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communicated to the Council.

C.235.1924.VII.

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Geneva, June 2nd, 1924.

CANCELLATION OF THE CONTRACT BETWEEN THE ALBANIAN GOVERNMENT AND THE
FINANCIAL ADVISER.

Note by the Secretary-General.

Observations by M. Hunger on M. Blinishti's letter to the Council of
the League of Nations are circulated at his request to the Council.

Amsterdam, May 13th, 1924.

Translation.

I venture to make the following observations on M. Blinishti's letter to the Secretary-General dated April 22nd, 1924. (Document C.1923.1924.VII).

1. I cannot accept the interpretation placed upon Article 22 of my contract, namely, that the contract may be cancelled without any valid reason being given. The obvious interpretation is that this contract, which was concluded in good faith, should not be cancelled by the Albanian Government so long as the financial adviser performed his duties in a satisfactory manner unless special and unforeseen circumstances should arise- which has not been the case in this instance.

It is impossible to regard as a valid reason for cancellation the economics effected by the abolition of my salary, those of my secretary and other staff, and the suppression of the expenses of my department, the total estimates for which are set down in the budget for 1924 at 80,000 gold francs. The improvements which I had proposed in the budget for 1924 would in themselves more than justify this expenditure.

2. The Albanian Government alleges that it is not satisfied with the results produced by my 9 months' work in Albania.

In order to judge the value of this statement account must be taken of the various proposals which I have submitted to the Albanian Cabinet for the improvement of the State finances and financial administration; most of these proposals have been mentioned in my various reports to the Council. The Government, has not however, up to the present, either considered them, or submitted them to Parliament. In reply to my repeated requests for information I have been asked to wait, with an assurance that the matter would undoubtedly be dealt with by Parliament.

As M. Blinishti mentions in his letter, it is the Constituent Assembly which has called for the cancellation of my contract, and yet that body has not had an opportunity of considering a single one of my proposals.

The proposals in question among others included measures:

- a) to re-organise the Financial Ministry;
- b) to re-organise the other financial administrations, including the Customs and State monopolies, thereby saving 300,000 gold francs;
- c) to create an audit office; draft regulations for the conduct of this office were also submitted;
- d) to introduce improvements in the budget for 1924, to effect considerable economies in the present administration of various Government departments, and to introduce new taxation and increase existing taxes.

The Ministers had submitted budget estimates amounting in all to more than 20 millions; in addition there was a debt of about 4 millions. I was able to show by figures I had collected, that the maximum revenue which could be counted upon for 1924 would be 15 millions, and I then pointed out how this deficit might be wiped out or at any rate reduced to no more than 2 millions.

The usefulness of my work is now demonstrated by the admission in M. Blinishti's letter that my figures for the budget for 1924 have been accepted.

Besides these proposals I gave several opinions, both verbal and in writing, on other questions such as demands for concessions.

It only remained for the Albanian Government to turn my work to account; but instead of affording me the support of which I had been assured in my contract, the Government and State officials neglected to take the necessary steps to render my work productive although I made repeated representations, both verbally and in writing, (in my letter of February 2nd, 1924, for example) that my proposals should be given practical effect. Accordingly, the statement in the last paragraph but one of M. Blinishti's letter, that I had been granted every facility, is not borne out by the facts.

I have already commented in two of my reports to the Council,/^{notably in my 4th} on the lack of assistance I have received from the Albanian Government. A copy of the report referred to was sent to the Albanian Government by the Secretary-General in his letter of March 19th, 1924 - yet the Albanian Government's reply - that is M. Blinishti's letter - makes no reference at all to my observations.

As regards the creation of the bank of issue, it should be mentioned that MM. Janssen and Alberti, the members of the Financial Committee of the League of Nations who were asked to obtain the balance of the share capital of the bank have, as I

learnt in March last, almost succeeded in doing so.

In view of the above considerations, I think I am justified in asserting that the Albanian Government, has not been able in reply to the request which has been addressed to it to produce serious reasons to justify the cancellation of my contract and that it is in the interests of all parties that this cancellation should be reconsidered.

(Signed) HUNGER.

AMSTERDAM, May 13th 1924.