

DOMINIQUE (Haiti) supported the draft resolution. He hoped that it would go with the Fifth Committee. The fact Committee had just undertaken certain

savings would make it easier to grant the necessary credits for the establishment of the new centre.

The meeting rose at 1 p.m.

TWO HUNDRED AND ELEVENTH MEETING

Held at Lake Success, New York, on Friday, 28 October 1949, at 3 p.m.

Chairman: Mr. A. KYROU (Greece).

estimates for the financial year : (a) budget estimates prepared by the Secretary-General (A/903); reports of the Advisory Committee on Administrative and Budgetary Questions (A/934) (first reading resumed)

FINANCIAL IMPLICATIONS OF THE DRAFT RESOLUTION ADOPTED BY THE SECOND COMMITTEE

CHAIRMAN drew the attention of the members of the Committee to a letter dated 21 October 1949 from the President of the General Assembly to the Chairman of the Fifth Committee regarding technical assistance in connexion with economic development of under-developed countries (A/C.5/327), and to the two resolutions adopted to that letter which had been adopted on 15 October 1949 by the Second Committee. He also called attention to a note by the Secretary-General on the financial implications of technical assistance (A/C.5/328), and stated that if the Fifth Committee agreed to the statement he would ask the Rapporteur to prepare a draft report on the subject for presentation to the General Assembly.

so agreed.

PART V

SECTION 21 (*continued*)

JOHN (Assistant Secretary-General in the Department of Public Information) referred to the Polish representative's statement at the previous meeting that in document A/C.5/327 the Secretary-General had failed to mention the possibility of financial savings which might be effected through economies in the size and expenses of existing information centres such as those in London and Paris. He drew the Polish representative's attention to the paragraph in document A/903 which stated that "expenses in connexion with the establishment of new centres cannot be absorbed within the budget approved by the Fifth Committee on the basis of the budget estimates for section 21."

The Secretary-General had therefore responded to the request of the Fifth Committee.

The Department of Public Information had a plan to the Secretary-General in 1947 for the establishment of information centres which should be set up, and which had included a centre in Liberia to serve the Western Hemisphere. At that time, the Secretary-General stated that, for budgetary reasons, he could not undertake the setting up of such a centre. The Department of Public Information would naturally tend to expand its work, and had therefore considered the Liberian representative's pro-

posal (A/C.5/L.19), and the Secretary-General had submitted budget estimates amounting to 37,660 dollars (A/C.5/321) for such an information centre in Liberia. On the assumption that the activities of such a centre might be more limited in scope during its initial period of establishment and organization, the estimated cost for 1950 could be reduced to 25,000 dollars.

4. As regards information centres in general, the Secretary-General considered it necessary first to conduct negotiations with the country concerned in order to have complete assurance that the immunities and privileges of officials of the United Nations would be respected, and that the centre would be free to operate.

5. Mr. AGHNIDES (Chairman of the Advisory Committee on Administrative and Budgetary Questions), referring to the remarks of the Polish representative at the previous meeting, pointed out that the Fifth Committee had already approved on first reading the Advisory Committee's recommendations with regard to section 21, Information Centres. The Advisory Committee could not therefore deal with the question of possible savings to be effected on existing centres unless expressly requested to do so by the Fifth Committee. The Polish representative had expressed surprise at paragraph 4 of the Advisory Committee's report (A/1047) reading as follows:

"The Advisory Committee considers that the practice hitherto followed is a correct one, and that a departure in the present instance might, by constituting a precedent, have extensive financial consequences."

6. Mr. Agnides emphasized that the Advisory Committee had to deal with administrative as well as budgetary questions. He considered that the remarks of the representative of Israel implied that that representative placed too restrictive an interpretation on the functions of the Advisory Committee on Administrative and Budgetary Questions. The Committee had to advise the General Assembly on all matters — administrative as well as budgetary — which were referred to it.

7. In the fifth paragraph of document A/C.5/321 it was stated that "it had been assumed that the Information Centre located in Monrovia, Liberia, would cover territories in West and Equatorial Africa in accordance with agreements to be reached with the appropriate authorities". Mr. Agnides said that if it had been the Fifth Committee's intention that the proposed new centre should cover the territories mentioned, the Advisory Committee could have expressed its opinion regarding the Secretary-General's estimate of 37,660 dollars. The Advisory Committee

had not been satisfied, however, that the Fifth Committee had had such a centre in mind, and therefore it would have been pointless for the former to have confined itself to the budgetary aspect only.

8. He appealed to members of the Fifth Committee not to take a hasty decision on the question before them. The Advisory Committee's tenth report of 1949 (A/1047) would make it possible for the Fifth Committee to devise means satisfactory to all concerned, and particularly to the Liberian representative, for settling the question of establishing an information centre in West Africa.

9. Mr. ROSCHIN (Union of Soviet Socialist Republics) supported the Israel amendment to the Liberian proposal and associated himself with the remarks of the Polish representative. He considered that the estimates submitted by the Secretary-General were too high, and felt that the Advisory Committee should have submitted recommendations regarding those estimates. Instead, it had suggested that a report on the whole question of establishing a second information centre in West Africa should be submitted by the Secretary-General to the fifth regular session of the General Assembly. He could not support such a proposal.

10. Mr. LEBEAU (Belgium) said that the Liberian proposal placed his delegation in a difficult position. Although his delegation had no objection to the substance of that proposal, it could not agree with it because of the procedural question it involved, and therefore supported the Advisory Committee's report. That Committee was perfectly correct when it pointed out in paragraph 3 of its tenth report (A/1047) that "... while the General Assembly has approved the general principles of establishing branch offices or information centres, the accepted practice has been that, on administrative and budgetary grounds, the initiative in regard to the establishment and location of a particular centre should rest with the Secretary-General. His has been the responsibility for recommending, after careful consultation with the national authorities concerned and a careful review of all the circumstances, that the establishment of an information centre in a given area might offer advantage to the United Nations". That argument was irrefutable and in those circumstances the adoption of the Liberian proposal might set a dangerous precedent.

11. He suggested that, in order to get out of the difficulty, the Fifth Committee should approve the Advisory Committee's tenth report, of 1949, agree with the spirit of the Liberian resolution but not the procedure proposed therein, and ask the Secretary-General to submit a report to the Fifth Committee on the advisability of setting up an information centre in Monrovia.

12. Mr. TARN (Poland) said he was not satisfied with the answer given to his questions by the Assistant Secretary-General in charge of the Department of Public Information. He felt an explanation was due to the Fifth Committee as to why the Secretary-General considered that expenses in connexion with the new centres could not be absorbed within the amounts approved by the Fifth Committee on the first reading of the budget estimates for section 21.

13. He agreed with the statement that the Secretary-General, before setting up an office or

information centre, should receive assurances from the countries interested that the privileges and immunities of United Nations staff would be respected, and in that connexion pointed out that such assurances had not yet been received from the Government of the United States of America, and particularly in regard to the *laissez-passer*.

14. Referring to the remarks of the Chairman of the Advisory Committee, he felt that as the Fifth Committee had not yet approved appropriations for information centres, the figures for those centres should be reviewed in the light of the statements made on the subject under discussion.

15. Mr. COHEN (Assistant Secretary-General in charge of the Department of Public Information) agreed that some members of the Committee had expressed the hope that a West African information centre might be financed through savings effected in appropriations for existing information centres. He pointed out that savings might be effected through devaluation, but wished to emphasize that the expenses in connexion with the suggested new centre could not be absorbed within the amounts approved by the Fifth Committee on first reading of the budget estimates of section 21.

16. He reminded the Polish representative that privileges and immunities regarding the funds and property of the United Nations in the United States of America were fully guaranteed by the Headquarters Agreement.

17. Mr. WEBSTER (New Zealand) agreed with the remarks of the Chairman of the Advisory Committee, and suggested that the Fifth Committee should not attempt to reach a decision on the question of an information centre for West Africa at the current session of the General Assembly. The Secretary-General should be instructed to review the question of the efficiency of the existing information centres and should draw up a priority list in the matter of opening new centres if they were considered essential. The Fifth Committee would then be in a better position to examine the whole question at the fifth regular session of the General Assembly.

18. Sir William MATTHEWS (United Kingdom) supported the Advisory Committee's recommendations, and pointed out that the figures given in document A/C.5/321 referred to a medium-sized centre to serve the whole of West Africa, and not Liberia alone. Other places might have better communications and press facilities than Liberia, and in that connexion he referred the members of the Committee to resolution 36 (III) adopted by the Trusteeship Council on 8 July 1949. That resolution invited Members responsible for the administration of Trust Territories to furnish the Secretary-General with: (1) the names and addresses of officials in Trust Territories to whom should be sent, for information, records of the activities of the Trusteeship Council, and other suitable material concerning the United Nations; and (2) suggestions as to the appropriate channels through which information concerning the aims and activities of the United Nations might be communicated to the general public. Resolution 36 (III) further requested the Secretary-General and the Administering Authorities to co-operate in ensuring an adequate flow of suitable information concerning the aims and activities of the United Nations to the inhabitants of the Trust Territories.

19. He considered that the question of establishing centres to cover the whole of West Africa depended on a good deal of negotiation with the Administering Authorities.

20. Mr. COOPER (United States of America) said the United States delegation did not oppose the setting up of an information centre in Liberia. On the contrary, it considered that there should be an increased dissemination of information to all areas and countries which did not have highly organized information services. He pointed out that it was a United States amendment which had restored to the budget of the Department of Public Information certain funds for broadcasting to such areas.¹

21. The problem before the Committee was essentially one of procedure—the question whether the setting up an information centre was a function of the Fifth Committee or whether it was a function of the Secretary-General. Difficulties would certainly arise if the Fifth Committee undertook to point out where centres should be established.

22. He regretted that for that reason he could not support the Liberian resolution. On the same grounds, he opposed the amendments suggested by the representative of Israel.

23. He felt that the Advisory Committee had properly carried out the task assigned it in submitting its tenth report of 1949, and agreed with certain representatives that the question of setting up an information centre in West Africa should be studied further at the current session of the General Assembly.

24. He suggested, therefore, that if the representative of Liberia agreed, the Secretary-General and the Advisory Committee should review the whole question of setting up a second information centre in Africa with particular reference to the location and size of the centre, whether its establishment was judged advisable, the extent of the area to be served, and the economies which might be effected elsewhere in the information services to offset the estimated costs. They should state whether such a centre in West Africa could be set up without the appropriation of additional funds. If that were not possible, they should give the exact amount by which it would be necessary to increase the budget to provide for the West African information centre.

25. Mr. FOURIE (Union of South Africa) fully agreed with the remarks of the representatives of Belgium and the United States of America. He supported, in principle, the Liberian representative's desire for an information centre in West Africa, but could not support the resolution he had submitted as it involved a question of procedure.

26. He agreed that the Secretary-General should be asked to submit a report on the matter on the lines suggested by the United States representative.

27. Mr. HSIA (China) assured the Liberian representative of his interest in the question of the setting up of information centres.

28. He considered that the Advisory Committee's tenth report of 1949 could be adopted by the

Fifth Committee if it were stated in the Fifth Committee's report that the Fifth Committee accepted the recommendations of the Advisory Committee without prejudice to whatever decision the Secretary-General might make in the course of 1950 regarding the establishment of an information centre in West Africa.

29. Mr. VAN ASCH VAN WIJCK (Netherlands) said his delegation fully sympathized with the wish expressed by the Liberian representative for an information centre to be set up in West Africa. Many complicated technical questions would, however, have to be settled before the Fifth Committee took any decision on that matter. The Advisory Committee had rightly drawn the Committee's attention to the procedure followed previously in similar cases, and his delegation agreed with the Advisory Committee's recommendations. He supported the suggestions made by the representatives of Belgium and the United States of America that the Secretary-General should be asked to submit a report on the matter during the current session of the General Assembly.

30. Mr. PRICE (Assistant Secretary-General in charge of the Department of Administrative and Financial Services) wished to express the Secretary-General's gratitude to the Advisory Committee for the way in which the Chairman of that Committee had advised the Fifth Committee on the matter under discussion. It was obvious that the Secretary-General should take the initiative in the setting up of information centres as such a question involved complicated negotiations with Governments. He assured the Liberian representative that if the matter of an information centre in West Africa was referred back to the Secretary-General it would receive the most sympathetic consideration and every effort would be made to work out some way in which such a centre might be set up.

31. The CHAIRMAN said that the Committee had before it the Liberian draft resolution (A/C.5/L.19), to which the representative of Israel had proposed the following amendments: in the second paragraph the words "the area of West Africa is one in which" to replace the phrase "the Republic of Liberia . . . in which area", and in the third paragraph the words "to request the Secretary-General to establish an information centre for the area of West Africa" instead of the words "that an Information Centre . . . Liberia, West Africa".

32. In view of the considerations put forward by the representatives of Belgium and the United States, and by the Assistant Secretary-General, however, he suggested that no vote should be taken and that the Committee should ask the Secretary-General to study the whole question of establishing a second information centre in Africa, with particular reference to its location and size, as recommended by the Advisory Committee, and to submit a report within fifteen days.

It was so decided.

PART III SECTION 17 (*continued*)

33. The CHAIRMAN drew attention to document A/C.5/323 containing the Secretary-General's revised estimates of common staff costs.²

¹ See the Summary Record of the 201st meeting.

² Discussion on section 17 was opened in the 204th meeting.

34. Mr. ROSCHIN (Union of Soviet Socialist Republics) thought that, since the appropriation required for common staff costs was arrived at by a purely mechanical calculation dependent on the contracts entered into with staff members, the Committee had no alternative but to accept the estimates. He asked the Chairman of the Advisory Committee on Administrative and Budgetary Questions to confirm that view.

35. Mr. AGHNIDES (Chairman of the Advisory Committee on Administrative and Budgetary Questions) agreed that the revised estimates resulted from the restoration of certain posts in sections 10 to 16 and it was unnecessary for the Advisory Committee to examine them.

36. Mr. LEBEAU (Belgium) drew attention to the fact that section 17 of the 1950 budget estimates contained no appropriation for payment of national income tax. That, he assumed, meant that the same system would be followed in 1950 as in 1949, that is, that the Secretary-General would be authorized to draw on the Working Capital Fund for the amount required. The Belgian representative considered that, working on the basis of payments made in 1949, it should be possible to estimate in advance the sum required for national income tax in 1950, and that it would be logical to make an appropriation for it in the usual way.

37. The CHAIRMAN reminded the Belgian representative that document A/C.5/329 dealt with Tax Equalization and the Staff Assessment Plan and would be dealt with at the next meeting.

38. Mr. ANDERSEN (Secretariat) admitted the force of the Belgian representative's arguments, but pointed out that the Secretary-General thought the situation still uncertain; he hoped, however, that the problem would, at a not too distant date, be solved satisfactorily.

39. Mr. TARN (Poland) drew attention to the fact that the decision taken on the subject the previous year by the Fifth Committee had been for one year only. If the United States of America did not agree to grant exemption from double taxation in 1950, the United Nations would again be called upon to disburse some 500,000 dollars. While it might be necessary to authorize the Secretary-General to draw upon the Working Capital Fund once more, that was a most unsatisfactory and unsound procedure and it should not be allowed to continue indefinitely.

The Committee unanimously approved the Secretary-General's proposal that the amount recommended by the Advisory Committee for section 17, Common Staff Costs, should be increased by 61,000 dollars.

Unforeseen and extraordinary expenses for 1949 and advances from the Working Capital Fund (A/903, A/934 and A/1007)

40. The CHAIRMAN drew attention to chapter I, appendix III, and chapter V of the second report of 1949 of the Advisory Committee on Administrative and Budgetary Questions (A/934). The Secretary-General's report (A/1007) was primarily for information; nevertheless, it should be noted that paragraphs 36 and 37 related to loans made to the World Health Organization and paragraphs

39 to 43 to loans made to the Interim Commission of the International Trade Organization. The latter had requested an extension of the term of the loan made in 1948 from two to three years. After the general discussion he proposed to put to the vote, paragraph by paragraph, the draft resolution contained in the Advisory Committee's report, chapter I, appendix III (A/934, page 10).

41. Mr. SHANN (Australia) said that his delegation considered the sum of 20 million dollars to be excessive for the Working Capital Fund, which would be adequate if maintained at 15 million dollars. When dollars were so scarce, a rebate of 5 million dollars against 1950 contributions would be welcomed by Member States. In its report for 1947 the Board of Auditors had indicated its opinion that 15 million dollars would suffice but, owing to opposition from the Advisory Committee, the figure had not been adopted.

42. From the 1948 report of the Board of Auditors (A/902, page 7) it appeared that the maximum figure drawn on during 1948, at least at the end of any quarter, for budgetary expenditure pending receipt of contributions had been 4,351,000 dollars. That would indicate that 5 million dollars had been an adequate cover against delays in receipt of contributions.

43. In regard to loans and emergency expenditure it seemed that 5 million dollars had to be kept in reserve for emergencies and supplementary expenditure, with an additional 3 million dollars for loans to specialized agencies and 1 million dollars for self-liquidating advances. Ten million dollars, therefore, appeared adequate to cover loans and emergency expenditure. The total figure of 15 million dollars would consequently be sufficient. It would be noted from the 1948 accounts (A/902, page 16) that 14 million dollars had been held unused at 31 December 1948 in the Working Capital Fund, 2 million dollars of which had been in cash and 12 million dollars invested, indicating excessive reserves.

44. The Secretary-General's report indicated, however, that the contributions record for 1949 had been worse than for 1948. On 30 June 1949 about 8,500,000 dollars had been borrowed from the Fund to finance budgetary expenditure pending receipt of contributions. Other advances for supplementary expenditure amounted at that time to 1,219,795 dollars as against 2,948,385 dollars the previous year. It appeared, however, from page 33 of the Advisory Committee's report (A/934) that only 26 per cent of the 1949 contributions had been collected by 30 June, which accounted for the advance previously noted for budgetary purposes. Nevertheless, the total advances from the Working Capital Fund at 30 June 1949 amounted to only 11,642,959 dollars indicating that a fund of 15 million dollars might be adequate. The case for that proposal had unquestionably been weakened by the figures of 30 June 1949, and as the Advisory Committee had again recommended a figure of 20 million dollars he would not press the proposal if he was convinced that such a course would be dangerous. He asked whether the full sum of 8,477,769 dollars had been advanced for budgetary purposes and did not include sums for such purposes as the assistance of the Palestine refugees. If it had included such sums, he would be inclined to press for the reduction of the Fund.

45. He recalled his earlier suggestion that financial regulation 17 should be amended to make contributions payable in two parts, one part to be assessed for payment on 1 January and the second to be assessed as soon as the surplus for the previous year had been established, thus ensuring dollar relief for Governments earlier than was possible under the current system.¹ The form of the amended regulation would then read:

"(e) Any balance of the appropriations of the current financial year surrendered under regulation 14".

He hoped the Secretary-General would consider the possibility of such an amendment and asked for the views of the Chairman of the Board of Auditors on the question.

46. Mr. ANDERSEN (Secretariat) said that the 8,477,769 dollars had been used entirely to finance budgetary expenditure pending receipt of contributions.

47. With regard to the suggestion that contributions should be payable in two parts, the Secretary-General considered it a possible system though probably conducive to still further delay in the payment of contributions. Were the system accepted, he recommended that three-quarters or four-fifths of the contribution should be paid in the first instalment.

48. He pointed out that though, in the earlier years of the United Nations existence, a budgetary surplus had existed at the end of the year, he hoped that in future expenditure would correspond more closely to appropriations.

49. At the invitation of the CHAIRMAN, Mr. SELLAR, Chairman of the Board of Auditors, made a statement on the Working Capital Fund. He said that the Board of Auditors had considered the Fund from two view-points, first, as assurance that there was sufficient money available when it was required, and secondly, as insurance in case contributions were not received in time to pay for the operation of the Organization.

50. Experience had shown that the strain on the Working Capital Fund ended early in July. In 1948 disbursements had amounted to 36 per cent of the budget by the end of June, while receipts had been 26.5 per cent of the assessments. In the current year disbursements over the same period had reached 42 per cent of the budget and receipts 26.2 per cent of the assessments. As the 1949 costs might have been accelerated because of the second part of the third session of the General Assembly, he estimated that disbursements at the end of June 1950 would amount to 40 per cent of the budget. On the other hand, currency revaluations might slow down the collection of contributions; for that reason he estimated the probable income at 25 per cent of assessments. In June 1950, therefore, the Working Capital Fund would be financing 15 per cent of the budget.

51. Experience had also demonstrated that general account balances in the March to June period should be considered. In round figures, disbursements to the end of March 1949 amounted to 7,300,000 dollars. In April the amount had been 3,600,000 dollars, in May 3,100,000 dollars and in June 4,100,000 dollars. Collections to the end of March had been 1 million dollars. In April

receipts had been 6,300,000 dollars, in May 1,400,000 dollars and in June 1,900,000 dollars. It would be noted that over 6 million dollars had been collected in April; in the same month of 1948 only 400,000 dollars had been received. With disbursements approximating 3 million dollars a month, the risk to insure against was the possibility of material decreases in receipts during April and May 1950.

52. With regard to his estimate that one-quarter of the assessments would be paid by the end of June, he pointed out that, in the past, 14 per cent of the assessments had been paid by certain Members who were collectively responsible for about 27 per cent of the budget. Not all of them had paid every year in that period, but the list was long enough to accept 14 per cent as a reasonable expectancy. The problem was the remaining 11 per cent — the payment made by the United Kingdom in April 1947, in June 1948 and in April of the current year. No other Member making payments before the end of June had an assessment rate comparable to that of the United Kingdom. It was 11.37 per cent, or 4,700,000 dollars in 1949. Had that money been received in June 1949, instead of in April, practically all the Working Capital Fund would have been employed. Had the payment not been received until July, there might have been unpaid accounts. It seemed prudent, therefore, to have in the Fund a reserve equivalent to 11 per cent of the total assessments as insurance against the contingency of few contribution settlements being made before the end of May 1950.

53. Working on the total budget figure of 38,000,000 dollars it might be calculated that the amount of working capital employed in financing ordinary operations in 1950 would amount to 9,900,000 dollars. To that sum additions had to be made because of policy decisions. Currently, over 1,600,000 dollars was on loan to specialized agencies etc., with no prospect of immediate repayment. Further, 400,000 dollars was employed in the Parkway Village Housing Project and about 200,000 dollars was used for various self-liquidating revolving funds. Thus, with 2,200,000 dollars currently unavailable for ordinary operations, it must continue to form part of the Working Capital Fund. The Advisory Committee, in paragraph 231 of its report (A/934) had noted that the balance in the Working Capital Fund on 31 March 1949 had amounted to 6,818,262 dollars, and that, setting aside 5 million dollars to meet unforeseen and extraordinary expenses relating to the maintenance of peace and security, less than 2 million dollars would be available in the spring months for other legitimate demands. If the Advisory Committee's estimated reserve of 5 million dollars for the maintenance of peace and security were added to the sum of the 9,900,000 dollars estimated for working capital and the 2,200,000 dollars currently unavailable for ordinary operations, the total working capital would amount to 17,100,000 dollars.

54. At the Paris session the General Assembly had by resolution 212 (III) authorized advances from the Working Capital Fund for the Palestine refugees. Two million dollars had been advanced by March 1949 to the United Nations Relief for Palestine Refugees (UNRPR) and 1 million dollars was still so encumbered at the end of June, but the entire sum had been repaid before

¹ See the Summary Record of the 186th meeting.

the end of August. Should the General Assembly again authorize advances from the Fund to the UNRPR, or for other new projects requiring financial assistance in the first six months of 1950, comparable provision should be made in the Working Capital Fund.

55. In conclusion, he suggested that the Committee might consider the general plan of the Fund. It was to be noted that large free balances existed as soon as the Government of the United States paid its contributions. For example, since August 1949 balances had approximated 17,900,000 dollars. It would be remembered that in March the balance had amounted to 6,800,000 dollars. It might be argued that it was inefficient to have a fixed amount of working capital credits when the size of the budget fluctuated from year to year and when Members might annually select a different month in which to make contribution settlements. An alternative plan might be:

Five million dollars as a cash reserve for the maintenance of peace and security.

Eight million dollars as working capital to finance operations, make loans etc., and,

An authorization from the General Assembly to the Secretary-General to arrange short-term bank loans whenever the 8 million dollars were fully employed, a stipulation being that borrowings be within the amount of and secured by any unpaid assessment on the United States.

56. In brief, the suggestion was that 8 million dollars should be sufficient for ordinary requirements during most of the year, but in certain months more money might be required for short periods. That money would be raised by bank loans. Experience demonstrated that there should never be any need to borrow money after the contribution of the United States had been received; the borrowing power was linked, therefore, with that contribution in that the power would be suspended as soon as the contribution was received. Further, as the United States contributed about 40 per cent of the budget, the borrowing power would adjust itself to the dimensions of the budget for the year.

57. Mr. Sellar pointed out that the above suggestion had not been reviewed by other members of the Board of Auditors. In reporting on the 1947 accounts, the Board had drawn attention to the Working Capital Fund and had observed that 20 million dollars was in excess of the actual needs of 1947. When the Board had reviewed the state of the Fund during the current year, it had noted that disbursements were about 1 million dollars monthly above those of like months in 1947, and that advances up to 5 million dollars might be made to the UNRPR from the Fund. The Board had decided, therefore, that it had no cause to criticize the administrative view that 20 million dollars for the Working Capital Fund was currently desirable. It did, however, disagree with the practice of holding surpluses from operations for twelve months. It was not convinced by the arguments which had found favour with the Advisory Committee and which were set out in paragraph 242 of its report. Paragraph 5 of the Board of Auditors' report (A/902) therefore still stated its views on the subject. The Board's general evaluation of the money necessary for working capital might be expressed as follows: 20 million dollars was excessive when-

ever the budget amounted to 33 million dollars or less. On the other hand 20 million dollars might prove inadequate if expenditure in any year exceeded 40 million dollars.

58. Mr. HAMBRO (Norway) welcomed the first part of the statement made by the Chairman of the Board of Auditors, but had not been so well pleased by his concluding remarks. He did not think it suitable to make the Working Capital Fund more complicated or to institute the practice of borrowing from banks. He doubted whether any Government would approve of the principle that the United Nations should be dependent for its functioning on short-term bank loans.

59. He could not recommend that the Working Capital Fund should be kept at a lower sum than 20 million dollars, in view of the many difficulties in the administration of the United Nations and the additional complications introduced by recent devaluations. His delegation would favour economy wherever possible though it appeared that some delegations had not yet realized the need for such strict economy nor felt the rising impatience of public opinion with the continual growth of the United Nations budget. Nevertheless, he would not advocate the reduction of the Working Capital Fund for the time being. He shared the apprehension of the Board of Auditors that 1950 would be a difficult year for the Organization, as many States would find it difficult to make their payments in dollars at the usual time.

60. With regard to the suggestion put forward by the Chairman of the Board of Auditors regarding bank loans, he understood that it was not intended to be treated as a formal proposal. In the circumstances, unless any representative wished to make a formal proposal he suggested that discussion of the general aspects of the Working Capital Fund should be postponed until all delegations had had an opportunity to study the statements that had just been made.

61. The CHAIRMAN explained that he had hoped it would be possible to discuss and vote upon the Advisory Committee's draft resolution regarding the Working Capital Fund paragraph by paragraph, after the general discussion had been concluded.

62. Mr. ASHA (Syria) thought it would be dangerous for the United Nations to embark on a policy of financing its operations by short-term bank loans. A wiser course would be to ask Member States to make their contributions earlier in the year. Nevertheless, he suggested that the Advisory Committee should be requested to consider and report on the implications of the policy. He himself felt it would lead to even greater expense, apart from other disadvantages.

63. Mr. SHANN (Australia) accepted the conclusions reached by the Secretariat's representative and the Chairman of the Board of Auditors and said he would not press the proposal to reduce the Working Capital Fund to 15 million dollars. He would, however, press the suggestion that provisional financial regulations should be amended in order that the surplus of one year might be applied against the assessments for the next. He agreed to the suggestion that the two parts of the assessment should be four-fifths and one-fifth, respectively. As to the short-term bank loans, he associated himself with the observations

made by the representatives of Norway and Syria. The proposal seemed financially unsound, in any case, since the collateral proposed might not be accepted by any reputable institution, as the United Nations would be borrowing on what it did not have until the Congress of the United States had passed the relevant appropriation.

64. Mr. AGHNIDES (Chairman of the Advisory Committee on Administrative and Budgetary Questions) was also unable to support the suggestion that the United Nations should be temporarily financed by bank loans. Speaking personally, he felt it was an unsuitable method for any international organization and difficult to justify. He could not speak on behalf of the whole Advisory Committee, but he thought it unlikely that it would recommend a departure from the total of 20,000,000 dollars for the Working Capital Fund in view of the difficulties to be met by Member States in subscribing in dollars.

65. Sir William MATTHEWS (United Kingdom) said that, though his Government had as much difficulty in securing dollars as any country in the world, he would not support the proposal that the valuable dollars asset represented by the Working Capital Fund should be dissipated.

66. When that Fund had been established three years previously the suggestion had been advanced that recourse should occasionally be had to short-term bank loans, and the same solution had been proposed regarding the financing of the Manhattan building, but it had been agreed that it was an undignified procedure for the United Nations and, in any case, would require high service charges even if collateral could be produced. In future years it might be considered whether instalments on the loan for the Manhattan building might not be paid off to some extent from the Working Capital Fund. Meanwhile, he would support any proposal to maintain it at 20,000,000 dollars.

67. Mr. MACHADO (Brazil) proposed that the Committee should abandon consideration of the future until it had settled current problems. He concurred in the statement made by the Secretary-General in his report (A/1007) but asked that, when the latter made advances from the Working Capital Fund amounting to 50,000 or 100,000 dollars, he should provide more ample details than had been given in that report.

68. Mr. ANDERSEN (Secretariat) explained that the normal procedure was for the Secretary-General to give a general report on unforeseen and extraordinary expenditure which had been met from the Working Capital Fund, and to submit supplementary detailed estimates separately in respect of each item. In accordance with that procedure the Committee would shortly receive details of the expenditure so far met in 1949 from the Working Capital Fund. He pointed out incidentally that such expenditure would not result in additional appropriations, as it had all been covered out of the 1949 appropriations.

69. Mr. HSIA (China) favoured the maintenance of the Working Capital Fund at 20,000,000 dollars during 1950. He noted that the Chairman of the Board of Auditors, while making an interesting suggestion regarding bank loans, had agreed that the Fund should be maintained at that sum.

The Committee might therefore decide forthwith on that question.

70. Mr. ROSCHIN (Union of Soviet Socialist Republics) drew attention to the Secretary-General's proposals (paragraph 43 of document A/1007) regarding the loans made to the Interim Commission of the International Trade Organization. He listed the loans made to that organization to enable it to continue operations until it began to receive contributions from Member States. The financial position of the Interim Commission of the International Trade Organization was still not normal and it had asked for an extension of the time-limit for the repayment of the loans. The Secretary-General had therefore recommended that the extension of one year should be granted for repayment of the 1948 loans by the Interim Commission of the International Trade Organization.

71. The Soviet delegation considered such a proposal unsatisfactory, and liable to complicate the financial structure of the United Nations, which laid down definite periods for the granting and paying back of loans. All loans made to specialized agencies should be repaid at the proper time, and the Committee should examine very carefully the question of prolonging a loan to a body to which it had already advanced 1,500,000 dollars, if the correct relationship between the specialized agencies and the United Nations were to be preserved.

72. The meeting proceeded to a vote on the draft resolution relating to the Working Capital Fund submitted by the Advisory Committee (A/934, Chapter I, appendix III), paragraph by paragraph.

Paragraphs 1, 2 and 3 of the draft resolution were unanimously approved.

Paragraph 4(a) of the draft resolution was unanimously approved.

73. With regard to paragraph 4(b), Mr. MACHADO (Brazil) asked the Chairman of the Advisory Committee on Administrative and Budgetary Questions to confirm the Fifth Committee's interpretation of the phrase "unforeseen and extraordinary expenses".

74. Mr. AGHNIDES (Chairman of the Advisory Committee on Administrative and Budgetary Questions), quoting from the *Preliminary Budget Estimates of Expenditure* (A/79), part IV, footnote on page 33, stated that "unforeseen expenses" were "expenses arising from or incidental to the carrying out of a programme in accord with General Assembly approved policies, which expenses were not foreseen when the estimates were made"; "extraordinary expenses" were "expenses for items or objects outside the scope of the budget estimates, i.e., outside the programme on which the estimates were based."

75. Mr. MACHADO (Brazil) explained that he had brought the matter up in order that it should be quite clear under what circumstances the Secretary-General could use the fund for extraordinary expenditure, and that he was entitled to do so in cases where the original estimates were based on assumptions. The holding of the tenth session of the Economic and Social Council at headquarters might prove a case in question.

Paragraph 4(b) of the draft resolution was approved.

Paragraph 4(c) of the draft resolution was approved.

76. In connexion with paragraph 4(d), the CHAIRMAN drew attention to the Secretary-General's recommendation that the paragraph provide for an extension of one year to the International Trade Organization for the repayment of the 1948 loan (A/1007, paragraph 43).

77. Mr. ROSCHIN (Union of Soviet Socialist Republics) repeated that his delegation considered that the extension of the period for repayment of a loan to a body on which the United Nations had already spent 1,500,000 dollars was an action both undesirable and liable to undermine the financial policy and practice of the United Nations.

78. At the CHAIRMAN'S invitation, Mr. AGHNIDES (Chairman of the Advisory Committee on Administrative and Budgetary Questions) stated that his Committee, although itself unable to take the initiative in the matter, had anticipated that the Fifth Committee would recommend that the General Assembly grant the extension by a year of the repayment period.

79. Sir William MATTHEWS (United Kingdom) failed to see how the position of the United Nations would be weakened by allowing the International Trade Organization another year in which to repay its loan.

80. Mr. JUTRAS (Canada) supported the Secretary-General's amendment to extend the period of the loan.

The Secretary-General's amendment to paragraph 4(d) of the Advisory Committee's draft resolution was adopted by 27 votes to 6, with 8 abstentions.

Paragraph 4(d) of the draft resolution as amended, was approved by 29 votes to none, with 13 abstentions.

81. Mr. MACHADO (Brazil), while agreeing that a longer period should be allowed for the repayment of the loan, and even that more money should be granted, considered that the Secretary-General should insist on receiving a budget from the organization in question, and details of how the money was spent.

82. Mr. ANDERSEN (Secretariat) stated that the Secretary-General was in full agreement with the Brazilian delegation on that point. Details of expenditure had been received from the International Trade Organization and were now always asked for when loans were granted.

83. In answer to a question by Mr. ROSCHIN (Union of Soviet Socialist Republics) as to how much money was being advanced to the housing fund, Mr. ANDERSEN (Secretariat) drew his attention to paragraph 28 of document A/1007 where it was stated that outstanding advances at 31 August 1949 stood at 412,495 dollars, 400,000 dollars of which constituted the guarantee deposit made in respect of the Parkway Village apartment project, and 12,495 dollars advance rental payments in connexion with similar apartment units in the Great Neck housing project.

Paragraph 4(e) of the draft resolution was unanimously approved.

The Advisory Committee's draft resolution relating to the Working Capital Fund, voted on as a whole, was approved by 36 votes to none, with 6 abstentions.

84. Mr. VOYNA (Ukrainian Soviet Socialist Republic) said, in explanation of his vote, that he considered it illogical that the Fifth Committee should try to effect economies by making the Economic and Social Council meet at headquarters instead of Geneva, while at the same time allowing a much greater sum to remain tied up in a loan to the International Trade Organization. He furthermore considered that paragraph 43 (c) of document A/1007, where the latter organization was requested to consider ways and means of reimbursing to the United Nations the 1948 advances, most undesirable in that it placed the United Nations in the position of a petitioner, and moreover encouraged the International Trade Organization to remain in a position of dependence upon the United Nations.

Appointments to fill vacancies in the membership of subsidiary bodies of the General Assembly

(a) ADVISORY COMMITTEE ON ADMINISTRATIVE AND BUDGETARY QUESTIONS (A/951)

85. The CHAIRMAN reminded the meeting that Mr. W. O. Hall (United States of America), Mr. Olyntho P. Machado (Brazil) and Sir William Matthews (United Kingdom) were the members of the Advisory Committee on Administrative and Budgetary Questions whose term of office expired on 31 December 1949 (A/C.5/L.20). Under rule 145 of the rules of procedure they could be re-elected, and no further nominations had been received.

86. In answer to Mr. HEVIA (Cuba) and Mr. RAFAEL (Israel), the CHAIRMAN pointed out that, even though there was no opposition, it would be wiser to proceed to a vote by secret ballot, in case any members should wish to abstain.

A vote was taken by secret ballot.

At the invitation of the Chairman, Mr. Grazia-dio (Argentina) and Mr. Vaner (Turkey) acted as tellers.

Number of votes cast, 43;

Invalid votes, 2;

Valid votes, 41.

Number of votes obtained:

Sir William Matthews, 41;

Mr. W. O. Hall, 40;

Mr. Olyntho P. Machado, 34.

The Fifth Committee would therefore recommend that the above three experts be reappointed members of the Advisory Committee on Administrative and Budgetary Questions.

(b) COMMITTEE ON CONTRIBUTIONS (A/952)

87. Mr. TARN (Poland) reminded the Committee that, in accordance with its practice (rule 148 of the rules of procedure), due attention should be paid to geographical distribution in electing members to the Committee on Contributions.

88. Mr. ROSCHIN (Union of Soviet Socialist Republics) also called attention to the principle of geographical distribution and pointed out that the British Commonwealth of Nations was already represented on the Committee of Contributions, on which there was a member from the Union of South Africa; he asked the Committee to bear that fact in mind.

89. Mr. JUTRAS (Canada) objected that the British Commonwealth need hardly be brought into the discussion in connexion with the question of geographical distribution.

90. Mr. ROSCHIN (Union of Soviet Socialist Republics) reinforced his statement by a reference to the Security Council.

91. The CHAIRMAN read out rule 148 of the rules of procedure, and reminded the meeting that the candidates for election to the Committee on Contributions were Mr. Julius Katz-Suchy (Poland), Dr. Kan Lee (China), Mr. Frank Pace (United States of America) and Mr. Mitchell William Sharp (Canada) (A/C.5/L.20 and A/C.5/L.20/Add.1); three members were required.

A vote was taken by secret ballot.

At the invitation of the Chairman, Mr. Grazia-dio (Argentina) and Mr. Vaner (Turkey) again acted as tellers.

Number of votes cast, 43;

Valid votes, 43.

Number of votes obtained:

Mr. Frank Pace, 36;

Mr. Mitchell William Sharp, 29;

Mr. Kan Lee, 27;

Mr. Katz-Suchy, 25.

The Fifth Committee would therefore recommend to the General Assembly that Mr. Frank Pace (United States of America), Mr. Mitchell William Sharp (Canada), and Dr. Kan Lee (China) be elected members of the Committee on Contributions.

The meeting rose at 6.15 p.m.

TWO HUNDRED AND TWELFTH MEETING

Held at Lake Success, New York, on Tuesday, 1 November 1949, at 10.45 a.m.

Chairman: Mr. A. KYROU (Greece).

Budget estimates for the financial year 1950 (*first reading continued*)

FINANCIAL IMPLICATIONS OF A DRAFT RESOLUTION ADOPTED BY THE SIXTH COMMITTEE

1. The CHAIRMAN read a letter, dated 31 October 1949, from the President of the General Assembly to the Chairman of the Fifth Committee, regarding the United Nations Field Service (A/C.5/332) and also a letter from the same source, dated 31 October 1949, regarding a draft resolution of the Sixth Committee on the registration and publication of treaties and international agreements (A/C.5/333).

2. He suggested that the Advisory Committee on Administrative and Budgetary Questions should be asked to study those two items and to report to the Fifth Committee as early as possible.

3. Mr. ROSCHIN (Union of Soviet Socialist Republics) said that as the USSR delegation considered that the setting up of a United Nations Field Service was contrary to the Charter of the United Nations, it objected to the question being submitted to the Advisory Committee for study.

4. Mr. TARN (Poland), Mr. SMOLYAR (Byelorussian Soviet Socialist Republic), Mr. VOYNA (Ukrainian Soviet Socialist Republic) and Mr. STARY (Czechoslovakia) associated themselves with the remarks of the USSR representative.

Appointments to fill vacancies in the membership of subsidiary bodies of the General Assembly (*concluded*)

(b) COMMITTEE ON CONTRIBUTIONS

5. Miss WITTEVEEN (Netherlands), speaking as Chairman of the Committee on Contributions, referred to the elections which had taken place at the previous meeting. She paid a tribute to the important services rendered to the Committee on Contributions and to the United Nations by the three members whose terms of office expired at

the end of 1949 — Messrs. K. W. Dzung, Jan Papanek and James E. Webb.

6. Sir William MATTHEWS (United Kingdom), supporting the remarks of the Chairman of the Committee on Contributions, considered that the Fifth Committee should place on record its high appreciation of the work carried out by the three members in question.

(c) BOARD OF AUDITORS

7. The CHAIRMAN referred the members of the Committee to the note by the Secretary-General on appointments to fill vacancies in the membership of subsidiary bodies of the General Assembly (A/950) and to the Secretariat's note on the same subject (A/C.5/L.20). He pointed out that the Auditor-General of Canada, whose term of office would expire on 30 June 1950, had been proposed for reappointment and that no other proposals had been received.

8. Mr. ROSCHIN (Union of Soviet Socialist Republics), referring to rule 85 of the rules of procedure of the General Assembly, asked whether members of the Board of Auditors were elected by a two-thirds or a simple majority.

9. The CHAIRMAN said it had been the custom to elect such members by a simple majority.

10. Mr. ROSCHIN (Union of Soviet Socialist Republics) pointed out that at the seventy-seventh meeting of the Fifth Committee members of the Committee on Contributions had been elected by a two-thirds majority of members present and voting.

11. The CHAIRMAN stated that during the second session of the General Assembly it had been proved that it was very difficult to obtain a two-thirds majority of the members present and voting, and for that reason the elections at the third session had been by a simple majority.

12. Mr. TARN (Poland) drew attention to rule 121 of the rules of procedure of the General Assembly, which implied that a two-thirds majority