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**Chairman:** Mr. G. G. TCHERNOUCHTENKO  
(Byelorussian Soviet Socialist Republic).

AGENDA ITEM 74

Budget estimates for the financial year 1969 (continued)  
(A/7125, A/7205, A/7207, A/7236, A/7255, A/7280,  
A/C.5/1169 and Corr.1, A/C.5/1175-1179, A/C.5/  
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First reading (continued) (A/C.5/L.943)

SECTION 3. SALARIES AND WAGES (A/7205, A/  
7207, A/7236, A/7255, A/7280, A/C.5/L.1169 AND  
CORR.1, A/C.5/L.944)

REPORT OF THE SECRETARY-GENERAL ON THE  
SALARY SCALES FOR THE PROFESSIONAL AND  
HIGHER CATEGORIES (A/7236, A/7280, A/C.5/  
L.944)

1. The CHAIRMAN invited the Committee to consider first the Secretary-General's proposals regarding the salary scales for Professional and higher categories (A/7236) and the relevant recommendations of the Advisory Committee on Administrative and Budgetary Questions (A/7280). When it had taken a decision on the Secretary-General's proposals, it might then turn to the estimates for section 3.

2. Mr. BANNIER (Chairman, Advisory Committee on Administrative and Budgetary Questions) said that the main point at issue was a recommendation by (A/7236, annex I, para. 29), ICSAB, which had been endorsed by ACC, that an interim salary adjustment in the amount of 5 per cent be introduced on 1 January 1969 in order to make up for a lag in real terms which had developed in the United Nations salary scales, compared to the movement of national civil service scales since 1964. The Secretary-General had further recommended that one class of post adjustment at the dependency rate should be incorporated in the base salary scales.

3. The Secretary-General estimated that the effects of those adjustments would amount to about \$2.4 million net in 1969. In view of the magnitude of that

amount, the Advisory Committee had given very careful consideration to the report of the Secretary-General and to the relevant chapter of the ICSAB report (ICSAB/XVI/1) contained in an annex to the Secretary-General's report. It had considered, first, whether there were valid reasons for making any salary adjustment at the present time and, second, what the amount of such an adjustment should be. It had reached the conclusion that an adjustment at the current time was warranted, and that the Organization should not postpone action until after a new major review had been undertaken, since the results of such a review could not be implemented before 1 January 1971 at the earliest.

4. With regard to the amount of the interim adjustment, the Advisory Committee had noted that the statistical data on which ICSAB had based its recommendations had been supplied by the Governments of the countries in which the Headquarters of the United Nations and those of the specialized agencies were located. After examining the statistical data, ICSAB had come to the conclusion that between October 1964 and December 1967 real incomes in the national civil services of those seven countries had increased by at least 2.5 per cent, while real income in the United Nations system over the same period had decreased by about 1.5 per cent. The Board had considered, therefore, that the movement of outside gross salaries had been about 4 per cent greater than that of United Nations salaries. In arriving at its final decision to recommend an interim increase of 5 per cent, the Board had taken into account three additional factors; first, that the salary adjustment approved by the General Assembly in 1965 had not provided full compensation for the lag in incomes between 1956 and 1964; second, that by 1 January 1969 the index figures would be one year out of date; and, third, that the composite index would most likely continue to rise in 1969 and 1970. ICSAB had therefore concluded that the figure of 1 per cent would be a suitable recognition of those important factors. As already indicated in its report on its sessions in 1966 and 1967,<sup>1/</sup> the Board had again reached its recommendation notwithstanding the shortcomings of the present system of comparing salaries in the United Nations with those of national civil services.

5. The financial implications of the Secretary-General's further proposal that one class of post adjustment be incorporated in the base salary scales were relatively modest.

6. The Advisory Committee had been informed by the Secretary-General that he had been encountering difficulties in the recruitment and retention of staff

<sup>1/</sup> Documents ICSAB/XIV/1 and ICSAB/XV/1, respectively.

under current arrangements; and, taking all the aforementioned factors into account, it had after a thorough discussion reached the conclusion that it could recommend that the General Assembly should approve, with effect from 1 January 1969, the gross base salary scales for staff in the Professional and higher categories as proposed by the Secretary-General.

7. Mr. PALAMARCHUK (Union of Soviet Socialist Republics) said that the Committee's decision on the proposed salary increase for staff in the Professional and higher categories would directly affect the interests of a large category of Secretariat staff and would have important implications for the United Nations budget. In order to safeguard the interests of all parties, the Committee should consider the proposal very carefully, and should make sure that its decision was based on incontestable facts and on a clearly defined methodological approach.

8. It should note that the reason given for the proposed increase was not, in the present case, a rise in the cost-of-living index at United Nations duty stations. United Nations staff members were well protected from the disagreeable effects of constant rises in the cost of living in certain countries. One advantage they had over their colleagues in national civil services was that the semi-automatic post adjustment system applied by the United Nations ensured that their real earnings remained stable. Every year, the initial and supplementary estimates were littered with items providing for additional payments to staff members to compensate for cost-of-living increases. In the past two years alone, salaries of staff members at Headquarters had twice been increased by 5 per cent as a result of post adjustment changes. Now ICSAB was proposing another 5 per cent increase for quite a different reason—namely, that United Nations salaries were inadequate and were lagging behind the real incomes of national civil servants.

9. The base salary scales for staff in Professional and higher categories had already been increased in 1961 and 1965. In 1961 the Advisory Committee had refused to support ICSAB's proposals, on the ground that some of the data contained in the ICSAB report was not conclusive;<sup>2/</sup> and many delegations in the Fifth Committee had complained that ICSAB had not provided reliable information. Nevertheless, the salary scales had been increased. In 1965 the Advisory Committee had been unwilling to accept responsibility for a further rise, and had merely stated<sup>3/</sup> that it had not attempted to duplicate ICSAB's studies on the matter. However, salaries had again been increased by amounts ranging from 4.5 to 8 per cent.

10. As the question of salary increases had on those occasions been decided on an arbitrary basis, the Fifth Committee and the General Assembly had requested ICSAB to undertake a comprehensive review of the salary scales for Professional staff with a view to introducing some order into the procedures applied. However, ICSAB had failed to devise a constructive and reliable basis for calculating salaries. It had spent two years trying to perfect the original method of re-

lating United Nations salaries to the highest comparable salaries paid in national civil services. It had referred the problem to a United States expert who had made only a sample comparison of posts in and outside the United Nations; but even that partial comparison had revealed that, in order to justify salary increases, posts at a given level in the United Nations Secretariat had been assimilated to posts at a higher level in the civil service of the United States of America.

11. Consequently, ICSAB had abandoned the original method and had resorted to a new method, by which salaries were reviewed in the light of so-called "world market rates" and interim adjustments were proposed on the basis of movements in a real-income index. It had been obliged to abandon the original method, it said, because of the difficulties encountered in comparing United Nations posts with posts in the United States civil service. But why was it difficult to compare Professional posts in and outside the United Nations? No difficulties had ever been encountered in assimilating General Service posts to posts in various national civil services, international companies and embassies—including United States embassies—in more than 140 countries and regions. Moreover, the principle of comparison was to be retained even in the new method proposed by ICSAB, and comparisons with "world market rates" would be infinitely more difficult than comparisons with salaries paid in the United States civil service. In short, the so-called difficulties encountered in comparing Professional posts in the Secretariat with posts in the United States civil service had obviously been over-dramatized as an excuse for abandoning the original method, which was no longer producing the results desired by the advocates of constant salary increases.

12. If the original method were strictly observed—that is, if United Nations posts were correctly assimilated to posts in the United States civil service—it would be clear at once that United Nations salaries had long been far too high. Unfortunately the latest proposals showed that, instead of scaling down the excessively high salaries and bringing some order into the salary system, ICSAB was now trying to force Professional salary scales up to even higher levels. Not content with suggesting that Professional staff members should receive more than the salaries paid to members of the highest-paid national civil services, it was now proposing that the salaries paid by private companies—which were still higher—should be taken into account in establishing "world market rates". His delegation was convinced that the nature and activities of private companies were completely irrelevant to the work of the United Nations or any other international organization, and that United Nations salaries should be based solely on those paid in government and diplomatic services where the nature of the work was very similar. Also, most United Nations staff members were recruited from those services.

13. By focusing attention on one aspect—movements in salary indices—ICSAB had confused the issue and had completely ignored the question of actual salary figures. In 1957 the salary for unmarried staff members at level P-4, step 5, at Headquarters had been

<sup>2/</sup> Official Records of the General Assembly, Sixteenth Session, Annexes, agenda item 65, document A/4930, para. 39.

<sup>3/</sup> Ibid., Twentieth Session, Annexes, agenda item 77, document A/6056, para. 38.

\$9,035, after deduction of staff assessment (A/3209, <sup>4/</sup>annex D, table (b)). By 1 January 1966, however, it had been increased to \$13,086. At the same time, United States civil servants at the G5-14 level, to which the P-4, step 5, level in the United Nations was assimilated, had been earning only \$10,683, \$2,400 less than their colleagues in the United Nations. While the salaries of P-4 staff members in the United Nations were increasing every year as a result of post adjustment changes, United States civil servants did not receive automatic cost-of-living bonuses. According to information provided by the United Nations Secretariat, salaries of United States civil servants had increased by 12 per cent since 1965, so that a G5-14 civil servant would in 1969 be earning \$12,000, though his take-home pay would be less in view of the increase in United States income tax rates. If the ICSAB recommendation were adopted, a P-4 staff member in the United Nations would in 1969 be earning \$14,811, or \$2,800 more than his colleagues in the United States civil service.

14. Again, if the recommendation were adopted, P-4 salaries would have increased by 53 per cent between 1957—when a comprehensive review of salary scales had been undertaken—and 1969. Over the period 1957-1967 the cost of living at New York had increased only by 30.8 per cent. Thus, United Nations salaries would be increasing much faster than the cost of living, even if the latter were to increase by another 5 per cent in 1968. In short, ICSAB's comparisons of real income movements were irrelevant. As the absolute figures for United Nations salaries were much too high, ICSAB's argument that the real income of United Nations staff members was lagging behind that of national civil servants by 4 per cent could not be taken seriously.

15. It might perhaps be argued that, as the gap between United Nations and national civil service salaries had narrowed over recent years, steps should be taken to restore the ratio between them which had existed, for instance, in 1957. However, ICSAB itself had stated in its 1965 report<sup>5/</sup> that the quantum by which international civil service salaries should exceed those of national civil services had never been laid down. It had also stated<sup>6/</sup> that it was not necessarily the case that international civil service salaries must be increased every time national civil service salaries were increased. Now, however, it had reversed its position and was proposing that United Nations salaries should be increased again purely and simply because national civil service salaries had gone up. For some reason best known to itself, it had based its arguments on figures for the national civil services of the United States, the United Kingdom, Switzerland and Canada, and not of Ethiopia, Thailand or Chile where United Nations duty stations were also located.

16. The Soviet Union delegation categorically objected to any increase in Professional salary scales. The "adjustment" proposed by ICSAB would operate exclusively to the advantages of senior staff members

in the Secretariat. The Committee had been told that present salaries were inadequate to attract Professional staff members from countries where national civil service rates were high; but it was precisely those countries whose representatives were occupying most of the senior posts in the Secretariat. In fact, the proposed salary increase was designed to stimulate the recruitment of Professional staff members from the Western countries, and would make it even more difficult for nationals of developing countries to obtain posts in the Secretariat. It was the brain-child of senior members of the secretariats of international organizations who, through ACC and other committees, had provided the basic data for ICSAB. It had been proposed, initially, by the very staff members who would be most affected by it.

17. His delegation had the greatest respect for the members of ICSAB, who were independent and conscientious experts serving in a personal capacity and not as representatives of States. However, the recommendation they had made under pressure from other quarters suggested that they had, perhaps, become too far removed from the realities and difficulties facing Member States in the Fifth Committee. Hasty adoption of recommendations based on methods which had not yet been approved would be inconsistent with the unanimous appeal of Governments for strict budgetary discipline in the United Nations.

18. Mr. GANEM (France) said that his delegation had always held ICSAB in high regard. The Board had noted that the salaries in the civil services of the seven countries which had supplied information had risen in real terms by 4 per cent more than the salaries of United Nations staff in the Professional and higher categories. He would not be opposed to a decision to increase salaries by 4 per cent, as it appeared to be justified and would have a favourable effect on future recruitment. However, he would be unable to support the additional 1 per cent, which had been recommended on the assumption that there would be a further lag because the index figures would be one year out of date by 1 January 1969. The pretext appeared to be the continuing inflationary trend, which was often used as an excuse for additional requests. While the seven countries which had furnished ICSAB with data might have political differences, they were all united in their determination to fight inflation, and he recognized the value of any measures to that end. If the Committee were to take a separate vote on the matter, his delegation would approve an increase of 4 per cent, but would be unable to endorse a recommendation of 5 per cent.

19. Mr. BUDAI (Hungary) pointed out that the Committee now had to deal with the question of a salary scale adjustment for staff in the Professional and higher categories for the second time in three years. Section 3 of the budget estimates for the financial year 1969 (A/7205) indicated an amount of \$1,942,900 attributable to upward revisions in salary and post classification rates. Similar provisions were to be found in the estimates every year, despite the statement that "it would be unreasonable to seek approval from legislative bodies for small interim adjustment each year, yet some lag is likely to develop as from January 1969" (A/7236, annex I, para. 27). He won-

<sup>4/</sup> *Ibid.*, Eleventh Session, Annexes, agenda item 51 (separate fascicle).

<sup>5/</sup> *Ibid.*, Twentieth Session, Annexes, agenda item 77, document A/5918/Add.1, para. 62.

<sup>6/</sup> *Ibid.*, para. 69.

dered whether the Secretary-General, accepting that idea and submitting the proposal for an interim but not small salary adjustment, was willing to accept a reduction of \$1,942,900 under section 3 or whether the intention was to submit smaller or greater interim adjustments instead of undertaking a comprehensive and detailed survey which would lead to proper recommendations. Temporary approaches and interim remedies should be abandoned in the interest of sound budget planning. The competent organs had been dealing with the matter continuously since 1966 and a great quantity of thoroughly evaluated data was available.

20. He realized that there was a strong inflationary trend in the United States of America as a result of the war in Viet-Nam. However, United Nations staff in the Professional and higher categories were already better paid than United States civil servants and were incomparably better paid than the civil servants in other countries. Those other countries were precisely the ones which had to bear the greater part of the burden of the inflation and budgetary increases in the United Nations. Any further interim salary adjustment would be untimely and contrary to the relevant principles laid down during the twentieth session of the General Assembly (see resolution 2050 (XX)).

21. Mr. CZARKOWSKI (Poland) said that the ICSAB recommendation was based on salary movements in too few countries. Calculations for purposes of salary review should take into account conditions in other countries, which differed greatly from those in the United States and western European countries. One undesirable consequence of the present system was that United Nations staff in most countries received strikingly higher salaries than equivalent national personnel. The argument that an increase was necessary so that pay scales would be attractive to persons working in high salary areas was irrelevant. Staff from high salary areas already dominated the secretariats of the United Nations and other international organizations both in numbers and in the importance of the posts they held; if the argument were to be accepted, the result would be a worsening of the geographical distribution of staff. While it was true that inflation in the United States to some extent justified a salary increase, there was provision for semi-automatic adjustments for increases in the cost of living, and some had in fact been made.

22. He agreed with the representative of Saudi Arabia that the Committee should also give consideration to the situation of staff in the lower grades, in order to eliminate any unjust or striking differences in salaries.

23. Mr. KELSO (Australia) said that the representative of France had demonstrated that the subject had implications which went beyond an increase in salaries within the Organization. He asked whether the Committee would have a suitable opportunity to study the interesting point raised by the French representative and observed that it would have been helpful for the Committee to hear the explanations of a representative of ICSAB.

24. Mr. JERE (Zambia) endorsed the statement of the representative of Australia and said that he had been greatly impressed by the cogent case put forward

by the representative of the Soviet Union. The Secretariat should be given an opportunity to reply to some of the comments made during the discussion.

25. Mr. MEYER PICON (Mexico) asked for information on the financial implications of the proposed increase.

26. Mr. PALAMARCHUK (Union of Soviet Socialist Republics) introduced a draft resolution, submitted by his delegation, concerning the proposed interim salary adjustment (A/C.5/L.947).

27. Mr. TURNER (Controller) pointed out that ICSAB was an experienced and wholly disinterested body; its members included a minister of finance, two chairmen of civil service commissions and persons of note in the business and public affairs of their countries. Neither the Secretary-General nor ACC had proposed any particular figure for a salary increase. ICSAB had merely been given the information it had requested and it had come to the conclusion that there should be an interim adjustment of 5 per cent. There was a strong feeling amongst United Nations staff members that the increase should be appreciably larger. In 1965, ACC had proposed increases in salary scales which would have averaged out at approximately 9.5 per cent. ICSAB, pending the outcome of a re-examination of the whole salary system, had recommended increases of rather less than 4 per cent. However, the current proposal of 5 per cent was in no way related to the one made by ACC in 1965. It was based solely on salary movements outside the United Nations during the period from October 1964 to December 1967. Present salary arrangements allowed for a general review every five years. The last one undertaken had been in 1965 and ICSAB had decided that an interim adjustment would be needed before the next general review of salaries. That decision had been made by ICSAB and not by the United Nations Secretariat.

28. He had listened with interest to the careful analysis of the situation given by the representative of the Soviet Union, although he could not agree with the view expressed in that statement that United Nations salaries were too high, had always been too high and should be reduced. The present salary structure had been devised in 1956 after long and careful consideration by the expert inter-governmental Salary Review Committee set up by the General Assembly by its resolution 975 (X). The General Assembly and the Advisory Committee, presumably fully aware of all the relevant factors, had approved the recommendations of the Salary Review Committee and deemed the proposed salary scales to be just and reasonable. All that had happened since then was that, from time to time, in view of increases in the cost of living and in the salary scales of national civil services, modest adjustments had been made. It was now felt that the time had come when there was a clear case for another such adjustment.

29. The representative of Mexico had asked about the financial implications of the proposed increase. As could be seen from paragraph 21 of the Advisory Committee's report (A/7280), the increase would mean a net additional expenditure of \$2,391,100 in the regular budget for 1969; the implications for the

United Nations family as a whole would amount to \$5,300,000, but that was only an approximate figure.

30. The representative of France had said that in the view of his delegation there was an established case for an increase of 4 per cent but not necessarily for the proposed further 1 per cent increase. In addition to basic considerations, three factors had influenced ICSAB in its recommendation for a 5 per cent increase. First, the lag shown by the international index had been slowly but steadily accumulating since the last major adjustment, with increasing effects on staff salaries. Since retroactive salary payments should be avoided, the Board had treated it as a point for general consideration rather than for specific measurement. Secondly, there was the problem of making an appropriate recommendation to take effect on 1 January 1969, one year later than the date of the latest index figures; the Board had thought it reasonable to conclude that a further lag of about 1 per cent would probably develop during 1968. It had preferred not to take a mathematical figure, since there was reluctance to forecast developments and to recommend payments in anticipation of them. Thirdly, any interim adjustment approved for 1 January 1969 would be the last change in real salaries until 1971, barring completely unexpected developments. There had been a suggestion that ICSAB should speed up its next comprehensive review. ICSAB had studied that possibility and decided that it could not complete its task satisfactorily before 1970, which meant that 1971 would be the earliest possible date for the implementation of its recommendations. In the light of all those considerations the Board had concluded that a recommendation for a 5 per cent increase was both modest and reasonable. The decision had been reached after a thorough analysis of the data furnished by the seven Governments—which, incidentally, it had been free to interpret in its own way, for the Secretariat had done no more than collect the information—and it was most unlikely that the Board would change its mind.

31. Mr. STARK (Under-Secretary-General for Administration and Management) endorsed the observation made by the representative of the Soviet Union that the decision taken on the present issue would affect recruitment. The Soviet Union representative had expressed the view that United Nations salaries should be fixed by reference to salaries in the national civil services of all Member States; but when an individual left the civil service in his own country to work for the United Nations he surely hoped not only to serve an ideal but perhaps to improve, or at least not to worsen his financial position. He himself had sensed a real dissatisfaction among the staff of the United Nations, and as the representative of Poland had mentioned, it was not confined to one category. The reasons for the additional 1 per cent increase, to which the representative of France had objected, were set forth in paragraphs 25, 26 and 27 of the Secretary-General's report (A/7236). The 1 per cent admittedly related to imponderables, but ICSAB was a highly qualified and independent body and had no doubt made a fair assessment. No organization should be content to make its employees wait three years for action to be taken on developments which could be clearly predicted now. The whole staff would be watching the

Fifth Committee when it took its decision on the issue, and if that decision went against ICSAB's recommendation it would certainly have an adverse effect on staff morale.

32. Mr. TARASOV (Union of Soviet Socialist Republics) said he wished to comment on the statements by the Controller and the Under-Secretary-General for Administration and Management, who had tried to dispute the arguments adduced in his delegation's statement. Although the Under-Secretary-General had said that he had a particular interest in the matter, that did not explain his position: he was motivated by the desire to see staff salaries increased. He had adduced no factual arguments to defend ICSAB's recommendations but had merely reported his impression that the Secretariat staff were dissatisfied with their salaries. Indeed, his main argument seemed to be that the staff themselves considered that their salaries should be increased. That argument could not be considered convincing.

33. The Controller's main argument had been that the staff wanted an increase in salary scales. The Controller had also spoken of the composition of ICSAB, and of course the Fifth Committee had all due respect for the high qualities of the members of the Board and their great experience; but he had omitted to say on what data they had based their recommendations, which was far more important. He had said that the proposed salary increases were based on movements in salaries outside the United Nations. Two questions arose: first, what were those movements and where were they taking place? Secondly, had outside salaries grown to such an extent that they had begun to exceed salaries within the United Nations system? As far as his delegation was aware, United Nations salaries were adjusted by reference to salary increases in the national civil services not of the countries with average salary scales but of the countries with the highest salary scales, so that in practice salaries in the United Nations system for Professional and higher categories were the highest in the world. The proposed increase had been referred to as an "interim adjustment"; but if it was temporary, when would it cease? Many previous increases had been called temporary, and all had been retained and capped by further supposedly temporary increases. Salaries had been raised by 5 per cent in 1967 and by another 5 per cent in 1968, in each case because of a rise in the cost of living; now a further increase of 5 per cent was proposed for 1969 with the reservation that by 1971 a further, unspecified, increase would have to be considered. There must be many people in national civil services who did not get pay increases of 5 per cent a year. His delegation's suggestion that the Fifth Committee should postpone consideration of the question until the General Assembly had considered and approved ICSAB's comprehensive recommendations on methods of calculating salaries for the staff of the United Nations system was, he felt, entirely sensible and well-founded, and he trusted that it would be supported by the Committee.

34. Mr. FENSOME (United Kingdom) referred to the Controller's statement that the staff had been dissatisfied with the 4 per cent increase recommended by ICSAB in 1965 after ACC had proposed an increase of 9.5 per cent. He wished to put that point in perspective.

The situation in which the staff had found themselves was not peculiar to them alone. In the public services in the United Kingdom revised salary scales had been subjected to the same kind of adjustment and had not been back-dated, and public servants of other Member States had no doubt had similar experiences.

35. Mr. TURNER (Controller) expressed complete agreement with the representative of the United King-

dom. The unhappiness of the United Nations staff was of course not unique, but it was a matter of particular concern to the Secretary-General, as it was to certain members of the Committee, for he was responsible for bringing the needs of the staff to the attention of the General Assembly.

*The meeting rose at 1 p.m.*