

GENEVA, September 25th, 1928.

LEAGUE OF NATIONS

14

FINANCIAL QUESTIONS

GENERAL REPORT

*Submitted by the Fourth Committee to the Assembly
at its Ninth Ordinary Session.*

Rapporteur : His Excellency M. Vladimir MOLLOFF (Bulgaria).

The present report, which should be read in conjunction with the Minutes of the Committee, deals with all financial and administrative questions on the agenda of the Fourth Committee, except that of contributions in arrears, of the construction of new buildings, and of an amendment to Article 1 of the Financial Regulations, which forms the subject of separate documents.

I. AUDITED ACCOUNTS FOR 1927.

The Committee unanimously recommends that the Assembly should approve the accounts of the Secretariat and autonomous organisations of the League in the form in which they have been submitted. It also agrees with those of the auditor's recommendations which have been adopted by the Supervisory Commission.

II. 1927 BUDGET.

SECRETARIAT AND SPECIAL ORGANISATIONS.

(a) *General Discussion.*

This year a very important general discussion took place before the budget itself was examined.

The Secretary-General explained that the League's budget differed from national budgets in two essential points — before being submitted to the Assembly it was considered in every detail by the Secretariat and then by the Supervisory Commission. Any credit which the Secretary-General could not justify in whole or in part was ruthlessly reduced or suppressed by the Supervisory Commission. Secondly, as the Assembly met only once a year, the Secretary-General was not, like national Governments, able, if necessary, to apply to Parliament in the course of the financial year for additional credits. The total funds voted at one session of the Assembly had to suffice for the continuation of the League's work until the following session.

Apart from a small sum of 50,000 francs, the increase in the budget for 1929 over that of 1928 was entirely due to four items :

1. 300,000 francs added to the Economic and Financial Organisation's budget to cover fresh work decided upon by the Consultative Committee and the Economic Conference, whose resolutions were approved by the last Assembly ;
2. 80,000 francs in the budget of the Transit Organisation for the collection and exchange of information regarding communications and transit. When last year it was decided to refuse this credit, the Assembly had, in a sense, given a moral undertaking to grant this credit as soon as the financial situation of the League allowed ;
3. 330,000 francs for a Conference on the Codification of International Law ;
4. 126,000 francs for the Central Opium Board.

After pointing out that the best method of effecting economies in this year's and future budgets would be to persuade the technical committees to reduce their programme of work, the Secretary-General concluded by saying that, if they set the total figure of the Secretariat's budget against the multiplicity of its tasks, and remembered that the budget of the League of Nations was the only budget in the world for the organisation of peace, they might, far from regarding the sum of 14,500,000 francs as exaggerated, even be surprised at its modest proportions.

From the observations made by the various delegates who took part in the general discussion on the budget, the following principles emerged :

Certain delegates asked that the budget should be referred back to the Supervisory Commission so that that Commission might work out the effect of making reductions up to a total of one million francs, and submit the result to the Fourth Committee, so that the latter could decide what economies could, in fact, be recommended to the Assembly. They argued that the increase in the 1929 budget, as compared with the 1928 budget, was 6 per cent, and, taking into account certain probable additional credits, would amount to 7 per cent, the greatest increase since 1922. Although the task of pressing for economies was a thankless one, and those who undertook it were immediately accused of unfriendliness towards the League, they thought that the League's prestige would diminish if they permitted its expenditure to grow out of all proportion. Another member of the Committee, referring to the Supervisory Commission's report and to previous discussions in the Assembly, said he thought that it would be desirable to define the League's field of activity in the form of a very clear programme of work to be undertaken gradually ; the League's budget might be stabilised at about 25 million francs, the advantage of this being that countries would know in advance the exact amount of their contribution to the League. After emphasising the importance of several principles inseparable from good administration, the speaker, interpreting the opinion of the Commission, congratulated the Secretary-General, the Under Secretary-General in charge of Internal Services, and the Treasurer, on the excellent results they had obtained.

Generally speaking, the Committee held that it would be well to stabilise progressively the budgets of the various technical organisations of the League, but expressed a doubt as to the possibility of fixing a rigid maximum for the whole budget of so young an institution as the League. Certain members thought that in some cases stabilisation would connote stagnation. That does not mean that the budget figures should not be reduced to the lowest possible figure, or that any credits which do not directly contribute to the work of the League, as defined in the Covenant and the resolutions of the various Assemblies, should not be ruthlessly refused ; indeed, the members of the Assembly and members of Parliament are experiencing some anxiety in view of the recent tendency to increase the budget. The importance of the League is not to be measured by the number of conferences held and questions dealt with, and any conference which does not seem to be strictly necessary should be excluded from its programme of work. One member of the Committee explained his fears on this subject : conferences usually lead, he said, to the preparation of a convention, but conventions are useless until they have been signed, ratified and, above all, applied. Certain Governments feel very strongly that the number of conventions still waiting to come into force indicates that some of the friends of the League have been proceeding too rapidly in international matters.

The League's task is complicated by two other difficulties of a financial nature. On the one hand, certain Members of the League consider that their assessment under the present scale is too high. On the other, the burden falling on countries which regularly pay their contributions is increased by the non-payment of certain contributions in arrears and by the fact that it is impossible, in actual practice, to count on the payment of current contributions by certain States.

In the vast majority of cases, the contributions to the League do not constitute a heavy burden for the States, as will immediately be realised if they are compared with the sums provided in budgets for national defence, for instance. Nevertheless, the sums voted by the various Governments, which, of course, could have been used in undertaking or developing necessary and even urgent national work, might give rise to awkward criticism, if these same Governments had not every confidence in the financial administration of the League, and were not perfectly sure that the different sums included in the budget were to be expended on really necessary work.

Two tendencies became apparent from the very outset of the general discussion on the budget :

Some members were of opinion that, before it was examined by the Fourth Committee, the budget should be sent to the Supervisory Commission, which, by reason of the special qualifications and limited number of its members, was in a better position than the Fourth Committee to undertake, with a reasonable prospect of success, the technical work of showing where economies might be effected if certain decisions of principle were taken.

Other members, referring to the report in which the Supervisory Commission asked the Assembly to give a ruling in advance on the financial policy to be followed in the circumstances, considered that the Fourth Committee should shoulder its own responsibilities, after consulting the competent Committees of the Assembly.

The Chairman of the Supervisory Commission pointed out that the main function of the Fourth Committee was to organise and co-ordinate the separate efforts of the other Committees. The duty of the Supervisory Commission was to assist the Fourth Committee in its work by giving technical advice. The Supervisory Commission had, at its May session, reduced the ordinary budget of the League to a minimum ; the only further economies that could be effected concerned points which the Assembly must itself decide. In these circumstances, the Supervisory Commission would not be able to achieve any useful results until the Fourth Committee had stated its opinion regarding the political desirability of the new expenditure mentioned in the Supervisory Commission's report.

As most of the delegates shared the view of the Chairman of the Supervisory Commission, the following resolution was unanimously adopted :

“ The Fourth Committee, having examined the draft Budget for 1929 and noted the rapid increase in the credits demanded, which at present represents about 6 per cent as compared with the 1928 Budget, draws the special attention of the other Assembly Committees to this position at the moment when they are about to consider the work contemplated for the League, and asks them to bear in mind the necessity for a reasonable limitation of the expenditure of the League.

“ Similarly, the Fourth Committee requests the other Committees to revise the programme of Conferences for which provision is made for 1929 and to limit them to those which cannot be postponed until 1930 and, more generally, to examine especially the budgets of the Economic Organisation and the Transit Organisation, of the opium and humanitarian activities and of codification of international law, and to make proposals for restricting expenditure, and to suggest any other direction in which economy can be effected, taking account particularly of the effect that the new tasks may have on the increase of the permanent staff. ”

(b) *Detailed Examination of the Budget.*

Chapter I. Assembly and Council.

In adopting the credits for the session of the Assembly, the Committee requested the Secretary-General to submit to it, together with the draft budget for 1930, a statement showing the sum which would be necessary to cover the travelling expenses of three delegates from the capital of their country to Geneva and back. The possible inclusion in the Assembly budget of a credit to cover the travelling expenses of delegates would be in keeping with the precedents set by certain Commissions, and would eliminate one of the obstacles in the way of the participation of representatives from certain very distant countries.

As regarded the unforeseen expenditure, subject to a special vote of the Council, it remained understood that this credit was intended solely to cover expenditure of a political nature that the Council may be obliged to incur during the year.

Chapter II. General Services of the Secretariat. (Item 4 : Salaries, Wages and Allowances of the Secretariat.)

A general, and at times very animated, discussion took place in the Fourth Committee in connection with the adoption of the item for salaries.

Certain members, referring to articles which had recently appeared in the Press, expressed doubt whether the atmosphere of the Secretariat was as firmly international as it had been in the beginning. While declaring their absolute confidence in the Secretary-General, they expressed a fear that there was a danger of the principles laid down in the report concerning the organisation of the Secretariat, adopted by the Council in 1920 on Lord Balfour's proposal, being forgotten. Whereas certain States — fewer and fewer every year, it is true — were not yet “represented” in the Secretariat, nationals of a certain group of Powers filled too large a number of posts ; there was a growing tendency for the higher officials to be members of the diplomatic service of their respective countries, and certain States laid a permanent claim to high posts.

In reply, the Secretary-General pointed out that he had himself been largely responsible for the drafting of the report adopted by the Council on Lord Balfour's proposal, and that he had always kept closely to the principles enunciated therein. He had always followed the rule that officials of the Secretariat were the servants of all the nations who together formed the League, and had taken care that this principle should always be applied. As Secretary-General, he had always refused to ask the Council to approve the appointment of any person whose qualifications did not seem to him to be entirely satisfactory. Though it might be true that the highest posts in the Secretariat were held by nationals of certain groups of Powers, that was due to the instructions he had received in 1919, in Paris, from the Organising Committee of the Secretariat and, in one case, to a decision of the Fourth Committee itself. A claim by any particular Power for a monopoly of any particular post or posts in the Secretariat was untenable. He had been faithful to the undertaking he had given to the Fourth Committee several years previously. The number of officials of

British and French nationality of and above the rank of Member of Section had not increased for several years. He would, moreover, be prepared, if the Committee so desired, to undertake not to increase the number of German or Italian officials of the same standing. He had had the honour to occupy his post for a long period of years ; he did not know how much longer he would be able to carry out his duties. But, in his case, two factors would always be decisive — he would immediately resign if the British Government endeavoured in any way to influence him in the exercise of his duties (he might say that it never had done so) ; and, secondly, he would not remain Secretary-General if he were not absolutely certain that he enjoyed the confidence of all the Members of the League.

After this long and important discussion the following resolution was unanimously adopted :

“ The Assembly endorses and would recall the principles concerning the staff of the Secretariat contained in the report which Lord Balfour submitted to the Council, in agreement with a memorandum drawn up by the Secretary-General, and which was adopted by the Council on May 19th, 1920. In the words of this report, the Secretary-General, in making appointments to posts on the Secretariat, ‘had primarily to secure the best available men and women for the particular duties which had to be performed. But in doing so, it was necessary to have regard to the great importance of selecting officials from various nations. Evidently no one nation or group of nations ought to have a monopoly in providing the material for this international institution’. Lord Balfour emphasised the word ‘international’ because the members of the Secretariat, once appointed, are no longer the servants of the country of which they are citizens, but become for the time being servants only of the League of Nations. Their duties are not national, but international.

“ The Assembly believes that the observance of these principles constitutes an essential factor in the confidence which the Members of the League of Nations repose in the Secretariat.

“ The Assembly relies on the Secretary-General and on the Council, which, in virtue of Article 6 of the Covenant, is responsible for approving the nominations made by the Secretary-General, to uphold in their entirety the principles stated above.

“ The Assembly requests the Council to submit to the Members of the League of Nations in good time before the tenth ordinary session of the Assembly a list of the appointments, promotions and resignations of officials of the rank of Members of Section and above that have taken place since this Assembly and of the salaries allotted in each case. ”

The Italian representative pointed out that sufficient time had elapsed since the establishment of the Secretariat at Geneva to enable them to form an opinion as to the efficacy of the system of staff organisation approved by the 1921 Assembly. He thought that the time had now come to consider, in view of the experience gained, the present situation and the improvement which might be made in order to ensure in the future as in the past, the best possible administrative results. He therefore proposed that the Fourth Committee should adopt a resolution which was approved in the following form :

“ The Assembly :

“ Whereas the Staff Regulations were drawn up shortly after the organisation of the Secretariat and whereas it would be advisable for the League to avail itself of the experience acquired since 1922 ;

“ Considering that, although the regulations have, on the whole, proved satisfactory, certain modifications would appear desirable to remedy certain disadvantages to which attention had been drawn ;

“ Instructs the competent officials of the autonomous organisations, after examining the present situation and the improvements which might be made, to consider what steps — in particular amendments to the Staff Regulations — could be taken to ensure, in the future as in the past, the best possible administrative results, and to submit the results of this enquiry to the Supervisory Commission, in order that a report on the question may be communicated to the Assembly at its next ordinary session. ”

Chapter II. Items 5 to 17.

In answer to a request by one of the members of the Committee, the Chairman of the Supervisory Commission stated that the Commission would consider before the next ordinary session of the Assembly whether it was absolutely necessary to provide so large a credit as the one included in the 1929 budget for travelling expenses and subsistence allowances for the general services.

The Committee noted with satisfaction that, as a result of the reorganisation of the Publications Service, the receipts derived from the sale of publications had uncreased considerably.

Several members of the Committee said they agreed with the proposal contained in the Supervisory Commission's report to the effect that the cost of postage should be reimbursed by persons to whom publications were sent by the League free of charge.

Chapter III.

The Norwegian delegate drew the Committee's attention to the Supervisory Commission's observations concerning the salary of the new Director of the *Administrative Commissions and Minorities Questions Section*. He expressed his opinion that officials ought, as a general rule, to be engaged at the lowest salary for their category. As this new official had been appointed after the preparation of the budget, the Secretary-General agreed to a reduction of 2,000 francs on this item.

In reply to a question, the Secretary-General stated that the suppression of a post in the Administrative Commissions and Minorities Questions Section did not in any way mean that the Secretariat underestimated the importance of that Section's work.

After a prolonged discussion, the Committee reduced by 100 francs the credit opened for the publications of the *Mandates Section* in order clearly to mark its desire that the mandatory Powers should in future increase the number of copies of their annual reports sent free of charge to the League of Nations.

The Committee recognised that it was essential that persons interested should be able to apply to the Secretariat when they wished to obtain these reports, the reprinting of which by the League of Nations had been discontinued several years ago on grounds of economy. Moreover, these reports were the very best propaganda for the mandatory Powers, so that the latter might possibly be willing to make this slight sacrifice.

The Indian delegate's proposal to bracket under one subhead the appropriations for investigations, the Disarmament Conference and the International Conference for the Supervision of the Private Manufacture of Arms gave rise to an interesting discussion.

The Chairman of the Supervisory Commission explained that the appropriation made for the unforeseen expenditure of the Council was only intended to meet totally unforeseen expenditure of a political character. If, as was probable, the sums provided for the three above-mentioned purposes were not expended in 1929, they would be used to constitute the surplus for the financial year and would thus be returned to the States Members. Moreover, the Assembly had always insisted that these items, which referred to entirely distinct purposes, should remain separate.

The Secretary-General having emphasised the exceptional character of the grant to the Director of the Section for the Reduction of Armaments, this item was adopted without modification.

Although, for political reasons, the proposal of the representative of India to charge the cost of printing connected with the slavery question to the budget of the Mandates Section was not accepted, the Secretary-General agreed to a reduction of 500 francs in connection with item 20, the *International Slavery Convention*.

Chapter III : Items re-submitted to the Supervisory Commission or the Assembly Committees concerned.

The Committee recommends the Assembly to fix the budget of the *Economic and Financial Organisation* at the figure entered in the budget submitted to the Assembly, namely, 1,359,045 francs for the general work of the Organisation, and 375,000 francs for the consequences of the Economic Conference. It should be pointed out, however, that, as a result of various recommendations of the Second Committee, the Organisation will have to undertake in 1929 certain studies and enquiries which were not provided for in the original budget. But this new expenditure is compensated by the postponement to another year of certain work originally contemplated, and by certain reductions proposed by the Supervisory Commission.

The Supervisory Commission's report on this question gave rise to an exchange of views on the tasks which will have to be undertaken next year. In the first place, it was understood that studies on "groups of commodities" will be confined to the articles mentioned in the Second Committee's report. Secondly, after a discussion, during which the Italian delegate referred to the observations made by the British delegate on the occasion of the general discussion on the budget, the Committee decided that a reference should be made in its report to the necessity of avoiding any overlapping between the Economic and Financial Organisation and other international organisations.

The Committee approved the reductions, amounting to 30,000 francs, proposed by the Supervisory Commission in the budget of the *Communications and Transit Organisation*. It voted a credit for the conference, the convocation of which is provided for in Article 12 of the agreement concluded by the first Opium Conference; it agreed, on the other hand, to suppress the sum of 100 francs provided for in the original budget *ad memoriam* for a possible conference on the revision of the International Convention for the Suppression of the Circulation of Obscene Publications. The Committee also associated itself with a proposal made by the Supervisory Commission which will permit the League of Nations,

without increasing its budget, to publish annually a survey with the object of keeping the younger generation informed of the work of the League, and of making known to the members of the teaching profession in the different countries the experience acquired and the results obtained in this sphere.

The Committee approved a new item of 50,000 francs: "Administrative Expenses for the Settlement of Refugees in Erivan". As a result of the appeal made by the Council, promises of contributions or of loans on favourable terms amounting to about £155,000 have been received, subject to the condition that the work of settling Armenian refugees on arable land in the Republic of Erivan should be placed under the patronage of the League of Nations, which should bear the administrative expenses.

The Fourth Committee has learnt with interest that, under certain decisions of the First Committee, the credit included in the budget for the Committee of Experts for the Codification of International Law could be reduced from 45,000 to 9,000 francs.

Having been informed that the preparatory work for the Disarmament Conference and the Codification Conference may not be completed before the next Assembly, and that it would be scarcely practicable for the two Conferences to be held simultaneously next autumn, the Fourth Committee has decided to strike out of the 1929 budget the proposed credit for the Codification Conference, and to add the following note at the end of Schedule "S" of the budget:

"The Conference will be held at the beginning of 1930, unless the Disarmament Conference is not held in 1929; in the latter case, the credits voted for disarmament can be used for the Conference on Codification up to the amount of 208,500 francs."

This operation, the reasons for which are purely administrative, has made possible a saving of 337,000 francs on the 1929 budget. If the Disarmament Conference takes place in 1929, the Codification Conference will be postponed till 1930; but if the Disarmament Conference is not held in 1929, the Codification Conference will be convened for that year.

The Fourth Committee takes this opportunity of offering its heartiest thanks to the Netherlands Government, which has stated that, subject to parliamentary approval, it is ready to make itself responsible, up to a maximum of 128,500 francs, for the difference between the total expenses entailed by the holding of the Conference at The Hague and the sum of 208,500 francs, representing the budget of the Conference if it had been decided to hold it at Geneva.

The Fourth Committee has before it a report in which the Supervisory Commission proposed the rejection of the Fifth Committee's proposal that an item of 250,000 francs should be included in the budget to cover the expenses of a Commission to be sent to the Far East to enquire into the position as regards prepared opium. After discussing the matter, the Committee appointed a Sub-Committee to make a further examination of the question.

The Sub-Committee noted with extreme satisfaction that the British Government was prepared to offer the sum of 50,000 francs towards the expenses of the enquiry. While the Sub-Committee had not sufficient information as to the preparation made in the different countries which it is proposed to visit in order to ensure the success of the enquiry, and while there exists a certain amount of uncertainty as to the estimated cost of the scheme, the Sub-Committee was strongly impressed by the importance and urgency of the work now contemplated.

The Fourth Committee has therefore decided to limit the financial responsibilities of the League in connection with this enquiry, to recommend that the question should be treated exceptionally, and to vote for 1929 a credit of 100,000 francs, which will demonstrate that the League is not evading the task which devolves upon it under the terms of the Covenant. It is, however, understood that the British Government will ascertain whether the Governments concerned would be willing to offer additional contributions in order to finance the whole scheme.

The British Government's report will be sent to the Secretary-General for examination by the Supervisory Commission, which will submit its observations to the Council in sufficient time before the latter's fifty-third session; a final decision in the matter will be taken by the Council.

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Lastly, the Committee accepted the Supervisory Commission's proposal to enter in the fourth part of the budget, "Buildings at Geneva", the sum of 70,000 francs to pay back into the Building Fund the sum used for the enlargement of the Council hall. It also associated itself with the observation of principle made by the Supervisory Commission in this connection.

2. INTERNATIONAL LABOUR ORGANISATION.

I. *General Discussion.*

The general discussion on the budget of the International Labour Organisation was of unusual length this year. In addition to those budgetary questions strictly so called which arise annually in connection with the examination of the budget, "the constitutional problem", *i.e.*, the problem of the rights and powers of the Fourth Committee in regard to that budget, was a subject of lengthy consideration.

The discussion began with a statement by M. Albert Thomas on the essential features of his budget for 1929. This involves a net increase of about 528,000 francs, the larger part of which, some 395,000 francs, is of an obligatory — and in some cases exceptional — character. This part represents increases necessitated by the fulfilment of existing contracts (increased salaries, Provident Fund, travelling expenses), amounting to 172,000 francs, and by increases, totalling 229,000 francs, resulting from decisions of the directing bodies of the Organisation (double conference, increase in the number of commissions, etc.). The Governing Body, on whose behalf M. Albert Thomas submitted the budget to the Fourth Committee, did more, however, than merely ask for funds to meet this necessary increase; it thought it essential to meet the most urgent new needs relating to the development of scientific work, the extension of relations and the diffusion of publications.

Having regard to all these considerations, the Governing Body decided to allocate a number of development credits, the most important of which by far, representing 219,000 francs, relates to new appointments.

Of the seventeen new appointments in question, special reference should be made to that of a Chief of Division, the Governing Body having decided on the creation of a fourth division. This new department will co-ordinate the activities of the Administrative Section and that of the Publishing Section. The Chief of the new division will have the general control over the administration of the Office and this will enable the Director and the Deputy-Director to devote themselves more completely than it is possible for them to do at present to the political and general supervision of the Office.

On the other hand, the Governing Body has effected economies amounting to about 120,000 francs.

In the course of the discussion following this statement, a number of speakers expressed disappointment with the large net increase in the 1929 budget as compared with that of 1928. They emphasised the necessity of stabilising this budget in the same way as the budgets of the other organisations of the League, since they did not regard the arguments put forward in justification of the increased expenditure as being entirely convincing. A feeling was growing up in certain countries that the International Labour Organisation was passing too many Conventions and that the International Labour Office was issuing too many publications. It would be desirable to moderate these activities slightly.

Other speakers pointed out that the representation of nationalities on the staff had not been very satisfactory in the International Labour Office, and that in this case also it appeared as if the larger nations, particularly France and England, were unduly "represented".

The Director of the International Labour Office replied to these various general criticisms. He pointed out, as regards the conventions, that their number depended on the intensity of modern social conditions, which year by year were raising problems affecting new categories of workers. Even a convention which had not been ratified had a high moral value as an example and model. The legislation of new countries or countries which had been reconstituted was very largely based on the work of the International Labour Conference.

The growing appreciation with which the publications of the Office were regarded was shown by the increased sales, the estimated receipts having risen from 45,000 francs in 1924 to 170,000 francs in 1929. If this figure was compared with the amount of the credits for printing, and if it was remembered that the Office had to make a large gratuitous distribution, they would admit that the result might be regarded as satisfactory.

In reply to the observations regarding the "representation" of nationalities, the Director stated that he had followed three rules in appointing his staff. The first was that, having regard to Article 393 of the Treaty of Peace, he had refused and would continue to refuse to provide for a strictly proportional "representation" as between States. The second rule was, as far as possible, not to stereotype the "representation" of nationalities on the staff of the Office, as the years went on, and not to consider that certain States had a traditional right to certain appointments. The third rule was that the Office could not tolerate interference from any State which might desire to press the claims of an official candidate.

M. Albert Thomas had hitherto attempted, and would continue to attempt, to reconcile, as far as lay in his power, the three essential requirements — to ensure an equitable representation of nationalities; to guarantee a large output of good work by appointing the ablest candidates; and to give the staff adequate opportunities of promotion. If these conditions were fulfilled, the Director could not give any undertaking not to appoint new candidates of French or British nationality in future.

The Director agreed in principle as to the necessary stabilisation of the budget of the Office. But at the same time he asked the Committee to bear in mind that any such stabilisation could only be relative, for the International Labour Office, like the other organisations of the League, was a young body, and moreover, this stabilisation had been effected, since, for the past eight years, the budget of the Office had varied between some seven million and eight and a-half million francs.

The constitutional problem was the second important point to be raised during the general discussion. What were the respective rights and powers of the authorities constituting the International Labour Organisation on the one hand, and the Assembly on the other hand, as regards the budget of the International Labour Office? The speakers

laid stress on the difficulty of giving a definite reply to this question, while others referred to Article 6 of the Financial Regulations, which, in their opinion, made the legal position clear.

The Director of the International Labour Office, referring to the decision taken by the Council of the League at San Sebastian, pointed out that it was for each Government to give precise instructions to its delegates on the Governing Body regarding the budget of the Office. It was desirable, further, that those instructions should be definitive, and that the delegates of the same Governments on the Fourth Committee should receive instructions identical with those given to the delegates on the Governing Body.

As regards the particular point of identity of instructions, several speakers observed that this applied only to Governments which were represented on the Governing Body, *i.e.*, to a minority of Governments; delegates of the majority of the Governments, which were not so privileged, would have to be able to express their views freely in the Fourth Committee regarding the budget of the International Labour Organisation.

In closing his statement on this constitutional problem, M. Albert Thomas observed that, though the principles seemed to be somewhat vague, the present arrangement had so far worked satisfactorily in practice and it would be advisable to keep to it.

The Committee was of opinion that, in accordance with the Financial Regulations, only the Assembly had the right to approve or amend the budget of the International Labour Organisation. It was necessary, however, that the Assembly, in the exercise of this indisputable and undisputed right, should take account of the system in force in the International Labour Organisation, which provides that the budget submitted to the Assembly is that approved by the Governing Body of the Office.

2. CONSIDERATION OF THE ITEMS.

Item 1 : Sessions of the Conference, 432,000 francs.

The proposal for holding two conferences, a General and a Maritime Conference, in 1929, gave rise to an animated discussion.

First of all, doubt was expressed as to the actual necessity of holding two conferences and, alternatively, if the conferences were proved to be necessary, as to the impossibility of holding them consecutively.

Several speakers urged that if the two conferences could be convened one after the other, this would mean not only a reduction of 27,000 francs in the budget of the Organisation, but also a very considerable saving for distant countries, which would thus have to pay travelling expenses once only and not twice.

M. Albert Thomas said that the Governing Body had decided to hold a double conference on political grounds, and after consulting all the Governments and all the groups concerned. To have a break between the conferences was an administrative as well as a political necessity.

In the first place, only the maritime countries proper, and the countries attaching special importance to maritime questions, should be represented at the conference, and, in the second place, it was impossible to expect the staff to stand the heavy strain of a conference for seven weeks on end.

The credit demanded for Item 1 was put to the vote and passed by the Committee. At the same time, however, the Committee unanimously adopted the following resolution :

“ The Fourth Committee hopes that, if in future it is decided that the International Labour Organisation shall hold two conferences in the same year, the dates shall be so chosen that these conferences shall take place consecutively, for reasons of economy. ”

Item 2 : Sessions of the Governing Body, 95,000 francs.

The credit demanded was passed by the Fourth Committee.

Item 2b : Unforeseen Expenditure of the Governing Body and the Conference, 8,000 francs.

Item 3 : Salaries, 5,291,655 francs.

After three consecutive votes, the Fourth Committee approved the creation of the seventeen new posts requested, on the understanding that the appointments should be subject to the holders agreeing to such changes as the next Assembly might make in the Statutes. The creation of the new post of Chief of Division was approved by 16 votes to 10. One delegation, however, reserved the right to bring the question of the new posts before the Assembly.

All the remaining items of the budget of the International Labour Office were then passed by the Committee without discussion.

3. PERMANENT COURT OF INTERNATIONAL JUSTICE.

The Committee approved the budget of the Permanent Court of International Justice without modifying it in any way. It noted the explanations for the increase in the budget given by the Registrar and mentioned in the Supervisory Commission's Report.

III. REPORTS OF THE SUPERVISORY COMMISSION.

The Committee examined the work accomplished by the Supervisory Commission since the last Assembly, the results of which were embodied in the four important reports submitted to the Assembly.

(a) The Fourth Committee approved the Supervisory Commission's solution of the problem of the adjustment of salaries; it hopes that all the officials of the three organisations will accept stabilisation at the 1921 rate (the 1922 rate in the case of the Permanent Court of International Justice).

(b) Subject to a few slight alterations, the Fourth Committee approved the amendments to the Financial Regulations proposed by the Supervisory Commission to settle the question of supplementary credits and of any disagreements which might arise between the Fourth Committee and another Assembly Committee on the subject of budgetary credits. The Assembly will doubtless remember that, as the result of certain difficulties which had arisen last year, the Supervisory Commission had been asked to consider what amendments might be made in the present procedure.

The object of the three slight amendments approved by the Fourth Committee was to give more exact effect to the intentions of the Supervisory Commission as expressed in its report of June 20th.

It was clearly understood that proposals entailing an increase in the budget as contemplated by Article 16 (a) might be made even by telegram, provided that the telegram contained a full statement or was followed immediately by a full statement.

(c) In adopting the conclusions of the report submitted by the Supervisory Commission on the question of publications, the Fourth Committee noted the views of one of its members on the subject of the inferior quality of the paper used and the poor appearance of certain League publications. The delegate in question considered that receipts from sales would increase if the publications were made more attractive. The Chairman of the Secretariat Publications Committee pointed out that the paper was carefully selected and its quality depended on the degree of permanence of the publications in question. The Publications Committee, which was closely studying the question, would act on the suggestions made, in so far as they could be reconciled with the need of cutting down expenditure to what was strictly necessary.

In order to emphasise its desire to reduce the high cost of publishing the minutes of Committees, the Fourth Committee, in agreement with a proposal adopted two years ago by the Assembly, approved the following draft resolution:

“ The Assembly decides that, excepting in the case of the Mandates Commission and Committees of the Assembly where special considerations apply, the Minutes of Committees and Sub-Committees will in no case be published unless a formal request, containing a statement of the reasons for such a course, is submitted to the Council through the Secretary-General. ”

IV. ALLOCATION OF LEAGUE EXPENDITURE.

The Fourth Committee approved the report submitted by the Committee for the Allocation of the Expenses of the League, under the terms of which the budgets for the financial year 1930 would be adopted as a basis of the revised scale for the allocation of League expenditure; this would allow the Allocation Committee to prepare a revised draft scale for the 1932 Assembly.

While accepting the proposals made by the Allocation Committee in the matter, the Indian delegate asked the Chairman of the Committee for the Allocation of Expenses whether the results of this investigation might not be submitted to the 1931 Assembly. The Chairman of that Committee having pointed out that this suggestion could not be adopted owing to technical considerations, the Indian representative said he would raise no objection if an earlier date was not possible. Consequently, the provisional scale will remain in force during the four years 1929 to 1932 inclusive.

V. MISCELLANEOUS QUESTIONS.

Replying to a point raised in the debate on the amendments to the Financial Regulations, the Under-Secretary-General in charge of Internal Administration assured the representative of South Africa that the Secretariat would give its most careful attention to the point he had raised as to the need for despatching the League's communications to distant countries in sufficient time.

The Fourth Committee desired to express its appreciation of the authority, tact and impartiality with which their able President, M. de Vasconcellos, had presided over the proceedings. The Committee also wished to thank the honourable representative of Poland, M. de Modzelewski, who had acted as Vice-Chairman.

In conclusion, the Fourth Committee proposed the following draft resolutions for adoption by the Assembly :

“(1) The Assembly, in virtue of Article 38 of the Regulations for the Financial Administration of the League of Nations, finally passes the audited accounts of the League of Nations for the ninth financial period, ending on December 31st, 1927.

“(2) The Assembly :

“In virtue of Article 17 of the Regulations for the Financial Administration of the League of Nations, passes, for the financial period 1929, the general budget of the League of Nations, of the Secretariat and special organisations of the League, of the International Labour Organisation, and of the Permanent Court of International Justice, amounting, including supplementary credits, to the total sum of 27,026,280 Swiss francs.

“And decides that the aforesaid budgets shall be published in the *Official Journal*.

“(3) The Assembly adopts the conclusions of the various reports submitted for its consideration by the Supervisory Commission, except in regard to the Commission of Enquiry to the Far East.

“(4) The Assembly adopts the conclusions of the report of the Fourth Committee.

“(5) The Assembly :

“I. Requests the Council to ask the Allocation Committee to submit a revised scale to the 1932 Assembly;

“II. Approves for the years 1929, 1930, 1931 and 1932, the scale for the allocation of the expenses of the League in force during the year 1928.”

States might undertake in advance to accept, on the Council's proposal, an armistice on land and sea and in the air, including especially the obligation of the two parties in dispute to withdraw the forces which might have penetrated into foreign territory and to secure the respect of the sovereignty of the other State.

Questions submitted by the Rapporteur with reference to Suggestion No. III.

1. Should the Council have power, in virtue of an agreement to be concluded between States, to order the parties to accept an armistice when hostilities have broken out between the said States ?

2. Should it be laid down that the Council will first order the parties to withdraw any forces which may have penetrated into foreign territory and to respect the sovereignty of the other State, and that it will only proceed to fix the other conditions of the armistice if the parties fail to reach a direct agreement within a specified time ?

3. Should the execution and observance of the armistice conditions be placed under the supervision of the Council ?

The CHAIRMAN. — This suggestion is very similar in character to the previous one. It also touches on the question of control regarding which several delegations have expressed their opinions. It remains to be seen whether other delegations will have observations to make upon other points.

The British delegation submitted the following amendment :

“ In the case of hostilities breaking out without, in the Council's opinion, all possibilities of a pacific settlement having been exhausted, the Council shall forthwith take the matter into consideration and if, having due regard to the equities of the case and the consequences to the parties, they think fit, they may propose and the States might undertake in advance to accept, on the Council's proposal, to cease hostilities, to respect the territory and the sovereignty of the other State and the obligations attaching by treaty to any demilitarised area, and to withdraw the forces which might have penetrated into the territory of the other State or into any demilitarised area. ”

Lord CUSHENDUN (British Empire). — I do not know whether it is necessary for me to say a word recommending the amended form of this proposal, but I do so, as I can assure M. von Simson, with an earnest desire to accept as large a portion as is possible of the proposals which he has made. I am advised that the suggestion in the form in which he has presented it would be open to very grave objection, particularly from the use of the word “ armistice ”, because I am told that an armistice implies a number of subsidiary questions which would require to be considered and decided, and that the purpose which the German delegation evidently has in view would be quite as well served by using language not employing the word “ armistice ” but “ cessation of hostilities ”, which is really what is desired. What we want to do at the moment when a dispute in its early stages has gone over the border-line between peace and war is to bring about a cessation of hostilities on both sides in order that the machinery of the League may have time and opportunity to be brought into play. We should have the “ Cease fire ”. That is what it comes to and, if we confine ourselves to that language, we escape the complicated questions which might arise from the use of the word “ armistice ”, and which, among other things, would very likely delay the operation of the Council when the crisis arose. If the Council were called upon to call for an armistice, they would be concerned with very difficult questions as to these subsidiary matters about which the facts might be very difficult to ascertain, and the possibilities are that, if that delay took place, it might defeat its own object. I therefore very much hope that the amended form in which I have ventured to present this proposal will commend itself not only to the Committee, but to the German delegate himself.

There is one other matter which I had incorporated in this amended text, referring, as the Committee will see, to provision with regard to demilitarised areas. Demilitarised areas are an important feature in the Europe of to-day, and I think it is very necessary that, if an aggressor is to be called upon to cease hostilities and to retire from the country which he has invaded, the territory to be protected by the armistice ought to include, not only the territory under the sovereignty of the State attacked, but also — in those places where they occur — any demilitarised area which may have been occupied by the forces of the invader. It is for that reason that I have added to the language employed in the original suggestion a provision with regard to demilitarised areas, which I think the Committee will probably come to the conclusion ought to be included.

M. VON SIMSON (Germany). — I wish to thank Lord Cushendun, and am very pleased to note that the British proposal accords very largely with the spirit of our suggestion. I am reading Lord Cushendun's proposal for the first time and I may be allowed to reserve it for closer attention. I see no objection to it at first sight, but I think that it will be for the Drafting Committee to examine texts more closely.

M. UNDÉN (Sweden). — With regard to suggestion No. III, I should like to add a few words of explanation to the observations I submitted to the Committee in writing (Annex 4). It is true, as was said at the previous session, that a Government which harbours aggressive intentions would probably be little inclined to accept the Council's recommendations for an armistice. But, although that is so, we must take account of certain psychological and

ANNEX

MODIFICATIONS IN THE BUDGET MADE BY THE FOURTH COMMITTEE.

Item	Title	Add Sw. frs.	Subtract Sw. frs.
8	<i>Travelling expenses of officials of the League :</i>		
	(c) Removal expenses to and from Geneva	2,460	
11	<i>Publications Department :</i>		
	(b) <i>Treaty Series</i>	25,000	
	(f) Cinematographic films and photographs	66	
16	<i>Unpaid Liabilities Fund</i>	2,500	
18	<i>Administrative Commissions and Minorities questions :</i>		
	(1) Salaries		2,000
20	<i>Mandates :</i>		
	(4) Printing and documentation		100
21	<i>Communications and Transit Organisation :</i>		
	5 (b) Printing and documentation for the collection and exchange of information on communications and transit		14,000
	7 (b) Salaries : additional permanent staff for the collection and exchange of information on communications and transit		15,000
	8 Travelling and removal expenses of the Secretariat		1,000
22	<i>International Health Organisation :</i>		
	I.7 Unpaid liabilities in respect of previous years	6,554	
23	<i>Social questions :</i>		
	3. v. Control of traffic in opium and other dangerous drugs :		
	Conference	13,400	
	vi. Commission of Enquiry to the Far East on the control of prepared opium	100,000	
	5 (a) Other social questions and Unforeseen contingencies "	75	
	5 (b) Conference for the Revision of the International Convention for the Suppression of the Circulation of and Traffic in Obscene Publications		100
28	<i>Progressive Codification of International Law :</i>		
	(a) Committee of Experts for the Progressive Codification of International Law		36,000
	(b) First Codification Conference		337,000
26	<i>International Convention on Slavery</i>		500
New 30	<i>Settlement of Armenian Refugees in Erivan</i>	50,000	
32	(d) <i>Library : Equipment, shelving etc.</i>	4,000	
Part IV.	<i>Buildings at Geneva :</i>		
	(b) Enlargement of the Council Hall	70,000	
	<i>Stabilisation of salaries of Secretariat and International Labour Organisation (for details, see Appendix)</i>	288,681	
		562,736	405,700
	Net addition	157,036	
	Original Budget ¹	26,869,244	
	Budget as approved by the Fourth Committee	27,026,280	

¹ The total is shown in the Budget as 26,871,244 Swiss francs; as pointed out in the report on the Twenty-eighth Session of the Supervisory Commission, this amount was reduced by 2,000 Swiss francs owing to the reduction of 2,000 Swiss francs made in the Refugees Budget of the International Labour Organisation.

Appendix

BUDGET FOR 1929. — COST-OF-LIVING REDUCTIONS.

(a) Secretariat.

Item	Amount sw. frs.
4 (a) Secretariat	106,654
6 Liaison with Latin America	1,035
18 Administrative Commissions and Minorities	7,720
19 Economic and Financial Organisation	16,340
20 Mandates	3,277
21 Transit	{ 3,611 { 1,077 { 234
22 Health ¹	7,550
23 Social Questions	4,611
24 Reduction of Armaments	6,641
25 Intellectual Co-operation	2,571
Total Secretariat.	161,321
(b) <i>International Labour Office</i>	127,360
(c) <i>Permanent Court of International Justice</i>	
(Nothing shown)	
Grand Total	288,681

¹ Not including the reduction of the salaries of the officials paid out of the Rockefeller Foundation grants.