

extremely serious position have so far emerged. One fact, however, is very striking—namely, that the enormous worsening of the economic position of practically all nations in the world which has taken place since the world economic crisis of 1927 has in no way shaken the faith of the economic experts in the remedy then prescribed—namely, the abolition of the artificial barriers to trade created by tariff walls, or, at the least, the lowering of such walls. Whilst the representatives of most countries at League Assemblies or on the Committee of Inquiry for European Union have paid lip-service to the efficacy of the remedy proposed, their Governments have deemed it necessary in many cases to increase tariffs rather than to reduce them, and, in some cases, import restrictions of a direct character have also been imposed. Such efforts as were made, by means of bilateral treaties between individual countries, or by those Governments which took part in the proposal for a Customs truce, which the British delegation in particular pressed so strongly last year, have either come to nought, as in the case of the Customs truce proposal, or, at best, accomplished remarkably little.

The discussions which took place in the committee clearly indicate that, despite the almost desperate economic plight of many countries and the lively dread of worse things befalling them on the part of countries so far less severely affected, there was still no indication of any general willingness to apply the drastic remedy proposed by the World Economic Conference. It is obvious that no individual country is likely to be willing to abolish or considerably lower its Customs Tariffs unless, at any rate, assured that all, or most, other countries will do likewise. The committee could not but be impressed by a striking, but far from encouraging, speech delivered on the morning of the 18th September by M. Colijn, in which he mercilessly analysed the various attempts made by the League, or under its auspices, to find a remedy for the economic ills of the world, and showed how barren of results they had been. He ended with a prophecy that the few remaining citadels of free-trade would inevitably be forced to surrender, and that only when retaliation had been met by retaliation until the position had become desperate would the nations “be forced in the end to do what they ought to have done in the beginning.” The possibility that Great Britain may be forced at an early date to abandon free-trade was even more directly alluded to by the German delegate, who frankly admitted that such a prospect was viewed with the utmost alarm in his country.

UNEMPLOYMENT; PUBLIC WORKS; AND INTERNATIONAL AGRICULTURAL MORTGAGE CREDIT CO.

Two of the most definite proposals emerging from the work of the Commission of Inquiry for European Union are for the establishment of an International Agricultural Mortgage Credit Co., and for the preparation of plans for public works of international importance, with a view to relieving unemployment. In neither instance are the proposals necessarily limited to Europe in their application, but in neither case does it seem probable that, even if anything definite comes of them, they will in fact be extended beyond Europe. The greatest difficulty in respect of both proposals is the finding of the necessary capital. Obviously there can be no question of the League providing any funds for such purposes. The only way in which the League may be directly associated with either scheme would be through the proposals being submitted to the technical organs of the League (Economic and Finance Sections) for expert advice and criticism.

COMMITTEE OF INQUIRY FOR EUROPEAN UNION.

The fact that the Committee of Inquiry for European Union is operating as a part of the machinery of the League gives rise to considerable difficulties, although it was largely with a view to allaying disquiet amongst non-European States with regard to the proposal that it was originally decided that it should be carried on within the League.

CEREALS: PREFERENTIAL TARIFFS.

The point with regard to which the proposals of the Committee of Inquiry for European Union have so far caused most misgiving on the part of various overseas countries has been in connection with cereals. The various grain-growing States of Eastern and Central Europe (generally referred to in this connection as the Danubian States) have been suffering very severely indeed through the fall in the price of wheat and difficulty in disposing of their products. With a view to assisting them, special treaties have been made between certain of the Danubian States and certain European grain-importing States, whereby specified quantities of cereals from such Danubian countries are to be admitted at a preferential rate of duty. The arrangements have been hedged about with various restrictions, among the most important of which are the limitation of the agreements to certain specific quantities and to specific and limited periods. Further, the treaties are subject to no objection being raised by the countries with which the importing State has most-favoured-nation treaties. Finally, in return for the preference granted, the exporting country undertakes to grant a reduction in tariffs (or equivalent drawback) of 30 per cent. on the manufactured goods of *all* countries, not merely those of the countries granting the preference. It seems very doubtful whether the system is likely to be operated to any very great extent, but, even so, it has caused considerable uneasiness, even amongst certain European States, who consider the preservation intact of the most-favoured-nation system absolutely essential. While these States, in recognition of the plight of the Danubian countries, might have been disposed to view leniently the *temporary* infraction of the most-favoured-nation principle in respect of cereals, they plainly indicated that any proposals to enlarge the scope of the arrangement to cover commodities other than cereals might well lead to their withdrawing even their qualified acquiescence with regard to cereals. The position of the overseas wheat-growing countries is, of course, much more definitely in opposition to any preferences to Danubian cereals. (See also Documents A. 36 and A. 38.)