

“ 2. The conditions in the debtor countries vary considerably, and it is not possible to lay down a uniform treatment applicable to all cases. But debtors should make every possible effort to meet the service of their debts and to fulfil their contracts. It is indispensable, indeed, for the restoration of credit that contracts should be respected in the absence of modifications agreed between the parties concerned.

“ 3. When arrangements are recognized to be necessary, care should be taken by all concerned to secure the maintenance of confidence. They should, therefore, be limited to those cases where they are unavoidable, be made directly between debtors and creditors, and be based on the debtor's ability to pay. As regards State loans, it is in the interest of the creditors themselves to conclude arrangements of such nature as will permit the adoption at the same time of a programme of economic and financial restoration by the debtor countries and its effective application.

“ 4. It is desirable that in each of the countries concerned there should exist organizations in a position to represent the several classes of creditors in respect of foreign loans, including, in suitable cases, short- as well as long-term loans, and that such organizations should maintain such contact with one another as may be necessary to facilitate their proceedings. The Commission therefore recommends to the Governments of these countries that they should encourage the creation of and contact between organizations of this kind where they do not already exist at such times and in such measure as action can in their view be usefully applied.

“ 5. The question of intergovernmental debts lies entirely outside the field of discussion of this Conference.”

(b) Permanent Measures for the Re-establishment of an International Money Standard.

The Lausanne Conference laid special emphasis on the necessity of restoring currencies to a healthy basis, and the Preparatory Commission of Experts, who prepared the Conference agenda, considered that the restoration of a satisfactory international monetary standard was of primary importance. One objective of the Conference was the restoration of an effective international monetary standard to which the countries which had abandoned the gold standard could wisely adhere, but each Government must, of course, remain free to decide when and under what conditions it could adopt such a standard. The desirability of agreement among the nations upon an internationally accepted standard, in order to facilitate the free flow of world trade, was duly recognized in the resolutions which were passed by the Special Sub-Commission II, which was set up for the purpose of considering these matters. These resolutions were finally adopted by the Conference in plenary session.

The agenda for this Sub-Commission was :—

The Functions of Central Banks.
The Co-ordination of their Policies.
Monetary Reserves.
Silver.

In view of the proposal to set up a central bank in New Zealand, which was before Parliament last session in the form of the Reserve Bank Bill, the discussions on this subject by leading authorities of the world, including representatives of many central banks, were most interesting and informative to this country's delegates. One could not fail to be impressed by the universal opinion in favour of central banking, an opinion which was generally accepted as a matter of course. Central banks were regarded as the basis of all machinery not only for facilitating transactions between different nations, but also for exercising effective control over internal monetary policy.

The Sub-Commission decided to set up two sub-committees, one to deal with the question of silver, and the second to deal with the technical monetary problems connected with the working of the gold standard.

Monetary Standard.—The Sub-Commission unanimously adopted the following resolutions based on a draft submitted by the United States delegation :—

(a) That it is in the interest of all concerned that stability in the international monetary field be attained as quickly as practicable.

(b) That gold should be re-established as the international measure of exchange values, time and parity being for each country to determine.