

Fourth Committee arrived at towards the close of the session, by saying that the remainder is to be distributed as follows, the monetary unit on this occasion being expressed in Swiss francs :—

New wings to the International Labour Office	27,491·72
Renovation Account	1,000,000·00
Estate Account	3,000,000·00
Guarantee Fund	250,000·00
Reserve Fund	977,241·29

The estimates as presented to the Fourth Committee are comprised in a series of documents numbered A. 4, the document numbered A. 4 (*d*), dated the 17th August, containing certain supplementary estimates. The estimates were carefully scrutinized, but they presented no very great difficulties—indeed, the speed with which the Committee was able to dispose of most of the items was noteworthy for a Committee which is regarded as perhaps the most hard worked. Last year's innovation of showing expenditure in Swiss francs and income in gold francs was maintained. It is perhaps a little bewildering to be faced with a Budget expressed in more than one currency (the administration of the Permanent Court of International Justice entails expenditure in Dutch florins), and in this connection I would draw your attention to the remarks of the Supervisory Commission contained in paragraphs 64 to 67 of its first report (Document A. 5 (*a*)). This report of the Supervisory Commission is mainly concerned with the examination by that body of the estimates, and it is not out of place to draw attention here to the general considerations, contained in paragraphs 13 to 15, which guided members in their examination. Since, however, certain changes were made during the progress of the estimates through committee, it is hardly necessary to note at this stage the comparisons made by the Commission between the figures for 1937 and those for 1938.

But the Supervisory Commission had to face some difficulties, such as the drying-up of the Rockefeller grant (which had hitherto been expended on health services) necessitating an increase in the vote for health, and the uncertainty of future work in reference to refugees. It had also to fix the lump-sum deduction in accordance with custom, and to determine the amount to be allocated to the Guarantee Fund, on which the Secretariat and autonomous organizations may find it necessary to draw for expenditure on purposes authorized by the Assembly. Indeed, it is the existence of this Guarantee Fund which has made possible lump-sum deductions. Why lump-sum deductions, it may be asked? If services are to be rendered, cannot those services be estimated in terms of expenditure? The answer is that the Assembly meets normally in session once a year. The normal provision for the succeeding calendar year must be made in the course of that session. It follows that all work which the Assembly at that session or during any previous session has determined on must be provided for in terms of expenditure. At the same time, however, it is known that certain branches of work may not be undertaken, so to prevent swollen Budgets recourse is had to lump-sum deductions. Should, for instance, a conference now standing adjourned be unexpectedly called together, thus entailing an expenditure which, if foreseen, would have necessitated an increase in the estimates, recourse can be had to the Guarantee Fund. I have devoted these few words to the Guarantee Fund because I desire that it should be distinguished from—(1) the Reserve Fund, which, as its name implies, is a general reserve only to be drawn upon in exceptional circumstances, and (2) the Working Capital Fund, which comes into operation early in the year when contributions fall short of expenditure. One further difficulty which had presented itself to the Supervisory Commission was the uncertainty of the future purchasing-value of the franc consequent on depreciation, and a sum of 1,300,000 Swiss francs was provided in the estimates under this head. This proposed credit was defended vigorously by the Secretary-General on the ground that once a League Budget was passed there was no opportunity of putting through a supplementary Budget to meet unexpected expenditure. As a result of discussion the principle was maintained, but the amount was reduced by 260,000 Swiss francs, corresponding to an amount lying idle in the Guarantee Fund.

During its sittings the Fourth Committee reviewed requests for supplementary credits made by other committees and in one case by the Council. Particulars will be found on pages 4 to 10 of the Supervisory Commission's third report (Document A. 5 (*b*)). The requests emanating from the committees amounted to 542,231 Swiss francs, and amount which was reduced during the examination of the items by the Supervisory Commission to 424,781 Swiss francs, which sum was approved by the Committee and incorporated in the Budget. Of the items comprised in this total, one only, that for refugee work (104,081 Swiss francs), was the subject of a debate of any length. As I have devoted considerable space to "refugees" in the section of this report describing the work of the Sixth Committee, I do not propose to deal with the matter here. On the item "Technical Collaboration with China: Campaign against Epidemics" I must say a few words. The early history of the item, in so far as it affected the Eighteenth Assembly, is to be found in my report on the Ninety-ninth Session of the Council, but in order that a complete picture may be made available here I would state that the Council at its meeting on the 1st October considered a report by the Chairman of the Council Committee on Technical Collaboration between the League of Nations and China (a standing Committee which has functioned since the Assembly has made available funds for the purpose). As a result of such consideration the Council passed the following resolution :—

"Recommends the Secretary-General to provide at once all the necessary available funds in order to assist the Chinese authorities in the immediate organization of anti-epidemic measures possibly as part of but without awaiting the initiation of any wider scheme that may eventually be decided on.

"Draws the attention of the Council to the gravity of the situation which threatens, if assistance is not promptly forthcoming, to involve adjacent and even distant territories ;