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SUB-COMMITTEE ON THE FINANCES OF THE INTERNATIONAL REFUGEE ORGANIZATION

SUMMARY RECORD OF THE FIFTH MEETING

Held at Lake Success, New York, on Friday, 27 September 1946 at 11 a.m.

The following were present:

Chairman:	Sir Girja Shankar Bajpai	(India)
	Mr. R. G. Riddell	(Canada)
	Mr. Y. C. Yang	(China)
	Mr. L. de Rosen	(France)
	Mr. Sen	(India)
	Mr. I. Lund	(Norway)
	Mr. Washington Patino	(Peru)
	Mr. Teplov	(USSR)
	Mr. D. B. Pitblado	(United Kingdom)
	Mr. G. Warren	(United States)
	Mr. L. Mates	(Yugoslavia)

Observers: Miss M. Gibbons, UNRRA
Sir Herbert Emerson, Inter-Governmental Committee
on Refugees

Secretariat: Mr. B. Pickard
Miss J. Henderson
Mr. F. Morrissey

Consideration of proposed amendments to Article 10 of the Draft Constitution.
(E/161)

(a) Text prepared by the Secretariat.

The CHAIRMAN, opening the meeting, recalled that the Committee had still to come to a decision regarding paragraph 9 of the redraft of Article 10 proposed by the delegation of the Soviet Union and discussed at the previous meeting. On the basis of the opinions then expressed, the Secretariat had, as requested, prepared a new draft of paragraph 9 as follows:

"Contributions shall be fixed in terms of () but may be payable in kind or in such currency as may be called for by the Organization, having regard to currencies in which the anticipated expenditure of the Organization will be effected from time to time.

"Contributions in kind shall be made within limits to be prescribed, and on a value basis to be determined by the Organization".

Mr. MORRISSEY (SECRETARIAT) explained that in the new text an attempt had been made to avoid the use of any wording which might create difficulties for the future Organization. A serious and complicated financial problem was involved. Since the Committee had decided to include a statement of this nature in the Constitution rather than in financial regulations of the Organization, the financial experts of the Secretariat had considered it essential to include a rather explicit statement, particularly as regards contributions in kind.

Mr. WARREN (UNITED STATES) and Mr. PITBLADO (UNITED KINGDOM) maintained their opinion that such provisions should be included in financial regulations and not in the body of the Constitution.

Mr. MATES (YUGOSLAVIA) said that there would then be no mention in the Constitution of the currency in which contributions would be paid.

Mr. de POSEN (FRANCE) seconded by Mr. PATINO (PERU) moved the adoption of the text drawn up by the Secretariat, in place of paragraph 9 of the Soviet amendment (E/171).

Mr. MATES (YUGOSLAVIA) proposed that the text be amended to read:

"Contributions may be payable in kind or in such currency as may be provided for in a decision by the General Council accompanying the budget, having regard to currencies in which the anticipated expenditure of the Organization will be effected from time to time, regardless of the currency in which the budget is expressed.

"Contributions in kind shall be made within limits to be prescribed, and on a value basis to be determined by the General Council".

That wording seemed to have several advantages. In particular, it overcame the difficulty of having to specify any one currency, and it specified that the decisions as to how contributions should be paid would be taken by the General Council, the body which fixed the amount of the contributions. The term "Organization" was not sufficiently precise.

Mr. YANG (CHINA) said that unless the statement to be included in the Constitution were simple and precise, he would prefer to see it included in financial regulations.

Mr. de ROSEN (FRANCE) proposed that the amendment to paragraph 9 of the Soviet amendment (Document E/171) proposed by the delegate for Yugoslavia at the previous meeting, and seconded by the delegates for France and China, should first be put to the vote.

Mr. PITBLADO (UNITED KINGDOM) agreed with the amendment to the Secretariat draft proposed by the delegate for Yugoslavia, which made it clear that contributions did not have to be paid in any particular currency, but rather in the currencies needed by the Organization. It was important that the wording adopted should be such that the practical application of this complex principle should not bind the Organization in such a way that amendments to its Constitution would subsequently be required in order to enable it to function. The Yugoslav proposal seemed to meet the objections which had previously been raised to inclusion of such a financial provision in the Constitution itself.

Mr. TEPLIAKOV (UNION OF SOVIET SOCIALIST REPUBLICS) asked that the Committee should first come to a decision on the text of the Soviet amendment discussed at the previous meeting (paragraph 9 of Document E/171). If that were rejected, a vote should then be taken on the proposal made by the Yugoslav delegate at the same meeting.

The CHAIRMAN put the Soviet amendment to the vote.

Decision: The text of paragraph 9 of document E/171 was rejected.

With the agreement of the delegate for France and the approval of the Committee, Mr. MATES then withdrew the proposal he had made at the previous meeting, and asked that the Committee take a decision on the new Yugoslav amendment of the text drawn up by the Secretariat.

Mr. TEPLIAKOV (UNION OF SOVIET SOCIALIST REPUBLICS) proposed the following amendment of the text prepared by the Secretariat:

"Contributions may be payable in kind or in such currency in which the actual expenses of the Organization are effected from time to time. Contributions in kind may be made within limits to be agreed upon between the Organization and the Member Government concerned."

Decision: The amendment proposed by the delegate for the Soviet Union was rejected.

Decision: The text prepared by the Secretariat, as amended by the delegate for Yugoslavia, was adopted.

(b) Amendment proposed by the French Delegation to paragraphs 3 and 4 of Article 10 of the Draft Constitution. (E/161)

Mr. de ROSEN (FRANCE) proposed that paragraphs 3 and 4 of Article 10 be redrafted to read:

"3. Each Member shall contribute to the operational expenditures (other than those pertaining to large-scale resettlement projects) as determined and allocated under paragraph 1 above, subject to the requirements of the Constitutional procedure of such members.

"4. The contributions of Members towards the expenses of large-scale resettlement projects shall be voluntary".

Mr. MATES (YUGOSLAVIA) proposed to amend the French text by the omission of paragraph 3 and the amendment of paragraph 4 to read:

"The contributions of Members towards the expenses of resettlement and re-establishment shall be voluntary".

Mr. PITBLADO (UNITED KINGDOM), referring to the amendment proposed by the delegate for France, reiterated the opposition of his delegation to the principle that the budget of the Organization should be partly on a contractual and partly on a voluntary basis, and that a difference should be made in this respect between operational and large-scale projects. It would be extremely difficult for the Organization to function if it did not know in advance the extent of the funds which would be available to finance its various projects. The same principles must therefore apply to contributions to large-scale operations as to other expenditure.

Mr. de ROSEN (FRANCE) considered that contributions to the budget of the Organization should be obligatory except in the case of large-scale resettlement projects. In the opinion of his delegation, it was wrong to oblige countries to contribute to the large-scale resettlement of nationals who were, in effect, enemies of their Governments and unwilling to return to their countries of origin.

Mr. TEPLIAKOV (UNION OF SOVIET SOCIALIST REPUBLICS) reaffirmed the position

of his Delegation that the Soviet Government could not be expected to contribute to the operational expenses of the Organization and that it considered that the repatriation of Soviet citizens displaced by the Germans should be a charge on the German economy.

Mr. MATES (YUGOSLAVIA) said that, in practice, no contribution could be compulsory, since it must be agreed to by the legislative body of the country concerned. The Yugoslav Parliament for instance would certainly not agree to contribute to large-scale resettlement projects for enemies of the Government. A provision that contributions could be obligatory would therefore make it very difficult for certain countries to join the Organization and would thus reduce its financial resources on the administrative, as well as on the operational side.

Mr. WARREN (UNITED STATES) could agree to neither the French nor the Yugoslav proposals. The Organization would clearly not be able to accomplish its purpose if Governments contributed only to its administrative expenses. If contributions to the Operational Budget were voluntary they would be insufficient to enable any projects to be put into effect, as the experience of the Inter-Governmental Committee on Refugees had shown.

The Committee on Finances which had met in London had recognized the reluctance of certain countries of origin regarding the proposal that certain of their nationals be resettled in other countries. But the countries of origin had a substantial interest and a very real responsibility in Part I of the Operational Budget covering the expenses involved in caring for displaced persons and encouraging their repatriation, which was the primary task of the Organization. Where Part II of the Operational Budget, dealing with large-scale resettlement, was concerned, the Committee on Finances had recommended that countries of origin contribute only the minimum in the scale of contributions. It did not feel that they should be completely exempted since the problem of refugees had been unanimously recognized by the General Assembly as an international one to the solution of which all Governments were under a moral obligation to contribute. In reviewing the Operational Budget of the

Organization, the General Assembly would have before it the recommendation of the Committee on Finances.

The wording of the Yugoslav amendment clearly made contributions to a substantial part of Part I of the Operational Budget voluntary and would have the effect of making it impossible for the Organization to carry out its task.

The CHAIRMAN pointed out that if the Yugoslav amendment were adopted contributions towards the expenses of resettlement and re-establishment, whether large-scale or otherwise, would be voluntary.

Mr. MATES (YUGOSLAVIA) agreed that his amendment affected the whole of Part II of the Operational Budget as well as Sections 4 and 5 of the new draft of Part I submitted by the Secretariat (Estimates submitted by the Working Party for the Provisional Operational Budget for the First Financial Year of the I.R.O. - 25 September 1946). As regards the remainder of the Budget, he reserved the position of his delegation.

Mr. de ROSEN (FRANCE) asked that the French proposal be voted upon paragraph by paragraph, taking paragraph 4 before paragraph 3.

The CHAIRMAN therefore first put to the vote the Yugoslav amendment to paragraph 4 of the French proposal.

Decision: The Yugoslav amendment of the French proposal was rejected.

Decision: Paragraph 4 of the French proposal was also rejected.

Mr. de ROSEN (FRANCE) withdrew the remainder of the French proposal, but reserved the position of his Delegation on the question of obligatory contribution towards large-scale resettlement.

Decision: Paragraph 3 of Article 10 of the Constitution (Document E/161) was adopted, after Mr. TEPLIAKOV (UNION OF SOVIET SOCIALIST REPUBLICS) had stated that he would vote against the paragraph, regardless of the scale of resettlement involved, and against any obligatory contribution by members to the Operational Budget. Mr. MATES (YUGOSLAVIA) and Mr. de ROSEN (FRANCE) also voted against this paragraph.

(c) Insertion of additional paragraph regarding contributions in Article 10 of the Constitution.

Decision: The Committee agreed to insert the paragraph adopted at the outset of the meeting as a new paragraph 2 of Article 10 and to renumber the other paragraphs accordingly.

The meeting rose at 1:05 p.m.
