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LEAGUE OF NATIONS

INTELLECTUAL CO-OPERATION ORGANISATION

**REPORT OF THE GOVERNING BODY
OF THE INTERNATIONAL INSTITUTE OF INTELLECTUAL
CO-OPERATION**

Submitted by Professor G. Oprescu, on behalf of the Governing Body of the International Institute of Intellectual Co-operation, addressed to the Council of the League of Nations and to the Government of the French Republic, and communicated to all the Members of the League of Nations.

(Article 14 of the Organic Statute of the International Institute of Intellectual Co-operation.)



CONTENTS.

	Page
Text of the Report	I
Appendices:	
1. Budget for 1936 approved by the Governing Body at its Twelfth Session, July 1935	4
2. Audit of the Accounts of the Institute for the Financial Year 1934: Report by Dr. F. Vivaldi, Deputy Auditor of the League of Nations	5

The Governing Body held its twelfth session at Geneva on July 19th, 1935, under the Chairmanship of M. Edouard HERRIOT. The following members of the International Committee on Intellectual Co-operation or their substitutes were present at the session :

M. ANESAKI, M. C. BIAŁOBRZESKI, M. J. CASTILLEJO, M. Julio DANTAS, M. TIENSHE HU (replacing Dr. Wu-Shi-Fee) (assisted by M. LI SSOU KWANG), M. J. HUIZINGA (replacing M. Loder), M. Börje KNÖS (replacing M. Forssell), Dr. Waldo LELAND (replacing Dr. Shotwell) (assisted by Mr. Malcolm DAVIS), M. DE MICHELIS (replacing M. Rocco), Mr. G. MURRAY, M. OPRESCU (replacing M. Titulescu), M. V. OBOLENSKY-OSSINSKY, Sir Sarvapalli RADHAKRISHNAN, M. G. DE REYNOLD, M. RIVAS-VICUÑA (replacing M. Sanin Cano), M. H. VON SRBIK, M. J. SUSTA, Mme. Cécile DE TORMAY.

There were also present at the session: Sir Frank HEATH and M. Julien CAIN, members of the Directors' Committee, elected from outside the membership of the International Committee; M. Massimo PILOTTI Deputy Secretary-General of the League of Nations and Dr. F. VIVALDI, Deputy Auditor of the League of Nations, entrusted with the audit of the accounts of the International Institute of Intellectual Co-operation; and M. J. D. DE MONTENACH (Secretary of the Intellectual Co-operation Organisation and of the Governing Body.

M. H. BONNET, (Director of the International Institute of Intellectual Co-operation) also took part in the session.

In accordance with its agenda, the Governing Body first heard a general statement by the Director on the work of the Institute since its last session. The Governing Body was thus able to note the excellent management of the institution for which he is responsible, the valuable work which has been accomplished and the services which it has rendered in particularly difficult circumstances, and with a smaller budget than in the previous year.

The Director's statement shows that the meetings convened by the Institute following on resolutions adopted by the International Committee on Intellectual Co-operation have been as

<p>Series of League of Nations Publications</p> <hr/> <p>XII. A. INTELLECTUAL CO-OPERATION</p> <hr/> <p>1935. XII.A. 1.</p>

numerous and as important as in the past; that the publications have also been as numerous and have been produced with the same care; that relations with international and national Institutes of Intellectual Co-operation and with personalities in the world of science, literature and art have been no less frequent. Four great meetings particularly engaged the Governing Body's attention—namely, that convened at Madrid by the International Museums Office, that held in London for the study of Collective Security and the "Conversations" of Venice and Nice. That these meetings were attended by so many distinguished persons from all countries was largely due to the outside help which the Institute received both from the Governments and official departments of the countries in which these assemblies took place and from the major private organisations.

The Governing Body desires accordingly to tender its sincerest congratulations to its collaborators. It thanks the States and private organisations which, by their contributions and aid, have made it possible to hold the above-mentioned meetings, and expresses the hope that similar manifestations of goodwill and esteem for the Institute will continue to be forthcoming in the future.

The next item on the agenda was the consideration of financial questions. The Governing Body first took note of the Auditor's report on the financial management of the Institute during the last year. This document and certain favourable observations made by the Auditor himself show that the Institute will be able to balance its receipts and expenditure during the financial year 1934-35. Thus the hope expressed by M. Vivaldi in his last report has been fulfilled: the financial situation of the Institute, which was already good last year, has continued to improve. This fact is all the more satisfactory in that economic and financial conditions, which were bound to affect the Institute, have grown steadily worse during this same period. For instance, the French Government, which has hitherto always accorded a grant additional to its statutory contribution, was obliged to limit its contributions strictly to the sum provided in the Statute. This meant an appreciable decrease in the Institute's budget. Nevertheless, by careful management of the funds, by considerable and continuous efforts and by the enforcement of most rigid economies, the Institute has been able to meet all its obligations and, in addition, the cash deficit, which formerly amounted to 200,000 French francs, has been reduced to what the Auditor himself calls the negligible sum of 24,000 French francs. Moreover, the surplus from last year has not been touched. The auditor also informs the Governing Body that, for the first time since the foundation of the Institute, there has not been any transfer from one chapter to another of the budget; this proves the care with which the estimates were made—*i.e.*, the absolute genuineness of the estimates.

It should be added that this result is also partly due to the fact that last year all Governments which have been good enough to make grants to the Institute sent their financial contributions with great promptitude.

Receipts from publications—and this is a fact that the Governing Body notes with particular satisfaction—exceeded receipts for previous years by 40,000 French francs. Thus, in three years, they have more than doubled. This proves the increasing interest taken by the public in the Institute's activities. M. Vivaldi terminates his statement with a warm tribute to the manner in which the Institute's finances have been administered.

The Governing Body, having noted the Auditor's report and approved the closed accounts for 1934, accepts the proposals of the Institute's Committee of Directors concerning the manner in which the 140,000 francs surplus from the previous year should be allocated. From this sum, 100,000 francs will be placed to the publications account, for which inadequate provision had been made; 31,000 francs will be distributed as a bonus to the Institute's staff; 6,000 francs will be credited to the item "Officials' Travelling Expenses", and 3,763.23 francs to the chapter "Unforeseen Expenditure".

The Director had reminded the Governing Body of the question of arrears of grants made to the Institute by certain States. It has succeeded, in pursuance of instructions given by the Governing Body, in recovering a large part of these arrears in the course of the year. The Governing Body expresses its satisfaction thereat and requests the Director to continue the effort made in this direction. Nevertheless, it considers that, as an exception, it should follow in regard to the Dominican Republic the example set by the Assembly of the League of Nations itself, which has waived its claim against that State. It therefore adopts the following resolution:

"The Governing Body,
"As a token of sympathy towards the Dominican Republic, which is still suffering from the effects of the great disaster of 1931:
"Forgoes the payment of the contribution due by that State to the International Institute of Intellectual Co-operation for the years 1929, 1930 and 1931."

The Director informed the Governing Body of the principles he has followed in preparing the budget for next year. In the matter of receipts, he has only shown those grants which appear to him to be absolutely assured. In this connection, the Chairman of the Governing Body, M. Edouard Herriot, was happy to inform his colleagues that the French Government had decided that its obligations towards the League of Nations in connection with the Institute should not be affected by the reduction of expenditure recently decided upon and that France's contribution

to the Institute would be the same as in the past, in conformity with the agreement reached with the League of Nations—*i.e.*, 2,000,000 francs. The Governing Body notes this statement with satisfaction and has requested its Chairman to convey to the French Government its sincerest thanks and the expression of its deep gratitude.

The Institute's expenditure remains much the same as in previous years. A sum of 25,000 francs has been taken from Chapter D ("Family Allowances") and added to Chapters A and B ("Staff"). There have been few changes in the sections of the Institute; one principal secretary having resigned, the Governing Body has decided that for the present he shall not be replaced. Moreover, it has been agreed that the Directors' Committee, when it meets in December, shall take a decision concerning the renewal of the contracts of those officials whose contracts expire in 1936. On this occasion, the same principles of economy will be taken into account which have led the Institute in the last few years to suspend all promotions.

The Governing Body has given very careful consideration to the question of State delegates (*délégués d'Etat*). It has adopted in this connection the following resolution for the purpose of defining henceforth the relation of the Institute with State delegates:

"The International Committee on Intellectual Co-operation,

"Referring to Article III of the Organic Statutes of the International Institute of Intellectual Co-operation, which authorises the latter to correspond direct with the governmental and administrative authorities entrusted in the several countries with the consideration and settlement of questions relevant to its aims;

"Noting, moreover, that a number of Governments, exercising the right conferred upon them by Article 32 of the former Standing Orders of the International Institute of Intellectual Co-operation and maintained by Article 31 of the new Standing Orders of that Institute, have accredited *délégués d'Etat* to that organisation:

"Is pleased to declare that these Government representatives have already rendered and are still called upon to render signal service to the Institute and to the cause of intellectual co-operation;

"Further declares that the Institute is entirely responsible to the League of Nations—that is, to the Committee on Intellectual Co-operation, the Council and the Assembly—in all matters relating to the drawing up of its programme of work;

"Recognises that this programme embraces a number of questions the settlement of which is contingent upon the co-operation of the public administrative services;

"Thanks those States which, by the appointment of Government representatives to the Institute, have helped to consolidate the bonds established between them and the Institute, and invites the other Governments to consider the expediency of making similar appointments;

"Considers that the functions of the *délégués d'Etat* may be defined as follows:

"The *délégués d'Etat*, having to be in a position to assure liaison between their Government and the Institute of Intellectual Co-operation, shall receive from the latter, for the purpose of enabling them to inform their Governments on its activities, complete documentation and periodical reports relating to current work;

"They can propose, on behalf of their Governments, that the Institute proceed to the study of a specific question, in which case the Institute shall refer the matter to the Executive Committee or to the Committee on Intellectual Co-operation.

"Furthermore, and without prejudice to any other request for intervention which it may consider desirable, the Institute shall seek the assistance of the *délégués d'Etat* whenever the execution of its programme concerns a public administrative department. In cases where it is in direct communication with this department, it shall advise or at least inform the *délégués d'Etat* of its negotiations.

"Subject to the approval of the Chairman of the International Committee on Intellectual Co-operation and of the Governing Body, the Director of the Institute shall be free to invite the *délégués d'Etat* to meet when it is necessary to take important decisions involving, on the part of the Governments, measures of an urgent character.

"Restricted meetings may be held under the same conditions for the examination of questions which concern only a certain number of Governments."

The Governing Body avails itself of this opportunity to express once more its appreciation to the National Committees whose work has been so valuable and fruitful in all cases in which the Institute has had occasion to collaborate with them.

With regard to publications, the Director has informed the Governing Body of the difficulties he foresees for next year on account of the increasing depression in the book trade which will certainly affect the sale of the Institute's publications. He notes, however, that each year sales have constantly and regularly improved. He therefore feels that he is entitled to estimate in the budget for next year a larger sum than that mentioned in the estimates for the present year.

On the proposal of its Chairman, the Governing Body has instructed the Director to send to all libraries in important cities throughout the world a prospectus signed by the members of the Committee on Intellectual Co-operation in the hope that subscriptions may be obtained to all or to certain series of the Institute's publications.

Finally, the Governing Body desired to thank the Directors' Committee for the work accomplished during the present year.

APPENDIX 1.

BUDGET FOR 1936.

I. RECEIPTS.

I. Grants by.	French francs
Austria	1,000
Brazil	75,000
Colombia	8,300
Denmark	10,200
Egypt	37,700
France	2,000,000
Hungary	20,600
Italy	152,000
Luxemburg	2,000
Mexico	60,000
Monaco	2,000
Poland	30,000
Portugal	15,400
Roumania	25,000
Switzerland	24,500
Venezuela	12,000
Yugoslavia	25,000
	<hr/>
	2,500,700
II. <i>Miscellaneous Receipts.</i>	
Interest on deposits	20,000
Sale of publications	200,000
Miscellaneous	50,000
Contribution of the Italian National Committee	40,000
	<hr/>
	310,000
III. <i>Extraordinary Receipts</i>	
	60,000
	<hr/>
Total receipts	2,870,700

II. EXPENDITURE.

<i>Chapter I. — Staff.</i>	
A. Director, Principal Secretaries, Legal Adviser, Heads of Services and internal administration	965,000
B. Head clerks, clerks and secretary shorthand-typists	496,700
C. Minor staff	135,000
D. Allowances (family allowance, etc.)	83,000
E. Payment to the Pensions Fund	86,000
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	1,765,700
<i>Chapter II.</i>	
A. Upkeep of buildings and furniture	40,000
B. Lighting and heating	50,000
C. Insurances	20,000
	<hr/>
	110,000
<i>Chapter III.</i>	
A. Travelling expenses of members of the Directors' Committee and of the Auditor	20,000
B. Entertainment allowances: Francs	
Directors' Committee (inclusive sum)	5,000
Director (inclusive sum)	30,000
Principal secretaries and heads of services (reception expenses)	5,000
Inclusive sum for expenses of motor-car	30,000
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	70,000
C. Journeys made by officials	80,000
D. Experts' meetings	150,000
E. Contribution to special work	300,000
F. Office expenses	150,000
G. Purchase of books	5,000
H. Publications	205,000
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	980,000
<i>Chapter IV.</i>	
Provision for unforeseen expenditure	15,000
<i>Chapter V.</i>	
Payment to Reserve Fund (<i>pro memoriam</i>)	—
	<hr/>
Total expenditure	2,870,700

APPENDIX 2.

AUDIT OF THE ACCOUNTS OF THE INTERNATIONAL INSTITUTE OF INTELLECTUAL
CO-OPERATION FOR THE FINANCIAL YEAR 1934.

REPORT BY DR. F. VIVALDI, DEPUTY AUDITOR OF THE LEAGUE OF NATIONS.

Communicated to the Governing Body of the Institute on July 19th, 1935.

I have the honour to set out in this report the results of my audit of the accounts of the Institute for the financial year 1934, which I have examined in accordance with the Statute and Financial Regulations of the Institute.¹

INCOME.

The income for the financial year represented by Government contributions amounted to 2,615,985.56 francs, showing a further decline.² This decline, however, was considerably less than in the previous year, and—an important point—there would have been no reduction at all had not the Institute's principal source of income—namely, the French contribution—been reduced by the non-repetition of the supplementary payments made in earlier years, to the original minimum of 2,000,000 francs.³

The following table summarises the various component parts of the total income:

	Francs
French contribution	2,000,000.—
Other contributions provided for in the budget	449,888.15
New contributions	70,591.70
Arrears of contributions	95,505.71 ⁴
Profit on exchange	—
	2,615,985.56

It is immediately apparent from this table that an item which had been discontinued for some time—"New contributions"—now reappears. This year, two States, Spain and Peru, have contributed to the Institute, though without assuming any liability for the future, while Poland has returned to her tradition of contributing.

Arrears of contributions were paid up to the extent of nearly double the amount in the previous year. This was partly due to arrangements made by the Director, under the general authorisation

¹ Article 13 of the Statute and of the Regulations.

² In order to provide the higher authorities with a comprehensive view of the position of the Institute in this respect, from its inception to the present day, I here recapitulate the total income from Government contributions in each financial year:

Year	Income from Government contributions Francs	Increase Decrease as compared with the previous year	
		Francs	Francs
1925	1,025,000.—		
1926	2,183,250.—	+ 1,158,250.—	
1927	2,514,501.44	+ 331,251.44	
1928	2,954,138.22	+ 439,636.78	
1929	3,182,957.30	+ 228,819.08	
1930	2,977,726.20		— 190,847.35
1931	3,023,692.25	+ 45,966.05	
1932	3,061,130.41	+ 37,438.16	
1933	2,764,438.03		— 296,692.38
1934	2,615,985.56		— 148,452.47

³ Law of August 6th, 1925.

⁴ Strictly speaking, there was a small exchange profit (735.45 francs) on the Portuguese and Swiss contributions; but this was completely absorbed by the loss on other contributions (36,521.24 francs) as compared with the estimates.

given by the higher authorities, ¹ for the payment of lump sums. Under this system, Colombia and Czechoslovakia were able to settle all their previous accounts this year by paying 8,279.65 and 21,900 francs respectively.

In consequence of this, the State contributions which the Institute ought to receive, according to the figures shown in the budgets of the various financial years, are as follows:

Name of State	1928	1929	1930	1931	1932	1933	1934
	(In francs)						
Austria . .	—	—	—	—	5,000	3,929	1,000
Belgium . .	—	—	75,000	75,000	—	—	—
Ecuador . .	2,000	—	—	2,000	2,000	2,000	2,000
Mexico . .	—	—	—	—	—	60,000 ²	—
Dominican Republic.	—	25,000	25,000	25,000	25,000	—	—
Venezuela .	—	—	—	—	—	12,000	12,000 ³
Total . .	2,000	25,000	100,000	102,000	32,000	77,929	15,000

Viz.:

Arrears:

	Francs
1928	2,000
1929	25,000
1930	100,000
1931	102,000
1932	32,000
1933	77,929
1934	15,000
Total contributions in arrears	353,929

The amounts due have therefore decreased by 353,587.90 francs as compared with those which remained due at the end of the preceding year (707,516.90 francs); in other words, they have been reduced by nearly half, while the number of debtor States has fallen from ten to six.

Other receipts (miscellaneous and extraordinary) amounted to 246,751.06 francs, or 114,248.94 francs less than the budget estimate of 361,000 francs. This was largely due to the complete absence of extraordinary receipts, which had been estimated at 50,000 francs, whereas in previous years the item had been shown purely *pro forma*. *Miscellaneous receipts*, on the other hand, though also below the estimates (311,000 francs), exceeded the corresponding figure for the previous year by about 7,000 francs. The detail of these receipts is as follows:

(a) *Interest on funds deposited in banks*, which produced 23,658.30 francs—over 2,000 francs more than the estimate (21,000 francs).

(b) *Proceeds of the sale of publications*, with which, as usual, I shall deal in due course. I should mention at once, however, that these continued to increase substantially. The amount received under this head was 143,865.96 francs—about 40,000 francs more than in the previous year—and the figure for this item has practically doubled in the course of three years.

(c) *Special Italian contribution*, estimated at 40,000 francs and paid to the extent of 29,000 francs, ⁴ together with the 11,000 francs still owing on the corresponding contribution for the previous financial year.

¹ Decision of the Directors' Committee, dated April 12th, 1933, ratified by the Governing Body at its meeting on July 20th, 1934. See also my last report.

² Two cheques for 60,000 francs each were sent by the Mexican Government in June 1934 and February 1935 respectively; but, on explicit instructions from that Government, they were regarded as covering the contributions for 1934 and 1935, and not as paying off the arrears for 1933.

³ The amount due from Venezuela for arrears of contributions (24,000 francs in all) was more than offset at December 31st, 1934, by other payments to the Institute by the Venezuelan Government. As, however, at the express desire of that Government, these payments were employed for a special publication of the Institute which was paid for out of extra-budgetary funds, they could not be set off against the arrears.

⁴ The difference was paid in full during the current financial year. It occurs annually, because the Italian financial year does not coincide with that of the Institute, the former running from July 1st to June 30th and the latter from January 1st to December 31st.

(d) *Miscellaneous receipts properly so called*, which amounted to 39,226.80 francs. The detail is as follows:

	Francs
Contribution to the upkeep of the Salle des Fêtes	3,040.—
Sale of old furniture (waste paper)	331.—
Repayments in respect of private telephone calls	4,788.95
Reimbursement of postal charges in respect of the publication relating to popular art	45.—
Reimbursement of duplicating expenses	250.—
Reimbursement by the Post Office of an excess charge on a telegram	10.30
Reimbursement by the Federation of Journalists of the cost of an estimate for painting	45.25
Reimbursement by the Rockefeller Foundation of the cost of translating <i>L'Etat et la Vie économique</i>	1,965.—
Contribution from the Nobel Committee of the Norwegian Parliament for special work in connection with broadcasting	19,475.—
Contribution from the Italian National Committee on Intellectual Co-operation:	
(1) To the expenses of the Rome meeting of the Managing Committee of the International Office of Institutes of Archaeology and the History of Art	3,212.—
(2) To the expenses of the Venice meeting of the Permanent Committee for Arts and Letters	6,064.30
Total	39,226.80

* * *

The amounts received by the Institute in 1934 were thus as follows:

	Francs
State contributions	2,615,985.56
Miscellaneous receipts	246,751.06
Total	2,862,736.62

i.e., 355,263.38 francs less than the total budget estimate of 3,218,000 francs.¹

Modifications made in the Budget in the Course of the Year.

The transfers effected between different items in the budget by the Directors' Committee² were very few and insignificant this year—only two, totalling 12,000 francs.

As in previous years, however, though to a considerably less extent than in 1933, the estimates were increased by substantial supplementary credits, as the Governing Body,³ availing itself of the powers vested in it under Article 7 of the Financial Regulations, added to the budget the whole of the cash surplus from the previous year (165,566.10 francs).

Comparison between Receipts and Expenditure.

The expenditure proper for the financial year reached a total of 2,887,539.49 francs.⁴ There was thus a saving of 330,460.51 francs on the expenditure estimates (3,218,000 francs).

¹ As usual, I append a table giving a general idea of the situation from the inception of the Institute to the close of the financial year 1934:

	Estimated receipts	Actual receipts	Difference
	Francs	Francs	Francs
1925	1,025,000	1,025,000.—	—
1926	2,100,000	2,210,515.85	+ 110,515.85
1927	2,115,000	2,549,497.84	+ 434,497.84
1928	2,431,000	2,989,836.70	+ 558,836.70
1929	2,896,000	3,306,213.58	+ 410,213.58
1930	3,260,000	3,096,266.32	— 163,733.68
1931	3,404,000	3,330,744.70	— 74,055.30
1932	3,365,000	3,277,470.14	— 87,529.86
1933	3,207,000	3,004,510.20	— 202,489.80
1934	3,218,000	2,862,736.62	— 355,263.38

² At the meeting of December 19th, 1934.

³ At the meeting of July 20th, 1934.

⁴ I do not include among expenditure the repayment of 150,000 francs borrowed from the Working Capital Fund during the financial year, because I have not included this loan in the income for the year. These were, indeed, two purely treasury operations, in no way affecting the account, except as book entries.

Since the funds actually available were represented, as already stated, by actual receipts (2,862,736.62 francs) plus the surplus from the previous year (165,566.10 francs), making a total of 3,028,302.72 francs, the cash surplus was 140,763.23 francs.

As the real income was only 2,862,736.62 francs, the year's receipts were insufficient to meet the corresponding expenditure to the extent of 24,802.87 francs. This, therefore, is the sum taken from the supplementary credits voted during the year, and so in actual fact expended out of the cash surplus from the previous year.

There is no need to emphasise the great general improvement represented by this situation, if it is borne in mind that in the previous year (1933) the net cash deficit was 239,953.40 francs.

Unexpended Surplus from the Financial Year 1933.

This surplus, therefore, amounting to 165,566.10 francs, was reduced at the end of the financial year 1934, owing to the withdrawal already mentioned, to 140,763.23 francs.

Working Capital Fund.

This fund, which amounted to 400,000 francs at the end of the financial year 1933, remained unchanged at the end of 1934.¹

The Results of the Financial Year.

The financial year 1934 thus closed:

- (a) With receipts falling short of the budget estimates by 355,263.38 francs;
- (b) With expenditure less than the original budget estimates by 330,460.51 francs—a saving which almost offset the above-mentioned shortage of receipts;
- (c) With expenditure consequently very slightly exceeding actual income by 24,802.87 francs, which was easily made good out of the cash surplus from previous years, this being thus reduced, when the accounts were closed, to 140,763.23 francs;
- (d) With a Working Capital Fund of 400,000 francs;
- (e) With an asset of 356,587.90 francs in respect of claims for unpaid contributions by States.

EXPENDITURE.

Chapter I. — Staff.

The attached special table (page 10) showing the modifications made in the budget during the financial year reveals, in addition to an insignificant transfer of 4,400 francs from Item C (" Minor Staff ") to Item B (" Head Clerks, etc. "), a slight increase in the appropriation for this chapter—specifically, for Item D (" Allowances, etc. ")—for New Year gratuities to employees.² This increase, which was considerably less than the increase in the same chapter in the previous year, amounted to 29,750 francs,³ thus increasing the total appropriation from 1,851,900 francs to 1,881,650 francs. This was necessary for book-keeping reasons, as the original appropriation for Item D would have been insufficient to meet the whole of the new expenditure sanctioned by the Governing Body; but it was amply made good by substantial economies on the other items in the chapter. The total for the chapter was only 1,784,314.03 francs, so that there was a saving of as much as 97,335.97 francs⁴ on the total appropriation and 67,585.97 francs on the original appropriation.

As regards adherence to the establishment, I should point out at once that this can no longer be said to exist so far as concerns the number of posts to be filled in each grade, these being no longer specified either in the schedule approved by the higher authorities⁵ or in the budget estimates. The establishment is thus determined purely and indirectly by financial possibilities.

Bearing in mind the desire expressed by the higher authorities to be kept informed of the state of the establishment,⁵ I find:

- (a) That the number of principal secretaries has been reduced during the financial year from four to three, which accounts for the substantial saving (71,906.81 francs) effected on the corresponding budget item;

¹ The table of non-budget services appended to this report shows the fund, at December 31st, 1934, at the smaller figure of 250,000 francs. This is accounted for, not by any real decrease in the fund, but by a loan made by the fund, in accordance with the Regulations, to the Institute's Treasury, to meet a temporary shortage of 150,000 francs due to delay in the receipt of income. As soon as the amount was received (on February 16th, 1935—*i.e.*, before the regular closing of the 1934 accounts), the loan was repaid.

² See the Minutes of the Governing Body (meeting of July 20th, 1934).

³ In the previous year, the increase in the appropriation for this chapter and the transfers of funds between different items in it amounted to 105,000 francs and 20,334 francs respectively.

⁴ The saving effected in the previous year on an almost identical final appropriation was only 35,320.93 francs.

⁵ Directors' Committee meeting of December 20th, 1933.

(b) That, in compliance with my observations, certain officials graded as assistant clerks but paid as clerks have been confirmed in the latter grade, thus bringing the legal position into line with the economic facts; consequently, the total number of head clerks and clerks has been increased from ten to fourteen, with a corresponding decrease in the number of assistant clerks from seven to three;

(c) That the establishment of shorthand-typists and minor staff has remained unchanged.

Accordingly, in the financial year 1934, there was a net decrease of one (the principal secretary aforesaid) in the staff, with the budgetary saving already stated and a reduction of 57,965.04 francs in expenditure as compared with the previous year.

On the other hand, I have nothing to add to the considerations made in my previous reports concerning the officials in addition to the staff allowed for by the establishment, who are paid monthly by an partial draw sum from Chapter III, E ("Contribution to Special Work").¹

Chapter II. — Maintenance.

The results for this chapter are similar to those for the previous chapter. No increase in funds was necessary, and the total appropriation, though reduced by 20,000 francs in comparison with 1933, allowed of a saving of 34,424.56 francs—3,000 francs more than in the previous year—only 85,575.44 francs having been expended out of a credit of 120,000 francs.

Chapter III. — Working Expenses.

This chapter, being that most closely concerned with the Institute's essential aims, is consequently also that in which the characteristic features of the year's administration are most clearly revealed. Indeed, the total figures are so plain as to require no comment.

To this chapter, 135,816.10 francs were allotted out of the above-mentioned surplus from the financial year 1933, and, in addition, 8,000 francs were transferred to it from Chapter IV ("Unforeseen Expenditure").

The total appropriation for the chapter was thus increased from 1,225,500 francs to 1,369,316.10 francs, being over 69,000 francs less than the final appropriation for the previous year. Thus, notwithstanding, as expenditure amounted to only 1,015,930.27 francs, there was a saving of 353,385.83 francs—more than double that effected in the previous financial year.

Nearly all the items in the chapter contributed to this result. I shall now proceed, as usual, to summarise their main features as shown in the table on the subject. The first two items ("Travelling Expenses of Members of the Directors' Committee and Entertainment Allowances") call for no special remark, though the former shows a substantial decrease as compared with the previous year.

As regards the item "Travelling Expenses of Officials", although a supplementary credit of 10,816.10 francs was allotted to it during the year, the expenditure did not exceed the original appropriation of 90,000 francs, since it amounted to only 79,812.20 francs. Consequently, the supplementary credit was restored intact, together with a saving of 10,187.80 francs on the original appropriation, and—a point to be noted—the item contributed over 20,000 francs to the considerable decrease in expenditure in the general results for the chapter, to which I have already referred.

As I had occasion to remark in my previous reports, however, the next item ("Meetings of Experts") has sometimes contributed to this expenditure by defraying other similar expenditure. This fact, however, calls for no serious remark, since the item in question shows expenditure (86,674.80 francs) amounting to less than one-third of the estimates (275,000 francs) and over 139,000 francs less than in the previous year. This substantial saving is due to a combination of various factors.

There was a slight increase (a little over 2,000 francs) on Item E ("Special Work"), which shows expenditure amounting to 284,828.23 francs, though this is over 115,000 francs less than the estimates. As I said a little earlier, this item continued to cover the salaries of nine supernumerary employees, which totalled 207,800 francs.

Item F ("Office Expenses"), which was formerly a somewhat costly one, continued and accentuated its tendency to improvement. Although the estimates for this item had already been reduced by 25,000 francs (to 160,000 francs), a further saving of 16,419.70 francs was effected on this appropriation. When it is borne in mind that the previous year's expenditure had already been reduced by so large a sum as 167,393.85 francs as compared with that for 1932, the importance of this result will be clear, especially since expenditure under this head is plainly in direct proportion to the general work of the Institute—in particular, to its publications, which, as will shortly be seen, are developing rapidly.

¹ There has likewise been no change in the position regarding the Institute's contribution in respect of the insurance of this staff additional to establishment. It continued to be charged to the heading "Insurance" in the "Staff" chapter.

Item G ("Purchase of Books"), which always receives a very modest credit, having been reduced in the estimates to a minimum of 5,500 francs, calls for no special remarks.¹

The next and last item of this chapter—that relating to "Publications"—does, however, merit certain observations.

Here again, the appropriation, though increased by 133,000 francs, during the year,² was 60,000 francs below that allotted in the previous year. It amounted to 333,000 francs, of which 332,527.49 francs were expended.

In connection with the budgetary receipts of the Institute, I have already observed that the proceeds of the sale of publications were greater than in the previous year by about 40,000 francs (to be exact, 39,167.25 francs), so that in the course of three years, income from this source has almost doubled.

To complete this brief survey, I need only call attention to the facts that no private contributions were received in aid of this item and that, whereas expenditure decreased by as much as 58,178.93 francs as compared with the previous year, receipts and claims, taken together, increased by 6,800 francs. This upward tendency seems to be continuing in the early months of the current financial year, and consequently this particular item would appear to be progressing very satisfactorily.

Chapter IV. — Unforeseen Expenditure.

The original appropriation for unforeseen expenditure (20,600 francs) was reduced, as already stated, by 8,000 francs transferred to Chapter III, H ("Publications"). Of the remaining 12,600 francs, only 1,719.75 francs were expended.

EXTRA BUDGETARY ACCOUNTS.

A. *Publication of the Collection of Latin-American Classics.*

The sum of 199,436.95 francs which remained available for this purpose at the end of the year 1933 was increased in 1934 by 928.40 francs, representing the proceeds of the sale of volumes in the series. In accordance with the decision of the higher authorities, this account has to be subdivided into as many accounts as there are contributions. The position is shown in the following table:

Name of State	Year	Payments received			Expenditure							Balance available
		Amount of payment	Contribution to the general expenses of publication (5% of the payment)	Portion of payment to be used exclusively for texts of interest to the State making the payment	1929	1930	1931	1932	1933	1934	Total	
Chile	1928	Francs 30,874.70	Francs 1,543.75	Francs 29,330.95	Francs 263.25	Francs 13,600	Francs 1,755.—	Francs 137.50	—	—	Francs 15,755.75	Francs 13,575.20
Brazil	1929	86,916.—	4,345.80	82,570.20	—	1,800	15,095.95	2,972.75	7,312	3,000.—	30,180.70	52,389.50
Venezuela	1930	77,212.35	3,860.60	73,351.75	—	—	—	—	5,000	18,226.05	23,226.05	50,125.70
Argentine Republic . .	1930	36,481.90	1,824.10	34,657.80	—	—	30	1,500.—	2,500	16,339.40	20,369.40	14,288.40
Marti Committee . .	1932	12,677.50	633.85	12,043.65	—	—	—	4,500.—	—	—	4,500.—	7,543.65
Hostos Committee . .	1933	17,497.35	874.85	16,622.50	—	—	—	—	—	—	—	16,622.50
		261,659.80	13,082.95 ³	248,576.85	263.25	15,400	16,880.95	9,110.25	14,812	61,565.45	94,031.90	154,544.95 ⁴

B. *Enquiry concerning the Institution of International University Exchanges and the Measures taken in Various Countries of Europe to encourage such Exchange (American Enquiry).*

Out of the sum of 36,465.76 francs⁵ remaining available for this purpose at the end of the financial year 1933, nothing was expended in 1934. At the close of the latter financial year, therefore, the same balance remained available.

¹ It contributed to the total saving to the extent of 373.20 francs.
² A supplementary credit of 125,000 francs out of the cash surplus for 1933 and a transfer of 8,000 francs from Chapter IV.
³ Of this sum, 10,228.15 francs had been expended by the end of 1934; there consequently remained 2,854.80 francs for general expenses.
⁴ This sum is brought up to the figures shown in the annexed table for "Non-budget services" (160,048.15 francs) by adding the 2,854.80 francs mentioned in note ³ above and 2,648.40 francs representing proceeds of sales.
⁵ Derived from payments made in previous years by the American Council on Education and placed to the Institute's account through the Secretariat of the League of Nations.

C. *Publication of the Acts and Memoranda of the International Congress of Popular Arts held at Prague in October 1928.*

As explained in my last report, the financial transactions relating to the printing of the volume were finally closed during the year 1933, and showed a profit of 5,955.75 francs. Accordingly, a second operation was begun in the same year, which consisted in employing the proceeds of the sale of the volume—which now represent an absolutely net profit—to buy more copies from the printer in order to resell them at a further profit.

For this purpose, the aforesaid sum was re-employed in 1933 to the extent of 2,970 francs. The balance (2,985.75 francs) was used for the same purpose in 1934.

The proceeds of these sales are now, for the sake of simplification, included in miscellaneous budget revenue from sales of publications. This extra-budgetary account is therefore to be regarded as closed.

D. *Conference on Advanced International Studies.*

	Francs
Out of the donations from the Rockefeller Foundation for this purpose, there remained, as stated in my last year's report, an available balance of	43,215.—
This sum was increased in 1934 by a further donation from the Foundation of Giving a total amount available of	<u>45,000.—</u>
Out of this sum were expended for fees, travelling expenses, translation, etc., all with the sanction of the Foundation	<u>88,215.—</u>
There thus remained available at the close of the financial year 1934	<u>1 53,855.50</u>
	34,359.50

E. *Preparation of the "Lexicon of Political Terms".*

Out of the sum granted for this purpose by the Carnegie Endowment for International Peace' there remained available at the close of the previous financial year, as explained in my last report' 22,495 francs. Of this amount, 6,000 francs were spent in 1934 on publication expenses.

At the close of the year under consideration, therefore, 16,495 francs remained available in this account.

CONCLUSION.

The year under review is beyond doubt an important one from the standpoint of financial administration; for in that year it is true to say that a balance between income and expenditure was achieved and secured. That the excess of estimates over actual income has really ceased to exist (it is only through a very peculiar circumstance that it still appears in the accounts); that the number and amount of claims outstanding have been considerably reduced; that publications have been developed, showing a most encouraging increase in proceeds of sales and a by no means insignificant decrease in expenses; that the undesirable habit of making transfers during the financial year—an infallible symptom of difficulties in management—has been almost completely abandoned; that expenditure has been so reduced that, after many years, notwithstanding a decline in income, a substantial budgetary saving has been effected, while, despite the discontinuance of all additional contributions from France, the accounts have been closed with a cash deficit which is almost wholly negligible as compared with the large and alarming deficits of past years; that the cash surplus from previous years has been kept almost intact, and the working capital fund of 400,000 francs completely intact—all these facts give evidence that the organisation has been stabilised in a wise proportion to its financial resources, and hence plainly indicate that the administration had been quite sound.

Having no remarks to make regarding particular items of income and expenditure, I have accordingly the honour to declare the accounts of the Institute for the year 1934 to be in order.

(Signed) Dr. F. VIVALDI,

Deputy Auditor to the League of Nations.

¹ Including 701.50 francs refunded to the Rockefeller Foundation.

CASH POSITION AT DECEMBER 31ST, 1934.

		Total	Budget services	Non-budget services
		Francs	Francs	Francs
Balance at December 31st, 1933		862,851.02	158,252.56	704,598.46
Actual receipts in 1934:				
(1) For the financial period	Francs			
1933	175,252.18			
(2) For the financial period				
1934	2,586,596.78			
(3) For non-budget services	45,928.40	2,807,777.36	2,761,848.96	45,928.40
Total		3,670,628.38	2,920,101.52	750,526.86
Actual expenditure in 1934:				
(1) For the financial period				
1933	167,938.54			
(2) For the financial period				
1934	2,732,047.19			
(3) For non-budget services	253,158.45	3,153,144.28	2,899,985.83	253,158.45
Balance at December 31st, 1934		517,484.10	20,115.69	497,368.41

BUDGET FOR 1934.

I. RECEIPTS.

I. <i>Grants by:</i>	Francs	Francs
Austria	1,000	
Brazil	75,000	
Denmark	23,000	
Ecuador	2,000	
Egypt	43,000	
France	2,375,000	
Hungary	21,000	
Italy	152,000	
Luxemburg	2,000	
Mexico	60,000	
Monaco	2,000	
Portugal	15,000	
Roumania	25,000	
Switzerland	24,000	
Venezuela	12,000	
Yugoslavia	25,000	
		2,857,000
II. <i>Miscellaneous Receipts:</i>		
Interest on deposits	21,000	
Sales of publications	200,000	
Sundry	50,000	
Contribution of the Italian National Committee	40,000	
		311,000
III. <i>Extraordinary Receipts</i>		50,000
Total receipts		3,218,000

II. EXPENDITURE.

	Francs	Francs
<i>Chapter I. — Staff.</i>		
A. Director, principal secretaries, legal adviser, secretaries and internal administration	1,035,000	
B. Head clerks, clerks and shorthand-typists	491,900	
C. Minor staff	135,000	
D. Allowances (family allowances, etc.)	95,000	
E. Payment to Caisse nationale des retraites	95,000	
	<hr/>	1,851,900
<i>Chapter II.</i>		
A. Upkeep of buildings and furniture	50,000	
B. Lighting and heating	50,000	
C. Insurances	20,000	
	<hr/>	120,000
<i>Chapter III.</i>		
A. Travelling expenses of members of the Committee of Directors	20,000	
B. Entertainment allowances:		
Committee of Directors (lump sum allowance)	5,000	
Director (lump sum allowance)	30,000	
Secretaries (entertainment allowance)	10,000	
Lump sum allowance for the costs of motor-car	30,000	
	<hr/>	75,000
C. Journeys made by officials	90,000	
D. Experts' meetings	275,000	
E. Contribution to special work	400,000	
F. Office expenses	160,000	
G. Purchase of books	5,500	
H. Publications	200,000	
	<hr/>	1,225,500
<i>Chapter IV.</i>		
Provision for unforeseen expenditure		20,600
<i>Chapter V.</i>		
Payments to Reserve Fund (<i>ad memorandum</i>)		—
<i>Chapter VI.</i>		
Balance payable in respect of past financial years (<i>ad memorandum</i>)		—
Total expenditure		<hr/> 3,218,000

RECEIPTS FOR FINANCIAL YEAR 1934.

	Francs	Francs
1. <i>Grants by:</i>		
Brazil	75,000.—	
Colombia	8,279.65	
Czechoslovakia	21,900.—	
Denmark	10,806.18	
Egypt (1933 and 1934)	77,008.58	
France	2,000,000.—	
Hungary	20,664.—	
Italy	152,000.—	
Luxemburg	2,000.—	
Mexico	60,000.—	
Monaco (1933 and 1934)	4,000.—	
Peru	10,591.70	
Poland	30,000.—	
Portugal	15,213.60	
Roumania	25,000.—	
Spain	30,000.—	
Switzerland	24,521.85	
Venezuela (1931 and 1932)	24,000.—	
Yugoslavia	25,000.—	
		2,615,985.56
2. <i>Miscellaneous Receipts:</i>		
Interest on deposits	23,658.30	
Sale of publications	143,865.96	
Contribution of the Italian National Committee	40,000.—	
Miscellaneous	39,226.80	
		246,751.06
3. <i>Extraordinary receipts:</i>		
Loan from Working Capital Fund		150,000.—
Total		3,012,736.62

TRANSFERS AND SUPPLEMENTARY CREDITS FOR THE FINANCIAL YEAR 1934.

Items	Original credits	Transfers and supplementary credits		Final credits
		July 20th, 1934, Governing Body	December 19th, 1934, Directors' Committee	
	Francs	Francs	Francs	Francs
<i>Chapter I. Staff.</i>				
B. Head clerks, etc.	491,900	—	+ 4,400	496,300.—
C. Minor Staff	135,000	—	— 4,400	130,000.—
D. Allowances	95,000	+ 29,750.—	—	124,750.—
<i>Chapter III.</i>				
C. Journeys made by officials	90,000	+ 10,816.10		100,816.10
H. Publications	200,000	+ 125,000.—	+ 8,000	333,000.—
<i>Chapter IV.</i>				
Provision for unforeseen expenses	20,600	—	— 8,000	12,600.—
<i>Chapter V.</i>				
Payments to Reserve Fund	—	—	+ 150,000	150,000.—
		165,566.10	150,000	

DETAILED ACCOUNT OF EXPENDITURE DURING THE FINANCIAL PERIOD 1934.

Items	Total credits entered for the financial period	Actual expenditure		Total expenses for financial period	Cancelled credits
		From January 1st to December 31st, 1934	From January 1st to December 31st, 1935		
	Francs	Francs	Francs	Francs	Francs
<i>Chapter I. — Staff.</i>					
A. Director, Principal Secretaries, Legal Adviser, Secretaries and internal administration	1,035,000.—	963,093.19	—	963,093.19	71,906.81
B. Head clerks, clerks and shorthand-typists	496,300.—	496,299.36	—	496,299.36	0.64
C. Minor staff	130,600.—	127,443.50	—	127,443.50	3,156.50
D. Allowances (family allowances)	124,750.—	112,592.98	—	112,592.98	12,157.02
E. Payment to Caisse nationale des retraites	95,000.—	84,885.—	—	84,885.—	10,115.—
<i>Chapter II.</i>					
A. Upkeep of buildings and furniture	50,000.—	4,094.35	19,276.09	23,370.44	26,629.56
B. Lighting and heating	50,000.—	24,546.95	20,235.85	44,782.80	5,217.20
C. Assurances	20,000.—	17,422.20	—	17,422.20	2,577.80
<i>Chapter III.</i>					
A. Travelling expenses of members of the Directors' Committee	20,000.—	14,600.20	—	14,600.20	5,399.80
B. Entertainment allowances	75,000.—	66,656.80	2,123.45	68,780.25	6,219.75
C. Journeys made by officials	100,816.10	79,745.35	66.85	79,812.20	21,003.90
D. Experts' meetings	275,000.—	84,125.30	2,549.50	86,674.80	188,325.20
E. Contribution to special work	400,000.—	276,741.88	8,086.35	284,828.23	115,171.77
F. Office expenses	160,000.—	113,840.20	29,740.10	143,580.30	16,419.70
G. Purchase of books	5,500.—	2,316.55	2,810.25	5,126.80	373.20
H. Publications	333,000.—	261,923.63	70,603.86	332,527.49	472.51
<i>Chapter IV.</i>					
Provision for unforeseen expenditure	12,600.—	1,719.75	—	1,719.75	10,880.25
<i>Chapter V.</i>					
Payments to Reserve Fund	150,000.—	—	150,000.—	150,000.—	—
<i>Chapter VI.</i>					
Balances payable in respect of past financial years	—	—	—	—	—
Total	3,533,566.10	2,732,047.19	305,492.30	3,037,539.49	496,026.61

RESULT OF FINANCIAL PERIOD 1934

(Closed March 31st, 1935).

Transaction during the financial period 1934:

	Francs	Francs
1. Receipts:		
(a) January 1st to December 31st, 1934	2,586,596.78	
(b) January 1st to March 31st, 1935	426,139.84	
Total	3,012,736.62	3,012,736.62
2. Expenditure:		
(a) January 1st to December 31st, 1934	2,732,047.19	
(b) January 1st to March 31st, 1935	305,492.30	
Total	3,037,539.49	3,037,539.49
Excess expenditure		24,802.87
The result of the financial period 1933 showed a surplus of		165,566.10
The final result of the financial period 1934 is a surplus of		140,763.23

NON-BUDGET SERVICES. ¹

	Balance on December 31st, 1933	Actual receipts, 1934	Total receipts	Actual expenditure, 1934	Balance on December 31st, 1934
	Francs	Francs	Francs	Francs	Francs
Latin-American Classics . . .	199,436.95	928.40	200,365.35	40,317.20	160,048.15
American Enquiry	36,465.76	—	36,465.76	—	36,465.76
Acts and Memoranda of the International Congress of Popular Arts	2,985.75	—	2,985.75	2,985.75	—
Conference on Advanced In- ternational Studies (Rocke- feller Foundation)	43,215.—	45,000.—	88,215.—	53,855.50	34,359.50
Dictionary of Political Terms (Carnegie Grant)	22,495.—	—	22,495.—	6,000.—	16,495.—
Working Capital Fund . . .	400,000.—	—	400,000.—	150,000.—	250,000.—
	704,598.46	45,928.40	750,526.86	253,158.45	497,368.41

¹ This table of non-budget services cannot be referred to the date of closing the budget accounts for the financial year (March 31st, 1935) as in the case of the other tables. It is therefore strictly limited to December 31st, 1934, and hence does not include certain transactions relating to the Latin-American Classics and the Working Capital Fund, which belong to the administration of the 1934 budget, but were effected during the supplementary period.

VALUE OF FURNITURE APPEARING IN THE INVENTORY

	Francs	Francs		Francs	Francs
1928:			1928:		
Depreciation on December 31st, 1927, 20 %	164,463.80		Value of furniture acquired up to December 31st, 1927	822,319.—	
20 % on value as at Decem- ber 31st, 1928	<u>170,913.56</u>		Purchases during the year .	<u>32,248.80</u>	<u>854,567.80</u>
		<u>335,377.36</u>			
1929:			1929:		
Balance as per last account .	335,377.36		Balance as per last account .	854,567.80	
20 % on value as at Decem- ber 31st, 1929	<u>188,055.91</u>		Purchases during the year .	<u>85,711.75</u>	<u>940,279.55</u>
		<u>523,433.27</u>			
1930:			1930:		
Balance as per last account .	523,433.27		Balance as per last account .	940,279.55	
20 % on value as at Decem- ber 31st, 1930	<u>189,476.45</u>		Purchases during the year .	<u>7,102.70</u>	<u>947,382.25</u>
		<u>712,909.72</u>			
1931:			1931:		
Balance as per last account .	712,909.72		Balance as per last account .	947,382.25	
20 % on value as at Decem- ber 31st, 1931	<u>190,750.37</u>		Purchases during the year .	<u>6,369.60</u>	<u>953,751.85</u>
		<u>903,660.09</u>			
1932:			1932:		
Balance as per last account .	903,660.09		Balance as per last account .	953,751.85	
Depreciation for the year . .	<u>63,763.06</u>		Purchases during the year .	<u>13,671.30</u>	<u>967,423.15</u>
		<u>967,423.15</u>			
1933:			1933:		
Balance as per last account .	967,423.15		Balance as per last account .	967,423.15	
Depreciation for the year . .	<u>25,872.55</u>		Purchases during the year .	<u>25,872.55</u>	<u>993,295.70</u>
		<u>993,295.70</u>			
1934:			1934:		
Balance as per last account .	993,295.70		Balance as per last account .	993,295.70	
Depreciation for the year . .	<u>4,837.65</u>		Purchases during the year .	<u>4,837.65</u>	<u>998,133.35</u>
		<u>998,133.35</u>			

