

## VIEWS ON SOLUTION OF FINANCIAL CRISIS.

One of the most important contributions to the debate was the speech by Sir Arthur Salter (Great Britain) on the 23rd September. You will note that, after enumerating various ways in which he considered the position might be alleviated, he referred finally to the possibility that it might become necessary for the governmental resources of creditor States to be made available as security for loans to the debtor countries, and expressed the opinion that, in view of the immense difficulty in restoring the confidence of the investing public with the rapidity for which the situation called, the possibility of resorting to this measure should be occupying the urgent attention of the Governments concerned. That at least one of the great creditor countries is unlikely, at present at any rate, to be willing to contemplate such action was sufficiently indicated, however, by the speech of the French representative, M. Flandin.

## ACCUMULATION OF GOLD.

A particularly interesting point in M. Flandin's speech was his contention that the accumulation of gold which has been taking place in France and the United States of America has been purely automatic, and not due to any deliberate policy on the part of those States; and, further, had no direct relation to reparation payments. In support of the last-mentioned point, he stated that the accumulation of the gold holdings of the Bank of France had been more rapid under the Young Plan than under the Dawes Plan, and most rapid of all since the 1st of July last, when payments under the Young Plan were suspended in consequence of President Hoover's "debt holiday" proposals.

## SHORT-TERM CREDITS.

Another point emphasized both by M. Flandin and Sir Arthur Salter was the grave risks involved in obtaining funds as short-term credits and utilizing them for what are practically long-term purposes, as such short-term credits were always liable to be called in just at the time when credits were most needed.

## LONG- AND MEDIUM-TERM CREDITS. FRANCOUI PLAN.

In Document C. 504, M. 211, 1931, will be found proposals made by the French Government to the Committee of Inquiry for European Union with regard to the methods by which a resumption of the granting of long-term credits might possibly be brought about. That a movement of capital from countries having credit balances to markets showing a deficit is an essential preliminary condition to the return of prosperity—a proposition put forward in this document—is one the soundness of which few will be likely to question, but the difficulties in the way of obtaining *immediate* results along these lines are numerous, and the Committee of Economic Experts was evidently more disposed to consider that a scheme for medium-term credits put forward by M. Francqui (Minister of State for Belgium) held out more hopes of immediate results. Particulars of this scheme are given as an annex at the end of Document C. 510, M. 215.

M. Francqui's scheme and the scheme for the International Agricultural Mortgage Credit Co., to which I have referred in connection with economic questions, are perhaps the most concrete suggestions so far put forward. The details of the proposed International Agricultural Mortgage Credit Co. will be found in Document A. 6.

In concluding my remarks on this subject, I would like to mention almost the sole optimistic note struck in this discussion. This occurred at the end of Sir Arthur Salter's speech when he pointed out that the present crisis, unlike those caused by famine in times past, had come at a time when nature was prodigal as never before and man's skill to exploit nature most highly developed. If at such a time there was depression, the inference was that the fault lay in the machinery connecting the producer with the consumer. That, at any rate, was a problem which should be capable of human solution, and he believed, if it were solved, the world would make such a leap forward in prosperity as it had never before seen.

## THIRD COMMITTEE.

The Third Committee paid me the honour of electing me its Vice-Chairman, on the motion of M. Benes, of Czechoslovakia.

## COMMUNICATIONS WITH GENEVA IN TIMES OF EMERGENCY.

This subject has been dealt with in reports of previous Assemblies. All that the Third Committee had to do was to note the present position in relation to facilities accorded to aircraft, to motor transport, and to the creation of a special radio-electric station. Consideration of a fourth question, the lay-out of an aerodrome near the seat of the League, was postponed until the next Assembly, as, although the matter had been studied from a technical point of view, and conclusions reached, negotiations would have to be opened between the Swiss Government and the Secretary-General. (See Document A. 21.)

Some information regarding the League wireless station will be found on pages 111 and 112 of Document A. 6.

The Third Committee's report, which is Document A. 74, was approved by the Assembly at its meeting on the 24th September.