

The work of the Fourth Committee was lightened by the excellent manner in which documents brought before it for consideration had been prepared. The reports of the Supervisory Commission are particularly valuable; and the wisdom shown by an earlier Assembly in entrusting the finances of the League to this small body of men is shown in full measure in results. And the League has been well served by men who have been members of the Commission for a long time. In the course of years they have acquired experience which is invaluable, and their services should not lightly be dispensed with. This year the question of the composition of the Commission became acute. The method of election is provided for in paragraph 3 of Article I of the Financial Regulations. Under that article members are elected for a period of three years; they may be re-elected for a further period of three years, but at the end of the second period they are ineligible for election until a third period of at least three years has elapsed. To have invoked the rule in 1936 would have caused the retirement of two of the original members of the Commission—Messieurs Osusky and Reveillaud—at a time when they could not easily be spared. Whatever may have been the reasons for framing the election rules on such lines (and they were probably political), such reasons could not be allowed to have undue weight this year; so, after discussion, the Fourth Committee decided to recommend the Assembly to suspend the operation of paragraph 3, Article I, of the Financial Regulations, to maintain the existing members of the Commission for 1937, and to appoint a small committee to go into the question of the method of election and to bring up a report at next year's Assembly. A resolution framed on these lines was passed by the Assembly at its meeting on the 10th October (Document A. 76). The recommendation of the Fourth Committee to the Assembly involved the appointment of an additional member of the Supervisory Commission. I am bound to say, however, that the feeling of the Committee on this point was not unanimous. After some discussion the Committee ultimately proceeded to the election of an additional member, and its choice fell upon Mr. Boris Stein, of the Union of Soviet Socialist Republics, who received 25 votes.

Before considering, however briefly, the Budget as it emerged from the Fourth Committee, I would invite your attention to Section B of the Supervisory Commission's Report of the 25th May, 1936 (Document A. 5). This section may be looked upon as a preface to the Budget. It contains valuable information not easily extracted from the estimates, and explanatory matter dealing not only with finance, but also with organization. It is of considerable interest in itself, and was of great assistance to the members of the Fourth Committee.

The Budget surplus for 1935 was exceptional, due to payments of arrears, to improvement in the payment of current contributions, and to economy in administration. The surplus has proved a boon, since it has been the means of increasing considerably both the Guarantee and the Reserve Funds, besides providing a return to Member States of more than two million gold francs. Some remarks on the disposal of the surplus will be found in Section 4 of the Fourth Committee's Report to the Assembly (Document A. 80).

The additions made to the estimates in the course of the Assembly's session are covered by the third report of the Supervisory Commission (Document A. 5 (b)). Of the additions the most interesting to New Zealand is the provision of 83,000 francs, to be expended in connection with the question of nutrition, which has been occupying the attention of the League since last year.

This is a convenient opportunity for drawing attention to the present position in regard to the proposed settlement of the Assyrians of Iraq. This question was dealt with at some length in the High Commissioner's report to the Government on last year's Assembly. The plan for the transfer of these people to Syria, which was approved at the Sixteenth Assembly, will not be carried out; but attempts are being made to find a new place of settlement, and if these attempts are successful payment by the League of the sum promised, in whole or in part, seems likely. I will do no more than draw your attention to the remarks of the Supervisory Commission printed on page 4 of Document A. 5 (b). The Commission's recommendations were approved by the Fourth Committee.

As observed above, owing to the devaluation of the Swiss franc and the Dutch florin, the final figures of the Budget for 1937 are presented in a different form this year. The expenditure is shown in *Swiss* francs, and is estimated at 29,184,128 francs. On the other hand, the income is expressed in *gold* francs, and shows that 21,284,822 francs have to be provided for by States Members of the League after allowing for that part of the surplus of 1935 which is returnable.

It should be observed that the gold franc (which was adopted by the League of Nations in the first year of its existence), 100 per cent. fine, represents 0.290 grammes, or the same value as the old Swiss franc. The new Swiss franc, however, will vary between 0.215 and 0.190 grammes. The devaluation of the Dutch florin amounted to about 20 per cent. on the 6th October. The expenses of the Court of International Justice are, of course, paid in Dutch florins. The report of the Supervisory Commission on the effects of the devaluation of the Swiss franc on the finances of the League (Document A. IV/10) will be found of interest.

The Fourth Committee's Report was presented to the Assembly at its meeting on the afternoon of the 10th October, when the resolution with which it concludes was passed.

I think it will be agreed that the financial position of the League as disclosed in the documents made available to the Seventeenth Assembly is far more satisfactory now than it has been for some years past.

STAFF PENSIONS FUND.

I understand that it was Sir James Allen, New Zealand's first representative on the Assembly, who initiated action which led to the establishment of the Staff Pensions Fund.

During the past few years the financial position had given rise to much anxiety. The fund had made not only a loss of capital, principally due to the sale of securities which it was thought inadvisable to hold, but there had been a loss of income due to the impossibility of obtaining an average rate of