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 at 10.45 a.m.

New York

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Chairman: Mr. Pote SARASIN (Thailand).

AGENDA ITEM 39

Appointments to fill vacancies in the membership of subsidiary bodies of the General Assembly (A/2696, A/2697/Rev.1, A/2698, A/2699, A/2722, A/2748) (*concluded*):

- (a) **Advisory Committee on Administrative and Budgetary Questions (A/C.5/L.277, A/C.5/L.284) (*concluded*);**
- (b) **Committee on Contributions (A/C.5/L.278, A/C.5/L.285) (*concluded*);**
- (c) **Board of Auditors (A/C.5/L.279, A/C.5/L.286) (*concluded*);**
- (d) **Investments Committee: confirmation of the appointment made by the Secretary-General (A/C.5/L.287) (*concluded*);**
- (e) **United Nations Administrative Tribunal (A/C.5/L.280, A/C.5/L.288) (*concluded*);**
- (f) **United Nations Staff Pension Committee (A/C.5/L.281, A/C.5/L.289) (*concluded*)**

1. The CHAIRMAN invited the Fifth Committee to consider the draft reports on agenda item 39, sub-items (a), (b), (c), (d), (e) and (f), on which it had completed the action required of it.

The draft reports (A/C.5/L.284 to A/C.5/L.289) were approved without comment.

AGENDA ITEM 36

Financial reports and accounts, and reports of the Board of Auditors (A/2724, A/2726) (*continued*):

- (e) **United Nations Refugee Emergency Fund, for the period 1 March 1952 to 31 December 1953 (A/C.5/L.291) (*concluded*)**
2. The CHAIRMAN invited the Fifth Committee to consider the draft report (A/C.5/L.291) on agenda item 36, sub-item (e), on which it had completed the action required of it.

The draft report (A/C.5/L.291) was approved without comment.

AGENDA ITEM 44

Review of audit procedures of the United Nations and the specialized agencies: reports of the Secretary-General and of the Advisory Committee on Administrative and Budgetary Questions (A/2721, A/2746; A/C.5/L.290) (*concluded*)

3. The CHAIRMAN invited the Fifth Committee to consider the draft report on agenda item 44 (A/C.5/L.290), on which it had completed the action required of it.

The draft report (A/C.5/L.290) was approved without comment.

AGENDA ITEMS 53 AND 38

Organization of the Secretariat (A/2731, A/2745, A/2765, A/C.5/580, A/C.5/581, A/C.5/583, A/C.5/591; A/C.5/L.282) (*continued*)

Budget estimates for the financial year 1955 (A/2647 and Add.1, A/2688, A/2766, A/C.5/577) (*continued*)

SALARIES AND ALLOWANCES OF UNDER-SECRETARIES OR OFFICIALS OF AN EQUIVALENT RANK

4. The CHAIRMAN asked the Committee whether it wished to dispose of the question of salaries and allowances of Under-Secretaries or officials of an equivalent rank before taking up the Argentine draft resolution (A/C.5/L.282).

5. Mr. CAFIERO (Argentina), during an exchange of views, declared himself willing that his draft resolution should not be discussed until the Fifth Committee had completed its consideration of the reorganization of the Secretariat.

The Committee decided to follow the procedure suggested by the Chairman.

6. Mr. SAPRU (India) thought the Committee should not take any decision on the question of salaries and

allowances without further information. It should know the basis on which the proposed salary scales had been fixed and the justification for the proposed high level of remuneration. In that connexion it would be useful to know the emolument of Cabinet officials of the United States Government, in particular, since the cost of living in the United States had presumably been taken into account in establishing the United Nations scale of salaries.

7. He wondered whether provision had been made for the regular audit of the additional allowance which it was proposed should be paid to the Under-Secretaries and Deputy Under-Secretaries in special cases.

8. The SECRETARY-GENERAL¹ said that during the detailed discussion of the reorganization of the Secretariat he had been gratified to note the considerable area of agreement between himself, the Fifth Committee and the Advisory Committee. It was therefore with some embarrassment that he was making the following comments, for he felt that a point had been reached upon which there was some divergence of views and that a discussion would be helpful. He must make it clear from the outset, however, that his proposals on the salaries and allowances of Under-Secretaries or officials of equivalent rank had been put forward without any margin for compromise and he must adhere strictly to them. He regretted that agreement had not been possible between the Advisory Committee and himself on a problem in the solution of which the Secretary-General's personal knowledge and judgment should, he felt, play an important part.

9. In the first place, the Advisory Committee considered that the proposed special allowance should be subject to a maximum of \$4,000, instead of the \$6,000 he had suggested, and, further, that there should be an over-all limit of \$35,000 for total expenditure on such additional allowances. In its report (A/2765) the Advisory Committee had made two observations on the subject: firstly that, in the main, the emoluments now proposed for officials in the top echelon would be at an appreciably higher level than those of the existing Principal Director level (paragraph 8) and, secondly, that it considered that the amount of the allowances should be specifically related to the importance of the tasks to be performed rather than to the relationship to the Secretary-General (paragraph 9).

10. He had some doubts about the relevance of the first observation. The question of a potential increase in the remuneration of posts at the Principal Director level was not at issue; the problem was to establish the proper level of emoluments for the top echelon posts under the reorganization plan. With the second observation, however, he was in full agreement.

11. Under the reorganization proposals the post of Assistant Secretary-General had been abolished. That did not mean, however, that the officials at the proposed unified upper level would have less work or less responsibility. On the contrary, the Secretary-General would have to rely more heavily on those officers and their workload would, if anything, be increased. Moreover, the Assistant Secretaries-General had been assisted by a Principal Director, whereas the Under-Secretaries

would not have that help. It was true that there would not be the delegation of political responsibility anticipated at San Francisco, but that had been equally true in the case of the Assistant Secretaries-General. The Under-Secretaries would in fact have the same duties and responsibilities as the present Assistant Secretaries-General, although there would be some change of emphasis in their relationship to the Secretary-General.

12. He had proposed a total remuneration for top echelon officials ranging from the maximum for the existing post of Principal Director, excluding children's and other allowances, to the minimum for the post of Assistant Secretary-General. He thought that his proposals were reasonable and would ensure equitable treatment for the new level of officials. The Committee had already discussed the standard and quality of the men who should occupy those posts and he was sure that no one would urge him to deviate from those standards. His experience had convinced him that it would not prove any easier now to recruit persons of the high calibre desired than it had been in the past.

13. In working out his proposals he had studied the salary levels established by the General Assembly in 1946 in its resolution 13 VI (I), at the first part of its first session. The net salary of an Assistant Secretary-General had been established at \$13,500, with allowances ranging from \$7,000 to \$11,500, and that of a top-ranking Director at \$11,000, with an allowance varying from \$3,000 to \$6,000. In the light of those figures, his proposal for a net salary of \$12,500, with allowances ranging from \$3,500 to \$9,000, would seem eminently reasonable, particularly in view of the fact that the cost of living in the United States had risen approximately 33 per cent since 1946, thus reducing the real value of the proposed emoluments.

14. The question was of great concern to him, firstly because it involved the fair evaluation of responsibilities, and secondly because the Committee's decision would affect to a considerable extent his ability to operate a reorganized Secretariat in such a way as to meet the demands that Member States were justified in placing upon it.

15. The second main point upon which the Advisory Committee disagreed with him was on his proposal that as a transitional measure the *status quo* of the present incumbents of the posts should be maintained in all respects. That proposal, which had been designed to safeguard the interests of the present incumbents until some experience had been gained of the working of the new system, was advisable not only from the point of view of human considerations but also in the interest of good administration. The principle of fair treatment should apply at the top level as well as in the lower ranks.

16. Summing up his position, he said that in 1946 the General Assembly had adopted what had been a reasonable scale of remuneration when prices had been approximately 33 per cent lower than they were now. Since then there had been no decrease in the responsibilities attaching to the posts in question, nor had the need for high calibre officials diminished. That being so, he saw no justification for a reduction in emoluments.

17. Reference had been made to the salaries of the United States Government officials. A comparison between those rates and United Nations salaries was not,

¹ For the complete text of the Secretary-General's statement, contained in document A/C.5/594, see *Official Records of the General Assembly, Ninth Session, Annexes*, agenda items 53 and 38.

however, quite fair. Comparison of the emoluments of the representatives of Member States in New York with those of the proposed Under-Secretaries and Deputy Under-Secretaries would be more illuminating.

18. In conclusion, he stressed that he had been unable to see any justification for a downward reappraisal of salaries. On the basis of the alternative proposed by the Advisory Committee, he did not feel that he could in good conscience assume responsibility for the proper recruitment of top-echelon staff.

19. Mr. AGHNIDES (Chairman of the Advisory Committee on Administrative and Budgetary Questions)² reminded the Committee that in making its recommendations the Advisory Committee had borne in mind not only the Secretary-General's latest report (A/C.5/583) but also his original report on the subject, published in December 1953 (A/2554).

20. As the Advisory Committee had pointed out (A/2765, paragraph 9), the proposed new scale of emoluments for officials of the highest rank would range from \$16,000 net, the maximum sum paid to a Principal Director under the existing system, to \$22,000 net, the income of the majority of the present Assistant Secretaries-General. The comparison was not quite accurate, however, for under the proposed new scale the allowances of officials of the highest rank would be deemed to include education and children's allowances, which was not true of the representation allowance of a Principal Director at the present time.

21. He recalled that the Advisory Committee had concurred in the Secretary-General's proposal for a uniform base salary of \$18,000 gross for the top level of officials and also in the proposal that all such posts should carry a minimum representation allowance of \$3,500. It had had some doubts about the second of those proposals, however, for representation duties varied considerably and allowances for that purpose at present ranged down to \$2,000.

22. With regard to the additional allowance, the Secretary-General had proposed a maximum of \$6,000, whereas the Advisory Committee had recommended a maximum of \$4,000, subject to a limit of \$35,000 in the budget provisions for total expenditure on that item. According to the Advisory Committee's recommendations, therefore, the total net remuneration for the highest level of posts would range from \$16,000 to \$20,000 per annum, a range which the Advisory Committee considered fully adequate for officials whose responsibilities were to be essentially administrative. It believed that the higher steps in that range made ample provision both for the "special responsibilities" and for the "special qualifications of candidates" to which the Secretary-General had referred.

23. The Advisory Committee had suggested that payment of the additional allowance should be made on a voucher basis, for although the operation of the voucher system might be administratively difficult, if not delicate, it offered the undoubted advantage of providing the Secretary-General with precise data on which to base his annual review of the rate of additional allowances to be paid in each "special case".

24. The Advisory Committee had found it impossible to support the Secretary-General on the matter of the

proposed transitional measure. The number of officials concerned was extremely small and it was difficult as yet to know how far, if at all, their net emoluments would be reduced under the new scale proposed by the Secretary-General. That would depend on the rate fixed for the additional allowance. If an additional allowance of \$6,000 were to be authorized, there would be no difference in net income, although the rate of pensionable remuneration would fall from \$15,000 to \$12,500 in accordance with the proposed change in net base salaries. The Advisory Committee would not have found it difficult to endorse a proposal for a transitional measure of that kind had the terms of appointment of the officials concerned extended beyond 31 December 1954. That not being the case, it was difficult to see any justification for not introducing the new salary scale for top level posts when the new plan of organization was put into effect on 1 January 1955, or for offering new appointments on conditions other than those laid down in the revised staff regulations, which governed all other appointments. The Secretary-General himself had admitted that the Assistant Secretaries-General had never been called upon to fulfil all the functions originally designed for them; it was irrelevant, therefore, to refer to a salary scale fixed in accordance with those wider functions. Much time and thought had been spent on the planning of a new order for the Secretariat; it was inconceivable that once the plan had taken effect the status and salaries of all posts should not be adapted to it. He urged the Secretary-General to reconsider his proposal in that respect from the point of view of good administrative and budgetary practice.

25. The SECRETARY-GENERAL said that he did not know of any reorganization plan in which demotions had been introduced without good grounds. There were no such grounds in the present case and he did not see how demotions could be justified. The amount entailed was approximately \$25,000: for that sum the Committee should not run the risk of jeopardizing the successful filling of the top echelon posts under the reorganization scheme or of failing to maintain the high standard necessary for the proper functioning of the new system.

26. He saw no reason why his proposals for transitional measures were incompatible with the principle of reorganization. Some provision should be made for a period of adjustment. While it was true that some contracts would expire at the end of 1954, there had been no change in the cost of living or in the level, quality or responsibilities of the contract holders to justify the Advisory Committee's proposal in that respect.

27. Lastly, he explained that he had not taken the salary scales of the Assistant Secretaries-General as a basis for justifying the proposed level of emoluments for Under-Secretaries. In working out the proper level of remuneration for the highest posts under the new scheme, he had applied the criteria according to which the General Assembly had established the salary level in 1946 and which, in his opinion, still held good.

28. Mr. FULBRIGHT (United States of America) asked the Committee's indulgence for any statement of his which might seem to draw unduly on national experience or practice, inasmuch as the principal basis upon which his delegation could judge the Secretary-General's proposals and the Advisory Committee's

² For the complete text of Mr. Agnides' statement, contained in A/C.5/595, see *Official Records of the General Assembly, Ninth Session, Annexes*, agenda items 53 and 38.

recommendations on the proposed fourteen high Secretariat officials was that of public practice in the United States.

29. The United States representative on the Fifth Committee at the General Assembly's first session had voiced strong objections to the high level of salaries then proposed for Assistant Secretaries-General and top-ranking Directors and the constant criticism by informed public opinion in many countries during the intervening years testified to the wisdom of those objections. Thanks to the Secretary-General's initiative and to decisions of previous sessions of the General Assembly, Member States now had an opportunity to correct a serious error which had occurred in the early days of the United Nations.

30. One element in the Secretary-General's proposals and the Advisory Committee's ninth report (A/2765) which was a source of great satisfaction was the abandonment of the \$23,000 annual salary level of the Assistant Secretaries-General in favour of a top salary level of \$18,000 gross, which was the present salary level of top-ranking Directors. Both the Secretary-General, however, and to a lesser extent the Advisory Committee, recommended such large representation allowances as to dissipate most of the benefits resulting from the salary readjustment.

31. The Advisory Committee and the Secretary-General had agreed on a fixed annual salary of \$18,000 gross for Under-Secretaries, with a tax-free allowance of \$3,500; in addition, there was to be a cost-of-living allowance of \$750. Depending upon family status, that was the equivalent of an income of \$25,000 subject to income tax, which exceeded the compensation of \$22,500 fixed for a United States Secretary of Department, was equal to that received by United States Ambassadors in some of the major capitals of the world, and compared favourably with that of Cabinet Ministers in most countries. It was, to say the least, generous.

32. Turning to the proposed fixed annual payment or allowance ranging up to \$6,000, he noted that in many cases the allowance paid would be \$6,000, or very near that figure. The allowance was supposed to be for representation or entertainment, but no provision had been made for accounting, nor had any objective tests been suggested for judging the requirements of officials. He noted, too, that the allowance in question would be paid in addition to the basic allowance of \$3,500, which could, presumably, also be used for entertainment expenses.

33. A relatively simple and just solution to the problem would be to establish the salaries and representation allowances of Under-Secretaries and officers of equivalent status at the rate at present provided for Principal Directors (Staff Regulations, annex 1, paragraph 2). Those officials would then receive a gross salary ranging from \$17,000 to \$18,000, a cost-of-living allowance of \$750 and a representation allowance varying from \$1,000 to \$3,500, at the Secretary-General's discretion. If eligible they would also receive the other allowances and benefits available to staff members generally. The effect of that proposal would be to do away with the fixed allowance of \$3,500 proposed by the Secretary-General and the Advisory Committee and to substitute a variable allowance of \$1,000 to \$3,500, to be granted at the Secretary-General's discretion, so that a distinction might be made between Under-Secretaries, Deputy Under-Secretaries and Directors. Furthermore, it would

eliminate the variable allowance of \$6,000 proposed by the Secretary-General, or of \$4,000 as proposed by the Advisory Committee.

34. The second part of the United States proposal was designed to deal with the entertainment and hospitality considerations mentioned by the Secretary-General in connexion with his proposal for the variable allowances of \$6,000 and \$1,500. Under section 23—Hospitality—the 1955 budget estimates included a sum of \$20,000, approximately half of which was, he understood, used for the President's and the Secretary-General's reception for delegations at the beginning of each session of the General Assembly, leaving a balance of \$10,000 available for reimbursing the staff for official hospitality. It would appear from the Secretary-General's requests for hospitality or representation allowances that he did not consider the balance of \$10,000 to be adequate. The United States delegation therefore proposed to introduce, at the appropriate time, a provision for an additional \$20,000 to be used for hospitality extended by the top-ranking and second-level officials at the direction of the Secretary-General and on the basis of reports made to him on the persons entertained and the actual expenditure incurred.

35. The United States delegation was opposed to the provision of funds for representation expenses which were not covered by vouchers, for such a practice might lead to abuse. Such funds were too readily diverted to personal living expenses and it was impossible for the Secretary-General or the control organs of the General Assembly to judge whether such appropriations were warranted.

36. He intended to submit a draft amendment to the staff regulations along the lines indicated, as also a proposal that the appropriation for hospitality should be increased to \$40,000 and the normal accounting safeguards governing expenditure from that fund applied.

37. The United States delegation shared the Advisory Committee's objection to the Secretary-General's proposals to extend the existing terms of appointment to the new staff system; it considered that the new terms of appointment for top level officials should become effective on 1 January 1955 and that salaries and emoluments should conform to the new schedule.

38. With regard to the statement which the Secretary-General had just made, he emphasized that his delegation certainly did not wish to reduce the quality of the persons recruited to fill the top level posts in the Secretariat. He felt, however, that the Secretary-General's approach to the problem was not realistic; there was no precise way of appraising the value of an official and it certainly could not be done in terms of cash. He suggested that the Committee should decide what salary and emoluments would provide officials with a decent living under prevailing circumstances. Positions in the public service appealed to people of a certain temperament and he doubted whether the primary appeal of such an office would be the salary attached to it. He could not therefore accept the concept that the sole, or even the principal, consideration in attracting competent people to a top level Secretariat post was the salary.

39. Mr. ORMSBY-GORE (United Kingdom) said that his delegation had certain general considerations in mind in approaching the Secretary-General's proposals regarding salaries and allowances for Under-Secretaries and officials of equivalent rank.

40. Firstly, it was important that the decision on these proposals should not in any way have the effect of disturbing salary scales at lower levels of the Secretariat. The Secretary-General stated in his foreword to the 1955 budget estimates that he had under consideration the question of a comprehensive review of the salary scales of professional staff. The Advisory Committee, while agreeing on the need for a review of differentials applied at branch offices, had doubted the need for a re-examination of the scales for professional staff at Headquarters, since the existing scheme provided, on any basis of comparison, conditions of employment which were more favourable than those in any established civil service. The United Kingdom delegation concurred in that view.

41. Secondly, it was important as a matter of principle that any and every increase in the total remuneration enjoyed by an individual staff member as a result of the creation of the new supervisory level should be directly related to, and understandable in terms of, a corresponding increase in responsibility. The same principle should apply to the remuneration of individual posts as their functions were transformed. Any action which was tantamount to increasing the rate for the job would invite unfortunate repercussions throughout the entire Secretariat salary structure, and the effect would extend to the specialized agencies and other international organizations. His delegation was accordingly reassured by the Secretary-General's decision to abandon his earlier proposal for an increase in the upper limit of the salary scale for the post of Director.

42. Turning to the specific proposals under consideration, he said that his delegation found it hard to agree with the Secretary-General that the projected fifteen top level officials would have responsibilities and duties equal to those of the five present Assistant Secretaries-General. On the whole it agreed with the Advisory Committee with regard both to final and to transitional arrangements; in particular, it endorsed its recommendation that the additional allowance should in no case exceed \$4,000 a year. Even at that rate, the total allowance would be \$7,500 and \$20,000 a year, which

appeared to his delegation to be very generous and quite sufficient to attract men of the highest calibre to such posts.

43. His delegation shared the Advisory Committee's misgivings regarding a minimum representation allowance which, though fixed, contained an element varying with the family circumstances of the individual. It also agreed with the Advisory Committee that the difference in responsibility between an Under-Secretary and his Deputy would be better reflected in a difference in basic salary than in a difference in allowances. In general, however, it felt that the Secretary-General's proposals, if modified as suggested by the Advisory Committee, were reasonable and should prove acceptable to the Committee.

44. Mr. SAPRU (India) moved the adjournment until the following day of the debate on the item before the Committee, in order to allow members to consider the important statements made by the Secretary-General, the Chairman of the Advisory Committee on Administrative and Budgetary Questions, the United Kingdom and United States representatives, which he hoped would be circulated as soon as possible.

45. Mr. GANEM (France) supported the Indian representative's proposal. His delegation wished to study the statements of the United Kingdom and United States representatives before replying to them. It could not, however, agree with the United States proposal or with most of the Advisory Committee's recommendations on the item under discussion.

46. Mr. ROUSSOS (Greece) and Mr. CAFIERO (Argentina) supported the adjournment of the debate.

47. The CHAIRMAN announced that the statements of the Secretary-General and the Chairman of the Advisory Committee, as also the United States proposal, would be circulated as documents, and that the debate would be adjourned until the afternoon of the following day.

The meeting rose at 12.10 p.m.