

GENERAL  
ASSEMBLYASSEMBLEE  
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REPORT OF THE COMMITTEE SET UP BY  
THE PREPARATORY COMMISSION TO DISCUSS AND ESTABLISH  
WITH THE SUPERVISORY COMMISSION OF THE LEAGUE  
OF NATIONS A COMMON PLAN FOR THE TRANSFER  
OF THE ASSETS OF THE LEAGUE OF NATIONS

1. The Committee was set up by the Preparatory Commission on 18 December 1945 and consists of one representative designated by the Delegations of each of the following eight Members: Chile, China, France, Poland, South Africa, the Soviet Union, the United Kingdom and the United States of America.

The Committee's terms of reference were to enter on behalf of the Preparatory Commission, into discussions with the League Supervisory Commission, for the purpose of establishing a common plan for the transfer of the assets of the League to the United Nations on such terms as are considered just and convenient. The duly authorized representatives of the International Labour Organization were to be consulted on questions connected with the transfer which affected that Organization.

The Committee was instructed to have regard to the views expressed by the Executive Committee in paragraphs 24, 25, 28-31 of the "Report on the Transfer of Certain Functions, Activities and Assets of the League of Nations" (Report by the Executive Committee, pages 112-114).

The Committee was not called on to make recommendations on the transfer of functions and activities of the League which is the subject of a separate recommendation of the Preparatory Commission. The Committee, however, calls attention to the desirability of acting on this matter promptly in order to facilitate the termination of the League as soon as possible.

The Preparatory Commission recommended that the plan developed by the Committee should be submitted for approval to the General Assembly, if possible during the First Part of the First Session.

2. The Committee held conversations with the Supervisory Commission of the League of Nations and consulted duly authorized representatives of the Governing Body of the International Labour Organization.

The Committee has received all possible assistance from these bodies who share the Committee's desire that the necessary steps should be taken with the greatest possible speed.

3. The main concern of the United Nations Committee was to survey the present position of the assets of the League and to determine how the assets taken over should be evaluated and how any financial settlement should be effected.

The Supervisory Commission was, however, concerned with a number of other questions connected with the liquidation of the League, and indirectly affecting the transfer of assets. Therefore, the Common Plan established contains several points not immediately of interest to the United Nations.

4. The Committee recommends that the United Nations should, in order to facilitate the early dissolution of the League of Nations in definite and proper conditions, take over all material assets of the League of Nations. These material assets include:

- (a) the buildings in Geneva holding the offices of the Secretariat, the Assembly Hall with the committee rooms and the library, together with the transferable rights of the League of Nations to use the land on which the building stands, the land within one hundred metres of the buildings and the roads leading to the buildings;

- (b) the surrounding grounds belonging to the League of

- (c) the furniture fittings and equipment belonging to the League;
- (d) the stocks of stationery, printing paper and publications, office supplies and equipment of the League;
- (e) the books belonging to the League;
- (f) the League archives.

A more precise specification is set out in column I of the Schedule attached to the Common Plan.

The Committee is of the opinion that the cost of maintenance of the fixed assets mentioned under (a) and (b) should be excessive in relation to their value.

The question of the premises of the Court of Justice in the Hague is referred to in paragraph 11.

5. In accordance with its terms of reference the Committee was to find a value which should "in principle imply neither profit nor loss for the United Nations". The Committee and the Supervisory Commission agreed that in general a "just and convenient" evaluation of these assets today would be the price they had cost the League of Nations.

For the movable assets the cost price is certainly on balance favourable to the United Nations. It should be noted that the inventory of movable assets is subject to minor changes, since the figures given are based on a survey made in July 1945. It is understood that all gifts, many of which have a high artistic and monetary value, will be transferred without any pecuniary consideration.

As regards the fixed assets a method of evaluation on any basis other than that recommended by the Committee was found to be extremely difficult in view, amongst other things, of the uncertainty of the future use of the buildings. Postponement of valuation until a later date was considered by the Committee, but this plan was

regarded by the Supervisory Commission as impracticable due to the uncertainties involved and to the need for a more definite and clear cut arrangement if the League is to be terminated at an early date. Further this procedure might involve the United Nations in financial dealings with States non-Members.

The Committee recommends that the valuation at cost price set out in column II of the Schedule attached to the Common Plan, with the reservations as to revision set out in the notes appended, be accepted.

6. The Common Plan agreed with the Supervisory Commission proposes the following procedure for a financial settlement.

The shares in the total credit established in settlement of the transfer should be distributed between the States entitled to participate, in accordance with percentages to be laid down by the League at its next Assembly. The fixing of these percentages is a matter to be decided exclusively by the League of Nations Assembly. The shares, thus established, of such of those States as are Members of the United Nations shall be credited to them respectively in the books of the United Nations. These credits should be translated into dollar currency at the rate effective on the day of transfer of the material assets. The claims of States non-Members of the United Nations should be dealt with otherwise by the League of Nations.

As regards the credits booked to the Members of the United Nations, the General Assembly should decide on the purposes to which these credits shall be applied and on the dates on which they shall be so applied. It is, however, agreed that these credits should, in any event, begin to be available not later than 31 December 1948. This provision preserves the budgetary freedom of the General Assembly, but it gives some guarantee to the recipient states that the settlement of their claims will not

indefinitely be postponed.

This procedure provides for a financial settlement within the United Nations and avoids all payments or transfers of credit to non-Members of the United Nations or to the League. The Committee, therefore, recommends that it be accepted.

7. In view of the legal, financial and administrative arrangements to be made, 1 August 1946 appears to be the earliest date that can be fixed for the legal transfer of the material assets. It is, however, prudent to provide for some degree of elasticity to prevent embarrassment for the administrations concerned. Therefore, the Committee recommends that the transfer be effected on or about 1 August 1946, the precise date to be determined by the administrative authorities of the two organizations.

8. It may not be convenient for the League of Nations to set free certain premises or equipment on the date selected for the legal transfer. On the other hand the United Nations may wish to use the premises or equipment of the League before that date. It is understood that in either case the Administration of the Organization legally entitled to the ownership will make all reasonable arrangements to accommodate the other Administration without any charge.

9. The Supervisory Commission of the League of Nations has agreed to recommend to the League Assembly that the assets mentioned in paragraph 4 be transferred to the United Nations. The Supervisory Commission will also recommend that all other questions relating to the liquidation of the League of Nations shall be handled exclusively by the League of Nations, the United Nations having no voice in these matters nor responsibility for them. The League of Nations would, therefore, make arrangements:

- (a) to discharge all its obligations as soon as practicable;
- (b) to settle the question of contributions of Member States

in arrears;

(c) to separate the interests of the International Labour Organization in the assets of the League before transfer to the United Nations; (It is understood that the International Labour Organization building at Geneva will be transferred to that Organization.)

(d) for the continued administration of the Staff Pensions Fund, and with regard to the pensions of the Judges of the Permanent Court of International Justice;

(e) when it has discharged all its obligations and made the necessary dispositions concerning the Working Capital Fund and regarding outstanding contributions, for crediting or distributing the remaining liquid assets to Members of the League under a scheme to be determined by it.

Though the question of contributions in arrears of Members of the League of Nations does not directly concern the United Nations, the Supervisory Commission stated that a satisfactory solution of the question would be of considerable assistance in expediting the final settlement and liquidation of the League.

10. The Supervisory Commission has done all that is possible to separate the interests of the International Labour Organization in the assets of the League. The International Labour Organization has, however, some interests in the material assets that are to be transferred to the United Nations that could not be separated.

These interests had to be discussed.

The International Labour Organization is interested in the continued use of the Assembly Hall at Geneva for its conferences and in the continued use of the League library. The Committee recommends that the United Nations should agree that the International Labour Organization may use the Assembly Hall, together with the necessary committee rooms, office accommodation and other

facilities connected therewith at times and on financial terms to be agreed from time to time between the United Nations and the International Labour Organization; and further that the International Labour Organization may use the library under the same conditions as other official users thereof.

The Committee is of the opinion that the detailed arrangements necessary in this connection should be made by the competent authorities of the two organizations.

The following suggestions, which have been tentatively put forward by the International Labour Organization, might afford an appropriate basis for these negotiations.

A share of the cost of maintaining the Assembly Hall corresponding to its period of use in the course of the year, together with any additional charges incurred in respect of meetings held under the auspices of the International Labour Organization should be borne by that Organization.

The International Labour Organization should notify the United Nations at least three months in advance of the date on which the International Labour Organization wishes to make use of the Hall and the initial and terminal dates for such use shall be agreed between the competent authorities of the International Labour Organization and of the United Nations.

The United Nations and the International Labour Organization should agree upon the most convenient period of the year at which the Assembly Hall shall normally be available for meetings of the International Labour Conference.

11. In connection with the transfer of certain assets in Geneva agreements must be made with the Swiss authorities. A small negotiating committee to assist the Secretary-General should be appointed to make these agreements.

As to the premises for the use of the new Court in the Hague, arrangements must be made with the Carnegie Foundation.

In this context it should be noted that the premises in the Peace Palace in the Hague were considerably altered to house the Permanent Court of International Justice. The United Nations will have the advantage of this arrangement for which several instalments on two loans obtained from the Carnegie Foundation are still due.

The Committee recommends that the small committee mentioned above should be sent to the Hague to make the necessary arrangements.

12. The League of Nations will, during the liquidation and the transfer of assets take all steps necessary to assist in the assumption and continuance, under the auspices of the Economic and Social Council of the United Nations, of those League activities which the United Nations decides to assume and continue. Any ex-official of the League of Nations subsequently engaged temporarily or otherwise by the United Nations should enter service under conditions of employment established by the United Nations.

The League agrees to transfer the archives, particularly those dealing with current matters, as soon as desired. The two Secretaries-General should be empowered to make detailed arrangements. The archives should be located where they could best serve the work of the United Nations.

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