

The Supervisory Commission carefully weighed the advantages and disadvantages of recommending immediate action, and came to the conclusion that nothing should be done at present. Of course the position will have to be watched, and it may be that the actuarial rate of interest will have to be reduced, thus involving further contributions to the fund by member States or an increase in contributions by members of the fund, or a combination of these two. Consideration of the matter did not long occupy the attention of the Fourth Committee. No doubt its technical nature was an obstacle to a general debate. What was said by those who took part, including Mr. F. T. Cremins (the Chairman of the Administrative Board of the Fund) and Sir Cecil Kisch (representing the United Kingdom), was of interest and showed that they were fully alive to the position. The Fourth Committee wisely adopted the advice tendered to it and approved the reports laid before it. It also approved chapter 7 of the Budget, involving expenditure of 1,710,118 Swiss francs.

Other points stressed in the course of the debate are briefly mentioned in the Fourth Committee's report to the Assembly (Document A. 72, 1938, X).

ALLOCATION OF EXPENSES OF THE LEAGUE.

Reference to my report on last year's Assembly will show that an attempt was made to resurrect the Special Committee on the Allocation of Expenses, whose report, adopted in 1936, involved the introduction of a new scale. The attempt was resisted; but, at the same time, the Secretary-General was instructed to ask Governments to communicate to him any suggestions calculated to help the 1938 Assembly and such body as that Assembly might set up to determine the future scale. No question has given greater trouble to successive Assemblies. Member States who consider their allocation too high are impervious to what is so obvious—that reduction in their case would lead to increase in others, with resultant complaints from those suffering the increase. The truth is that there is no scientific basis of assessment. Countries differ in geographical features, wealth, and administration, making comparison difficult. Some Governments replied to the Secretary-General's inquiry, and their answers are to be found in Documents A. 12, 1938, II, A., and A. 12 (a) 1938, II, A. Perhaps the most interesting of the replies is that from the Mexican Government, whose representative took so active a part in last year's debate. But a survey of this year's debate would lead us nowhere; indeed, the Fourth Committee is not the body to discuss the technicalities of the matter.

The record of the debate, with other papers, will be available to the Committee on Allocation of Expenses, which is to be reconstituted, one member being supplied from each of the following States: Argentine, United Kingdom, Canada, France, Greece, India, Iran, Latvia, Mexico, the Netherlands, Norway, and the Union of Soviet Socialist Republics.

The Fourth Committee's report (Document A. 72, 1938, X) and the series of draft resolutions with which it concludes were passed by the Assembly on the 29th September. The Irish delegation proposed an amendment to draft resolution No. 9 (Document A. 80, 1938, X) which was accepted. For convenience of reference I quote the resolutions as amended:—

“ I.

“ The Assembly approves the report of the Fourth Committee and adopts the resolutions and decisions proposed therein.

“ II.

“ The Assembly—

“ 1. Finally passes the audited accounts of the League of Nations for the nineteenth financial period ended 31st December, 1937;

“ Takes note of the relevant observations of the Supervisory Commission on the accounts, and adopts its conclusions except in regard to the 'account to cover possible losses,' which is to be utilized only in so far as capital losses are incurred.

“ 2. Passes, for the twenty-first financial period ending 31st December, 1939, the expenditure Budget amounting to 32,234,012 Swiss francs and the income Budget amounting to 22,799,327·18 gold francs;

“ Takes note of the relevant passages of the report of the Supervisory Commission, and adopts its conclusions.

“ 3. Notwithstanding the provisions of Article 38 (a) of the Financial Regulations, decides that the surplus for 1937, amounting to a total sum of 4,558,625·20 gold francs, shall be allotted as follows:—

	Gold Francs.
“ (i) To the reduction of the 1939 contributions ..	2,373,058·77
“ (ii) To the reduction of future contributions ..	1,060,209·78
“ (iii) To the Guarantee Fund	240,586·22
“ (iv) To the Reserve Fund	884,770·43

4,558,625·20
