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PALESTINE: INTERNATIONAL REGIME FOR JERUSALEM

Financial implications of the draft resolution proposed
by the Ad Hoc Political Committee (A/1222,
resolution I)

Report of the Fifth Committee

Rapporteur: Dr. Maria Z. N. WITTEVEEN (Netherlands)

1. In accordance with rule 142 of the rules of procedure of the General Assembly, the Fifth Committee, at its 235th meeting held on 8 December 1949, considered the effect on the budget estimates for 1950 of a draft resolution relating to an international regime for the Jerusalem area adopted by the Ad Hoc Political Committee on 7 December 1949.
2. The Committee had before it a note by the Secretary-General (A/C.5/L.47) on the financial implications of the proposal and the thirty-fourth report of 1949 (A/1226) of the Advisory Committee on Administrative and Budgetary Questions which had considered this proposal referred to it by the Fifth Committee at its 234th meeting.
3. The Secretary-General estimated that the cost of a full year's implementation of the resolution proposed by the Ad Hoc Political Committee would require an expenditure of \$8,150,000 in 1950. These estimates, based mainly on the expenditures during the first years of the mandatory administration, were divided into three parts, namely, \$1,360,000 for municipal expenditures, excluding police; \$5,690,000 for the share of Jerusalem in the expenditures of the central government; and \$1,250,000 for a police force of 500 men. The expenditures of the mandatory administration had been adjusted to take into account a growth in population in the area from 185,000 in 1946 to an estimated 250,000 in 1950 and a 30 per cent rise in prices. The Secretary-General also reported to the Committee that this estimate did not include estimates for extraordinary expenditures for security services such as were incurred by the mandatory government. He further stated that the probable revenue from local sources at the outset of a new administration could not be estimated.

/4. The Advisory

4. The Advisory Committee made it clear that its report must necessarily be of a preliminary and tentative character, the more so since the estimates submitted were "rough estimates" based on admittedly incomplete data. It noted that the Secretary-General had taken no account of possible revenue in 1950 and had based his estimates on the following assumptions:

- (i) That there will be co-operation on the part of all the existing services in the area.

In this connexion, the Committee has noted paragraph III of the draft resolution, which reads as follows:

"Calls upon the States concerned to make formal undertakings, at an early date and in the light of their obligations as Members of the United Nations, that they will approach these matters with good will, and be guided by the terms of the present resolution."

- (ii) That there will be no abnormal security conditions requiring the services of a police force exceeding the estimated strength of 500

- (iii) That normal municipal expenditures may reasonably be based on those for the year 1946, with the exception of a 25 per cent increase in population and a 30 per cent increase in prices.

5. The Advisory Committee further stated that the estimate, which was based on requirements for a full year, would ordinarily be susceptible to a proportionate reduction depending on the date on which the new regime came into force. It would seem to the Committee that March appeared to be the earliest likely date. In view of the uncertainties with regard to expenditure and more particularly, in respect of revenue, the Committee recommended that the Fifth Committee should consider that the immediate effect upon the Members of the United Nations would be a special assessment of one-half of the total estimated expenditures of the equivalent of \$8,000,000. The Advisory Committee suggested that the second assessment should depend upon the date of implementation and the probability of offsetting revenues as well as upon conditions as they might exist later in the year.

6. The Advisory Committee furthermore stated its opinion that it is a sound principle that a special international regime under United Nations administration should be self-supporting, although it recognized that estimates of offsetting revenue for the first year could not be calculated with any exactitude. It pointed out, however, that the information furnished to it appeared to indicate that in past years revenues met normal expenditures of the municipality of Jerusalem.

/7. The Advisory

7. The Advisory Committee also drew the attention of the Fifth Committee to the fact that these amounts, insofar as municipal administration was concerned, though estimated in dollars, should be assessed in the main in soft currencies.

8. A number of members of the Fifth Committee emphasized the importance of the assumptions made by the Secretary-General and the Advisory Committee in submitting the estimate of \$8,000,000. The representatives of Israel and of the United States of America questioned whether the assumption of normal conditions in the area was realistic in view of all the circumstances. If such normal conditions did not prevail, the figures would be inadequate. Other delegations regretted that such a question had been raised and pointed out that the Advisory Committee and the Fifth Committee could but base themselves on the resolution proposed by the Ad Hoc Political Committee, which assumed that there would be co-operation on the part of all the services and the States concerned.

9. The representative of the United States of America also asked whether the Secretary-General would be able to withdraw the necessary funds from the Working Capital Fund should the assessments not be paid in time. Both the Chairman of the Advisory Committee and the representative of the Secretary-General pointed out that it was unlikely that any significant withdrawals for this purpose could be made in the first eight months of 1950, in view of other commitments, and that, in any case, it would be difficult to use the Working Capital Fund in view of the proposal to assess the amounts required in soft currency.

10. The representative of Israel pointed out that the current expenditures and budget of Jerusalem and the share of Jerusalem in the central government expenditures in the last few years was substantially higher than the estimates submitted by the Secretary-General and by the Advisory Committee. He stated that the total budget for 1949, including municipal expenditures, central government costs in Jerusalem, Jerusalem's share in general administration, security and public services, together with special projects and the expenditures of certain voluntary organizations for social services, totalled approximately \$34,000,000; in particular, he pointed out that a police force of 500 men was an unrealistic proposition in view of the fact that the Jerusalem budget for 1949 provided 400 police for the Jewish area only and that 600 were provided in the next budget.

11. On the other hand, the representatives of Saudi Arabia, Lebanon, the Union of Soviet Socialist Republics and the Ukrainian Soviet Socialist Republic stated that they believed the estimates were unduly high in the light of the expenditures in past years in Jerusalem and that, in any case, there would be significant offsetting revenue in view of the fact that,

/in the years 1941 to 1947

in the years 1941 to 1947, revenues of the Mandatory Power had always offset entirely the expenditure. In view of the importance to be attached to prospective revenue, and in view of the delay in implementation which would be inevitable since the Trusteeship Council was not likely to consider the item until January, the representative of the USSR proposed that the figure mentioned in the Advisory Committee's report should be amended, and that the Fifth Committee should approve \$3,000,000 for the first year.

12. A number of other delegations fully supported the Advisory Committee report, stressing that they did so on the assumption of normal circumstances in the area.

13. After considerable discussion, the Committee voted by roll call on the proposal of the USSR to approve an estimate of \$3,000,000. The Committee rejected this proposal by 18 votes to 10, with 16 abstentions.

14. The Committee then voted also by roll call on a Polish proposal to approve an estimate of \$4,000,000 for 1950. This proposal was rejected by 19 votes to 12, with 13 abstentions.

15. The Committee then voted upon the Advisory Committee's report, providing an estimate of \$8,000,000 under the terms and conditions set forth in the report; it approved these proposals, on a roll call vote, by 25 to 4, with 15 abstentions.

16. The Fifth Committee decided, therefore, to recommend to the General Assembly that it should note that the adoption of the draft resolution proposed by the Ad Hoc Political Committee regarding an international regime for the Jerusalem area would result in the addition of \$8,000,000 to the budget for 1950 which would be included in a new section. It was understood that only one-half of this amount, taking into account the various considerations set forth in the report of the Advisory Committee, would be assessed immediately and that it would be assessed as far as possible in soft currencies. It was also understood that the second assessment would depend upon the date of implementation of the resolution and the probability of offsetting revenues, as well as conditions that might exist at the time of such assessment.
