

trade between the participating countries and allow the settlement of some old debts, they further increase the complication and regulation of international trade and tend to create vested interests in artificial trade alignments."

The discussion in the Committee made it evident that, in the present world political situation, and with the existing economic instability, it was not possible to propose international action to deal with the problems of exchange control and of raw materials along the lines contemplated by the Eighteenth Assembly. In its report, however, the Second Committee insist that "sight should not be lost of the object of restoring a greater degree of freedom in international exchanges of all sorts," and conclude that under present conditions bilateral negotiations are the most promising. It was stressed, however, that such negotiations have as their object an increase in the trade of States entering upon them, and the responsibility rests upon the major trading countries to promote trade *inter se*, even though some countries may not be prepared to co-operate. Further, such agreements "should be based on the principle of most-favoured-nation treatment and framed in a spirit of non-discrimination."

Economic and Financial Organization

The Committee expressed the opinion that, although collective action is necessarily restricted at the present time, the importance of the work of the Economic and Financial Organization is not decreased, and they pointed out that three functions of the Organization are essential: first, the provision of an objective account and periodic analysis of world trends in production and trade which are of great value to Governments in framing their policies; second, by the provision, through technical committees and the annual Assembly, of opportunities for informal discussions among those responsible for the administration of economic and commercial policy; and third, by the "even more significant and less generally recognized" task of "consolidating the basis of law and custom on which international trade is conducted." Much of this has been done in the form of model conventions relating to various branches of international trade relations, such as sanitary regulations, customs clearance, bills of exchange, etc.

Economic Depressions

It was evident that the members of the Committee were greatly interested in the problem of depressions and almost every speaker referred to the work in progress. The Canadian delegate, Mr. Martin, pointed out that under modern conditions the area of a depression is not limited by the national boundary and effective measures to deal with depressions can therefore only be taken internationally. The general effect of measures taken by Governments single-handedly to counteract the effects of depression is usually restrictive, and damaging to the trade of other countries which in turn are forced to take similar restrictive measures. The only beneficial effect of such measures is to spread a diminished national income more evenly over the whole population and in that way ameliorate somewhat the worst effects of depression.

The Committee expressed the view that in meeting the problems of depression countries should refrain as far as possible from measures which might alleviate the domestic situation at the expense of other countries, and that such measures lead to retaliation and to increasing difficulties all round as was amply demonstrated during the last depression. In particular, it was considered important that all governments should refrain at the present time from any measures which are likely to depress still further the prices of raw materials and foodstuffs on world markets, which are already unduly low. It was apparent that, were it not for the adverse effects on their balance of payments, many countries would prefer to adopt policies designed to increase purchasing power when depressions occur, rather than to impose restrictive measures; and that if such a policy is to be adopted generally, international co-ordination of national anti-depression policies is necessary.