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Advisory Committee on Administrative and Budgetary Questions

Draft outline for Sec.-Gen address to the

Advisory Committee on the 1961 estimates

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The argument follows two stages:

- (a) Reasons for the level of the 1961 estimates initially presented and now being examined by the Committee;
- (b) Reasons for the 1961 estimates still to come.

54: 65-82
Arms trade } Excess
Economic trade }
(Price insurance etc) 10
(Med. etc.)
60: 82-95
Etc.
Etc.
Task of UN.

INITIAL ESTIMATES

The Budget is higher than it was; it has to be.

The activities of the United Nations are developing in response to the needs which the Organization faces to extend the range of international co-operation.

The Committee is not examining the budget of the Secretariat; it is the Budget of the Organization.

Cite paragraph 2 of the Budget Foreword. The estimates provide for the undertaking of programmes which the Member States want of the Organization. It would be helpful to develop this theme.

√The feeling of one member of the Committee (M. Ganem) is that the first line of defense - the internal review of the estimates - has not been as formidable as it was in previous years, so the Advisory Committee must set about its own job without relaxation of effort. In other words, we have used the "telescope" rather more than the "microscope". Hugo's phrase (Les Misérables) is apt hence: "When the telescope ends the microscope begins; which of the two has the grander view?"

The Secretary-General should welcome a further searching examination of the estimates. Assure the Committee that much care was taken in the initial preparation.

The question is, "Are the estimates well founded?" If they are, the Committee might say so. If they are not, the Committee should indicate where they are not. Anything the Secretariat can do to facilitate the Committee's task will be done. The revised form of the budget and its more ample and informative annexes might make its own contribution to this end.

The initial estimates are \$3,794,450 above the 1960 gross appropriation. There are four principal reasons:

- (a) Strengthening of the staff mainly for economic and social activities, but there is also a more realistic assessment of needs for the central administrative services at Headquarters and at Geneva.
- (b) Higher levels for general expenses and common services; partly because of the need to accommodate the new staff; partly because of higher wage rates and prices.

[The latter should be covered in the estimates, otherwise we start the year with part of the Budget in deficit.]

- (c) Increased needs for special missions and the Field Service.

[Two new provisions not previously covered; the mission in Jordan; the Plebiscite in Western Samoa. Anything you would wish to say on the contribution of the United Nations in conducting these plebiscites would be helpful.]

- (d) An increase for the programme of the High Commissioner for Refugees. Although this increase is substantially, if not wholly, covered by a ~~growing~~ increase in income.

Looked at another way, the principal increases are spread among the different offices as follows:

Regional Economic Commissions	\$1,431,000
Africa	\$612,000
ECAFE	231,000
ECLA	588,000
Headquarters	870,000
Geneva	528,000
Missions and Field Service	249,000
High Commissioner for Refugees	380,000

Leave to the Under-Secretary for Economic and Social Affairs and to the Controller a more detailed explanation of specific requirements. By way of general comment on economic and social requirements, it would be helpful to develop the argument set out in paragraphs 13 to 18 inclusive of the Budget Foreword.

One area calls for special comment. The serious attempt to stabilize expenditures on public information activities and to provide, at the same time, for six new Information Centers, three in 1960, three more in 1961. For the first time, the information programme, costed by project, is provided in a separate Budget annex. The Committee's task and that of the General Assembly should be much eased in assessing these particular budgetary requirements. *C. Thee.*

Say a word about travel. The higher provisions in 1961 rest on solid grounds. They relate mainly to the increasing needs of the regional economic commissions including the session of ECLA in Venezuela - which is expensive. Generally, the increase in membership which has occurred over the past 5 years has a direct effect on travel costs and this is likely to be carried into the future. The distances to cover are greater; fares have risen in the past few years. Underline the Secretary-General's directives, and his personal assessment of particular journeys. No "wanderlust" here.

Home leave estimates are higher in 1961 because they assume only a 10 per cent reduction on costed entitlements of Headquarters staff and dependents rather than the previous 20 per cent - which has proved too severe and has led to supplementary requests.

[To complete the comments on the initial estimates some observations on the lines of the attached draft might be useful.]

1961 ESTIMATES STILL TO COME

There are three principal points to cover:

- (a) Opportunities for international co-operation on behalf of former Trust Territories and other newly independent States.

[The Committee is obviously interested in the Secretary-General's proposals. It is also interested to know just how much the Budget might be increased under this heading.]

- (b) A conference on Outer Space.

[Some members of the Committee are inclined to question a level of expenditure comparable to that of the conferences on the Peaceful Uses of Atomic Energy, as being unduly excessive.]

- (c) Post adjustment changes for professional staff at Headquarters at Geneva and requirements following from the Assembly's review of the report of the Pension Review Committee.

[Paragraphs 59 to 68 inclusive of the Budget Foreword are relevant. A point to make here is that any increase in expenditure would arise solely from implementing the Assembly's own decisions.]

CONCLUSIONS

- (a) The financial resources of the Organization appear to be reaching the limit of their absorptive capacities. The margin has been reached and if more is to be done within the existing level of these resources, then, decisions will have to be faced regarding the continuance or discontinuance of some current activities.

[Paragraphs 92 and 93 of the Budget Foreword.]

- (b) In this context, the contemplated review of the activities of the organization of the Secretariat might be timely.

[The Committee would be interested to learn of the developments for convening the Working Group of 8.]

For some years I have set rigid limits against any expansion of the Secretariat, making exception only for those paramount demands which have arisen in connection with the maintenance of peace and the needs of the newly independent countries. Apart from these demands, the regular budget has been held down since 1954 by re-allocating staff to meet the changing requirements of the various organs. This has been done in spite of the great expansion in membership, from 60 States to 82, in this period. This process is not one that can be maintained indefinitely. In the past five years pressure on the part of member nations for Secretariat action, particularly in the economic field, has been built up, and the proposals in the 1961 budget reflect a modest attempt to meet the most pressing of the demands and those that are most clearly within the organization's capacity.

I think the proposed increases in the budget in 1961 should be seen in the perspective of world developments. In the past five years the national incomes of the principal countries of Europe and North America which contribute to the budget have expanded by amounts varying from 22 per cent to 58 per cent. These increases have reflected partly an expansion in the volume of goods and services produced and partly a change in the value of the units of account in which they are reckoned. The second of these factors affects the Organization as a consumer of goods and services in such centres as New York and Geneva, where price levels have gone up somewhat more than

10 per cent in these five years. The expansion of goods and services produced, as reflected in the national incomes of these countries, is also of importance however in the sense that, provided the United Nations budget does not increase as fast as the national income in real terms, the burden of each country's contribution will also not increase.

A second aspect of the budget proposals should be noted. The real cost of government in most countries has expanded in recent years as the tasks that can most effectively be done by the public authorities have become more numerous or more complicated. In the United States, the United Kingdom, and France, for example, the cost of government activities, as reflected in their national accounts, has increased by between 26 and 30 per cent. The United Nations, while in no sense a government, shares this experience. As the possibilities of international action become more apparent, the tasks which fall to the United Nations are bound to increase. This is clearly evident in the economic field, where the newly emerging nations and the underdeveloped countries as a whole see in the Organization a means of carrying out many important functions which are clearly beyond their individual means and, indeed, would be uneconomic for individual countries to undertake. I may mention here questions of resource development, industrialization, and information on world economic movements.