

The confidence of the members of the League in the careful and continuous work of the Supervisory Commission was again demonstrated by the manner in which the Fourth Committee accepted its reports on past expenditure and followed its advice in authorizing new credits.

The present system of financial control ensures careful and economical administration in all League expenditure. The contributory states may rest assured that there is no extravagance in the financial administration of the Secretariat, the International Labour Office or the Permanent Court of International Justice.

The estimates for 1927 submitted by the Secretary-General were somewhat amended and finally passed, the figures standing at 24,512,341 gold francs, equivalent to \$4,729,738. Of this sum the Secretariat requires 13,373,840 g.f., the International Labour Office 7,340,724 g.f., the Permanent Court of International Justice 2,122,947 g.f., while 1,674,830 g.f. is appropriated for Building Fund and permanent equipment. The unit of contribution for 1927 will be \$4,655.25, for, although the total of the sum voted for next year is greater than for the current year, yet the admission of Germany—to whom 79 units are attributed,—has increased the divisor from 937 to 1016 and thus lessened the unit contribution. Canada's contribution for 1927 should be \$162,933.75 as against \$165,271.05 in 1926.

During the seven years of its existence the League has gradually acquired assets of considerable value. The statement dated December 31, 1925, showed lands and buildings to a value of 8,778,824.67 g.f.; furniture, fittings, etc., valued at 2,569,066.80 g.f.; contributions receivable 9,283,429.47 g.f.; working capital 4,400,024.53 g.f. and cash on hand 13,015,455.95 g.f.; or total assets amounting to approximately \$7,400,000.

A building fund annuity scheme was approved, whereby states that had been paying members of the League before September 1, 1926, should be allotted an annual rebate, calculated with reference to the sums paid by each state prior to that date. The agreed proportion for Canada was fixed at .04559686. In other words, the annual contributions payable by Canada will be reduced by approximately 4½ per cent of whatever sum is inserted in any future budget under the head of Building Fund. For 1927 this rebate should amount to about \$12,300.

The question of arrears of unpaid contributions occupied the attention of the Fourth Committee in secret session. Your representative strongly urged that, since, in the final analysis, any deficit resultant from unpaid contributions had to be, in a subsequent year, levied on states that had already paid their full share, somewhat more drastic measures were necessary than those methods employed to secure prompt payments. In this attitude your delegate was strongly supported by the representatives of Great Britain and the Dominions. The Committee decided, as a preliminary to more severe action, to ask the Secretary-General to have a study made of the legal position of a member state that neglected to pay its dues, and to have this report submitted.

All the reports and recommendations of the Fourth Committee were subsequently unanimously approved by the Seventh Assembly.

Respectfully submitted,

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