

Committee, replied. He said that no question of principle had been decided. The sub-committee had limited itself to a reply to the question raised by the Fourth Committee. He proposed that the First Committee should take note of the Spanish delegate's declaration, and this was done.

The declaration reads as follows:—

“Spain could not agree to any decision under which the State which sent the letter notifying the withdrawal of Austria from the League of Nations could be regarded as discharged in relation to the League of the financial obligations of the State it had annexed.”

POSITION OF FOREIGNERS AND STATELESS PERSONS RELEASED FROM PRISON.

This item belongs properly to the Fifth Committee, where it was considered in detail; but that Committee, having noted that the position of aliens and Stateless persons released from prison raised numerous questions of a legal character, it asked the First Committee to state its views. In the First Committee an attempt was made to consider the setting-up of a League Committee of Experts to make an exhaustive study of the questions involved, and to suggest such measures as might enable Governments to solve the problem by international co-operation. This type of suggestion is one with which delegates are familiar. Some members of the First Committee spoke strongly against it, preferring that the papers (Documents A. 24, 1938, IV, and A. 1/4, 1938) be transmitted to Governments for their consideration with a view of the matter being reopened at next year's Assembly, when Governments would have had an opportunity of instructing their representatives. This latter course was agreed to, and the Fifth Committee was so informed.

SECOND COMMITTEE: ECONOMIC AND FINANCIAL QUESTIONS.

New Zealand Delegate: Mr. W. J. JORDAN. Substitute: Mr. R. M. CAMPBELL.

In this part of my report I am to deal, at what may well seem to be undue length, with some problems, no doubt important enough in themselves, but certainly not problems of the kind that the League was founded to cope with. The preservation of peace, the securing of international justice, the maintenance of the independence and territorial integrity of all States so that they may be able, each according to its own genius, to serve their peoples' real interests—these were, and these remain, the essential purpose of the League of Nations. By their success or failure in such spheres the League and the Governments that act for its member States are quite properly to be judged. We cannot subscribe to the notion that the League can regain in the social, economic, or financial spheres the prestige it has lost in what is called “the political sphere.” That is an alibi, I think, to be dismissed, without belittling the value of the proceedings now to be discussed. It is to be remarked, also, by way of preface to this section that the neglect by the 1938 Assembly of the major international problems of the moment had the effect inevitably of enlarging the relative share of the social and economic topics on its agenda.

On general economic and financial questions the ample material before the Second Committee, material that reflects much credit on the Secretariat and those associated with its preparation, frankly pictured the recent marked deterioration in prosperity and business confidence. Hitherto, and notably in the past year or two, the precariousness of prosperity that rested in part on armaments-production had been noted. This year it had to be recorded that almost all over the world “recession” had set in and that the outlook was unpromising. I, myself, in opening the Assembly concurred in the remarks of the Director of the International Labour Office to the effect that limits are set to real progress “as long as the energies of every great nation are primarily directed to war, as long as social welfare is subordinated to the construction of guns, warplanes, and battleships.” Similarly, the League's “World Economic Survey” for 1937–38 dealt in its first chapter with “The Decline in Business Activity”; it showed that United States indices of employment, production, consumption, security prices have all fallen since August, 1937; that recovery in France has been hesitant and uncertain; that in Great Britain a further decline in construction is to be expected unless (and the wisdom of this is not agreed) “State and municipal building takes the place of private construction”; that in Germany the great activity and the ruthlessness in internal adjustment, whatever else they have achieved, have not resulted in a higher but in a lower index of real wage-rates (this index for Germany in 1937 was 2 per cent. lower than in 1929 and 6 per cent. lower than in 1932, whereas for the United Kingdom the 1937 and 1932 index of real wage-rates was 10 per cent. above 1929). New Zealand was one of the exceptional countries mentioned as having had “real prosperity” in 1937; though, again, while “there were few if any signs of depression by the end of the year” (1937), it was added that “the strong upward movement of the last two years had ceased.” Thus, and whatever the future may hold, the relatively satisfactory report to date was that New Zealand had for the most part escaped the general depression or “recession” that was elsewhere so disastrously widespread.