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Chairman: Mr. Omar LOUTFI (Egypt).

AGENDA ITEM 47

United Nations Joint Staff Pension Fund: annual report of the United Nations Joint Staff Pension Board (A/3146) (*concluded*)

USE OF PENSION FUND CAPITAL FOR HOUSING LOANS TO STAFF (A/3351, A/C.5/668, A/C.5/L.395) (*concluded*)

1. Mr. GAGLIOTTI (United Nations Educational, Scientific and Cultural Organization) said that in his report on the Secretary-General's proposal concerning the use of Joint Staff Pension Fund capital for housing loans to staff (9C/ADM/23), the Director General of UNESCO had underlined the merits of the proposed scheme and had said that its implementation would help to solve the housing problem of UNESCO staff members. Moreover, the ninth Conference of UNESCO had adopted a resolution authorizing the Director-General, in the event of the plan proposed for the United Nations being adopted, to introduce a similar plan for UNESCO and to provide the necessary guarantees for the repayment of sums borrowed by that Organization from the United Nations Joint Staff Pension Fund. In addition, a recommendation supporting the Secretary-General's proposal had been adopted unanimously by UNESCO's Pension Committee, on which the staff was represented.

2. Mr. POLLOCK (Canada) believed that, despite the reservations made by a number of delegations, all members of the Committee were agreed that the needs of the staff for housing loans should be considered thoroughly and sympathetically. His own delegation was satisfied with the guarantees included in the Secretary-General's plan (A/C.5/668) to protect the security of the Pension Fund, but he would wish to emphasize the necessity for avoiding any dilution of those guarantees in the future. On the other hand, a disadvantage of the loan scheme was that it impaired the pension rights of staff members. Moreover, it did not seem to meet the needs of new staff members with insufficient service to enable them to accumulate suffi-

cient withdrawal benefits to entitle them to obtain an adequate loan.

3. The question of the use of Pension Fund capital for housing loans to staff was not yet ripe and it would be better, so as not to divide the Committee into two camps, to take no decision at the eleventh session. For that reason, reverting to a suggestion made by the United States and Guatemalan representatives at the 567th meeting, his delegation formally proposed that the Fifth Committee should request the Secretary-General to review the proposed system and to submit further proposals to the twelfth session of the General Assembly, bearing other possible solutions in mind.

4. Mr. DENIS (France) said that he wished to clarify one or two points in his statement at the 567th meeting which had not been fully grasped. His delegation was, of course, quite aware of the gravity of the housing crisis, but did not feel that the proposed loans scheme would substantially improve the present situation. In the United States houses were built as a rule on a thirty-year term which reduced the period of amortization. Moreover, staff members would have to make quite a large down payment and real estate was not a watertight security.

5. The real solution would therefore be found by tackling the cause and not the effect, and his delegation felt that efforts should be concentrated on increasing salaries.

6. Mr. NATANAGARA (Indonesia) noted that divergent opinions had been expressed on the question. The UNESCO representative had stated that UNESCO favoured the scheme proposed by the Secretary-General, whereas the representative of the International Labour Organisation (ILO) had informed the Committee at the 567th meeting that the ILO flatly opposed the use of Pension Fund capital for housing loans. If in fact each organization was to retain complete freedom in deciding whether or not to grant loans, it must be realized that relations between staff and administration might suffer if the ILO refused something that other organizations granted. Again, the Advisory Committee on Administrative and Budgetary Questions had intimated (A/3351, para. 4 (d)) that it had serious doubts about the desirability of the proposal that staff members receiving a loan should assign their entitlement to withdrawal benefits as a guarantee of their ability to repay the loan. His delegation felt that it would be advisable to support the Advisory Committee's view.

7. Mr. ALVARADO (Venezuela) said that his country had had plenty of experience with housing loans. Twenty years ago it had introduced a system of long-term low-interest loans to assist Venezuelan civil servants who had until then been forced to pay exorbitant interest rates for housing loans. The capital used by the Venezuelan fund was raised by monthly contributions from its participants and the Government. In time a very large amount of capital

had been accumulated and the statutes had been amended to authorize larger loans to civil servants.

8. His delegation therefore viewed very favourably any measures likely to improve the levels of living of the staff of the United Nations organs, and was prepared to support the Secretary-General's proposal.

9. Mr. DAVIN (New Zealand) thanked the Secretary-General for the consideration given to the points put forward earlier by his delegation. He recognized the need for special assistance in housing and had been reasonably satisfied with the safeguards suggested in the Secretariat's scheme. However, the opposition of the Advisory Committee and the ILO as well as the cleavage of opinion in the Committee, would have to be taken into account. Acceptance of the Canadian proposal seemed the best course.

10. U HLAPE (Burma) and Mr. DE PINIES (Spain), while fully aware of the housing difficulties confronting the staff of the United Nations and the specialized agencies, supported the Canadian proposal in view of the divergence of opinion which had arisen in the Fifth Committee.

11. Mr. EL-MESSIRI (Egypt) said that if in his next report the Secretary-General still considered using Pension Fund capital for housing loans, he might bear in mind the following four points. In the first place, it might perhaps be desirable to fix an age-limit beyond which a participant could no longer receive a loan; that would guarantee the repayment of the loan within the specified time limit. Secondly, the loan ought not to cover the entire down payment. The staff member might, perhaps be required to pay half and the Pension Fund loan would find the other half. Such an arrangement would lessen the risk and shorten the period of repayment. Thirdly, the participant should assign only part of his withdrawal benefit. Finally, the Organization might consider the house as security for the loan granted. A private concern might take such matters over if the United Nations did not wish to handle them itself.

12. Mr. TURNER (Controller) thought it a great pity that the Secretary-General's proposal had not been more warmly welcomed, for it was a very fair and reasonable one.

13. The Secretary-General had made sure that the guarantees provided were absolutely satisfactory, as the Joint Staff Pension Board and the Investments Committee had recognized. In fact, the only objection which might be made was that the scheme proposed was hedged about with too many guarantees, and everyone who had any responsibility for the administration of the Pension Fund had said that the loans scheme would entail absolutely no risk. Nor would the capital of the Pension Fund be jeopardized in any way, since it would mean using \$1 million out of a total of \$63 million, and even the \$1 million would perhaps not be used in its entirety.

14. With regard to the matter of principle, namely, whether it was right to use the capital of the Pension Fund for housing loans, it must be emphasized that the borrower would assign his withdrawal benefit to the lender only. It had been agreed that participants must be discouraged from squandering their substance; but enabling a staff member to buy a house

was encouraging him to be provident rather than improvident.

15. The Secretary-General had felt it his duty to do all he could to help staff members, and it was for that reason that he had devised a loans scheme which did not involve any additional expenditure or entail any risk for Member States. The question was not how to solve the housing problem in this or that country, but how to solve it in the New York area, where it was particularly acute.

16. The Secretary-General was naturally ready to reconsider the matter and to make fresh proposals, taking account of the objections raised in the Fifth Committee, for he felt that any solution to a question of such importance should be approved by a very large majority.

17. He hoped that all the members of the Fifth Committee would support the suggestion that the Secretary-General should present fresh proposals at the twelfth session; but he intimated that the Secretariat might perhaps ask them, at the current session, to grant it the powers necessary for the execution of a co-operative building project which had been started on the initiative of the Headquarters staff. He reserved his right to place that matter before the Fifth Committee during the current session.

18. In conclusion, he wished very warmly to thank those members of the Committee who had supported the Secretary-General's proposal and those who had agreed to it in principle.

19. Mr. VENKATARAMAN (India) said that as a matter of principle he was opposed to the use of the capital of the Pension Fund for the granting of loans, but he very much hoped that the General Assembly would find a way of helping staff members by one means or another. Since the proposal before the Committee entailed the use of the capital of the Pension Fund for loans, the Indian delegation would vote against it.

20. After a procedural debate in which Mr. DE PINIES (Spain), Mr. DENIS (France), Mr. POLLOCK (Canada), Mr. CLOUGH (United Kingdom), Mr. KHALAF (Iraq), Mr. RAJAPATHIRANA (Ceylon), Mr. FORTEZA (Uruguay), Mr. GREZ (Chile) and Mr. TURNER (Controller) participated, Mr. VENKATARAMAN (India) proposed that the Committee should not take any decision but should leave it to the Secretary-General to submit a fresh report on the matter in due course, in the light of the discussion in the Fifth Committee.

21. Mr. AGHNIDES (Chairman of the Advisory Committee on Administrative and Budgetary Questions), together with Mr. TURNER (Controller), advised the members of the Fifth Committee to adopt the Indian representative's proposal.

22. Mr. POLLOCK (Canada) withdrew his proposal.

23. Mr. MATHUR (Nepal), Mr. CLOUGH (United Kingdom), Mr. CERULLI IRELLI (Italy) and Mr. J. AHMED (Pakistan) expressed their support for the Indian representative's proposal.

The Indian proposal was adopted by 50 votes to none, with 2 abstentions.

AGENDA ITEM 46

Scale of assessments for the apportionment of the expenses of the United Nations: report of the Committee on Contributions (A/3121, A/C.5/L.399, A/C.5/L.425) (continued)*

24. Mr. JONES (United States of America) recalled that at its 559th meeting the Committee had decided to defer consideration of the scale of assessments for 1958 and the question of the assessments for the four new Member States until after the recess. As a result of consulting many delegations, the United States delegation had learned of the widespread view that consideration of those questions should be adjourned until the twelfth session of the General Assembly. His delegation therefore suggested that Member States should be given time to study those problems and that both questions should be referred to the twelfth session. Thus no State would have to make a decision or commitment at the eleventh session with respect to its assessment for 1958.

25. At the twelfth session the Committee might adopt the following procedure: it would consider the question of the scale of assessments at the very beginning of the session in order to provide a direction for the Committee on Contributions as to the principles to be applied. The Committee on Contributions would then meet and report to the General Assembly before the end of the session. The Fifth Committee could then adopt the scale of assessments for 1958 or for several years if it so desired.

26. Mr. KASE (Japan) said that the instructions he had received from the Japanese Government confirmed on all points the opinion expressed by his delegation in the preliminary statement it had made at the 559th meeting on Japan's contribution. He was able to state at present that if the same rate of reduction were applied to Japan as had been applied to the new Members admitted in 1955, Japan's percentage contribution for 1956 and 1957 would be in the neighbourhood of 1.95 per cent. The Japanese delegation was prepared to accept the suggestion of the United States representative and trusted that at the twelfth session the Committee on Contributions would apply the rate of reduction to Japan's percentage contribution.

27. Mr. CLOUGH (United Kingdom) and Mr. DAVIN (New Zealand) endorsed the United States suggestion to defer consideration of the scale of assessments for 1958 until the twelfth session, on the understanding that that decision did not commit any delegation in advance as to the position it would take at the twelfth session.

28. Mr. VENKATARAMAN (India) said he had already clarified his delegation's position at the 559th meeting and would not object to the two matters still before the Committee being deferred until the beginning of the twelfth session. The Indian delegation hoped that at the end of the twelfth session when the Committee came to consider the report of the Committee on Contributions and the scale proposed for 1958, it would also have at its disposal the table of national incomes of all the Member States, which constituted one of the criteria used by the Committee on Contributions in making its recommendations.

29. Mr. PETROS (Ethiopia) said he had proposed at the 542nd meeting that to prevent the accumulation

of claims on Member States the General Assembly should determine the contributions of Morocco, Sudan and Tunisia forthwith. As the admission of Japan had changed the picture completely, the Ethiopian delegation withdrew its proposal and accepted paragraph 6 of the Secretariat's draft resolution (A/C.5/L.399).

30. Mr. GANEM (France) considered that it was hardly advisable to place on the provisional agenda of the twelfth session the question of the principles governing the establishment of the scale of assessments. The principles were so sound and fair that they could not but be reapproved. Nevertheless, every Member State had a perfect right to request that an item be included, and the French delegation would not oppose the United States proposal. There was one practical consideration to be taken into account, however, with respect to the proposal: since the Committee on Contributions usually met at the beginning of August, it was not certain that it would be able to meet with all its regular members during the session of the General Assembly. It would be well to consult the Chairman of the Committee on that point.

31. Mr. KHALAF (Iraq) said he favoured the postponement proposed by the United States delegation.

32. Mr. J. AHMED (Pakistan) and Mr. DIEGUEZ (Guatemala) said they were prepared to support the United States proposal, on the understanding that their decision did not prejudice their position as to the substance of the matter.

33. Mr. KHOGALI (Sudan) recalled that his country, one of the four new Member States, was meeting with difficulties in paying its contributions. He therefore approved the United States proposal without prejudice to any decision his delegation might take as to the methods of determining assessments.

34. Mr. ZARUBIN (Union of Soviet Socialist Republics) said he would not oppose the postponement requested by the United States representative. He wished to point out, however, that the Soviet Union delegation's attitude in regard to the scale of assessments had not changed and would remain the same at the twelfth session.

35. Mr. JONES (United States of America) and Mr. TURNER (Controller) stated for the benefit of the French representative that the Committee on Contributions would be able to meet without any difficulty about November 1957 and that if the necessary arrangements were made at present, most of the regular members would be able to participate in its work.

36. The CHAIRMAN therefore suggested that the debate be adjourned until the twelfth session.

It was so decided.

FINANCIAL IMPLICATIONS OF THE DRAFT RESOLUTION APPROVED BY THE SIXTH COMMITTEE ON AGENDA ITEM 53 (A/3497) (continued)*****

37. Mr. JONES (United States of America) regretted that the Sixth Committee had not thought it necessary to consult the Fifth Committee in advance with regard to the application of article 13 of the Statute of the International Law Commission; but the Sixth Committee had adopted its draft resolution (A/

** Report of the International Law Commission on the work of its eighth session.

*** Resumed from 558th meeting.

* Resumed from 559th meeting.

C.6/L.394)¹ without opposition, and he felt that any bickering between two Committees of the General Assembly should be avoided. The new rate of subsistence allowance recommended by the Fifth Committee had of course come into force on 1 January 1957, but General Assembly resolution 485 (V), which provided that the members of the International Law Commission should receive a "special allowance" should also be taken into account. That allowance was not to be confused with the subsistence allowance, and the members of the International Law Commission should receive an allowance of fifteen dollars a day as emoluments. In order to act constructively, the Fifth Committee should take note of the financial implications of the draft resolution adopted by the Sixth Committee and recommend the necessary appropriation.

38. Mr. KHALAF (Iraq) said that he could not support the United States proposal. The Fifth Committee watched over United Nations funds and should give due weight to the very convincing arguments put forward by the Advisory Committee (A/3497).

39. Mr. QUIJANO (Argentina) felt that as the Fifth Committee had succeeded in getting the General Assembly to adopt a uniform rate of subsistence allowance which had the great virtue of being simple, it should not make any exception to the rule, and its only course was to fall in with the Advisory Committee's views (A/3497, para. 9).

40. Mr. CLOUGH (United Kingdom) said that although the question might be discussed on theoretical grounds, it was the duty of the Fifth Committee to find a practical solution. The members of the International Law Commission, men engaged in the practice or teaching of law, were obliged to be away two and a half or three months out of every year, at a time which was often inconvenient to them, in order to participate in the Commission's work. It was right that they should receive some compensation; otherwise, the International Law Commission sooner or later stood to lose the services of eminent jurists. The United Kingdom delegation felt, therefore, that it would be equitable to pay the members of the Commission a special allowance of fifteen dollars by way of emoluments for every day they participated in the work. However, in order to take account of the Advisory Committee's objection (A/3497, para. 3), the allowance might be reduced to ten dollars a day if the International Law Commission met in New York, so as not to exceed the thirty-five dollars approved by the General Assembly. With that reservation, the United Kingdom delegation would support the United States proposal.

41. Mr. ZARUBIN (Union of Soviet Socialist Republics) recalled that the USSR delegation had already expressed its agreement with the uniform rate of

allowance. There were other United Nations bodies whose members were called upon to deal with questions at least as important as those dealt with by the International Law Commission, and if the Fifth Committee reconsidered its decision, it would establish a very dangerous precedent and would certainly find itself faced with requests for emoluments or increased allowances at the twelfth session. The USSR delegation was therefore strongly opposed to the proposals made by the United States and the United Kingdom.

42. Mr. J. AHMED (Pakistan) did not find the considerations of the draft resolution adopted by the Sixth Committee (A/C.6/L.394) very convincing. The observations of the Advisory Committee (A/3497), on the other hand, seemed quite sound. The preferential treatment which the members of the International Law Commission were seeking would be inequitable and unjust. The Pakistan delegation would therefore support the Advisory Committee's conclusions (A/3497, para. 9).

43. Mr. CASTAÑEDA (Mexico) pointed out that there was clearly a contradiction between the Sixth Committee's draft resolution (A/C.6/L.394) and the draft resolution in the report of the Fifth Committee (A/3426) which the General Assembly had unanimously adopted at its 621st plenary meeting. In view of the fact that the States represented on the Sixth Committee and those whose representatives had adopted the uniform rate of allowances were the same, it must be concluded that the jurists of the Sixth Committee had their reasons for acting as they had done. The Advisory Committee's report (A/3497, para. 5) did not pay sufficient attention to General Assembly resolution 485 (V), which noted in its preamble "the inadequacy of the emoluments paid to members of the International Law Commission" and did not mention a subsistence allowance. Nor was the special allowance provided for in article 13 of the Statute of the International Law Commission to be confused with the usual subsistence allowance. The allowance paid to the members of the International Law Commission was therefore in part different from the subsistence allowance. So long as the system applicable up to the end of 1956 remained unchanged there had been no need to go into details. As the system had changed, it was necessary to interpret the resolutions and recognize that the "emoluments" paid to the members of the International Law Commission were partly in the nature of a subsistence allowance and partly emoluments. The Fifth Committee was not obliged to agree with the Advisory Committee. It could transmit the draft resolution adopted by the Sixth Committee and the Advisory Committee's report to the General Assembly and leave it to decide. The Mexican delegation would support the United States proposal.

The meeting rose at 5.55 p.m.

¹ The same text as document A/C.6/L.390.