

in the withdrawal of certain States from the League. On the other hand, there was an increase in the sum paid in respect of arrears.

It was, of course, too early to speak in definite terms of the current year, but the Secretary-General was able to assure his hearers that there would be no deficit.

The general position, while weak, is not entirely unsatisfactory. The steady and progressive reduction in expenditure, as the result of the "drive" for economy by successive Assemblies, is quite marked. The budget for 1935 shows a reduction in expenditure of more than three million francs over that of 1932, and this tendency to reduction is by no means at an end. To show that those critics of the policy of economy were unduly alarmed as to the effect of that policy on the League I cannot do better than refer you to the section headed "General Remarks" on page 2 of the first report of the Supervisory Commission (Document A. 5). After touching briefly on the economies effected (which far from impairing efficiency have, I believe, increased it), the Commission (an authoritative body of men) says:—

"When conditions improve and normal activity is resumed the League will probably be able to cope with the situation without any increase in its budget. In any case, the Secretary-General thinks that it would be unduly pessimistic to stabilize the League's activities at the lowest level reached during the depression."

Viewing the situation in the early days of September, 1935, the League had suffered serious losses—in particular, the withdrawal of Japan, which had become effective, and the imminent withdrawal of Germany. Many States suffering from the economic crisis were not only alarmed at the size of the budget (in spite of reductions), but were claiming reductions in their contributions; yet the work of the new building was continuing, and the League was facing, probably, its greatest political crisis. I think it would have been a short-sighted policy, on the approach of the crisis, to have done anything which savoured of despair, and I hope that a spirit of quiet resolve and determination will help to tide the League over its many difficulties.

The general discussion of the Committee opened on the 12th September and closed on the 17th, three meetings in all being devoted to it. It is reported with a fair degree of fulness in Nos. 6, 8, and 9 of the Journal. It was chiefly remarkable for the demand by the French delegation for a reduction by 10 per cent. of the budget. This demand had been foreshadowed in a letter addressed to the Secretary-General by the Prime Minister of France on the 9th August, and it was formally made by the French delegate at the second meeting of the Committee. Such, however, was the importance which the French delegation attached to the motion that M. Laval, the Prime Minister of France, appeared at the fourth meeting of the Committee in order, personally, to explain the French point of view. It was to the effect that drastic cuts had been made in the French budget which affected even the humblest railway employees. As a consequence of the need for economy the amount of the contribution of France to the expenses of the League, as entered in the French budget, had been reduced by 10 per cent. M. Laval was not prepared to make any detailed suggestions as to how the reduction could be effected. He, however, thought it logical that since the salary of every French official had been cut by 10 per cent., League officials must be asked to make a similar sacrifice. He added that if the Fourth Committee thought that the proposal was unacceptable the French Government would have to place before the Chamber of Deputies a request for a supplementary credit, a procedure which would entail a debate in the Chamber.

In the course of the debate considerable attention was paid to the French motion, particularly by the representatives of Switzerland and Norway and by the Chairman of the Supervisory Commission. The French motion, as a matter of fact, followed others of a somewhat similar nature made in previous years by the representatives of other countries hit by the depression. Unfortunately, however, these countries did not receive much support from quarters which are now so insistent on reduction, and it was but natural that these inconsistencies should be pointed out. In the past there has been much criticism of the action of those who pressed for wise economy. A reply to such criticism is to be found in the remarks of the Swiss delegate to the effect that whenever a delegation made any proposals in the Fourth Committee for the reduction of expenditure the world press immediately represented the country in question as anxious to attack and reduce the strength of the League. This was very unfortunate, because such proposals invariably came from States which always paid their contributions.

The question of economy, which is prominent in the Fourth Committee every year, is one which affects most delegates. In many countries currency is so depreciated that the contribution, which is based on gold, to the expenses of the League is extremely high. Again, while, of course, economies in the League are reflected in national budgets, the reduction is small compared with what might be achieved were the assessment lower in number of units. It is therefore not only economy which is exercising the minds of some delegates, but a desire to see established a scale of allocation which, in their opinion, would be more equitable. The Norwegian delegate, who made a pleasing reference to New Zealand, stated that some States had hinted that they would not be surprised if they were asked to pay more. It may be, as he suggested, that payment of a larger contribution to the League might enhance the prestige of a country. What, however, is more apparent is the continuous demand for a reduction of units.

There were some references to "over-budgeting"—*i.e.*, deliberately estimating the expenditure on an item at a higher figure than is warranted—a subject which has been dealt with in former reports by the New Zealand delegate. In illustration of this system Mr. Bruce, of Australia, quoted some striking figures, only to be told in reply that, generally speaking, surpluses were returned to respective States. But that answer, of course, did not meet the point. If States would pay their subscriptions there would be no necessity for "over-budgeting," as I have before remarked. Mr. Bruce went so far as to say that a situation might arise, for example, in the Australian Parliament to cause the Australian