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and the Members of the League.]

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LEAGUE OF NATIONS

AGREEMENT

signed at Geneva on January 28th, 1933

establishing an

**ADVISORY TECHNICAL COLLABORATION
IN ROUMANIA**

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I. INTRODUCTION.

On June 18th, 1932, the Roumanian Government addressed a letter to the Secretary-General, expressing its desire to secure the collaboration and technical assistance of the League of Nations in carrying out a scheme of financial reform designed to adapt the administrative life of the country to modern economic conditions and also in measures for ameliorating these conditions. Shortly after the receipt of this letter, M. Avenol, Deputy Secretary-General, and Mr. Loveday, Director of the Financial Section, visited Bucharest in order to discuss with the Roumanian Government the details of the proposal it had put forward. After the termination of the visit, the Roumanian Government sent a second letter, dated July 21st, outlining the procedure it proposed and suggesting that the programme of reform should be embodied in a protocol to be submitted to the Council of the League for its approval.

In order to prepare the programme of re-organisation and decide upon the terms of the proposed protocol, a delegation of the Financial Committee, consisting of M. Dayras, M. Kempner and Sir Otto Niemeyer, who were joined by M. Di Nola, member of the Economic Committee, proceeded to Roumania at the end of August 1932. After a careful examination of the position, this delegation established, with the help of the Roumanian Government, the basis of an agreement, of which a provisional text was drawn up by the Financial Committee at its September session in conjunction with M. Madgearu and M. Lugosianu, representing the Roumanian Government. The Roumanian Government having expressed the desire to make a further study of this document, the question was postponed until the Committee's January session. At that session, M. Lugosianu, Minister of Commerce and Industry, informed the Committee of the amendments the Roumanian Government wished to be made to the draft agreement, and the final text was adopted. The agreement was approved by the Council at its meeting on January 28th, 1933, and signed by the representative of the Roumanian Government on the same day.

To this agreement are appended two annexes and four letters. The annexes set out the programme of reforms which the Roumanian Government proposes to carry through with the advisory technical collaboration of the League, and define the duties of the Financial Adviser and the experts. The letters relate to the financial and other arrangements for the application of the scheme of co-operation and to the Adviser to the National Bank.

As is pointed out in the report of the Financial Committee submitting the agreement to the Council, this plan of advisory technical co-operation differs in many respects from the earlier League schemes of financial reconstruction. The Roumanian Government applied, "not for financial assistance, but for technical co-operation in the financial sphere between the League of Nations and the Roumanian authorities responsible for the management of affairs in Roumania. The Committee considers that the introduction in this form of free co-operation between the League and Governments requesting its technical assistance is capable of producing excellent results."

II. LETTERS FROM THE ROUMANIAN GOVERNMENT TO THE SECRETARY-GENERAL REQUESTING THE TECHNICAL COLLABORATION OF THE LEAGUE OF NATIONS.

1. *Letter, dated June 18th, 1932.*

Roumania has always been of opinion that the League of Nations cannot properly fulfil its pacific and creative mission except through the close collaboration of its members with the League's own services. Faithful to that doctrine, the Royal Roumanian Government, having under consideration a big financial reform which is to adapt Roumania's administrative machinery to the new economic conditions, is desirous of obtaining the technical assistance of the League, both with this object and with a view to the economic restoration of the country. As an international authority, the League will be able to obtain for Roumania the advice of the most highly qualified technical experts, not of one country only, but of a number of countries.

I would ask you then to be good enough to take such steps as may be necessary in the matter.

The Royal Roumanian Government desires it to be understood that, in applying to the League of Nations for technical assistance, it reserves its full liberty of action as regards the adoption of any opinions that may be given it in this connection.

The Royal Roumanian Government considers it its duty further to inform you that a first report has already been drawn up by M. Charles Rist with the assistance of several experts, and that the final report will be submitted to it very shortly.

(Signed) ANTONIADE.

2. *Letter, dated July 21st, 1932.*

Acting upon instructions from my Government, I have the honour to make the following statement:

The Roumanian Government desires to thank the League of Nations for having sent delegates to examine the situation on the spot and is gratified that the League should have entrusted that mission to the Deputy Secretary-General and the Director of the Financial Section.

It feels confident that the work already begun will be pursued with despatch in order to achieve the sooner the re-organisation for the purposes of which it has applied to the League for collaboration and technical assistance.

The general lines of such re-organisation would appear to it to be as follows:

(1) Economic restoration of the country, particularly with a view to exploiting its natural riches and ensuring that Roumania shall participate under the best possible conditions in any international schemes; improvement of the banking organisation.

(2) Far-reaching financial reforms, with a view to the re-organisation of Government finances, from the framing of the budget to methods of levying taxes, enabling Roumania to adapt her administration to her new economic conditions.

(3) Balancing of the budget.

(4) Programme for the transitional period.

A detailed programme will be drawn up as soon as possible, on the foregoing general lines, by a first group of about three experts (in August next), and that programme, after being approved by the Roumanian Government, will be embodied in a Protocol, which will be submitted for approval to the Council of the League of Nations.

(Signed) ANTONIADE.

III. REPORT OF THE FINANCIAL COMMITTEE (SESSION OF SEPTEMBER 1932).

The Committee referred in its last report to the letter dated June 18th, 1932, that the Roumanian Government had addressed to the Secretary-General, in which it expressed the desire to obtain the technical assistance of the League of Nations in applying its plans of financial reform and in the economic reconstruction of the country.

After receipt of this letter, the Deputy Secretary-General of the League of Nations and the Director of the Financial Section visited Roumania with a view to discussing in further detail the objects in view. After this visit, a second letter was addressed to the Secretary-General by the Roumanian Government on July 21st, which has already been circulated to the Council.

In this second letter, the Roumanian Government indicated the general lines on which it suggested that the re-organisation it had in mind should be carried out. It further proposed that the programme, once agreed, should be embodied in a Protocol to be submitted for the approval of the Council of the League of Nations.

With a view to the elaboration of this programme and to agreeing on the terms of the proposed Protocol, a delegation of the Financial Committee visited Roumania at the end of August last. During its stay in Bucharest, the delegation discussed with the Prime Minister and other members of the Cabinet the form of the collaboration to be established, the immediate budget situation and certain other financial problems of urgency.

The Financial Committee has further discussed this matter in detail with the representatives of the Roumanian Government and has drafted in agreement with them the text of an Accord incorporating the principles on which the Committee would feel justified in recommending to the Council the organisation of technical collaboration with Roumania. The Roumanian Government desires to study this text, and in these circumstances the Committee will defer for the moment the presentation to the Council of the full report. Should the Roumanian Government notify its agreement with the proposals in the near future, the President of the Financial Committee has been requested to submit the full document to the Council.

IV. REPORT OF THE FINANCIAL COMMITTEE (SESSION OF JANUARY 1933).

In its report of October 10th, 1932, the Financial Committee deferred the submission to the Council of the various documents on the proposed technical co-operation for which Roumania had applied to the League of Nations in a letter addressed by the Roumanian Government to the League on June 18th, 1932, supplemented by a second letter dated July 21st, 1932. In these two letters, the Roumanian Government specified the objects and character of the co-operation. The delay in the submission of the documents to the Council had been decided at the request of the Roumanian Government, which had expressed the desire to re-examine the question on the basis of the preliminary discussions which had taken place in the Committee.

In the course of the present session the Roumanian Government, acting through M. Lugosianu, Minister of Commerce and Industry, took up contact again with the Financial Committee, and the discussions have resulted in a draft Agreement which the Financial Committee has the honour to lay before the Council.

The Committee believes that the Roumanian Government's request for the advisory technical co-operation of the League is such as to call for the favourable notice of the Council. The Roumanian Government would be prepared to sign the draft Agreement, if approved by the Council.

This Agreement provides for the recommendation by the Council, and the appointment by the Roumanian Government, of an expert in fiscal matters, a Treasury and budgetary expert, and an audit and accountancy expert, and also for the appointment by the Council, in agreement with the Roumanian Government, of a Financial Adviser, who would be responsible for co-ordinating the activities of these experts and addressing to the Council a periodic report on the application of the programme of reforms.

It is proposed in the Agreement that the mechanism of co-operation should be maintained for a period of four fiscal years. The fiscal year in Roumania is not concomitant with the calendar year, but begins on April 1st. The four fiscal years to which we refer, therefore, would cover the period April 1st, 1933, to March 31st, 1937. Naturally, if before the expiration of this period the plan of financial and administrative reform is fully executed and financial stability and the smooth and efficient functioning of the administrative machinery seem assured, the parties to the Agreement may consider the termination of the system of co-operation at an earlier date.

The Roumanian Government has already secured the services of a railway expert, and the National Bank of Roumania has appointed a foreign Adviser. The Committee considers it important that the activities of the foreign experts should be co-ordinated by the Financial Adviser. A clause has accordingly been inserted in one of the Annexes to the general Agreement, under which the Roumanian Government undertakes to make all the necessary arrangements that the Adviser to the National Bank and the railway expert be invited to co-operate in the application of the present Agreement.

It will be noted that the document submitted to the Council for its approval comprises three sections—viz., a general Agreement describing the organs to be set up for the purpose of co-operation with the League of Nations and the general aims of such co-operation, an Annex I, which defines with greater precision the character of the programme in question, and, thirdly, an Annex II, which lays down the functions of the Financial Adviser and the three financial experts respectively, and further provides (as stated) for the co-operation of the Adviser to the National Bank and the expert attached to the railways.

The enquiry conducted in Roumania by the delegation of the Financial Committee has enabled the Committee to appraise the difficulties which complicate the task of financial and economic restoration in that country.

The first task must be to restore the balance between current expenditure and revenue, failing which arrears will continue to accumulate, Treasury difficulties will prevent the National Bank from pursuing a sound monetary policy, and the complete restoration of public confidence will be impossible.

Measures of this kind, which are the only means of gaining the time necessary for the introduction of more far-reaching reforms, have already been adopted by the Roumanian Government since the visit of the Committee's delegation to Bucharest. The Committee has been informed that these measures have already yielded appreciable results. It will now be necessary to proceed to a thorough scrutiny of the 1933-34 budget, and to apply progressively such general administrative reforms as will make it possible to improve and simplify the public services, and at the same time adapt the administrative organisation of the State to its actual requirements. A programme of this kind presupposes sustained and methodical action. Its application will, however, require something more than mere legislative measures, however wisely these may be conceived. The Committee considers that the efforts to be undertaken should bear more especially upon the financial administration, and it accordingly suggests that the experts to be appointed by the Government on the proposal of the Council should be selected in such a way as to enable them to assist the Government in bringing about an improvement in the methods of controlling expenditure and revenue.

One of the first effects to be expected from an energetic attitude towards the settlement of the budgetary problem and the reform of the administration will be the revival of confidence and the revival of credit in the country itself. In this way the necessary foundation would be laid for the settlement of other problems, more especially the problem of the arrears.

The restoration of public credit is no less indispensable from the point of view of the solution of economic problems and the exploitation of the country's natural resources. The Government has informed us of its keen desire to improve the country's technical equipment and, through a better organisation of credit, to facilitate the export of agricultural produce. The Committee is of opinion that an improvement in the economic situation is to a large extent dependent on factors which are beyond the control of the Roumanian Government—for example, on the movement of world prices. The people of Roumania will, however, derive much greater benefit from the improvement of markets if the administration proves effective and inexpensive. The economic measures which the Government will have to adopt must be carefully studied, and the Agreement contains the necessary provisions for this purpose. It is, however, beyond question that the success of all the measures which may be usefully contemplated might well be compromised if the measures in question were applied over-hastily, before they can yield results of real value or before the conditions can be realised under which alone their financing on sound lines can be possible.

On this point, moreover, the Roumanian Government made the following statement before the Financial Committee:

“On June 18th, 1932, the Roumanian Government addressed a letter to the Secretary-General of the League informing him that the Roumanian Government had the intention of introducing a far-reaching financial reform, which was to adapt Roumania's administrative machinery to the new economic conditions. To this end, and also with a view to the country's economic restoration, Roumania was desirous of obtaining the technical assistance of the League of Nations.

“In a second letter addressed to the League on July 21st, 1932, the Roumanian Government showed that, in its view, the general lines of such re-organisation would appear to include, amongst other things, the economic restoration of the country, particularly with a view to exploiting its natural resources and ensuring that Roumania should participate under the best possible conditions in any international schemes, and also the improvement of the banking organisation.

“According to the view held at that moment, such co-operation should have been directed towards the financial and budgetary re-organisation of the State and the economic restoration of the country, through an economic and financial scheme drawn up in advance by the Roumanian Government with the assistance of experts recommended for the purpose by the Council of the League, who would have been called upon for their advice in this respect.

“But, while it has been possible to trace the main lines and lay down the principal points of the plan of action with regard to the financial re-organisation of the State, it has been impossible thoroughly to examine and draw up a scheme of economic reconstruction, mainly for two reasons:

“(1) In the first place, because the Roumanian Government considered that the examination of an economic scheme would take longer and would require complete data and experts specialised in various questions, who could not be placed at its disposal until the conclusion of the Agreement.

“(2) In the second place, because the drafting of an economic scheme depended upon the economic and financial conditions of the moment, and upon the resolutions adopted by the various international conferences which are to meet in the near future with a view to general economic revival and, more especially, with a view to the economic reconstruction of Central and Eastern Europe. As the terms of these resolutions are still unknown, an economic scheme cannot be established, even for four years, to say nothing of a longer period, and it is also impossible to assess the financial resources which such economic reconstruction would require.

“For these reasons, the Roumanian Government is obliged to abandon its original idea of embodying the economic scheme in the Agreement with the League of Nations, and of making provision for the financial resources necessary for the purpose, without, however, abandoning its intention of continuing in the future, and with the advisory technical co-operation of the League, the preparation and application of a scheme for the economic restoration of the country.”

In submitting this draft Agreement to the Council, the Financial Committee is anxious to draw attention to the difference which may be noted between the present Agreement and the measures taken on other occasions for the financial restoration of certain countries. The Roumanian Government, indeed, has applied, not for financial assistance, but for technical co-operation in the financial sphere between the League of Nations and the Roumanian authorities responsible for the management of affairs in Roumania. The Committee considers that the introduction in this form of free co-operation between the League and Governments requesting its technical assistance is capable of producing excellent results.

V. MINUTES OF THE COUNCIL MEETING OF JANUARY 28TH, 1933 (APPROVAL OF THE AGREEMENT WITH THE ROUMANIAN GOVERNMENT).

Work of the Financial Committee during its Forty-eighth Session in so far as it concerns Roumania.

M. Lugosianu, representative of Roumania, came to the Council table.

M. BRAADLAND presented the following report and draft resolution: ¹

“ 1. You will remember that at our last session the Financial Committee informed us, in its report on its forty-seventh session, of the result of the initial steps it had taken and the negotiations into which it had entered in consequence of the Roumanian Government's request for the technical collaboration of the League. The Roumanian Government had expressed its desire to make a further study of the texts submitted to it, and the presentation of a draft agreement to the Council had consequently also been deferred.

“ 2. Having resumed discussions with the Roumanian Government at its recent session, the Financial Committee is now in a position to submit a draft agreement for the Council's approval. You have before you all the documents on this question:

- “ (a) The Financial Committee's report;
- “ (b) The letters from the Roumanian Government of June 18th and July 21st, 1932;
- “ (c) The draft Agreement and annexes;
- “ (d) Certain draft letters completing the Agreement.

“ 3. In its report, to which the two letters of June 18th and July 21st, 1932, whereby the Roumanian Government applied to the League, are appended, the Financial Committee summarises both the observations made at Bucharest by the delegation that visited that city and the general lines to be followed with a view to restoring Roumania's financial position.

“ The re-establishment of a balance between current expenditure and revenue, and the progressive introduction of judicious reforms in financial administration, are the essential foundations of the programme that the Financial Committee has discussed with the representatives of the Roumanian Government. The Committee further adds that, in a courageous effort to bring about a recovery, the Roumanian Government has already taken certain effective steps which actually represent an excellent beginning of the programme described in the draft Agreement.

“ 4. The draft Agreement and its annexes, which the Committee thinks worthy of the Council's favourable attention, specify the form and object of the collaboration to be established between the League and the Roumanian Government in compliance with the latter's wishes. The Council will be called upon to appoint, in consultation with the Roumanian Government, a financial adviser, who will co-ordinate the work of various experts to be appointed by the Roumanian Government on the Council's recommendation. The plan of collaboration, described in the Agreement as 'technical advisory co-operation'—a phrase which defines its character—is established for a term of four budgetary periods, ending, unless otherwise decided, on March 31st, 1937. According to Article 3 of the draft Agreement, however, the Council may recall the financial adviser or any of the experts, if at any time it decides, on the advice of the Financial Committee, that maintenance no longer serves any useful purpose. The Committee further states in its report that, if the plan of financial and administrative reform is carried out in full before the end of that period, and if financial stability and the smooth working and efficiency of the administrative machinery seem to be secured, the parties to the Agreement may consider advancing the date at which the collaboration is to come to an end—which is obvious.

“ Annex I to the Agreement contains a statement by the Roumanian Government regarding the various measures it contemplates introducing, which constitute together the programme of reconstruction to be carried out. Annex II defines the powers of the various experts provided for, and of the financial adviser, one of whose duties will be to submit to the Council a quarterly report on the financial and economic position of Roumania.

“ Lastly, the purpose of the letters, copies of which are appended to the documents laid before you, is to clear up certain points regarding the status of the financial adviser and the experts, their contracts, and the conditions under which they will perform their duties. I would draw your special attention to the statement that the financial adviser and the adviser to the National Bank will reside at Bucharest for the duration of their mission; this is obviously an essential condition for the proper discharge of their duties.

“ 5. Before submitting a draft resolution, I would like to put before you certain observations in connection with the initiative taken by the Roumanian Government.

“ We have received a request for international co-operation through the League of Nations from a State Member in full enjoyment of its sovereign powers, which is loyally co-operating in League work and whose representatives' contributions to that work have always been highly appreciated. That country now hopes in this way to secure the opinions, advice, and support

¹ Document C.74.1933.II.A.

which will help its statesmen and its national administration to overcome the serious difficulties of the present moment and thus open up future channels for the country's development. That is a new fact in the sphere of international assistance. In the proposals submitted to us, the Financial Committee has succeeded, I think, in adapting itself perfectly to these circumstances, and I have no doubt that you will consider the draft Agreement evidence of the elasticity of the methods by which co-operation can be organised between a Government and the League, thanks to the latter's authority and the competence of its technical organisations. If, as I shall propose, the Council approves the Agreement laid before it, which the Roumanian Government says it is prepared to sign, I feel convinced that the co-operation asked for by that Government will produce the results expected of it in improving the financial position of Roumania. With her wealth and the great possibilities still before her, Roumania will thus have a sound foundation for the future exploitation of her natural resources contemplated by the Government according to the statement which you will find embodied in the Financial Committee's report.

" I am sure that, in agreeing to this new plan, the Council will wish to convey its sincere hopes to the Roumanian Government for the success of its schemes, and to assure it, at the same time, of its full sympathy and support. You will also, I imagine, wish to congratulate the Financial Committee, which has already so many claims to our gratitude, on the new task it has so happily discharged.

" 6. I have the honour to propose to the Council the following resolution :

- " ' The Council,
- " ' (a) Notes the report of the Financial Committee on Roumania ;
- " ' (b) Approves the Agreement for technical advisory co-operation, submitted for the signature of the Roumanian Government ;
- " ' (c) Hopes that this co-operation will be successful and expresses to the Roumanian Government its sincere good wishes for the success of its efforts towards financial reconstruction ; and
- " ' (d) Expresses its thanks to the Financial Committee for the new task which it has just accomplished.'

" As regards the steps to be taken by the Council, more particularly the appointment of the financial adviser and the nomination of the experts who are to proceed to Roumania, I would propose that this point be added to the agenda of the Council's private meeting."

The PRESIDENT observed that the agreement before the Council for the establishment of technical advisory co-operation in Roumania represented a fresh demonstration of the active spirit of solidarity and friendship which had, already in the past, given such satisfactory results. The question in the present case was not one of financial assistance, but of a request for technical co-operation with the object of ensuring the success of a thoroughgoing financial reform with which the future of the country concerned was bound up. International co-operation of that kind, carried out under the auspices of the League, offered every possible guarantee of impartiality and competence. It was such as to allay any anxiety that might be felt by the most susceptible as to the country's independence.

The President had therefore very great satisfaction in approving the proposal and wishing it complete success. He likewise thanked the Financial Committee for the zealous and competent way in which it had carried out these delicate negotiations.

M. MASSIGLI said that the French Government warmly adhered to the draft Agreement between the Financial Committee and the Roumanian Government, to which the Roumanian Government was prepared to affix its signature as soon as the Council had approved it.

A first effort had already been made. As a result of the mission sent to Roumania by a delegation of the Financial Committee, certain measures had been taken which, according to the report before the Council, had given substantial results. Those results, even at present, afforded the best prospects of success for the co-operation about to be established for a period of four years between the Roumanian Government and the League with a view to ensuring the financial and budgetary re-organisation of Roumania and, at the same time, facilitating the preparation and carrying out of a scheme for that country's economic revival.

The traditional ties of friendship uniting France and Roumania would in themselves be a sufficient reason for the French representative to feel satisfaction at the arrangement which had just been concluded and which, he had no doubt, would have entirely beneficial results for Roumania. The co-operation which was about to be established would enable Roumania to derive the utmost advantage from the efforts she had already made to ensure the complete restoration of her financial position, efforts to which the Rapporteur had paid a tribute.

As, however, the President had pointed out, there was another aspect to the Agreement about to be sanctioned by the Council to which the Members of the League should pay attention. The new form of co-operation, established in this draft, between the League and one of its Members deserved the Council's careful consideration. As was stated in the conclusions to the Financial Committee's report, the present case was not one of a country soliciting financial assistance from other Governments through the League in consequence of a grave emergency, but of a State which had already made an attempt to re-establish its currency on the gold standard and had already introduced various reforms in its financial organisation. Its only concern in asking for the League's help was to bring about, in the best possible circumstances, and profiting by the experience of advisers and experts appointed by the Council, the restoration of complete order in its financial administration, so as to encourage at the same time the country's economic development.

The French Government, which had always taken a special interest in questions affecting the welfare of Roumania, could only feel satisfaction at the establishment of a method of international co-operation which made allowance for the efforts that Roumania had already accomplished on her own initiative and which she was proposing to pursue freely with the help of international authorities. As a Member of the League of Nations likewise, France felt every satisfaction in this event. It welcomed the first application of a method which should prove fruitful; the success which the Council awaited would serve as an example.

M. VON KELLER said that the German Government was glad to note that a form had been found for co-operation by the Council which involved no interference with Roumania's sovereign rights. The German Government would have hesitated very seriously before accepting conditions permitting of any doubts on this matter. These doubts had happily been removed, and the German Government had no objection to the report before the Council.

Mr. EDEN desired, on behalf of his Government, briefly but sincerely to join in the congratulations expressed by the French representative to the Financial Committee of the League and to the Roumanian Government on this Agreement, which represented a new form of financial co-operation inaugurated in the report. There was in the Agreement no question either of financial control or of assistance in the shape of a loan; it was a new departure which all the members of the Council would watch with interest and to which they would all wish success. If it proved successful, it would constitute a valuable precedent which would be a useful guide for the future. For that reason the proposal was, he thought, of more than usual interest, and therefore, with more than usual goodwill, the Council wished it success.

M. LUGOSIANU, representative of Roumania, observed that the unparalleled crisis which had been prevailing for over three years had taken Roumania by surprise just when she was occupied with the work of economic and financial reconstruction.

Being resolved to defend her vital interests within the framework of the great international interests, Roumania, as a loyal collaborator of the League, had considered that the best method she could adopt to achieve effective financial and economic reconstruction was to apply to the League, to which she had appealed last June with a view to the preparation and carrying out of a programme of financial and economic reconstruction. Discussions lasting some months had successfully resulted in the conclusion of this Agreement for technical advisory co-operation, which was set forth in the report with so much lucidity and detail.

The Roumanian representative was glad to be able to state that his Government accepted the Agreement both as regards the text of the Agreement for co-operation and as regards the annexes and the letters embodied in it.

One question only was still outstanding: the National Bank was required to keep the present technical adviser who, after approval by the League Council, would have to continue to co-operate in the future as he had done in the past. M. Lugosianu was convinced, however, that, as the Government was already in agreement on this question, the National Bank, an autonomous institution whose Board would shortly meet, would also agree, and that the arrangement thus concluded would enter into force as soon as possible.

The representative of Roumania thanked the Financial Committee for its important work and for its complete understanding of Roumanian questions. He also thanked the members of the Secretariat, who had given such valuable help in reconciling different points of view, and who had enabled the present Agreement to be concluded in so short a time.

Considerable emphasis had been placed, both in the report and in the statements just made, on the new form of collaboration embodied in the present Agreement. Thanks to this method, Roumania with her rich natural resources and her hard-working people would very soon be able to overcome her present difficulties and, under the auspices of the League, to bring about the financial and economic recovery which had been her aim for so many years.

At the same time, M. Lugosianu hoped that this new form of co-operation would open up new methods of international co-operation.

M. JANSSEN, speaking as Chairman of the Financial Committee, said he greatly appreciated the words of praise which several members of the Council had addressed to the Financial Committee on its work in connection with Roumania.

The Agreement now before the Council provided the means of giving Roumania the advice and help for which her Government had asked, in the form of technical advisory co-operation with the League. As had been said, the Agreement constituted a new formula which the Financial Committee had done its best to adapt to the needs of the present case. The Financial Committee would neglect no opportunity, in co-operation with the Roumanian Government, of obtaining from this new form of international co-operation the anticipated results.

With regard to the question concerning the National Bank, which the representative of Roumania had just raised, M. Janssen merely desired to point out that, in the Financial Committee's view, the Agreement and the letter relating to the National Bank formed an indivisible whole.

The draft resolution was adopted.

VI. AGREEMENT.

Whereas the Roumanian Government, after having, by the Law of February 7th, 1929, re-established its currency on a gold basis and subsequently introduced various improvements into its financial organisation tending to adapt Roumania's administrative organisation to existing economic conditions, desires to obtain the technical co-operation of the League of Nations with a view to the general economic restoration of the country,

And whereas the Council has approved the provisions of the present Agreement,

The undersigned, duly authorised, accepts on behalf of the Royal Roumanian Government the following provisions:

Article 1.

The Roumanian Government shall take all possible steps to restore budgetary equilibrium and effect a far-reaching financial reform including a plan for the settlement of arrears.

Article 2.

The Council of the League of Nations will organise, through its Financial Committee, an advisory technical co-operation with the Roumanian Government with a view to the establishment of a programme of economic and financial restoration and to the application of this programme. For this purpose, the Council of the League of Nations shall recommend and the Roumanian Government shall appoint for a period covering four voted and executed annual budgets, subject to the provisions of Article 3, the experts whose functions are defined in Annex II.

The Roumanian Government shall assist them in every way in the execution of their functions.

For the same period, the Council of the League of Nations shall appoint, in agreement with the Roumanian Government, a Financial Adviser, who shall co-ordinate the work of the experts and assure the technical co-operation between the League of Nations and the Roumanian Government.

The Roumanian Government shall draw up, in agreement with him, the programme of reforms contemplated in Article 1 and Annex I.

The Roumanian Government shall have the right to appoint a representative to discuss Roumanian questions with the Financial Committee.

Article 3.

The Council of the League of Nations may—by a majority vote—recall the Financial Adviser or any one of the experts if, at any time, after consultation with the Financial Committee, it considers that their maintenance is no longer likely to serve a useful purpose.

Article 4.

This Agreement, of which the English and French texts are both authentic, shall enter into force immediately upon its ratification by Roumania. The instrument of ratification shall be deposited with the Secretariat of the League of Nations as soon as possible.

In order that the present Agreement may enter into force, the instrument of ratification must be deposited by April 30th, 1933, at latest.

IN FAITH WHEREOF the undersigned, duly authorised, has signed the present Agreement.

DONE at Geneva on January 28th, 1933, in a single copy, which shall be deposited with the Secretariat of the League of Nations and registered immediately upon its entry into force.

(Signed) I. LUGOSIANU.

ANNEX I.

1. The Roumanian Government declares:

- (1) That it will establish and carry out the necessary fiscal reforms;
- (2) That it will establish and carry out a general reform of the administration and collection of taxes;
- (3) That it will establish and carry out a system of more efficient control of public expenditure, and, in particular, will secure effective financial control in the various departments,

an effective prior consultation of the Ministry of Finance before any new expenditure is authorised, and the strict observance of the budget estimates. With a view to preserving budgetary unity and simplifying the presentation of the public finances to Parliament and the public, it will take the necessary measures for the abolition of the special funds at present existing. It will then put into effect a re-organisation of the autonomous *régies* (with the exception of the railways and the Caisse autonome des monopoles), maintaining only those which are economic in character and incorporating the others in the general budget;

(4) That it will maintain the system of monthly budgets according to which the expenditure and commitments of each month are strictly limited to the available receipts;

(5) That it will maintain the suppression of the supplementary budget period and the budget *par exercice* and will adopt the budget *par gestion*, under which all revenue actually received in cash and all expenditure actually paid in cash during a financial year, to the exclusion of all other receipts and expenditure, are allocated solely to the year in which those operations are effected, and will continue to carry out a revision of the system of public accounts in accordance with these principles;

(6) That it will maintain and apply the law under which all public monies received are deposited in the National Bank and all payments are made either in cash or by cheques or orders on the National Bank for payment at sight, and will totally abolish the practice of provisional deposit receipts;

(7) That it will take immediate administrative measures to hasten the recovery of outstanding arrears of taxation;

(8) That it will, as soon as the equilibrium between monthly revenue and expenditure has been secured, elaborate a plan for the gradual liquidation of the Government's arrears of payments;

(9) That it will proceed to make a comprehensive enquiry into the organisation, status, *cadre* and method of recruitment of the Civil Service;

(10) That it will so frame the budget estimates for submission to Parliament that the realisation of the estimated receipts may reasonably be expected and that, if it appears that the receipts will not be sufficient to cover the expenditure, it will concert measures with the Financial Adviser to ensure the equilibrium of the budget.

2. In the preparation and execution of all the above-mentioned reforms, the Roumanian Government will act in close co-operation with the experts respectively concerned, and with the Financial Adviser, whom it will consult on any financial project.

ANNEX II.

Article 1.

The experts referred to in the Agreement shall be: a revenue expert, a Treasury and budget expert and an accountancy and audit expert.

Except for such changes in their duties as may be decided upon by the Financial Adviser:

(a) It shall be the duty of the *Treasury and budget expert* in particular to give his advice to the Roumanian Finance Minister in the preparation of the budgetary estimates of revenue and expenditure;

In the establishment and execution of detailed measures for the supervision of the Treasury;

In the examination of all measures involving additional expenditure, which examination shall be made by the Finance Minister prior to the presentation of such measures to the Cabinet;

In the supervision of all future engagements and in the preparation and execution of the monthly budgets.

(b) It shall be the duty of the *accountancy and audit expert* in particular to give his advice in all questions of accountancy which may result from the application of the system of the *budget de gestion*;

In the creation and execution of a uniform system of public accounting, including the rendering of monthly cash accounts for audit, and

In the establishment of general rules of accountancy for all public departments, on the instructions to be given to services which handle public funds, on the supervision of the balances of the Treasury, and on all matters relating to audit and to the concentration of public funds in the National Bank.

(c) It shall be the duty of the *revenue expert* to give his advice on the methods of collection of revenue;

The organisation of a body of higher inspectors and on the preparation and execution of fiscal laws.

Article 2.

The Financial Adviser shall have as his task to assist the Roumanian Government in every possible way in the elaboration and execution of its plan of financial and economic reforms.

The Financial Adviser shall be responsible for the general direction of all foreign experts and other personnel whom the Roumanian Government may appoint under the terms of the present Agreement.

He shall submit a quarterly report to the Council of the League of Nations on the financial and general economic situation of Roumania.

Article 3.

The Roumanian Government shall provide for the expenditure resulting from the present Agreement.

Article 4.

The Roumanian Government shall afford to the Financial Adviser and the experts all facilities for the execution of their duties and shall furnish them with all information necessary for this purpose.

Article 5.

1. The Roumanian Government shall make all the necessary arrangements to ensure that the Adviser to the National Bank, if approved for this purpose by the Council of the League of Nations, shall be invited to give his collaboration in the application of the present Agreement.

The reports of the Adviser shall be communicated to the Financial Adviser.

2. The Roumanian Government shall invite the expert attached to the autonomous railway administration, if approved for this purpose by the Council of the League of Nations, to give his collaboration in the plan of reform which constitutes the aim of the present Agreement.

* * *

Letters Complementary to the Agreement.

I. LETTER FROM THE ROUMANIAN GOVERNMENT TO THE PRESIDENT OF THE COUNCIL OF THE LEAGUE OF NATIONS.

With a view to putting into effect the provisions of Article 3 of Annex II of the Agreement of January 28th, 1933, on technical co-operation between the League of Nations and the Roumanian Government, I have the honour to confirm the agreement of the Roumanian Government on the following points:

The Roumanian Government shall provide for the salaries, allowances and travelling expenses of the Financial Adviser and the experts to be appointed under the Agreement. The total amount of these charges shall be fixed by agreement between the Roumanian Government and the Council of the League of Nations.

The Roumanian Government shall place at the disposal of the Financial Adviser and the experts the necessary office rooms in the Ministry of Finance, and shall provide them with any national staff which may appear necessary.

The contracts of the Financial Adviser and the experts shall be approved by the Council of the League of Nations.

The Financial Adviser, in agreement with the Roumanian Government, shall appoint for himself and his colleagues such foreign secretarial or other staff as he may think necessary, provided the total expenditure on such staff does not exceed an amount to be fixed between the Roumanian Government on the one hand and the Council of the League of Nations on the other hand.

The funds provided for in the previous paragraph must be sufficient to cover also the total sums which may be required for an investigation to be made at an early date into the administrative organisation of Roumania, in accordance with the desire expressed in the letter of June 18th, 1932, from the Royal Roumanian Government to the Secretary-General of the League of Nations.

The said provision shall also cover any enquiries into the economic position of Roumania which may from time to time appear to be necessary.

(Signed) I. LUGOSIANU.

II. LETTER FROM THE CHAIRMAN OF THE FINANCIAL COMMITTEE TO THE PRESIDENT OF THE ROUMANIAN DELEGATION.

The Financial Committee takes note of the statements which you have been good enough to make as representative of the Roumanian Government, and according to which it is understood

that the Financial Adviser will reside at Bucharest so long as he exercises his functions. The same applies to the Adviser to the National Bank of Roumania.

It is, moreover, understood that the Financial Adviser will take part in the discussions of the Financial Committee on Roumanian questions.

We should be obliged if you would kindly confirm your agreement on these points.

(Signed) Alb. JANSSEN.

III. REPLY FROM THE ROUMANIAN GOVERNMENT.

I have the honour to acknowledge receipt of your letter of January 28th, 1933, informing me that the Financial Committee desires to note that, so long as the Financial Adviser and the Adviser to the National Bank exercise their functions, they will reside at Bucharest; it is moreover understood that the Financial Adviser will take part in the discussions of the Financial Committee on Roumanian questions.

I have the honour to confirm the agreement of the Roumanian Government on these points.

(Signed) I. LUGOSIANU.

IV. LETTER FROM THE ROUMANIAN GOVERNMENT TO THE PRESIDENT OF THE COUNCIL OF THE LEAGUE OF NATIONS.

With reference to the Agreement of January 28th, 1933, Annex II, Article 5, paragraph 1, regarding the technical co-operation between the League of Nations and the Roumanian Government, I have the honour to confirm, on behalf of the Roumanian Government, that it is understood that the Adviser to the National Bank will be requested to co-operate with the National Bank of Roumania during the period of the said Agreement. It is understood that, for this purpose, the Adviser will be consulted by the Bank on all questions relating to monetary policy, so that he may be in a position to give useful advice. The same applies to any schemes regarding external loans submitted to the Bank.

Should the Adviser approved by the Council of the League of Nations relinquish his duties, the Bank shall appoint an adviser approved by the Council of the League of Nations so that the National Bank shall retain the co-operation of an adviser with the same functions for the entire duration of the present Agreement.

(Signed) I. LUGOSIANU.

VII. MINUTES OF THE COUNCIL MEETING OF FEBRUARY 1ST, 1933, RELATING TO
THE PROCEDURE IN THE APPOINTMENT OF THE FINANCIAL ADVISER
AND THE EXPERTS.

Roumania: Appointments to be made by the Council under the Agreement.

M. Antoniaade, representative of Roumania, came to the Council table.

M. ANDVORD presented the following report:¹

“ 1. Under the Agreement for Technical Advisory Co-operation between the League of Nations and the Roumanian Government which was approved by the Council in its resolution of January 28th, 1933, and the entry into force of which is now dependent upon ratification by Roumania before April 30th, 1933, certain steps have to be taken by the Council. The latter is called upon in particular under Article 2 of the Agreement to nominate, in conjunction with the Roumanian Government, a financial adviser and to recommend a certain number of experts for appointment by that Government. It is also required, in accordance with the letter from the Roumanian Government to the President of the Council, to fix, in agreement with the Government, the salaries and other expenses of the financial adviser and experts, and to approve their contracts.

“ 2. In view of the importance of the Agreement with Roumania and the nature of the proposed co-operation, my colleagues will agree with me as to the necessity for selecting with the greatest care the persons who are to fill these various posts. The financial adviser, who will, as it appears, be called upon to play a leading part, must be able to give the Council every proof of his experience and standing; the experts whom we recommend for appointment by Roumania must naturally possess the highest technical qualifications.

“ 3. There has not been sufficient time for me to submit concrete proposals to the Council at present. As, however, it is desirable that there should be no delay in carrying out the programme as soon as the Agreement comes into force, I should like to propose the following procedure, which will enable the Council, if necessary, to take the requisite steps without waiting for its next session:

“ (a) Appointment of the financial adviser by a Sub-Committee consisting of our President, the representatives of the United Kingdom, France and Germany and the Rapporteur to the Council for financial questions; fixing by this Sub-Committee, in agreement with the Roumanian Government, of the salaries and other expenses of the financial adviser and experts.

“ (b) As regards the other experts to be appointed by the Roumanian Government to work under the financial adviser, I think it might be desirable to consult the latter, and I propose that the above-mentioned Sub-Committee should decide either to select the persons whose names are to be submitted to the Roumanian Government itself or to entrust this task to our President in consultation with the Rapporteur. As regards the approval of the contracts of the adviser and experts, the same procedure might be adopted.”

M. ANTONIADE said that he agreed to the conclusions in the report and to the procedure proposed by the Rapporteur for expediting the putting into force of the plan of co-operation with the League, approved by the Council at its meeting on January 28th.

He therefore accepted the Rapporteur's proposals.

The conclusions of the report were adopted.

¹ Document C.86.1933.II.A.

