulties of certain countries other than Switzerland in

1). A summary of this speech is given in L.o.N. Press Communiqué No. 8076. 1937.

regard to the supply of raw materials. While admitting that the commercial access to raw materials may be improved by generalising the system of the Open Door, the speaker laid special stress upon the financial aspect of the problem. As regards the allusion made to the question whether the policy of restrictions followed by certain countries must not be considered as responsible for the lack of means of paying for raw materials, Mr. STUCKI thought that the countries concerned adopted such a policy not from lightheartedness, but because they were forced by circumstances. Nevertheless, the consequences of the co-existence of the two groups of countries, one which had abolished and the other which had maintained freedom of exchange, should be considered by the Committee. In the view of Mr. STUCKI, foodstuffs for men and animals should be excluded from the enquiry, whereas "they must not confine themselves to colonial products but consider all industrial raw materials, of whatever origin." The speaker thought that it might be necessary to ascertain which were the countries that were not satisfied with the present position and "to obtain more details of the complaints raised in regard to access to raw materials by countries that lacked such materials." He concluded by some remarks on the setting up of sub-committees.

Mr. ROSENBLUM ¹⁾ (U.S.S.R.) said that whereas "he could not take part in a discussion on the colonial problem, if only because the fate of populations that had not been consulted would be therein involved" he would participate "in the study of problems like that of the Open Door, non-discrimination, etc. as problems of commercial policy." The U.S.S.R. "asked for no territory from other lands nor for a right to open up a foreign territory, nor for special favours in regard to access to raw materials." "He added that the U.S.S.R. was interested in the question of raw materials as a producer and as an importer and exporter of certain such materials. The question of a better organisation of the market for these was therefore of some importance to her.

The U.S.S.R. "had taken part in the London International Wheat Conference and was a party to the International Wheat Convention, and now to the European Timber Convention etc.etc."

1). A summary of this speech is given in L.O.N. Press Communiqué. No. 8076. 1937.

After referring "to countries that had no money to pay their trade debts but who had enough to prepare guns for the launching of a future war," Mr. ROSENBLUM thought it necessary to bring out clearly in the report, "the direct connection that existed between this lack and their economic and general policy.

He also thought that the enquiry would make clear that the so-called economic claims of certain countries had for their purpose to embellish and at the same time to disguise - very awkwardly - the true intentions of those countries."

Finally, the speaker considered that at the present time "it was not possible to discuss one or other of the general economic problems without taking account, at a subsequent stage, of political issues and the problem of the organisation of peace."

Mr. J. HOEGBOM ¹⁾ (Sweden) followed Mr. Rosenblum in the general discussion. He stated that, in the last analysis, industrial development rather than nature had led to difficulties in the supply of raw materials. "When industry increases, sooner or later, domestic raw material resources are outgrown. At that point a country becomes poor in raw materials." On the other hand, an increase is possible in the value of certain natural resources, which earlier had little or no value; this happened to Sweden which fifty years ago was a poor country. These changes in the relative importance of different kinds of raw materials had unfavourable results for some other countries. Mr. HOEGBOM argued on similar lines as regards density of population which "nowadays is greatly a function of the distribution of natural resources as they were valued a few generations ago." Nevertheless, any step that could be taken in order to minimise the consequences either of these economic developments or of political interference ought to be taken. As regards the practical work of the Committee, the speaker suggested that statistics as to the value of world production of different raw materials should be drawn up and that the tables should refer to the years 1913, 1929 and 1936. "Positive suggestions based upon the experiences of the last few years might be out of date when published..... It would be more important to look ahead to permanent difficulties not caused by the crisis." Mr. HOEGBOM was against "a narrow and hurried study of formal access to industrial raw materials." Moreover, foodstuffs should be included, "at least in the statistical table," and the enquiry should not be limited to colonial raw materials.

1) A summary of this speech is given in L.o.N. Continuation of Press Communiqué No. 8076. 1937.

Mr. ROBLES ¹⁾ (Mexico) considered that the problem of raw materials, in all its complexity, was almost insoluble. He mainly described the position of his country which had depended in the past on the production of silver. Mexico further produced a great many raw materials, certain agricultural articles and foodstuffs; it had also developed a manufacturing industry proportionate to its needs and natural resources. Mr. ROBLES thought that the resolutions of the International Labour Conference at Santiago and the Conference for the Consolidation of Peace at Buenos Aires pointed to a practical way of solving the problem.

Mr. FERNANDEZ ²⁾ (Portugal) considered that it would not be possible to limit the investigation to raw materials of colonial origin as there were hardly more than three or four such products. Portugal, for instance, while possessing colonies, had been compelled to import about $3\frac{1}{2}$ million pounds worth of raw materials (such as coal, petroleum, oil for lighting, iron, copper, lead, tin and zinc). If the problem of access to raw materials was primarily a financial and monetary problem, one must ask "why should it be more difficult to obtain currency for buying raw material of colonial origin than for buying foodstuffs or other products." Therefore, the question of foodstuffs should be included in the enquiry. Whereas a short time ago it was held that production of raw materials should be limited as prices were not sufficiently remunerative, it has been said during the present discussion that production should be increased. In the view of the speaker, the only difficulty in the supply of raw materials was that of payment. Certain countries are lacking foreign currencies; what then would be the use of making international agreements? Mr. FERNANDEZ "did not think it was possible to solve the problem by such formulae as the régime of the Open Door, or similar systems.... In Portuguese colonies foreign transactions were more intense than in some territories under the régime of the Open Door."

The last speaker in the general discussion was Mr. RIVE, ³⁾ (Canada), replacing Mr. ROBERTSON. He thought that particular attention should be paid to the trade, financial,

1). A summary of this speech is given in L.o.N. Continuation of Press Communiqué No. 8076. 1937.

2). A summary of this speech is given in L.o.N. Continuation of Press Communiqué No. 8076. 1937.

3). A summary of this speech is given in L.o.N. Continuation of Press Communiqué No. 8076. 1937.

and even political aspect of the problem of raw materials. "In his view, the difficulty was one of selling rather than of buying." The speaker recalled that "the starting point was the question of equality of commercial access to raw materials and the goal was the answer to that question." Considering the statistical study as a necessary back-ground Mr. RIVE assumed "that the Committee would proceed from a consideration of ... restrictions on raw materials imposed by exporting countries to a study of restrictions imposed by importing countries." He was in favour of setting up two sub-committees and of including a limited number of foodstuffs (including wheat) in the study. As concerned the different efforts made towards a stabilisation of world prices of wheat, the Canadian expert thought that these efforts "were far from being a limitation of commercial accessibility." He finally observed, that the decline of immigration in recent years "must be regarded as an effect rather than a cause. No country could be in a position to absorb immigrants when its own industry was depressed and when it had large numbers of its own unemployed to care for."

The Chairman thought that the following conclusions could be drawn from the discussion:

"The Committee agreed that all questions of distribution and transfer of colonial territories lay quite outside its competence; it had only to do with the question of the distribution of raw materials. There also appeared to be agreement on a compromise to the effect that statistics would be prepared, not only of industrial raw materials, but also of the chief foodstuffs for men or animals, on the understanding that the question was reserved whether the substances of the matter as regards these products would be gone into. Lastly there was agreement that the work should not be limited to colonial products, but should include raw materials from all other sources. 1).

The next meetings were devoted to questions relating to the future work of the Committee. There was general agreement on the statistical investigation to be carried out by the Secretariat. The following paragraphs from the Interim Report of the Committee indicate the scope of this investigations:

"It is designed to throw light more especially upon the production, imports and geographical distribution of these commodities in the most recent year for which statistics are available as compared with more normal pre-depression years. Price developments as regards typical raw materials and food-stuffs are also to be considered.

1). L.O.N. Press Communiqué No. 8077. 1937.

Similarly, it was agreed that it would be desirable to bring together data making it possible to establish a comparison between imports of raw materials and total imports." 1).

Furthermore, two Sub-Committees were appointed in order to examine the different questions raised during the general discussion. It was agreed that first an objective exposé of the facts should be arrived at and secondly that the Sub-Committees should consider "whether practical suggestions can be made for the solution of the difficulties raised." 2).

As regards the division of work between the two Sub-Committees, it was decided that the first would examine the grievances and difficulties put forward in regard to the supply of raw materials, whereas the second Sub-Committee would consider grievances and difficulties in regard to purchase of and payment for raw materials. On the basis of this distinction the following programme of the investigations of the Sub-Committees has been drawn up:

"Examination of complaints and difficulties as regards:

Supply
(First Sub-Committee)

Export prohibitions and restrictions.
Export duties, including the question of discriminatory duties.
Regime of concessions.
Monopolies.
Agreements and cartels for the regulation of production and sale.

Purchase and payment
(Second Sub-Committee)

Difficulties encountered by importing countries, particularly in the matter of payments (lack of foreign exchange).
Customs tariffs (high or prohibitive duties, preferential tariffs, Customs unions, questions of the "Open Door").
Control of imports: quotas, foreign exchange control, clearings.
Bounties and subsidies: Production and export bounties, subsidised production of substitutes." 3)

"The Sub-Committee will meet in June and their meeting will be followed by a plenary meeting of the Committee". 3)

The Interim Report emphasised "the benefit that would be gained from the collaboration of experts belonging more particularly to countries which, so far as supplies of raw materials are concerned, encounter difficulties regarding

1). L.o.N. Committee for the study of the Problem of Raw Materials First Meeting. Interim Report (Doc. C.182. M.128. 1937 II B. (1)), p.3.

2). Ibid., p.3.

3). Ibid., p.3.

transfers and payments." 1) Finally, the Committee, while at this stage not being able to say "how far it will be possible for it within the limits of its mandate to propose appropriate solutions" expresses its intention "to continue its studies in the hope that it may be able to frame some outline of what is required, in the interests of all the countries concerned." 2)

5. Preliminary Conclusions.

While recognising that it would be premature, at the present stage, to draw definite conclusions as to the work of the Committee, it is nevertheless possible to make certain general observations with respect to the course of the first meeting of the Committee for the study of the problem of raw materials.

In spite of the fact that the Members of the Committee met as experts and expressly declared that they neither spoke for their Governments nor represented their countries, it was held necessary that the meetings should be private. This decision indicated from the very beginning that the different members foresaw at least the possibility of a political debate and considered themselves not only as mere scientific experts but at least as spokesmen of various policies. Thus, it was certainly not by mere accident that certain speakers emphasised the colonial aspect of the problem, whereas others refuted any colonial claims and emphasised again and again the relatively small importance of colonies as sources of raw materials. Thus, one had the impression that the experts, while not speaking for their Governments, laid special stress on those aspects of the problem in which their respective Governments were particularly interested.

But even in this form the discussions at the first meeting of the Committee made it quite clear that the problem of raw materials, at least insofar as it is looked upon from the economic point of view, cannot be separated from the general question of international economic relations in the broadest sense. This also found its expression in the programme of the two Sub-Committees. According to this programme, practically every aspect of international economic relations will have to be considered except the problem of population

1). Ibid., p.3.

2). Ibid., p.3.

which, although raised by the Japanese and the Polish members of the Committee and dealt with in the Interim Report, does not figure on the list of subjects to be studied by the Sub-Committees.

Generally speaking, one may say that no immediate and concrete results have been reached during the first meeting which only prepared the way for another investigation of the problem. As regards the final results likely to be expected from the work of the Committee, the last paragraph of the Interim Report is not very optimistic as it has been felt necessary to state expressly that "the Committee cannot, at this stage, say how far it will be possible for it, within the limits of its mandate, to propose appropriate solutions." In this connection we may perhaps recall the fact that once already in the course of an enquiry into the problem of raw materials, the situation so completely changed that the whole enquiry lost its practical value. When Professor GINI started with his enquiry in 1920 certain countries were suffering from difficulties in the supply of certain raw materials. When he published his report in 1921, the first post-war crisis had led to a general fall in prices so that producers of raw materials were anxious to find outlets for their products and everybody was able to buy them if he needed them. A similar situation prevailed when the Monetary and Economic Conference in 1933 dealt with the problem of co-ordinating production and marketing of certain products and when Sir Samuel HOARE made his speech before the 1935 Assembly. Since then the general rise in prices and particularly that of raw materials led to the present situation in which some difficulties concerning the supply of raw materials, it is said, are once again experienced. It is, however, very unlikely that this situation will last indefinitely; much anxiety is already felt about the duration of the present boom. Thus the situation may once more have completely changed when the present enquiry of the League of Nations has led to definite proposals.

A P P E N D I X 1.

(supra p. 8)

American Draft of Declaration for Equality of Trade Conditions. (Prepared before the beginning of the Peace Conference by D. H. MILLER in collaboration with Dr. SCOTT and Dr. A. A. YOUNG) 1)

The Powers signatory of the Agreement for a League of Nations declare as a part of said Agreement:

1. For the purposes of this declaration every dominion, colony, protectorate, dependency, or possession having now a tariff system in any measure distinct from that applicable to the country with which it is politically connected, shall be regarded as a State.

Note:

A distinction between what may be called, "Economic units" and "Units of Sovereignty" must be recognized.

2. While for every State there may be freely adopted and from time to time freely changed, a system of export and import prohibition and duties, port dues, traffic rates, inspection methods and fees, and other trade charges, and also laws and regulations embodying the same or relating thereto, any and every such system, law and regulation shall at any given time as to the rest of the world be fixed and single, and shall also at any given time as to the rest of the world be equal and without discrimination, difference, or preference, direct or indirect.

The general rule of Equality and of the Open Door.

3. Every State shall accord to the vessels of other States as favorable treatment as respects tonnage dues, harbor and port charges, facilities for stationing, loading and unloading, and other similar and corresponding charges and facilities as it accords to vessels whose home ports are within its territory.

Equality as to vessels, etc., going farther than the most favored nation principle.

4. Every State shall accord to goods exported therefrom in the vessels of other States, or imported thereinto in such vessels, as favorable treatment as respects export and import prohibitions and duties, inspection methods and charges, traffic rates, trade charges of every kind, internal taxes, and other similar or corresponding matters, as it accords to similar goods exported therefrom or imported thereinto in vessels whose home ports are within its territory.

Equality as to cargoes, etc., going farther than the most favored nation principle.

1) MILLER, D.H. The Drafting of the Covenant, t.II Doc.IV. p. 16-18.

5. Export and import duties and other trade charges shall be without discrimination or preference, direct or indirect, based upon the place of intermediate or original origin, or of intermediate or ultimate destination of vessel or of goods.

This would effect such duties as the French "Surtax d'entrepôt" and United States differential duties on imports via Canada.

6. No State shall grant direct or indirect bounties on exports.

An anti-dumping clause.

7. Nothing in this Declaration contained shall be deemed to limit or affect the rights or privileges of any Member Power relating to its coasting trade.

The coasting trade.

8. No existing national law or regulation and no existing international agreement or arrangement shall be deemed to be affected by any of the provisions of Articles 2, 3, 4, and 5 of this Declaration.

This limits the effect of Articles 2, 3, 4 and 5 to the future.

9. While for the purposes of the Declaration the Dominion of Canada, Newfoundland, the Commonwealth of Australia, the Union of South Africa, and the Dominion of New Zealand are each to be regarded as States under the provisions of Article I, they may, notwithstanding the provisions of Article 2 make preferential arrangements, inter se and/or with Great Britain.

Preference within the British Empire.

10. Notwithstanding the provisions of Article 2, States whose territorial limits are wholly or partly within the continent of Europe may enter into agreement inter se in the nature of Customs Unions covering contiguous territory.

Customs Unions in Europe.

11. Notwithstanding the provisions of Article 2, agreements in the nature of Customs Unions, covering territory within the American continents, may be entered into.

Customs Union under the Monroe Doctrine.

12. A State engaged in trade or commerce shall not in respect thereof have or be deemed to have any of the rights, privileges, immunities, duties or obligations of sovereignty.

The State as a trader.

13. No part of the revenues of any State, whether in kind or in cash, shall be pledged or assigned to any other State, its citizens or subjects.

A prohibition of a limitation on independence through finance. See similar language in the Anglo-Russian Convention of Aug. 31, 1907, regarding Thibet.

14. In each and every State there shall be adequate protection of fair and legitimate international trade, and adequate protection against the use of unfair methods of competition in international trade. To this end the Member Powers agree to bind themselves by the provisions of the International Convention for the Protection of Industrial Property, with Final Protocol, signed at Washington, 2nd June, 1911, which is hereby incorporated in and made an integral part of this Declaration.

The United States as a party to this Convention.

15. The Member Powers agree to bind themselves by the provisions of the convention for the protection of Literary and Artistic Works, signed at Berlin, 13, November 1908, which is hereby incorporated in and made an integral part of this Declaration.

This is not suggested as an American proposal but as a proposal likely to be made by Great Britain, the Power chiefly interested. Its adoption would be contrary to the Policy of the United States expressed in the Copyright Act of 1909, Vol. 35, Stats, at Large, page 1078, substantially requiring copyrighted books in English to be printed from type set within the United States.

Note by the Technical Advisors regarding the Foregoing Declaration for Equality of Trade Conditions.

Provisions for an International Trade Commission, regarded as a desirable, if not an essential part of a Declaration of this character, are under preparation.

A P P E N D I X 2.

(supra p. 8)

British Draft "Convention for Equality of Trade Conditions" 1)

(1) Goods the produce or manufacture of any one of the High Contracting Parties imported into the territories of any other, from whatsoever place arriving shall not be subjected to other or higher duties or charges than those paid on the like goods the produce or manufacture of any other foreign country. Nor shall any prohibition or restriction be maintained or imposed on the importation of any goods the produce or manufacture of any of the High Contracting Parties into the territories of another, from whatsoever place arriving, which shall not equally extend to the importation of the like goods, being the produce or manufacture of any other foreign country.

1) MILLER, D.H. The Drafting of the Covenant, t.II.p.18-21.

(2) Goods the produce or manufacture of any one of the High Contracting Parties exported into the territories of any other, shall not be subjected to other higher duties or charges than those paid on the like goods exported to any other foreign country. Nor shall any prohibition or restriction be maintained or imposed on the exportation of any goods from the territories of any one of the High Contracting Parties to the territories of any other which shall not equally extend to the exportation of the like goods to any other foreign country.

(3) Goods the produce or manufacture of any one of the High Contracting Parties passing through the territories of any of the other High Contracting Parties shall be free from all transit duties, whether they pass through direct, or whether during transit they are unloaded, warehoused and reloaded.

(4) The régime applied to goods imported into, exported from or in transit through the territories of any of the High Contracting Parties shall not in any way depend on the flag or ownership of any ships in which they may be carried or on the particular frontier across which they enter or leave these territories, or on whether they are imported or exported by sea or by land.

(5) Every favour, immunity or privilege in regard to the importation, exportation or transit of goods granted by any one of the High Contracting Parties to any foreign country whatever shall simultaneously and unconditionally, without request and without compensation, be extended to all the other High Contracting Parties.

(6) The High Contracting Parties undertake not to discriminate against the trade of any Contracting State by indirect means such as customs or administrative regulations or procedure, tariff classification or interpretation, or by any other method whatsoever.

(7) The High Contracting Parties are agreed that the principle of equality of trade conditions, which is the foundation of this Convention, is infringed by all forms of unfair competition, such as the use in trade of fake marks, names or descriptions or of marks giving a false indication direct or indirect of the origin or nature of any goods, and they engage themselves to take the necessary legislative and administrative measures to safeguard goods the produce or manufacture of any other Contracting State from such unfair competition within their own territories.

(8) The High Contracting Parties undertake to permit the ships of all Contracting States to carry any description of goods and passengers to and from any ports or places in their territories to which ships of their own nationality have access on conditions no more onerous than those applied in the case of national ships, and to treat them on a footing of equality with national ships in regard to port and harbour facilities and charges of all kinds, including facilities for stationing, loading and unloading, and duties and charges of tonnage, harbour, pilotage, light house, quarantine, and all analogous duties and charges of whatsoever nature, levied in the name or for the profit of Government, public functionaries, private individuals, Corporations or establishments of any kind.

(9) Nothing in this Convention shall prevent any contracting State from excluding foreign ships from its coasting trade, but while such exclusion continues the ships of that State shall have no claim under the Convention to participate in the coasting trade of any other Contracting State even if that coasting trade be not reserved for national ships.

This provision shall not affect the right of each of the Self-Governing Dominions of the British Empire and India to reserve the coasting Trade of its own territory to British vessels.

(10) Nothing in this Convention shall prevent any of the Contracting States from taking measures to exclude any classes of goods or persons, or measures to counteract "dumping" or direct or indirect bounties on goods so long as such measures are impartially applied.

(11) Nothing in this Convention is to be construed as preventing the establishment of a special Customs régime applicable to trade between different portions of the territories and Dominions of one of the High Contracting Parties.

(12) Any question arising as to the carrying out by any of the High Contracting Parties of its obligations under this Convention shall unless settled amicably be referred on the demand of any Contracting Party for consideration in manner set out in the annex.

(13) Any State which is in default through failing to give effect to the decision of the Tribunal referred to in the Annex or in other manner specified therein shall not while such default continues be entitled to claim any of the privileges conferred by this Convention or the Convention establishing Freedom of Transit on its nationals, goods or ships.

The same provision shall apply to any state which has not yet fulfilled any obligations imposed on it under the Treaty of Peace to make reparation for injuries caused by the War, provided that in such case the period of suspension of privileges shall not, except by resolution of the Council of the League of Nations, extend beyond five years.

Transitory Article.

(14) The High Contracting Parties agree not to make any claim under this Convention on account of the temporary measures taken by, or privileges accorded to, any Contracting State, during the year immediately following the ratification of the Treaty of Peace, for the purpose of ensuring speedy recovery from the effects of the War. This period may, by Resolution of the Council of the League of Nations, be extended (to not more than 2 years).

A P P E N D I X 3.

(supra p. 23)

Extracts from Mr. BLOMJOUS' speech at the First Annual Meeting of the International Labour Conference, Washington, 1919. 1)

...."Every nation has its own interests to look after, and the competition of the different nations of the world has been exercised all through the world's history. No power on earth will be able to eliminate this competition of the nations to secure for their own people the best possible living conditions and greatest prosperity. We cannot be supposed to secure any results at all in asking some nations to dispose wholly or partially of the privileges that have been given to them by nature or have been acquired by the energy with which the explorers and the leaders of these nations have discovered hidden treasures or built up agriculture and special industries. To give consideration to the taking of measures to distribute raw materials could not fail to provoke justified suspicions about the aims and purposes we may have, especially with those nations that are producers of raw materials. None of these nations will ever think of parting with their rights to sell their raw materials to anyone to whom they want to sell them and who cares to pay the best price.

Imposing any system whatever of distribution of raw materials would interfere with the right of private property. . . Moreover, no system could have any effect without fixing the selling prices and at the same time the fixing of the rates of exchange between the selling and the buying nations. This would overturn all existing trade customs; it would be more far-reaching than the nationalizing of industries. The principle brought forward by Mr. Baldesi is aimed to equalize the right upon the soil of the earth and the fruits of energy of every nation."....

A P P E N D I X 4.

(supra p. 24)

Extracts from Mr. JOUHAUX' speech at the First Annual Meeting of the International Labour Conference, Washington, 1919. 2)

...."The war imposed certain restrictive and prohibitive measures with regard to the exportation of certain necessary raw materials in a large number of countries. The reason for such restriction could be understood during the war, but such measures cannot be enforced now without creating a decided advantage in favor of the countries producing these raw materials, and a disadvantage to all the other nations. Such procedure would be renewing, in a certain sense, a new form of economic imperialism as dangerous as the imperialism of yesterday

1) International Labour Conference. First Annual Meeting, Washington 1919. p.135.

2) Ibid. P.141.

It is impossible that the working classes in some countries should be condemned to perpetual unemployment while other countries unlawfully keep to themselves, through prevention of exports, the raw materials which are needed to give employment to workers in the countries lacking these materials No general relief will be possible in the world as long as measures are in effect which today enable certain countries to hoard their raw materials, to the disadvantage of all the other nations, as long as certain countries have the right to sell raw materials to foreign purchasers at higher prices than those asked of their own inhabitants. There will be no economic equality, there will be no possibility of real relief for exhausted countries, there will be no real solution of the problem of unemployment, as long as this question is not solved".....

A P P E N D I X 5.

(supra p. 25)

Statement of the Supreme Council of the Allied Powers on the supply of raw materials March 8th, 1920. 1).

The supply of raw materials being essential to the restoration of industry, countries which, under the present conditions of international exchanges, are not in a position to buy on the world markets and are consequently unable to restore their economic life, should be given means of obtaining commercial credits. It will be possible to attain this result when the countries have effected the reforms indicated in the preceding paragraphs.

The Powers represented at the Conference recognise the necessity of maintaining co-operation between the Allies and of suppressing the obstacles which prevent trade in essential commodities. They will continue to exchange views with regard to the supply and distribution of necessary raw materials and of food stuffs, so as to establish quickly a normal situation."

1) International Labour Conference, Geneva, 1922.
Note on the Distribution of Raw Materials. p.3.

A P P E N D I X 6.

(supra p. 26)

Resolution on Raw Materials by the International Chamber of Commerce adopted at its Organization Meeting in Paris 1920 1).

Raw Materials.

1) "The International Chamber of Commerce considers that the first duty of producers in all countries in the world, in order to re-establish the economic balance and to ensure peace on a permanent basis, is to increase by every possible means the production of all raw materials that are necessary to the world economic life.

2) "In order to facilitate the efforts of the producers and in order to help them to intensify production made all the more necessary by a greater shortage, the International Chamber of Commerce recommends the immediate creation of a Statistical Bureau, charged with the duty of keeping accurate and up-to-date statistics of production

3)

4) "Whereas, each of the Allied Nations ... is in possession of certain raw materials, in some instances in excess of their own immediate requirements;

"Therefore be it resolved by the International Chamber of Commerce that in the distribution of any surplus of such raw materials after the necessities of the producing countries have been met, special consideration should be given, during the period of reconstruction, to the necessities of the Allied Nations.

5) "The International Chamber of Commerce recommends the appointment of a committee to study the régime of raw materials during the period of normal economic balance, which régime shall be based upon the principle of economic fairness for all countries;

6) "Whereas, there is an eventual danger in discrimination as to prices of raw materials creating monopolies for the countries which own them;

"Now, therefore, be it resolved that the International Chamber of Commerce directs the attention of Governments and industrial and commercial people of those nations to the dangers of conflicts which may arise from such discrimination.

1) International Chamber of Commerce, Resolutions Adopted and Resolutions Referred to the Board of Directors by the International Chamber of Commerce at its Organization Meeting held in Paris, June 23rd to 30th, 1920, p.8 - 10.

A P P E N D I X 7.

(supra p.32)

Extracts from Mr. BENEDUCE'S speech at the International Financial Conference, Brussels, 1920. 1).

"....The hour has come when we should understand that it is a delusion to think that each State can by itself produce everything of which it has need. Likewise, the injustice of a policy is evident that could be directed towards creating for one country a monopoly of use for all the raw material that it is able to obtain from its own territory or from its colonial territory. And how can we justify a policy of "dumping" or a policy of discrimination of price that would lead to an artificial alteration of the cost of production and consequently of all possible tendencies in the exchange of goods. I think, on the contrary, that one of the fundamental basis of economic policy of the period that we are in, should be to arrive at a liberty of distribution of raw material, as well as gradually to come to a system of free trade. In the present situation of the world it seems to be more necessary to call the attention of this Conference to the great necessity of making use of all measures that tend to give greater freedom to the circulation of raw material and capital, in order that these essential elements of the worlds production may be made use of, in order to attain the highest output in the interests of the whole community The nations that have a feebler financial national economy should be favoured particularly, if they have a great capacity of work; that is to say, if they can make use of great human masses whom they can direct towards a useful exercise of their working power, by obtaining raw material, they should be allowed to utilise those masses. On the contrary, nations that are less favoured should not have the oppression of differential prices of raw material, because they would then undergo a loss which would be greater than the profit of the producing countries."

A P P E N D I X 8.

(supra p. 33)

Extracts from Mr. QUARTIERI'S speech at the International Financial Conference, Brussels, 1920, 2).

M. Ferdinando Quartieri (Italy)..... The basis for future social and economic equilibrium lies in the rigorous application of the greatest freedom in international commerce and in the pooling of raw material, coal and foodstuffs. There is no doubt that if, when we return home, we can bring to our own people the assurance that

- 1). International Financial Conference, Brussels 1920.
Proceedings of the Conference, Vol.II, p.75.
- 2). International Financial Conference, Brussels 1920,
Proceedings of the Conference, Vol.II. p. 96/97.

this great principle of justice has been definitely adopted by the nations, our social organisation will benefit greatly by it

In view of the seriousness of this state of things, the Conference ought to invite the League of Nations, from which it holds its authority, to study the means of arresting this ruinous tendency towards a discrimination of prices and towards the application of differential tariffs as regards the export of raw materials and food-stuffs. The League of Nations ought also to complete its study with the view to eliminating every direct or indirect form which might constitute a monopoly or a privilege in favour of certain countries or of certain financial groups, of goods which ought to become the property of the world

We are now greatly preoccupied by the consequences resulting from the tendencies of certain countries, which are better off than we are to improve their Budgets by raising the prices of their raw materials, especially of coal and corn meant for foreign countries. This policy, which was unfair, in trying to relieve the Budgets of the wealthiest nations by overloading those of the poorest nations. is very serious because it hits at the very root of the productive activity of countries that are less favoured, and takes the bread from the mouths of the poorest people. This artificial creation is the very opposite of any policy of reconstruction; indeed, a nation which is put into the position of paying more for raw materials cannot, firstly, - p. 97 - export; secondly, cannot provide for the needs of her own people; and, finally, will not possess all the necessary means later on to buy the manufactured products which are produced by the wealthiest nations.

A P P E N D I X 9.

(supra p.34)

Text of the resolutions of the International Financial Conference, 1920 on International Trade 1).

I.

II. The International Financial Conference affirms that the improvement of the financial position largely depends on the general restoration as soon as possible of goodwill between the various nations; and in particular it endorses the declaration of the Supreme Council of the 8th March last: "that the States which have been created or enlarged as a result of the war should at once re-establish full and friendly co-operation and arrange for the unrestricted interchange of commodities in order that the essential unity of European economic life may not be impaired by the erection of artificial economic barriers.

1). International Financial Conference, Brussels, 1920.
Proceedings of the Conference, vol.I. p. 22/23.

III. The Conference recommends that, within such limits and at such time as may appear possible, each country should aim at the progressive restoration of that freedom of commerce which prevailed before the war, including the withdrawal of artificial restrictions on, and discriminations of price against, external trade.

IV. The International Financial Conference expresses its conviction that the instability of exchanges constitutes a great hindrance to the resumption of normal International Trade.

V. The International Financial Conference would welcome any action which can be taken by the League of Nations to enable the countries which under present conditions cannot purchase the necessary supplies for their reconstruction, temporarily to obtain commercial credits on an approved basis for this purpose.

VI. The International Financial Conference expresses the conviction that the repair, improvement and economical use of the transport systems of the world, and particularly of countries affected by the war, are of vital importance to the restoration of International Trade.

A P P E N D I X 10.

(supra p. 35)

Resolution of the International Financial Conference 1920 on an International Credit Scheme ("Ter Meulen Scheme") and the annexed plan to this resolution. 1).

An international organisation should be formed and placed at the disposal of States, desiring to have resort to credit for the purpose of paying for their essential imports. These States would then notify the assets which they are prepared to pledge as security for the sake of obtaining credit, and would come to an understanding with the international organisation as to the conditions under which these assets would be administered.

The bonds issued against this guarantee would be used as collateral for credits intended to cover the cost of commodities.

A plan based upon these principles is developed in the Annex. It has been devised to enable States to facilitate the obtaining of commercial credits by their nationals. It is easy to see that the scheme is susceptible of development in various directions, and that some of its provisions might be adapted so as to facilitate the extension of credit direct to public corporations.

A Committee of financiers and business men should be nominated forthwith by the Council of the League of Nations for the purpose of defining the measures necessary to give practical effect to this proposal.

1). International Financial Conference, Brussels 1920, Proceedings of the Conference, Vol. I. p. 25/27.

Annex to Resolutions of Commission on
International Credits. (p.27).

1. In order that impoverished nations, which under present circumstances are unable to obtain accommodation on reasonable terms in the open market, may be able to command the confidence necessary to attract funds for the financing of their essential imports, an international commission shall be constituted under the auspices of the League of Nations.
2. The commission shall consist of bankers and business men of international repute, appointed by the Council of the League of Nations.
3.
4. The Governments of countries desiring to participate shall notify to the commission what specific assets they are prepared to assign as security for commercial credits to be granted by the nationals of exporting countries.
5. The commission, after examination of these assets, shall of its own authority determine the gold value of the credits which it would approve against the security of these assets.
6. The participating Government shall then be authorised to prepare bonds to the gold value approved by the commission, each in one specific currency to be determined on the issue of the bond.
7. The date of maturity and the rate of interest to be borne by these bonds shall be determined by the participating Government in agreement with the commission.

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A P P E N D I X 11.

(supra p. 37)

Resolutions adopted at the International Congress of League of Nations Unions, meeting at Milan, October 12th-16th, 1920¹⁾.

1). "In view of the fact that the establishment of universal economic solidarity is one of the essential conditions of the new international order which the League of Nations is to establish.

"And in view of the fact that this solidarity, and with it the peace of the world, is menaced by existing protectionist tendencies, and that therefore it is of the utmost importance to do away with these tendencies, the inevitable result of which is industrial and commercial materialism:-

.....

"Adopts the following resolution:-

"That the League of Nations should sanction as soon as possible the principle of the abolition in all countries of restrictions and barriers of all nature to commercial exchange, especially as regards essential raw materials, inasmuch as such restrictions and barriers

1). L.o.N. Report on the Problem of Raw Materials and Food-stuffs by Professor GINI, p. 7/8.

tend to create conditions of inequality between the nations in all reforms leading to regeneration and development."

.....

2). "The Congress expresses the opinion that any Mandatory Power is forbidden to make use of its position to secure, either for itself or for other Members of the League, special economic and commercial advantages."

A P P E N D I X 12.

(supra p. 54)

Extracts from the Report of the Provisional Economic and Financial Committee on "Certain Aspects of the Raw Materials Problem." 1).

The Economic Section at once endeavoured to obtain from the Governments of the various States Members of the League, and also from certain important non-Members, the necessary data to enable them to furnish a report of the nature desired by the Council. In particular we sought information as to the existing and pre-war statistical position as regards certain specified raw materials and the estimated requirements of each country with regard to each of these materials during the ensuing year. We also made specific enquiries as to the effect of monopolies in causing difficulties of supply, and also as to the legislative régime prevailing in each of the countries with respect to restrictions on export and import, and the powers, if any, possessed by the various Governments or Courts of Justice to restrain abuses arising from monopolistic action.

We have, therefore, in the first place endeavoured to ascertain the position at the beginning of 1921. It is, however, matter of common knowledge that since that date the whole economic situation of the world has been revolutionised. Putting aside difficulties of credit and exchange which are expressly excluded from our reference, the outstanding factor as regards raw materials is no longer the difficulty experienced by consuming countries in securing supplies, but the difficulty experienced by producing countries in finding outlets for their products.

The deficiency of supplies which was the dominant feature of the period when the régime of control and restrictions prevailed was followed by a deficiency of demand at the time when that régime came to an end. The return of freedom has in fact contributed to the fall of prices, which in the case of several important raw materials have returned to the level of the prices of 1914, expressed in dollars. Moreover, congestion of markets with products manufactured at too high a cost and the collapse of consumption owing to these excessive prices, and the general financial crisis has caused producers to reduce their output at the very time when the supply and prices of raw materials have themselves tended to return to the normal. Thus a picture based on the situation at the beginning of the present year has no longer any resemblance to the situation with which the world is at present confronted

1). L. o. N. Doc. C.51.M.18.1922 II.

In fact, though our investigation has been conducted as expeditiously as practicable, events have moved even faster than our enquiries, with the result that much of the material collected has lost its significance except for the purpose of an historical survey.

.....

If on the one hand no State has been able to define by a figure its immediate wants, no State on the other hand has informed us that it has experienced any difficulties in supplying itself with any product owing to its scarcity. The statistical measurement of requirements being therefore impracticable under existing conditions, and no demand having been formulated for meeting those requirements, our task has consisted in collecting a mass of interesting statistical data, with regard to the pre-war, war, and post-war situation as regards the production, consumption, import and export of certain typical raw materials, including cotton, wool, coal, iron, mineral oil, fertilisers and cereals

.....

We do not in any way complain of the reservation of questions of credit and exchange But it is necessary to point out that, according to all the information which has reached us, any difficulties still experienced at the present time in obtaining supplies of essential materials are to a preponderant extent difficulties of credit and exchange

.....

..... we refrain in this report and in any supplementary memoranda which we may publish from expressing any but the most general opinions on the character of the war and post-war measures adopted by various countries.

Broadly speaking, the difficulties which were noted last year and which led to the Council's resolution were the result on the one hand of a real scarcity, general or local, in the supplies of raw materials as well as of a breakdown, no less real, in the transport system, and on the other hand of a number of war or post-war measures tending to reserve certain raw materials wholly or in part to the countries of production, and also to limit and regulate their exportation so that their distribution was often artificial and their prices were usually abnormal. Whether owing to a deficiency of certain raw materials or to a legitimate apprehension that such a deficiency would arise, most producing and even consuming States created an artificial system as regards the quantities reserved or available for export, and even in certain cases as regards the internal and external prices. This was the régime which characterised the situation which the Council had to meet.

The sudden interruption of this artificial system, or the continued maintenance of certain hindrances, in spite of the market having been freed as regards the bulk of products, must be included among the important factors which still prejudice the supply of raw materials.

It must, however, be observed that the branches of the problem which the Council has excluded from our consideration, viz. difficulties of credit and exchange, still remain unsolved Difficulties of exchange may.. be regarded as an independent cause of difficulty, since they spring primarily not from under-production of goods but from over-production of currency. The above brief statement of the nature of the disease appears to point to the general nature of the remedies to be considered.

(1) In the first place, it is true now as at the date when the present enquiry was launched that, although the symptoms of the disease are different, the fundamental remedy is the systematic readjustment of production, to meet post-war conditions. The exaggerated demand for certain raw materials and half-manufactured products during the war created a certain disproportion between production and actual requirements. Constant and scientific observation is therefore necessary in order to adjust the production of raw materials to the future requirements of the world, when the industries artificially created during the war have been subjected to the operation of natural selection and when consumption has returned to the normal

(2) Only second in importance to the above is the restoration and improvement of transport facilities. In order to ensure the adequate supply of each country it is clearly necessary that the material should not only be produced in adequate quantities at a reasonable cost, but that there should be sufficient means of transporting them without unreasonable delay or cost to the markets where they are required

(3) We next turn to the question of commercial restrictions as a factor in creating difficulties of supply of raw materials. We refer in particular to the restrictions or duties on the export of essential raw materials which formed an important feature of war policy, and which in many cases were continued during the period immediately following the armistice

There is no question of challenging the incontestable right which States have to dispose freely of their natural resources, or of the output of their countries in respect of raw materials. It is legitimate that in exceptional circumstances they should be anxious to reserve them to themselves, and that they should have the power to subject them at any time to a régime in conformity with their natural economy.

But it is not less incontestable that raw materials produced by one country being in many cases essential to the economic life of other States should not, unless in exceptional cases, be the object of restrictions or of differential regulations of such a nature as to injure the production of such States, or to impose on them a systematic inferiority.

It is undesirable, particularly, that measures of restriction taken by producing countries to meet exceptional situations should be so prolonged or altered as to change their character, and from being acts of precaution or defence to degenerate into measures of economic aggression.

Doubtless, as a general principle, the tariff policy of States is one of their sovereign rights, and there are no doubt circumstances in which export duties or other restrictions may be necessary, e.g. in cases where other sources of revenue are lacking, or where they are an indispensable element in the economic system. Nevertheless, it is undesirable as a matter of principle to employ measures of this kind under normal conditions as weapons of economic warfare.

.....
What we wish to do, without attempting to lay down any hard-and-fast rule, is to recommend caution in this matter and in particular to invite the attention of the Members of the League to the broader aspects of the question as affecting international economic relations. It is not only measures of

restriction or prohibition, including duties on exports, which may entail grave consequences in this matter, but every artificial system which involves the risk of disorganising production, whether by its establishment or by its abolition.

(4) The effect of monopolies was particularly specified in our reference as a subject for enquiry, and accordingly in our Questionnaire we specially invited the observations of each Government "with regard to the prejudice, if any, caused at the present time to the supply of the reasonable requirements of the population in respect of any essential commodity by the operation of any monopoly or combination relating to manufacture, sale, import, or export, either within or outside the country."

None of the replies received, however, included any observations in reply to this question, and the supplementary enquiries that have been made have not so far produced sufficient evidence to enable us to establish any direct connection between the operations of monopolies and any of the difficulties of supply of raw materials which we were directed to investigate. In view, however, of the great importance of this branch of the subject, we propose to make further enquiries particularly with the object of completing our information with regard to the legal and administrative means already available in each country for combating and controlling the action of monopolies when exercised in a manner contrary to the public interest

(5) We have not hitherto made any mention of a scheme for the organisation of the supply of raw materials by means of an International Office..... We have.... had our attention called to the matter by a communication from the International Labour Office enclosing a resolution adopted by the Miners' International Congress in March 1920 in favour of the establishment of an International Office "for the distribution of fuel, ores and other raw materials essential to the renewal of the normal economic life of all nations."

While realising strongly the difficulties which the scheme is intended to solve we are convinced that it is impracticable on the following grounds:-

(a) It would, in our opinion, be impracticable to obtain the general consent of the producing and consuming States to delegate the important functions contemplated by the scheme to an international body, and the League of Nations has no power of compelling its Members to enter into any such arrangement against their will.

(b) No scheme for the international control of the distribution of raw materials could be operated without fixing prices and allocating supplies on some principle of rationing. In our opinion, this necessarily involves the international control of the whole internal economic life of the countries concerned.

(c) No scheme of rationing is possible without the power of compelling the consuming countries to take up their rations and to pay for them, which is clearly impracticable under present conditions.

(d) There is no criterion by which an International Office could fix a reasonable ration of any raw material to be allowed to any country, except either on the basis of previous consumption (which would stereotype the existing distribution of industry), or on some arbitrary estimate of needs which would empower the International Office to dictate the lines of future industrial development of all the States of the League.

(e) If all the above objections could be overcome, the mere loss to productive industry from the inevitable inefficient operation of the bureaucratic machinery of the International Office would probably be fatal to the scheme.

(6) The next group of possible remedies, viz., those designed to improve international credit and to rehabilitate exchanges, are expressly excluded from our reference, and the only point, therefore, to which we venture to call attention in this connection is the possibility which has been suggested to us by Professor Gini as the result of his visit to certain countries whose finances have been disorganised by the war, that great assistance might be given by the League of Nations in the work of reconstructing the financial and economic position of those countries, if the Council were willing on the application of the Governments of such countries to nominate competent expert advisers, who could advise the Governments on such matters as currency, exchange, and financial and economic policy generally

Geneva,
September 12th, 1921.

A P P E N D I X 13.

(supra p.56)

Resolution of the Council on the "Report of Certain Aspects of the Raw Materials Problem" adopted at the 14th Session of the Council, 1921. 1).

"The Council of the League of Nations,

.....
Resolves:

- a) that the Report shall be transmitted to the Assembly for consideration at the present Session;
- b) to commend to the consideration of the Members of the League the general conclusions of the Report on Certain Aspects of the Raw Materials Problem, especially those calling attention to the effects that may be produced by artificial restrictions and duties on the export of essential raw materials on the economic life of other countries;
- c) recognising the intimate connection between the restoration of transport facilities and the supply and distribution of raw materials, to express the earnest hope that every effort will be made to expedite the work of the various Commissions charged with such matters as re-allocation and interchange of rolling stock in certain parts of Europe." 1).

A P P E N D I X 14.

(supra p.66)

Recommendations of the International Economic Conference 1927 relating to Import and Export Prohibitions and Restrictions. 2).

"..... The Conference recommends:

- 1) That the Draft International Convention for the Abolition of Import and Export Prohibitions and

- 1) Minutes of the 14th Session of the Council of the League of Nations held at Geneva, Second Part. Sept.12-Oct.12, 1921. p.112.
- 2) L.o.N. Report and Proceedings of the World Economic Conference 1927, Vol.I.Doc.C.356,M.129.1927.II.(52¹)p.34/35.

Restrictions, as prepared by the Economic Committee of the League of Nations and submitted to the States Members of the League and to the principal non-Member States, constitutes, with its accompanying commentary, a very satisfactory basis for the Diplomatic Conference convened for November 14th, 1927 and should be utilised to lead to a prompt general agreement permitting the greatest possible number of nations by their concerted and simultaneous action to bring about favourable conditions for the recovery and development of the production and trade of all countries;

- (2). That, moreover, the application of the principles laid down in this draft should not be indirectly defeated by such means as export duties, the fixing of quotas, health regulations or any other measures not justified by exceptional or imperative circumstances;
- (3). And, further, that the application of these principles should not be indirectly defeated by restrictions on the free circulation of capital - including, for example, any system for controlling exchange which impedes the purchase or exportation of foreign exchange for the purpose of paying for goods imported."

A P P E N D I X 15.

(supra p. 66)

Recommendations of the International Economic Conference 1927 relating to the Economic and Fiscal Treatment of Nationals and Companies of one Country admitted to settle in the Territory of another. 1).

".....The Conference recommends:

- (1) That, pending the conclusion of an international convention bilateral agreements should be arrived at, on the basis of the work already accomplished by the Economic Committee of the League of Nations and by the International Chamber of Commerce, defining the status of foreigners not only from the economic but from the legal and fiscal points of view;
- (2) That, in the same spirit and with the same end in view the Council of the League of Nations should prepare for the Meeting of a diplomatic Conference for the purpose of drawing up an international convention;
- (3) That, in drawing up these agreements and the texts to be submitted to the Conference, the following points among others should be borne in mind:
 - a) Equality of treatment with regard to conditions of residence, establishment, removal and circulation, between foreigners admitted to a State and the nationals of that State ;
 - b) Conditions of carrying on trade, industry and all other activities by foreign persons and enterprises;
 - c) Legal status of the same persons and enterprises;
 - d) Fiscal status of the same persons and enterprises."

1) L.o.N. Report and Proceedings of the World Economic Conference 1927 Vol.I. (Doc. C.356. M.129. 1927.II. (52¹) p.36.

A P P E N D I X 16.

(supra p. 67)

Recommendations of the International Economic Conference, 1927,
relating to Export Duties on Raw Materials. 1).

"The Conference recommends:

- (1) That the exportation of raw materials should not be unduly burdened by export duties or any other taxes and that, even in cases, where such duties or taxes are justified by fiscal needs or by exceptional or compelling circumstances, they should be as low as possible;
- (2) That, in any case, export duties on raw materials should never be imposed for the special purpose of subjecting foreign countries using such materials to an increased burden which will place them in a position of unfair inferiority as regards the production of the finished article;
- (3) That export duties on raw materials, whether levied for revenue purposes or to meet exceptional or compelling circumstances, should never discriminate between different foreign destinations;
- (4) That the above principles apply equally to export duties on articles of consumption."

A P P E N D I X 17.

(supra p. 71)

International Convention for the Abolition of Import and Export Prohibitions and Restrictions. November 8th, 1927. 2).

.....
Having regard to the resolution of the Assembly of the League of Nations dated September 25th, 1924;

Being guided by the conclusions of the International Economic Conference held at Geneva in May 1927, and agreeing with the latter that import and export prohibitions, and the arbitrary practices and disguised discriminations to which they give rise, have had deplorable results, without the grave drawbacks of these measures being counterbalanced by the financial advantages or social benefits which were anticipated by the countries which had recourse to them;

Being persuaded that it is important for the recovery and future development of world trade that Governments should abandon a policy which is equally injurious to their own and to the general interest;

Being convinced that a return to the effective liberty of international commerce is one of the primary conditions of world prosperity; and

Considering that this object may best be achieved by resort to simultaneous and concerted action in the form of an international convention:

1). L.o.N. Report and Proceedings of the World Economic Conference, 1927.Vol.1. (Doc. C.356.M.1929,1927 II (52¹), p.42

2) L.o.N. International Conference for the Abolition of Import and Export Prohibitions and Restrictions. 1927. Proceedings of the Conference. (Doc. C.21. M. 12.1928 II (7) p.7-15.

Have appointed their plenipotentiaries, namely:

.....
who having communicated their full powers, found in good and due form, have agreed to the following provisions:

Article 1.

The provisions of the present Convention shall apply to prohibitions and restrictions imposed on the importation into the territories of any High Contracting Party of goods the produce or manufacture of the territories of any other High Contracting Party, and to prohibitions and restrictions imposed on the exportation of goods from the territories of any High Contracting Party to the territories of any other High Contracting Party.

Article 2.

Subject to the exceptions provided for in the following articles, the High Contracting Parties undertake to abolish within a period of six months from the date of the coming into force of the present Convention, in so far as the respective territories of each of them are concerned, all import and export prohibitions or restrictions, and not thereafter to impose any such prohibitions or restrictions. During this period each of the High Contracting Parties will adopt all appropriate measures in order to reduce existing prohibitions and restrictions to a minimum and will refrain from imposing any new prohibitions or restrictions.

Further, the High Contracting Parties undertake to adopt the necessary measures to ensure that the provisions of the present Convention are strictly observed by all authorities, central or local, and that no regulation is issued in contravention thereof.

Article 3.

Should the High Contracting Parties, in pursuance of their legislation, subject the importation or exportation of goods to certain regulations in respect of the manner, form or place of importation or exportation, or the imposition of marks, or to other formalities or conditions, they undertake that such regulations shall not be made a means of disguised prohibition or arbitrary restriction.

Article 4.

The following classes of prohibitions and restrictions are not prohibited by the present Convention, on conditions, however, that they are not applied in such a manner as to constitute a means of arbitrary discrimination between foreign countries where the same conditions prevail, or a disguised restriction on international trade:

1. Prohibitions or restrictions relating to public security.
2. Prohibitions or restrictions imposed on moral or humanitarian grounds.
3. Prohibitions or restrictions regarding traffic in arms, ammunition and implements of war, or, in exceptional circumstances, all other military supplies.
4. Prohibitions or restrictions imposed for the protection of public health or for the protection of animals or plants against disease, insects and harmful parasites.
5. Export prohibitions or restrictions issued for the protection of national treasures of artistic, historic or archaeological value.

6. Prohibitions or restrictions applicable to gold, silver, coins, currency notes, banknotes or securities.
7. Prohibitions or restrictions designed to extend to foreign products the regime established within the country in respect of the production of, trade in, and transport and consumption of native products of the same kind.
8. Prohibitions or restrictions applied to products which, as regards production or trade, are or may in future be subject within the country to State monopoly or to monopolies exercised under State control.

Article 5.

Nothing in this Convention shall affect the right of any High Contracting Party to adopt measures prohibiting or restricting importation or exportation for the purpose of protecting, in extraordinary and abnormal circumstances the vital interests of the country.

Should measures of this character be adopted, they shall be applied in such a manner as not to lead to any arbitrary discrimination against any other High Contracting Party. Their duration shall be restricted to that of the causes or circumstances from which they arise.

Article 6.

1. The High Contracting Parties, recognising that there exist in the case of certain of them situations of fact or of law which prevent the latter from immediately undertaking, as regards certain specified products, the engagements entered into under the previous articles, have deemed it equitable to authorise these High Contracting Parties to make a reservation in regard to certain temporary exceptions, which the latter undertake to withdraw as soon as the circumstances from which they arise cease to exist.

2. Moreover, the High Contracting Parties, recognising that the abolition of certain import or export prohibitions or restrictions applied by some of them would involve the latter in grave difficulties, and that, moreover, these prohibitions or restrictions do not prejudicially affect the trade of other countries, have also deemed it equitable to authorise these High Contracting Parties to make a reservation in regard to these exceptions.

3. The Annex to the present Convention sets forth the exceptions coming within the provisions of the two preceding paragraphs which have been agreed to on this day's date in favour of the High Contracting Parties who are mentioned by name in the Annex and who have signed the Convention on that date.

4. Exceptions which the High Contracting Parties may desire to claim subsequently to that date shall be dealt with in accordance with the procedure laid down in the Protocol to the present Convention.

Article 7.

Should one of the High Contracting Parties be obliged to adopt any measure of prohibition or restriction against products of any foreign country, whether the Convention be applicable to that country or not, he shall frame the measure in such a way as to cause the least possible injury to the trade of the other High Contracting Parties.

Article 8.

If a dispute arises between two or more High Contracting Parties as to the interpretation or application of the provisions of the present Convention - with the exception of Articles 4, 5 and 6, and of the provisions of the Protocol relating to these articles - and if such dispute cannot be settled either directly between the parties or by the employment of any other means of reaching agreement, the parties to the dispute may, provided they all so agree, before resorting to any arbitral or judicial procedure, submit the dispute with a view to an amicable settlement to such technical body as the Council of the League of Nations or the parties concerned may appoint. This body will give an advisory opinion after hearing the parties, and, if necessary, effecting a meeting between them.

The advisory opinion given by the said body will not be binding upon the parties to the dispute unless it is accepted by all of them, and the parties, if they all so agree, may, either after resort to such procedure or in lieu thereof, have recourse to any arbitral or judicial procedure which they may select, including reference to the Permanent Court of International Justice as regards any matters which are within the competence of that Court under its Statute.

If a dispute of a legal nature arises as to the interpretation or application of the provisions of the present Convention - with the exception of Articles 4, 5 and 6, and of the provisions of the Protocol relating to these articles - the parties shall, at the request of any of them, refer the matter to the decision of the Permanent Court of International Justice or of an arbitral tribunal selected by them, whether or not there has previously been recourse to the procedure laid down in the first paragraph.

In the event of any difference of opinion as to whether a dispute is of a legal nature or not, the question shall be referred for decision to the Permanent Court of International Justice or to the arbitral tribunal selected by the parties.

The procedure before the body referred to in the first paragraph above or the opinion given by it will in no case involve the suspension of the measures to which the dispute refers; the same will apply in the event of proceedings being taken before the Permanent Court of International Justice - unless the Court decides otherwise under Article 41 of its Statute - or before the arbitral tribunal selected by the parties.

Nothing in the present Convention shall be construed as prejudicing the rights and obligations derived by the High Contracting Parties from the engagements into which they have entered with reference to the jurisdiction of the Permanent Court of International Justice, or from any bilateral conciliation or arbitration conventions between them.

Article 9.

Any High Contracting Party may, either upon ratifying the present Convention or thereafter, declare that he undertakes, in regard to any other High Contracting Party accepting the same obligation, to extend the application of the provisions to paragraph 3 of Article 8 to any dispute which may arise in connection with the interpretation or application of the provisions of the present Convention, including all or part of Articles 4, 5 and 6, and whether or not the dispute is of a legal nature.

Any High Contracting Parties who do not give the undertaking referred to in paragraph 1 as regards Articles 4, 5 and 6, or certain parts of these Articles, and as regards the provisions of the Protocol relating thereto, may make the provisions of paragraphs 1 and 2 of Article 8 applicable to these matters as between themselves.

Article 10.

Any High Contracting Party may at the time of signature, ratification or accession declare that, in accepting the present Convention, he does not assume any obligations in respect of all or any of his colonies, protectorates or territories under suzerainty or mandate; and the present Conventions shall not apply to any territories named in such declaration.

Any High Contracting Party may give notice to the Secretary-General of the League of Nations at any time subsequently that he desires that the Convention shall apply to all or any of his territories which have been made the subject of a declaration under the preceding paragraph, and the Convention shall apply to all the territories named in such notice ninety days after its receipt by the Secretary-General of the League of Nations.

Any High Contracting Party may at any time declare that he desires that the present Convention shall cease to apply to all or any of his colonies, protectorates or territories under suzerainty or mandate, and the Convention shall cease to apply to the territories named in such declaration one year after its receipt by the Secretary-General of the League of Nations.

Article 11.

Nothing in the present Convention shall prejudice the rights and obligations which the High Contracting Parties may derive from international Conventions in force to which they are parties.

The present Convention shall not prejudice the provisions of any bilateral agreements in force at the present date between the High Contracting Parties which establish, in regard to import and export prohibitions or restrictions, a more liberal regime than that established by the provisions of the present Convention.

Article 12.

The present Convention shall not in any way affect rights and obligations arising from the Covenant of the League of Nations.

Article 13.

The High Contracting Parties shall, within twelve months after the coming into force of the present Convention in their territories, communicate to one another through the Secretary-General of the League of Nations a report on the steps taken to give effect to the provisions of the Convention.

Article 14.

The present Convention, of which the French and English texts are both authentic, shall bear this day's date.

It shall be open for signature until January 1st, 1929, on behalf of any Member of the League of Nations or of any non-Member State represented at the Conference which drew up this Convention or to which the Council of the League of Nations shall, for this purpose, have communicated a copy of the present Convention.

Members of the League of Nations and non-Member States on whose behalf the Convention has been signed prior to February 1st, 1928, may avail themselves of the procedure referred to in Article 6, paragraph 4.

Article 15.

The present Convention shall be ratified.

The instruments of ratification shall be deposited with the Secretary-General of the League of Nations, who shall notify the receipt thereof to all Members of the League and to the non-Member States referred to in the previous article.

Article 16.

On and after January 1st, 1929, any Member of the League of Nations or any State referred to in Article 14 may accede to the present Convention.

This accession shall be effected by a notification made to the Secretary-General of the League of Nations, to be deposited in the archives of the Secretariat. The Secretary-General shall at once notify such deposit to all who have signed or acceded to the Convention.

Article 17.

The present Convention shall come into force under the conditions and on the date to be determined at the meeting provided for hereinafter.

Between June 15th and July 15th, 1928, the Secretary-General of the League of Nations shall invite the duly accredited representatives of the Members of the League of Nations and of non-Member States on whose behalf the Convention shall have been signed on or before June 15th, 1928, to attend a meeting at which they shall determine:

- (a) The reservations which, having been communicated to the High Contracting Parties in accordance with Article 6, paragraph 4, may, with their consent, be made at the time of ratification;
- (b) The conditions required for the coming into force of the Convention and, in particular, the number and, if necessary, the names of the Members of the League and of non-Member States, whether they are signatories or not, whose ratification or accession must first be secured;
- (c) The last date on which the ratifications may be deposited and the date on which the Convention shall come into force if the conditions required under the preceding paragraph are fulfilled.

If, on the expiration of this period, the ratifications upon which the coming into force of the Convention will be conditional have not been secured, the Secretary-General of the League of Nations shall consult the Members of the League of Nations and non-Member States on whose behalf the Convention has been ratified and ascertain whether they desire nevertheless to bring it into force.

Article 18.

The present Convention may be denounced by a notification in writing addressed to the Secretary-General of the League of Nations on behalf of any Member of the League of Nations or of any non-Member State after the expiration of a period of five years reckoned from the date on which the Convention shall have entered into force.

Such denunciation shall take effect twelve months after the date on which it is received by the Secretary-General of the League of Nations, and shall operate only in respect of the Member of the League of Nations or the non-Member State on whose behalf it is made.

Nevertheless, the Convention may be denounced on behalf of any Member of the League of Nations or any non-Member State after the expiration of the third year from the date of the present Convention, if, after that period, any one of the exceptions allowed in virtue of Article 6, paragraph 1, still exists. This denunciation shall take effect six months after the date on which it is received by the Secretary-General, and shall operate only in respect of the Member of the League of Nations or the non-Member State on whose behalf it is made.

Furthermore, the Convention may be denounced on behalf of any Member of the League of Nations or of any non-Member State after the expiration of the fifth year from the date of the present Convention, if, after that period, such Member of the League of Nations or non-Member State considers that any one of the exceptions allowed by the High Contracting Parties at the meeting provided for in Article 17 has impaired the effects of the present Convention.

This denunciation shall take effect six months after the date on which it is received by the Secretary-General, and shall operate only in respect of the Member of the League of Nations or the non-Member State on whose behalf it is made.

Any denunciation made in accordance with the foregoing provisions shall be notified immediately by the Secretary-General of the League of Nations to all the other High Contracting Parties.

If, as a result of denunciations, the conditions for the coming into force of the Convention which the High Contracting Parties may lay down at the meeting provided for in Article 17 should no longer be fulfilled, any High Contracting Party may request the Secretary-General of the League of Nations to summon a Conference to consider the situation created thereby. Failing agreement to maintain the Convention, each of the High Contracting Parties shall be discharged from his obligations from the date on which the denunciation which led to the summoning of this Conference shall take effect.

Article 19.

If, before the expiration of the period of five years mentioned in paragraph 1 of Article 18, notifications should be addressed to the Secretary-General of the League of Nations on behalf of one-third of the Members of the League of Nations and of non-Member States to which the present Convention applies, informing him that they desire the Convention to be revised, all the Members of the League of Nations, and all non-Member States to which the Convention applies agree to take part in any consultation which may be held for this purpose.

If the revision has taken place before the end of the fifth year from the date of the coming into force of the present Convention, any Member of the League of Nations or non-Member State who has not accepted the revised Convention shall have the right to denounce the present Convention, without regard to the period of five years provided for in paragraph 4 of Article 18. Such denunciation shall take effect on the date on which the revised Convention comes into force.

If the revision has taken place in the course of the fifth year from the date of the coming into force of the present Convention, the period of denunciation referred to in paragraph 1 of Article 18 will be prolonged by one year.

A P P E N D I X 18.

(supra p. 76)

International Agreement relating to the Exportation of Hides and Skins. July 11th, 1928. 1).

(Heads of States.)

Being desirous of removing the obstacles which at present hinder trade in certain raw materials, and of giving effect to the recommendation made in the Final Act of the Convention of November 8th, 1927, for the Abolition of Import and Export Prohibitions and Restrictions, in a manner as favourable as possible to production and to international trade,

Have appointed as their Plenipotentiaries:

(List of Plenipotentiaries.)

who, having communicated their full powers found in good and due form, have agreed on the following provisions:

Article 1.

The High Contracting Parties undertake that, on and after October 1st, 1929, the exportation of raw or prepared hides and skins shall not be subject to any prohibition or restriction under whatever form or denomination.

Article 2.

The High Contracting Parties undertake that, as from the same date, there shall neither be maintained nor imposed on the products referred to in Article 1 any export duty or any charge - apart from a statistical duty - which, under the respective laws of the High Contracting Parties, is not applicable to all commercial transactions in these products.

Article 3.

The present Agreement, of which the French and English texts shall both be authentic, shall bear this day's date.

It may be signed subsequently until December 31st, 1928, on behalf of any Member of the League of Nations or of any non-Member State to which the Council of the League of Nations may have communicated a copy of the present Agreement for this purpose.

Article 4.

The present Agreement shall be ratified.

The instruments of ratification shall be deposited before July 1st, 1929, with the Secretary-General of the League of Nations.
1). L.O.N. Second International Conference on Hides and Skins and Bones. 1928. Proceedings of the Conference. (Doc.C.524 M.154.1928.II (47) p.4-5.

Nations, who shall immediately notify the receipt thereof to all the Members of the League of Nations and all the non-Member States on whose behalf the present Agreement and the Convention of November 8th, 1927, have been signed or adhered to.

Should the present Agreement not have been ratified by this date by some of the Members of the League of Nations and non-Member States on whose behalf it has been signed, the High Contracting Parties shall be invited by the Secretary-General of the League of Nations to consider the possibility of putting it into force. They undertake to participate in this consultation, which shall take place before September 1st, 1929.

If by September 1st, 1929, all the Members of the League of Nations and non-Member States on whose behalf the present Agreement has been signed have ratified it, or if, under the procedure laid down in the preceding paragraph, those on whose behalf it has been ratified decide to put it into force, the present Agreement shall come into force on October 1st, 1929, and this fact shall be notified by the Secretary-General of the League of Nations to all the High Contracting Parties to the present Agreement and to the Convention of November 8th, 1927.

Article 5.

On and after January 1st, 1929, any Member of the League of Nations and any non-Member State referred to in Article 3 may accede to the present Agreement.

This accession shall be effected by a notification made to the Secretary-General of the League of Nations, to be deposited in the archives of the Secretariat.

The Secretary-General shall immediately notify such deposit to all who have signed or acceded to the present Agreement.

Article 6.

If, after the expiration of a period of two years from the date of the coming into force of the present Agreement, an application for a revision of Article 2 has been made to the Secretary-General of the League of Nations by at least one-third of the Members of the League of Nations and non-Member States to which the present Agreement applies, the others undertake to participate in any consultation which may be held for this purpose.

Any Member of the League of Nations and any non-Member State to which the present Agreement applies may, if such consultation results in a rejection of its application for a revision, or if it considers that it cannot accept the revised Article 2, resume its liberty of action as regards the provisions of this Article six months after the revision has been refused, or as from the date of the coming into force of the revised Article 2, provided notice be given to the Secretary-General of the League of Nations.

If, as the result of denunciations in accordance with the preceding paragraph, one-third of the Members of the League of Nations and non-Member States which are bound by the present Agreement but have not denounced it demand a further consultation, all the High Contracting Parties undertake to participate therein.

Any denunciation made in conformity with the foregoing provisions shall be notified immediately by the Secretary-General of the League of Nations to all the other High Contracting Parties.

Article 7.

Without prejudice to the provisions of the preceding Article relating to denunciation, the present Agreement may be denounced on behalf of any Member of the League of Nations or any non-Member State after the expiration of a period of five years from the date on which it comes into force, such denunciation to take effect twelve months after the date on which it is notified to the Secretary-General of the League of Nations.

Such denunciation shall only take effect in so far as concerns the Member of the League of Nations or the non-Member State on whose behalf it has been made.

Any denunciation made in conformity with this procedure shall be notified immediately by the Secretary-General of the League of Nations to all the other High Contracting Parties.

If any High Contracting Party considers that any denunciation thus made has created a new situation, and makes to the Secretary-General of the League of Nations a request to this effect, the latter shall convene a Conference in which the other High Contracting Parties undertake to participate. This Conference may, within a period to be fixed by itself, either terminate the obligations arising under the present Agreement or modify its provisions. If any Member of the League of Nations or non-Member State bound by the present Agreement is unable to agree to the modification introduced, the said Agreement may be denounced on its behalf, and it shall then be released from its obligations thereunder as from the date on which the denunciation which led to the convening of the Conference takes effect.

Article 8.

The provisions of Articles 4, 5, 7, 8, 9, 10, 11, 12 and 13 of the Convention of November 8th, 1927, and the provisions of the Protocol relating to these Articles, as well as of paragraph (b) of the Protocol to Article 1, shall apply to the present Agreement in so far as the obligations contained therein and the products covered by the Agreement allow. As regards the application of the procedure provided for in the above-mentioned Article 8, no distinction shall be made between the various provisions of the preceding Articles of the present Agreement.

A P P E N D I X 19.

(supra p. 76)

International Agreement relating to the Exportation of Bones.
July 11th, 1928. 1).

(Heads of States.)

Being desirous of removing the obstacles which at present hinder trade in certain raw materials, and of giving effect to the recommendation made in the Final Act of the Convention of November 8th, 1927, for the Abolition of Import and Export

1). L.o.N. Second International Conference on Hides and Skins and Bones. Proceedings of the Conference. 1928. (Doc.C.524. M.154.1928.II (47) p.11.12.

Prohibitions and Restrictions, in a manner as favourable as possible to production and to international trade,

Have appointed as their Plenipotentiaries:

(List of Plenipotentiaries.)

who, having exchanged their full powers found in good and due form, have agreed on the following provisions:

Article 1.

The High Contracting Parties undertake that, on and after October 1st, 1929, the export of raw or dried bones and waste thereof, horns and hoofs and waste thereof, and glue-stock hide shall not be subjected by them to any prohibition or restriction under whatever form or denomination.

Article 2.

The High Contracting Parties who at present impose no export duties on the products enumerated in Article 1, or whose export duties do not exceed the rate of 1.50 Swiss Francs per hundred kilogrammes, undertake not to impose or maintain, after October 1st, 1929, any export duty on these products exceeding the rate of 1.50 Swiss francs.

Article 3.

The High Contracting Parties who at present impose on the products referred to in Article 1 any export duty in excess of 3 Swiss francs undertake to reduce it as from October 1st 1929, to a figure not exceeding 3 Swiss francs.

Article 4.

The High Contracting Parties who at present impose on the products referred to in Article 1 export duties exceeding 1.50 but not exceeding 3 Swiss francs, but who do not impose prohibitions on these products, undertake not to increase the rates of duty at present in force.

Nevertheless, export duties not exceeding 3 Swiss francs may be imposed by those High Contracting Parties who impose at present duties in excess of 1.50, but not exceeding 3 Swiss francs, provided that the duties are now imposed at the same time as prohibitions.

Article 5.

In regard to the products mentioned in Article 1, no tax, apart from a statistical duty, may be instituted or maintained which, by virtue of the respective legislations of the High Contracting Parties, is not applicable to all commercial transactions of which these products may be the subject.

Article 6.

The present Agreement in no way precludes the conclusion of special agreements between any of the High Contracting Parties based either on the limitation of export duties to rates lower than those authorised by the said Agreement or on the abolition of all export duties.

Such agreements shall not, however, affect the rights of third countries under treaties based on most-favoured-nation treatment.

Article 7.

The present Agreement, of which the French and English texts shall both be authentic, shall bear this day's date.

It may be signed subsequently until December 31st, 1928, on behalf of any Member of the League of Nations or of any non-Member State to which the Council of the League of Nations may have communicated a copy of the present Agreement for this purpose.

Article 8.

The present Agreement shall be ratified.

The instruments of ratification shall be deposited before July 1st, 1929, with the Secretary-General of the League of Nations, who shall immediately notify the receipt thereof to all the Members of the League of Nations and all the non-Member States on whose behalf the present Agreement and the Convention of November 8th, 1927, have been signed or adhered to.

Should the present Agreement not have been ratified by this date by some of the Members of the League of Nations and non-Member States on whose behalf it has been signed, the High Contracting Parties shall be invited by the Secretary-General of the League of Nations to consider the possibility of putting it into force. They undertake to participate in this consultation, which shall take place before September 1st, 1929.

If by September 1st, 1929, all the Members of the League of Nations and non-Member States on whose behalf the present Agreement has been signed have ratified it, or if, under the procedure laid down in the preceding paragraph, those on whose behalf it has been ratified decide to put it into force, the present Agreement shall come into force on October 1st, 1929, and this fact shall be notified by the Secretary-General of the League of Nations to all the High Contracting Parties to the present Agreement and to the Convention of November 8th, 1927.

Article 9.

On and after January 1st, 1929, any Member of the League of Nations and any non-Member State referred to in Article 7 may accede to the present Agreement.

This accession shall be effected by a notification made to the Secretary-General of the League of Nations, to be deposited in the archives of the Secretariat.

The Secretary-General shall immediately notify such deposit to all who have signed or acceded to the present Agreement.

Article 10.

If, after the expiration of a period of two years from the date of the coming into force of the present Agreement, an application for a revision of Articles 2, 3 and 4 has been made to the Secretary-General of the League of Nations by at least one-third of the Members of the League of Nations and non-Member States to which the present Agreement applies, the others undertake to participate in any consultation which may be held for this purpose.

Any Member of the League of Nations and any non-Member State to which the present Agreement applies may, if such consultation results in a rejection of this application for a revision, or if it considers that it cannot accept the

revised Articles 2, 3 or 4, resume its liberty of action as regards the provisions of these Articles six months after the revision has been refused, or as from the date of the coming into force of the revised Articles 2, 3 or 4, provided notice be given to the Secretary-General of the League of Nations.

If, as the result of denunciations in accordance with the preceding paragraph, one-third of the members of the League of Nations and non-Member States which are bound by the present Agreement but have not denounced it demand a further consultation, all the High Contracting Parties undertake to participate therein.

Any denunciation made in conformity with the foregoing provisions shall be notified immediately by the Secretary-General of the League of Nations to all the other High Contracting Parties.

Article 11.

Without prejudice to the provisions of the preceding Article relating to denunciation, the present Agreement may be denounced on behalf of any Member of the League of Nations or of any non-Member State after the expiration of a period of five years from the date on which it comes into force, such denunciation to take effect twelve months after the date on which it is notified to the Secretary-General of the League of Nations.

Such denunciation shall only take effect in so far as concerns the Member of the League of Nations or the non-Member State on whose behalf it has been made.

Any denunciation made in conformity with this procedure shall be notified immediately by the Secretary-General of the League of Nations to all the other High Contracting Parties.

If any High Contracting Party considers that any denunciation thus made has created a new situation, and makes to the Secretary-General of the League of Nations a request to this effect, the latter shall convene a Conference in which the other High Contracting Parties undertake to participate. This Conference may, within a period to be fixed by itself, either terminate the obligations arising under the present Agreement or modify its provisions. If any Member of the League of Nations or any non-Member State bound by the present Agreement is unable to agree to the modifications introduced, the said Agreement may be denounced on its behalf, and it shall then be released from its obligations thereunder as from the date on which the denunciation which led to the convening of the Conference takes effect.

Article 12.

The provisions of Articles 4, 5, 7, 8, 9, 10, 11, 12 and 13 of the Convention of November 8th, 1927, and the provisions of the Protocol relating to these Articles, as well as of paragraph (b) of the Protocol to Article 1, shall apply to the present Agreement in so far as the obligations contained therein and the products covered by it allow. As regards the application of the procedure provided for in the above-mentioned Article 8, no distinction shall be made between the various provisions of the preceding Articles of the present Agreement.

A P P E N D I X 20.

(supra p.88)

Extracts from Sir Samuel Hoare's Speech at the 1935 Assembly of the League of Nations. 1).

..... I have spoken, in particular, of the sincerity of our ideals. The sincerity springs, I admit from enlightened self-interest, but it springs also from an enlightened interest in what we believe to be the best for all. Let me illustrate what I mean by enlightened self-interest and I will choose as my illustration a question that is exercising the minds of many people and many Governments.

I will take as an example the problem of the world's economic resources and the possibility of making better use of them in future. The abundance of supplies of raw materials appears to give peculiar advantage to countries possessing them. It is easy to exaggerate the decisive character of such an advantage, for there are countries which, having little or no natural abundance, have yet made themselves prosperous and powerful by industry and trade. Yet the fact remains that some countries, either in their native soil or in their colonial territories, do possess what appears to be a preponderance of advantages and that others less favoured view the situation with anxiety. Especially as regards colonial raw materials, it is not unnatural that such a state of things should give rise to fears lest exclusive monopolies be set up at the expense of those countries that do not possess colonial empires. It is clear that in the view of many this is a real problem; and we should be foolish to ignore it. It may be that it is exaggerated. It may be also that it is exploited for other purposes. None the less, as the question is causing discontent and anxiety, the wise course is to investigate it, to see what the proposals are for dealing with it, to see what is the real scope of the trouble and, if the trouble is substantial, to try to remove it.

The view of His Majesty's Government is that the problem is economic rather than political and territorial. It is the fear of monopoly - of the withholding of essential raw materials - that is causing alarm. It is the desire for a guarantee that the distribution of raw materials will not be unfairly impeded that is stimulating the demand for further enquiry. So far as His Majesty's Government in the United Kingdom is concerned, we should, I feel sure, be ready to take our share in an investigation of these matters.

My impression is that there is no question, in the present circumstances, of any colony withholding its raw materials from any prospective purchaser. On the contrary, the trouble is that they cannot be sold at remunerative prices. This side of the question was investigated with concrete results by a Commission of the Monetary and Economic Conference which met in London in 1933. Its work was directed primarily towards raising wholesale prices to a reasonable level through the co-ordination of

1). L.o.N. Official Journal. Special Supplement No.138. Records of the Sixteenth Ordinary Session of the Assembly. Plenary Meetings (1935). p.45/46.

production and marketing; but one of the stipulations of such action was that it should be fair to all parties, both producers and consumers, that it should not aim at discriminating against a particular country and that it should, as far as possible, be worked with the willing co-operation of the consuming interests in importing countries.

This precedent may indicate a suitable line of approach to an enquiry which should be limited in this case to raw materials from colonial areas, including protectorates and mandated territories. I suggest that the emphasis in the terms of reference should fall upon the free distribution of such raw materials amongst industrial countries which require them, so that all fear of exclusion or monopoly may be removed once and for all.

The Government that I represent will, I know, be prepared to take its share in any collective attempt to deal in a fair and effective way, with a problem that is certainly troubling many people at present and may trouble them even more in future. Obviously, however, such an enquiry needs calm and dispassionate consideration, and calm and dispassionate consideration is impossible in an atmosphere of war and threats of war. If only these war clouds could be dispelled, with how much greater effect could we turn to these economic questions that often matter so much more in the modern world than political problems.

A P P E N D I X 21.

(supra p.92)

Resolution on an Enquiry into the Question of Equal Commercial Access to Certain Raw Materials adopted by the 1936 Assembly of the League of Nations. 1).

The Assembly

Considering that the time has now arrived when discussion of an enquiry into the question of equal commercial access for all nations to certain raw materials might usefully be undertaken with the collaboration of the principal States, whether Members or non-Members of the League, having a special interest in the matter:

Decides to request the Council, when it thinks fit, to appoint a Committee composed, in suitable proportions, of members of the Economic and Financial Committees of the League of Nations together with other qualified persons, irrespective of nationality, to undertake the study of this question and report thereupon;

Recognises that the choice of the raw materials to be considered should be at the discretion of the body thus appointed;

Believes that the participation in the work of the Committee of nationals of the non-Member as well as Member States specially interested would be desirable;

Suggests that the Council should give attention to this consideration in reaching its decisions;

And instructs the Secretary-General to communicate the present resolution to the Governments of non-Member States.

1). L.O.N. Official Journal. Special Supplement No.155. Records of the Seventeenth Ordinary Session of the Assembly. Plenary Meetings p.141/142.

A P P E N D I X 22.

(supra p. 93)

List of Members of the Committee to study the Question of Raw Materials appointed by the Council of the League of Nations at its Ninety-Sixth Session in January 1937. 1).

List of Members.

Members of the Economic Committee:

Sir F. W. Leith-Ross (British);
M. Y. Shudo (Japanese);
M. W. Stucki (Swiss);
M. B. Rosenblum (U.S.S.R.)
Mr. H. F. Grady (U.S.A.)

Members of the Financial Committee:

Sir H. Strakosch (South African);
Dr. V. Pospisil (Czechoslovak).

Other Qualified Persons.

M. Max Leo-Gérard, former Finance Minister (Belgian);
Dr. Joao Carlos Muniz, Consul-General of Brazil at Geneva,
Member of the Governing Body of the
International Labour Office (Brazil-
ian);
Professor Ch. Rist, Director of the Scientific Institute of
Economic and Social Research (French);
M. Gonzolo Robles, expert on economic questions (Mexican);
Professor J. van Gelderen, of the Colonial Ministry
(Netherlands);
M. Rose, Under-Secretary of State at the Ministry of Industry
and Commerce, and Chairman of the
Polish Inter-ministerial Commission
on Raw Materials (Polish);
Lieutenant-Colonel Thomaz Fernandez (Portuguese);
M. Ivar Högbom, Professor of Economic Geography at the
Stockholm Higher Commercial Institute
(Swedish).

1). L.o.N. Ninety-Sixth Session of the Council. Minutes.
Fourth Meeting p.5.

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