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BUDGET ESTIMATES FOR THE FINANCIAL YEAR 1959

Statement by the Secretary-General at the
656th meeting of the Fifth Committee

1. Thank you, Mr. Chairman, for your words of welcome. I could wish that my various responsibilities allowed me enough time to take a more direct part in the work of this Committee. However, I want to assure you that I shall be following it closely, with continuous interest, whether I find it possible to attend personally or not.
2. I turn now to the budget proposals for 1959, and for convenience I shall refer separately to the initial estimates, on the one hand, and, on the other, to the various revisions which have been or will be submitted to you. Since I shall be contrasting 1959 with 1958, let me add, by way of preface, that it is difficult - because of programme and other changes that occur from year to year - to achieve strict comparability between successive budgets; and most of all to do so at this early stage in the Assembly session. However, the assessment figures of different years are rightly a matter of immediate concern to Member Governments, and I wish to attempt a brief analysis of 1959 requirements which, though in part conjectural, may enable representatives to have some idea of what their 1959 assessments may amount to.
3. At \$59 million the initial estimates exceed the 1958 appropriation by about \$2,163,000 on a gross basis, and - since we may expect more revenue in 1959 - by somewhat less on a net basis. The Advisory Committee recommends certain cuts in these initial estimates to a total amount of \$521,670, thus limiting the increase to around \$1,642,000. Of course, these figures do not give the whole picture for either year. As regards the year 1959, I have already submitted

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revised estimates for the International Court of Justice, for the Visiting Missions of the Trusteeship Council, and for a number of projects which the Economic and Social Council has approved in 1958. These amount in total to \$547,900 or, under the recommendations of the Advisory Committee, to \$371,000. My proposal for an increase in the level of the Working Capital Fund is presented in alternative forms, including one that would add \$4 million to the total assessments for 1959. There are in addition three other items for 1959, on which the Committee will consider our proposals in due course: these are the Scientific Committee on Atomic Radiation, and possible increases in pensionable remuneration and in the New York post adjustment. Together, these would account for about \$630,000. I referred in my foreword to the 1959 Budget Estimates to these latter three items. On two of them, I have already issued reports to the General Assembly. Regarding the third, the question of pensionable remuneration of the staff, the United Nations Joint Staff Pension Board has considered the matter, and after I have consulted my colleagues on the Administrative Committee on Co-ordination later this month, I shall submit my recommendations as requested in General Assembly resolution 1095 (XI).

4. Now, Mr. Chairman, taking all these 1959 items at the figures which I have submitted, we reach a total of \$64,185,000 on a gross basis, and, after deduction of miscellaneous income, of \$58,917,000 on a net basis. In order to attempt a forecast, however tentative, of the probable 1959 assessment figure, we must add the supplementary estimates for 1958, one portion of which I have already reported at \$2.4 million. There remain the 1958 supplementaries for the Observation Group in Lebanon and for the activities requested by the General Assembly at its recent emergency session. While no firm estimate can be made at this time, we might assume for present purposes a sum of 4 to 5 million dollars, for a total of 6 to 7 in respect of the supplementary 1958 estimates. On that basis, the amount to be assessed in 1959 would be some 65 to 66 million, less whatever balance on surplus account can be credited at the end of this year against Members' contributions, and further adjusted by staff assessment income of some \$6.1 million approximately.

5. This analysis is necessarily of the most tentative character. Not only has this Committee still to take its budgetary decisions, but further expenditure items may come forward from other Main Committees. Hence, it would not be realistic to count on a final assessment figure below \$65 million. For 1958

the corresponding figure was \$51.5 million. I fully appreciate the considerations to which this development may give rise but rest convinced that delegations will see it in the proper perspective of increasing cost-levels and significant additions to the essential tasks of this Organization.

6. I come now to the recommendations which the Advisory Committee has made on my initial budget estimates. As Secretary-General, I am well placed to know how important is the contribution of the Advisory Committee towards the work of the United Nations. That contribution goes beyond the written reports of the Committee on which the Assembly, the Fifth Committee and the Secretariat rely: in the form of oral and written consultations continuing throughout the year, it represents a body of advice intended to supplement and support our day-to-day work. However, there is always scope for honest disagreement on what is the wisest line in a particular case or on what are the practical possibilities.

7. The largest single reduction which the Advisory Committee recommends is on section 6, Salaries and wages, where the Committee foresees the possibility of achieving a reduction of \$250,000, principally in three ways: first, by holding the number of established posts at the 1958 level; secondly, by exercising a tighter control over temporary assistance and overtime; and thirdly, by estimating the adjustment for turnover of staff at rather more than the 3.5 per cent which I have assumed.

8. I have proposed for 1959 the establishment of twenty-nine new posts, comprising eight in the Professional category and twenty-one in the General Service category. None - I repeat - none of these posts is destined for Headquarters departments or offices. However, the heavy and abrupt expansion of activities that has occurred since 1956 has of necessity entailed a sharp increase in the work-load of the Secretariat as a whole and in the number of assignments of regular staff members to missions in the field. In such a situation, the use of temporary assistance affords, at best, no more than a partial remedy; in the Professional category particularly we resort to it sparingly - as much for reasons of efficiency as in the interest of economy. This leads me to the further point which the Advisory Committee has made, in relation to the new form of the budget, to the effect that "it would be difficult to maintain that the advantages of a consolidated manning-table have been fully realized in the 1959 estimates as submitted by the Secretary-General". With this proposition I can readily agree. The new form of budget has been in force for only nine months and I would hesitate

to claim that we have been able, in so short a period, to exploit to the full the many advantages of consolidation. What we can claim is that a great deal has already been done, and that the 1959 estimates adequately reflect such staffing economies as may reasonably be anticipated for the coming year on this account.

9. The eight new Professional posts which I have proposed for 1959 include five editorial and language posts for the Economic Commissions for Asia and the Far East and for Latin America. These posts are, for the most part, related to a general editorial policy which has been developed on the basis of extensive surveys, and which it is intended to apply at all United Nations offices. The Advisory Committee has referred, in this and other parts of its report, to the heavy financial demands which the establishment of the Economic Commission for Africa will make on the resources of the Organization. Frankly, I cannot see in this fact sufficient justification for deferring action on essential requirements for the other regional commissions. I interpret the action of the General Assembly and the Economic and Social Council in setting up the African Commission essentially as a desire to repair a gap in the existing network of regional economic activities.

10. On this and other grounds, I am anxious that the eight Professional posts for overseas offices should be authorized as from the beginning of 1959. I am not requesting the restoration of the sum of \$75,000 which their establishment is estimated to cost, and I would be prepared, in accordance with the Advisory Committee's recommendation, to insert these particular needs without immediate addition to the number of Professional posts as authorized for 1958. But, in these circumstances, it will be necessary in 1959 to make a fuller use of the authorized establishment than has been the case in previous years; that is, recruitment to vacant posts will have to be accelerated with a consequent reduction in savings which may accrue from turnover of staff. I would draw your special attention to this latter reservation since any shortfall on the turnover item may have to be reflected in supplementary estimates for the coming year.

11. Where the General Service category is concerned, the case is different. I can see no possibility of transferring posts from Headquarters to the overseas offices in question. It will readily be appreciated that if heavier demands are made on the Professional staff at Headquarters, these can only be met on condition that adequate secretarial and clerical services are available; the question is, whether an addition to the number of Headquarters posts would not, in fact, be justified.

However, no such proposal is included in my budget estimates, and accordingly I limit myself to requesting the restoration of \$86,000 in respect of the twenty-one posts which are indispensably required for offices away from Headquarters.

As six of the posts are already being financed out of temporary assistance funds, their establishment would represent no more than a transference of charges from one account to another; it would moreover be consistent with the recommendation of the Advisory Committee on the use of funds appropriated respectively for established posts and for temporary assistance. The posts in question are required for the performance of regular and continuing tasks.

12. The Advisory Committee has not attempted a detailed breakdown of the recommended cut of \$250,000 among the component items in section 6. Seen in the light of 1957 expenditures and 1958 initial appropriations, the estimates for Temporary assistance and overtime expenditure appear very reasonable. In 1954 the actual expenditure on Temporary assistance was \$1,369,000. Five years later, when salaries and wages to be paid from the appropriate credits are higher than they were, the budget request amounts to \$1,103,000. I do not believe that these figures indicate extravagance; on the contrary, given the present circumstances, I think they indicate a cautious approach. Neither do I believe that an overtime estimate of \$375,000 for 1959, in the face of likely expenditures of some \$390,000 in 1958 leaves much of a margin for realizing savings of any magnitude. It is the estimate for established posts itself which would have to bear the proposed reduction, if it is approved. The Advisory Committee has recommended a cut of \$250,000. I am requesting the restoration of \$86,000 for General Service posts. While I do not contest the remainder of the cut, I would point out to this Committee that the estimates as presented allow for a reduction of \$1 million as a turnover factor. This amount is reasonably in line with the deduction for a similar purpose made in 1958. Members will recall the comments on this particular budgetary practice which I made at the 606th meeting of this Committee last year (A/C.5/720). I said at that time: "I do not understand the intention to be to limit the cost of the basic establishment to a prescribed total amount substantially less than the cost of the agreed manning-table. If such were the case, I would find such a proposal highly disturbing. It would run counter to established practices. In my view, however - and that is much more serious - it would equally run counter to the legal basis upon which a career secretariat has

been founded and brought into being since it would cut across the system which the General Assembly itself has established for the administration of the staff.

Unless the General Assembly provides in full for the total cost of the manning-table it authorizes, I could not accept responsibility for the administration of the staff regulations in their present form."

13. As a corollary, I would also request the restoration of \$15,000 in section 7, Common staff costs, since the whole of the reduction of \$35,000 which the Advisory Committee has recommended is related to the new posts proposed under section 6.

14. I next refer to section 8 of the estimates, Travel of staff and of members of administrative bodies. The Advisory Committee recommends a cut of some \$39,000, and you may feel, at first glance, that this is not unduly severe in relation to a section total which exceeds \$1.5 million. However that total includes nearly \$1 million in respect of two items - home leave travel and travel of members of administrative bodies - over which the Secretary-General has virtually no administrative control, and which can in any case be forecast with considerable accuracy: entitlements to home leave are known, so too is the average number of deferments from year to year; likewise the travel of members of the three administrative bodies referred to in this section is not likely to show much variation either way.

15. There are two other items in section 8, Travel to meetings and Travel on other official business. The former amounts to \$161,600, and the increase which it shows by comparison with 1958 is very largely due to the requirements of the regional economic commissions: these, as I judge from paragraph 150 of its report, the Advisory Committee regards as reasonable. I need comment therefore only on one point which the Committee makes: that there is still scope for reducing the number of officials assigned to meetings of various bodies. The information which reaches me from the various conference centres of the United Nations, and notably from Geneva (to which the largest number of officials are assigned for conference purposes), does not support this opinion. Nevertheless, I shall once again make this the subject of inquiry and of consultation with the Advisory Committee in the course of 1959.

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16. There remains in section 8 an item of just over \$400,000 for travel on other official business. Should the Advisory Committee's recommendation be approved, almost the whole of the reduction of some \$39,000 would have to be applied to this particular item. That represents a cut of close to 10 per cent, and would, I do submit, prove altogether too drastic.

17. But independently of your decision on this specific point, I should make it clear that no item in the budget is subject to a stricter or more continuous control throughout the year. The system of control was, indeed, approved by the Advisory Committee and has now been in force for five years. This is not to argue that some further restrictions or safeguards may not be desirable, or that some fuller justification of expenditure, whether past or proposed, might not usefully be presented. On such matters we are glad to look for guidance to the Advisory Committee and to supply whatever explanatory data may be required. But, having said this, I should add that, for my part, I am satisfied, on the strength of a direct and personal experience, that the travel funds are administered with all possible strictness, and I find supporting evidence of this when comparing the travel expenditures incurred respectively by the United Nations and by other organizations within the United Nations family. It follows that the estimate as submitted is, in my opinion, fully justified, and I would appeal to you to approve the full amount I have proposed for section 8.

18. As regards section 10, Office of the High Commissioner for Refugees, the Advisory Committee's recommendation represents, in relative terms, the heaviest single reduction in the initial estimates. On this section you will undoubtedly wish to hear the views of the High Commissioner himself, and at this point I would merely mention that he has agreed in principle to my proposal that an independent administrative review of his Office should be undertaken. Arrangements will, I expect, be made for this review to be started at an early date.

19. I come now to section 11, General expenses. The Advisory Committee has recommended a reduction of \$27,800, arguing that sustained efforts should be made to curb expenditure in three areas: utilities; cables and telephones; postage and air freight. The Committee has also suggested that parallel efforts should be made at all offices to hold maintenance costs at their present level

"through such administrative measures as are possible". At the Geneva Office, to which the Advisory Committee makes special reference, it is not proposed to raise the level of maintenance work in 1959; an additional money provision is required solely by reason of local cost increases. I should therefore point out that maintenance standards have already been reduced at that office - and I am firmly of the opinion that a further lowering of standards would prove quite uneconomical in the long run. I feel I should make this clear since I do not see what other administrative measures, in the matter of maintenance, are open to me. As regards the Advisory Committee's recommendation concerning expenditure for utilities, cables, freight and related purposes, there is unquestionably scope for close and unremitting vigilance in these areas. For my part, I am satisfied that we are now applying as stringent a control as is possible in view of the many different uses to which the premises are given over. I would also remind this Committee that on these particular items budgetary requirements are largely governed by cost factors over which the Secretary-General can exercise no control whatever, and in particular by local wage and rate increases, which have a special impact on this section of the estimates. It is also pertinent to refer to the level at which these general expenses are running in the current year; in the supplementary estimates I have found it necessary to submit a revised figure for 1958 of \$5,444,000 or some \$90,000 over the provision proposed for 1959.

20. For these various considerations I feel justified in seeking the restoration of the reduction of \$27,800, since, if applied, it would, I fear, perhaps merely defer the necessity to provide credits to the amount which I have proposed.

21. Where section 12 is concerned, the Advisory Committee has recommended a reduction of \$40,000 to be achieved through the substitution of internal for contractual printing in the case of the Russian edition of the Official Records. I concur in this recommendation which can, we believe, be implemented without prejudice to our existing programme of internal printing.

22. As regards section 13, Permanent equipment, two of the recommended reductions are of a contingent nature, namely, \$17,000 in respect of air conditioning and lighting in the Palais des Nations, and \$27,000 in respect of additional public information equipment. Both reductions are subject to review by the Advisory Committee, the first, on receipt of the progress report on

modernization of the Palais, and the second, on receipt of the report of the Expert Committee on Public Information. These two points may therefore be laid aside for the present.

23. There remains a reduction of slightly over \$20,000 which the Advisory Committee recommends on the provision for the acquisition of furniture and equipment under chapter II of this section. I would not dissent from the Committee's suggestion that in view of the size of the over-all budget, a somewhat slower rate of acquisition might be desirable.

24. I turn now to section 1, where the Advisory Committee has recommended the deletion of the proposed provision of \$2,000 for the payment of honoraria to the President and members of the Administrative Tribunal. The Committee's recommendation is based solely on procedural grounds, and does not bear on the substance of the question. The justification for this estimate is set out in the budget document, namely, that the circumstances which led me to make a similar proposal in 1954 continue to exist. In resubmitting this question to you at the present session I wish to recall two pertinent facts. First, the Assembly has in the past authorized special payments to members of the Administrative Tribunal; throughout 1950, a special allowance of \$10 per day during sessions (in addition to subsistence allowance at the standard rate) was paid. Secondly, when the Tribunal was established in December 1949, the Advisory Committee endorsed a proposal of the Secretary-General (which the General Assembly did not, however, approve), that a daily allowance should be paid to the members at the rate of \$50, providing both for subsistence expenses and for an honorarium for services rendered. I mention these two points as showing that both the General Assembly and the Advisory Committee have recognized in the past that a case exists or, at least, then existed for the payment of a special allowance or honorarium to the members of the Tribunal. In my opinion, a case continues to exist today, and accordingly I venture to resubmit the matter to the General Assembly.

25. I have no further comments to offer at the present moment on the budget reductions recommended by the Advisory Committee. The restorations which I have requested amount to just over \$170,000 out of a total reduction of \$463,670. Both these figures are exclusive of section 10, on which the Advisory Committee has recommended a reduction of \$58,000. With your permission, I would wish to reserve my position in regard to this recommendation.

26. At this point I may perhaps appropriately refer to the report on the Working Capital Fund which I recently submitted. That report shows that as regards the prompt payment of Members' contributions, no real improvement has occurred over the past few years. Thus, if we look at the position at 30 June, the point at which the cash balances normally reach their lowest level, we find that in 1955 28.5 per cent of contributions had been received, but in 1958 only 21.69 per cent. The relative situation is in fact more disturbing than these figures suggest, since between those years there has been a very substantial expansion in the scope of activities connected with the maintenance of peace and security. I do not intend to enter now into the details of the increase proposed in the Working Capital Fund. That some increase cannot be avoided, will, I believe, readily be conceded in principle, although there may well be differing opinions regarding the desirable level of the Fund or the method of attaining it. Rather, I have referred to the general problem of Members' contributions in relation to the cash resources of the Organization because we are confronted by a financial situation of some seriousness.

27. I have advised the General Assembly on what I regard as reasonable measures to safeguard the future cash position of the Organization. The Advisory Committee in turn have informed you of their views. I do not myself believe there is substantial difference in the arguments presented in the two reports - but there is a marked difference in the conclusions. Over the years I think my position has been consistent. It has been reinforced by the experience of the former Director of Finance and the present Controller because the anxieties which arise at given periods of the year in securing the minimum cash resources necessary to finance current expenditures have been very weighty. I see little need to argue further the principles of this question but am, of course, prepared, in your discussion of it, to provide such additional factual information as the Committee may need. The particular point I would like to leave with you, now that you have the reports is this: in the past years the General Assembly has placed significant additional responsibilities on the Secretary-General which inevitably involve expenditures. The bills, when presented, must be paid. The budgetary facts are before us; the trend of expenditure - in the immediate past as in the present - is clear, and we have surely to recognize that the possibility, which may once have existed, of

stabilizing the budget of the United Nations around \$50 million has now receded. It is, of course true that a number of our present commitments may come to an end in the not too distant future. But, if so, can we believe that other commitments will not take their place? I have in mind, as one example, the possibility of the Organization's being associated with activities for a follow through of agreements reached on arrangements for control in the field of armaments.

28. I pass now to a number of questions of organization. First, I may refer to the report of the Expert Committee on Public Information which, as you know, will be in your hands within a few days' time, together with my own observations on the Committee's findings. You will doubtless wish to give a high priority to this issue. While this is clearly not the occasion for me to touch on any of the points raised by the Expert Committee, I may perhaps express the hope that your ultimate decisions may be so framed as to afford to the Secretary-General a reasonable margin of time in bringing about such changes in the organization and operation of the information services as may be judged expedient.

29. A report will likewise be submitted to you at a very early date on the question of the organizational relationship between the Department of Economic and Social Affairs and the Technical Assistance Administration.

30. You would, I believe, also wish me to comment on the question of the over-all direction of the administrative and financial services of the Organization, to which the Advisory Committee refers at paragraphs 256 to 258 of its budget report. The Committee there alludes to certain misgivings which it first expressed in 1953 when it was decided to convert the Department of Administrative and Financial Services and its constituent Bureaus of Finance and Personnel into Offices coming under the Secretary-General's immediate direction. Specifically, the misgivings of the Committee were, first, that the authority of the functions in question might be diminished, and secondly, that the burden falling on the Secretary-General's shoulders might prove too heavy and time-consuming.

31. Almost five years have passed since the adoption of the new arrangements; they have therefore by now been tried and tested to the full and under conditions which for long periods have been unusually exacting. My personal experience does not lead me to share the misgivings of the Advisory Committee.

Indeed, I should like to register the view that the present arrangements have proved entirely sound, and in practice have worked well. I do not myself see the slightest justification for proposing any changes.

32. Still another matter of interest to you is the question of geographical distribution of staff and, related to this, the question of the proportion of fixed-term staff among the internationally recruited officials of the Secretariat. My reports on these questions will be circulated to you shortly and, since your discussion will be under a separate agenda item, I shall save any comment which it might be necessary or desirable for me to make on this subject until a bit later. You will find, from my report, that 102 appointments of international staff were made during the period between 31 August 1957 and 1 September 1958, and that nationals of thirty-nine different States were involved. I believe that you will find the trend of these appointments, and of other changes affecting the geographical pattern of the staff, continues to be in the right direction. At the same time, improvement in this respect is necessarily slow, given the nature of the problem as it appears twelve years after the initial recruitment of the Secretariat.

33. I have already referred to the forthcoming progress report on the modernization of the Palais des Nations. In addition, there has already been submitted a report outlining a maintenance and capital improvement programme for Headquarters. The projects covered by this tentative programme constitute non-recurring or periodic requirements and exclude items of annual and standard replacement, repair or maintenance for which provision is normally made in the budget. The over-all budgetary situation will naturally influence your consideration of this programme, but it is worth noting that in the matter of major improvements to premises, priority has been given to projects which by yielding operational savings would be self-liquidating over a period of years.

34. You have already received reports on the United Nations Delegation Building and on the United Nations International School, and while the solution outlined in the former report will, I believe, be found generally satisfactory, I shall call special attention to the problem which the acquisition of a permanent site and building for the International School continues to pose. Thanks to the courteous and invaluable assistance of the Mayor and other authorities of the City of New York it has proved possible to make arrangements whereunder the

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school is now operating in Manhattan. But these arrangements are only temporary; a permanent solution has yet to be found.

35. I have referred in the foreword to my Budget Estimates (at paragraph 13) to General Assembly resolution 1096 (XI) which limits the submission of proposals for additional appropriations (beyond those contained in the initial estimates) to four specified categories. The resolution was adopted on an experimental basis, covering only the 1958 and 1959 estimates, and the Assembly may therefore wish to consider the possible continuance of its provisions. In my own view, its effect has been salutary; it makes for an orderly process of budgeting, and in so far as decisions of the Councils are concerned, for the prompt submission of estimates in advance of the Assembly session.

36. A last word, Mr. Chairman, at this stage, brings me to the end of my review of the current budgetary situation. I look to the General Assembly, on the recommendation of its Administrative and Budgetary Committee, to provide the Organization with the funds necessary to carry out the programme which its various organs have approved, without such financial limitations as would clash with the substance and purpose of that programme and, therefore, over a period of time, are bound to prove untenable. In such limitations I would include also economies achieved at the cost of legitimate interests of the staff.

I thank you, Mr. Chairman.
