

Contributions in Arrears

As regards contributions in arrears, it was generally felt that the present position could not be allowed to continue, as the partial or complete default of certain States indirectly added to the burden of the others. In addition to the serious financial situation thus created, irritation was growing, particularly in the Parliaments of the States which pay their contributions promptly.

The Sub-Committee, instructed to consider the question, invited the representatives of the States in arrears to appear before it. The principal reasons put forward by the delegates for the non-payment of the contributions were:—

(1) The impression that the amount of contributions demanded is too high and that the scale of allocations adopted by the 1925 Assembly no longer applies to the present situation;

(2) The economic crisis and the exchange problems which cause great difficulty in the transmission of foreign remittances.

The Sub-Committee submitted the following recommendations for the approval of the Fourth Committee:—

1. Changes might usefully be made in Article 21 of the Regulations for the Financial Administration of the League so as to authorize the Secretary-General, when States have signified their agreement, to draw negotiable bills on them, on specified dates, through the central banks or other banks named by the States concerned. It might also be understood that those States Members who so preferred might, when notifying the dates of payment of their contributions, send the Secretary-General treasury bills, also negotiable on the dates of payment selected.

The measure proposed would afford further facilities both to the States Members and to the League—for the States Members, to be able to spread their payments over the year in such a way as to correspond with the dates of their budget periods—and for the League of Nations, to make available for the Secretary-General the amount of these instalments paid at dates corresponding to the requirements of the League's own financial year.

2. Under the terms of the Financial Regulations, a surplus obtained at the end of a financial year shall be used to effect a corresponding reduction of the sum to be collected from States for the second year following.

The Sub-Committee suggested that it was not equitable to distribute the benefits of a surplus among those Member States which had not contributed to it, and therefore recommended that the Supervisory Commission should be invited to propose to the Fifteenth Assembly suitable amendments to the Financial Regulations.

3. The Sub-Committee recommended that Member States should regularly include in their budgets the provision necessary to pay their contributions to the League.

4. The Sub-Committee believed that Member States which regularly pay their contributions can do much to improve the present situation of contributions by means of friendly representations.

As a departure from the custom observed in previous years, the Fourth Committee discussed the report of its Sub-Committee at a public meeting. The views expressed in the Sub-Committee's report were entirely endorsed by the Fourth Committee which considered that the question of contributions in arrears should be given full publicity at the Assembly each year.

The Committee associated itself with the view of its Sub-Committee that the question of the collection of current contributions was even more urgent than that of payments in arrears. It firmly believed that, if all States Members would agree to make it a primary duty to continue contributing towards the expenses of the League, the question of contributions in arrears would eventually cease to occupy the attention of the Assembly.