

necessity for economy. Since my report on the Thirteenth Assembly, you personally have gained an invaluable experience of the conduct of an International Conference; you have become acquainted with the atmosphere of such Conferences; you know how strongly interests conflict and how large a part compromise plays. But an International Conference is not quite the same thing as the Annual Assembly of the League of Nations. A Conference is concerned with one aspect of international life, the Assembly deals with practically the whole range of the international work performed by the organs comprising the League; and further—and this is important—there is in Geneva an international staff many members of which are brilliant and able men and women whose influence is considerable. One may strive wholeheartedly to effect reductions in estimates and reforms in administration, knowing that he will have the support of other delegations, only in the long run to find influences, of which one is always conscious, making themselves felt in a way which is unpalatable. Again and again in the past—the tendency has not been so prominent this year—a motion for economy seemed to have every chance of success, when, on a vote being demanded, it was found that delegations who had taken no part in the discussion, or perhaps had not been represented at the time, had massed together to defeat the motion. It is true that defeat in Committee does not necessarily imply defeat in the Assembly, since the Rules of Procedure of Adoption of the Budget at Plenary Meetings of the latter contain provisions in the interests of economy and good administration. The Budget must be voted unanimously; but a delegation will not lightly embark on a campaign in the Assembly which would have the effect of holding up proceedings for days. Such a method of operation may one day become necessary; but let us hope that the economies effected this year and the promise of further economies to come will never occasion the use of some of the rules to which I have referred (see pages 14–16 of the Rules of Procedure of the Assembly).

A national administration estimates its expenditure and the receipts it hopes to derive from certain forms of taxation. If the former is likely to increase in the course of the financial year, or if the latter do not yield the results anticipated, or if there is a combination of both these processes, it is open to that administration to go to its legislature with proposals in the shape of supplementary credits. But the League cannot have recourse to this method. It must provide for all contingencies before the annual session of the Assembly. It is true there is a Working Capital Fund, but it is not large in amount, and it would soon break down were the difficulties with which the Secretariat has had to contend in recent years to multiply. One of these difficulties, and the major one, is the problem of unpaid contributions, and when preparing the estimates the Secretariat has to face this and to make provision accordingly. Consequently, hitherto, the preparation of the estimates has rested on an unscientific basis, and, although the Secretariat has always denied the charge of deliberate overestimating, the fact remains that in spite of unpaid contributions, resulting eventually in arrears, there have been surpluses of considerable sums. Therefore, whilst overestimating is due in part to uncertainties occasioned by various factors, it is also due in large measure to the necessity for making provision for money which will not be forthcoming in the ordinary way by contributions. It was this aspect of financial administration which was a major issue in this year's debate.

It was perhaps fortunate this year that the Fourth Committee was smaller in number, several delegations not being represented, although, at the same time, the absence of Mr. Hambro, the Norwegian delegate, except in the early days, was much to be deplored. He is a keen advocate of wise economy and good administration, and the knowledge he has gained as a member of the Supervisory Commission of the finances of the League, added to natural abilities of no mean order, have made him a most valuable member of the Fourth Committee.

This year there has been a change in the direction of the Secretariat. I make no comparison. The excellent work of Sir Eric Drummond is too well known to need comment from me. But it cannot be denied that his successor, M. Avenol, has the advantage of a financial training which I do not think it was the late Secretary-General's good fortune to enjoy.

Personally I felt that too much stress could not be laid upon the differences shown between the estimates for 1934 and the actual expenditure in 1932 on many items, for it would be all to the good that the system of overbudgeting should be fully brought to light and condemned. I also felt that any movement for reduction in estimates which would not affect the vital work of the League would have your hearty support, so I resolved to attend personally the meetings of the Fourth Committee whenever possible, and, indeed, I attended practically every meeting. I spoke very plainly on more than one occasion, and I was not alone in this respect. I think the results have justified the means, and that it is now apparent to those who control the finances of the League that economy in working must be effected. Of course, economy is not effected solely through improved administration. Decisions of the Assembly play a great part, and I am glad to think that more than one ambitious scheme involving expenditure was so modified in Committee that the items of supplementary credits were reduced to the two mentioned above.

The original estimates as submitted by the Secretariat to the Supervisory Commission underwent considerable pruning at the hands of the latter. This is made clear in the reports of the Supervisory Commission (a series of documents numbered 5). But the Fourth Committee could not rest content with that. The campaign for economy began with an attack on the system of overestimating, and the strength of the attack was such that its effect was soon felt. After an interval of a day or two the Secretary-General proposed that he should reduce the estimate by 150,000 francs, the reduction to be effected by modifications of various items in consultation with the Supervisory Commission. The amount of reduction suggested was not large—it was hoped that it would be at least double that sum—but, at any rate, it was a token of good will, and, coupled with the Secretary-General's promise "to examine with the Supervisory Commission in time for a report to be submitted to the 1934 Assembly the budgetary methods in force," represented a distinct advance on the *non possumus* attitude which has sometimes been adopted in the past.