

There may have been extravagant expenditure. That, however, was not the main charge: the complaint was that estimates were swollen to such an extent that often they bore no comparison with ultimate expenditure. We know there are uncertainties; that it is difficult to estimate correctly with unforeseen circumstances likely to arise. We are aware that the League, unlike Governments, cannot cover deficiencies by the process of submission and passing of supplementary estimates. But these difficulties are by no means wholly responsible for the situation. In paragraph 13 of its first report the Supervisory Commission says: "It would not be difficult for the Commission and the Secretary-General, after the experience they have now gained, to frame the budget of expenditure so as to approximate closely to the actual expenditure." The Commission then proceeds to details. In the following paragraph the Commission states: "The Commission could make itself responsible for procedure on those lines if it had any guarantee that the budget provisions would be covered by an equivalent collection of revenue."

AUDITED ACCOUNTS FOR 1933.

The audited accounts for 1933 will be found in Document A. 3. The anticipated income for that year was 33,429,132 francs, but of this amount only 24,269,067 francs was received. Nevertheless the year ended with a cash surplus of 1,197,908 francs in respect of the Secretariat, although deficits of the International Labour Office and the Permanent Court of International Justice reduced the surplus to 209,354 francs. After a short discussion on points arising out of them, the accounts were passed by the Committee.

BUDGET.

This year the Budget (a series of documents numbered A. 4) was presented in a different form. Discussion of the items was short, whether because the new method of preparation made study easier, or because delegates had a feeling that everything possible had been done to keep the Budget within reasonable limits, I am unable to say. Few items called for explanation, and the debates in the Fourth Committee were concentrated mainly on the problems of unpaid contributions and allocation of expenses, which will be dealt with under their respective headings. To the draft Budget, as presented to the Fourth Committee, have to be added four items:—

- (1) For a systematic collation of information on child welfare (dealt with in the work of the Fifth Committee), 16,000 francs.
- (2) For a small Committee to negotiate and conclude with States an equitable settlement of arrears of contributions due by them to the League (see the section dealing with this important question), 15,000 francs.
- (3) For a Committee to study the report of the Secretary-General on the Leagues Committees: item 22 of the agenda (see Document C. 287, M. 125), 12,000 francs.
- (4) Unforeseen expenditure of the International Labour Office, 150,000 francs.

The expenditure under heading (3) arises out of the desire of the Council that there should be conducted an investigation as to the possibility of drawing up rules which, if not uniform, should at least not be too divergent concerning appointment, composition, and renewal of the term of office of the League of Nations Committees. In the opinion of the Secretary-General, a question of organization, which could not be postponed without considerable inconvenience, was involved, and the Supervisory Commission renewed the credit (see resolution of the Assembly passed on the 27th September, Document A. 53).

Item No. 4 was inserted to meet additional financial obligations caused by the accession of new States to the League (including the accession of U.S.A. to the International Labour Office). Although this is an actual addition to the Budget it should be more than offset by the contribution of the U.S.A. and by the creation of additional units due to the entry into the League of the U.S.S.R. and Afghanistan. There is doubt, however, whether the U.S.S.R. will use the International Labour Office.

On the other hand, some small savings were effected, and the net increase on the original draft Budget amounts to 178,364 francs. The total Budget of the League for the year 1933 is 30,639,664 francs, as compared with 30,827,805 francs which was estimated to be the expenditure in 1934. It is satisfactory to be able to record a reduction, even if it be not large.

Lord Meston and Mr. Hambro were re-elected members of the Supervisory Commission, whilst Mr. F. T. Cremins, of the Irish Free State, was appointed substitute member of the Administrative Board of the Staff Pensions Fund.

The Fourth Committee's report to the Assembly (the work of Sir Homi Mehta, one of the delegates for India) is numbered A. 55, and the draft resolution with which it concludes was accepted by the Assembly at its meeting on the 27th September.

CONTRIBUTIONS IN ARREARS.

At the third meeting of the Fourth Committee both the British and the Australian delegates spoke on the problem of the unpaid contributions, and I myself took occasion to express in strong terms the dissatisfaction with which the situation is viewed in New Zealand. As in previous years, the matter was remitted for consideration to a special sub-committee composed of six delegates.

Last year's Assembly entered on a new departure. It resolved to try the weapon of publicity. That has had some effect, but the problem still remains unsolved. This year the sub-committee suggested the appointment of a special Committee which would sit at intervals until the Sixteenth Assembly, with full power to negotiate and conclude arrangements with States for the equitable settlement of the amount of their debt in respect of arrears outstanding at the end of 1932, subject to ratification by the next Assembly.