

3. The Committee also considers that, especially in certain phases of the upward movement of the cycle of trade, the principles on which credit facilities are accorded to industry and trade may be an important factor in accentuating or checking the fluctuation.

4. The Committee is consequently of opinion that the evils caused to employment by excessive trade fluctuations might to some extent be mitigated if, in arriving at decisions governing credit policy, especially in the circumstances above alluded to, due regard were invariably paid to all data as to relevant economic conditions, including the tendencies of employment and prices.

5. The Committee therefore attaches great importance both to the improvement and extension of the data available, including various indices of economic conditions, and also to their wider diffusion and more general use by financial and other institutions determining or influencing credit policy. In this connection, it refers to the resolutions already arrived at with regard to economic barometers.

6. The Joint Committee considers that the solution of the financial and monetary questions involved in the memoranda submitted to it is outside the competence of either of the bodies at present represented on the Joint Committee. It therefore decides to request the Economic Committee to transmit the memoranda, together with these resolutions and the minutes of the discussions, to the Financial Committee of the League of Nations, with a request that it will favour the Committee with its observations thereon and at the same time to extend to the Finance Committee a cordial invitation to nominate some of its members to take part in subsequent discussions of these questions by the Joint Committee.

7. The above resolutions are without prejudice to the further consideration by the Joint Committee of other causes and aspects of economic crises.

C. 142. 1925. II.

Annex 736.

WORK OF THE FINANCIAL COMMITTEE DURING ITS SEVENTEENTH SESSION  
(FEBRUARY 1925).

*Report by M. Hymans and Resolutions adopted by the Council on March 10th, 1925.*

During this session the Committee dealt with the affairs of Austria, Hungary, Danzig and Esthonia, and considered important general questions such as banking and monetary policy. It heard the views of a number of prominent men: statesmen or special representatives of Governments, chairmen, directors, advisers to certain banks of issue, high officials connected with the revenue departments of various countries and, of course, the Commissioners-General of the League of Nations. These consultations and discussions did much to secure the cordial and constant co-operation of all parties and circles concerned.

1. I will merely mention the advice given by the Financial Committee to the Staff Provident Fund and the appointment of some of its members to sit on various committees of the League of Nations.

2. With regard to Austria and Hungary the separate committees set up by the Council two years ago to assist in the financial reconstruction of these two countries will report to the Council on the progress of their work. I will merely refer here to questions of banking and monetary policy connected with the general principles submitted to the Council on various occasions by the Financial Committee.

3. The Committee examined the changes made or to be made in the statutes of the Banks of Austria and Hungary. It approved the steps taken to restrict the granting of credits by the Bank of Austria to purely economic objects. It adopted the recommendation that the remaining obstacles in the way of freedom of the foreign exchange market in Austria should be removed. Further, it referred to the resolutions of the Conference of Genoa, and stated that, in its opinion, the best means for ensuring monetary stability is an active co-operation between the central banks of the different countries of the world. The Presidents of the Austrian and Hungarian National Banks are in entire agreement with the Committee on this question.

Moreover, the Financial Committee, having been informed that Czechoslovakia proposed to stabilise its currency at the present level, took this opportunity of approving the return to an effective gold or gold-exchange standard (in accordance with a resolution of the Conference of Genoa), at least in those countries which have succeeded in stabilising their currency.

4. The Committee has not yet been able to study the work of the technical experts on double taxation and fiscal evasion which has just been printed and distributed to the Members of the Council; it has merely recommended the publication of this report. The experts suggest a conference with a wider scope and composition. Without prejudice to any opinion which the Financial Committee may subsequently express on this point, it appears to me that in this matter

the Council might usefully take immediate steps authorising the Secretary-General in advance, in agreement with the Financial Committee, to request certain Governments to appoint experts to the future conference. This request would be addressed in the first place to the Governments whose representation from a technical point of view would appear to be indispensable in accordance with the opinion expressed by the authors of the report during their discussions with the Financial Committee. But other representation may also be required, and the Financial Committee will have to take all general and technical considerations into account in making these appointments.

5. I will not go into details regarding the adoption of the Committee's report regarding Esthonia. The Council will remember that, at the fifth Assembly the representative of Esthonia asked the Council that his country might be allowed to avail itself of the advice of the Financial Committee. After making enquiries on the spot, the Committee considered certain aspects of the banking policy and stated that, if the Esthonian Government so desired, it was prepared to continue this work; this is a new and an auspicious form of co-operation between one of the organisations of the League and one of its Members, which the Council will doubtless approve.

6. Negotiations regarding a loan to be raised by the Municipality of Danzig were entered into at Geneva, under the auspices of the Financial Committee, between the representatives of the Free City of Danzig and those of Poland. This question forms the subject of a separate report.

RESOLUTIONS ADOPTED BY THE COUNCIL ON THE WORK OF THE FINANCIAL COMMITTEE (APART FROM AUSTRIA, HUNGARY AND DANZIG).

1. "The Council authorises the Secretary-General and the Financial Committee, if the latter thinks fit, to invite certain Governments to appoint experts with a view to holding a conference of experts on double taxation and fiscal evasion."

2. "The Council has noted the opinions expressed by the Financial Committee, at the end of its seventeenth session, on monetary and banking questions connected with the application of the resolutions of the Conference of Genoa."

3. "The Council notes with satisfaction that informal co-operation has been established between the Financial Committee and the Esthonian Government in the form of advice to be given to this Government at its request with regard to the banking and financial policy of the country"

Annex 736a.

C. 100. 1925. II.

WORK OF THE FINANCIAL COMMITTEE DURING ITS SEVENTEENTH SESSION  
HELD AT GENEVA FROM FEBRUARY 6TH TO 12TH, 1925.

*Report of the Committee approved by the Council on March 10th, 1925.*

The Financial Committee have the honour to submit to the Council the following report of their work at the Seventeenth Session held at Geneva from February 6th to 12th, 1925. There were present:

M. TER MEULEN, Chairman (Netherlands).  
M. BIANCHINI (Italy).  
M. DE CHALENDAR (substitute for M. PARMENTIER) (France).  
M. DUBOIS (Switzerland).  
M. JANSSEN (replaced at end of session by M. WARLAND) (Belgium).  
Mr. LEITH ROSS (substitute for Sir Otto NIEMEYER) (Great Britain).  
Dr. POSPISIL (Czechoslovakia).  
Sir Henry STRAKOSCH (South Africa).  
M. TORNQUIST (Argentine Republic).  
M. USAMI (substitute for M. SEKIBA) (Japan).

The subjects discussed included.

- (a) *Austria*. Progress in reconstruction and execution of Agreement of September 1924 (see note by Committee, page 521).
- (b) *Hungary*. Progress in reconstruction, specific problems as to official salaries, "Treaty Charges" tobacco monopoly, investment of loan money (see letter to Commissioner-General, page 522).
- (c) *Austrian and Hungarian National Banks*. Monetary policy co-operation between Central Banks (see resolution, page 525).
- (d) *Monetary Policy*. See resolution as to Gold Standard (page 526).
- (e) *Esthonia*. Report of Delegation, banking policy (page 526).
- (f) *Danzig*. Discussion of loan proposed (page 526).
- (g) *Double Taxation and Fiscal Evasion*. Publication of Experts' Report.
- (h) *Miscellaneous*.