

Geneva, November 7th, 1928.

LEAGUE OF NATIONS

**FINANCIAL ASSISTANCE TO STATES
VICTIMS OF AGGRESSION**

1. Report of the Third Committee to the Ninth Ordinary Session of the Assembly.
2. Report to the Council, submitted by the Representative of Finland, and adopted on September 21st, 1928.
3. Extracts from the Minutes of the Third Committee of the Ninth Ordinary Session of the Assembly (Meetings held on September 14th and 15th, 1928).

**I. REPORT OF THE THIRD COMMITTEE TO THE NINTH ORDINARY
SESSION OF THE ASSEMBLY.**

Rapporteur: Baron ROLIN JAEQUEMYS (Belgium).

The Third Committee has noted the recommendation submitted to the Assembly by the Committee on Arbitration and Security with regard to the scheme for financial assistance.

The text of the recommendation reads as follows :

- " The Committee on Arbitration and Security :
- " Having taken note of the report by the Joint Committee on questions relating to financial assistance ;
- " Thanks the Joint Committee for its valuable collaboration ;
- " Adopts the attached report submitted by its Rapporteur (document A.20.1928.IX, page 55) ;
- " Invites the Financial Committee to continue its technical enquiries on the basis of the results obtained after the meeting of the Assembly ;
- " Recommends that the Assembly should give its opinion upon the questions raised ;
- " For this purpose, requests the Secretary-General to forward the report and the Minutes of the Joint Committee to Governments in order that they may give instructions to their delegates at the Assembly."

In accordance with this recommendation, the Assembly is called upon to give its opinion concerning the various questions which have arisen, in order to allow the Financial Committee to continue its preparatory work.

As His Excellency M. Veverka pointed out in the report submitted by him to the Committee on Arbitration and Security (document A.20.1928.IX, page 55), and in conformity with the conclusions reached by a Joint Committee consisting of delegates appointed by the Committee on Arbitration and Security and by the Financial Committee, it is the intention of the Financial Committee to prepare a plan of financial assistance on the following lines :

- (1) The financial scheme should be embodied in a *special Convention*.
- (2) This Convention should be open to all Members of the League.
- (3) States non-Members of the League might be allowed to participate by a decision of the Council.
- (4) The machinery of the Convention should be so elastic that it would be possible for a State not signing the Convention to participate in the guarantees in general, or in the guarantee of a specific loan.

(5) Instead of fixing the maximum for the rate of interest and amortisation of any loans, the maximum annual liability in respect of the service of loans would be fixed for each guarantor State.

As regards the terms of the loans, these could be approved before the issue; *e.g.*, by the Chairman for the time being and the two preceding Chairmen of the Financial Committee, acting by a majority vote if unanimity could not be secured.

(6) The issue of loans could take place on the strength of the undertakings subscribed to in the Convention and represented by the general bonds, without waiting for the specific guarantee bonds to be deposited.

(7) The Convention would provide that financial assistance could be given in the *case of war or threat of war* if such action were deemed wise and effectual to safeguard or re-establish the peace of nations.

(8) Financial assistance would be brought into operation by a unanimous vote of the Council (minus the parties to the dispute).

The exchange of views in the Third Committee, and particularly the very precise information furnished by Count de Chalendar, Chairman of the Financial Committee, showed that, apart from the technical questions referred to in points 5 and 6 above, the other points raised various questions of a political and legal nature which may be summarised as follows :

(a) Should the scheme for financial assistance be embodied in a special convention or incorporated in the body of the agreements to be reached in connection with the reduction of armaments? (See 1 to 4 above.)

(b) Should it be held that the scheme for financial assistance would apply not only in case of war in the strict sense of the term, but also in the case of threat of war referred to in Article 11 of the Covenant? (See 7 above.)

(c) In order that the financial assistance should become operative, would a Council decision be sufficient or would the approval of each signatory be necessary in each case, including signatories not represented on the Council? (See 8 above.)

With regard to point (a), the Third Committee agreed that the scheme for financial assistance should be drafted in the juridical form of a special convention, it being understood that the future agreement would come within the framework of the League's general programme for the limitation and reduction of armaments.

With regard to point (b), apart from certain reservations made concerning the possible exclusion of the case of a mere threat of war, the Committee has agreed that, in the text of the Convention to be prepared by the Financial Committee, financial assistance should be provided for, not only in the case of war in violation of the provisions of the Covenant, as mentioned in Article 16 of the Covenant, but also in the case of war or threat of war referred to in Article 11. It should, moreover, be noted that if, subsequently, after it had received the draft Convention on Financial Assistance, the Assembly decided that only the case of war should be taken into account, it would be sufficient merely to change a sentence in one article, without altering the scheme as a whole.

With regard to point (c), the Third Committee agrees with the Financial Committee that the question of intervention should be decided solely by the Council without the collaboration of the other signatories of the Convention not represented on the Council. As for the right under Article 4, paragraph 5, of the Covenant of every Member of the League not represented on the Council to "send a representative to sit as a member at any meeting of the Council during the consideration of matters specially affecting that Member of the League", the Third Committee thought that there would be no objection to drafting the proposed Convention in such a manner that the signatories would, by the mere fact of their accession, or even explicitly, renounce this right.

The outstanding questions of principle having thus been settled, several delegates thought that it might be desirable to take formal note of the principle accepted under paragraph 5 above by the Financial Committee to the effect that, instead of fixing the maximum rate of interest or amortisation for any loans that might be granted, the *maximum annual liability* in respect of the service of loans would be fixed for each guarantor State up to which it might have to guarantee the service of the loans. The advantage of this system would be that no doubt could subsist concerning the extent of the financial obligations undertaken by each signatory to the Convention.

In these circumstances, the Third Committee has the honour to submit to the Assembly the following draft resolution :

" The Assembly :

" (1) Expresses its satisfaction with the work of the Committee on Arbitration and Security and the Financial Committee in connection with the scheme for financial assistance ;

" (2) Requests the Council to invite the Financial Committee to continue the preparation of this scheme in the form of a draft Convention, bearing in mind the directions given in the report submitted to the Assembly at its ninth ordinary session on behalf of its Third Committee ;

“ (3) Expresses the hope that a full draft Convention, complete in all its details, may be submitted to the Assembly at its tenth ordinary session ;

“ (4) Invites the Secretary-General to submit the draft Convention, as soon as it is prepared, to the Governments in order that they may give instructions to their delegates at the tenth ordinary session of the Assembly.”¹

2. REPORT TO THE COUNCIL, SUBMITTED BY THE REPRESENTATIVE OF FINLAND, AND ADOPTED ON SEPTEMBER 21st, 1928

The Assembly, on September 18th, adopted the following resolution on the subject of financial assistance ;

“ The Assembly :

“ (1) Expresses its satisfaction with the work of the Committee on Arbitration and Security and the Financial Committee in connection with the scheme for financial assistance ;

“ (2) Requests the Council to invite the Financial Committee to continue the preparation of this scheme in the form of a draft Convention, bearing in mind the directions given in the report submitted to the Assembly at its ninth ordinary session on behalf of its Third Committee ;

“ (3) Expresses the hope that a full draft Convention, complete in all its details, may be submitted to the Assembly at its tenth ordinary session ;

“ (4) Invites the Secretary-General to submit the draft Convention as soon as it is prepared to the Governments in order that they may give instructions to their delegates at the tenth ordinary session of the Assembly. ” •

In view of the second paragraph of this resolution I should like to propose to you to invite the Financial Committee to continue its work on this question, as requested by the Assembly, and to inform the Preparatory Commission for the Disarmament Conference of the above resolution of the Assembly.

3. EXTRACTS FROM THE MINUTES OF THE THIRD COMMITTEE OF THE NINTH ORDINARY SESSION OF THE ASSEMBLY

(a) EXTRACT FROM THE MINUTES OF THE FIFTH MEETING, HELD AT GENEVA, ON FRIDAY, SEPTEMBER 14TH, 1928.

Financial Assistance to States Victims of Aggression.

The CHAIRMAN recalled that the Committee on Arbitration and Security had examined the question jointly with the Financial Committee, and that it had adopted a resolution inviting the latter to continue its enquiries on the basis of the results obtained after the meeting of the Assembly, and recommending that the Assembly should give its opinion on certain political questions which were raised, and more particularly upon the following :

1. Must signatories of the Convention to be concluded for financial assistance to States victims of aggression renounce, in their capacity of guarantors, the application of Article 4, paragraph 5, of the Covenant, which stipulates that any Member of the League not represented on the Council was invited to be represented during the consideration of matters specially affecting its interests before the Council ?

2. Would financial assistance come into operation with binding force for all guarantor States by a unanimous vote of the Council minus the votes of the parties to the dispute ?

M. de Chalendar, Chairman of the Financial Committee, was available to furnish the Committee with any information which it might desire.

M. DE CHALENDAR (Chairman of the Financial Committee) informed the Committee how this question had come before the Financial Committee.

¹ This resolution was adopted by the Assembly at its ninth ordinary session on September 18th, 1928.

The latter Committee had been asked two years ago to consider a plan of financial assistance to States victims of aggression: it had worked out the general outline of such a plan in its 1926 report. In the following year the report was communicated to the Assembly, which requested the Committee on Arbitration and Security to proceed to a further investigation of the question. A Joint Committee, consisting of members of the Financial Committee and the Committee on Arbitration and Security, was set up, and their report was in the hands of the members of the present Committee.

This Joint Committee came to eight main conclusions: they would be found in the report of the Committee on Arbitration and Security (documents of the Preparatory Commission, Series VII, page 110). Since then, the Financial Committee had endeavoured to define these main points in a plan drawn up in legal terms, which was still in the course of preparation. Before completing this work, it would be glad to have the general view of the Assembly on constitutional and political questions which did not fall within its competence, and of which the three following were the most important:

1. Should the Convention on Financial Assistance be an independent Convention or should it constitute an integral part of a general disarmament Convention?
2. Should the plan for financial assistance apply in the case of a threat of war as well as in the case of actual war?
3. Would the Convention, when it had been finally established, come into force merely on the decision of the Council without consultation or exchange of views with the parties which had signed it? Or, alternatively, must the consent of all signatory States be obtained when there was a threat of war or actual war in order to put the plan into operation?

The members of the Joint Committee were not agreed amongst themselves on this latter point, but the Financial Committee considered that the Convention would not be really effective unless it could be put into operation solely on the decision of the Council.

The views of the Assembly on this subject would be invaluable to the Committee in order to enable it to complete its work.

Baron ROLIN JAEQUEMYS (Belgium) recalled that he had spoken during the discussion of the Committee on Arbitration and Security regarding the limitation of the obligation to be assumed by States; the views of the Belgian Government in this matter were fully met by the reply contained in the report of the Joint Committee and in M. Veverka's report.

In consequence, States would not be liable for a sum of which the interest and amortisation charges would vary according to circumstances; States would merely be undertaking a fixed annual obligation which could not be exceeded. This being the case, the Belgian Government was willing to proceed along the lines which were generally favoured.

Speaking now as Rapporteur — a duty which the Committee had entrusted to him the previous day — he referred to the report of the Joint Committee which gave, so to speak, the guiding principles of its programme, with regard to which it would like to receive instructions before continuing its task.

These guiding principles, numbered (1) to (8) were summarised, particularly in so far as political questions were concerned, in the three questions indicated by M. de Chalendar, if certain other points, which strictly speaking, related to financial technique, might be left out of account, *e.g.*, Nos. 5 and 6, which dealt with the rate of interest and amortisation of loans and the undertakings required from States in order to issue loans. In connection with these latter points, the speaker thought that the Committee was prepared to trust the Financial Committee.

On the other hand, point 1 of the Joint Committee's report referred to the proposed Convention as being independent of the general Disarmament Convention; point 2 indicated that the Convention was open to all Members of the League; point 3 said that States not Members of the League might be allowed to participate by a decision of the Council; and point 4 that the machinery of the Convention should be so elastic that it would be possible for a State which had not signed the Convention to participate in the guarantees in general or in the guarantee of a specific loan.

The speaker said that this could all be summed up in the question whether the Committee would pronounce in favour of an independent Convention or would wish to make it a part of the general Disarmament Convention. From what had been said, he inferred that the Committee was in favour of a separate and open Convention.

But they must consider two still more delicate problems which were indicated in points 7 and 8.

The first of these problems (point 7) was to decide whether financial assistance should be given in the case of actual war (Article 16 of the Covenant), or also in the case of the threat of war (Article 11). From what had been said, the speaker thought that this financial assistance should be undertaken just as much in cases of a threat of war as in cases of actual war.

This was an important matter in view of the last point, which was the most delicate of all: If cases of a threat of war were also included, how was the Council vote to be taken? Could it be given without the participation of the States concerned? In this connection it appeared

that opinion on the whole favoured the view that the financial assistance should operate following a vote of the Council minus the votes of the parties to the dispute, as stated in point 8 of the Joint Committee's report.

One problem was still outstanding. When the Council considered that there was occasion for financial assistance, must its vote be unanimous? This appeared to be the general opinion.

On the other hand, must signatory States not represented on the Council give their assent in addition? It had been suggested that there might be objections arising from Article 4, paragraph 5, of the Covenant to Powers, and particularly those not permanently represented on the Council, being bound by the latter's decision, and, under Article 4 of the Covenant, it would appear to be the rule that they should give their opinions. But, on the other hand, it had been objected that, if the Convention were signed by most Powers, and if it were necessary to summon delegates from all of them and await their arrival in Geneva before the Convention could become operative, it would be too late, and the whole scheme would be unworkable.

Because the Council could not bind the Powers without their consent, was it necessary to state that that provision of Article 4 of the Covenant was so categorical that it created an obligation even for the interested parties whose rights it protected? Was that clause so inelastic that, when it granted a right to States, the latter could not surrender that right in the interests of the scheme?

The speaker saw no legal difficulty to prevent the Council having power, under the terms of the Convention, to take a decision on behalf of all guarantor States.

As to the substance of the question, in view of the fact that the Financial Committee had re-drafted its original form of obligation, and that it was understood that no State's liability could exceed a fixed annual amount, it would appear that States signatory to the Convention on Financial Assistance might, without disadvantage, renounce according to its terms their right of giving their consent in every instance, and be bound by the decision of the Council. Any other proceeding would introduce so many obstacles in the working of the Convention as to render it inoperative.

He had spoken as Rapporteur, but he did not wish to conclude his statement without declaring at the same time, as Belgian delegate, that Belgium, which was not represented on the Council, would nevertheless be prepared to be bound by its decision.

Dr. BENEŠ (Czechoslovakia) supported Baron Rolin Jaequemyns' remarks, which gave a clear answer to all the questions submitted to the Committee. He also considered:

- (1) That the Convention should be independent;
- (2) That it should apply not only to actual war but also to the threat of war;
- (3) That the Council alone be responsible for a decision.

M. LANGE (Norway) said that his Government had studied in a friendly spirit the report submitted to the Committee and that it was sympathetic to the principle of the proposed scheme.

He wished to emphasise that at present they were concerned only with a preliminary study; they were not obliged to take up a definite position as to the final action to be taken, for the simple reason that a financial undertaking would first require to be sanctioned by Parliaments.

The sympathy of the Norwegian Government was augmented by the fact that they were concerned with developing non-military sanctions, which were the kind most likely to produce satisfactory results, and, moreover, were those which a small country like Norway could accept without reservation.

He would reply, in accordance with the instructions he had received, to the three questions asked by the Chairman of the Financial Committee.

Should the provisions regarding financial assistance be embodied in an independent Convention or in a general Convention on the reduction of armaments? It was difficult to say at present, for everything depended on the form in which the one or other of these instruments might ultimately be cast; but it seemed to him that the problem could not be studied as one completely apart. Any engagement contracted in respect of sanctions was necessarily related to a reduction of armaments; otherwise the task of making sanctions operative would be rendered more or less difficult.

Were they to rest content with a decision by the Council? It was the view of the Norwegian Government that, in the circumstances mentioned by Baron Rolin Jaequemyns, confidence should be shown in the Council, and the Belgian representative's suggestion of a kind of delegation of powers to the Council would provide a very happy solution.

Would financial assistance operate not only in case of a breach of the Covenant, that is to say, in case of actual war, but also in the case of a threat of war? On this point he had been instructed to make definite reservations. It would be necessary to submit this point to extremely careful study. The attitude to be taken eventually would depend on what guarantees could be given to ensure that there should be no possibility of abuse.

Lord LYRTON (India) stated that his Government was in full sympathy with the policy advocated by the Joint Committee in respect of financial assistance, but he desired to ask

whether Governments would have an opportunity of considering the actual details of the clauses of the draft Convention before intimating their acceptance. He feared that, unless this Convention was studied very carefully by those concerned, it would suffer the fate of many—too many—Conventions which had been approved but not ratified.

The CHAIRMAN replied that it had already been decided that the Governments would be informed of the plan of financial assistance, and would be at liberty to consider it. In this connection he recalled a statement by Lord Cushendun, who said that he was sure it was understood—and this was probably also the opinion of representatives of other countries—that, when the Joint Committee and the Committee in which he was speaking had arrived at a final text, it would be referred to all Governments for final approval.

M. SOKAL (Poland) remarked that this question had been outstanding for more than two years and that it was time to give the Financial Committee the necessary guiding principles to establish a draft Convention, which would, of course, be submitted to Governments before becoming definitive.

He was in complete agreement with the statement made by Baron Rolin Jaequemyns.

With regard to the first question, he thought that they ought to consider an independent Convention and not a general Convention.

In the second place, he wished the threat of war to be considered and not aggression, in view of the difficulty of defining the aggressor.

He considered that the decision should be taken by the Council ; for it would be impossible to reach a conclusion if all the signatories were to be invited to sit on the Council in virtue of Article 4 of the Covenant.

There remained the question raised by M. Valdès-Mendeville of the scope of the Council's decision. This extremely important question had been raised neither by the Financial Committee nor by the representative of Belgium. For financial assistance to become a real element of security, all those who signed the Convention, and who might one day be the victims of aggression, must know in advance whether a unanimous decision of the Council on this subject was to be regarded by them as an invitation, a recommendation or an obligation.

He wished to make a suggestion with regard to procedure. If the Financial Committee was to be able to continue its work, the Committee must give it guiding principles of a political nature. It was to be feared that unanimous agreement would not be reached. The reservations made by M. Lange constituted a first obstacle. In these circumstances he proposed that the Financial Committee should provide, in its consideration of the question; for different cases — the working of the Convention in the case of a threat of war or of actual war; decision to be taken by the Council or by the signatories ; general Convention or independent Convention.

M. DE CHALENDAR (Chairman of the Financial Committee) replied that it would serve no useful purpose for the Financial Committee to prepare two alternative plans.

In the plan that he had outlined he had provided for both the threat of war and for actual war : he had not chosen between them, because he was awaiting the instructions of the Assembly on this precise question, which had nothing to do with technical finance, but was pre-eminently of a political nature.

In his opinion, the necessary and sufficient condition for the entry into operation of the plan was unanimity on the part of the Council. Whether this decision were taken in case of war or of a threat of war would have no effect on the technical structure of the plan provided.

The most delicate question, and the one on which the Financial Committee required a definite opinion, was to know whether unanimity on the part of the Council would be sufficient for putting the plan into operation, or whether the opinion of all the States signing the Convention was necessary. It would be wise not to make a definite decision on this particular point without having considered the financial consequences. The Economic Committee was well aware that this question entailed serious consequences. But it was convinced that its plan would not be practicable if an opinion were to be required from all the signatories. Consequently, its plan was based on the authority of the Council, and on that authority alone.

The Honourable A. CADOGAN (British Empire) said that, as far as the so-called political aspect of the question was concerned, the views of his Government had been very aptly defined by the Belgian delegate. As regarded the question whether the proposed Convention should be drafted as an independent text or as part of a general disarmament Convention, his Government had no objection to the Convention being — in form, at any rate — a separate act : possibly it might have to be a separate act. He wished, however, to reiterate one reservation which had already been made by his Government on several occasions with regard to the Finnish proposal, namely, that any scheme for financial assistance must form part of a general scheme for the reduction and limitation of armaments.

M. LANGE (Norway) feared that he had been misunderstood. He was in no way opposed to further examination of the question, nor had he said that the scheme for financial assistance should not be applicable in the case of threat of war. He had merely stated his opinion that the question was a very delicate one and that all requisite guarantees should be provided. He was therefore entirely in favour of a further examination of the question.

General TANCZOS (Hungary) assured the Committee that his Government's point of view coincided with the principles embodied in point 5, paragraph 1, of the Committee's report, which said that, " instead of fixing a minimum rate of interest and amortisation for any loans that may be granted, the proposal would be to fix for each guarantor State the annual maximum amount up to which it might guarantee the service of the loan ".

The Hungarian delegation was following the progress of this question with great interest.

Baron ROLIN JAEQUEMYS (Belgium) asked the Committee to excuse him for again intervening in the debate, but, in spite of the observations of several members of the Committee, he thought that his ideas had not been expressed with sufficient clearness. M. Lange's comments in particular had confirmed this impression.

It must be understood that there could be no question at the present moment of persuading States to enter into undertakings. They would only be asked to give their views (which were practically identical) in order to allow the Financial Committee to pursue its task. It would only be complicating the problem if they were to ask the Financial Committee to consider questions from the various hypothetical standpoints mentioned. He thought that the great majority of the members of the Committee would be in favour of taking into consideration both the state of declared war (Article 16 of the Covenant) and the case of threat of war (Article 11 of the Covenant). In any case, it did not in any way alter the Financial Committee's scheme. When once the scheme had been prepared, it would be easy to decide to what cases it should apply. His own feeling in the matter was, however, that, once war had been declared, financial action would be of very little importance; whereas financial action in the case of a threat of war might be vital. It might prevent war breaking out.

Replying to the British delegate's remarks, he said that he had, up to the present, had a separate Convention in view; naturally, it was understood that this separate Convention would form part of a general plan for the reduction of armaments.

In reply to General Tanczos, he said that he attached the highest importance to the manner in which he had been supported regarding the definite limited undertakings to be entered into by the Powers; he asked that this view of future undertakings should be defined in the report. Unless the Committee decided otherwise, he would draft that part of the report accordingly.

M. SATO (Japan) said that, with regard to financial action in case of threat of war, his Government maintained an attitude different from that adopted by most of the speakers. Like the Norwegian delegation, the Japanese delegation was unable to approve the idea of extending financial assistance to cases which might arise under the terms of Article 11, paragraph 1, of the Covenant. He did not think that such assistance would be likely to pacify the parties to the dispute and dispel an international crisis — which was their object.

On the other hand, the Japanese delegation thought that it would be very desirable for the League to remind the parties to the dispute of the existence of a scheme for financial assistance which would operate in support of any party which became the victim of another's aggression.

With regard to the two other points raised by the Chairman of the Financial Committee, the Japanese delegation entirely agreed with the ideas put forward by Baron Rolin Jaequemys at the beginning of the discussion.

M. VON SIMSON (Germany) said that the scheme of financial assistance to States victims of aggression had the full support of his Government. He absolutely endorsed what Baron Rolin Jaequemys had said and quite agreed that the further study of this question should be asked for.

He would point out at the outset certain difficulties which his Government thought might arise with regard to action in the case of a threat of war. First of all there was a difficulty of procedure. Baron Rolin Jaequemys, in his first speech, referring to the procedure under Article 11, had said that the general rule that the parties concerned had the right to vote should be changed.

Baron ROLIN JAEQUEMYS (Belgium), intervening, said that, by exercising its right to give full powers to a third party, a State could renounce its right of vote, without any change being made in the Covenant.

M. VON SIMSON (Germany) said that nevertheless that really amounted to a change, and he questioned whether it was wise and desirable to change a fundamental rule of the Covenant for the sake of so very special a thing as the particular Convention under discussion. He feared, moreover, that in actual fact the position of the Council might even in that way be rendered more difficult. Under the procedure of Article 11, the Council acted as mediator, and it might make this position more difficult if it took sides in a situation not yet clearly established. It might impair its own authority as mediator by granting a loan to one of the parties.

Secondly, the position might change and, as events developed, it might happen that State A did nothing reprehensible, whilst State B, which had received the loan, attacked A, so that the Council might be compelled also to grant a loan to A.

The German delegate wished to make reservations on this point, though he had no objection to the Financial Committee pursuing the study of the question.

M. POLITIS (Greece) had not intended to take part in the discussion, as his ideas coincided exactly with the Rapporteur's. But the turn the discussion had taken, and particularly the remarks of the German and Japanese delegates, made him want to say a few words.

The crux of the question was really whether and in what conditions the contemplated financial assistance could or should extend to the case of a threat of aggression. The speaker agreed with Baron Rolin Jaequemyns that it was above all in the case of a threat of aggression that financial assistance would be useful, and likely to be effective, politically as well as technically.

He thought he was not mistaken in saying that, from the technical financial standpoint, it would be easier to float a loan before hostilities had started than when war had already broken out and many Governments would find themselves faced with financial complications.

He thought that, if there was a Convention whereby a State which felt itself menaced by aggression could immediately receive financial assistance to put it in a position to use its right of legitimate defence, the State having warlike intentions might think twice before putting its threat into execution and declaring war.

Replying next to M. von Simson on the question of the machinery of financial assistance in the case of a threat of aggression, M. Politis concurred in the Rapporteur's idea, which had been shared by several other speakers, namely, that the unanimous decision of the Council in favour of financial assistance, that is to say, in favour of the application of the Convention relating thereto, should be sufficient, and that it should be quite unnecessary to secure the consent of all the other signatories. The Chairman of the Financial Committee had said that to require the explicit consent of a large number of States at the moment of applying the Convention would be to render the scheme financially almost unworkable.

Legally and politically he did not see the slightest obstacle in the Covenant, especially in Article 11. M. von Simson had said it was undesirable to change the Covenant, but the Covenant indicated the minimum of their obligations and it was open to Members of the League to go further and increase them — indeed, this was the whole aim of the Committee's work.

Moreover, had not the Locarno Agreements added to the obligations of the contracting parties? If in Article 16 it is a question of recommendations only and not of decisions, in the Locarno Agreements, on the other hand, it is a resolution which must be immediately carried out by the contracting parties. Why could the States not do the same as regards financial assistance?

Of course, they were no longer on the ground of Article 16 but of Article 11, and it was quite true that in Article 11 the Council had to act as mediator and that its decisions were only of value if both parties accepted them. But was that an imperative provision? Could not the parties accept the Council's decision beforehand as binding and immediately operative? This seemed consistent with the spirit of Article 11, which says expressly that the Council "shall take any action that may be deemed wise and effectual to safeguard the peace of nations".

M. CASSIN (France) said he had also thought that the Rapporteur's last statements had closed the general discussion, but since it had been reopened, he considered it opportune to look at the plan under review in relation to the general measures which the Committee on Arbitration and Security was examining for the prevention of war and aggression.

As representative of the French delegation, he noted with satisfaction the progress made since the Finnish proposal had been submitted and the British delegation had lent its valuable support. The work of the year had been of considerable importance and Baron Rolin Jaequemyns' statement — which he was glad to see had not been contradicted as regards the thesis relating to the automatic operation of measures of assistance, provided simply the Council was unanimous — was evidence of the progress which could be made in the League in the most pacific of directions, that of mutual conviction.

The proposal was part of a general movement towards measures for preventing war. He was sure that financial assistance afforded to a State at a time of crisis was a better method of preventing war than financial assistance promised to the victim of aggression when such aggression had already taken place.

Baron Rolin Jaequemyns had modestly enquired why he had been appointed Rapporteur both for this question and for the question of the German suggestions. The reason was that there was a link between them and this link again appeared in the application of Article 11. It had been said that, in connection with Article 11, it would be a delicate matter to assume further obligations than those which are laid down in the article, but M. von Simson's suggestions, which had been in the main approved by the French delegation, also aimed at supplementing in a spirit of good will the obligations entered into. They even provided that resolutions adopted without unanimity, but with a simple or qualified majority, might be accepted. It was therefore legally possible for States which, like France, thought that financial assistance formed part of the measures which the Council might take at a crisis to maintain this attitude. It only remained to examine the method of application, and on this point certain reservations must be made. No Powers Members of the League which entered on their own account into wider undertakings than those laid down in Article 11 — for example, an undertaking to renounce the unanimity of the Council —

could pledge third Powers. A Power which had not signed the Convention could not be compelled to give financial assistance unless unanimity had been reached. These legal questions, however, did not appear to raise difficulties as to the principle involved.

M. UNDÉN (Sweden) said that he desired to leave on one side the important questions raised by M. Cassin concerning the interpretation of the articles of the Covenant; they had been studied in M. Rutgers' memorandum and the Committee had just come to a decision on the subject.

According to the explanations furnished by Baron Rolin Jaequemyns, the question before them was not of binding Governments by a Convention, but of giving guiding principles to the Financial Committee. It was understood that the latter would be asked to frame a text, taking as a basis the hypothesis of a unanimous decision by the Council without the participation of States which were not Members of the Council. The draft would then be submitted to the Committee on Arbitration and Security and would be finally submitted to the next Assembly or to the Disarmament Conference, according to circumstances.

The CHAIRMAN thought that M. Undén had given an excellent summary of the discussion and that, in the light of the statements made, the Committee might ask the Rapporteur to submit, as soon as he found it convenient, a report on which it could take a decision.

The proposal was adopted.

The CHAIRMAN thought he was interpreting the Committee's wishes in thanking the Chairman of the Financial Committee for his valuable help and lucid explanations.

(b) EXTRACT FROM THE MINUTES OF THE SIXTH MEETING, HELD AT GENEVA
ON SATURDAY, SEPTEMBER 15TH, 1928.

*Adoption of the Report and Draft Resolution concerning Financial Assistance to States
Victims of Aggression.*

Baron ROLIN JAEQUEMYS (Belgium), Rapporteur, submitted to the Committee his draft report and the following draft resolution :

“ The Assembly :

“ (1) Expresses its satisfaction with the work of the Committee on Arbitration and Security and the Financial Committee in connection with the scheme for financial assistance ;

“ (2) Requests the Council to invite the Financial Committee to continue the preparation of this scheme in the form of a draft Convention, bearing in mind the directions given in the report submitted to the Assembly at its ninth ordinary session on behalf of its Third Committee ;

“ (3) Expresses the hope that a full draft Convention, complete in all its details, may be submitted to the Assembly at its tenth ordinary session.

Perhaps, suggested the Rapporteur, the following paragraph might be added to the end of the draft resolution :

“ Invites the Secretary-General to submit the draft Convention as soon as it is prepared to the Governments in order that they may give instructions to their delegates at the tenth ordinary session of the Assembly. ”

M. MOTTA (Switzerland) warmly supported the last amendment proposed by the Rapporteur, since it clearly expressed the idea that the Governments were not yet pledged, and that they had merely to undertake to study the matter.

General TANCZOS (Hungary) approved M. Motta's statement.

Baron ROLIN JAEQUEMYS (Belgium), Rapporteur, explained that this addition confirmed what was already contained in the report, but that it was really not necessary, as the whole report was conceived in that spirit.

M. HOLSTI (Finland) thought it his duty to thank the Third Commission and the Financial Committee for their work during the past year, in view of the fact that certain delegates had been good enough, at the previous meeting, to refer to the scheme for financial assistance as the “ Finnish proposal ”. A comparison of the work accomplished at that afternoon's meeting and the situation a year ago would show the extent of the progress realised.

The report and draft resolution with the amendment proposed were adopted.

(The Committee rose at 7 p.m.).