

## APPENDIX.

To the Chairman, No. 4 Committee.

My colleagues on No. D Sub-committee have adopted a method of fixing the index for the base period in 1921, and of calculating the fall in the cost of living, with which I cannot agree. They have based their conclusion, in adopting 100 as the index for 1921, on the No. 2 Assembly Report, C. 424, M. 305, page 27. It is difficult to conceive what was meant by the Assembly, but one thing is clear—namely, that the Expert Committee which reported in 1921 intended that the variable portion of the salary should disappear altogether when the cost of living fell to the pre-war standard. As evidence of this, I quote from the records of the Fourth Committee during the meeting of the Second Assembly, page 25 :—

“ Sir George Perley (Canada) inquired whether, if the cost of living in Geneva again sank to its pre-war level, the whole of this variable portion of the salaries of officials would disappear.

“ Colonel Johnson replied that, in this improbable event, the answer was in the affirmative.”

The method adopted by my colleagues on No. D Sub-committee will not achieve this end : on the contrary, there will be left, when the cost of living falls to pre-war standard, 52·42 per cent. of the variable portion of the salary untouched ; in other words, there will be added to the fixed salary 52·42 per cent. of the variable portion. This, as I have indicated, was not the intention of the Expert Committee.

I informed the sub-committee that if it could be proved that the salaries of the League were too low it would be better to increase the ratio of the fixed to variable portion rather than to achieve this by indirect means : indeed, during the discussion I pressed for a higher rate for the lower-paid staff than that suggested by the Expert Committee, which had suggested 55 per cent. for a salary of 7,000 Swiss francs. In consequence of this the sub-committee did increase the fixed salary to 62 per cent. for those receiving 7,000 Swiss francs, and I would have gone to 65 per cent., but the sub-committee did not see their way to agree to this. Before leaving this point may I remind the committee of the basis on which the Expert Committee determined the salaries in 1921. They took the British Civil Service pay, as being the highest in the world. To this they added for the lower-paid staff 50 per cent. for expatriation and 20 per cent. for cost of living. A specific instance is recorded in the reports of the No. 4 Committee in 1921, page 25 :—

“ An official whose salary in London was £200 per annum would receive in Geneva 50 per cent. increase for expatriation. He would then receive, in respect of the cost of living, 20 per cent. of his original salary. His salary in Geneva would thus be £340 per annum.”

I have recently made personal inquiries, and find that the increases proposed by the Expert Committee were not ungenerous.

Referring again to page 27 of the Second Assembly Report, C. 424, M. 305, there will be found the following :—

“ It will be the task of the Salaries Adjustment Committee to compare the cost of living in Geneva at various times.”

This has been done by the Salaries Adjustment Committee and No. D Sub-committee, and the result for the four items food, fuel, rent, domestics, weighted as No. D. Sub-committee recommends, may fairly be stated for—

1914	..	..	..	..	..	..	..	100·00
1921 (average, July to December)	..	..	..	..	..	..	..	190·77
1923 (average for year to 31st July)	..	..	..	..	..	..	..	164·21

The reduction in the cost of living from the base in 1921 to 1923 would, on this basis, be 26·56 points—i.e.,  $\frac{26·56}{90·77}$ , or 29·26 per cent. of the variable portion of the salary, instead of 13·29 per cent. as recommended by my colleagues.

It will be realized that the reduction in variable portion of salary as determined by my method (which I believe is admitted to be logical by most of my colleagues) is not unfair as compared with reductions made in the salaries of officials in Great Britain for an approximately similar period, when it is known that from September, 1921, to March, 1923, British bonuses for extra cost of living were reduced by 38 per cent. I summarize these figures :—

	Per Cent.
British bonus reduced	38·00
My proposal for reduction in variable portion of League salaries	29·26
No. D Sub-committee's proposal for reduction in variable portion of League salaries	13·20

The only remark I wish to add is that I fear this will arouse unfavourable comment when the facts become known to the public, and to remind the committee that there has been adverse criticism already with regard to the remuneration of the staff of the League.

NOTE.—Copies of the documents referred to in the foregoing reports have been placed in the General Assembly Library for convenience of reference.

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