

representative, who is also a member of the Supervisory Commission. He contended that a reduction in membership of the League should be followed by a reduction in expenditure. There is, of course, a relationship between the two, but such a contention can be pushed too far. Subsequent discussion disclosed that the aim of the Polish delegate was to initiate a drive for economy and the lightening of the financial burden imposed by the League on States members.

As to the various supplementary credits which were proposed during the Assembly session (see Document A. 5 (b), 1938, X), a few words on two of them will suffice. All proposals were examined by the Supervisory Commission, and their recommendations were accepted. It was undoubtedly a great disappointment to the Chinese delegation to learn that a proposed credit of 2,000,000 francs had been reduced by the Supervisory Commission to 1,700,000 for technical collaboration with China. The Chinese delegate pressed for the larger amount, but after it had been made clear that the work contemplated would not suffer because of the reduction he did not meet with much encouragement. It was pointed out that 250,000 francs of this year's credit remained unexpended and that equipment already on the spot represented a large sum of money (see Document A. 47, 1938).

The Fourth Committee agreed to provide a sum of 900,000 francs to enable the League to participate in next year's World's Fair at New York, making a total expenditure for the years 1938 and 1939 of 1,200,000 francs (see Document A. 5 (d), 1938).

When the supplementary estimates had been disposed of the Committee was in a position to envisage the financial commitments for 1939 as a whole and to consider the question of the disposal of the surplus for 1937. When this latter question was before the Committee the Polish delegate again spoke. He compared the estimates for 1937 with the Budget of 1938, and regretted that the unit of contribution was to remain the same; yet, he said, the work of the League was shrinking and countries were leaving the League. He pressed for an immediate reduction of the unit of contribution through a return to States members of 884,770 gold francs, part of the surplus for 1937, which it was proposed to place to the Reserve Fund. The Polish representative was answered by two members of the Fourth Committee who were also members of the Supervisory Commission, M. Hambro and M. Reveillaud. The former made the point that the cost of membership of the League was less now than formerly; indeed, he estimated that it was but half of the figure which ruled when the League began its activities. He admitted, however, that a decrease in the ratio could not continue. Mr. Reveillaud opposed the suggestion that that part of the surplus marked for the Reserve Fund should be returned to States members. The total at which the Reserve Fund then stood was 9,000,000 francs, and it was not, in his opinion, sufficiently large (and others shared his view), for it was but a third of the League's Budget and could not be regarded as big enough to meet possible demands in a period of grave anxiety.

Although the Polish delegate received little support in regard to his suggestion as to the disposal of part of the surplus of 1937 (on a show of hands only one other delegate voted with him), there was undoubtedly a feeling that economies might be effected. Some pointed references had been made to staff, and it seemed to be implied from remarks that had been made in the course of the debate that it had been difficult to resist political pressure brought by States on behalf of their own nationals when staff appointments were under review. So most members of the Committee, and especially those who served on the Supervisory Commission, welcomed a statement that the United Kingdom delegate made to the effect that the time had come for a re-examination of the financial position of the League in view of the fact that owing to withdrawals the number of units available in the future would be smaller, and that the present level of activity of the League could not be maintained without an increase in the rate of contribution. He proposed that there should be set up a Committee of five independent persons, including M. Reveillaud (who was about to retire from the Chairmanship of the Supervisory Commission, and indeed from the Commission itself) and the new Chairman of the Supervisory Commission and a representative of the International Labour Office. This proposal met with general concurrence and was adopted.

The surplus for 1937, amounting to no less a sum than 4,558,625 gold francs, the Fourth Committee decided to distribute as follows:—

To the reduction of the 1939 contributions	..	..	2,373,058
To the reduction of future contributions	..	..	1,060,209
To the Guarantee Fund	..	..	240,586
To the Reserve Fund	..	..	884,770

Under the rules governing the election of members of the Supervisory Commission, M. Reveillaud, who had been a member since its creation, was due to retire. In addition to this vacancy there were two others to be filled. The Fourth Committee elected M. C. A. Pardo (Argentina) and M. de Boisanger (France) to serve until the 31st December, 1941, and M. G. Ottlik (Hungary) to serve until 31st December, 1940.

The Budget as finally passed by the Fourth Committee shows an estimated expenditure of 32,234,012 Swiss francs, and an estimated income of 22,799,327 gold francs.

It will be observed that the policy of expressing expenditure in Swiss francs and income in gold francs is maintained.