

LEAGUE OF NATIONS

Communicated  
to the Council.

C.65.1935.IIA.

Geneva, January 18th, 1935.

REPORT OF THE FINANCIAL COMMITTEE  
ON THE WORK OF ITS 57th SESSION

Report of the Representative of Australia

The Report on the work of the 57th Session of the Financial Committee has been circulated and will be found to contain the results of examinations of the financial situations in Austria, Hungary and Bulgaria. I should perhaps mention that the greater part of the session was devoted to an examination of the position in Bulgaria.

2. I desire to inform Members of the Council that, since our last session, the Austrian Government has been able to convert, with the exception of one tranche, the Austrian Government Guaranteed Loan issued in 1923 and that negotiations are now proceeding with regard to the outstanding tranche. I am sure I am interpreting the wishes of the Council in extending congratulations to the Austrian Government on this rapid and successful operation - an operation which will undoubtedly afford a large measure of relief both as regards interest and amortisation.

3. Beyond the conversion of the Austrian 1923 Loan to which I have referred, there are no changes of particular importance to record in the financial situation in either Austria or Hungary.

4. So far as Bulgaria is concerned I desire to inform the Council that, by a letter dated October 26th, 1934, the Bulgarian Government asked that the technical services of the League should undertake a new enquiry into the financial and economic situation of Bulgaria. The Bulgarian Government stated that "the conclusion of such an enquiry would carry great weight in the negotiations to be undertaken with the representatives of the foreign bondholders". At that time the Bulgarian Government had just informed the representatives of the foreign bondholders of its inability to carry out the terms of the agreements made with them in April and May of 1934. Subsequently, further negotiations were entered into with representatives of the bondholders concerning the payment and transfer of certain interest.

5. The enquiry asked for by the Bulgarian Government was duly carried out and the Financial Committee considered, with due care, the evidence resulting therefrom. It gave particular attention, also, to certain supplementary information furnished by the Bulgarian representative.

6. I am informed that, unfortunately, Bulgaria continues to be affected by the depression and that, consequent partly upon a relatively poor harvest, economic conditions in that country have, in fact, deteriorated in recent months.

With a view to improving the situation the Financial Committee has advanced certain suggestions which might, in the opinion of the Committee, be adopted with advantage. The Financial Committee observes that "the capacity of a country to transfer cannot be measured by the reserve position at a particular moment - it is a dynamic and not a static problem. What the development of Bulgarian economy may be in the near future - and that is the essential question - it is impossible to foresee". After careful consideration of all the factors the Financial Committee reached the conclusion that "on the evidence available it is not prepared to say that the probable necessary demands on the free devisen available to Bulgaria should exceed the possible available supplies".

7. Members of the Council will, I feel certain, desire me to express the hope that the present year will see a marked improvement in the general economic situation in Bulgaria and that the Bulgarian Government will make every effort to meet its external obligations.

8. I move that the Council:

"Takes note of the report of the Financial Committee on the work of its 57th Session and adopts the present report."

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