

The increase over last year in the estimated expenditure for the Secretariat amounting to 258,732 Swiss francs, is due to a number of causes. The most important of these is the inclusion of supplementary credits providing for items recommended by the Council or various Assembly Committees such as: Technical Collaboration between the League of Nations and China in the anti-epidemic work undertaken in that country, 1,750,000 Swiss francs; Inter-Governmental Conference of American Countries on Rural Hygiene, 51,500 francs; Application of the Recommendations of the Committee on the Structure and Working of the Economic and Financial Organization, 41,308 francs; Publication of a Review of Social Questions, 25,000 francs; and the Committee for the Study of Demographic Problems, 18,403 francs. As against these increases miscellaneous decreases include, *inter alia*, the reduction to a nominal figure of the provision for an investigation in connection with the proposed Eastern Bureau to deal with the traffic in women, 49,999 francs; and a net reduction, after providing for the normal annual increments, of 36,811 francs in the amount expended in salaries.

The budget of the International Labour Organization, it will be noted, amounts to 58,000 Swiss francs more than expenditure in 1938. It includes a new credit of 60,000 francs for the extension of the Labour Office Building, and a credit of 266,000 francs for Committees, an increase of 55,000 francs which is due largely to the appointment of more members from overseas countries, in pursuance of the general policy of strengthening relations with extra-European countries. In his comments on the Labour Organization the Chairman of the Supervisory Commission, after alluding to the delicate constitutional position in which the Commission finds itself in regard to the budget of the Organization—an autonomous institution—stated that if, as was feared, the general financial position of the League were more difficult next year, reductions might have to be made in the budget of the Organization. This would be necessary particularly in respect of such items as printing and Committees, matters to which the report of the Supervisory Commission had drawn attention.

A further item of interest is the decrease shown in the vote for pensions. The total cost in respect of pensions for 1939 is estimated, however, at a higher figure, namely, 1,851,475 Swiss francs, the extra 141,357 Swiss francs being the proportionate share from non-Member States who are Members of the International Labour Organization. The Consulting Actuary stated in his report that the bases of the Pension Fund were inherently sound, but he pointed out the great importance of strengthening the reserves. The loss on premature retirements had been about 100,000 francs a year. Furthermore, the admission of certain officials at advanced ages had entailed a loss to the Fund. The Actuary indicated a satisfactory method of dealing with this problem, which the Fourth Committee decided to recommend for adoption by the Assembly.

The income budget, unlike the budget of expenditure, continues to be expressed in gold francs, the estimated expenditure of 32,234,012 Swiss francs for 1939 being equivalent, at the present rate of exchange, to 22,799,327 gold francs. Canada's contribution for next year will be practically the same as for the current year—779,303 gold francs as compared with 780,114 gold francs.

The Need of Economy.

The Committee felt that, in order to provide against any increase in the burden to be borne by member states as a result of reduced membership, further consideration should be given to the question of retrenchment. It agreed with the United Kingdom delegation that this purpose could best be served by a thorough examination of the standing charges of the League by a special committee of independent persons, and, with this end in view, it adopted a draft resolution requesting the Council to appoint a committee of five persons to examine thoroughly the standing charges in the budgets of the