

SECOND COMMITTEE
(Technical Organizations)

Economic Work

The economic work of the League, as was to be expected during a period of depression, received more attention than usual in the Second Committee.

Greater international co-operation was considered by many representatives to be essential for a return of prosperity. Opinions differed, however, as to the form which such co-operation should take. Certain delegates objected to the League being used to unify existing economic policies and to advance any particular commercial system, such as free trade, protection, preference. It was pointed out that a policy of protection might be of more value to certain countries at certain stages in their economic development than free trade and that therefore the League should not be committed to any definite policy.

The concerted economic action which was undertaken last year came in for considerable attention. The Committee was generally of opinion that such action was more than ever urgent and should be vigorously pursued. It accordingly recommended that as large a number of States as possible should ratify the Commercial Convention of March 24, 1930, and that States which had not signed or ratified it should in practice give effect to its provisions. This recommendation naturally placed the overseas Dominions and certain other non-European States which had taken no part in drafting the Convention in an embarrassing position. The Canadian Delegate (Dr. W. A. Riddell) pointed out that he must dissociate his delegation from this recommendation.

The members of the Committee were asked to declare their attitude towards two questions which are of particular interest to Canada: the most-favoured-nation clause as embodied in commercial treaties, and tariff preferences.

The need for an enquiry into the use and limitations of the most-favoured-nation clause was generally recognized. Agreement as to the terms of reference was more difficult to obtain. Some delegates thought that the clause ought to be defined in such a way as not to exclude exceptions such as measures against dumping. Others favoured an exception for the agricultural products of certain European countries. It was also contended that even the exigencies of a depression did not justify reducing the scope of the clause and tampering with its integrity. Eventually the Second Committee decided to recommend that the Economic Committee should go again into the whole problem, in view of the new facts available.

It was frequently questioned in the course of this discussion whether Customs quotas, Customs specifications, anti-dumping measures, countervailing duties, and plurilateral conventions are compatible with the most-favoured-nation principle.

On Customs quotas opinions differed widely. Customs quotas were defined as "regulations establishing, for fixed quantities of certain goods, lower rates of customs than for quantities exceeding these limits." Some delegates considered that quotas were in conformity with the most-favoured-nation clause when the maximum quantity laid down as admissible for import under favourable terms into a particular country was fixed for each exporting country in proportion to its normal exportation of the goods in question to the importing country, and that, on the contrary, quotas were not in conformity with the clause when the quantities granted were the same for all exporting countries whatever their normal volume of exports might be. Other Delegates did not think that the quota system afforded a means of evading the clause. In their opinion it was perfectly compatible with the clause to treat all countries alike in regard to quantities allowed for importation under a customs quota. They contended that it would be unjust and contrary to the more liberal conception