

United Nations GENERAL ASSEMBLY

SIXTEENTH SESSION

Official Records



FIFTH COMMITTEE, 851st
MEETING

Monday, 9 October 1961,
at 3.10 p.m.

NEW YORK

CONTENTS

Agenda item 54:

Budget estimates for the financial year 1962 (continued)

General discussion (continued)	17
First reading (continued)	22
Section 8. Permanent equipment	22
Section 9. Maintenance, operation and rental of premises.	22
Section 10. General expenses	23

Chairman: Mr. Hermod LANNUNG (Denmark).

AGENDA ITEM 54

Budget estimates for the financial year 1962 (A/4770, A/4813, A/4814, A/4910, A/C.5/869, A/C.5/870, A/C.5/874, A/C.5/881, A/C.5/882) (continued)

General discussion (continued)

1. Mr. CHAUDHURY (Pakistan) said that the financial picture of the United Nations and particularly its cash position as indicated by the Secretary-General in his foreword to the 1962 budget estimates (A/4770) and by the Controller in his statement at the 849th meeting (A/C.5/881), was rather discouraging. Though Pakistan's ability to contribute to the United Nations budget was very limited, it felt strongly that all Member States should fulfil their financial obligations to the Organization, since it offered the best hope for a world threatened with nuclear war and divided by fear, suspicion and distrust. If the United Nations was to play a dynamic and vigorous role in maintaining world peace and security and in promoting social and economic welfare, it would have to be strengthened financially. His delegation had noted with concern the tendency recently shown in certain quarters to express disapproval of United Nations actions by withholding financial contributions. That was tantamount to the exercise of a financial veto, a practice which was to be deplored as it might paralyse the activities of the Organization. Every possible step should be taken to rationalize United Nations expenditure and he would appeal to all Member States to treat the financial crisis of the United Nations with the gravity it deserved.

2. Mr. PRICE (Canada) regretted the fact that the Committee would not have the benefit of the views of the late Secretary-General in dealing with the difficult task before it. As a result of Mr. Hammarskjöld's insistence on wise and prudent procedures and his imaginative use of the powers granted him by the Charter, the Organization had assumed a vitality that gave true meaning to the Charter. The Committee could pay no higher tribute to his memory than to pursue its work with a minimum of factionalism and self-interest.

3. The Committee's task was not to question the decisions of the policy-making organs of the United Nations, but to accept them and to ensure that they were soundly carried out. Without sound administration and sound financing, the instrument which had been built up over the years would be destroyed just as surely as if a conscious political decision had been taken with that end in view.

4. The Committee should be guided in its work by the principle of collective responsibility enunciated in the first two Articles of the Charter. Member States derived privileges from membership in the United Nations, but they also had to assume the corresponding obligations. The collective character of the Organization required that all Members should abide by decisions made by the majority specified in the Charter for the approval of financial measures. His delegation would at all times be guided by that overriding consideration. It had the greatest understanding for those Members which wished to pay but could not, but had no sympathy for the few which could pay but did not.

5. Members would be deluding themselves if they believed that the establishment of special accounts for particular purposes would insulate the other activities of the Organization from the financial consequences of inadequate payments into such accounts. The Working Capital Fund had been depleted because of the calls made upon it, quite properly, to finance peace-keeping operations. It no longer provided a source of cash to fill the gap created by late payment of contributions. Thus, the finances of the Organization could not be divided into compartments, some of which could be forgotten or ignored; all the activities of the United Nations suffered, if some of its undertakings collapsed as a result of financial indifference.

6. The Secretary-General had had to make increasing use of his borrowing powers and to have recourse to large-scale advances from the United Nations Children's Fund (UNICEF), the Special Fund and other sources. That was a most undesirable procedure, but the United Nations could not allow its peace-keeping operations to wither away for lack of funds. The Organization's ability to undertake such operations was perhaps the main criterion of its value and efficacy and would be regarded as a matter of primary concern by the Canadian delegation.

7. Governments such as his own would find it increasingly difficult to support the voluntary United Nations aid programmes in the face of the discouraging response of Member States to their mandatory obligation to support all important peace-keeping undertakings.

8. The great care with which the 1962 estimates had been prepared was demonstrated by the modest reductions which had been recommended by the Advisory Committee on Administrative and Budgetary Questions. However, it should be recognized that, in order to

achieve a total estimate close to that approved for 1961, the Secretary-General had used a \$2 million decrease in the special provision for technical assistance to former Trust Territories and other newly independent States to offset a proposed increase in staff costs of approximately the same amount. The apparent stabilization of the budget was largely due to the non-inclusion of certain items—possible provision for the proposed increase in professional salaries, possible requirements for capital expenditures at Headquarters and at the European Office, Geneva, and provision for the proposed Conference on the Application of Science and Technology for the Benefit of the Less Developed Areas—pending decisions by the General Assembly. Should those and other additional appropriations requested in the 1962 budget estimates (A/4470) be approved, the gross total of the 1962 regular budget—excluding provision for the United Nations Emergency Force (UNEF) and the United Nations operations in the Congo (ONUC) might exceed \$80 million. That fact should be considered against the background of the Organization's precarious financial position. In the circumstances, a system of carefully thought-out priorities should be established and observed, particularly by the Economic and Social Council, which had a special responsibility in that connexion because of the expansion of the work programmes in its field. The utmost efficiency and economy should be exercised in carrying out decisions of the General Assembly and members of the Committee should make every effort to ensure that unavoidable statutory increases or increases resulting from proposals for new urgent projects were offset by reductions in programmes no longer commanding priority. Only through the constant review of activities and staffing arrangements would it be possible to eliminate work which was of lesser importance or whose continued justification was open to doubt, and to transfer staff to more vital areas. His delegation welcomed the proposal made by the Committee of Experts on the Activities and Organization of the Secretariat (A/4776, para. 161) that the Fifth Committee should each year examine in detail one or two of the main areas of expenditure. His delegation hoped that advantage would be taken of such reviews to re-examine the conditions and assumptions under which programmes had been developed and expanded.

9. It also endorsed the Advisory Committee's call for further efforts to prolong the use of furniture and office equipment and its emphasis on the need to keep the general pattern of meetings within manageable bounds (A/4814, para. 89). The serious staffing problems created by the holding of numerous and lengthy conferences should be a matter of general concern.

10. His delegation considered the appropriations recommended by the Advisory Committee to be reasonable and would support them.

11. The rise in the United Nations budget reflected the growth of the Organization and the increase in the number of tasks it was being called on to perform. Because of that expansion, the Committee had a duty to scrutinize carefully each new programme and new item of expenditure in order to ensure that the increasing calls on the necessarily limited resources of Member States were fully justified.

12. The late Secretary-General had worked out measures of economy in the execution of Economic and Social Council programmes that had served to reduce the financial burden on all Member States.

He wished to commend all those who had worked with the Secretary-General in developing those measures.

13. Mr. ROSHCHIN (Union of Soviet Socialist Republics) emphasized that, under its terms of reference, the Committee had to consider, not only the financial aspects of the activities of the United Nations, but also the functioning of its executive organ—the Secretariat. It was important that the latter should be a truly international instrument in which all groups of States would have an opportunity to participate without discrimination and in which no State or group of States exercised domination. In reviewing the activities of the Secretariat, it was necessary first to determine whether it met those requirements and, in particular, whether its personnel at the policy-making level was selected and appointed on a truly international basis. That could scarcely be deemed to be the case when, out of thirty-three posts at the Under-Secretary or equivalent level, twenty were held by nationals of countries belonging to Western military blocs, twelve by nationals of neutral countries and only one by a representative of the socialist countries.

14. The Committee of Experts on the Organization and Activities of the Secretariat had pointed out in its report (A/4776) that the geographical distribution of posts in the Secretariat was unbalanced and inequitable. Of the 1,659 posts subject to geographical distribution, 1,280, or 77 per cent, were held by citizens of countries belonging to Western military alliances; 288 posts, or 17 per cent, were held by citizens of neutralist States; and only 91 posts, or 6 per cent, were held by citizens of socialist countries. Such a one-sided composition of the Secretariat, particularly at its highest levels, had a harmful effect on the work of the Secretariat. A minority of Member States were in a position to dominate the Secretariat and in fact used the United Nations for the pursuit of their own policies to the detriment of other countries and the Organization as a whole. Contrary to the Charter, the United States and other Western Powers induced the Secretariat to follow a certain political line and to take arbitrary decisions on questions which were the exclusive prerogative of the Security Council. For example, it was clearly abnormal that the Secretariat, in conducting the United Nations operations in the Congo should decide such questions as the number of troops to be sent to the area, the States that were to send troops and the terms on which they were to send them, in view of the fact that, under Articles 43 and 48 of the Charter, such questions should be decided exclusively by the Security Council. Indeed, the "independent" United Nations policy in the Congo actually conflicted with the decisions of the Security Council.

15. The same trend was observable in other spheres of the Secretariat's work. Thus, the Secretariat took arbitrary decisions on the dispatch of political missions to various countries, for example, to Laos. The citizens of most neutralist and all socialist countries were denied the opportunity of participating in such missions. Of the seventy-nine established posts relating to such missions, fifty-two were occupied by citizens of Western countries, while not one was occupied by a citizen of a socialist country.

16. The socialist countries were also virtually excluded from participation in the programme of technical assistance to the under-developed countries, even though they paid their share of the expenses involved. Thus, of the 612 experts working under the auspices of the United Nations Bureau of Technical

Assistance Operations on 30 June 1961, 523 were citizens of countries belonging to Western military alliances; only four were representatives of the Soviet Union, although the latter had presented a lengthy list of suitable candidates, and only seven were citizens of other socialist countries.

17. The leading circles of the Secretariat had recently shown a tendency to view the Secretariat in the light of a world government standing above Member States. In the introduction to the annual report on the work of the Organization (A/4800/Add.1), the Secretariat had pointed out, for example, that the concept which certain Members held of the Organization was firmly anchored in the time-honoured philosophy of sovereign national States in armed competition of which the most that might be expected in the international field was that they achieve a peaceful coexistence. That was clearly a one-sided position which minimized the important task of ensuring peaceful coexistence among countries belonging to different social and economic systems, disregarded a number of General Assembly resolutions and the general position of most Member States, and blindly followed the line of the United States Department of State. At the same time, the Secretariat praised other Member States, declaring that they regarded the United Nations "in a spirit of objectivity" and gave consideration to "the needs of the present and of the future". The Soviet Union considered it inadmissible that the Secretariat, whose basic task under the Charter was to ensure the functioning of the various United Nations bodies, should seek to instruct Member States or criticize their concepts and philosophies. The attitude advocated by the Secretariat to such questions as State sovereignty reflected only the one-sided view of the United States which wished to superimpose on States a body which would be international in form but American in substance and which would impose its will on other peoples. A situation in which the United States and other Western Powers held three-quarters of the principal posts in the Secretariat and more than 70 per cent of all other posts subject to geographical distribution, while the socialist States and the majority of neutralist States were excluded from the most important aspects of the work of the Secretariat was clearly intolerable and demanded prompt rectification.

18. The United States made no secret of its ambition to direct the activities of the United Nations; recent assertions by United States representatives that they objected to the introduction of politics into the activities of the Secretariat should be evaluated in that light.

19. His delegation believed that the existing composition of the Secretariat seriously prejudiced its ability to carry out the tasks incumbent upon it and that, in order to ensure the proper direction of the Secretariat's work, it was necessary radically to reorganize its structure and bring its activities into conformity with the Charter. Recent international developments, and in particular the events in the Congo, had proved that the structure of the Secretariat and its executive direction failed to reflect the changed balance of forces in the world resulting from the establishment of a world socialist system, the collapse of colonialism and the adoption of the Declaration on the granting of independence to colonial countries and peoples (General Assembly resolution 1514 (XV)). It was therefore imperative to reorganize the office of Secretary-General so that the executive organ of the United Nations would be headed by three individuals representing the three

main groups of States existing at the present time—the socialist States, the neutralist States and the States members of Western military blocs. The entire Secretariat should be reorganized along the same lines. Such a reorganization would eliminate the present situation in which the United States and its partners dominated the Secretariat. Any provisional or partial solution that might be adopted should serve the ultimate goal of strengthening the international nature of the Secretariat and the normal functioning of the United Nations machinery as a whole.

20. A related matter was the situation of the Headquarters of the United Nations. The fact that it was at present situated in New York subjected the Secretariat to undue pressure from the United States, which ran counter to the interests of the majority of Member States and to the interests of developing international co-operation. A number of representatives had already raised the question at the fifteenth session and had, in particular, drawn attention to the racial discrimination practised against many delegations, especially those from African, Asian and Latin American countries. The recent incident affecting the Deputy Permanent Representative of Guinea was a case in point. It should also be noted that the United States had not yet acceded to the Convention on the Privileges and Immunities of the United Nations and that, consequently, representatives and the staff of the United Nations were without rights and without protection. Moreover, it was exceptionally costly to maintain the United Nations Headquarters and the permanent missions of Member States at New York. In addition, great inconvenience was caused by the fact that New York was situated at some considerable distance from the capitals of other Member States. If the Headquarters were moved to Vienna, Geneva or West Berlin, expenses would be reduced and contact with and travel to other capitals would be facilitated. The question of the situation of the Headquarters should, therefore, be given serious consideration.

21. An important part of the Secretariat's work was the financial management of the United Nations. Two major shortcomings in that management were the improper way in which decisions were taken regarding the financing of peace-keeping operations and technical and economic assistance programmes, and the overspending of the Organization's funds. The first resulted from circumvention of the role of the Security Council in deciding on the allocation of funds for peace-keeping operations. Under Article 11 of the Charter, any question relating to the maintenance of international peace and security, including the question of the financing of any operations for that purpose, must be referred to the Security Council by the General Assembly either before or after discussion. In violation of the Charter, the Secretariat had adopted the practice of bringing such questions to the General Assembly for decision and, in violation of regulation 13.1 of the Financial Regulations, it did not even report to the Security Council on the administrative and financial implications of proposals under consideration in the Council. The Council had been excluded from decisions on the financing and staffing of political missions, on the extension of the term of such missions and on the allocation of funds for that purpose for additional financial years. As a result, a number of missions established many years before were continuing to spend funds without performing any work. That situation must be brought to an end.

22. In a number of other cases the Secretariat planned and executed measures of a political nature involving substantial expenditure without obtaining the approval or authorization of the Security Council or the General Assembly. A case in point was the dispatch of a political mission to Laos in 1959.

23. The situation in regard to the financing of operations under the regular United Nations programme of technical assistance was far from satisfactory. Decisions on the implementation of such programmes were taken by the General Assembly and the programmes were financed from the regular budget, which meant that each Member State necessarily contributed a fixed quota. There was, however, no provision in the Charter granting either the General Assembly or any other body the right to take decisions obligating all Member States in such spheres. Programmes of that kind should be financed from an operational budget or a special fund established by agreement among Member States.

24. The Soviet Union favoured extensive technical assistance to the economically under-developed countries and was participating in such programmes on an ever-increasing scale. In addition to the technical assistance it was providing on a bilateral basis, it was prepared to increase its contributions to the Expanded Programme of Technical Assistance by 1,125,000 new roubles in 1961. It felt, however, that the present one-sided management of the Programme was hampering the large-scale development of technical assistance operations and deterring many countries from participating. Many States which made financial contributions to the Programme were given no opportunity to supply their experts, plant, machinery or materials, and their contributions were used for the recruitment of experts and the purchase of equipment in colonial countries.

25. With regard to the Canadian representative's statement, the rights and functions of the General Assembly in the economic field were clearly defined in the Charter, which did not authorize the transfer of funds from some Member States to others or their use for the benefit of a particular group of States. The USSR gladly participated in one programme of technical assistance because it was being regularly consulted; in the case of the regular programme of technical assistance, however, it was supplying only one-half per cent of the experts and equipment needed, while contributing some 16 per cent of the budget. He wondered under what provision of the Charter the Canadian representative could justify the principle he was defending.

26. The Soviet Union delegation also disapproved of the way the Secretariat was managing its administrative budget. Overspending was reflected in the significant annual increase in the personnel of the Secretariat, the establishment of a number of highly paid posts, and unjustified expenditure on consultants, on official travel and on many other items. The Secretariat had not made the necessary effort to achieve economies or to exercise strict control over expenditure. Thus, between 1955 and 1961, the annual budget had risen from \$47 million to \$73 million and would probably show an increase of \$10 million in 1962, exclusive of any provision for unforeseen and extraordinary expenses.

27. In order to strengthen the United Nations and to raise its prestige in the eyes of the world, it was necessary to regularize its financial management. The first task was to reform the financial system so

as to preclude any violation of the Charter, to prevent the use of the Organization's funds to further the political aims of any group of States, and to ensure strict economy and control over expenditure. The Soviet delegation therefore proposed the following measures, which were in full conformity with the principles of the Charter.

29. First, operational expenditure—expenses connected with technical assistance and the maintenance of international peace and security, for example—should be excluded from the regular budget of the United Nations, which would thus cover only the administrative expenses necessary to maintain the Secretariat and the activities of the various organs of the United Nations.

29. Secondly, the annual administrative budget should be stabilized at a given level and exceptions should be permitted only in unusual circumstances and by a decision of the General Assembly.

30. Thirdly, in financing peace-keeping operations, the provisions of the Charter, and in particular Articles 11, 43 and 48, should be strictly observed; in other words, the Security Council must consider and adopt decisions in matters relating to action for the maintenance of international peace and security, including the provision of the necessary funds. The General Assembly could consider and approve such expenditure only after an affirmative decision had been taken by the Security Council. In regard to Council decisions involving the expenditure of funds, the Secretariat must submit to the Council a report on the estimated costs involved in accordance with regulation 13.1 of the Financial Regulations. His delegation had as yet heard no satisfactory explanation of why it failed to do so. The Secretariat should also submit to the Council reports on the financial implications of continuing for a further year measures previously undertaken by decision of the Council.

31. Fourthly, the costs of technical and economic assistance and similar programmes must be covered by special agreement among the Member States prepared to participate in the financing of those activities. Such a system would facilitate a considerable expansion of technical assistance, since it would remove an obstacle to the participation of a number of Member States.

32. The implementation of the measures he had indicated would do much to reconcile the existing differences of view, would normalize financial administration and would halt the deterioration in the financial situation of the Organization which threatened it with financial collapse.

33. The work of the United Nations was intimately linked with the work of its executive body, the Secretariat. The Fifth Committee and the General Assembly would be derelict in their duty if they did not seek an over-all improvement in the structure and functioning of the Secretariat, which must be brought into line with the realities of the international situation and with the provisions of the Charter. The Fifth Committee should not shirk its obligation to endeavour to eliminate the serious shortcomings which he had indicated and to do everything possible to make the United Nations what it was intended to be under the Charter.

34. Mr. GIRITLI (Turkey) said that the increasing gap between the revenue and expenditure of the United Nations constituted one of the most critical problems faced by the Organization. However, increased expen-

diture was inevitable in view of the intensification of the Organization's activities and the admission of new Members. The impact of those factors was demonstrated by the considerable increase in the number of meetings held by the Security Council and the General Assembly. His delegation believed that true economy could be achieved only with the maximum efficiency and the minimum use of financial resources. However, it could not be achieved merely by reducing staff and expenditure, if the workload remained constant or increased. Reduction of expenditure beyond a certain point would only result in work being left undone or being poorly done. His delegation appreciated the fact that the Secretariat and the Advisory Committee, in making their recommendations regarding appropriations for 1962, had taken into account the concern expressed by many Member States during the fifteenth session at the increasing level of expenditures of the Organization and the burden placed upon their limited financial resources. It would support the recommendations of the Advisory Committee.

35. Mr. BALDARI (Italy) drew attention to the concern expressed by the Secretary-General and by the Advisory Committee at the critical cash position of the United Nations and to the need for prompt remedial action. However, his delegation did not believe that the adoption of a biennial budget would provide an adequate solution, since such a system would involve making forecasts of changes in the world situation over a period of nearly three years. The proposal to impose a fixed ceiling on expenditure was not practical either in an Organization whose programmes were continuing to expand.

36. While the Secretary-General had limited expenditure in certain fields to the minimum, there nevertheless remained certain areas where further economies might perhaps still be achieved. Staff costs were still increasing and absorbed more than two-thirds of the estimated budget of the Organization. They might be reduced by avoiding any increase in numbers and requiring better professional and technical training, by merging some offices and by limiting staff travel costs. Expenditure on meetings and conferences could be reduced or at least kept within reasonable limits by the application of strict controls. Expenditure on economic and social programmes could likewise be limited if the need for economy was borne in mind by the General Assembly and the other United Nations organs concerned.

37. Above all, it was necessary for all Member States to appreciate the urgent necessity of paying their present and any overdue contributions.

38. Mr. EL-MESSIRI (United Arab Republic) expressed appreciation of the clear yet detailed manner in which the 1962 budget estimates had been presented. The small reduction which the Advisory Committee had recommended in the initial estimates had demonstrated that a solid foundation had been laid for sound administrative and budgetary practices. His delegation was particularly gratified to note that, notwithstanding the expansion in the membership of the Organization and the increase in the work of the Secretariat, the Controller had, for the first time, refrained from contesting any of the recommendations made by the Advisory Committee.

39. His delegation shared the Advisory Committee's view (A/4814, para. 21) that further use of tabular presentations of estimates within sections might be of assistance for the appraisal of the estimates. As the

Advisory Committee had stated (*ibid.*, para. 29), the review of the activities and organization of the Secretariat could lead to changes in the administrative framework upon which the estimates were formulated. However, it was necessary to bear in mind in that connexion that the precise needs of new programmes in the economic and social fields could not be evaluated.

40. With regard to the question of the administrative and budgetary procedures of the United Nations, to which General Assembly resolution 1620 (XV) referred, his delegation believed that the adoption of rigid positions would not lead to any practical solution. The problem could be resolved only by taking into account the different basic principles and views that had been put forward on the subject.

41. A solution of the staffing problem which had arisen in the Office of Conference Services as a result of the increased number of meetings might be provided by the establishment of training courses for new recruits. His delegation concurred in the Advisory Committee's views (A/4814, paras. 67-69) regarding the printing of proceedings of special conferences.

42. With reference to the last sentence of paragraph 121 of the Advisory Committee's report, he wished to point out that the Economic Commission for Africa (ECA) was still at a stage where it needed to rely extensively on Headquarters services.

43. While appreciating the reasons for the Advisory Committee's recommendation for a reduction in the establishment of the Department of Trusteeship and Information from Non-Self-Governing Territories, his delegation suggested that care and moderation should be exercised in making such a reduction in view of the considerable problems which the Trust Territories still presented.

44. His delegation did not support the suggestion concerning the travel of trainees made in the Advisory Committee's report (A/4814, para. 174) and would prefer to retain the present practice. The effort being made to train field service personnel to perform administrative duties (*ibid.*, para. 269) was commendable and should be further extended.

45. Mr. BENDER (United States of America) said that he wished categorically to reject the charges made by the USSR representative regarding the attitude of the United States as a host country. The United States took its responsibilities as host to the Organization very seriously and was justifiably proud of its record, as a whole, in that respect. It was true that there had been some regrettable instances in which delegations had not been fully accorded the same treatment as the United States Government would wish to see extended to its own representatives abroad, but corrective action had been taken, and would be taken in any similar cases in the future. The United States was glad to be host to the different delegations, who thus had an opportunity of seeing both its faults and its virtues. In that connexion, he wondered why the USSR Government had not invited the United Nations to organize any of its activities in Moscow. Lastly, it was invidious to complain of the United States' record as host and to omit all reference to the behaviour of certain Soviet representatives who had abused United States hospitality.

46. As the USSR representative had stated, the United States had not acceded to the Convention on the Privileges and Immunities of the United Nations, but he was wrong in stating that the Secretariat had no pro-

tection. The International Organizations Immunities Act 1945, passed by the United States Congress, ensured the protection of the Secretariat and its archives and the immunity of the staff and members of delegations in the fulfilment of their official duties. Furthermore, under the Agreement between the United Nations and the United States of America regarding the Headquarters of the United Nations, resident members of permanent delegations were accorded the same privileges and immunities as diplomatic envoys.

First reading (continued)

SECTION 8. PERMANENT EQUIPMENT (A/4770, A/4814, A/4910, A/C.5/874).

47. The CHAIRMAN pointed out that the Secretary-General's estimate of \$440,000 (A/4770) had been revised downwards by the Advisory Committee, which recommended an appropriation of \$430,000 (A/4814, para. 205). In the revised estimates for 1962 resulting from the decisions of the Economic and Social Council the Secretary-General had submitted additional requirements amounting to \$8,500 (A/C.5/874, para. 56), of which the Advisory Committee recommended approval in its report on the revised estimates (A/4910). The Secretary-General's total estimate for section 8 was therefore \$448,500, and the appropriation recommended by the Advisory Committee, \$438,500.

48. Mr. MACHOWSKI (Poland), referring to the statement in paragraph 194 of the Advisory Committee's report (A/4814) that it was hoped that the increase in building costs for the United Nations building in Santiago, Chile, would be at least partially offset by the favourable tax treatment which had been accorded by the Chilean Government, asked what treatment with regard to taxes the United Nations received in countries other than Chile, and how that treatment affected the budget of the Organization. When discussing the question of honoraria at the 850th meeting, the Committee had decided that the honour of serving the Organization should be sufficient reward, without the need for remuneration. The position of Governments that were hosts to the Organization and its agencies was similar, and they should not derive any financial benefits from their position by taxing the Organization. There was no objection to the host countries' enjoying accessory financial benefits from the presence of a United Nations agency, but it would be quite improper for those Governments to tax the Organization. If some Governments were doing so, the General Assembly should be asked to take action, for such a procedure was not in accordance with the Charter or with the agreements and conventions regarding the Organization, particularly with article II of the Convention on the Privileges and Immunities of the United Nations. Such action by the General Assembly would certainly help to reduce the budget estimates. If Governments which had been accepted as hosts for regional offices of the United Nations were found upon examination to have subjected the United Nations to unjustified taxation, the General Assembly should revise its decisions regarding the situation of those offices.

49. Mr. TURNER (Controller) said that although paragraph 194 of the Advisory Committee's report referred only to certain arrangements made with the Chilean Government, there were similar arrangements in other places such as New York. As far as the question related to section 8, he did not know of any taxes on direct purchases from which the United Nations was not exempt. For example, the United Nations paid no

import duty on the permanent equipment which, pursuant to its policy of international procurement, it imported from abroad. So far as he was aware, the situation with regard to procurement under sections 8, 9 and 10 was the same elsewhere as in New York. In connexion with the revenue-producing activities, the problem was somewhat different and had been the subject of discussion in the Committee; there would be an opportunity to return to that point later. In the meantime, he felt he could give the Polish representative reassurance regarding the specific point he had raised.

50. Mr. GREZ (Chile) said that the Polish representative could rest assured that Chile had always fully complied with its obligations under the Convention on the Privileges and Immunities of the United Nations, which it had ratified in 1948, and would continue to do so in the future.

51. Mr. SERBANESCU (Romania) stressed the need for the Secretariat to respect the criteria of need, efficient utilization, and economy in the procurement and use of permanent equipment. The 1962 estimate under section 8 was more than \$40,000 higher than the 1961 estimate, because expensive solutions had been chosen, particularly at Headquarters. At the fifteenth session, several delegations had drawn attention to the excessive increase in expenditure under the present section from year to year and to the need for stricter control by the Secretariat. In paragraph 204 of its report (A/4814) the Advisory Committee had urged that further efforts should be made to prolong the use of furniture and standard office equipment whenever possible. The same recommendation applied to sections 9 and 10.

52. Mr. CUTTS (Australia) pointed out that special measures were already being taken to restrict requirements under section 8 approximately to the 1961 level, as was recognized by the Advisory Committee in paragraph 204 of its report.

53. Mr. TURNER (Controller) said he wished to clarify a point raised by the Romanian representative. The increase in the 1962 estimate for section 8 over 1961 contained no increase for Headquarters. On the contrary, there had been a decrease in the Headquarters provision under that section, but it had been offset by increased costs for the opening of new information centres, the requirements of ECA and the programmes of the Economic and Social Council, including the installations in the Narcotics Laboratory and provision of internal reproduction equipment at the European Office, Geneva.

The Advisory Committee's recommendations (A/4814, para. 205, and A/4910, para. 10) for a total appropriation of \$438,500 under section 8 was unanimously approved on first reading.

SECTION 9. MAINTENANCE, OPERATION AND RENTAL OF PREMISES (A/4770, A/4814)

54. The CHAIRMAN drew attention to the Secretary-General's initial estimate of \$3,471,000 (A/4770) and to the Advisory Committee's recommendation for a reduced appropriation of \$3,450,000 (A/4814, para. 211).

The Advisory Committee's recommendation (A/4814, para. 211) for an appropriation of \$3,450,000 under section 9 was unanimously approved on first reading.

SECTION 10. GENERAL EXPENSES (A/4770, A/4814)

55. The CHAIRMAN drew attention to the Secretary-General's initial recommendation of \$3,719,500 (A/4770) and to the reduced appropriation of \$3,650,000 recommended by the Advisory Committee (A/4814, para. 218).

56. Mr. ITO (Japan) recalled that the Controller had stated at the 849th meeting (A/C.5/881) that the expanding programme of the regional economic commissions would give rise to a higher level of expenditure under certain sections of the 1962 budget, including section 10. In paragraph 215 of its report, the Advisory Committee stated that a supplementary provision of some \$267,000 would be required. Nevertheless, no supplementary estimate had been presented, a fact which his delegation welcomed. It was happy to support the Advisory Committee's recommendation for a reduced appropriation of \$3,650,000 under section 10.

57. Mr. HODGES (United Kingdom) welcomed the presence of the delegation of Sierra Leone, which was to be congratulated on attaining its independence and on becoming the hundredth Member State to join the Organization.

58. As the appropriation under section 10 accounted for about 5 per cent of the total 1962 budget, its impact was appreciable. The 1962 estimate was some \$200,000 higher than that for 1961, not including the supplementary estimate for that year, which was mainly due to the cost of the resumed fifteenth session of the General Assembly. It was to be hoped that there would be no resumed sixteenth session. He did not wish to raise questions of policy during the first reading, but he wished to stress that the expenditure under section 10 would respond to direct administrative control which could offset the tendency towards an automatic increase in such expenditure from year to year. A tight global allocation would make that control more effective, and in the present state of the Organization's finances, the Secretariat should make every effort to curb all unnecessary expenditure. Although the Advisory Committee recognized that the expansion of activities in some areas had resulted in a higher rate of expenditure under section 10, it had also expressed the view that some economies could be effected in 1962 (A/4814, para. 217). The United Kingdom delegation wondered whether it might not be possible for the Committee to recommend a more substantial reduction than that recommended by the Advisory Committee (*ibid.*, para. 218).

59. Mr. QUIJANO (Argentina) felt that the Secretariat's efforts to stabilize expenditure had already achieved a certain measure of success and that there was no need to reduce the initial estimate any further. He therefore supported the Advisory Committee's recommendation for an appropriation of \$3,650,000.

60. Mr. TURNER (Controller) said that, although the Secretariat had felt that it could not contest the reductions in the 1962 estimates recommended by the Advisory Committee, it could not accept further reductions. The Advisory Committee's reductions alone would involve considerable difficulties for the Secretariat in the way of controls and limitations. It was always hoped each succeeding year would prove to be a more normal one, but it would be unrealistic to base the budget estimates on such hopes rather than on the record of actual experience. Furthermore, the requirements of the regional economic commissions, in which increases were expected, reflected the improved growth in the activities of those commissions. The Secretariat would use its best endeavours to keep expenditures within the very conservative recommendation of the Advisory Committee even though that involved a reduction of some \$165,000 below the revised appropriation for 1961.

61. Mr. ARRAIZ (Venezuela) said that, although it was desirable to reduce costs to the utmost, it was not possible to reduce them below a certain level. He associated himself with the views expressed by the representative of Argentina on that point. The Advisory Committee itself recognized that there would be increases in the expenditures for the information centres, ECA and the Economic Commission for Latin America (ECLA). The number of information centres had already been drastically reduced, and the increased costs of the two regional economic commissions merely reflected a normal expansion of the Organization's activities. He saw no reason to depart from the Advisory Committee's recommendation.

62. Mr. SOKIRKIN (Union of Soviet Socialist Republics) concurred in the view expressed by the United Kingdom representative that the expenditure under section 10 was eminently amenable to strict financial and administrative control. With good administration, economies could certainly be achieved.

63. The increase in the anticipated expenditure on the information centres and the regional economic commissions was partly due to a larger provision for cables, telephones and mail; some at least of that expenditure could be eliminated if the work was organized in such a way as to preclude the necessity for lengthy and expensive cables. All the expenditure under section 10 should be subjected to strict scrutiny with a view to reducing it below the 1961 level.

64. Mr. HODGES (United Kingdom) said that he would not press his suggestion and would support the Advisory Committee's recommendation, but only on the understanding that a particular effort would be made to avoid supplementary estimates under section 10 in 1962.

The Advisory Committee's recommendation (A/4814, para. 218) for an appropriation of \$3,650,000 under section 10 was unanimously approved on first reading.

The meeting rose at 6.5 p.m.