

the estimated expenditure as shown therein has been reduced by over 1,500,000 francs as compared with the figures shown in the original estimates (Documents A. 4 (1), A. 4 (a), A. 4 (a) (1), and A. 4 (a) (b))—copies of which were sent to New Zealand some months ago. Before being finally considered by No. 4 Committee, the Budget for the Secretariat was referred back to the Supervisory Commission, on the motion of the French delegate, supported by the Secretary-General (Sir E. Drummond), who stated that, since the original estimates were drawn up, altered circumstances had rendered it possible that considerable reductions might be effected in several directions. The estimates as finally adopted were, with scarcely any exceptions, in accordance with the recommendations made by the Supervisory Commission. The total amount of the Budget, as finally passed by the Assembly, is less by nearly 2,500,000 francs than the amount of last year's Budget, despite the fact that provision is made for an increase to the Working Capital Fund of over 2,000,000 francs, while provision for a Provident Fund is made for the first time, involving a sum of over 400,000 francs.

On the 28th September the Assembly passed the Budget, as recommended by the committee, without alteration, although, as mentioned earlier in this report, an endeavour was made in the Assembly to increase the vote for Russian refugee work.

The adoption of the Budget was carried out under new rules of procedure agreed to earlier in the Assembly (*vide* Documents A. 3 and A. 81). These rules require unanimity, thus settling the point raised last year by the Swedish delegate as to the irregularity of the increase in the vote for intellectual co-operation passed by the Third Assembly not unanimously (*vide* my report on the Third Assembly).

*Budget of International Labour Office.*—In introducing the estimates for the International Labour Office the Director (M. A. Thomas) mentioned that the original estimates for the organization for 1924 had been 9,000,000 francs, but that the governing body of the Labour Office had insisted that this amount be materially reduced, and that in consequence very drastic reductions were made, resulting in the dismissal of a considerable number of employees. He did not, however, consider that any further reductions were possible without gravely compromising the activity of the Labour Office.

As in the case of the Budget of the Secretariat, each item was carefully considered, but it was not found possible in this case to make any further reductions.

*Working Capital Fund.*—The necessity for the large amount provided for under this head arises out of the fact that in the early part of 1923, owing to a considerable number of States having failed to forward their contributions, the whole of the Working Capital Fund of the Labour Office became exhausted in meeting current obligations, and it was necessary for that office to borrow from the Working Capital Fund of the Secretariat, which in turn was ultimately exhausted, and it was only possible to carry on by obtaining a loan from a bank. Later in the year a large number of contributions came to hand, so that there is at present a considerable balance of cash in hand; but it was considered absolutely necessary to restore the Working Capital Fund in case the contributions for 1924 were also slow in coming in. The amounts subscribed to this fund remain the property of the States which contributed them, and are repayable, subject to the approval of the Assembly, in the event of a State leaving the League; while the temporary contributions, amounting to 1,635,274 francs out of the total of 2,077,794 francs included in the Budget for 1924, will be repaid, subject to the Assembly so deciding, as soon as the financial position of the League renders this possible, and this depends to a very large extent upon the payment of arrears of contributions.

*New Conference Hall.*—The sub-committee appointed to consider this question reported that in view of the present financial position of the League they did not consider that any large new expenditure would be justified, and recommended that the question should be referred to the next Assembly (*vide* Document A. 89). The property on which it is proposed that the new hall should be erected was a gift to the League from the Canton of Geneva, and adjoins the building used as the offices of the Secretariat. Undoubtedly the present hall used for the Assembly meetings is unsuitable, the acoustic properties and ventilation being very unsatisfactory. In view of the fact that the erection of the new building for the International Labour Office is to be put in hand shortly on another neighbouring property presented to the League by the Swiss Government, it is obviously necessary that further heavy new capital expenditure should not be undertaken at present.

*Unpaid Contributions.*—Full particulars regarding contributions in arrears will be found in Documents A. 49 and A. 110. The sub-committee on this question recommended that a total sum of slightly over 3,000,000 francs should be written off as unrecoverable (*vide* Document A. 90), and this was agreed to by the Assembly. Undoubtedly this was the only businesslike course to adopt, as there was not the slightest prospect of recovering these amounts. In most cases only a portion of the arrears due by a State has been written off, on the understanding that the balance of the arrears will be paid at an early date. The only State which has, up to the present, paid nothing at all towards the expenses of the League is the Argentine. The position regarding this State is very unsatisfactory. It has not been represented at any Assembly since its delegates made their dramatic withdrawal from the First Assembly. It was stated in the Fourth Committee that the Argentine Senate was at present considering the question of payment of at least a portion of the overdue contributions. If any of these are paid, it was agreed that the amount so received should be utilized to decrease retroactively the contributions of States which in 1922 and 1923 paid higher contributions owing to the fact that Argentine had not been included in fixing the scale of contributions.

*Allocation of Expenditure.*—The report of the Committee on Allocation, which had been considering the matter during the year (A. 23), indicates the difficulty and complexity of the subject. The recommendations of the sub-committee will be found in Document A. 118. You will notice that they recommend that the provisional scale adopted by the Third Assembly be maintained for another year, and that no modifications should be made therein except in cases of absolute necessity. This recommendation was adopted by the Assembly. Owing to the admission of the Irish Free