

The Bases of Discussion of the Preparatory Committee divide this subject into two parts: one dealing with contractual relations impaired by the action of the legislative organ; and the other, with contractual relations impaired by executive action. The first question involves legislative enactments that are inconsistent with the terms of concessions granted to foreign subjects, or of contracts made with them; or other laws which might obstruct the execution of such contracts or concessions. Not all of the replies of the various governments affirm the responsibility of the State on this point. The Austrian Government states that the rule of the Law of Nations requiring the States to fulfil such contracts made with aliens in like manner as they are required to discharge international obligations, does not seem to be generally recognized. The responsibility of the State should not be involved except in cases where the joint demeanor of the administrative and legislative authorities should be characterized by bad faith towards an alien, or which, due to other reasons, may differ from the usual conduct observed by civilized nations. The Belgian Government remarks that the question at bar cannot be replied in definite terms. There would be cases in which certain laws might be an obstacle to the execution of a concession granted to an alien, and yet not entail responsibility. The Danish Government believes that, excluding exceptional cases, this matter does not come within the range of public international law, but within the general doctrine covering the protection of acquired rights. The Government of Poland sets out that, *a priori*, it could not be affirmed in general that it would constitute an international offence to enact laws inconsistent with the obligations of the State in respect of aliens, under covenants made with, or concessions granted to, them. The Swiss Government also considers it very difficult to set forth definite rules on this subject. The amendment of concessions granted to foreigners, or of contracts made with them, by legislative enactment, could not be accomplished except for reasons of public policy and on condition that the principle of legal equality of nationals and aliens alike should be duly applied.

The other issue propounded by the Preparatory Committee is the repudiation of debts by legislative action. The Government of Austria avers that the leading doctrine of the Law of Nations does not appear to consider the refusal of the State to pay its debts as a breach of its international obligations, and that it would not recognize any right on the part of the State whose nationals have sustained loss through repudiation to intercede on their behalf. It must be admitted that the risk involved in the acquisition of securities of a State whose financial status is uncertain has been, in the majority of cases, taken care of when fixing the subscription price or the rate of interest. The Belgian Government calls attention to internal loan securities acquired by foreigners, and points out that foreign holders should