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**FIFTH COMMITTEE 327th**

MEETING

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**CONTENTS**

	<i>Page</i>
Budget estimates for the financial year 1952: (a) Budget estimates prepared by the Secretary-General (A/C.5/468 and Corr.1 and Corr.2, A/C.5/L.158, A/C.5/L.159/Rev.2, A/C.5/L.162); (b) Reports of the Advisory Committee on Administrative and Budgetary Questions (A/2039)	
Cost-of-living adjustment for the staff of the United Nations ( <i>concluded</i> ).	255
Financial implications of the draft resolution submitted by the <i>Ad Hoc</i> Political Committee on agenda item 24.....	258

*Chairman*: Mr. T. A. STONE (Canada).

**Budget estimates for the financial year 1952: (a) Budget estimates prepared by the Secretary-General (A/C.5/468 and Corr.1 and Corr.2, A/C.5/L.158, A/C.5/L.159/Rev.2, A/C.5/L.162); (b) Reports of the Advisory Committee on Administrative and Budgetary Questions (A/2039)**

[Item 41] \*

***Cost-of-living adjustment for the staff of the United Nations (concluded)***

1. The SECRETARY-GENERAL said that he had given careful consideration to the question of the base period for calculating the rise in the cost of living and, consequently, the cost-of-living allowance. He had found that no official General Assembly document contained any mention of a date which might be considered as placing the Fifth Committee under a binding obligation towards the staff. The only indication of the kind appeared in the report<sup>1</sup> of the Committee of Experts on Salary Allowance and Leave Systems, the committee instructed by the General Assembly to study the general question of staff salaries. That Committee had found that from May 1946 to August 1949 the cost of living had risen by 25 per cent; it had added that after that date the cost of living had shown a tendency to level off. Up to about May 1950 that prediction had been borne out, and it was on that basis that the experts had framed their report, which had first been presented to the General Assembly at its fourth session. Up to September 1950, the last month for which information was available to the General Assembly when it examined the experts' report and the recommendations

\* Indicates the item number on the General Assembly agenda.

<sup>1</sup> See *Official Records of the General Assembly, Fourth Session, Fifth Committee, Annex, Vol. II, document A/C.5/331 and Corr.1.*

of the Advisory Committee on Administrative and Budgetary Questions on that report (A/1313),<sup>2</sup> the rise in the cost of living had been barely 3 per cent. At that time the Secretary-General had rejected an application for a cost-of-living allowance submitted by the Staff Committee. It remained true that even at that time the United Nations staff had known that the General Assembly had based its decisions on the situation existing in New York in August 1949.

2. Speaking as chief administrative officer of the United Nations, he considered that no compromise was possible, and that the joint amendment presented by Colombia, Denmark, Ecuador, Iran, Pakistan and Turkey (A/C.5/L.158) to the recommendations of the Advisory Committee (A/2039) represented the least that could be done to satisfy the staff's just claims.

3. The figures cited at the 325th meeting by the Chairman of the Advisory Committee for the fall in the incomes of certain United States citizens as a result of tax increases applied only to the persons in single status; the corresponding figures for married persons were considerably lower. Moreover, the employees concerned had been granted cost-of-living allowances during the same period.

4. While it was true that, thanks to a very proper decision taken at the first session of the General Assembly (resolution 13 (I)), members of the United Nations staff were exempt from income tax in a number of the Member States, they were nevertheless subject in New York to certain local taxes which did not affect delegations. Moreover, staff members paid to the United Nations contributions higher in some cases—particularly in the case of higher officials with family responsibilities—than United States income tax. It was to be hoped that the Convention on Privileges and Immunities of the United Nations which exempted members of the

<sup>2</sup> *Ibid.*, Fifth Session, Supplement No. 7A.

staff from national income tax would soon be ratified by all Member States.

5. With regard to the principle of the escalator clause, experience over the last twenty years had proved, particularly in the more advanced countries, that a reasonable escalator clause tended to stabilize relations between employers and workers, and to reduce the number of working days lost. If the Committee decided not to accept the principle of the escalator clause for the time being, it should at least give a definite promise that any subsequent increase in the cost-of-living allowance due to a rise in the cost of living before the next session of the General Assembly would be retroactive to the date of the rise in prices.

6. He agreed with the United States representative that the salaries of staff members in the general service category should be based on the best prevailing local rates for comparable work; but where the general situation was rapidly changing the best way of applying that principle was to introduce an automatic escalator clause, as had been recognized by the *New York Times* in its issue of 24 December 1951. In actual fact, the rates currently paid were lower than the best prevailing rates in the New York district for similar work, and the proposed adjustment would merely restore the situation provided for by General Assembly resolution 470 (V). It might be noted in that connexion that the New York State Wages Board had recently authorized an increase of 10 per cent in wages for certain categories of manual and office workers, and had provided for further increases at six-month intervals from January 1951.

7. In reply to a question by Miss STRAUSS (United States of America) concerning the attitude of the specialized agencies on the question, the SECRETARY-GENERAL said that a decision taken on 30 October 1951 by the Administrative Committee on Co-ordination showed that all the directors of the specialized agencies were in full agreement with the principle on which his report (A/C.5/468) was based. It might be noted that the Advisory Committee itself had appeared in its second report of 1952 (A/2039) to accept that principle for staff members other than those at Headquarters.

8. He paid tribute to the high efficiency of his staff, who had had to make considerable sacrifices over the last year. They had no parliament or trade union to protect their interests and were entirely in the hands of the Fifth Committee and the General Assembly. He therefore urged the Fifth Committee to support him by taking a decision which would be fair to the staff and in conformity with the best interests of the United Nations.

9. Mr. AGHNIDES (Chairman of the Advisory Committee on Administrative and Budgetary Questions) wished first to make it clear, in reply to a remark made by the representative of India at the 326th meeting, that the Advisory Committee did not consider that the amount of the cost-of-living allowance should correspond exactly to the rise in the cost of living. The Committee had explained in its report that it had also taken into account the probable development of prices over the coming months. In proposing an adjustment of 7.5 per cent, although he estimated the rise in the cost of living at 9.5 per cent, the Secretary-General had shown his agreement with the Advisory Committee on that principle.

10. The Advisory Committee could not agree to the base period proposed by the Secretary-General, since it could not presume that the Fifth Committee, the General Assembly and the Advisory Committee itself had not acted with a full knowledge of the facts when they had decided on the new scale of salaries and allowances.

11. He himself had made it clear, in speaking of the increase in United States income tax at the previous meeting of the Committee, that the figures he had cited applied only to unmarried employees.

12. With regard to the question of the escalator clause, he recalled that the United Nations was an organization of sovereign States which were unfortunately jealous of their sovereignty, and it was therefore impossible to transfer the powers possessed by Member States to any organ of the United Nations whatsoever. The Advisory Committee would adhere to the terms of its report, which had been drawn up after long and careful study.

13. Miss STRAUSS (United States of America) pointed out that the escalator clauses approved by the New York State Wages Board, to which the Secretary-General had referred, did not apply to civil servants and concerned only certain industries.

14. Mr. HSIA (China) asked the sponsors of the joint amendment (A/C.5/L.158) for explanations on the following points: First, what was to be regarded as the authoritative body for establishing the cost-of-living index? Secondly, did the rise of 9.5 per cent in the index mentioned in paragraph 3 of the joint amendment refer to January 1952 or to May 1950? In the latter case, two successive adjustments, each calling for the expenditure of about one million dollars, would probably have to be made.

15. Mr. CARRIZOSA (Colombia) explained, in reply to the Chinese representative's first question, that the index used would probably be that compiled for the New York area by the United States Bureau of Labor Statistics.

16. Mr. ALBORNOZ (Ecuador) stated that May 1950 should be regarded as the base month in calculating the rise in the cost of living.

17. Mr. FOURIE (Union of South Africa) asked in what countries an escalator clause applied to the salaries of civil servants. He explained that he had in view countries which applied the escalator clause not only to a portion of the emoluments of their civil servants but which in fact applied the clause in the same way as that proposed in the joint amendment before the Committee.

18. The SECRETARY-GENERAL replied that the names of the countries were not given in the report which he had received from Headquarters, but he knew that there were four European and nine non-European countries in which the escalator clause applied to the salaries of civil servants.

19. Mr. FOURIE (Union of South Africa) pointed out that to the best of his knowledge quite a number of countries which had adopted the escalator clause applied the principle only to a fixed part of the emoluments of civil servants. The principle involved in those cases was, therefore, quite different from that proposed to the Committee, i.e., the application of the escalator clause to the gross emoluments of members

of the United Nations Secretariat. He hoped that that aspect would be borne in mind by the Committee when voting on the paragraph concerned.

20. Mr. CHECHETKIN (Union of Soviet Socialist Republics) freely admitted the need for a cost-of-living allowance for the Headquarters staff, in view of the rise in the cost of living in the United States. The arguments put forward by the Advisory Committee in its report were, in his opinion, fully justified and the Committee's recommendations rested on a sound basis.

21. It remained to settle the amount of the allowance to be paid to the staff. He admitted the force of the Advisory Committee's argument and would vote for its recommendations.

22. He could not, however, support the Secretary-General's proposal for an escalator clause, since that would in effect deprive the General Assembly of the power to take a decision on a question concerning which it alone was competent.

23. Finally, as regards the categories of staff entitled to the proposed cost-of-living allowance, he was prepared to accept the proposal of the United States delegation.

24. Mr. CHAUVET (Haiti) said that he would vote without any reservation for a cost-of-living allowance up to 7 ½ per cent of the gross salaries of Headquarters staff. He regretted that he was unable to vote for a 10 per cent allowance, since that would only be an act of elementary justice to the Secretariat.

25. Mr. ADARKAR (India) shared the Chinese representative's doubts. It emerged from the explanations given by the representative of Ecuador that May 1950 was to be the base month for calculating possible adjustments in the cost-of-living allowance in accordance with paragraph 3 of the joint proposal. He thought, therefore, that proposal should be subjected to closer examination.

26. Mr. GANEM (France) thanked the Chinese representative for having elicited clarification of the exact meaning of paragraph 3 of the joint proposal. It appeared from the explanation given by the representative of Ecuador, bearing in mind the amendment which he had suggested making to the proposal, that the rate of the cost-of-living allowance would have to be adjusted if the cost-of-living index increased between January and July 1952 by 5 plus 2 per cent, i.e., 7 per cent.

27. The base period to be chosen should be made quite clear, in order to avoid in future the doubt and dissension that had marked the present debate. There was no need to continue to take May 1950 as the base period. It would be better to take the last month for which cost-of-living statistics were available, which would be November 1951.

28. However, it would be preferable to wait until the situation became clearer and he therefore proposed that the decision concerning the escalator clause should be left to the General Assembly's seventh session.

29. The CHAIRMAN pointed out that there were considerable difficulties as regards the voting procedure on the various proposals and amendments before the Committee. He noted that all the speakers taking part in the debate had referred successively to the four following questions: the rate of the cost-of-living

allowance to be instituted; the categories of staff to benefit thereby; the maximum and minimum amounts of the allowance; and finally, the question of the escalator clause.

30. Accordingly, the Chairman proposed that the Committee should vote successively on those four questions, taking the Advisory Committee's report as a basis. In dealing with each question, the Committee would decide successively on the parts of the proposals and amendments which dealt with that question, beginning, in conformity with rule 90 of the rules of procedure, with the text furthest removed in substance from the Advisory Committee's relevant recommendation.

31. Sir William MATTHEWS (United Kingdom) pointed out that the Committee had originally had before it a proposal from the Secretary-General to which the Advisory Committee's recommendations were offered as an amendment. The joint amendment reproduced the Secretary-General's proposal, and accordingly could not be regarded as an amendment to the Advisory Committee's recommendations. That being so, he requested the Chairman to rule that, as the Advisory Committee's recommendations constituted amendments to the Secretary-General's proposal, they should be put to the vote first.

32. The CHAIRMAN pointed out that the same remark applied to all the Advisory Committee's recommendations.

33. Sir William MATTHEWS (United Kingdom) recalled that that procedure was applied in the case of the budget estimates; it was a tradition in the Committee. In the present case, it was obvious that the Advisory Committee's recommendations were only amendments to the Secretary-General's proposal.

34. Mr. DE MARCHENA (Dominican Republic) and Mr. MACHADO (Brazil) were in favour of the procedure proposed by the Chairman.

35. Mr. BRENNAN (Australia) pointed out that with the procedure proposed by the Chairman the various proposals would lose their character as separate entities.

36. Mr. FAHMY (Egypt) accepted the procedure proposed by the Chairman, but pointed out that it had never yet been followed in the United Nations.

37. Mr. TRESERRA (Mexico) also agreed with the Chairman. He inquired whether, in addition to the rates of 5 per cent and 7 ½ per cent mentioned by the Chairman, a vote would also be taken on the rate of 6 per cent proposed by the representatives of France and Greece.

38. The CHAIRMAN said that that would be done. He thought that it was logical to break up the problem into its constituent parts and to vote separately on the points in the various proposals and amendments relating to each of those parts.

39. Answering a question from Mr. FOURIE (Union of South Africa), the CHAIRMAN pointed out that the preamble to the United States draft resolution (A/C.5/L.159/Rev.1) dealt with the question of the escalator clause and could therefore be put to the vote when the Committee took up that question.

40. Miss WITTEVEEN (Netherlands) said that each of the proposals before the Committee formed a coherent

whole and that it would therefore be preferable that they should not be dealt with piecemeal.

41. Mr. ADARKAR (India) agreed with the Australian and Netherlands representatives. In particular, he considered that the amendment he had submitted (A/C.5/L.162) formed an indivisible whole.

42. The CHAIRMAN said that, in view of the observations of several members he would first put to the vote paragraphs 1 and 2 of the joint amendment (A/C.5/L.158) to the recommendations of the Advisory Committee (A/2039). He would put the other proposals to the vote next, beginning with the Indian amendment, unless the results of the first two votes made it unnecessary to do so.

*Paragraph 1 of the joint amendment (A/C.5/L.158) to the recommendations of the Advisory Committee on Administrative and Budgetary Questions (A/2039) was adopted by 33 votes to 15, with 8 abstentions.*

*Paragraph 2 of the joint amendment (A/C.5/L.158) was adopted by 32 votes to 14, with 10 abstentions.*

43. The CHAIRMAN said that the results of the vote implied the rejection of the other proposals on the same subject.

44. He invited the Committee to vote on the French proposal that consideration of the question of the escalator clause raised in paragraph 3 of the joint amendment be postponed until the General Assembly's next session.

*The French proposal was adopted by 34 votes to 14, with 6 abstentions.*

45. Mr. FAHMY (Egypt) said that his delegation had abstained on the first two paragraphs of document A/C.5/L.158 because it had not wished to endorse a decision diametrically opposed to the recommendations of the Advisory Committee and could not believe that that Committee could be entirely mistaken. He felt that the Fifth Committee should have tried to find a compromise and was in complete disagreement with the Secretary-General's view that no compromise was possible.

46. Mr. FENAUX (Belgium) said that although his delegation had not obtained satisfaction, he had abstained from voting on paragraph 2 of the amendment voted on (A/C.5/L.158), and on the proposal as a whole, as a token of his country's concern for the staff of the

Secretariat. He hoped that the members of the Committee would show the same keenness as at the present meeting when they came to take up the question of the permanent staff regulations. The latter were no less worthy of their attention than the cost-of-living allowance, since they affected the general security of the staff.

47. The CHAIRMAN noted that the adoption of the amendment to the Advisory Committee's recommendations made appropriation action necessary. He asked that the Committee vote on the recommendation authorizing the Secretary-General to transfer an amount not exceeding \$1,300,000 from Section 33 (Investigations, inquiries and other activities) to the appropriate section of the 1952 budget.

*The recommendation was adopted.*

48. Mr. BOZOVIC (Yugoslavia), explaining his vote, said that his delegation had concurred in the Secretary-General's views on the proposed escalator clause. It had, however, become apparent during the discussion that the question needed further consideration. He had, therefore, voted in favour of postponement.

49. Mr. POLLOCK (Canada) asked whether, in view of the result of the vote, the Secretary-General thought that the views expressed by the United States representative as to the necessity for adjusting the salaries of general service personnel to the rates prevailing in the New York area would be taken into account.

50. The CHAIRMAN replied that the Secretary-General gave an assurance that that would be done.

#### **Financial implications of the draft resolution submitted by the *Ad Hoc* Political Committee on agenda item 24**

51. The CHAIRMAN read a letter from the President of the General Assembly regarding the financial implications of the draft resolution concerning the Conciliation Commission for Palestine adopted by the *Ad Hoc* Political Committee on 15 January 1952 (A/AC.53/L.33) and proposed that the matter be referred to the Advisory Committee.

*It was so decided.*

The meeting rose at 5.50 p.m.