The Report is only a sketch and does not set out in full its framers' reasons and arguments, but, at the risk of doing them less than justice, to venture the following observations -

(a) It contemplates a Secretariat and a Bureau, which will tend to be the colleagues and not the subordinates of the Commission and may even become its masters instead of its servants:

(b) It either goes too far or not far enough; it does more than organise the machinery, which the Commission will need before it can start its own discussion, but it does less than complete the entire organisation, which sooner or later the Commission will require:

(c) It unduly ties the hands of each Nation represented and needlessly requires each Nation to conform to a common plan. The effect of this will be to set up the Commission, as an authority distinct from the governments who send Delegates to it, and create the idea, that it is an independent tribunal or an International jurisdiction, a very dangerous thing. The Commission is and always must be a mere Delegation.

As to (a) "the various experts of the different national organisations should prepare the material for the deliberations of the Commission."

"Inter-allied Committees and sub-committees should be appointed to perform or prepare the work of the Commission" (General principle (c))

"The Secretariat should be a Committee of the Secretaries of the different national organisations, which would meet for the decision of all pending questions. The General Secretary should have the direction of the staff in all routine matters: in all other matters he should be required to consult the Committee of Secretaries, to whom he would be responsible." (Scheme and Organisation. A. Secretariat)

"Each of the Inter-allied Services should be controlled by a Committee consisting of the heads of the Technical Services concerned of the various National Organisations." (Scheme and Organisation. B. Services and Divisions).
"As the method of voting and the representation of the various countries on the Reparation Commission is definitely laid down in the Treaty ... the various Committees and Sub-Committees ... should be formed and should act on the same principle (General Principles).

"The Committees controlling the work of the divisions organised for the purpose of carrying out the work of the Service should be on the same model and their chairman and officials should be appointed in the same manner and under the same conditions" (Scheme of Organisation B. Services and Divisions).

These quotations show that a series of Departments is contemplated, similarly organised, equal in importance, directing the work of their subordinates, preparing the commissions work and thus really guiding its deliberations.

They are united by a Secretariat, which "meets for the decision of all pending questions", and the General Secretary is responsible to a Committee of Particular Secretaries, of which he may not even be a member.

It is true that these functionaries are not left without some contact with the Commission, for "each Committee or Sub-committee is to have a chairman, appointed by the commission from amongst its own members" (so these chairman will be pretty busy, if they do not stop away) but the Chairman will be largely in the hands of our Executive Office who might also be Secretary (Scheme of Organisation B. Services).

They will, however, have to serve a good many masters, for in addition "Each of the Inter Allied Services of the Commission should be controlled by a Committee consisting of the Heads of the Technical Services" (Scheme of Organisation B).

I think there is great danger in these co-equal Departments variously supervised by various subordinates. They will be beyond the control of the Commission.

It is to the Commission that the General Secretary should alone be responsible -- it is for the Commission to say what it wants prepared -- it is for the Commission to decide all questions, except such as it finds it expedient to delegate for itself to its Officers from time to time.

There is no need for these Committees to be all of one pattern. Some will be large and semi-permanent, e.g. III (c) Labour Supplies; others very temporary, e.g. II (a). Subdivision for claims for personal damage, or almost insignificant e.g. III(a) objects of artistic interest and III (d) Cables.

Except for the initial secretariat and staff, without which the Commission cannot exist, I think the commission should frame its own organisation to fit its work and its policy and if it is wise, it will keep anything flexible and interchangeable, until it learns for itself what it has to do.

I recognise that, if it is not wise, it will waste in wrangle about organisation the time it should give to its principal duties. I recognise that the French also want to begin with Reglements and Principe et, evolved a priori and with an appearance of symmetry, and have a horror of leaving things to be settled when the questions arise, but I dread premature cast-iron arrangements, and I dread lest these Delegates should get to be independent of their Governments and become dependent on bureau and Committees, who will really be responsible to nobody but one another.
the scheme is open to criticism in its details of the Service and Divisions, as follows:

The Finance Service is too indefinite. There is a good deal of overlap between the Treasury Division and the Cashing's Division, and these details of office management could be better settled later on.

It does not go far enough on the other hand. What Division will deal with the Assets Realisation business, and what organisation of agents and advisors is contemplated for this important purpose?

How will the different War Offices keep the peace with the Reparation Commission, if its Treasury Division has more than a formal connexion with the presentation of the Armies of Occupation; and, if it has not, why does this detail figure in the scheme?

The Valuation Service involves considerable overlap. The value of many securities is dependent on the value of the goods charged. The valuation of claims for damage to property is certain to produce grounds for collision with the Labour & Supplies Division of part III, Restitution and Reparation in kind. There is no machinery for valuing the sums to be allowed for labour and materials supplied by Germany against the amount of the claims admitted and proved against Germany.

There is also no machinery for dealing with the identification and recovery of stolen articles, other than objects of artistic, historic or scientific interest, which are to be promptly returned to the owners under the Treaty.

One of the great dangers to which the Commission will be exposed is leakage of information and corruption of inferior officials. Early knowledge of what the Commission is likely to do, and indirect means of influencing its decisions will be sought after by financiers and others eagerly. There will be no lack of temptation and some will fall. The Commission in the long run must set its own house in order and keep a watch on its members, as well as on its servants. This scheme, however, has no suggestions for this indispensable service.

After all, if the Commission starts with good men and plenty of them and a good Secretary, and if it means business itself, it can always shift its men about and brigade them as required. Of course, if everything is to be done on principles of equal representation, and everybody is quintuplicated every time, the thing will never work.

I do not see the object of IV, Legal Service. What do they want with all these lawyers? If they cannot interpret the Reparation clauses themselves, the Delegates should ask their Governments what they want.

As to Legal Experts investigating "future sanction in cases of non-fulfilment of obligations under the Treaty", this invades the Sovereignty of the Nations and sets up an independent international tribunal by a side wind, which will never do.
As to (c)

Great Britain at least must be free to employ as many men as she chooses and pay them what she likes. Are we to go without the best men, because Belgium adheres to a rate of pay that will not secure their services? Are we to be restricted in our choice of Delegates, because we cannot equip our representative with as much assistance as he needs and in any shape we choose?

All that is necessary is to limit the amount to be claimed against Germany for expenses of the Commission, so as to avoid a scramble among the powers to see who can get most. It will never do to conform to Continental patterns, instead of staffing our Delegation as we think best, and at our own expense, and so as to keep it subordinate to our own Government.

(Sgd) SUMNER.

8th August, 1919.