

the strain upon international economic equilibrium. It was estimated that, during the year 1933, industrial output in the world as a whole was some twelve to thirteen per cent greater than in 1932. This improvement has continued in most countries during the course of the present year. The recovery, however, has been almost wholly in national markets. The value of world trade has continued to decline, and the volume of goods entering into international commerce has shown only a very small increase. Economic and financial relations between countries remain strained, with foreign exchange markets apprehensive of further disorganization, international capital movements paralyzed, and new impediments to international trade still further restricting the exchange of commodities in many areas.

This contrast between domestic recovery and international stagnation, the Committee considered, was due very largely to the measures adopted by various Governments with a view to lessening the impact of the depression upon the countries for whose affairs those Governments were responsible. The result in the international field, however, has been the establishment of a price disequilibrium which is proving extremely difficult to adjust.

The discussion of this problem in the Second Committee, as in the meeting of the Economic Committee of the League in July, centred round questions of currency stability, exchange control, quota restrictions and other aspects of international commercial policy, all of which were found to be profoundly affected by the widespread tendency to increase the measure of "controlled economy." It was generally agreed that the League should watch for and investigate the possibilities for common action in the field of economic relations, and that the international situation should not be permitted to drift from bad to worse owing to lack of advice or initiative.

One particular aspect of the problem of the restoration of international trade and exchange was emphasized by a number of delegations—namely, the extreme agrarian protectionism in some industrial countries which is detrimental to the trade of agricultural countries and is liable to retard world recovery. Stress was laid during the course of the discussions on the extent to which the demand of agricultural countries for industrial goods is limited by their inability to sell their products in industrial countries which have increased their agricultural protection. These delegations expressed the opinion that an investigation of this problem might contribute towards elucidating the reasons for certain of the difficulties the world was encountering at the present moment and might also point to some methods of initiating a revival of the international exchange of goods.

It was recognized that the present state of affairs in international economic relations was due to the prominence given to sociological and political considerations, rather than to purely economic conceptions in the management of the economic system of a great number of countries, and that this situation had acquired a degree of permanency of which account had to be taken if any hope of overcoming the stagnation in international trade was to be entertained. The Committee concluded that a return to international political co-operation was an indispensable prerequisite to the successful re-establishment of a sound basis for international economic intercourse.

An important question was brought before the Committee by M. Lamoureux, delegate of France, who proposed that the Economic and Financial Organization of the League should be instructed to undertake a comparative study of the various types of Compensation and Clearing Agreements in force in various countries and to collect statistics showing the scope and efficacy of each of them. He pointed out that more than one hundred Agreements of this kind had been entered into in the course of the past two years and that, originally devised as a method of overcoming disturbances in trade between countries applying exchange restrictions or import quotas, they are now playing an important and ever-increasing part in the regulation of international economic relations. He con-