

I attach a copy of the protocol mentioned in the second paragraph of the resolution setting up the Court. This document I signed, but not the optional clause recognizing as compulsory, *ipso facto*, and without special convention, the jurisdiction of the Court in conformity with Article 36, paragraph 2, of the statute. (The article as adopted by the Assembly will be found on page 5 of Assembly Document No. 216.)

#### COMMITTEE No. 4.

This committee had to deal with the staff and organization of the Secretariat, the Budget, and the allocation of expenses. I was appointed *rapporteur* to draw up the report on the staff and organization of the Secretariat, and you will find attached the draft of my original proposals. The clause dealing with pensions was not approved by the committee, which did not feel itself in a position to decide the question of pensions just then, although it will doubtless crop up again later on. In the draft of my report to the Assembly I had drawn attention to the rapid growth of the Secretariat and its cost, but finally found it unnecessary to include this, as Committee No. 4 had subsequently made provision for setting up a committee of experts to consider all factors connected with organization, &c., which is embodied in Recommendation III, at the foot of page 8 of Assembly Document No. 213. My report (Document No. 229) was amended in the Assembly itself, and the amendments have been noted thereon. It was unnecessary to include paragraph 4 in regard to the five-yearly period, as this was considered to be provided for in the general recommendations made by Committee No. 4; but you will note that a condition was added making the recommendations applicable to the International Labour Office.

The report of the Fourth Committee is embodied in Assembly Document No. 213, and the amendments have been noted thereon. I need not comment on the report, but I do deem it to be my duty to call attention to the high salaries being paid to some of the senior officers. For instance, the Secretary-General (Sir Eric Drummond) is receiving £4,000 per annum and £6,000 for allowances, and the latter sum is paid to him month by month, as part of his salary, and he is not required to render a report on expenditure. It therefore means that he is receiving £10,000 a year, out of which he has to pay the cost of entertaining. Similarly, the Director of the International Labour Office (Monsieur Albert Thomas) is receiving £7,000 a year. I drew attention to this when the report was under the consideration of the Assembly, and Mr. Balfour felt it incumbent upon him to defend the salary of Sir Eric Drummond.

You will note that the Labour organization has estimated its expenditure for 1921 at 7,000,000 gold francs, but no details whatever were given, the explanation being that an alteration in the date of the termination of the financial year did not allow sufficient time for a budget to be submitted to the governing body. I was not at all satisfied with this explanation, but it had to be accepted, and provision has been made for furnishing full details next year. I am sure you will be glad to learn that the claim the International Labour Office set up—namely, that all it had to do was to ask for a lump sum to spend as it wished—was successfully combated, and that in future it will have to produce a detailed budget for the approval or otherwise of the Assembly. I must also draw your attention to what seems to me to be unnecessary expenditure on the part of this organization, which, for instance, is issuing a daily and a weekly bulletin, and is about to issue a monthly one. The daily bulletin consists mostly of extracts from newspapers published in several languages, and must take a great deal of time to prepare and a large amount of money to print. It is of no use to us in the outlying parts of the world, and I criticized it on every available occasion.

With regard to the allocation of expenses, as you know, the Covenant provides for this being done on the Postal Union basis. The French were very determined that no alteration should be made in the Covenant or Peace Treaty, so that all that could be done this year was to make provision to do away with the very unfair allocation which exists by arranging for the Postal Union to alter its rates. You will find the proposals embodied in Article 13 of Recommendation II (page 8 of Document No. 213). The Secretariat of the League had submitted a proposed allocation based on the recommendations of the Brussels Conference—that the allocation should be based on population and net revenue—and this will be found in Document D. 18, page 6, in which it will be seen that New Zealand's proportion has been raised from the existing three units to five units, and that our contribution, instead of being 157,000 gold francs, on the existing basis, would amount to 286,000 gold francs on the proposed basis. It is extremely difficult to devise a fair basis for allocating the contributions, and in my opinion the grouping as shown on page 6 of Document D. 18 is unfair; it ought to be more widely extended. You will note in Article 13 that if the scheme of allocation recommended by the Committee to be appointed is not adopted prior to the 1st July next, or if any members express disagreement with it, then the question of allocation is to be placed on the agenda of the Assembly of 1921.

#### COMMITTEE No. 5.

To this committee was remitted the consideration of the applications for membership of the League, and the committee's reports will be found in Assembly Documents Nos. 174, 205, 176, 177, 179, 173, 210, 207, 211, 208, 175, 180, 178, and 209. Before these documents were considered the Assembly discussed and passed the following resolution, submitted by the Committee for the Protection of Minorities in certain States seeking admission to the League:—

“In the event of the Baltic and Caucasian States being admitted to the League, the Assembly requests that they should take the necessary measures to enforce the principles of the Minorities Treaties, and that they should arrange with the Council the details required to carry this object into effect.”