Draft Programme and Budget 1978-79 and Other Financial Questions
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1. The Director-General's original Programme and Budget Proposals were considered in the first instance by the Programme, Financial and Administrative Committee of the Governing Body at its 202nd (February-March 1977) Session. The Committee's discussion of the proposals was recorded in its Third Report, the relevant sections of which are reproduced in the Information Annex on pages 9-74 below. On the recommendation of the Committee, the Governing Body decided to propose to the Conference, in the terms of the draft resolution reproduced in paragraph 5 below, the adoption of a Programme and Budget for 1978-79 in the amount of $169,074,000. For reasons of time pressure and economy, detailed information on the discussion of the Committee's report by the Governing Body is not included in the present document but will be made available to delegates at the Conference in the form of extracts from the Minutes of the 202nd Session of the Governing Body.

2. The proposed expenditure budget for 1978-79 by major programme (together with a summary of the over-all increases and decreases in relation to the budget for 1976-77) and the summary draft budget of expenditure and income for 1978-79, as recommended by the Governing Body, are set out in the tables on pages 3-5 below. The adjustments made to the Director-General's proposals during the discussion in the Committee are shown in the table on pages 6-7.

3. The detailed Programme and Budget proposals recommended by the Governing Body are placed before the Conference in the form of the Director-General's original proposals, which are being reissued as a supplement to the present report and circulated to those recipients of the report to whom they have not already been sent, and the adjustments table referred to above. Further information on the adjustments may be found in the Information Annex.

4. Leaving aside the adjustments relating to activities proposed under various programmes and to certain important matters of costing, the Draft Programme and Budget differs from the Director-General's original proposals in one significant respect: the inclusion of provision for a payment of $5 million into the Working Capital Fund in 1978. This matter was first raised by the Director-General in introducing his Programme and Budget Proposals to the Programme, Financial and Administrative Committee, in view of the expected low cash level of the Working Capital Fund at the end of 1977 and of the shortfall in contributions foreseeable for 1978-79, even on the basis of the current membership of the Organisation, the Director-General suggested that, in order to avoid the need for borrowing, an amount of $10 million be paid into the Fund in 1978-79 to cover withdrawals which would have to be made and which would otherwise be reimbursed to the Fund, under the Financial Regulations, only in 1982-83. The recommendation of the Committee, however, which was adopted by the Governing Body, was to propose to the Conference that it include an amount of $5 million in Part III of the Programme and Budget for payment into the Fund in 1978 and leave a decision on any further provision which might be necessary for 1979 until its June 1978 Session.

5. The recommendations of the Governing Body for the adoption of the Programme and Budget for the 56th financial period (1978-79) and for the allocation of expenses among Members in that period are contained in the following draft resolution, which it decided, subject to the positions taken and the reservations expressed by certain of its members, to propose to the Conference for adoption:

Draft Conference Resolution

The General Conference of the International Labour Organisation,

In virtue of the Financial Regulations, passes for the 56th financial period, ending 31 December 1979, the budget of expenditure of the International Labour Organisation amounting to US$169,074,000 and the budget of income amounting to US$169,074,000;
Noting that the above amount includes in Part III (Working Capital Fund) the sum of US$5,000,000 for the purpose of making an advance reimbursement in 1978 to the Working Capital Fund of part of the withdrawal required to finance the estimated budgetary shortfall in the 56th financial period (1978-79);

Decides accordingly that, notwithstanding article 10, paragraph 1 of the Financial Regulations, the amounts to be assessed on member States shall be US$87,037,000 for the calendar year 1978 and US$82,037,000 for the calendar year 1979, and resolves that these amounts shall be assessed on member States in accordance with the scales of contributions recommended for 1978 and to be recommended for 1979 by the Finance Committee of Government representatives;

Requests the Governing Body to make recommendations to the Conference at its session in 1978 on the extent of any additional provision that may be required in 1979 in Part III (Working Capital Fund).
PROPOSED EXPENDITURE BUDGET FOR 1978-79

A. Proposed expenditure budget for 1978-79 by major programme

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
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<td>A</td>
<td>Policy-making organs:</td>
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<td>709 440</td>
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<td>International labour standards and human rights</td>
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<td>1 250 327</td>
<td>1 250 327</td>
<td>1 399 082</td>
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<td>57 057 828</td>
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<td>Service and support activities:</td>
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<td>5 319 010</td>
<td>5 956 250</td>
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<td>Financial and central administrative services</td>
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<td>17 901 570</td>
<td>20 426 428</td>
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<td>15 511 327</td>
<td>17 721 168</td>
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<td>Legal services</td>
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<td>768 430</td>
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<td>6 612 912</td>
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<td>47 348 807</td>
<td>53 550 666</td>
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<td>Regional services and relations:</td>
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<td>220</td>
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<td>6 222 046</td>
<td>6 765 720</td>
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<td>Management of field programmes in the Americas</td>
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<td>Management of field programmes in Middle East and Europe</td>
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<td></td>
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<td>32 702 896</td>
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<td>Item</td>
<td>Title</td>
<td>1976-77 budget</td>
<td>1978-79 estimates (in constant 1976-77 dollars)</td>
<td>1978-79 estimates (recasted)</td>
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<td>----------------</td>
<td>-----------------------------------------------</td>
<td>-----------------------------</td>
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<tr>
<td>F</td>
<td>290</td>
<td>Other budgetary provisions:</td>
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<td></td>
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<tr>
<td></td>
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<td>Other budgetary provisions</td>
<td>9 395 744</td>
<td>7 902 636</td>
<td>7 976 202</td>
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<td><strong>Sub-total</strong></td>
<td>147 570 987</td>
<td>149 223 483</td>
<td>163 570 120</td>
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<tr>
<td></td>
<td></td>
<td>Deduct adjustment for staff turnover</td>
<td>(1 115 187)</td>
<td>(500 000)</td>
<td>(536 974)</td>
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<tr>
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<td>Reduction from economies expected to result from the in-depth review of decentralisation</td>
<td>(648 000)</td>
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<td>-</td>
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<td><strong>Total of Part I</strong></td>
<td>145 807 000</td>
<td>148 723 483</td>
<td>163 033 146</td>
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<td>291</td>
<td>Unforeseen expenditure</td>
<td>275 000</td>
<td>275 000</td>
<td>275 000</td>
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<tr>
<td></td>
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<td>Working Capital Fund</td>
<td>14 534 406</td>
<td>5 765 854</td>
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<tr>
<td></td>
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<td><strong>Total gross expenditure (Parts I-III)</strong></td>
<td>160 616 406</td>
<td>154 764 337</td>
<td>169 074 000</td>
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<td></td>
<td><strong>Total net expenditure budget</strong></td>
<td>160 616 406</td>
<td>154 764 337</td>
<td>169 074 000</td>
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**B. Summary of over-all increases and decreases**

<table>
<thead>
<tr>
<th>Increase or decrease</th>
<th>Comparison with approved budget for 1976-77</th>
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<tbody>
<tr>
<td></td>
<td>US$</td>
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<tr>
<td>Cost increase</td>
<td>14 239 221</td>
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<td>Net programme increase</td>
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<td>Increases and decreases (net) in Item 290, Other budgetary provisions</td>
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<td><strong>Sub-total Parts I and II</strong></td>
<td>17 226 146</td>
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<tr>
<td>Decrease in Part III, Working Capital Fund</td>
<td>(8 768 552)</td>
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<td><strong>Total</strong></td>
<td>8 457 594</td>
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## Summarised Draft Budget of Expenditure and Income for 1978-79

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<td><strong>Part I. Ordinary budget</strong></td>
<td>$145,807,000</td>
<td>$163,033,146</td>
<td><strong>Contributions from member States:</strong></td>
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<td><strong>Part II. Unforeseen expenditure,</strong></td>
<td>$275,000</td>
<td>$275,000</td>
<td>1976-77:</td>
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<tr>
<td><strong>Part III. Working Capital Fund</strong></td>
<td>$14,534,406</td>
<td>$5,765,854</td>
<td>Part I and II</td>
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<td>Part III</td>
<td>$5,382,927</td>
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<td><strong>Sub-total</strong></td>
<td>$87,037,000</td>
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<td>1979:</td>
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<td>Part I and II</td>
<td>$81,654,073</td>
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<td>$5,382,927</td>
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<td><strong>Sub-total</strong></td>
<td>$82,037,000</td>
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<td><strong>Total</strong></td>
<td>$160,616,406</td>
<td>$169,074,000</td>
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<td>$160,616,406</td>
<td>$169,074,000</td>
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ADJUSTMENTS TO THE DIRECTOR-GENERAL'S ORIGINAL PROGRAMME AND BUDGET PROPOSALS FOR 1978-79 COMPRISED IN THE DRAFT PROGRAMME AND BUDGET

(A) Additions

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<tr>
<th>Programme number</th>
<th>Title and nature of activity</th>
<th>Man-years/months</th>
<th>In constant dollars</th>
<th>In recosted dollars</th>
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<tr>
<td></td>
<td></td>
<td>Professional</td>
<td>General service</td>
<td>Other</td>
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<tr>
<td>50</td>
<td>International Labour Standards</td>
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<td></td>
<td></td>
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<tr>
<td>50.2</td>
<td>Provision for servicing more seminars on labour standards</td>
<td>0/3</td>
<td>-</td>
<td>22 986</td>
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<tr>
<td>50.3</td>
<td>Provision for servicing symposium on freedom of association</td>
<td>0/6</td>
<td>-</td>
<td>22 986</td>
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<tr>
<td>80</td>
<td>Industrial Relations and Labour Administration</td>
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<tr>
<td>80.2</td>
<td>Maintenance of the Directory of Institutes for Labour Studies (subcontract to Institute)</td>
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<td></td>
<td>Meeting of Presiding Officers of Labour Tribunals in developing countries (subcontract to Institute)</td>
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<td>Research on strategic factors in industrial relations in the construction industry (subcontract to Institute)</td>
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<td>25 000</td>
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<td>Working Conditions and Environment</td>
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<td>90.1</td>
<td>Co-ordination of activities for migrant workers</td>
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<td>Technical advisory services</td>
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<td>91 944</td>
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<td>Contribution to International Occupational Safety and Health Information Centre (CIS)</td>
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<td>100.3</td>
<td>Increase provision for GB attendance at IMCO Conference on Standards and Training (from 3 to 12 members)</td>
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<td>-</td>
<td>37 000</td>
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<td>Other Budgetary Provisions</td>
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<td>ILO contribution to cost of increased size of Joint Inspection Unit and to Pension Fund contributions for inspectors</td>
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<td>Additional annuities for ILO Staff Pension Fund</td>
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<td>Sub-total</td>
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<td>-</td>
<td>346 340</td>
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<td>292</td>
<td>Working Capital Fund</td>
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<td>Advance reimbursement</td>
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<td>Total additions</td>
<td>-</td>
<td>-</td>
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These adjustments are already incorporated in the proposed expenditure budget set out in the table on pages 3-4 of the present report. In the latter table the reductions in the provisions for inflation and General Service staff salaries which are shown as global reductions of $1.3 million and $1.65 million respectively at the end of the present table have been applied to the individual programmes concerned. The revised standard costs as a result of these global reductions are $48,952 for Professional category staff and $26,892 for General Service category staff.
(B) Reductions

<table>
<thead>
<tr>
<th>Programme number</th>
<th>Title and nature of activity</th>
<th>Man-years/months</th>
<th>In constant dollars</th>
<th>In recosted dollars</th>
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<tbody>
<tr>
<td></td>
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<td>Professional</td>
<td>General Service</td>
<td>Other</td>
</tr>
<tr>
<td>10</td>
<td>International Labour Conference</td>
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<td>200 000</td>
<td>200 000</td>
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<td>Governing Body</td>
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<td>Employment and Development</td>
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<td>-</td>
<td>22 986</td>
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<td>Industrial Relations and Labour Administration</td>
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<td>47 324</td>
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<td>150</td>
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<td>Personnel</td>
<td>5/0</td>
<td>-</td>
<td>110 700</td>
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<td>160.2</td>
<td>Delay implementation of career trainee programme until 1979</td>
<td>5/0</td>
<td>-</td>
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<td>160.5</td>
<td>Reduce secretarial and clerical support</td>
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<td>93 960</td>
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<tr>
<td>170</td>
<td>Financial and Central Administrative Services</td>
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<td>200 000</td>
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<td>Other Budgetary Provisions</td>
<td>-</td>
<td>134 600</td>
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<td>Working Capital Fund</td>
<td>-</td>
<td>1 200 000</td>
<td>1 200 000</td>
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<td>Restoration of 1974-75 budgetary deficit</td>
<td>6/04</td>
<td>9/0</td>
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<tr>
<td></td>
<td>Sub-total</td>
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<td>Other Adjustments</td>
<td>5/0</td>
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<td></td>
<td>Adjustment for staff turnover at the rate of 0.5 per cent of staff costs</td>
<td>536 974</td>
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<tr>
<td></td>
<td>Reduce provision for inflation in 1978 and 1979 from 5 per cent to 3 per cent</td>
<td>1 300 000</td>
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<tr>
<td></td>
<td>Delete provision for UFIAMT increases for General Service staff</td>
<td>1 650 000</td>
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<td></td>
<td>Total reductions</td>
<td>-</td>
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INFORMATION ANNEX

Extract from the Third Report of the
Programme, Financial and Administrative Committee
(Adopted by the Governing Body on 4 March 1977)

"1. The Programme, Financial and Administrative Committee of the Governing
Body met from 15 to 19, 23 and 24 February 1977 under the chairmanship of
Mr. W. Haase, Chairman of the Governing Body. Mr. C.M.J. Hess was Reporter.

Programme and Budget proposals for 1978-79
(Thirteenth item on the agenda)

2. The Committee had before it the Director-General's Programme and Budget
proposals for 1978-79. The proposals comprised an introduction by the Director-
General; illustrative charts; a financial summary and explanatory notes; tables
showing the proposed expenditure budget for 1978-79 by major programme and an
analysis of regular budget increases and decreases as compared with the appropria-
tions for the current financial period; the draft budget of expenditure and
income for 1978-79; programme descriptions and estimates by major programme; and
a number of information annexes. The Committee also had before it comments
received from other organisations on the proposals.

3. The Committee's discussion was opened by the Director-General, who made
a statement introducing his proposals. This statement is reproduced as
Appendix I.

4. After a recess, the Committee proceeded to a general discussion of the
Programme and Budget proposals during the course of which the various speakers
commended the format and presentation of the document which they regarded as clear,
concise and readable.

General discussion of the Programme
and Budget proposals

5. Mr. Oechslin, speaking on behalf of the Employer members, said that to
calculate the true increase between the 1976-77 and the 1978-79 budget one had to
start by deducting $14.5 million from the 1976-77 total of $160 million; the
$14.5 million was a special payment to the Working Capital Fund to reimburse
withdrawals made in 1974-75 to finance supplementary credits and was not part of
the 1976-77 budgetary expenditure on programmes. The true increase in expenditure
on the ILO's programme would therefore be $23 million ($17.3 million for cost and
price increases and $5.7 for programme increases). Within the provision for cost
increases he considered that the figure of 4 to 5 per cent per annum for inflation was too high; the bulk of the budget would be spent in Switzerland where the rate of inflation could be expected to be appreciably less than this figure. He noted that the estimates for salaries, which represented the largest provision in the budget, were based on maintaining the present system of adjustments. Since most of these salaries would be paid in Geneva, this meant that a percentage had been included for General Service category salary increases which was slightly higher than the rate at which the cost of living would rise in Geneva. This could not be justified, especially in view of the recent General Assembly resolution urging the Secretary-General to refrain from making any further upward interim salary adjustments for General Service category staff for the time being.

6. Against this, there was a modest but tangible increase in the programme. Whilst it was true that each of the increases reflected a decision of the Conference or of the Governing Body, etc., it was questionable whether one could accept any increase in the programme. Many national organisations had had to maintain the status quo in financial matters; this generally implied a reduction in their real resources. The time had perhaps also come in the ILO for a pause, particularly in view of the two major problems to which the Director-General had alluded. The first was the expected non-payment of one of the larger contributions. Although the Director-General had put forward a somewhat complex formula to the Allocations Committee, it would be simpler to deal with the matter on the basis of sound business principles. That was to say, the Director-General should not include in his budget any provision to spend income which he did not expect to receive. Even more important was the uncertainty surrounding the final decision by the largest contributor concerning its continued membership of the Organisation. Again, it would be sound budgeting practice to make provision for the worst eventuality. If it occurred there would be both a cash flow problem and a need to reduce the programme. The Director-General had hoped to deal with the immediate effect of the first of these by the 65/35 per cent proposal for the payment of contributions; this did not appear to have found much support among the Government representatives.

7. The individual programmes contained no surprises, since they corresponded to decisions already taken and approved by the Governing Body, but it was necessary to be selective about new programmes and to concentrate on what only the ILO can do. One theme, the strengthening of tripartism, was a means by which the other objectives could be reached. Conditions of work, for example, could be improved in partnership with employers and workers. The terminology used in the document with respect to tripartism was neither clear nor satisfactory. In the Employers' view, tripartism referred to the representative organisations of employers and workers; if professional associations or individual enterprises were to be associated with the programmes this could only be through their representative organisations. The Employers welcomed the setting up of advisory services and all forms of direct aid to member States and were in favour of a reasonable allocation for technical co-operation, but this must not be to the detriment of more traditional activities. The ILO should have available resources to carry out needed activities rapidly where these furthered the goals of the Organisation. He hoped that the governments would accept this point of view which, he knew, was shared by the Worker members. The Employers were also glad to note the proposed increase in the resources available for industrial activities.

8. In the coming discussions, the Employers would be increasingly selective and would place greater emphasis on determining priorities. They intended to campaign against prestigious expenditure. They were concerned at the proposal to convene the European Regional Conference. The first session had produced a sterile confrontation; in the second, confrontation had been avoided but the results had been somewhat mediocre. It was difficult to tell in advance how the third session might turn out but there seemed to be a heavy risk inherent in this Conference. Perhaps the Committee should reflect on whether some other form of inter-European co-operation might not run the same risk of failure.
9. Mr. Plant, speaking on behalf of the Worker members, said the Workers believed that governments would continue to support the ILO and would not let the Organisation's activities die out. The Workers had five priority themes: first, full employment, which could only remain a hope at a time when so many people throughout the world had no gainful employment and when there were so many living below the subsistence level. Second, the satisfaction of the basic needs of the poorest throughout the world. Here, the present budget proposals had made some effort to implement the decisions of the World Employment Conference. Third, the improvement of working conditions and the working environment. The Office had taken this into account in drawing up its budget proposals. Fourth, tripartism and industrial relations. And fifth, the protection of human rights and trade union rights which underlay the entire budget proposals. It was true that the budget showed an increase of 5.7 per cent over the present biennium, or, as the Director-General had put it, less than 3 per cent per annum. Many national governments no doubt wished their own budget reflected so small an increase. The $5.7 million increase in programme expenditure and the $3.4 million net cost and price increase were indeed modest.

10. The discussions in the coming days would be overshadowed by the question of United States membership, the position of China and the difficulties of accurately forecasting exchange rate fluctuations and inflation rates. The availability of funds from the UNDP and other external sources was another imponderable. These factors had made it difficult for the Workers to take a final position on some areas of the budget. As the discussion proceeded they would have suggestions to make on the redeployment of funds to areas of particular concern to them. In general, the proposals appeared to respond to two sets of claims; first, those of the Group of 77 which had called for reorientation towards direct assistance, and second, those of the Workers who had called for greater emphasis on sectoral activities, industrial committees and certain aspects of international labour standards and human rights. The underlying principles and themes in the Director-General's introduction had their full support. The Workers had been impressed by the attempts made to relate the budget proposals to the objectives set by the World Employment Conference, particularly those concerned with the alleviation of rural poverty, even though these proposals fell somewhat short of what might have been hoped for. They also welcomed the proposals for the improvement of working conditions and the working environment and those covering tripartism and industrial relations, collective bargaining and workers' participation, contribution to sound industrial relations development, job security, etc. More emphasis should have been placed on workers' education; and they would join with the Employers in attacking wasteful expenditure in order to release funds for this purpose. The resources allocated under workers' education to the strengthening of organisations of workers in the rural sector were also inadequate.

11. Human rights lay at the heart of the ILO's mandate and the Workers strongly regretted the reduction in the resources allocated to this theme, even though it had resulted from further spacing out the reporting requirements. These reductions should, however, be compensated by increases elsewhere in the programme. The Workers welcomed the proposals with regard to migrants, women and young workers, and multinational enterprises. Increased resources had also been devoted to industrial activities; this trend should continue in the future. They wondered whether savings could not be made in the expenditure of the Conference; the Workers had frequently made proposals with this in view.

12. The Director-General had asked for a one-time payment of $10 million to the Working Capital Fund. The Workers accepted this but were anxious to have further details in order to understand the matter fully. They presumed that the payment was intended to replace the suggestion of accounting for certain unpaid contributions through an "Undistributed Reserve"; on this basis they would welcome the proposal. The Workers were particularly anxious that there should be a strong Working Capital Fund; it had served the Organisation well in recent years. The UNDP played an essential role in the ILO's over-all programme.
The Workers were, however, opposed to the suggestion that UNDP should take charge of all technical assistance activities. This would in effect exclude both employers and workers from any role in those activities. Technical assistance was an important means of action by which the ILO could play its proper role and it must be maintained and strengthened. The ILO's presence in the field at both the country and regional level was essential in order to promote the tripartite approach to technical co-operation.

13. The Workers would have liked to see a clearer picture of the total resources attached to rural activities. At present these activities were divided over a number of programmes and it was difficult to isolate the amounts involved. They approved the rate at which inflation had been provided for but reserved their position on the 65/35 per cent proposal relating to the payment of contributions. On the subject of publicising the ILO's activities, the Workers had been extremely impressed by the cassettes produced by the Public Information Department which gave some interesting information on what the ILO was and what work it did. These cassettes were being used at union training centres throughout the world. They might perhaps be supplemented by a short pamphlet showing what had been done by the ILO in the different regions during the previous two-year period.

14. The Canadian Government representative said that the budget document gave a full picture of how total resources were allocated to the various programmes and activities. He welcomed the emphasis given to technical advisory services and approved the major programme emphasis on employment and poverty, improvement of working conditions and the working environment, tripartism and industrial relations and promotion of human rights. It should not be thought, however, that a United Nations agency was stagnating merely because its budget did not increase. The ILO should follow the example of many of its members in times of high inflation and exercise restraint. He would find it difficult to agree to the Director-General's proposal to increase ILO programme resources beyond those made available by administrative economies and the deletion of non-priority projects and programmes. He welcomed the proposals aimed at reducing documentation. If these could be implemented successfully, the Director-General would be in a strong position to provide technical assistance to the ILO's member governments and workers' and employers' organisations. The table at the very end of the document showed that $11.3 million had been set aside for research, technical reports and special studies, whereas only $4.6 million was to be devoted to technical advisory services. The Committee would have to determine which of these two activities was of greater value to developing countries and to the ILO membership as a whole. In addition, the document did not appear to provide for any significant transfer of staff resources from headquarters to the field nor for an active personnel policy designed to ensure a system of staff rotation between headquarters and the field; he would welcome an explicit statement from the Director-General on the measures he intended to pursue. Although Canada recognised the need to strengthen action programmes that fell within ILO competence, any sizeable increase in technical co-operation should be financed through the UNDP. Some of the needs which the ILO was trying to meet, and which were not commonly supported by the UNDP, might be met by diverting ILO resources from headquarters to the field, by staff rotation and by the planned development of technical advisory services.

15. The amount proposed for the 1978-79 budget was too high. Under the proposals, governments' contributions would increase by 5.69 per cent. However, if allowance was made for the special payment of $14.5 million to the Working Capital Fund in 1976-77, the actual increase in the programme would be of the order of 16 to 17 per cent. Cost increases in 1978-79 were estimated at $17.3 million or 12 per cent. This figure took account of under-budgeting in 1976-77 for the recent substantial increase in General Service salaries; it also provided for an assumed rate of inflation of 4 per cent in 1978 and 5 per cent in 1979. This rate seemed too high, particularly since the greater percentage of the ILO's expenditure was incurred in Switzerland which had been successful in keeping inflation down. Reductions in costs could also be achieved through allowances for programme slippage and productivity increases and by reintroducing an adjustment for staff turnover.
16. In view of significant economies foreseen in administrative costs, it would appear to be the intention for programme growth to increase by roughly 6 per cent. The provision for real growth in 1978-79 should be reduced, to the 2 per cent achieved by administrative economies especially in view of the climate of economic restraint prevailing in most member States and in view of uncertainties with respect to membership in the ILO. He suggested an over-all increase from the base of $146 million, which had been the programme cost in the 1976-77 biennium, to a level of around $152 million. He felt that increases in the already high salaries of the staff should not exceed the rise in the cost of living. Also, salary increases should not be implemented until the Governing Body had made a decision on how the amount of the increase would be financed. With regard to the proposed payment into the Working Capital Fund, his Government's attitude would be strongly influenced by the extent to which economies in the budget were accepted.

17. In reply to Mr. Plant the Director-General said that $5,912,017 was allocated in the budget to rural development during the 1978-79 biennium, comprising $3,554,517 for technical programmes, $797,500 for regional advisory services and $1,560,000 which had been set aside for technical assistance for rural development. Referring to a point made by the Government representative of Canada, the Director-General confirmed that $14.5 million had been required in 1976-77 to reimburse withdrawals made from the Working Capital Fund in 1974-75 to counteract the effects of inflation and fluctuations in the rate of exchange. In his view the normal basis for calculating the increase in the budget between 1976-77 and 1978-79 should be to take the total amounts assessed on member States in the budgets of each of these two biennia; on this basis, the increase amounted to 5.69 per cent.

18. The Government representative of the Federal Republic of Germany noted that the ILO's budget was being discussed at a time when the aim of the financial and economic policy of most countries was stability. Although the increase in the total budget proposed by the Director-General appeared at first sight to be moderate, the real increase in the cost of the programmes was approximately $23 million or 15.7 per cent. In addition his Government would be faced with an increase of 18.2 per cent in its percentage rate of contributions to the budget. He thought that savings could be achieved by reducing by 1 or 2 per cent the inflation rate of 4 to 5 per cent per annum assumed in the budget; this would not be unrealistic in view of Switzerland's low inflation rate. The provision for salary increases was also too high, particularly in view of the United Nations General Assembly decision to have no further General Services salary increases until the report of the International Civil Service Commission was available. He reminded the Committee that the General Assembly had recently confirmed the principle that resources for multilateral technical co-operation should be concentrated in the UNDP. Nevertheless, his Government would continue, on a voluntary basis, to support further technical co-operation to be undertaken by the ILO. He would examine the proposal for a special payment into the Working Capital Fund but thought that the proposed amount of $10 million would be acceptable. The proposed formula for contributions in 1978-79 on a 65/35 basis to take account of the possibility of the United States leaving the Organisation. In such an eventuality the Governing Body would have to re-examine the whole ILO programme. In conclusion he supported the general lines of the proposed programmes and the contribution they would make towards solving important social problems in the world.

19. The Government representative of Mexico congratulated the Director-General in having put forward a balanced programme which showed an understanding of the needs of developing countries. He expressed his satisfaction with the emphasis given to programmes for rural workers. He approved the proposals regarding migrant workers, particularly those workers without documents. He regretted, however, that insufficient resources would be devoted to decentralisation; the process should be accelerated and action taken to solve the substance of the problem. As regards proposals for a special payment to the Working Capital Fund, he considered it wrong that developing countries and some others should be forced to meet the effects of the failure by certain rich countries to pay their contributions. He supported Mr. Plant's remarks about UNDP and said that he would transmit them to his Government, which had always been an enthusiastic supporter of the tripartite system. In conclusion he complimented the Director-General on having shown courage in facing realities and in giving a new direction to the work of the Organisation.
20. The Government representative for Austria said that the proposals were, on the whole, acceptable if somewhat ambitious in certain areas. He referred to the importance of close co-operation with other organisations in order to avoid duplication and wasted resources. Decentralisation should proceed further but without giving rise to an over-all increase in personnel. He would like to see additional provision for the provision of co-operation. It was not clear from the Director-General's introductory statement whether, in the event of the United States leaving the Organisation, it was proposed to spread the loss of 25 per cent of the Organisation's income among the other member States or whether programme cuts would be made. He did not agree with the proposal to divide contributions on a 65/35 basis over the two years of the biennium. Taken together with the increase in the rate of his Government's contribution, this would produce too great an increase from one year to the next in the amount payable.

21. The United Kingdom Government representative appreciated the clear and improved presentation of the budget document. He accepted the balance of the programme subject to reservations on one or two items which he would raise when the individual programmes were discussed. His Government supported the United Nations Consensus regarding technical co-operation. It followed that, while accepting the need to increase regular budget assistance, it was important to have regard to the type of programme to which the assistance was applied. With regard to financial matters it was true that governments were being asked to pay 5.69 per cent more than last time, but in addition there was already the new requirement for the Working Capital Fund and some further liability might yet emerge. To calculate the true increase in the cost of programmes in the budget, one had to discount the provision of $14.5 million in 1976-77 for payment to the Working Capital Fund; the true increase was thus 15-16 per cent. He shared the view of other members that the 4-5 per cent per annum inflation assumption was not realistic for Switzerland in present circumstances and should be reduced. He agreed with the Government representative of Canada that it was unrealistic to assume that General Service salaries would increase in real terms. Moreover, if in the event, the staff received a salary award that gave rise to real growth in salaries, he would expect this to be absorbed by economies and greater productivity. He noted that no allowance had been made for staff turnover. Although the situation was now somewhat different from the previous biennium, the budget nevertheless provided for an increase in staff. He suggested that an allowance of about half a million dollars be included for staff turnover and programme slippage.

22. Turning to the question of the arrears of contributions due from the People's Republic of China, he said that he understood that efforts would be made to assure that the contributions due would be made before a solution was devised. Speaking of the Working Capital Fund in general, however, he said that if it could be shown by means, say, of a cash flow forecast that the Fund might not be able to meet the various demands expected to be made upon it over the next year or so, he would support a one-time payment into the Fund as had been proposed by the Director-General. The Director-General had suggested that some of the immediate effects of a withdrawal by the United States could be cushioned by a formula under which a formula under which a formula of 55 per cent for the US withdrawal took place. However, the formula would in effect provide sufficient funds to continue with the full 1978 programme. It was quite unrealistic to assume that 25 per cent of the Organisation's income could be lost without having a significant effect on programmes. Some measures would have to be introduced to limit expenditure; this might require that in 1977 the Conference approve a contingency plan for this purpose. This being said, he was not opposed in principle to the suggestion of member States paying a slightly higher percentage contribution in the first year of the biennium; a figure of 55 per cent might be appropriate to the circumstances. If the majority of governments found it difficult to accept the principle of this proposal, then there would automatically be an additional burden on the Working Capital Fund. No doubt the Committee would want to look at this whole question very carefully.

23. The French Government representative noted the very moderate increase of 3 to 4 per cent, in constant dollar terms, in Part I of the Programme and Budget; he congratulated the Director-General on the way in which he had reduced costs, redeployed resources and reoriented programmes. The provision for inflation was, however, too high as Switzerland, in which about three-quarters of the HQ’s expenditures were incurred, had one of the lowest inflation rates. In regard to staff costs, which represented 70 per cent of the budget, provision had been made not only for a high rate of inflation but also for growth in the purchasing power.
of the salaries of General Service category officials at about 2.5 per cent per annum. Such an increase was inappropriate in present circumstances. Turning to the proposal by the Director-General for a one-time payment of $10 million into the Working Capital Fund in 1978 to protect the cash flow position, he stressed that expenditure should not be approved in excess of expected income. Under the present system, cash deficits were financed by withdrawals from the Working Capital Fund, these were reimbursed at a later stage. The disadvantage of this system was the delay between the withdrawal and the reimbursement. While he would have preferred the solution of an Undistributed Reserve, he was willing to consider the new proposal. Further information was required, however, on how the $10 million would be used and how it would affect the nominal level of the Fund.

24. The Hungarian Government representative considered the Programme and Budget proposals somewhat ambitious in the light of the present world economic situation. While they were intended to help solve problems of extreme importance to great masses of people and to many different countries, ambition had to be tempered by realism. Many of the problems were difficult and complex; economy and effectiveness of action in dealing with them would be increased if more use were made of the experience already gained by member States. The proposals had many positive features, notably the action planned in response to the findings of the World Employment Conference. Due emphasis had also been given to the improvement of working conditions and the working environment, one of the most important fields in which Eastern and Western countries could co-operate. The needs of women and young workers had also been given their proper place in the programme. He welcomed the economies to be made in respect of documents and publications and administrative costs. Greater provision should, however, have been included for standard-setting activities. On the other hand, he could not support the proposal that $10.5 million should be devoted to technical co-operation; it was his Government's position that resources for such activities should be centralised in the United Nations Development Programme. While he hoped that the United States would not leave the Organisation, adequate plans should be made to deal with the financial problems which would result from a withdrawal. The Director-General's proposal that member States should pay 65 per cent of the budget in the first year of the biennium could only be an interim measure. He therefore considered that a further set of Programme and Budget proposals should be prepared incorporating all the measures which would need to be taken if the withdrawal actually came about. While providing for the necessary reductions in staff and in programmes, such proposals should maintain the basic aims of the Organisation together with the programmes of importance for the developing countries and the great masses of people. The real increase in the budget was high and his Government could not approve it. The inflation rates and salary increases provided for were unjustified. The ILO's budget should reflect today's economic climate in which governments had to exercise great financial restraint and workers had to accept reductions in living standards. A budget of $152 million for 1978-79 would be reasonable in relation to the original budget for 1976-77 of $144 million.

25. The Indian Government representative said it would have been useful if figures of expenditure incurred in 1974-75 and estimated expenditure in 1976-77 had been provided for each subprogramme. This would have made it easier to locate areas of possible savings. His Government approved the general orientation of the budget and in particular the emphasis on the struggle against poverty and unemployment. The level of the budget, however, was high. A drastic reduction in the less essential items of expenditure was called for, in line with the strict financial discipline now being observed by member States. The assumed rate of inflation should be reduced and no provision should be made for real growth in staff salaries, at least until the International Civil Service Commission had made its recommendations. The duration and frequency of certain meetings could be reduced without affecting the work of the Organisation, as could certain of the more academic research activities. If the Director-General's proposal for a one-time payment of $10 million into the Working Capital Fund would mean an increase in the budget level from $169 million to $179 million, his Government might not be able to accept it. He had serious reservations on the proposal that 65 per cent of the budget for the biennium should be assessed on member States in 1978 since this would not solve the problems which would arise if the United States withdrew from the Organisation. A contingency plan involving a restructuring of the Programme and Budget should be prepared and placed before the Conference in June so that if the United States were to withdraw the necessary measures could be put into effect immediately. His Government welcomed the modest real growth in the proposed budget level. There were, however, disparities in the real growth increases as between the different programmes. For sectoral activities, for instance, real
growth was 29.14 per cent, whereas for employment and development it was only 4.95 per cent. With the estimated $5 million reduction in extra-budetary resources, the total level of the employment and development programme would, in fact, be much lower than in 1976-77. If, as stated by the Director-General, the total resources provided for rural work were only about $6 million, all the exhortations of the World Employment Conference would seem to have gone in vain.

26. The Government representative for Poland drew attention to the parts of the introduction to the document which referred to the difficulty of preparing the proposals, the needs of workers and the effects of the increasing expenditure on armaments. In considering the proposals the Governing Body and the Conference would have to find the proper balance between financial constraints and the needs of the workers. His Government approved the four major themes of the programme, in particular employment and poverty and the improvement of working conditions and the working environment. He also attached great importance to questions covering human rights, the problems of women and young workers and problems relating to multinational corporations and rural development which were also dealt with in the proposals. While his Government fully supported the principle of aid to the developing countries, it maintained its reservations concerning the provision of increased resources for technical co-operation in the regular budget. Every endeavour should be made to obtain additional extra-budgetary funds for such activities from the UNDP or other sources. He supported the proposal to strengthen the role and effectiveness of the external offices and of chief technical advisers, provided this did not lead to overlapping with functions carried out at headquarters. The Third European Regional Conference should be held as soon as possible in view of important existing problems which were of concern both to his Government and to the European States. Unlike Mr. Oechslin he saw no risk in convening the Conference, which would provide a useful opportunity for a constructive dialogue between countries with different social systems.

27. He appreciated the Director-General's efforts to achieve the economies requested by the Governing Body and the annual Conference. Additional economies could be made by reductions in administrative expenses and research and by rationalising working methods. Overlapping with the work of other international organisations should also be eliminated. He agreed with previous speakers who had expressed the view that the provision for staff salaries was too high. In spite of the economies made by the Director-General the proposed budget represented an increase of $9.1 million over the current biennium. As other speakers had pointed out, although the increase in the total was 5.7 per cent, the increase in Part I was nearly 17 per cent. The proposed additional payment of $10 million into the Working Capital Fund would raise the total increase still further. The proposal that 65 per cent of the contributions be paid in the first year of the biennium was not the best or most practical response to the possible withdrawal by the United States. Alternative budget proposals should be drawn up immediately and held ready in case implementation became necessary. Finally, he considered that the budget for 1978-79 should be held at the same level as in 1976-77; this should be achieved by further economies in the proposals.

28. The Australian Government representative said the graphs and charts included this time had helped to make the document more understandable. He regretted, however, that comparable figures for the previous biennium had not been given for individual programmes and that the breakdown of the programme and subprogramme estimates by object of expenditure had been omitted. His Government wholeheartedly endorsed the general approach of the proposed programme. The importance of dealing with unemployment and rural poverty needed no emphasis. He wished, however, to stress what the Polish Government representative had said about the need for a realistic approach and the avoidance of theoretical research. Working conditions and the working environment had been the ILO's concern from the beginning and should continue to receive proper emphasis. With regard to tripartism and industrial relations, he underscored the observation, frequently made by members of the Governing Body, that if the ILO did not tackle the complex and admittedly controversial issues in this field, the shape and style of industrial relations might be set by other institutions not necessarily tripartite. He agreed with Mr. Plant that the complexity of the problem was no justification for avoiding it. Action in regard to human rights was, of course, becoming even more important. His Government would note with interest how the proposed rotation of staff between headquarters and the field was carried out. Finally, given modern communications, he saw no apparent need for ILO offices in the European countries; there should be some scope for savings in this area.
29. The budget proposals were, in general, both imaginative and realistic. But financial constraints and the current economic policies of governments would make it difficult for them to accept an increase over 1976-77. It was not unreasonable to assume that some pruning would be possible without affecting the over-all programme. The provision for inflation in Switzerland might be reduced; if events proved such a reduction to have been over-optimistic, the deficit could no doubt be made good by increased productivity. The Director-General's proposal that 65 per cent of the budget be assessed in the first year of the biennium would create considerable problems for many governments with annual budgets. If such a proposal were associated with a request for a budget increase, it would be difficult to persuade the financial authorities of member States to accept it. It was necessary, therefore, both to reduce the level of the budget proposals and to allow governments more time to consider what measures should be taken if the United States were to withdraw from the Organisation.

30. The Japanese Government representative commended the way in which, in spite of the ILO's financial difficulties, the Programme and Budget proposals responded to the wishes of member States. He drew attention, however, to the background of world-wide austerity against which consideration of the estimates had to take place. For Japan, the increase in the budget level would be aggravated by an increase in its assessed rate of contribution. He called for a return to the 'reasonable level' that the ILO should set for itself, but do them better. He welcomed the savings which had been made in the administrative field and hoped further such efforts would be made. He also shared the views of the Government representatives for Canada, the United Kingdom and the Federal Republic of Germany in regard to salary increases and the financing of technical co-operation. In common with previous speakers he considered there was room for a reduction in the provision for inflation in Switzerland in 1978-79. Upon the resolution that the Organisation were to be put on a firmer basis, a solution, possibly along the lines discussed in the Allocations Committee in November 1976, would have to be found to the problem of the non-payment by China of its assessed contribution. While reserving his Government's final position on the matter, he considered that a special payment into the Working Capital Fund might be acceptable as an emergency measure. A figure of $10 million, though, would unquestionably be too high; any amount eventually decided upon would have to be offset by savings elsewhere in the budget. He was opposed to the proposal that 65 per cent of the budget should be assessed in the first year of the biennium. It was to be hoped that the United States did not withdraw from the ILO. However, since a withdrawal would inevitably affect the activities of the Organisation, a contingency plan for such an eventuality should be prepared for submission to the Conference in June 1977 at the latest.

31. The USSR Government representative said that both the Programme and Budget proposals had to be examined in relation to each other. The main aim of the programme should be to solve the most urgent problems of workers and the document did in fact state that efforts would be concentrated on four priority areas. These areas did not, however, include social security, which also deserved priority treatment since it concerned all workers. With regard to action to promote tripartism, his Government continued to hold the view that assistance should be confined to workers' organisations; employers' organisations did not need outside help. The over-all programme should be based on the actual income which would be available to the Organisation rather than on the figure of assessed income. It was thus essential to identify key areas in the programme and to give them first priority in the allocation of funds. Decentralisation of activities was justified if it led to greater effectiveness and economy in the work of the Organisation. He noted that it was proposed to accelerate the process of decentralisation although information had not yet been supplied on the results of what had taken place so far. The Committee should be provided with more details of the measures already taken and planned. He supported the convening of the Third European Regional Conference and other regional meetings within budgetary means since such meetings could bring about solutions to the problems of greatest concern to the region in question; this had been shown very clearly in the case of the Asian region.
32. With regard to the budget as a whole, he noted that the Director-General had made a considerable effort to reduce administrative expenses. Further reductions could no doubt still be made, and this could be discussed when the proposals were considered item by item. As other speakers had pointed out, the real increase in the substantive part of the budget was of the order of 17 per cent rather than the 5.7 per cent indicated. His Government's contribution had more than doubled between 1974-75 and 1976-77; they had therefore voted against the budget for the present biennium. He therefore insisted that the budget for 1978-79 should not be higher than that for the current biennium. He did not fully comprehend the purpose and manner of the new proposal for a payment of $10 million into the Working Capital Fund; his Government would need time to consider this matter. As previous speakers had pointed out, there were many reasons for not accepting the Director-General's proposal that 65 per cent of the 1978-79 budget should be assessed on member States in the first year of the biennium. Among these were possible changes in membership of the Organisation by 1978. He therefore supported the suggestion that the Director-General should prepare proposals for an alternative Programme and Budget to be implemented if the United States withdrew from the Organisation; these should be submitted to the Conference in June 1977. With regard to technical co-operation, he shared the view of previous speakers who felt that it should be financed mainly from extra-budgetary resources. While he supported the requests by developing countries for practical assistance under the regular budget in matters falling within the specific competence of the ILO, he considered that such assistance could be made available within the limits of current budget credits. A sharp increase in these credits was not justifiable, particularly in the light of the uncertain financial situation. Finally, he recommended that additional economies should be made by increased productivity both at headquarters and in the field, by eliminating recourse to external collaboration and by reducing publications activities. The programme as a whole should be closely examined to delete from it anything not of basic importance to the Organisation and to the great masses of workers.

33. The Norwegian Government representative said that his Government could support the budget proposals and could accept the proposed level of the budget. He fully agreed with the increased provision for practical action to assist the developing countries and was satisfied with the emphasis that had been placed on the various main fields of activities, with the exception, however, of major programme 60 (Employment and Development). This was the principal programme for the follow-up of the World Employment Conference and he was surprised that the estimates reflected only a modest increase of some $400,000 compared with the present biennium. While accepting that it might be realistic to expect some reduction in the UNDP contribution to this programme, resulting from that organisation's financial problems, he did not understand why the Director-General also expected a reduction in contributions from other extra-budgetary resources when his estimates reflected an increase in extra-budgetary resources for all other major programmes. He was aware that the follow-up of the World Employment Conference was a recurring theme in the Director-General's proposals for each major programme, nevertheless, it was to be regretted that only some 6 per cent of the total budget was to be devoted to major programme 60 which would be mainly responsible for this task. It was equally to be regretted, and this view was shared by other Nordic countries, that the total for the programme, including contributions from UNDP and other sources, showed a reduction of $4.4 million compared with the corresponding amount in the budget for the present biennium.

34. Referring to the budget proposals for technical co-operation activities, the Norwegian Government representative agreed with the Director-General that the amount in the budget should continue to be kept to a modest figure and that the ILO should rely on voluntary extra-budgetary funds for most of its technical co-operation activities. His Government also concurred with the position taken by both the Canadian and the United Kingdom Government representatives in this connection. However as the ILO's regular budget was the only source of funds for technical co-operation for the improvement of working conditions and environment, the application of international labour standards, industrial relations, and assistance to workers' and employers' organisations, all of which were of direct concern to the ILO, his Government supported the proposal to set aside $10.5 million for technical co-operation in the next biennium. Within the budget, savings might be found by a reduction in the provisions for inflation, by allowing for some programme slippage and by providing for some increase in productivity; the provision for salary increases should also be re-examined. In addition,
the Director-General should look further into the activities of the European liaison and branch offices as had been suggested by the Australian Government representative. He would be interested to hear the results of the review of the structure of these offices which was to have been carried out by the Director-General. In conclusion he reserved his Government's position both on the proposal that member States should pay in 1978 65 per cent of their contributions for the biennium and on the proposed one-time payment of $10 million into the Working Capital Fund.

35. The Government representative of Italy said that the continuing increase in the amount of the ILO's budget created a serious problem for his Government irrespective of whether the increase resulted from financial factors or from an increase in the Organisation's programmes of activity. The increase proposed for the next biennium came at an unfortunate moment when a number of member Governments had recently had to put into effect programmes of severe economic restrictions. Referring to the main programme emphasis, he agreed that priority should be given to action in the fields of employment, training, migrant workers, the improvement of working conditions and the working environment, particularly in rural areas, and to the strengthening of tripartism. Turning to specific questions which had been raised during the discussion, he suggested that the provision for salary increases should be calculated solely on the basis of expected movements in the cost of living at Geneva since this was where most of the staff were located. On this same basis, the provision for inflation of between 4 and 5 per cent seemed too high. The proposal that member States should pay 65 per cent of their total contributions in the first year of the biennium would create problems for some governments; this percentage should be revised downwards as suggested by the United Kingdom Government representative. A considerable reduction should also be made in the amount which it was now proposed to pay in to the Working Capital Fund. In conclusion, he voiced his Government's hope that the United States would decide to remain a member of the ILO and would continue to support and collaborate in the work of the Organisation. Should the United States withdraw, however, he would expect to see a reduction in the ILO's programme directly proportional to the resulting reduction in contributions.

36. The Government representative of Sri Lanka referred first to the proposal regarding a payment of $10 million into the Working Capital Fund. His Government had made its position clear earlier with regard to the use of the Fund and he now looked forward to the Director-General's response on this subject since this was directly related to certain economies that needed to be made. Some speakers had suggested that there should be a contingency plan to cover a possible 25 per cent reduction in income in the next biennium. Whilst he had some sympathy with the Director-General in not having so far provided such a plan, the Committee nevertheless had to assure itself, before it finished its work, that a viable procedure could be put into effect. He was satisfied that the Director-General had made a realistic attempt to establish some of the priorities that his Government had referred to from time to time and which were now generally accepted. However, he was not certain that there would be adequate resources for maintaining these priorities in the face of the challenges of the ILO. He noted that the bulk of the budget was still to be devoted to staffing and administration. It would be useful if the Committee could be provided with some information on the correlation between the performance of staff and other factors against the programmes. The amount of $10.5 million provided for technical assistance, including direct assistance, was far too low. There was also too great a dependence on extra-budgetary resources for activities in those areas which should be of prime concern to the ILO, if the Organisation was to have any relevance for the masses, especially the workers. He felt that there was scope for savings within the budget in a number of respects; for example, in research and publications. Could not research more usefully be linked directly to a continuing development programme rather than carried out in isolation? It might also be significant that very few issues from the 1970s appeared in the list of best-selling ILO publications.

37. The resources set aside for the follow-up of the World Employment Conference, and for the whole field of employment and development, were far too small and should be increased through economies made elsewhere in the budget. He disagreed with several earlier speakers who had suggested that assessed regular budget contributions should not be used for technical co-operation. On this question, the representative of Sri Lanka indicated that he was speaking for those members of the Group of 77 who were also members of the Committee. Technical co-operation was one of the most important aspects of the work of the United Nations and of the specialised agencies, including the ILO. It could not be accepted that the ILO had no direct role to play in this matter and that much of its focus on the
main areas of emphasis should depend upon the voluntary allocation of funds by UNDP which was itself facing a financial crisis. Nor could one reasonably challenge the arguments put forward in the Director-General's introduction to the budget regarding the need for the ILO to carry out certain types of technical co-operation projects under the regular budget. On the contrary, it could even be argued that there was a case for increasing the regular budget allocation for this purpose; this would be feasible if economies were made in other areas.

38. The Government representative of Yugoslavia supported the general lines of the Programme and Budget proposals together with the shifts of emphasis and the reorientation of the programme to meet new demands and more recent developments. In this connection he referred particularly to the conclusions of the World Employment Conference, although he felt that insufficient resources had been allocated for implementing all the decisions the Conference had taken. He particularly stressed that the ILO should participate in the world-wide programme in support of household surveys to map the nature, extent and causes of poverty which had been demanded both by the World Employment Conference and by the Colombo Conference of Heads of State of non-aligned countries. He did not share the view of those speakers who had been concerned at the allocation of regular budget resources to technical co-operation and technical assistance activities. Technical assistance was accepted as a legitimate means of ILO action and it would be illogical to exclude it from the ILO's budget. This was especially true of action in areas for which the ILO had the primary responsibility and competence. He therefore supported the Director-General's budget proposals for technical co-operation.

39. Within the over-all programme, more provision should have been made for migrant workers and migratory movements, including questions relating to the brain drain. Although he supported a number of subprogrammes under major programme 70, he felt that the whole field of training deserved fuller consideration and perhaps some rethinking. As to the major programme for industrial relations and labour administration, he had serious doubts concerning its expressed central aim of strengthening tripartism in member States and drew attention to the views he had put forward on this subject at the General Conference last June. He made a number of points in connection with the financing proposals in the budget. First, he underscored the position of the spokesman for the Employer members that the ILO should not plan to spend more than its expected income. Secondly, it seemed clear that the increase in the ordinary budget was greater than 5.6 per cent. Thirdly, a heavy burden would be placed on member States by the proposal to pay $10 million into the Working Capital Fund, coupled with the suggestion that Members should pay their 1978-79 contributions on a 65/35 per cent basis. He appreciated the Director-General's willingness to examine with the Committee possible ways of reducing expenditure and of avoiding either a withdrawal from the Working Capital Fund or the need for the payment of 65 per cent of the contributions in 1978. If such measures could be taken, the Working Capital Fund would be better able to meet whatever situation arose at the beginning of next year. As an added help in this context, authority might be sought from the Conference in June for certain measures to be undertaken in November, should there be need for such measures.

40. The Government representative of Colombia noted that approximately 70 per cent of the expenditure provided for in the budget consisted of staff costs for a staff in which his country had a very small share both in terms of numbers and grades. With regard to programmes, a large part of the budget was allocated to general administrative expenditure. A further considerable allocation would go to standard-setting activities. His Government had certain doubts as to the legal universality of international labour standards in view of the extent to which social and economic conditions differed from country to country. On the positive side however, there was the intention to implement the conclusions of the World Employment Conference through programmes of technical co-operation. Such programmes in favour of the developing countries should not be considered a possible source of budgetary savings. Savings should be sought from within the provision for administrative expenditure, and possibly through additional decentralisation of staff to countries where the dollar had a higher purchasing power. His Government was not able to accept the proposed increase in the budget at this stage as it did not yet know what percentage it would have to pay.

41. The Government representative of Argentina said that the discussion so far had pointed to the need to re-examine the budget with the aim of matching expenditure to expected income. A number of speakers had suggested areas where the necessary savings could be found. He hoped however that no reduction would be made in the programmes for technical co-operation in view of the benefits which they brought to the developing countries.
42. The Government representative of Turkey agreed with the previous speakers who had emphasised the difficulties posed for governments by the proposed increase in the budget. Nevertheless he hoped that reductions decided upon by the Committee would not fall upon the programmes for rural workers and migrant workers or upon the technical co-operation programmes, all of which had a high priority for the developing countries.

43. The Government representative of Brazil expressed his agreement with the views of the representatives of Sri Lanka, Colombia and Argentina regarding technical assistance to the developing countries. Technical assistance was the ILO's most important means of action; any cuts in these programmes could only reduce the effectiveness of the Organisation.

44. The United States Government representative said that he was in a rather difficult position, for reasons which were well known to the Committee, and while maintaining an interest in the general thrust in the specific matters contained in the budget, he felt that it would not be appropriate for him to participate in the discussions to the same extent as in previous years. He had been pleased to note that the Director-General would seek further opportunities to clarify the intentions of the People's Republic of China regarding its participation in and membership of the Organisation. He assumed that in the meantime there would be no further discussion of this question. Referring to the programme proposals which were before the Committee he considered that the main programme emphases were a reaffirmation of the Organisation's important priorities and major concerns. He had noted the greater emphasis which was to be given to action-orientated research and welcomed the considerable increase proposed in technical advisory missions. For the latter, he thought it would be useful to establish a follow-up procedure through which the effectiveness of the missions could be assessed. He would like to see a re-examination of the proposals for other meetings (listed in Information Annex No. 5) where a decrease was proposed. Properly prepared meetings of experts and symposia played an important role in the analysis and dissemination of information in member countries. The emphasis which had been given to implementing the guidelines set by the World Employment Conference was to be expected. The main thrust of the ILO's action should be to strengthen the role of ministries of labour - the focal point of the ILO's concerns - in efforts by governments to achieve fuller employment. Work on occupational safety and health deserved increased attention. He hoped the ILO would play a central role in setting up a hazard alert system in this field, including the identification of health hazard standards.

45. Mr. Brown said that he would address himself primarily to the question of programmes. The key to the five priority emphases which were to be set for the coming biennium, and to all the ILO's programmes and activities, would be the question of human rights and in particular, trade union rights. This was a decisive issue on which the ILO's future would have to be judged. The ILO had several excellent means of action in the field of human rights - for example, the section of the Office which dealt with standards, the Committee of Experts on the Application of Conventions and Recommendations, the Conference Committee on Applications. If the ILO wished to be truly effective in this field, it would have to find a way to respond to events that gave quicker results than the lengthy legal complaints procedures. The answer lay in an open door policy in which his own and other countries would welcome inspection by an independent commission in cases where an individual or a group of individuals considered that they were being discriminated against. This was the direction in which the Organisation should be moving, particularly in matters concerning the violation of trade union rights, a subject which came up in discussions at practically all ILO meetings. Human rights, trade union rights and tripartism were necessary for any modern economy to be successful. The emphasis which the ILO gave to these elements in its programmes would be a factor in helping governments to concentrate on programmes for fuller employment. With regard to technical co-operation activities, he challenged the move on the part of governments to centralise resources in UNDP. To be effective, technical co-operation needed the participation of management and labour. It therefore had to be carried out as a tripartite activity. In this, the role of the ILO was vital, especially in the areas covered by the Industrial Activities Committee. He was concerned that very little real increase was proposed in this area and thought that these activities should be expanded. The specific and unique character of the ILO was expressed in its tripartism, its standard-setting activities and its deep concern with human rights and trade union rights. The ILO should strengthen its impact in these fields. In his view, the organisation would not be successful if the belief that the United States should remain in the Organisation and should take a more effective part in guiding the ILO into becoming the kind of organisation which it should be and which it had been in the past.
Item-by-item discussion of the Programme and Budget proposals

46. The Committee then proceeded to an item-by-item discussion of the proposals.

Major Programme 10 - International Labour Conference

47. Mr. Oechslin, speaking on behalf of the Employer members, thought that almost all possibilities for savings in this major programme had been exhausted. He asked whether the estimates had been based on holding the Conference as a whole at the Palais. He was not in favour of holding certain Conference committee meetings in the ILO building since the difficulties this entailed for the group secretariats and for many delegations, particularly the small ones, far outweighed savings.

48. Mr. Plant, speaking on behalf of the Worker members, noted that provision had been made for only two new items for first discussion in 1979 and 1980, although admittedly without prejudice to decisions that the Governing Body might take later. He reserved the Workers' right to ask for more items. He wondered whether copies of the reports listed under paragraph 10.9 had been sold and, if so, how much of the proceeds had been paid into the Working Capital Fund.

49. The Government representative of Yugoslavia recalled an earlier decision to abolish the minutes of Conference committees. His understanding had been that there would nevertheless be a record of decisions taken in the committees. He asked for clarification as to why no reference to this was made either in the budget document or in the documents presently before the Committee on Standing Orders.

50. The Government representative of the Federal Republic of Germany referred to the provision of $573,000 for printing the Conference Provisional Record. This appeared excessive in comparison with other provisions in the programme. Savings should be possible by setting, say, a 24-hour period for the printers rather than printing overnight.

51. The Government representative of Poland agreed. He also asked for cuts in the number of copies of reports for the Conference, particularly the Director-General's Report, and the Provisional Record.

52. Mr. Plant said the Provisional Record could be issued two days later if necessary to enable work on its production to be done in the daytime, except for the last week of the Conference when immediate issue was necessary to circulate the texts of Conventions, Recommendations and resolutions submitted for adoption in plenary. He asked whether the Selection Committee could be scheduled to meet earlier than 6 p.m. each day. This might reduce the incidence of overtime. Mr. Oechslin said the Employers preferred to keep the practice of issuing the Provisional Record the following day. Only by doing this could small delegations whose delegates had to attend committee meetings be kept abreast of the work in plenary. It would greatly help if all committees began their business punctually. This would produce considerable savings in time and resources.

53. Mr. Yoshimura agreed with the suggestion for earlier meetings of the Selection Committee, subject to its having available the necessary information on the facilities needed on the following day by the technical committees.

54. The Government representative of India asked whether external printing could not be done in countries where printing costs were low and whether the reprinting of the final Record of Proceedings could not be avoided by simply binding Provisional Records and sending them to member States.

55. The Government representative of Japan felt there was room for reducing the number of copies of the Provisional Record that were printed. Not only did delegations receive copies at the Conference, but 10 or 20 additional copies were sent to each mission in Geneva.

56. Replying to the points raised, the Deputy Director-General in charge of the General Administration Sector hoped that the Employer members would reconsider their position with regard to the use of the ILO building by Conference committees.
Space used in the Palais had to be paid for and, moreover, the United Nations were pressing the ILO to use less space there because the numbers of their own meetings were increasing. Over-all sales revenues for ILO publications had increased by 13 per cent in 1976 to a total of $746,000. Half of this went into the Working Capital Fund. The Office kept up a constant search throughout the world for the least expensive means of external printing; printing contracts had been concluded in over a dozen different countries during the year. In reply to a further question by Mr. Oechslin, he explained that because the United Nations had no budgetary provision to rent meeting rooms from the ILO it was not possible to obtain more rooms for the Conference at the Palais by offering the United Nations the use of ILO meeting rooms. He confirmed that brief records would be kept of decisions taken in Conference committees.

57. The Government representative of Yugoslavia asked that this latter point be made clear in the Committee on Standing Orders.

58. With regard to possible savings in the reports printed for the Conference, the Deputy Director-General in charge of the General Administration Sector then confirmed that the number of copies of the Provisional Record circulated during the Conference could be reduced by 1,000 to 4,500, thus saving about $2,000 in the biennium. He said that, following consultations within the Office, and particularly with the Legal Adviser, he could also accept the proposal to dispense with the final printing of the Record of Proceedings; a saving of some $100,000 in a biennium would result. An amendment to article 23 of the Standing Orders would be required, but this would not affect the distribution of authenticated texts of all Conventions and Recommendations. With regard to the Provisional Record, he suggested three alternatives. First, to follow the procedure adopted at the World Employment Conference which consisted of summarising the speeches made in the general discussion; this could be done without hiring additional staff and would save some $200,000 in the biennium. Secondly, to restrict verbatim reporting of speeches in English, French and Spanish to the language in which the speech was given and to provide a summarised record in the other languages; this would save $80,000 in the biennium. Thirdly, to delay the preparation and circulation of the Provisional Record by 24 to 48 hours except for the last week of the Conference; this would save about some $70,000 in the biennium.

59. The Government representative of Yugoslavia was under the impression that the Governing Body had already discussed the matter of summarising speeches and had decided to maintain the Provisional Record in its present form.

60. The Government representative of the United Kingdom felt that to adopt the first or second alternatives might nullify the savings expected from not printing a final Conference record since delegates would have to be given an opportunity to verify the correctness of summaries before they were finalised. He was in favour of the third alternative.

61. Mr. Plant said that the Workers could accept the third alternative. Mr. Oechslin said the Employers could also. However, the other alternatives might be given some further consideration. The third alternative was also agreed to by the Government representatives of the Federal Republic of Germany and Yugoslavia.

Major Programme 20 - Governing Body

62. Mr. Plant, speaking on behalf of the Worker members, questioned whether the representation allowance for the Chairman of the Governing Body should be increased in the present circumstances. The Worker members were now ready to concede that first-class travel should no longer be a matter of right; however, there should be some flexibility, particularly for those who travelled long distances. They had also noted that economies would result from discontinuing the final Governing Body minutes. Mr. Oechslin reserved his position on the question of first-class travel. The Government representatives of Yugoslavia and India welcomed the Workers' offer to give up first-class travel and appealed to the Employers to do likewise; perhaps the groups could also agree on those cases in which first-class travel should be granted in future. The Government representative of the Federal Republic of Germany said that the Executive Council of the WHO had recently decided to eliminate first-class travel for members of the Council.

63. The Deputy Director-General in charge of the General Administration Sector, replying to questions raised in the discussion, said that adjustment to the Chairman's allowance was automatic and that the budget text was intended to inform the
Committee of the adjustment needed to maintain the Swiss franc value. The elimination of final Governing Body minutes would produce savings of about $200,000. He assured the Committee that the Office sought to obtain the best possible fare rates for all travel, whether by Governing Body members or by the staff. The temporary staff referred to in paragraph 20.3 were mainly interpreters, but also included a limited number of messengers and other clerks who were hired on a short-term basis only.

Major Programme 30 - Major regional meetings

64. Mr. Plant said the Workers would prefer to hold the European Regional Conference in the first part of 1978 so that the present members of the Governing Body could participate. Alternatively, it should be held in 1979 to give the new members time to arrange the agenda. The Workers would not press for an early meeting of the Ninth Conference of American States Members of the ILO as they were concerned that many of these States did not recognise freedom of association. The Government representative of Venezuela said that the problem raised by Mr. Plant would not be solved by postponing the Conference of American States Members.

65. The Government representatives of the USSR and Hungary supported the proposal to hold the Third European Regional Conference; it might afterwards be necessary to convene a European Regional Advisory Committee to consider whatever specific measures might have been recommended by the conference.

66. Mr. Oechslin said that the Employers would prefer not to have a meeting of the European Regional Conference. Before this question could be considered further, a clear objective in keeping with the ILO's mandate would have to be decided upon for the conference; it would not suffice to say that the meeting would serve rapprochement between East and West. The Employers felt there were other ways of promoting European co-operation.

67. Whilst he appreciated the position of the Employer members, Mr. Muhr recalled that, at the last meeting of the members of the Governing Body, the Workers' group and all except one of the Government representatives had been in favour of holding the Third European Regional Conference in the next biennium. The ILO had a long-standing traditional link with the European region and this should be kept alive. It was this region's problems which had been at the origin of the ILO's existence. These problems subsisted, albeit in different forms, and justified full discussion at a regional conference. Such a conference would have to deal basically with industrial problems which should not necessarily lead to a political confrontation. With regard to the Americas, he stressed that Mr. Plant had opposed a regional conference also because of the difficulty of finding a suitable location in a country in the region which respected the principles of freedom of association and which would be prepared to act as host to the conference.

68. The Government of Poland said that the majority of the members of the Governing Body were in favour of holding a European Regional Conference. There were many labour and social problems common to all European countries that needed to be discussed. The experience of the Second European Conference had demonstrated how useful a dialogue could be.

69. Mr. Vitalc Jakasa urged treatment for regions according to need. He recalled that the Worker and Employer members of the Inter-American Advisory Committee, which had met recently, had insisted that the Director-General's Report to the American Regional Conference should centre on standard setting, human rights and trade union freedom. This conference was necessary, and the Employers would be happy to see it held in Washington.

70. The Government representative of France said his Government supported the holding of a European Regional Conference provided that an acceptable agenda is adopted. The Government representative of the Federal Republic of Germany expressed a similar view. With regard to the African Advisory Committee, he asked how long the evaluation team was to stay in the region. The Chairman commended that what really mattered was how the time available was used.

71. Mr. Sánchez Madariaga said that Mr. Plant had correctly expressed the views of the Worker members with respect to the regional conference in the Americas. These were based essentially on the fact that they did not yet know which would be the host country. The suggestion of holding the conference in Washington could not be seriously considered in view of current doubts concerning United States membership of the ILO.
72. The Government representative of Norway said that there were important matters to be discussed at a European Regional Conference. His Government considered that the two main themes should be the improvement of working conditions and the working environment and employment problems in Europe, including the training of young people.

73. The Director-General said that provision for a Third European Regional Conference had been included in the programme to reflect the wishes of the majority of the members of the Governing Body. He had suggested originally that it be held in 1980, but had brought the date forward as the majority had wanted it to be held in the 1978-79 biennium. It would be held in the ILO building. The technical item on the agenda would cover the problems of the working environment. His report may cover the problems of vocational training and its relationship to employment; a final decision, however, would have to await further consultation. As to the timing, he thought that the first half of 1978 would be too early, since no action could be started before the Programme and Budget had been adopted by the International Labour Conference in June this year. It would be preferable to think in terms of 1979 to ensure adequate preparation. As regards comments relating to the Conference of American States Members of the ILO, he reiterated his view that regional conferences, whether in the Americas, in Africa or in Asia, played a vital role as a means of dealing with problems specific to a region. It was important to reinforce the authority of such conferences and to prepare them carefully. He hoped that the Conference of American States Members would have a contribution to make to the ILO's work in the field of human rights, especially in regard to freedom of association. At this stage it was too early to raise the question of the host country.

Major Programme 40 - General management

74. In reply to a question by the Government representative of India, the Director-General said that some savings would be possible if the Assistant Directors-General were posted to the regions; however, he thought that they would not be very substantial. He recalled that this matter had been raised at the previous session of the Governing Body during which he had pointed out some of the practical difficulties which would be encountered. He still believed that regional programmes should be in the charge of Assistant Directors-General; and that posting these officials to the regions would be in line with the policy of decentralisation.

75. The Deputy Director-General in charge of the General Administration Sector explained, in reply to the Government representative of the Federal Republic of Germany, that increases in the cost of the programme had been set off against other decreases. In reply to a question by the Government representative of Thailand, he explained that it had been found desirable to have a central control point for hospitality allowances. At the beginning of each year each regional office was given a limit up to which expenditure could be incurred.

Major Programme 50 - International labour standards

76. Mr. Vitoic Jakasa, speaking on behalf of the Employer members, said that there was no possibility of making any reductions in this important programme. Indeed he doubted that the resources allocated would be sufficient to enable the Organisation to carry out its commitments under the United Nations Human Rights Covenant. He regretted that no provision had been made for a symposium on freedom of association. The Employers considered that the one recently held in Mexico City had been very useful and was well worth repeating. There was also a need to take a future look at the work of the Governing Body Committee on Freedom of Association with a view to rationalising the complaints procedure. Although he had no precise recommendations and did not wish to restrict the scope of that Committee he felt that it would be useful to apply some measures of selectivity so that it could concentrate on responsible and serious complaints. He felt it was over-optimistic to make no financial provision for special inquiries under the procedures provided for in Article 26 of the Constitution. He was however pleased with the proposals concerning direct contacts and with the proposed action concerning the Legislative Series.

77. Mr. Plant, speaking on behalf of the Worker members, regretted the overall reduction in resources for this major programme, which reflected a reduced workload because of the spacing out of reporting requirements. The Workers had only accepted the spacing-out arrangements on condition that the resources thus freed
would be devoted to other activities within the same major programme. In this
light, the allocation of resources was too low as regards the promotion of the
implementation of standards and the supervisory and promotional activities in the
field of freedom of association. Increased resources should also be allocated for
the direct contacts procedure and for the Legislative Series. The Workers were
opposed to the distinction being drawn between obsolete and up-to-date standards.
They welcomed the proposals concerning the United Nations Human Rights Covenants and
co-ordination with the Council of Europe; however, more information was needed
before the ILO could decide on the form of its participation in the United Nations
World Conference on Racial Discrimination. In many parts of the world severe in-
roads were being made on fundamental human rights, and in some cases, the right
to life itself. The ILO needed a great educational programme on human rights to
help prevent some of the crises prevalent today. There should be an increase in
activities under freedom of association, and the Workers regretted that only modest
resources had been allocated for the processing of complaints relating to trade
union rights. They also deplored the omission of a symposium on freedom of associa-
tion. On the other hand it was satisfactory to note that standard setting was now
being properly integrated into the objectives and activities of other major pro-
grammes.

78. The Government representative of Canada asked what action was being taken
by the Director-General on the suggestion made in the Inter-American Advisory
Committee that an official with expertise in international labour standards should
be stationed in the American region. No missions to examine complaints of serious
human rights violations were always possible as missions were always necessary
through savings or through the unforeseen expenditure item there was the possibility
of increased resources becoming available to the international labour standards
programme without an increase in its present estimate. In response to Mr. Plant's
comment on the subject of obsolete standards, he argued the need for a more realistic
view. Some standards were out of date and new instruments were required if the ILO
was to have a strong programme of international labour standards. He hoped that
the work proposed on equality of rights for women in employment would take the form
of promotional activities rather than research.

79. The Government representative of the Federal Republic of Germany said that
the work of the Programme, Financial and Administrative Committee and the Committee
on Standing Orders and the Application of Standards should be co-ordinated in
matters connected with the supervision of standards. Increased co-ordination on
these matters was also required within the Office. He asked whether the $114,000
provided under the sub-programme for forced labour was for the examination of reports,
in 1978, under Article 19 of the Constitution and why there was no similar provision
for 1979. He also asked for information on the previous cost of printing the Legis-
lative Series. Finally, he welcomed the reduction in the provision for travel and
short-term detachments.

80. The Government representative of India noted that the 50 per cent reduc-
tion in workload resulting from the spacing out of reporting requirements had been
reflected in a staff reduction of only 10 to 15 per cent. He asked whether further
reductions could not be made in the programme for application of standards. He
supported the proposed allocation for work on freedom of association, but felt that
time was wasted on frivolous complaints and that the Committee on Freedom of Associa-
tion should concentrate its work on really genuine cases.

81. The Government representative of Japan felt that the allocation for promo-
tion of implementation of standards should be increased, especially with regard to
the training aspect. He also considered that more than one regional seminar on
this question should be organised.

82. The USSR Government representative agreed with the representative of India
on the need for further reductions to offset the reduced workload, although some
allowance should be made for new work to be carried out under the Human Rights Cov-
enant. It should also be possible to find savings in the programme for application
of standards to cover the increase proposed in the programme for equality of rights.
The allocation for missions should be further reduced and an explanation was required
of the provision of more than $200,000 for contractual services. The provision for
the programme as a whole, in actual dollars, should be reduced to the 1976-77 level.

83. The Government representative of Italy recalled that the standard-setting
activity of the ILO had always been one of its essential characteristics. His
Government wished this work to continue. He was concerned, not so much at the
slight decrease in the major programme but rather at the suggestion which ran through
the entire budget proposals, that the ILO was becoming a technical co-operation
agency. This would have a negative effect on its legislative work. His Government
could not agree that the ILO should lose any of its character and dynamism as a
standard-setting agency.
84. Replying to the discussion, the Director-General noted the consistency with which speakers had opposed the slight reductions which had been made in the major programme. These did not imply any slowing down in the standard-setting work of the Organisation, nor did they indicate that the Organisation was changing course or diminishing its traditional standard-setting work to become a technical assistance agency. In practice there was no conflict between standard setting and technical co-operation. ILO action for human rights was to be found in all programmes. He would take up the points made in the discussion, especially those concerning more resources for direct contacts, a symposium on freedom of association and a further regional seminar on the application of standards. In particular he would review the extent to which direct contact procedures could be financed out of the regular budget technical co-operation credits.

Major Programme 60 - Employment and development

85. The Government representative of Tunisia considered that the credits proposed under this major programme fell short of the needs of the Programme of Action unanimously adopted by the World Employment Conference. He did not see in the proposals the kind of programmes that the ILO was expected to undertake to fulfil the expectations of the poor. It had to be remembered that evaluation of the follow-up action to the Conference was due in 1980 and that the year 2000 had been set as the date by which full employment and satisfaction of basic needs were to be achieved. Whilst he acknowledged the existence of a number of adverse factors such as the possible withdrawal of the largest contributor, the concern shown by many member States over the size of their contributions to the budget and the existence of substantial arrears of contributions, he considered that a larger proportion of resources should have been devoted to this major programme. Employment promotion was important and needed full support. There should be greater decentralisation of activities under this major programme to bring them closer to the areas where there was poverty and unemployment. He also suggested that the ILO should draw up programme proposals, covering a period of two biennia, relating directly to the themes mentioned in the Programme of Action. This would provide a framework within which the programmes of other agencies, such as the UNDP, could be fitted. Moreover, the longer programming period would meet another objective of the World Employment Conference, namely that of ensuring that the basic needs strategy would become an integral part of the development strategy of the Second Development Decade and would form the core of the Third Development Decade.

86. Mr. Healy, on behalf of the Employer members, expressed support for this major programme. He recalled that the Employers had accepted the basic needs strategy; they now wished to assist in putting it into effect. However, the programme was ambitious and they doubted the feasibility of some of the projects. It would have been helpful if the different activities proposed had been costed individually and if there had been an attempt to list priorities. Since funds were limited it was important that they be used on projects directly relevant to attaining the goals of the World Employment Conference. All research should be action-oriented and limited to work directly within the competence of the ILO. Priority tasks should be those falling within the ILO's mandate and financed from the regular budget. Work which was not a priority for the 1978-79 biennium, as well as activities requiring the cooperation of other agencies, should be financed from extra-budgetary funds. This would strengthen the ILO's role as the national in the implementation of the World Employment Programme. Work that could be done or was being done by other agencies or by individual member States should not be duplicated; likewise, there should be no overlapping within the Office itself. Resources of other major programmes should be fully utilized and co-ordinated to promote the objectives of this major programme: this applied in particular to the training and the industrial relations major programmes. Research should meet acceptable academic standards so that the work would not be wasted. The Employers believed that follow-up action on the World Employment Conference would only be successful if full consultations, from the earliest stages of any project, were maintained with workers' and employers' organisations as well as with governments.

87. He noted with satisfaction the intention to increase practical action under this programme through the use of advisory services and by establishing a close link between those services and research. The Employers fully endorsed the emphasis given to various aspects of rural development. However, they questioned the feasibility of data collection through household surveys; even if this were
feasible, they doubted whether the detailed analysis of the information obtained would become available in the course of the 1976-79 biennium; provision for this analysis therefore seemed premature. Likewise, the proposed quantitative evaluation of basic needs for the lowest income groups might run into timing difficulties if compilation and analysis of replies was to be done properly. The provision for continuing evaluation of research was fully supported. Priority should be given to work proposed for the possible revision of Convention No. 122 and Recommendation No. 122. The Employers agreed that the subprogramme on employment and basic needs in the rural sector was at the core of the ILO's rural development activities. They hoped that in the provision of advisory services to governments the tripartite nature of the ILO would not be overlooked and that employers' and workers' organisations would be consulted. The Employers thought the greater part of the work proposed under labour market and manpower policies was already being done in other organisations or could be done better outside the ILO. The study proposed in paragraph 60.33 assumed that the global requirements of the labour market were known; this was not at all certain and without this information the study could not really be continued.

88. Mr. Healy said that the Employers questioned the priority to be given to the proposed programme related to youth employment problems and doubted whether it was appropriate for the ILO to be concerned with prices and incomes problems. They were prepared to accept the proposals under the heading of technological choice and employment promotion; they would also support the establishment of a working group on technology subject to knowing the terms of reference and the composition of the group. With regard to the employment consequences of international trade and migration, the Employers were somewhat sceptical that the ILO could do anything with regard to systems of adjustment when no country had succeeded in creating successful assistance schemes within its own national framework. The Employers would have wished to see the limited resources available concentrated on activities most likely to have operational value for the achievement of the basic needs strategy within the timetable envisaged by the World Employment Conference. Finally, he stressed that employers' and workers' organisations had a positive contribution to make to the work of the ILO and that the Office should draw on their resources. The tripartite principle should be reflected in the composition and terms of reference of all technical missions.

89. The Government representative of India was disappointed with the level of resources allocated for this major programme which showed only a nominal increase of $400,000 over the current biennium. There was an expected shortfall of $5 million in extra-budgetary resources. All this pointed to a substantially lower level of ILO activities than in 1976-77. He wondered how the ILO could discharge the mandate it had received from the World Employment Conference when it had allocated only 5 per cent of its budget to employment and development. He noted that some $5 million would be spent on research and stressed that research should lead to action. He also noted that almost $1 million out of the proposed $1.7 million for employment and basic needs in the rural and informal sectors would be devoted to technical advisory services. While these were welcomed, he wondered whether all developing countries required such high-cost imported expertise on matters of land tenure or land reform. If advisory services were asked for the expertise available in the country or region concerned should be tapped before recruiting expensive outside experts. Finally, he asked where matters stood with respect to the World Employment Conference's recommendation that a portion of the $1 billion Agricultural Development Fund be used for employment generation in the rural sector.

90. The Government representative of Indonesia pointed out that the highly complex nature of the World Employment Programme required a multi-sectoral co-operation and a multi-disciplinary approach. The problem of rural development could not be discussed reasonably without a clear idea of the over-all activities of the UN agencies. An assessment of the ILO's budget could only be made in the light of the over-all allocations to rural development in the budgets of the UN agencies. He asked how the ILO's programme proposals related to those of other UN agencies and whether they had been prepared as the result of joint consultation or perhaps had been drawn from a system-wide programme. A joint programme of action should clearly define the ILO's specific role; at the national level, countries should be assisted to develop their capacity to implement such an integrated programme of action. For that reason the ILO should not restrict itself to one element, i.e. the interests of ministers of labour.
91. Mr. Plant, on behalf of the Worker members, thought that $2.9 million for research under this programme was too high. Whilst research into policies and strategies for employment, income distribution and basic needs had been called for by the World Employment Conference, the main effort to map the nature, extent and causes of poverty should be carried by the United Nations Statistical Division since such work was relevant to all organisations. Research should also be developed as a function directly related to technical advisory services. The Workers welcomed the emphasis which the ILO intended to place on rural development. He noted with satisfaction that efforts would be concentrated on such important areas as land reform and land tenure and that research would be combined with advisory services and technical co-operation. The Workers felt that assistance should be directed to those countries which adopted economic and social policies consistent with the conclusions of the World Employment Conference. The resources allocated to organisation of rural workers were insufficient; there should be close co-ordination with the workers' education programme to ensure that rural workers' organisations benefited from a substantial part of the proposed advisory services. Technological choice and employment promotion required close links with PIACT; here, the proposed working group on technology should be tripartite.

Finally, he asked whether there was any way to finance seminars of the type which the ICFTU had held in 1976 following the World Employment Conference to draw the attention of its affiliates and of workers generally to the Declaration of Principles and Programme of Action.

92. The USSR Government representative thought that undue stress was being laid on labour-intensive activities. In contrast, the World Employment Conference had called for a sensible mixture of labour-intensive and more progressive methods of development. He considered that there was a lack of balance as to priorities in developing countries. There were also problems in developed countries. Research should be aimed at practical results; it would be preferable to select a few key problems and work on them from a practical angle. Very little reference had been made to the problem of "brain drain" which needed to be analysed. Social conditions should also be examined. The support which regional employment teams would be giving to the research programme should not be to the detriment of their practical field work; on the other hand, he wondered whether in a time of financial stringency, these teams warranted a high priority. He proposed a reduction in the provision for population policies and employment programme; other agencies were involved with population questions and the ILO should not duplicate their work.

93. The Government representative of Poland said that the successful implementation of a basic needs strategy implied profound economic and social reforms at the country level. He found most proposals under this major programme interesting and acceptable. Exchange of experiences in employment problems and rural development amongst countries was important, and this should also include the experiences of the socialist countries. The proposals under this major programme remained concrete; theoretical and abstract studies should be avoided, as for example, the study to evaluate the impact of government expenditure programmes on the satisfaction of basic needs.

94. The Government representative of the United Kingdom considered this major programme to have been well thought out and saw no prospect of any significant over-all increase in the funds that could be provided for it. He joined with other speakers who had insisted that every effort be made to avoid duplicating work done in other agencies. The proposals did not make clear what the ILO's role would be in the household surveys. Whilst there might be scope for the ILO to design the surveys and to help in analysing and presenting the data produced, this should not extend to direct involvement in the collection of statistical information. He felt the Committee should have some indication as to the relative success that the regional employment teams had been able to achieve before approving a significant increase in their scope and scale as proposed. The question of land tenure and land reform, to be dealt with by the advisory services, was already covered by the FAO. Since this was to be the central feature of the World Conference on Rural Development convened by the FAO for 1979, there was a very real danger of the ILO duplicating work already being undertaken. Similarly, studies on return migration had been carried out by the OECD and the UN Economic Commission for Europe.

95. The Government representative of Norway thought the programme too modest as a follow-up to the World Employment Conference. He applauded the shift of emphasis towards more practical action through advisory services in individual countries which should be a means of putting research results into practical action. He also supported the emphasis to be given in research to alleviating poverty and to rural development.
96. The Government representative of Japan noted with satisfaction that much of the major programme was geared to the Declaration of Principles and Programme of Action adopted by the World Employment Conference. He agreed with previous speakers that more emphasis should be given to action-orientated activities such as technical advisory services. The terms of reference of the proposed working group on appropriate technology should be confined to matters within the ILO's competence; the work of the group should be carried out in close co-operation with the other specialised agencies concerned with this question.

97. On behalf of the Director-General, the Chief of the Employment and Development Department acknowledged the general support given to this major programme. The proposals had been drawn up with the financial constraints on resources in mind and she hoped that the programme reflected the priorities which members of the Committee thought were the most important. On the question of possible duplication of work with other agencies, she recognised that the World Employment Conference had stressed the need for the ILO to work with other agencies to promote activities that were relevant to them. As indicated in paragraph 60.8, the inter-agency working party set up by the Administrative Committee on Co-ordination would at its March meeting consider how the various agencies should work together to achieve most effectively the objectives set by the World Employment Conference. As to rural development, there also existed an inter-agency task force responsible for co-ordinating the programme of all agencies and for joint planning of activity that would benefit the masses in the rural areas, particularly the rural poor. In a resolution adopted in December 1976 by the United Nations General Assembly had noted with satisfaction the conclusions of the World Employment Conference and requested the ILO to submit a report to the Economic and Social Council in the summer of 1977 on its activities to follow up the conference. The same resolution requested the Secretary-General of the United Nations to submit a report on what the UN family of organisations was doing to give effect to these conclusions. On research, the Office had been fully aware of the need for work to be purely academic. This was why so much stress was given to the links between research and technical advisory services. The Office now felt more confident, after several years of basic research, of being able to respond to requests from developing countries for short-term advice on specific problems for which they felt the ILO was competent. Whenever research was to be carried out in a given country in this connection, it would be done as far as possible with the services and officials of that country. A global evaluation of research under the World Employment Programme had been conducted in December 1976 by a tripartite meeting. The meeting had endorsed the major priorities reflected in the proposals under this major programme; it had emphasised in particular that more work should be done on basic needs measurement and basic needs strategy; rural development; and appropriate choice of technology. It was difficult at this stage to estimate the amount of extra-budgetary resources that might be available for research in the next biennium - perhaps $3 million to $5 million; this would roughly double the money provided in the regular budget, and the regular budget would be devoted to types of research directly relevant to matters within the competence of the ILO, as had been suggested by the Employers. As for research financed with extra-budgetary resources it was the ILO, not external sources of funding that proposed on what themes it should be undertaken. In each case, the ILO first determined what themes would warrant examination and approached external sources only when the regular budget funds were not adequate to enable the Office to undertake the work itself. In reply to questions concerning the household surveys, she confirmed that these were the prime responsibility of the United Nations Statistical Division. The ILO's role was to ensure that the UN Statistical Division took into account the need to collect data relevant to an understanding of the nature and extent of poverty as a basis for planning the necessary policies to remedy the situation. The International Fund for Agricultural Development, which recently became operational, had been approached for support of activities which would meet with the criteria set out by the World Employment Conference.

98. The Director-General informed the Committee that an inter-agency group would be meeting immediately after the Governing Body to work out a framework for close collaboration. Subsequently the Administrative Committee on Co-ordination would discuss, in April, the follow-up to be given to the World Employment Conference. He would inform the Programme, Financial and Administrative Committee of the outcome of these discussions in May. He recalled that at all stages of the growth of the World Employment Programme every effort had been made to seek the collaboration of other agencies. This had been demonstrated in the several large
employment strategy missions. He stressed that whatever the efforts of the agencies, it was up to governments to contribute to these efforts as well; the same applied to employers and workers. Such a collective commitment, which would involve not only the UN system but also governments and workers and employers, was all the more important on the eve of the Third Development Decade.

Major Programme 70 - Training

99. Mr. Bannerman-Menson said that the Employer members attached great importance to this programme and urged that all training should always be geared to the needs of industry. Enough material on modular training was, however, already available; he therefore urged the Office to switch from conceptual work to adaptation. The proposed field research to identify factors that motivated an individual to assume more responsibility for his own learning should be limited to areas where little or nothing was known. The Employer members did not support the proposed symposium relating to the management problems of public enterprises; enough was already known on this subject. On the training of personnel managers, they considered that the ILO should avoid duplicating the efforts of other institutions which were primarily involved in this work. They did, however, support the production of a revised publication on the role and contribution of management to methods of economic and social development training. Under management development in selected sectors, they supported the emphasis to be given to the area of distribution where poor management could lead to vast losses of food and other basic commodities, usually to the detriment of the poorest. Transport, and in particular public transport, was another subject where the ILO attention was required. The Employer members did not support the proposed symposium relating to management development in small enterprises. As to management development in rural areas, the Employers thought that training by itself was not enough to improve the situation; it had to be supplemented by adequate infrastructures and facilities which would encourage people trained in the rural areas to remain there. The Employers wished to sound a word of caution with regard to including workers' participation as one of the aims in the training of management for contributing to social objectives. The Employers supported the proposals for vocational training concerned with the training of craftsmen and technicians in order to help overcome the acute shortage of skilled workers in key sectors of industry in many of the developing countries. One reason for the shortage, however, was the disparity in pay between white-collar and blue-collar jobs; the ILO should help to achieve better conditions for the latter since, if nothing was done, the shortages would continue, as would the brain drain. The Employers supported proposals for vocational rehabilitating the disadvantaged and physically handicapped.

100. Mr. Plant, on behalf of the Workers' members, said that the proposals had pointed to three main emphases; employment promotion, basic needs, goods and services; rural development; and national planning of training. National planning of training - practical training - and its co-ordination was particularly important in view of the proliferation of training programmes and schemes in many countries. The Workers supported proposals for training craftsmen and technicians in order to help overcome the acute shortage of skilled workers in key sectors of industry in many of the developing countries. One reason for the shortage, however, was the disparity in pay between white-collar and blue-collar jobs; the ILO should help to achieve better conditions for the latter since, if nothing was done, the shortages would continue, as would the brain drain. The Employers supported proposals for vocational rehabilitating the disadvantaged and physically handicapped.

101. The Government representative of Mexico generally supported this major programme. He was pleased to note the proposals to bring training to the poorest sectors of the population through appropriate methodology and techniques for mass communication. He fully supported the proposals relating to rural development and rural training which would meet one of the priority concerns of developing countries. The proposals concerning management problems in public enterprises were of special relevance to developing countries. Public enterprises had to be managed efficiently in order to avoid unproductive activities and make better use of local resources and capital. He fully supported the proposal for holding a symposium in Latin America on this subject.

102. The USSR Government representative was glad to note that the Director-General had proposed a reduction of the resources under departmental management. Care should be taken to avoid activities which would overlap with the work of other UN agencies. As to the role of the ILO in training, he commented that the Organisation was not a university or a teaching school and that management training was not one of the essential tasks of the ILO. The provisions for management development should therefore be reduced. Greater emphasis should be given to the problems of providing employment and training for youth. He doubted that there was sufficient justification for the proposed research into the factors that motivate an individual in relation to training.
103. The Government representative of India generally supported the programme, but had two reservations. First, he had some doubts concerning the work proposed for the management training programme in the private sector in view of the numerous management training institutions which already existed in member countries. He accepted however that there was a case for management training in the public sector because of the role that public enterprises played in developing countries. On the other hand, management training to improve distribution performance, especially in relation to foodstuffs and other basic commodities, was certainly an area in which the ILO could play a very useful role. His second doubt related to the techniques which might be used for dissemination of information aimed at improving productivity in rural areas; care would have to be taken to adapt them to local conditions since highly sophisticated techniques would be out of place in the rural areas.

104. The Government representative of Italy expressed satisfaction with the proposals under this major programme, particularly with the work proposed for rural training and for training managers in the public sector.

105. The Government representative of Poland regretted the almost total absence of any proposals concerning training needs in industrialised countries. Those that were included were limited to vocational rehabilitation and preparing managers for contributing to social objectives such as workers' participation. While fully aware of the needs of developing countries, he pointed out there were also problems in the industrialised countries which needed attention, such as vocational guidance and training of young workers in a situation of constant technological change. The proposals in connection with manpower adjustment schemes dealt with a subject which was too complex and theoretical.

106. The Government representative of the United Kingdom said that the programme had his full support. He considered that the ILO should play a role in management training in the private sector, particularly in small enterprises; the publication envisaged on the subject would be extremely useful. Research into motivation, likewise was important; much effort could be wasted by training people who were not motivated to receive training.

107. On behalf of the Director-General, the Chief of the Training Department expressed appreciation for the Committee's endorsement of the major programme. In drafting the proposals it had been necessary to balance on the one hand, training for the individual to help him acquire knowledge, skills and motivation as an individual benefit, and on the other, help for governments and other organizations to use training for general social and economic benefit. An effort had been made to maintain the ILO's role of addressing itself primarily to the individual worker as the beneficiary of training. With regard to motivation, it had now become important to examine how the knowledge already gained could be applied or adapted in practice. As to the training of supervisors, the intention was to convert existing theoretical knowledge into training materials adapted to actual working and learning conditions in countries with different cultures, educational backgrounds and social structures. The modular approach would make it possible to design self-contained training packages to be used by learners studying alone. The Office was aware that the subject of worker participation had to be approached cautiously; the work proposed on this subject responded to requests which had been received for assistance. He had taken note of the Workers' desire to have the basic elements of workers' education built into management and vocational training.

Major Programme 80 - Industrial relations and labour administration

108. The Government representative of Togo stressed that developing countries were faced with problems that called for practical action. It was important to maintain in all programmes, and especially in this one, an allocation for technical co-operation. It was not enough to rely on the UNDP and other extra-budgetary resources. He felt that the amounts provided for staff maintenance represented a large part - 70 per cent - of the total credits.

109. Speaking on behalf of the Employer members, Mr. Ola said that the ILO should concern itself with only those aspects of fundamental human rights which were within its mandate. These aspects were brought out clearly in paragraph 50.16 of the document. The Employers did not understand the need to undertake much of the proposed research on labour law and labour relations; the provision could be reduced and the savings used elsewhere. Two areas where the ILO might increase its
training efforts were in the fields of conciliation and arbitration and in occupational safety and health; there was a real need for training in these areas in order to make labour ministries in developing countries more effective. While endorsing the proposals for two major symposia described in paragraph 80.12 he felt that the role of collective bargaining in the public sector and the role of collective bargaining in fostering economic and social development were issues which were too heterogeneous to be dealt with at only one meeting. The provision for research on worker remuneration should be drastically reduced. The meeting on the safeguarding of the purchasing power of wages should be tripartite and care should be taken to avoid duplicating work already carried out by OECD. The Employers fully supported the various proposals designed to strengthen labour administration systems. However, the ILO should be cautious in its advocacy of decentralisation of decision-making on labour administration to local and parastatal agencies; there were limits to the extent to which national executive councils could delegate functions to other agencies. The proposals concerning employment services had the Employers' full support. On the proposal for a European meeting to discuss the problems of employment services, he suggested that a similar exercise might take place for Africa. The Employers supported the subprogramme for assistance to employers' organisations. The amount provided for employers' organisations was small but they were partially consoled by the suggestion that additional funds might be provided for training courses from extra-budgetary resources.

110. The Government representative of Australia said that his Government had always strongly supported the ILO's work in industrial relations and the strengthening of labour administration. He was therefore pained to have to acknowledge that there was a case for the Director-General to consider adjustment in the light of economic circumstances. There was much in the programme that was highly desirable, perhaps essential, but it did not all have the same degree of urgency. One lesser priority item might be the meeting of trade unionists to examine issues affecting the safeguard of the purchasing power of wages at a time of inflation. Indeed there were three studies in the subprogramme on workers' remuneration which might be deferred. Some of the seminars proposed and some of the specific projects of a semi-research character might be combined or deferred. He felt that this particular programme was one where the ILO might expect to undertake technical co-operation from its own budget since the Organisation had a special responsibility for assistance to trade unions and employers' associations, workers' education and labour administration.

111. The USSR Government representative considered the substantial increase in this major programme to be unnecessary for a number of reasons, including the expectation of resources from extra-budgetary funds. Too much prominence had been given to research and not enough to technical meetings. The allocation of resources between these two means of action should be re-examined with a view to increasing the provision for meetings and reducing that for research and studies. He did not approve the allocation of $300,000 for assistance to employers' organisations; such work was not provided for in the ILO Constitution and the funds should be transferred to workers' education. He noted that the major programme dealt very largely with only one social and economic system and only one type of labour relations; nothing was said about the Socialist system. This discrepancy should be borne in mind when revising the programme.

112. The Government representative of Mexico did not agree with the holding of separate seminars on wages questions for Latin America and for the English-speaking Caribbean countries since both were part of the same region. A single seminar should be held at which both English and Spanish would be spoken.

113. The Government representative of the Federal Republic of Germany attached importance to those proposals which concentrated on the improvement of the practical procedures concerning collective bargaining and the operation of different systems of worker participation. He also welcomed the work to be carried out on the revision of Recommendation No. 119 regarding termination of employment. On the other hand, the proposals concerning work remuneration seemed less important. The ILO could help in the development of good systems of labour administration which were particularly needed in times of recession and unemployment. Such systems had an important role to play in relation to active employment policy, labour standards and the establishment of national employment services. He supported the proposals for the strengthening and development of organisations of the rural sector. However, some reductions should be made in the provisions for technical assistance.
114. The Government representative of India generally supported the major programme and particularly the study of workers' participation schemes in selected undertakings. Also important was the subprogramme on the promotion of job security and the labour administration programme. There was however some room for economy. Too large an allocation for research had been made; collecting and disseminating information should be continued but not all the research proposals were urgent. Further savings might also be made if the number of meetings were to be reduced.

115. The representative of Thailand supported the general content of the major programme rather than the magnitude of the resources proposed. In the programme as a whole more emphasis should be given to training, particularly training for labour administrators and workers' education, but less to research.

116. The representative of Yugoslavia also thought that there was scope for savings. He stressed the importance of technical co-operation under this programme and drew attention to a number of other aspects of the programme which he also considered important. However there was some overemphasis on research and it was not clear how the objectives of certain studies were to be achieved in practical terms. Certain terms used in the programme narrative had created difficulties for him. For example, in his country there were associations of undertakings and labour organisations. While he had been glad to note that the document recognised that each country had its own structure of workers' and employers' organisations, he had some difficulty in accepting certain ILO terminology which had been established 50 years ago. He hoped that this could be taken into account in future, particularly in the drafting of instruments under the Constitution.

117. The representative of Cuba asked the Office to re-examine the balance between the resources to be devoted to research and those to be devoted to operational activities. He supported the proposal by the Government representative of Mexico that there should be only one seminar on wages questions for the Latin American region, combining the two proposed in the budget.

118. Mr. Plant, speaking on behalf of the Worker members, emphasised that industrial relations were closely connected with freedom of association and with free collective bargaining, employment and development. In his opinion the research proposals in this major programme were action-orientated. Although he appreciated the proposals on collective bargaining he did not want the study on labour disputes in essential services to lead to restrictions on workers and their trade union rights. It was important that the ILO should do even more to strengthen labour ministries. There should be more symposia but they should not be limited to English speakers. The ILO should not waste its money on promoting collective bargaining and freedom of association in countries where there were no workers' organisations. The Workers did not need the proposed meeting of experts to examine the impact of inflation on wage determination. The subprogramme for promotion of job security should include the subsidiaries of multinational enterprises. He supported the view expressed by the Australian Government representative as regards work remuneration. The Workers supported the proposals concerning the decentralisation of labour administration. They also supported paragraphs 35(b), 36, 37 and 42(b), particularly the inclusion of a subprogramme on the organisation and functioning of national employment services. They gave the fullest support to the workers' education programme and confirmed that the programme was on the right lines.

119. Mr. Oechslin said that, in his view, meetings were one of the most important means of action under this major programme, notwithstanding that the research element in the programme was now more action-orientated. He did not agree with the comments of an earlier speaker that assistance to employers' organisations was unconstitutional. He did not agree with the comments of an earlier speaker that assistance to employers' organisations was unconstitutional. It was important that employers' organisations be fully aware of social problems and their role in economic and social development if there was to be a useful dialogue between the representatives of workers and of employers. Certainly there was no single model of industrial relations of labour administration; the concept of organisations of employers as understood in the ILO was sufficiently wide to cover all different situations. He did not believe that the proposed study of inflation was important.

120. The representative of Canada, while generally supporting the major programme, asked how much of the research would be done by ILO staff and how much under contract. He asked whether, or to what extent, it was possible to make economies on research without actually reducing staff. He also raised the question of the extent to which the ILO should be carrying out its own research as compared
with the extent to which it should serve as a clearing house. Future programme and budget presentations might include a more detailed comparison with earlier biennia particularly as regards expenditure on the various means of action.

121. The representative of Hungary considered that the allocation for research was too high. Although the objectives of the programme, and even the research, were relevant to labour ministries, greater emphasis should be given to operational activities, particularly workers' education. Possibilities for saving existed in the subprogramme for assistance to employers' organisations.

122. Mr. Brown said that irrespective of the social system, the criterion for the ILO when looking at industrial relations systems was the existence of freedom of association and free collective bargaining.

123. Mr. Robel emphasised that workers' education was of fundamental importance and that a particular effort should be made in the rural sector. This had been stressed in regional meetings in Africa. Notwithstanding the progress already made in this field, the budget provisions were still inadequate.

124. On behalf of the Director-General the Chief of the Industrial Relations and Labour Administration Department said that there was no world strategy on industrial relations. They were a reflection of the inter-play and collective bargaining between governments, employers' organisations and trade unions, aiming at an accommodation of different interests. Therefore "industrial relations" was in actual fact "tripartism in action". However, the industrial relations programme had no monopoly in the field of tripartism; the whole of the ILO's work was to be carried out on a tripartite basis. There were two determinants in the carrying out of this programme; one was respect for the fact that every country must have its own industrial relations system, the other was the desire of the ILO to help in the promotion of tripartism by providing information and encouragement and organising exchange of views and experiences on developments in industrial relations. As regards ILO work relating to industrial relations, labour administration and workers' education research was not academic but of a practical nature, involving practitioners from labour ministries, employers' organisations and trade unions. Amounts attributed to research also included the costs of preparing reports and papers for meetings. He emphasised that the ILO was the only agency in the United Nations dealing with industrial relations. As everybody expected the ILO to know everything about industrial relations developments in the whole world, ILO personnel had to keep themselves always fully abreast of world trends and this implied a reasonable cadre of expertise and sufficient resources. Large portions of the programme, particularly labour administration, workers' education and also labour relations and minimum wage fixing were directly geared to the needs of developing countries and dealt with matters emphasised in the outcome of the World Employment Conference. In conclusion he reiterated that the ILO was not propagating any particular national system of industrial relations but attempted to assist countries in the solution of their own problems within the wider context of spreading the observance of basic human rights and promoting a tripartite approach to labour and social problems.

Major Programme 90 - Working conditions and environment

125. The Government representative of Italy said that, far from losing their importance, the problems of migrant workers continued to be the subject of attention and action at the national and international level, particularly in regard to return migration. The activities proposed for migrants were spread over a number of programmes. This made it difficult to see whether the programme as a whole was increasing or decreasing. He hoped that future budget documents could include an appropriate information annex. He had the impression that the programme was decreasing whereas, in the light of the Economic and Social Council Resolution No. 1926 the ILO's programme should be increasing, particularly as regards its co-operation. He asked the Director-General to give consideration to an increase in the budget allocation for migrant worker questions in 1978-79.
126. Mr. Richan said that the Employer members supported this major programme; however, it could be successful only if a tripartite approach were adopted throughout. Although there was to be only a modest increase in the budget provision, the programme appeared to include significantly more research than in the present biennium. He stressed that this research should be action-oriented. The Employers strongly supported the measures to expand the capacity of the ILO to collect and disseminate information on occupational safety, health and conditions of work and life. Such activities as ergonomics and work organisation and the larger issues of the quality of life in general warranted a lesser priority than other parts of the programme. The regional seminar on social services for migrant workers in West European and Mediterranean countries should be tripartite. The Employer members felt that the proposals for the provision of a more intensive and a more systematic collection and dissemination of information on conditions of work and life were perhaps too ambitious. He thought that, under the circumstances, ten country missions by multidisciplinary teams might be too many in 1978-79. On the other hand, he felt that too low a figure had been set for the number of participants representing employers' and workers' organisations at the European meeting to co-ordinate research on working conditions and environment. The Employers felt that a reduced priority could be given to the proposed tripartite seminar to test the contents and methodology of a working conditions handbook; adequate information was presumably already available on this subject. That also the priority should be given to the objectives described in the subprogramme on working time and the subprogramme on the organisation of work and job content. Indeed, for the Employers, the real thrust of the major programme was in occupational safety and health. If the total resources for the major programme were to be devoted to this area, the member States would be well served. However, the Employers thought that a good deal of information relating to basic training in safety for foremen and workers in key positions was available from various institutional programmes; it might be better for the ILO to draw upon that information rather than to conduct research itself. It was also questionable whether the frequency of occupational accidents had increased in many countries, since many accidents reported as being in this category did not have an occupational background. The Employers considered that the proposals concerning coercive measures in accident prevention were important. However, a relatively low priority should be given to the proposals under the working environment subprogramme. The Employers were pleased to see that income from CIS subscriptions was expected to rise; if it did not, the reduction in the regular budget support for CIS should be restored.

127. The Government representative of Turkey was pleased to note that the provision for migrant workers was to be increased. In particular, he supported the regional and subregional seminars and fellowships for public officials in charge of migrant worker questions. He stressed that migration was a two-way process involving movement towards the receiving centres and the return movement. He was sure that the ILO would give consideration to both elements. Mr. Makhlouf supported these comments and those of the Government representative of Italy.

128. Mr. Plant, speaking on behalf of the Worker members, welcomed both the increase in the provision for this major programme and the concentration on operational activities. He noted that elements of the new international programme on the improvement of working conditions and environment were contained in a number of major programmes. The references to PIACT in the other major programmes ought therefore to have been more specific, particularly in major programme 60 which dealt with appropriate technology. Appropriate technology should be studied not only in terms of employment but also from the point of view of safety and health. Insufficient priority seemed to have been given to the subprogramme on working time; in this area, he hoped to see more operational activities and technical advisory services for the implementation of standards. The general inquiry under policies for the improvement of working conditions and environment should be closely linked to the tripartite evaluation meeting. The Workers approved the establishment of a fund for the supply of equipment for improving working conditions in rural areas. On the other hand, he doubted whether the proposed ILO safety fund to provide assistance in emergency situations would receive enough contributions to make a firm impact in any major disaster. He also wondered why certain assistance was proposed for women's organisations rather than workers' organisations.

129. The Government representative of India agreed with the Employer members that occupational safety and health should be the main focus of this major programme. In his country industrial accidents were often the direct result of the neglect of adequate safety standards at the workplace. He suggested that there might be some
shift of priorities within the major programme. The resources for departmental management might be reduced. He wondered if it was necessary to send out so many multidisciplinary country missions during the biennium. He particularly appreciated the intention to establish a fund to provide certain equipment and educational materials to improve working conditions in rural areas. He also supported the proposal to establish an ILO safety fund.

130. The Government representative of Australia endorsed this major programme. On the other hand, if adjustments in the over-all ILO programme for 1978-79 had to be made, there was scope for reorganisation of priorities and possibly savings in this major programme; for example, work on the encyclopaedia of occupational safety and health might be deferred. He stressed that it was necessary to maintain a balance over the whole field of ILO competence; adjustments should not be made at the expense of destroying, or even unduly eroding, the professional knowledge and competence on which the Organisation depended. He took the opportunity to acknowledge the very useful assistance given by the Office, frequently at short notice, to visitors from other countries seeking sophisticated information on matters which called for a high degree of expertise. Mr. Plant warmly supported this comment.

131. The Government representative of the Federal Republic of Germany welcomed concentration on occupational safety and health where relatively satisfactory results could be achieved at small cost. He also welcomed the proposal for a meeting of the heads of various research institutions to encourage the exchange of experience. He said that priority should be given to the proposals concerning the various aspects of shift work and night work. In 1979 the ILO might examine whether any obstacles existed to the ratification by member States of Convention No. 138 concerning the minimum age for admission to employment. In its work on a hazard alert system for occupational diseases, the ILO should co-operate with the European Economic Community which already had such a system in operation. The work proposed on occupational cancer was extremely important and the ILO should convene the proposed expert meeting to elaborate new guidelines as soon as possible.

132. The USSR Government representative emphasised the importance of this programme; nevertheless, the increase in resources should be more modest than was proposed. He suggested that, under conditions of work and life, the multidisciplinary missions should be sent to only a limited number of countries in the first instance. His Government could agree to the setting up of a fund for educational materials relating to work in rural areas only on the understanding that it would not be financed from the regular budget. He also wondered whether the objectives of the proposed safety fund fell within the competence of the ILO. Finally, he considered that the major programme contained projects such as the updating of the encyclopaedia on occupational health and safety which did not merit a high priority and which could therefore be postponed until a later stage.

133. Mr. Ola strongly supported the need for the encyclopaedia to be kept up to date. Mr. Bergenström regretted the reduction in the regular budget contribution to the International Occupational Safety and Health Centre (CIS). The Centre had always achieved excellent results and had now improved its income from subscriptions. He hoped that the proposed reduction would be re-examined.

134. The Government representative of Mexico said that the question of migrants without documents was very important for his Government. More attention should be paid to migratory flows. The problem was not merely bilateral, it was an international one since it could affect relations between developed and developing countries. The causes clearly arose from variations in the stages of development reached by different countries and should receive very careful examination.

135. A representative of the Director-General (the Chief of the Working Conditions and Environment Department) explained that the majority of the resources shown under departmental management were for activities other than the actual management of the department. An example was the Social and Labour Bulletin; in this case the item also covered the work of other departments. Again, given the wide interest in the problems of migrant workers, the Director-General had decided that they should be dealt with at the level of chief of department; thus, it was within the provision for departmental management that the resources for the co-ordination of activities concerning migrant workers was located. He confirmed that the regional seminars on migrant workers would be tripartite and that Employer and Worker members of the Governing Body would be associated with the
designation of participants coming from their circles. As many as 34 countries had asked for the multidisciplinary missions for which provision had been made under the programme for conditions of work and life. Each mission would consist normally of three or four technical experts and its mandate would be specifically geared to the needs of the country which had requested it. He confirmed that ILO approaches to inter-enterprise bodies in connection with improving working conditions in small enterprises would be made in close consultation with the employers' organisations. He said that he expected to finance the fund for the improvement of working conditions in rural areas from multilateral sources; no regular budget contributions were provided for. The proposal to open an ILO safety fund had been made in response to a suggestion by the Government representative of Pakistan in November 1976. The terms of reference of the Panel of Consultants on Safety in Mines already covered the type of operation which might be undertaken from such a fund. In view of the comments during the discussion he would re-examine the feasibility of the proposal. The encyclopaedia of occupational safety and health had already sold 11,000 copies. However, certain passages had been overtaken by advances in technology; it was for this reason that a new revised edition was required.

136. Another representative of the Director-General (the Assistant Director-General in charge of Women Workers) explained the organisational arrangements within the Office for handling the activities concerning women workers. With regard to the Panel of Consultants on the problem of women workers, it would meet in 1979 to review progress in implementing the principles of equality of opportunity and treatment for women workers; it would also prepare the discussion on this question which the Director-General intended to hold at the 1980 International Labour Conference in compliance with the request contained in the Resolution adopted in 1975. The meeting was also expected to help the ILO prepare its contribution to the second United Nations World Conference on Women to be convened in 1980. The term "women's organisations" in paragraph 90.60 had been used in connection with projects of a development nature with the intention of motivating "non-governmental organisations" which included women's organisations and workers' organisations as well as employers' organisations. The focus, however, had been put on women's organisations because they represent a new area for development while the other two groups had already been involved in questions and programmes concerning women workers.

137. The Director-General said that he would look again at the proposed OIT contribution.

Major Programme 100 - Sectoral activities

138. Speaking on behalf of the Worker members Mr. Plant said that more resources should be included under the programme for maritime workers; this would allow ILO staff to attend trade union meetings and visit undertakings in order to keep up with developments at shop-floor level. Some provision for questions relating to workers in radio and television and the mass media should be included in the programme on non-manual workers. In many countries where co-operatives had been formed they had now been taken over by governments. The proposals relating to co-operatives should be re-examined to ensure that the resources would be used mainly where these bodies could be expected to remain independent of government intervention.

139. Mr. Brown said that misleading conclusions had been drawn from the figures of programme increases and decreases as to how much was being done in the field of industrial activities, although there had been some improvement in recent years. He noted that very little had been added to the provision for industrial sectors in spite of the need to increase staff resources to improve the preparation and servicing of meetings. Under Industrial Committees, there had been a substantial increase to provide for the direct costs of two additional meetings; but there was no staffing increase to ensure the servicing and follow-up of these meetings.

140. Speaking on behalf of the Employer members Mr. Richan expressed satisfaction at the increased support given to these important activities. The Employers suggested that the two additional Industrial Committees planned for 1978-79 should not be convened. Even if provision could be made for direct costs, it might not be possible to deploy the staff necessary to service them. He asked for more information on the volume and type of work being undertaken by the documentation section for the industrial sector. The Employers were not convinced that the study of the relationship between hours of work and shop opening hours was
a major priority. Nor were they convinced that it was necessary for the ILO to study the employment problems and conditions of work of executive staffs in industry and commerce or the conditions of work and employment problems of commercial travellers. They also wondered whether sufficient information was not already available to publish a manual on the organisation and management of multipurpose co-operatives without devoting substantial resources to research. He thought that the priorities for research on multinationals should follow the work order in which they were listed in the document. The Employers did not think it would be wise to further shorten the general reports for Industrial Committees. Some savings, however, might be found in shortening the length of the committee reports submitted to the Governing Body. The Governing Body might give some consideration to reducing the size of delegations to Industrial Committees from six to three.

141. The Government representative of Japan felt that the Director-General should re-examine the number of Industrial Committee meetings to be held in 1978-79 which had been increased by two from the normal seven. He was strongly opposed to increasing the duration of these meetings. He agreed with Mr. Richan that tripartite delegations might be reduced to three members.

142. Mr. Sánchez Madariaga made a plea that the ILO examine the special problems of the staff of radio stations and television workers.

143. Mr. Yoshimura hoped that the Governing Body would agree to a meeting of the Tripartite Subcommittee of the Joint Maritime Commission to deal with seafarers' welfare. He proposed that the tripartite Governing Body delegation to the IMCO on standards of training and watchkeeping should consist of representatives of 5 governments, 5 shipowners and 5 seafarers' organisations.

144. The Government representative of Poland expressed support for the ILO's industrial activities. However, he wondered why it was necessary to propose such a considerable increase in staff resources when the number of major meetings was to remain unchanged.

145. Mr. Muhr appealed to the Committee not to seek changes in the programme of Industrial Committee meetings which had already been agreed. There would be sufficient time during the coming biennium to reconsider the programme and to make changes then, if necessary. As to the duration of meetings, ten days would seem to be the minimum. Indeed, if Mr. Richan's proposals to reduce the size of delegations were adopted, meetings would have to last considerably longer.

146. The United Kingdom Government representative pointed out that although research under subprogramme 100.6 was said to be related to the recommendations of the Tripartite Advisory Meeting on the relationship between multinational enterprises and social policy, the programme did not include two items given high priority by the Meeting, namely an international comparison of wage levels and a study of the mechanism of decision making in labour relations matters. He asked on whether a comparison shown in the proposals had been drawn up and whether there had been co-ordination with the UN Commission in drawing up the list of projects. Regarding the number of Industrial Committee meetings to be held in the next biennium, he recalled that the Industrial Activities Committee had decided in November only to arrange the nine possible meetings in order of priority and had left it to the Programme, Financial and Administrative Committee to decide what resources could be made available. Past experience suggested that even with seven meetings, the Office would be under considerable strain in providing the necessary servicing facilities including the timely distribution of papers; governments also would have practical difficulties in supporting as many as nine meetings. He would therefore prefer to see the number of meetings in the programme proposals reduced from nine to seven. As to their length, he supported an extension from nine to ten days.

147. The Government representative of India also favoured seven meetings in view of the extreme financial stringency. He thought that nine days would give adequate time for each meeting if the length of the agenda were reduced.

148. The Government representative of Australia thought that the Committee should not go into the question of representation at Industrial Committees which was a matter for the Industrial Activities Committee, but confine its attention to the number of such meetings for which financial provision should be made. He asked for what purpose it was proposed to spend $800,000 on operational activities relating to the conditions of work and life of dockers.
149. The Government representative of the Federal Republic of Germany opposed a reduction in either the length or number of meetings of Industrial Committees and any reduction in the number of participants. He also wondered why $800,000 had been provided under the dockers subprogramme. He suggested it would be possible to make savings in the provision for research relating to multinationals.

150. The USSR Government representative thought that, despite the importance which many speakers had attached to this programme, the increase in the provision was excessive and could be reduced. A number of useful suggestions had already been made. For example, delegations might be reduced to a single representative accompanied by technical advisers. He saw no justification for a net increase in the staff for this major programme. The amount for administrative expenses and technical co-operation could also be reduced.

151. Mr. Maier strongly supported the subprogramme on clerical workers, supervisory staff and technicians; the study proposed on the relationship between shop opening hours and hours of work was also necessary. He approved of the provision for a study of the question of job and income security for executive staff in industry, commercial travellers and insurance representatives.

152. The Government representative of Sri Lanka requested further information on the proposed comprehensive office-wide approach to sectoral activities. He asked whether any recommendation had been made by the Plantations Committee in 1976 which would help in choosing between the proposed study on a priority subject and the study on social problems concerning work on plantations. He had serious doubts about the whole programme of research for the industrial sectors and felt that much of it could be dispensed with. There also seemed to be some overlapping between the provisions for research into the problems of plantation workers, shown under the multinational subprogramme, and reference to similar work in the industrial sectors subprogramme. In common with earlier speakers, he felt that the ILO did not at present give sufficient attention to the problems of workers in the arts and of entertainers; the Rome Convention tended to protect the bigger organisations in the industry and not the workers. He suggested, with regard to multinationals, that the ILO change its terminology in line with the UN practice and call them transnational enterprises. All necessary research in this area seemed to have been done and the ILO should make use of this information rather than undertake further independent research. Finally, he favoured reducing the number of meetings of Industrial Committees.

153. The Director-General explained in some detail the proposal to send a Governing Body delegation to the Conference on Training of Seafarers to be organised in London by IMCO. It had been originally intended that this conference should be a joint IMCO/ILO conference. In the event, the costs had been found to be too high; it was then decided that it should be a conference organised by IMCO in association with the ILO. The conference was important and would establish new standards for a wide number of occupations. The ILO wished to influence the formulation of those standards and had already participated in the preparatory work that had taken place. ILO influence was high and it was felt that a delegation of three would be appropriate. His budget proposals would have to be adjusted accordingly to provide for the additional amount of $48,000. He explained why the proposals for this major programme contained provision for the direct costs of nine Industrial Committee meetings. He agreed that this number of meetings in the biennium would impose an extremely heavy workload on the department concerned, and asked the Employers' and Workers' to discuss amongst themselves the number of meetings which they felt should be held.

154. A representative of the Director-General (Chief of the Sectoral Activities Department) explained that the activities of the major programme were linked with those of every other technical programme. Through the Industrial Committee-type meetings and other means, the programme supported activities in the fields of conditions of work and environment, industrial relations, employment, etc. In addition to the resources shown under this programme another $600,000 were provided for sector-specific activities under other programmes. Several items on the agendas of the International Labour Conference and several international instruments had arisen out of sectoral examinations.
155. The proposed resource level for this major programme in 1978-79 appeared, when compared with the relevant figure in the 1976-77 Programme and Budget as approved, to be substantially higher than that for the current biennium. However, comparison of the two sets of figures - especially in percentage terms - did not give an accurate picture of the situation. At the time of the adoption of the Programme and Budget for 1976-77 the department responsible for the major programme had only just been established and was not fully staffed. During the current biennium the department had been considerably strengthened, so that the real increase in 1978-79 over 1976-77 was comparatively small. The figures also reflected substantial increases in the programme of work on multinational enterprises and the cost of the two extra Industrial Committee-type meetings in 1976-79. He said that although it would be possible to hold the nine major meetings proposed, they might not come up to the high standards expected of the ILO, in particular because he did not have available on his staff all the necessary expertise either to prepare or supervise the preparation of the reports on the particular subjects which had been chosen. Additional resources were also needed for servicing the meetings and follow-up. He explained that many of the alternatives which had been included in the budget document in relation to the "research" proposals of the industrial sectors programme would disappear when the full programme of such activities had finally been fixed by the Industrial Activities Committee and the Governing Body later in the year. Possible changes in the structure and composition of Industrial Committee-type meetings would require consideration in the light of earlier Governing Body decisions on the subject. The programme on co-operatives was guided by fairly clear sets of criteria: the ILO Recommendation No. 127 on Co-operatives; the relevant decisions of the World Employment Conference; and the Convention and Recommendation of Rural Workers' Organisations. A review of ILO action in relation to the Rome Convention was being undertaken. Following this review, papers will be submitted to the Governing Body in due course. Research under the major programme was not abstract in character; it was generally carried out as part of the preparation of reports for meetings or as material used for periodical publications and advisory services. Of the sum of $800,000 quoted for operational activities for dockworkers, only $200,000 would come from the regular budget and would be used mainly in connection with regional port advisers in Africa, Asia and Latin America.

156. The Director-General explained that the research proposals for multinational corporations had been elaborated in the light of the recommendations by the Tripartite Advisory Meeting on the Relationship of Multinational Enterprises and Social Policy and in the light of the programmes established by the UN Commission on Transnational Corporations. It was true that the proposals for an international comparison of wages had not been retained because the work would have been difficult and complex. Another research proposal concerning decision making had not been included because he felt that the ILO had already covered this ground adequately in its industrial relations programme. He considered the individual projects proposed in respect of multinational corporations sufficiently important to warrant the level of resources allocated. It was also important that the ILO's work while in consultation with the United Nations Commission on Transnational Corporations was not overshadowed by the Commission.

157. The Government representative of Australia urged the Director-General to reconsider the proposed increase of representation at the IMO conference.

Major Programme 110 - Social security

158. Mr. Vitaic Jakasa said that without social security there could not be a social policy. It was therefore vital that the ILO should concern itself with questions of social security; these were second only to industrial relations in their importance to the workers. At the present time, when there was increasing national and international concern about the rising costs of social benefits, industrial countries as well as developing countries were reforming their social security systems. In this context, priority should be given to the proposed analysis of the costs of social security and its relevant financial and economic implications. In contrast, he would give only secondary importance to a proposal to examine how social security could contribute more effectively to the prevention of occupational hazards; a number of related studies could be deferred until 1980, as would a proposed meeting of the ILO Tripartite Committee of Social Security Experts. The Employers fully supported the reference to the use of social security mechanisms for improving the social and living conditions of the rural poor. They wondered whether the meeting in connection with social security coverage during short stays abroad could be made tripartite.
159. Mr. Plant expressed the Workers' full support for the major programme. They were also in agreement with the need for further studies on the harmonisation of social security legislation in Africa.

160. The Government representative of Poland supported the major programme. However he was not entirely convinced that the problems of vulnerable social groups could be solved by convening a meeting of experts. It might be preferable to carry out a survey, perhaps through ISSA, to take stock of the situation and to see if a meeting was justified. He supported, in principle, the proposed agreement between Eastern and Western European countries concerning social security coverage during short stays abroad. Social security for rural workers was a matter that deserved full attention by the ILO. He asked why substantial increases were proposed in the allocations for travel and equipment.

161. The Government representative of Togo also supported the major programme. More emphasis, however, should be given to practical action, including bilateral and multilateral assistance, rather than to further studies on harmonisation of social security legislation.

162. The Government representative of Tunisia asked for further information as to what was meant by a reasonable balance between activities of primary interest to developing countries and those of interest to industrially advanced countries. Instead of the group of studies concerned with how social security could contribute to preventing occupational hazards, more emphasis should have been given to projects which had been proposed in connection with the rural poor and vulnerable social groups and to technical co-operation projects. He would also have liked to see an examination of the social protection of African migrant workers in Europe and other countries.

163. In reply to comments made during the discussion, the Director-General assured the Committee that the brevity of the budget text concerning the social security major programme did not reflect any downgrading in priorities. He recalled that social security was one of the areas of main emphasis of the Medium Term Plan. It was still a high priority programme, and there was no question of slowing it down; on the contrary, he hoped that it could be accelerated. He added that programmes should not be looked at in terms of dollar figures only. From experience, he could say that this major programme had accomplished a remarkable task in the past with limited resources. New problems might arise and it would be one of the tasks of the Office to follow developments, and if necessary come back to the Committee to propose new activities to meet such problems. In reply to the Government representative of Tunisia, he pointed out that the different facets of the problem of migrant workers were covered by various programmes of the Office; these problems were also a major concern of this major programme.

164. A representative of the Director-General (the Chief of the Social Security Department) said that the notion of balance in the allocation of credits was a matter of subjective judgement. Based on the amounts of money spent in industrialised countries on social security, it would have been possible to justify allocating all the resources of the major programme to problems of primary interest to those countries. On the other hand, the developing countries also faced many acute problems and expected assistance from the ILO. Thus, a balance had to be struck between the two demands and this had been done through a mix of different means of action. With regard to the proposed study on social security coverage for the handicapped, it could well be that the ISSA services would be asked to collaborate. The increase in the amount for travel referred to travel of participants to the various meetings as well as for an increase in technical advisory services which played a vital role in responding to urgent requests for assistance. Problems connected with migrant workers from North Africa were being dealt with on a continuous basis by ILO advisers who assisted the European Communities and the Council of Europe. He assured Mr. Vitalic Jakasa that the resources for work concerning Latin America were to be increased, and that relations with the regional social security bodies would be strengthened in view of the serious problems that countries in this region were facing.

Major Programme 120 - Economic and social analysis

165. The Government representative of India was pleased to note a reduction of resources compared with the current biennium. However, he wondered whether further reductions could not be made since there was already ample provision for research and analysis elsewhere in the budget.
166. The Government representative of Poland noted with satisfaction that research proposals under this major programme were designed to cover problems arising in countries with different social systems.

167. A representative of the Director-General (Chief of the Bureau of Economic and Social Analysis) explained that the volume of research proposed in the major programme was very small. Its purpose was to explore certain technical topics to see whether they lent themselves to further action under other major programmes. The short list of examples in the explanatory text was merely an illustration of the kind of topics that might be examined in such a preliminary manner.

Major Programme 130 - Statistics

168. Mr. Plant, speaking on behalf of the Worker members, suggested that unemployment statistics should show data for men, women and young workers separately.

169. Mr. Yoshimura said the Employer members endorsed the proposals under this major programme. However, he had noted an apparent duplication between the provision for household surveys under this major programme and a similar provision in the major programme for employment and development. He also understood that some technical assistance in this field had been provided by the UN Statistical Commission and UNDP. He hoped that none of this implied a duplication of effort on the part of the ILO or the UN.

170. The Government representative of India noted that a lot of data concerning household surveys was already available and asked whether savings could not be made on this account.

171. The USSR Government representative stressed that duplication between the ILO and other organisations should be avoided. He asked whether it was necessary to publish the Bulletin of Labour Statistics in addition to the Year Book since the data in the Bulletin was also widely published by national statistical services; the ILO should restrict itself to providing such information only at the request of Members.

172. The Government representative of Poland suggested that the study to assess the availability of the data needed on manpower and income in developing countries be extended to industrialised countries.

173. The Government representative of the Federal Republic of Germany thought that the study of the extent, characteristics and evolution of poverty was superfluous.

174. The Deputy Director-General in charge of the Technical Sector said that an in-depth review of the statistics programme would be submitted to the Governing Body in November 1977. The review should give an opportunity to examine whether any modifications in the statistics programme were required. The Office was fully aware of the importance of co-ordinating with all UN agencies. There existed within the framework of the Administrative Committee on Co-ordination a Subcommittee on Statistical Questions which met regularly to review areas where there might be a danger of duplication of effort and to promote inter-agency collaboration. A recent meeting of the UN Statistical Commission had examined the whole question of household surveys and had agreed that the ILO and the UN Statistical Office should work together in this matter with the participation of other agencies. The ILO's role in the household surveys would be to give technical advice on certain aspects of importance from the standpoint of employment, incomes and access to community services. The regional specialists would assist national statistical offices to carry out household surveys and would ensure that information relevant to basic needs was collected and properly analysed. This work differed from that under the major programme for employment and development in that while the former concentrated on purely statistical aspects of household surveys the latter was concerned with analysing results and deriving policy considerations from them.

Major Programme 140 - Co-ordination of operational activities

175. Mr. Plant said the Worker members recognised that the decrease of resources for this major programme was due to some responsibilities being transferred to the regional level. The figure of $8.7 million given as an estimated decrease in the expenditure under UNDP in 1978-79 was still highly speculative. He hoped that
governments would act to overcome the cash-flow problems of the UNDP and that any further cutback in that programme would not continue to affect projects with marked social content more than others. The regular budget resources proposed for technical co-operation should be concentrated on projects, or elements of projects, which no other organisation could carry out. He stressed that the relationship between the ILO and UNDP should be one of co-ordination, not subordination. He reiterated that the Workers attached considerable importance to tripartite participation in technical co-operation. They felt that many of the staff at regional offices did not give adequate weight to the views and needs of the workers as against those of the government. These staff members should appreciate that the ILO was a tripartite organisation and that all three partners must be given equal treatment.

176. Mr. Richan said the Employers fully endorsed the point just made and underscored the need to strengthen tripartite participation in technical co-operation.

177. The Government representative of India said he was against concentrating technical co-operation resources in the UNDP. He was concerned, in regard to relations with the World Bank, that there might be some duplication of activities with the major programme for economic and social analysis.

178. The United Kingdom Government member said his Government stood by the Consensus governing the operations of UNDP. Although the provision of $10.5 million for technical co-operation was not itself objectionable, he hoped it was realistic. Experience in the last biennium had shown that the technical co-operation resources had not been spent in the first year of the biennium and had only been spent at a later stage when the character of the assistance given by the ILO had been changed to bring in certain projects which should have been funded by UNDP but which, for shortage of funds within UNDP, the ILO took over. He stressed that the ILO should not try to compete with UNDP or become an alternative source of funds for projects which should have been financed by UNDP. He therefore sought an assurance that the projects to be carried out by the ILO would be of a type hitherto supported by the ILO regular budget and would not otherwise have qualified for UNDP support.

179. The Director-General said that the ILO also adhered to the Consensus. The relationship that the ILO had with UNDP was that of a partner, not that of a servant. Underexpenditure of the regular budget technical co-operation credits in 1976 had been due to some over-cautiousness at the beginning of the year, and to running in the decentralised management of these credits. He willingly gave the assurance that the use of the regular budget technical co-operation credits would be used strictly in accordance with the criteria that had already been approved by the Governing Body for these activities. He recalled his earlier comments on the difficulty of ensuring that tripartism was fully recognised at the level of country programming. He assured Mr. Plant that all ILO staff had been instructed on repeated occasions on the need to maintain close relations with employers' and workers' organisations. In turn, he asked the members of the Committee to encourage workers and employers, and the governments, already taking initiatives in co-ordinating ILO representatives in the field; tripartism in action must involve not only the Office but also the workers, employers and governments in the countries concerned. With regard to relations with the World Bank, he pointed out that the major programme for economic and social analysis was responsible for the central co-ordination of the ILO's relations with the World Bank, whereas the major programme under discussion was responsible for co-ordination of operational activities.

Major Programme 150 - International Institute for Labour Studies and International Social Security Association

180. While he supported the Institute, and the idea of subcontracting work to the Institute, the Government representative of Yugoslavia found it difficult to accept that an amount of $175,000 be set aside unrelated to any specific activities. Rather than have this unidentified provision, the proper procedure would have been first to determine the activities to be subcontracted, then to have made provision for all of them under the appropriate major programmes and finally, during the biennium, to have subcontracted work from these major programmes. Apparently, however, a proportion of the activities to be subcontracted were represented by this provision of $175,000 while others had been included elsewhere under other major programmes. He wished for an assurance that under this arrangement there was no danger that the same activity would be paid for twice.
181. The United Kingdom Government representative asked for the provision of $175,000 to be deleted. He considered that projects subcontracted to the Institute should be paid for from the appropriate major programme.

182. Mr. Vitaic Jakasa said that the Board of the Institute had thoroughly discussed the question of undertaking work subcontracted by the ILO and had agreed that this was one of the means of establishing closer links between the two institutions. He hoped that in future the Institute would draw up its programme and budget much earlier so that it could be considered in conjunction with that of the ILO. Not only did the Employers support the major programme for the Institute, they also suggested that efforts be made to explore further possibilities of subcontracting activities to the Institute.

183. Mr. Plant said that the Worker members preferred to maintain the provision of $175,000 in this programme. Details of the work to be undertaken would no doubt be available in November when the Institute's budget would come forward for consideration.

184. The Government representative of Australia agreed with the principle of subcontracting but had difficulty in endorsing credits for which no work items had been specified. The Government representative of India shared this view.

185. The Government representative of Togo would have liked to see specific programmes proposed before the question of provision of credits for subcontracting to the Institute was discussed, and he asked what was the nature of the services provided to the Institute free by the ILO and whether the resources to be allocated to the Institute were not sufficient to cover these services.

186. The Government representative of Canada thought that there might have been some double budgeting. He suggested that the $175,000 be removed from this major programme provided that other programmes would allocate an equivalent amount to the Institute through contracts. In this way the Institute would still have an assurance as to the level of support it would receive from the ILO.

187. The Government representative of Mexico supported the position taken by the Employer and Worker members.

188. The Director-General felt that the difficulty arose from the fact that both sides of the argument could be considered as correct. In terms of strictly orthodox budgetary presentation, the $175,000 was out of place under this major programme. He recalled that subcontracting had been introduced several years ago and that in November 1976 the Governing Body had discussed the matter thoroughly. Agreement had been reached that the ILO and the Institute had to be strengthened. Following the Governing Body discussions a series of internal meetings had taken place to explore activities which were of common interest to the ILO and the Institute. He had entrusted the Deputy Director-General in charge of the Technical Sector with the task of identifying those activities of the Institute which were directly relevant to the ILO. There were now two alternative possibilities: either to leave the $175,000 under the major programme, and to make corresponding reductions in research under other major programmes; or to delete the $175,000 and rapidly identify those projects which could be subcontracted to the Institute and on which the Committee could then express its views. With regard to the suggestion that as much work as possible be subcontracted to the Institute, he cautioned that subcontracting alone would not improve the financial situation of the Institute. Apart from this, arrangements for subcontracting had to be made in a way which would serve the interests of both the ILO and of the Institute.

189. The Director of the Institute said that, clearly, the work carried out by the Institute under the subcontracting procedures should be work which would be of value to the ILO. He also recalled that the outline of the programme and budget for the Institute for 1978-79 had been examined by the Governing Body in November 1976. It had not been possible then, nor was it possible even at the current session, to give more precise budget estimates since much of the Institute's income depended on decisions which would be taken by other bodies which provided the Institute with extra-budgetary funds. These decisions would not be known before July or August. The Institute was therefore still faced with the problem of balancing its budget in order to meet the costs of its staff, which was seconded from the ILO.
190. The Government representative of Australia, commenting on the allocations under major programme 160 (Personnel), drew attention to the increase over the previous biennium both in costs and in the number of staff provided for. The total cost and the high ratio of Personnel Department staff to the total staff of the Office seemed excessive in view of the current financial pressures, even taking into account the complexity and special nature of the ILO; it would not be acceptable in private industry or national government.

191. Mr. Plant, speaking on behalf of the Worker members, asked for clarification of the functions and related costs of the Staff Counsellor. He also requested information on the operation of the centralised control of lighting in the building.

192. The USSR Government representative, commenting on major programme 160 (Personnel), reminded the Committee that his Government had previously expressed concern about the need to achieve a more equitable geographical distribution of staff, a policy of continuing staff rotation, and a reduction in permanent contracts. The document before the Committee did nothing towards redressing the current situation, nor had it taken account of the draft resolution concerning the staff of the ILO, submitted by his Government to the 61st Session of the International Labour Conference. Other UN agencies, however, were considering action on the question of geographical distribution. The Director-General should provide the Committee with a paper summarising all proposals and comments made on this subject to date, and examining how it would be possible rapidly to achieve an equitable geographical distribution of posts at all levels, and an end to the present widespread award of permanent contracts. He recommended that recruitment should be channelled through national authorities who, at the end of an official's term of ILO service, would guarantee suitable placement upon repatriation. A more rational system of recruitment should obviate the need for the proposed career training programme. Turning to major programme 170 (Financial and Central Administrative Services), he stressed the need for further economies in the financial and administrative sector, and queried the provision made for external collaboration under the budget and finance programme; staff should be sufficiently well-qualified to cover the majority of essential tasks in this area. Whilst reserving detailed comments on major programme 180 (Editorial and Document Services) until the in-depth review of this programme had been discussed, he urged that savings should be made by reducing the number and volume of non-essential publications. On major programme 200 (Programme Budgeting and Management) he questioned the increase in the General Service staff, as against a reduction in Professional staff. The ratio of General Service to Professional staff throughout the budget was too high. Reduction should be made in major programme 210 (Information Systems), where an increase had been proposed. There was no justification for making increased provision for the use of the latest management and computer techniques if this did not make it possible to reduce staff.

193. Mr. Richan, commenting on major programme 160 (Personnel), endorsed the need for effective personnel administration but felt that a disproportionate amount of the total budget was being allocated to the personnel function. Even allowing for the distinctive nature of an international organisation, the ratio of personnel staff to total staff was too far out of line with current levels in industry, where it was of the order of 1 to 100. There was a tendency to adopt sophisticated techniques which were not relevant to the real effectiveness of the personnel function. The ILO, as part of the UN family, should seriously consider the degree to which staff salaries were substantially higher than in government and industry. This situation could have a detrimental effect on the Organisation's credibility and on the support which it received from governments. The ILO might take the lead within the UN family in trying to correct this imbalance.
194. The Government representative of India said that, while the ILO should set an example of employer/employee relations, the increase in staff resources for the personnel function was unwarranted and should be reduced. He also felt there was scope for cost reductions in major programme 170 (Financial and Central Administrative Services). Under major programme 180 (Editorial and Document Services), he believed that expenditure could be reduced by eliminating non-essential publications, economising on research projects of limited application, and continuing to investigate the possibilities of printing in low-cost areas. With regard to major programme 210 (Information Systems) full use should be made of sophisticated techniques now available in order to reduce over-all expenditure.

195. The Government representative of Mexico noted that several speakers had called for reductions in major programme 180 (Editorial and Document Services). He pointed out that the level of expenditure under this major programme was, to a large extent, determined by inputs from other major programmes which had already been examined and accepted by the Committee. His Government felt strongly that, in order to improve social and working conditions, it was essential that the ILO should publish its work. In this connection, his Government was considering the possibility of publishing itself a Spanish edition of the Social and Labour Bulletin with some aid from the ILO, and was intensifying its efforts to encourage wider knowledge of labour problems and the work of the ILO in Spanish-speaking countries.

196. The Canadian Government representative expressed his Government's general concern that resources devoted to programmes of a support nature (major programmes 160 and 170) were necessary at the expense of resources that were more directly towards meeting ILO objectives. He hoped that continuing efforts would be made to find economies in these two major programmes. He welcomed the new career trainee programme but suggested that it be introduced later in the biennium in view of the continuing uncertainty. Staff resources under major programme 160 (Personnel) seemed high, but he was aware of the need to keep the human element in personnel services. The planned rotation of staff was a positive and important element in this programme. As regards major programme 200 (Programme Budgeting and Management), he regretted that no in-depth reviews had been proposed for 1978-79, although this was understandable in view of the backlog of work. He felt that the Committee had still to develop suitable machinery for handling these reviews effectively and quickly. He had noted, however, that it would be open to the Governing Body to request special analyses of individual ILO programmes in the coming biennium if it so wished. This would allow the Committee to evaluate what follow-up action had been taken on earlier reviews.

197. The representative of the Government of the Federal Republic of Germany asked if it would be possible to implement fully the career trainee programme, given the current freeze on recruitment. Under career development, he requested information on how the system of job rotation worked. Regarding major programme 170 (Financial and Central Administrative Services) he asked for clarification of the provisions for security services and for posts and telecommunications. Resources provided under major programme 210 (Information Systems) seemed excessive; he asked if an analysis had been made of the extent to which these facilities were being used.

198. The Cuban Government representative was also concerned at the proposed increases in major programme 160 (Personnel). Savings might have been made if some action had been taken along the lines of the draft resolutions presented by the USSR and the Group of 77 which unfortunately had not been considered. He hoped that the ILO's personnel policy would be reconsidered in the near future. On the other hand, his Government welcomed the savings which had been achieved under major programme 180 (Editorial and Document Services).

199. The Hungarian Government representative said that the provision for major programme 160 (Personnel) was excessive by comparison with other budget items. He endorsed the remarks made by other speakers concerning the fair geographical distribution of posts - only one ILO staff member came from his country. His Government supported the proposals made under major programme 180 (Editorial and Document Services); a further reduction in this programme could be made only if there were a corresponding reduction in the work coming from other departments.

200. The Canadian Government representative referred to programme 210 (Information Systems) and to a document on information systems and electronic data processing which was before the Committee under agenda item 9. She stressed that her Government fully supported the use of electronic data processing in the UN system, and commended the ILO's work in connection with the ISIS system. However, measures should be taken
to ensure compatibility between systems currently being developed throughout the
UN family and to ensure that duplication was avoided. In this connection, she
welcomed the appointment of the Deputy Director-General in charge of the General
Administration Sector as Chairman of the Inter-Organisation Board for Information
Systems and Related Activities (IOB). The document to which she had referred was
an initial response to a request made in November 1976 for a paper which would
describe the ILO's involvement with other UN organisations in various systems of
electronic data processing, both for management and for information purposes. The
document was also to have provided information on the nature and purpose of inter­
agency systems in which the ILO participated and on the cost of those systems to
the ILO, whereas the systems were processed and what arrangements exist for their co­
ordination. She hoped that a fuller document along these lines could be distributed
to the Committee well in advance of the May 1977 Session of the Governing Body.
Meanwhile the Canadian Government reserved its position with respect to major pro­
gramme 210 (Information Systems).

201. Mr. Makhlouf wished to draw the Committee's attention to the importance
of bringing the ILO to the notice of universities and young people who now made up
an increasingly large proportion of the world population. In this connection he
fully supported the provisions for career trainees and career development under
major programme 160 (Personnel), particularly to the extent that these were concerned
with young people.

202. Mr. Richan asked for an explanation of the origin of the funds to be
received from other sources under major programme 160 (Personnel). With reference
to the comments of the USSR Government representative on the need for external con­
sultants under the programme for budget and finance, he wished to be sure that there
would be no curtailment of the audit function or the seeking of expert financial
advice where this proved necessary, and which had in the past resulted in consid­
erable savings to the ILO.

203. The Director-General said he would examine carefully all the comments
which had been made. The replies and clarifications requested would be given
verbally or would be covered in additional documents for submission as soon as
possible. Earlier discussions and draft resolutions affecting these administrative
programmes had in no way been neglected, but as the present document was essentially
financial in nature, it was not the appropriate framework within which to deal with
them. Referring to the statement by the USSR Government representative, he said
that equitable geographical distribution was an accepted objective. But the fact
that in the present period of financial stringency recruitment by the Office was
virtually at a standstill naturally limited the possibilities for action in this
field. He regretted the reservations expressed on the career trainee programme, which
would be a step in helping to redress the present imbalance by permitting
the recruitment of young officials from countries of the Third World. There had
been some misunderstanding on the subject of permanent contracts; the award of
these contracts was, in fact, very strictly controlled. As to the reservations
of several speakers on the comparative level of resources proposed for major pro­
gramme 160 (Personnel), he pointed out that it was not possible to draw a close
parallel between an international organisation and private industry. As an
Organisation, the ILO was active in a number of different dimensions, was funded
from various sources, was influenced by decisions of the UN common system and opera­
ted a network of offices all over the world. Thus the functions of personnel
management and recruitment were extremely diverse and complex.

204. The representative of the Director-General (the Chief of the Personnel
Department) said that, during 1976, the staff of the Department had been reduced
from 110 to 95 and would be further reduced by 3 in 1977. At the same time the
Department had had to take on additional tasks following the in-depth review; and
the number of staff dealing with work originating in the International Civil Service
Commission had had to be almost tripled. In regard to the rotation of staff, he
said that there had been 23 movements in the field during 1976, 31 transfers from
headquarters to technical co-operation projects and 54 transfers within headquarters.
In percentage terms this was a reasonable achievement. However, there were three
major constraints on movements between headquarters and the field: first, the fact
that there were certain nationalities which governments would not accept in certain
areas; secondly, the system whereby a grade went with a post not its occupant;
thirdly, because of restricted programme resources recruitment tended to be concen­
trated on people with specific qualifications who were not easily interchangeable.
The Staff Counsellor's duties covered all aspects of social problems affecting staff
members and their families, such as illness, housing, education, recreation, adjust­
ment to environment, etc. These services had recently been extended to cover retired
officials living in the Geneva area.
205. The Deputy Director-General in charge of the General Administration Sector drew the Committee's attention to the fact that total savings of some $2.3 million had been achieved in the five administrative programmes. He doubted whether any other agency had been as effective in cutting administrative costs. As to lighting in the building, this was turned off centrally at selected times and, outside office hours, was only switched on when cleaning staff were at work in the building. No permanent employment contracts had been awarded in the last 18 months except as a result of international competitions started before the recruitment freeze. With respect to major programme 200 (Programme Budgeting and Management), a large proportion of this programme's resources were devoted to identifying areas in the ILO in which savings could be made. The Security Section consisted of four officials who were responsible for the security of the building and the staff working therein. The provision for telephone and postal communications under major programme 170 (Financial and Central Administrative Services) covered the total requirements of the Office. Under major programme 210 (Information Systems), constant efforts were being made to achieve savings in the library where the staff had been reduced from 50 to 31 over the last six years. Every effort would be made to provide the information on computer systems requested by the Canadian Government representative although it might not all be available on time; some of it was being prepared by TOB since it was of a broad inter-agency nature. The extra-budgetary resources shown under major programme 160 (Personnel) were the 14 per cent Executing Agency Costs provided by UNDP and other multi-bilateral sources.

Major Programme 220 - Relations and meetings

206. No discussion.

Major Programme 230 - Public information

207. Mr. Coxson on behalf of the Employer members said that publications should accurately and objectively report what the ILO was achieving in terms of its acknowledged objectives and how this reflected the Organisation's tripartite character. The ILO needed to publicise its work, but at the same time it had to exercise caution and objectivity in disseminating information. Unfortunately, in its attempts to draw world attention to ILO programmes, the Office had at times over-dramatised or highlighted the negative aspects of a particular problem. The Employers were willing to co-operate in the preparation of ILO reports, but they had become alarmed at the manner in which, in its treatment of the material provided, the ILO often damaged the image of industry by failing to recognise the genuine efforts that were continuously being made to improve the conditions of work and life of the workers. He had noted, from the budget text, that it was intended to adopt a more selective approach to publications in the coming biennium; he hoped that this did not mean that the Employers would be overlooked. He also hoped they would not be overlooked in the proposed free distribution of publicity cassettes. The Employer members questioned the justification for restoring the number of annual issues of the publication "ILO Information" from 5 to 6.

208. The USSR Government representative asked whether it was necessary to spend almost $2 million on public information activities. He also questioned the need for the amount of visual information that it was intended to produce. He asked whether the large number of photographers at ILO conferences were financed from this major programme.

209. In reply, the Director-General said that the proposals reflected the conclusions of the in-depth review carried out in February-March 1976. The feeling had been that the Organisation should reinforce its public information activities. He assured the Employers' spokesman that the Office would do everything possible to see that the information published was objective and that it presented a fair picture of the subject dealt with. The number of issues of "ILO Information" was to be restored from 5 to 6 per annum in 1978-79 as one of the means of making the activities of the ILO better known. The ILO had on its staff only one photographer; all the other photographers at ILO conferences were journalists whose presence was an indication of their interest.

Major Programme 240 - Liaison office with the United Nations

Major Programme 250 - Management of field programmes in Africa

Major Programme 260 - Management of field programmes in the Americas

210. No discussion.
Major Programme 270 - Management of field programmes in Asia

211. The Government representative of India said he had been encouraged by the Director-General’s observations in regard to posting Assistant Directors-General to the various regions. He hoped the Director-General would pursue this matter in the interests both of strengthening the regional organisations and of effecting savings. He inquired whether the reduction of staff in the ILO Office in New Delhi had resulted from a scientific O and M study regarding decreases in the workload at that Office and suggested that the headquarters of such regional programmes as ARPLA and ARTEP be located in those countries where they developed the bulk of their activities.

212. The Government representative of Indonesia firmly supported the intention to accelerate and make more effective the process of decentralisation since in many developing countries, especially in Asia, the decisions taken at the World Employment Conference had been translated into programmes on a national scale. Greater authority and adequate resources should be available to ILO regional representatives in the interests of improved efficiency. He supported the concept of technical co-operation between developing countries, but it would take many years before this concept could be realised. In the meantime, even larger budgetary provision would be needed for regular programme activities.

213. The Director-General said that, in the main, the proposals under all field programmes reflected the outcome of the in-depth review of decentralisation. He had, nevertheless, taken note of the comments by the Government representative of Indonesia; he would refer to the point made in his general reply to the discussion.

Major Programme 280 - Management of field programmes in the Middle East and Europe

214. The Government representative of Australia suggested that it should be possible to save $1 million from the provision of over $2 million for ILO offices in Europe. He considered that the liaison function of the European offices could well be carried out from Geneva, supplemented by periodic visits by senior officials to the main European capitals. He would accept that this might mean making provision for one additional official in Geneva corresponding to each of the present major offices. Other functions such as placement and care of students could be carried out through national organs. He recalled that, many years ago, in response to a suggestion that there be a branch office in Australia, his Government, with the support of the employers and the unions, had replied that the Ministry of Labour was quite capable of performing all the functions of a branch office, including recruitment of technical experts. He did not contend that the work being done by the branch offices was non-essential; he did question though whether the best way to do that work was through the use of branch offices in countries that had reached a high degree of sophistication in labour administration and whose communications made it easy for the ILO to make direct contact with any government official, employer or union simply by picking up the telephone. There was still time in the current biennium to start phasing out these offices along the lines he had suggested. He hoped the Director-General would give this idea very serious consideration.

215. The Government representative of Norway recalled that, in the general discussion, he had questioned the justification for keeping the European branch offices. He also recalled that he had asked the Director-General for information on the results of a review that was to have been undertaken on the structure of the branch offices following a discussion of this subject by the Governing Body in February-March 1966. He noted that in countries where there was no branch office, the work involved was carried out by the ILO in co-operation with the governments concerned at no extra cost to the ILO. The reasons in the budget text for maintaining the European branch offices were unconvincing. His Government continued to feel that this was an area in which considerable savings could be made and he hoped the Director-General would look further into the whole question.

216. Mr. Richan fully supported the comments made by the two previous speakers.

217. The Director-General recalled that a study on the work of the ILO offices in Europe had been submitted to the Governing Body in 1970 or 1971 by the then
Director-General in response to a suggestion very similar to that now made by the Government representative of Australia. Both the Governing Body and the Director-General at the time had concluded that there were no major reasons to change the system of European offices. The paper for the in-depth review on decentralisation, submitted to the Governing Body last year, had dealt with the problem of European branch offices as part of the whole study, but the Governing Body had not reached any firm conclusions on the matter. He proposed to re-examine the problem which, however, was not one of simply phasing out these offices. The question involved more than just ease of communications. The European branch offices had a vital liaison role to play to mark the ILO's presence in the major industrialised countries particularly at a time when the ILO was being accused of neglecting their problems. Moreover, some of these offices performed liaison functions with other UN agencies. They also played an important role in the placement of fellows and in the recruitment of experts. It was not always possible for the national authorities to find the right expert at the right time; in the light of current demands for highly qualified experts such recruitment operations had become very complex. He would not wish, at this stage, to propose any substantial cuts in Europe.

Major Programme 290 - Other budgetary provisions

218. In reply to a question by the Government representative of the United Kingdom concerning the proposed contribution to the "International Day-Nursery Foundation of Geneva", the Deputy Director-General in charge of the General Administration Sector explained that the new foundation was expected to become self-financing and that the contribution was intended to be a one-time payment to cover part of the initial operating costs. Similar contributions would also be made by the United Nations and the World Health Organization. The nursery would cater for 100 children, including 35 babies, and charges would be raised against the parents on a graduated scale related to salary.

219. Replying to a question from the Government representative of the Federal Republic of Germany, the representative of the Director-General (the Treasurer and Financial Comptroller) explained that the loan annuity payment relating to the old building was in respect of a loan from the Canton of Geneva for building extensions in 1956. The liability to repay this loan had not been affected by the exchange of the old building for the property on which the present building was constructed.

220. Following questions by the Government representative of the Federal Republic of Germany and by the USSR Government representative, the Deputy Director-General in charge of the General Administration Sector said that payments by UNDP towards overhead costs of agency programmes at 14 per cent of project expenditure fell far short of the actual costs incurred. In 1974, the ILO's project support costs had amounted to about 30 per cent of project expenditure. In the last two years the ILO had made a major effort to reduce costs and to narrow the gap. The provision for technical co-operation support costs was designed to meet part of the difference between the actual costs incurred and the overhead costs payments received from the UNDP and other donors.

Major Programme 291 - Unforeseen expenditure

Major Programme 292 - Working Capital Fund

221. The Committee took note of the provisions under these two major programmes.

Reply by the Director-General to the discussion of the Programme and Budget proposals

222. At this point, the Committee adjourned to enable the Director-General to reconsider his Programme and Budget proposals in the light of the views expressed by its members. When it resumed its work the Director-General made a statement on the adjustments to the original proposals which he had found it possible to suggest and, in relation to one of these adjustments, put forward proposals for revisions to the Rules for the payment of travel expenses to members of the Governing Body. His statement is reproduced in Appendix II. ... The Committee also received material which contained further details relating to his suggestions, including the details of the proposed adjustments.
Further discussion

223. Mr. Oechslin said that the Employers were not entirely satisfied with the Director-General's proposals for adjustments to the Programme and Budget estimates. The Director-General had proposed the large reductions in the cost estimates which the Employers and many Government representatives had called for, but had done little as regards the programmes themselves. Out of the total net savings of $5.6 million proposed, by far the largest part - $4,685,000 - was accounted for by such adjustments as reduction in the provision to meet anticipated inflation, deletion of the credits to cover any increases in General Service category salaries, deletion of credits for support costs, etc. Some of those reductions were somewhat speculative, being based on assumptions which might well prove incorrect. There was a difficult period ahead, especially at the start of the next biennium, and it might have been wiser to cut low priority programmes. A year or two earlier, the Director-General had advocated that the ILO should "do fewer things, but do them better". Now, he proposed to maintain the volume of activities and simply to reduce the resources allotted for them. That presumed an increase in productivity to the possible detriment of quality. In this light, the Employers were doubtful of the wisdom of delaying for up to 48 hours the publication of the Conference Provisional Record and of holding meetings of some of the Conference committees in the ILO headquarters building.

224. The Employers, in common with the Workers, considered the Industrial Committees to be a vital part of the ILO's activities. To try to hold nine meetings in the next biennium would place a severe strain on both the ILO and the participants in both preparing for the Committees and following up their recommendations. If it were really feasible to hold nine meetings, then this was good news. But the Employers insisted that they should be well prepared and properly conducted; if this was not going to be the case then it would be better to reconsider the number of meetings to be held.

225. The element of quality in the Organisation's work was determined also by the extent to which tripartism was a part of each of the ILO's activities. The Employers had made a number of observations on this point during the budget discussion and hoped that, where not reflected in the revised proposals, they would be taken into consideration later and wherever possible applied in practice. In particular the element of tripartism should continue to be reflected in all ILO meetings.

226. The Employers would like to have seen a transfer of resources to some of the more important work, such as that of the Industrial Committees, from activities with a much lower priority. For example, under major programme 90 (Working Conditions and Environment) the provision made for activities relating to the working environment and ergonomics could have been reduced by utilisation of research by other bodies which had done work in this field. Again, under major programme 60 (Employment and Development), provision has been made for several studies which some Government representatives did not regard as particularly urgent, such as the study of the employment problems of youth which was also under study in other organisations. A lower priority could have been given to research on the organisation of work and job content.

227. The Employers wished to make a few remarks on specific programmes. First, while recognising that it was essential for the ILO to continue to give financial assistance to the International Institute for Labour Studies and having no objection in principle to the subcontracting of ILO activities to the Institute, the Employers believed that it would have been better and more economical to have identified activities which would be subcontracted from within the original budget proposals rather than that a special new group of activities should have been set up, some of which were not of direct interest to the ILO. They hoped that the choice of projects to be subcontracted was not final and would be reviewed by the Governing Body and by the Board of the Institute.

228. The proposed IMCO conference on Standards of training for seafarers had a heavy agenda and was of direct concern to both shipowners and seafarers. It was right that the ILO should lend a tripartite character to the conference by sending a fairly large Governing Body delegation. The three-man delegation originally proposed by the Director-General would clearly not have been large enough. The revised proposals envisaged a twelve man delegation equally divided between governments, employers and workers. He wondered whether it was necessary to maintain parity between the groups. The IMCO conference would be intergovernmental, therefore it should be sufficient for government representation in the ILO team to be limited to...
two so enabling Employers and Workers each to have five representatives in the delegation. The Employers were still not convinced of the need for provision for the Third European Regional Conference in 1978-79 and asked that their position on this point should be clearly stated in the Committee's report.

229. The Employers had not opposed the Workers' suggestion that members of the Governing Body travelling at ILO expense, should no longer be entitled to first-class travel unless merited by the length of the journey. However, they felt that the proposed limit of ten hours travel was too high and proposed that the dividing line be set instead at five hours. Members of the Governing Body would not then be less favourably treated than the senior officials of the United Nations organisations.

230. Mr. Plant welcomed the Director-General's new proposals which seemed to the Workers to strike a judicious balance between the need for savings and the need to protect the Organisation's effectiveness. They were especially pleased to see that savings of $5.2 million had been achieved without significant programme cuts. As cash-flow problems would clearly be serious by the beginning of 1978 if no remedy was applied, the Workers supported the Director-General's proposal that $10 million be added to the budget for payment into the Working Capital Fund in instalments of $5 million on 1 January 1978 and on 1 January 1979. They were also glad to see that the Director-General had dropped the request for payment by member States of 65 per cent of the total budget in the first year of the biennium. They accepted the need for contingency planning for emergency action in the event of withdrawal by the United States and therefore agreed that the Conference should be asked to extend until June 1978 the present delegation to the Governing Body of authority to abolish posts.

231. In view of the importance of technical co-operation activities, the Workers supported the Director-General's resistance to pressure for reduction in the $10.5 million credit under that head. The ILO could not continue to rely on a large allocation from the UNDP to enable it to play its full and proper role in technical co-operation. The proposal by the Australian Government representative for closing down the European branch offices might seem attractive, but the Workers were far from convinced that it would be wise to lose these points of contact with governments and with employers' and workers' organisations. It was from Europe that the ILO drew much of its strongest support. Employers' and workers' organisations in the countries concerned as well as governments should be consulted in any re-examination of the role and work of these offices.

232. Staff costs and structures in all United Nations agencies, including the ILO, which was part of the common system, had been the subject of much criticism by governments. It was easy to criticize staff costs but there had to be sufficient staff and well-qualified staff to do the job properly and it had to be remembered that the staff employed by the ILO were doing outstandingly good work. The Workers were not prepared to maintain the Government of the Director-General's proposal for major Industrial Committee meetings, and strongly supported the continued provision for the Third European Regional Conference in the next biennium. However, they were still disappointed with the provision for follow-up of the World Employment Conference.

233. In view of Switzerland's success in curbing inflation, the Workers accepted that the provision for cost increases in the 1978-79 biennium should be reduced from 5 per cent to 3 per cent per annum. They also accepted, but with some reservation, the savings the Director-General had now proposed by reintroduction of the so-called lapse factor. Posts had to be filled quickly, and there should be no room for programme slippage. It was too easy to save money by delaying recruitment and looking to existing staff to improve productivity and this should not be allowed to happen. The Workers fully agreed with the Employers that cuts in costs of the Conference were the technical co-operation programme, they resulted in unacceptably large delegations. However, they accepted that delay in the publication of the Provisional Record for up to 48 hours should not raise serious difficulties, provided that this does not extend to the last week of the session. They also accepted the proposals that there should be more seminars and symposia on freedom of association and on standards; that direct contacts with governments for the discussion of difficulties in applying standards should be intensified; that nine Professional category man-months should be added for the technical support of the International Labour Standards programme; that six Professional category man-months should be added for co-ordinating activities relating to migrant workers under major programme 90 (Working Conditions and Environment); that there should be an increase in the provision for the Occupational Safety and Health programme; that the resources for two studies under the major programme for employment and development should be reduced by 12 Professional man-months; and that the provision for the meeting of Trade Unionists on Collective Bargaining and Inflation should be deleted. Finally, as to the Director-General's proposal for increasing the membership of the Governing Body delegation to the IMO Conference,
the Workers agreed with the Employers that there should be five Shipowners' and five Seafarers' representatives, and that the Government representatives should be reduced since the Conference was already intergovernmental. Perhaps a single Government ILO representative would suffice.

234. The United Kingdom Government representative appreciated the efforts of the Director-General in coming back to the Committee with revised proposals, but thought there was still scope for further cuts. Whilst he still commended the programme as a whole, he had stressed in his earlier intervention the need for a realistic approach. There were three programmes in which he believed the element of realism had still not been adequately taken into account.

First was the programme for the International Institute for Industrial Training, where it had been agreed, subject to the holding of nine meetings, there had been difficulties in mounting only five in the present biennium. He shared the doubts of the Employers' spokesman as to whether it was realistic to make provision for nine in 1978-79. Secondly, with regard to technical co-operation, he appreciated the Director-General's confirmation that the type of programmes which would be supported from regular budget funds would be carefully chosen and that there would be no competition with the UNDP or other voluntary funds. Past experience was that it had been difficult to spend even the limited regular budget funds previously provided until it had been necessary, due to the UNDP cutback, to take over the funding of programmes that would otherwise have been financed by UNDP. It was still not clear that it would be practicable to spend as much as $10.5 million in 1978-79 without encroaching into areas coming more properly within the ambit of UNDP and other centralised funds. Thirdly, there were the proposals for the International Institute for Labour Studies which, he recalled, had originally been intended to become self-supporting. He accepted in the light of past experience that industrial training was needed and that the ILO should fund additional subcontract work to the Institute. He had however objected to the provision of $175,000 for sums to be paid to the Institute for unspecified projects. He noted that the Director-General had now deleted this provision from major programme 150 but replaced it in effect by providing for additional items to be subcontracted to the Institute in a number of other major programmes. This had not met his point that projects so subcontracted should be found from within the ILO's approved programmes. The items now added had been approved by neither the Committee nor the Governing Body and, at first sight, seemed to be designed to meet the interests of the Institute as distinct from the programme interests of the ILO. He therefore reserved the position of his Government on these proposals.

235. He welcomed the Director-General's proposals for reducing the size of the provision for inflation in Switzerland from 5 to 3 per cent, although he had expected a larger reduction on that account in dollar terms. He noted that in deleting altogether provision for any general rise in General Service category salaries in the next biennium, which had gone beyond his earlier request for provision for such a rise to be limited to the assumed level of Swiss inflation, the Director-General had reserved the right to come back on this question if present assumptions proved incorrect. He was pleased to see reinstatement of a lapse factor; this was no more than recognition that, in any organisation, there was bound to be some delay in recruiting or replacing staff, as had been accepted and demonstrated in previous years. Finally, with regard to the Working Capital Fund, it was now proposed that governments should pay $5 million in 1978 and $5 million in 1979 as an advance against liabilities that would fall due under the Financial Regulations at a later date. In relation to the expected cash flow forecast by the Office he agreed that the payment into the Fund in 1978 was justified. However, there were at this stage a number of imponderables such as the outcome of endeavours to ascertain China's intentions, and he thought it undesirable at this stage to make a firm commitment for 1979. He therefore proposed that the Committee should consider the 1979 needs of the Fund in 1978, when it would still be open to the Conference to take an appropriate decision and when further information as to the calls on the Fund at the end of the present biennium would be available.

236. The Indian Government representative said the Director-General's revised proposals were lucid and logical and represented a commendable effort to reconcile many diverse factors. With regard to the suggestion that powers be delegated by the Conference to enable the Governing Body to take action to reduce expenditure in the event of United States withdrawal, he considered that the Director-General should first submit a contingency plan for the adjustment of the programme to the Governing Body. He thought it unfortunate that the proposal for a payment into the Working Capital Fund had not been made earlier, so that governments could have had more time in which to consider it. The new proposal seemed similar in substance to the earlier one that 65 per cent of the budget should be assessed on member States in 1978; both were designed to cover cash-flow problems arising mainly from the UNDP cutback. Although, under the new proposal, the $10 million would in theory remain to the credit of member States he feared, in the light of past experience, that further replenishment of the Working Capital Fund would be called for at the end of the biennium. It was therefore necessary to eliminate all avoidable and unnecessary expenditure, but such savings should be made without harm to the main thrust of the ILO's activities in support of the
recommendations of the World Employment Conference. The amount of $1.3 million, indicated by the Director-General as the saving which would result from reducing the assumed inflation rate from 5 per cent to 3 per cent per annum, seemed rather low in relation to the cost and price increases of $17.33 million in the original proposals. He felt that reduction on this account should have been nearer $3 to $4 million. Due priority had not been given to the allocation of resources to the major programme for employment and development, even allowing for the fact that proposals to earmark budget resources for technical co-operation were also included under other programmes. He reaffirmed the need to continue regular budget technical co-operation activities in fields exclusively within the ILO's competence; such activities were complementary to those financed from UNDP funds and he supported the Director-General's proposals in this respect.

237. The Canadian Government representative appreciated the quality of the work that the Office had put into preparation for the debate. The revised budget level was still, however, higher than his Government considered prudent or desirable for 1978-79. In the first place, his Government were not seeking cuts in programmes. The original proposals had included a programme increase of the order of $56 million. His request had been that this increase should be moderated to give a more reasonable total budget. The largest part of the programme increase was the $5.5 million for technical co-operation activities which seemed contrary to the principle of central funding. He was pleased to note the Director-General's assurance about adherence to the UN consensus, but he took the view that the allocations for technical co-operation were for activities uniquely within the ILO's field of competence. In this connection he made particular reference to the proposed regular budget allocation for technical co-operation in training shown in information annex No. 4; some $1.6 million were provided for this even though training was well supported from extra-budgetary sources. He also wondered whether the proposed statistics projects could not also have been financed from central funds. He suggested that there was scope for further reductions in the provisions for research, to which a high proportion of ILO resources was being allocated, and in the provision still made for cost increases.

238. The Government representative of the Federal Republic of Germany thanked the Director-General for his efforts to reduce the magnitude of his original proposals. He was surprised, however, that more substantial reductions had not been made in view of the criticisms in the discussion regarding, in particular, technical co-operation activities. He could not support the proposal to pay $10 million into the Working Capital Fund. He could, however, agree that $5 million should be paid into the Fund in 1978, leaving the position for 1979 to be dealt with later, if necessary. He reserved the final position of his Government with respect to the Programme and Budget until the forthcoming session of the Conference.

239. The French Government representative thanked the Director-General for his efforts in revising his original proposals. He noted that the revised proposals now presented a relatively modest programme growth, of the order of 2 per cent. Certain proposals had been made by previous speakers on which the Director-General would no doubt comment either immediately or in June; in this connection he endorsed in particular the comments of the Employers and of the United Kingdom Government representative concerning Industrial Committees. He had been disappointed that the savings achieved by the reduction of 2 per cent per annum in the assumed inflation rate were less than he had expected. He agreed with those who advocated that provision should be made for a payment of $5 million into the Working Capital Fund in 1978 only; the amount which might be required in 1979 could be considered later when the extent of the problem would be clearer.

240. The Mexican Government representative appreciated the extent to which the Director-General had continued his efforts to achieve the objectives of the Organisation despite the present situation. He particularly appreciated the Director-General's refusal to be forced by circumstances into withdrawing from a philosophy for a social policy which aimed at meeting, among other objectives, the need to give priority attention to the needs of developing countries. He had been glad to note that the Director-General had not proposed sweeping cuts in the Organisation's experienced and well qualified staff. He supported in particular the proposed allocation of regular budget resources for technical co-operation; this was essential in view of UNDP's lack of appreciation of the ILO's interests as a tripartite organisation. His Government approved the Director-General's proposals regarding decentralisation and would work fully with the regional advisers to ensure that decentralisation became an effective reality. He was glad that the objectives
set for the technical programmes had not been scaled down in the efforts to make reductions. He also welcomed the Director-General's proposals to provide additional resources for the review of the application of international labour standards relating to migrant workers, since important principles of human rights were involved. His Government would be interested to learn the intended scope of such a review, in particular the general principles governing protection of migrant workers which emerged from it. He supported the views of the Employers with regard to the International Institute for Labour Studies. He warned governments against an uncommitted attitude in regard to the IMO Conference on standards of training and watchkeeping of mariners. The training of seamen in developing countries was a governmental responsibility and a concern of the ILO. Maritime employment was one of the most important elements of the international division of labour. If governments did not support the IMO Conference the effect would be to discourage primary investment in this area which in turn would put the developing countries at a disadvantage. It was very important to strengthen the determination of such countries to achieve economic independence. The ILO should provide also for proper government representation so as to ensure that the views of various government groups were put forward and defended and so as to promote investment in vocational training and other aspects of maritime employment in developing countries.

241. The Government representative of Iran recalled that, at the session of the Governing Body in February-March 1976, he had advocated that consideration should be given to the action which would be required if the United States withdrew from the Organisation. Member States resources were not a bottomless pit and they could not be expected to pay an additional 30 per cent to make good the resultant shortfall in contributions. His Government would thus have preferred the proposals now before the Committee to have taken this into account so that if such a withdrawal took place the Governing Body would know which, and to what extent, programmes should be reduced or postponed. A one-time payment into the Working Capital Fund would not solve the serious problem which a departure of the United States would raise, and at present, he could give no undertaking on behalf of his Government in relation to that proposal or to the whole budget. He accepted the Director-General's proposals with regard to regular budget technical co-operation activities which he too regarded as complementary to activities financed from extra-budgetary sources. Decentralisation, however, should be taken further than now proposed. His Government had always supported the principle of rotating staff between headquarters and the external offices; they also considered that the number of years spent outside headquarters should be taken into account in considering qualification for promotion. He agreed with other speakers who had criticised the large proportion of the budget devoted to staff costs. He agreed with the Director-General as to the need to ensure adequate preparation and a high level of servicing of major meetings including Industrial Committees. With regard to major programme 60 (Employment and Development) it was of the greatest importance that in 1978-79 there should be seen to be vigorous follow-up action to the World Employment Conference. In conclusion, he appreciated the efforts made by the Director-General in finding the economies that had enabled the original proposals to be reduced by some $5.2 million.

242. The Government representative of Sri Lanka asked whether there was any relationship between the savings of some $5.2 million now put forward in the Director-General's revised proposals and the first instalment of $5.2 million which it was proposed to pay into the Working Capital Fund in 1978. He sought clarification as to whether the strengthening of the Fund was intended to cover the anticipated non-payment of certain contributions or the possible withdrawal of a member State. He agreed with the Indian Government representative that more details of the contingency plan to be put into effect in the event of a United States withdrawal were required before the Conference in June. The right of the Conference to decide important Programme and Budget matters and the future orientation of the Organisation could not be ignored. The contingency plan should not be difficult to prepare since it would merely cover emergency measures to be put into effect until the Conference had had time to determine how the matter could best be handled. He was surprised at the ease with which it had been possible to eliminate the provision of $1.2 million for technical co-operation programme support costs. It was obvious now that this sum was a mere addition to the funds already made available for this purpose and indicated elsewhere. This kind of cut was therefore a good start and he would encourage the Director-General to continue to remove such excess costs. He still believed that there was room for reduction in the provision for staffing costs throughout the budget and that there was particular imbalance between net technical co-operation and supporting staff and administrative staff. He would like to see a careful analysis of the relationship between regular budget and UNDP-funded technical co-operation covering where the money comes from and how it is being spent.
243. The Australian Government representative observed that, since the IMCO Conference was an intergovernmental one, he supported the proposal that the Governing Body delegation should consist of five Employer, five Worker and two Government representatives. He agreed with the remarks of the Canadian Government representative about technical co-operation and asked why the total provision for statistics projects, including funds from extra-budgetary sources, had almost doubled. The arrangements in connection with the International Institute for Labour Studies were not satisfactory. Apart from the provision of almost $1 million made under major programme 150, additional funds had now been included in the budget for projects which had not been approved as part of the regular ILO programme. He was disappointed that further savings had not been achieved in major programme 160 (Personnel) and 170 (Finance and Central Administrative Services). The fact that $200,000 could be reduced from the provision for stationery and office supplies at this late stage led him to suspect that other additional savings could be found.

244. He noted that fringe benefits were high in relation to salaries and in the case of Professional category staff made up more than half of the total personnel costs. He appreciated that these benefits were unavoidable and covered, for example, pension fund contributions, home leave and dependency allowances. These continuing costs, which in the main derived from the common system, made it even more important to seek out possible savings. He was disappointed by the Director-General's lack of response to his suggestion as to cheaper ways of carrying out the present functions of the offices in Europe and the results of the Director-General's further examination of this matter. Finally, he could support the proposed payment of $5 million into the Working Capital Fund in 1978.

245. The Government representative of Italy appreciated the Director-General's efforts to meet the wishes expressed earlier in the discussion and was pleased to note that his remarks on behalf of migrant workers had been acknowledged. His Government continued to be concerned at the increase in the allocation for technical co-operation in the budget. Care was necessary to avoid overlapping with the activities of other organisations and ILO resources should be allocated only to tasks within its sphere of competence. The contribution to the Working Capital Fund should be restricted to $5 million in 1978 in the hope that a second payment would not be necessary in the following year.

246. The Government representative of Poland welcomed the reduction of the level of the expenditure budget. However, the increase over the previous budget was still of the order of $5 million, to which it was proposed to add $10 million to be paid into the Working Capital Fund. Whilst the provision for inflation now seemed more realistic, it might be possible to reduce it still further. On the budget as a whole, he considered that total expenditure should have been reduced to the 1976-77 level. With regard to technical co-operation, he considered that efforts should be made to cover this area from funds other than the regular budgetary resources. The volume and content of the various studies and research projects that had been proposed should be reviewed and those of an unduly abstract nature should be eliminated. Expenditure on official missions, office equipment, staff costs, etc. should also be reduced. Economies, however, should not fall upon the main objectives of the ILO such as standard-setting, industrial activities and the implementation of the FAOCT programme.

247. The Government representative of Japan said that although the Director-General had tried to make reasonable adjustments to his proposals, the revised proposals were still not fully satisfactory. Further savings could be achieved by way of reducing the provision for technical co-operation, by reducing expenditure on research and publications and by further reduction of the provision for inflation. He supported the proposal of the United Kingdom Government representative that $5 million be paid into the Working Capital Fund in 1978, and that the question of a payment in the following year be left open, but wished to know how the proposed payment could be reconciled with the present Financial Regulations; and what would be the legal status of this new form of advance payment.

248. The Government representative of the USSR said that his Government continued to believe that the total budget should show no increase over the present biennium. It was essential to direct the Organisation's activities in the most important areas which fell within its field of competence. There were possibilities for further savings in the figure for inflation and there was also considerable scope for reducing the provision for technical co-operation. This activity was more appropriately financed by the UNDP and other voluntary funds, and a larger allocation should be sought from these sources in preference to the proposed increase in the regular budget provision. Decentralisation would only be valuable if it resulted in more efficient working at a lower cost. He was glad to note that the revised
proposals for the participation in the IMCO Conference showed some flexibility in its application of tripartism. On the other hand, he felt that the shipowners' interests too, would be well represented within the various government delegations. Although he could not yet express a final view about the payment of $10 million to the Working Capital Fund, he believed that his Government would be opposed to the type of special payment proposed which ran counter to the Financial Regulations. He thought that any proposal for the delegation of special powers by the Conference to the Governing Body would be more easily handled by the Conference if it received, in the first instance, an indication of the kind of contingency plan envisaged. Any powers so delegated should be clearly specified and linked with specific measures.

249. The Government representative of Cuba was glad that, in his revised proposals, the Director-General had avoided making any substantial reduction in the programmes of interest to the developing countries. There was, however, still scope for reductions in the provisions for staff, research and administration. He expressed concern at the regularity with which additional funds were requested to meet salary increases and pointed out that payment of an additional $10 million into the Working Capital Fund would place a heavy burden on countries such as his own. He asked for an assurance that they would not be asked to pay the further $10 million in the next year or so. His Government's position on this additional payment would be made known in June.

250. The Government representative of Yugoslavia welcomed the effort made by the Director-General to reduce the cost of the budget without cutting programmes. He also appreciated the modest response that had been made to the views of his own government with regard to activities in relation to migrant workers. He supported the remarks by the Indian Government representative about implementation of the decisions of the World Employment Conference, and about the need for some form of contingency plan to be put before the Committee in May in order to provide a solid basis for any request to the Conference for delegation of special powers to the Governing Body. He stressed the support of his own Government and also that of the developing countries and of the Worker members of the Committee, for the continued financing of technical co-operation activities from the regular budget within the terms of the assurance given by the Director-General. The stress which some speakers had laid on the magnitude of the increase in this area, was in his view somewhat overdone, since even the total allocation of $10.5 million could hardly be said to be a substantial part of a budget of $170 million. He regretted that the revised budget level was still in excess of the figure in the Director-General's original proposals and hoped that an effort could be made to achieve further savings.

251. With regard to the cash position, he recognised that because receipts were assumed from member States who did not pay their contribution, there would be a cash deficit of something like $10 million at the end of the biennium which governments would have to make good. It seemed therefore that governments were now being asked to pay twice - $10 million during the biennium as a special payment to the Working Capital Fund, then another $10 million at the end. He asked if this matter could be clarified. His Government had not yet had time to consider the Working Capital Fund proposal and he would therefore have to reserve their position until the Conference consideration in June.

252. The Government representative of Indonesia said that, in his revised proposals, the Director-General appeared to have gone a long way towards meeting the concerns of the Committee, even though in some respects, views had been somewhat divergent. He had hoped to see larger reductions but felt the present proposals were soundly based. In general, greater budgetary economy could be achieved by closer co-operation between the United Nations agencies. Joint programmes with perhaps a joint operational budget and an agreed timetable for implementation, would avoid overlapping and prevent excessive expenditure. Efficiency would be improved in this respect if fields of competence were more clearly defined. The intention to make greater use of the facilities available in member countries, particularly research facilities, as part of the new dimension in technical co-operation, would bring about a more active involvement of member States in the implementation of the
decisions of the World Employment Conference. He hoped that a continuous effort would be made to interest the UNDP in programmes of particular concern to the ILO. In the view of his Government, technical co-operation was the core of the ILO's activities and no reduction should be made in the budgetary provision under this heading. In conclusion, he supported other speakers who had asked that a contingency plan be submitted to the Committee in May with regard to the measures that would be required in the event of the withdrawal of the largest contributor.

253. The Government representative of Hungary expressed appreciation of the Director-General's new proposals in which account had been taken of comments made by members during the discussion. He felt however that the Director-General should have adopted a more realistic approach in certain respects. Further possibilities for savings still existed in the provision for inflation, in expenditure on research work, personnel, industrial activities, administrative overheads and equipment and in similar items without substantially affecting the programme. His Government had not yet had an opportunity to examine the proposed additional payment into the Working Capital Fund. However he agreed with the suggestion of a number of speakers that if any payment at all were made, only $5 million should be included for 1978, and that a decision be deferred on any credit for 1979. He shared the concern expressed by many delegates with regard to the increased level of expenditure on technical co-operation; his Government continued to hold the views expressed during the general discussion.

254. The Government representative of Norway was pleased that the Director-General had been able to make reductions without substantive cuts in the programme. However, he would again like to stress that his Government shared the view of the Government representative of India and of other members that the provision for major programme 60 (Employment and Development), as the main follow-up programme of the World Employment Conference, was too small, and that this view was also shared by other Nordic countries. Although opinions were divided on the proposal to allocate $10.5 million to technical co-operation, his Government supported the proposal which they did not consider to be inconsistent with the UN consensus or with the principle of central funding. He agreed with the proposal of the Government representative of Australia for a fresh look at the need for European branch offices and emphasised that the Director-General's consultations with governments and with employers' and workers' organisations should cover all the European countries and not only those where the present offices were located. His Government accepted the proposal to add $5 million for payment into the Working Capital Fund in 1978 and the same amount in 1979. It could also accept the revised budget proposals now before the Committee.

255. The Government representative of Pakistan was glad that the Director-General had withdrawn his earlier proposal for collection of 65 per cent of the contribution for the biennium in the first year. He also welcomed the proposal to divide the provision for payment into the Working Capital Fund between the two years of the biennium and endorsed the remarks of the Government representative of Sri Lanka in this respect. His Government welcomed the increased allocation to the programme on rural development with its emphasis on the rural poor. He hoped there could be some increase in projects for rural employment promotion and rural training. He welcomed the emphasis being placed upon collective bargaining, workers' participation, the relationship between industrial relations and development, job security and the workers' education programme. He would strongly support any move to subcontract comparative studies and other research projects to appropriate national centres. He would also support increased decentralisation which would result in greater efficiency. In this context, local offices should be given more authority to fix local project priorities and should have adequate resources at their disposal. His Government would like to see the provision of $10.5 million for technical co-operation suballocated to the country level. He concluded by expressing Pakistan's keen interest in the Asian Regional Skill Development Programme and extended an invitation to ARSDEP to hold its advisory meeting in Pakistan; he also proposed that the ARSDEP project manager should be based in Pakistan.
256. The Government representative of Colombia said the proposed one-time payment of $10 million to the Working Capital Fund would be no solution to the problem which the Organisation would have to face if the United States withdrew. He was aware of the Working Capital Fund's imbalances and that shutting off payments from the non-payment of contributions by a member State, but felt that it was unreasonable to expect the other Members of the Organisation to have to meet such outstanding debts. The $5.6 million savings now proposed by the Director-General were welcome. They provided a partial solution for the cash-flow problems of the Organisation which would be further helped if the Director-General were able to obtain prompt payment from the countries in arrears. In the meantime his Government would reserve its position on the payment into the Working Capital Fund until the Conference met in June. He supported the suggestion that powers be delegated by the Conference to the Governing Body to take whatever action became necessary in the event of a United States' withdrawal, but stressed that any consequential staff cuts should not be allowed to affect the staff from those countries which were already under-represented in the ILO. He regretted that more effective use had not been made of the process of decentralisation, since in itself it made for savings and greater efficiency in the ILO. In changing from the idealism of centralisation to the pragmatism of decentralisation, use would be made of the financial and human resources available in developing countries and so there would be no need for budget cuts damaging to the ILO's technical co-operation programmes.

257. Mr. Oechslin said that Government representatives appeared to attach too much importance to a secondary problem, namely that of the Working Capital Fund. He was not suggesting that the $10 million which it was proposed to pay into the Fund should be a negligible sum but that there were fundamental questions which the Organisation's finances which should be examined. Every year, the accounts showed an excess of expenditure over receipts; this was the root cause of the problem with the Working Capital Fund. Unless Members were content to make regular payments into the Fund, the solution lay in making sure that expenditure did not exceed receipts; in practice this would mean reducing programmes. Governments however seemed to have settled for a payment of $5 million into the Fund in the first year of the coming biennium. He found it difficult to believe that they would not be faced with a bill for a further $5 million in the following year.

With reference to the IMCO Conference, he had noted from the remarks of the USSR Government representative that in some countries the interests of shipowners could be adequately represented solely by governments. This was not the case in all countries, including his own, and it was certain that many shipowners would want to have the possibility of putting forward their own views.

258. The Tunisian Government representative associated himself with earlier speakers in commending the Director-General's revised proposals. He supported the over-all provision made in the budget for technical assistance; this would enable the ILO to help the developing countries carry through a number of projects which were important to their social policies. He particularly welcomed ILO efforts in the fields of social security, vocational training and employment, and was opposed to any reduction in the programme for technical assistance. He asked if the Director-General would provide a document which would draw together information on all the credits included in the budget for implementing the decisions of the World Employment Conference.

259. The Government representative of Thailand stated his appreciation of the Director-General's efforts in adjusting the original budget proposals. He supported the revised proposals and particularly the continued provision for technical co-operation.

260. The Director-General in reply to the discussion, said that he had not abandoned the principle of doing fewer things but doing them better; indeed in some respects the Programme and Budget drew inspiration from people doing things better. He had been glad to see the wide measure of agreement reached during the discussion, since his proposals had been an endeavour to reconcile the legitimate aspirations of Governments with a realistic attitude to the financial position of the members had found his proposed cuts to be modest, but there had been little room to manoeuvre; it would be difficult to reduce the programme further without impairing its balance. He had not sacrificed quality for quantity nor had he lacked realism. The reductions came to a total of $6.2 million. Unfortunately, he had been obliged to make additions totalling $0.6 million for unavoidable increases in the cost of the Joint Inspection Unit, the credit relating to pensions and the cost of the Governing Body delegation to the IMCO Conference.

The resulting net reduction thus came to $5.6 million. As regards the Working Capital Fund, he said that a series of factors, such as inflation and the fluctuating rate of the dollar combined with a general increase in costs, had tended to create imbalance in the Organisation's finances. In the present budget he had made every effort to present a balanced picture of expenditure and income both in the calculation of the costs of the technical programmes as well as in the estimates for administrative expenses.
261. He had noted the various and sometimes conflicting views expressed by members of the Committee, some of whom had wished to increase the programme, whereas others would have preferred reductions. For example, the Government representatives of India, Indonesia, Yugoslavia and Norway considered the provision for following up the World Employment Conference to be too modest; Mr. Oechslin on the other hand, would have accepted a reduction. Mr. Plant had stated the Workers' view that the technical programmes should not be reduced. He gathered that, in general, the Committee was in favour of the proposed technical content and would support the budget, subject to the reservations stated. He had carefully noted the remarks of the Government representative of Colombia, which were in line with his own approach, that greater emphasis should be given to practical measures. Technical assistance was a part of this approach and represented one of the means of providing more and better services to member countries, particularly to developing countries.

262. Turning to the question of Industrial Committees, he said that agreement appeared to have been reached by the Committee that nine Industrial Committee meetings should be held during the next biennium, although some apprehension had been expressed about the ability of the Office to cope with such an extended programme. As Mr. Oechslin had pointed out, it was not merely a question of the ten days required for the meeting in Geneva. Careful preparation would have to be made imposing burdens on governments, Employers and Workers as well as on the ILO. The difficulties in 1976/77 had been caused by the need to provide support for the World Employment Conference and the ILO's Maritime Conference. The same considerations would not apply in 1978/79 and the Office would make the necessary arrangements bearing in mind the need to provide good quality work. If the backlog could be made good in 1978/79 it would be possible to envisage return to a more satisfactory speed in future years.

263. The International Institute for Labour Studies had been discussed at great length and it was clear that everyone believed that the Institute should be kept alive. Nevertheless some members had expressed doubts about the value of projects to be subcontracted by the ILO. Two of the five projects in question arose directly out of present ILO activities, namely: maintenance of the Directory of Institutes for Labour Studies; Meeting of Presiding Officers of Labour Tribunals in developing countries; and research on strategic factors in industrial relations in the construction industry. He proposed that they should be continued in the framework of the subcontracting arrangements between the ILO and the Institute. However he also had some doubts on the two remaining projects namely: a research symposium on the social responsibility of engineers and a research symposium on development of social indicators at enterprise level. He therefore now proposed deleting them from the revised budget proposals leaving them to be replaced by two others to be found from elsewhere in the programme which had already been approved by the Committee. While therefore the total value of work which the Institute would carry out on the ILO's behalf would still amount to approximately $175,000, there would be a further saving of $75,000 to be deducted from the total budget ($86,000 at 1978/79 prices).

264. As regards technical assistance, he had concluded from the discussion that the general view was in favour of retaining the amount of $10.5 million in the budget. He confirmed that there would be no duplication of effort in the fields of training and statistics between work financed by the regular budget and activities financed by the UNDP. The credit for training would go mainly towards work at regional projects such as the Inter-American Vocational Training Research and Documentation Centre (CINTERPOR), the Inter-American Labour Administration Centre (CIAT) and the African Regional Centre for Labour Administration (CRADAT) in Yaoundé. The credits for statistics related to the household surveys which had been called for in the recommendations in the World Employment Conference; this work would of course be carried out in co-operation with other international agencies, including the United Nations.

265. Different opinions had been expressed about the proposed European Regional Conference. This was an important Conference which would need to be prepared with particular care. Its value would lie not only in the 10 to 15 day session at Geneva, but also in the consultations and the preparatory work which would be undertaken both by the Office and by the different participating countries. For these reasons the credit had been retained. With regard to the IMCO Conference in London, he said that he was attracted by Mr. Oechslin's proposal for a Governing Body delegation made up of five Employers, five Workers and two Government representatives, particularly in view of the fact that governments would in any case be represented at the Conference. However the precise composition could be agreed later.
266. With reference to Mr. Plant's dislike of the provision for the lapse factor which he had included in his revised proposals, he explained that he had accepted the view of the United Kingdom Government representative that no matter how well administered an organisation was, some slippage was inevitable. This could easily occur in the recruitment of staff when a particular specialist was required who might not be immediately available. The financial effect of reducing to five hours the period of journeys above which first-class travel would be admissible was marginal and could be found within the revised budget without restoration of any of the previous reductions.

267. He had been pleased to note the tribute paid to the staff by Mr. Plant and by other members of the Committee and recalled that difficulties had arisen in the last two years in fixing the salaries of the General Service category. The staff were not, however, insensitive to the problems facing member countries at the present time. He had noted the reservations expressed about staff costs and would not like the Committee to have the impression that the allocations in the budget in this respect were excessive or that staff were not treated properly; it was necessary to maintain motivation and sense of vocation. He confirmed that he would carry out, with the appropriate consultation, the review of European offices which had been referred to by the Australian Government representative.

268. He noted that there had been no absolute opposition in the Committee to the principle of provision for a payment into the Working Capital Fund, and appreciated that members had realised the importance of keeping the Fund at an adequate level. In response to the Government representative of Colombia he wished to make clear that the payment to the Fund was quite distinct from the measures which would be required if the United States were to leave the Organisation. The object of his proposal for a one-time payment was to ensure that during 1978 the level of the Fund did not fall to a point where it would be necessary to borrow externally. On 1 January 1978 the cash in the Fund was already expected to be less than $2 million. This situation had led him to propose at the start of the discussion that an additional $10 million should be paid into the Fund. However, he agreed with the Government representatives of the United Kingdom and the Federal Republic of Germany and certain other speakers that all of this amount would not be needed in 1978 if member States paid their contributions promptly. He had therefore accepted that a payment of only $5 million should be made on 1 January 1978 and that a decision could be taken in June 1978 as regards the amount required for 1979. This formula did have certain risks, including the possible need to borrow in 1979 but, having regard to all aspects of the matter, these risks were acceptable. In reply to the question asked by the Government representative of Japan he said that the payment to the Working Capital Fund would simply be an advance reimbursement on account of the expected net shortfall in contributions in 1978-79, which would otherwise not have been due for payment under then, the Financial Regulations until 1982-83. This advance reimbursement would help to maintain the Fund at a reasonable level. The Working Capital Fund was divided, in terms of its nominal level, as between the part belonging to the Organisation and the individual shares which the member States had paid into the Fund. The proposed payment, as an advance reimbursement of a withdrawal from the Fund, would not affect the present breakdown of the nominal level.

269. He said that although he had spoken on the previous day of certain emergency measures, they were in no sense to be regarded as a prepared plan. He was concerned that submission of an emergency plan, as had been suggested by the Government representative of India, would seriously complicate matters. The Committee and the Governing Body might well find themselves engaged in a long discussion of matters which would not necessarily emerge as an alternative budget. This could also create confusion on the eve of the discussion by the Conference of the Programme and Budget proposals for 1978-79. He was very aware of the concern of certain members of the Committee, including the Government representative of Iran, who had asked how the very large shortfall which would follow a withdrawal by the United States would be made good. He did not suppose that other member States would be willing to make good the entire shortfall; he envisaged that there would have to be immediate cuts in programmes. These could be outlined in proposals which, if events made it necessary, he would present to the Governing Body in November 1977. He had already given some consideration to these problems and would ensure that the Committee and the Governing Body were informed of progress at each stage. He intended to consult the Governing Body in May, when further information might be available, and would maintain constant contact with the Officers of the Governing Body and with the Governing Body itself in November which would be the
critical time. It was in this spirit that he had put forward the idea of a dele-
gation of authority from the Conference to the Governing Body. He assured the
Committee that it would not be a question of the Conference being asked to provide
a blank cheque in this matter. It would be necessary, however, that the Governing
Body should have sufficient powers to take the action which would be required
immediately should the United States finally decide to leave the Organisation.
The Committee would have until the session of the Governing Body in May to reflect
on this idea.

270. In conclusion, he asked the Committee to accept the Programme and Budget
proposals for 1978-79 as now submitted; they represented a budget of $169,074,000,
which included the $5 million for the Working Capital Fund in 1978. This repre-
sented an increase in programmes of 3.23 per cent and a total increase for the
entire biennial Programme and Budget of 5.26 per cent. He felt these percentages
were modest but necessary; they would permit the Organisation to carry out an
ambitious but nevertheless realistic programme.

271. The Chairman said that the Committee had appreciated the Director-
General's attempts in his revised proposals to take into account the concerns
expressed by the Committee's three groups. There was general agreement on the
desirability of greater economy in administration. There had not been the same
agreement as regards savings in the programme; the various views in this respect
had tended to some extent to cancel each other out. The important question of
representation at the IMCO Conference appeared to have been settled by the adoption
of a formula which would set the Governing Body delegation at five Employers,
five Workers and two Government representatives. Many speakers had expressed
unease about the operations on the Working Capital Fund which had been necessary
in the previous year and which might unfortunately also be necessary in the future.
Finally, there had been a broad measure of agreement to accept the revised proposals
put forward by the Director-General, as amended by the further adjustments made
following the discussion of these revised proposals.

272. A complete statement of the adjustments agreed by the Committee to the
Director-General's original Programme and Budget proposals is given in Appendix IV
1 to this report. A table showing the resulting expenditure budget, both in constant
1976-77 dollars and as restated to take account in Part I of the change in the
assumed rate of inflation, together with a summarised draft budget of income and
expenditure for 1978-79, is given in Appendix V. This table includes, under
Part III (Working Capital Fund), an amount of $5 million for the purpose of making
an advance reimbursement in 1978 to the Fund of part of the withdrawal required to
finance the estimated budgetary shortfall in 1978-79.

273. Subject to the positions taken and the reservations expressed during
discussion, the Committee submits to the Governing Body for proposal to the
International Labour Conference a resolution for the adoption of the Programme and
Budget for the 56th financial period (1978-79) and for the allocation of expenses
among Members in that period in the following terms.2

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1 The tables comprising Appendices IV and V to the Third Report of the
Programme, Financial and Administrative Committee appear on pages 6-7 and 3-5
respectively of the present document and are accordingly not being reproduced
here as appendices to the Third Report of the Committee.

2 The draft resolution appears on pages 1-2 of the present document and is
accordingly not reproduced here.
Appendix I. Director-General's statement introducing his Programme and Budget proposals for 1978-79 to the Programme, Financial and Administrative Committee (Tuesday, 15 February 1977)

This introductory statement will be short, since the general introduction to my programme proposals for 1978-79, over which I took great care, will, I trust, have enlightened you regarding the factors which determined the priorities I set in drafting those proposals. I shall, therefore, concentrate on the salient features of the proposals themselves. Secondly, I should like to convey to you my preoccupations about the position of the Working Capital Fund, in view of the latest information at my disposal and the forecasts which I had the Office make on the very eve of this discussion.

I have explained why I think it important for the proposals to be both ambitious and realistic. They are indeed ambitious, as I feel sure you will all agree; the world has a greater need than ever for an International Labour Organisation with a dynamic programme - a vigorous organisation to promote progressive policies for the workers' benefit, a solid one to proclaim the primacy of social objectives, an effective one to safeguard basic human rights and to mobilise international co-operation for that purpose.

The proposals need to be realistic, and not merely cautious, because this is a particularly critical period in which, under the pressure of public opinion, often prejudiced against international organisations, governments have to keep a watchful eye on credits allocated to them, despite their world responsibility for achieving the aims set by the international community. Thus, in drawing up the proposals which it has been my honour to place before you I bore in mind not only the formidable needs of the modern world, the problems of workers and the need to improve the workers' lot but also the constraints on national treasuries.

The proposed programme increase of 4.2 per cent that I propose can scarcely, I think, be described as excessive. Yet, though it is a small increase, it reflects some quite significant shifts that I have attempted to bring about in the balance of the ILO's programme to respond to the most pressing concerns expressed by the ILO's membership in recent months.

Let me describe in a few words the shifts and priorities:

(1) A very large increase in the Sectoral Activities, Working Conditions and Environment and Industrial Relations and Labour Administration major programmes. These are the real growth points of the proposed programmes, reflecting the needs for a strengthening of the Programme of Industrial Activities, to which you have already agreed; for the launching of PIACT, which the Governing Body has also endorsed; for an expanded workers' education programme; and for increased activities in industrial relations.

(2) In all major programmes, particularly in the Employment and Development major programme, a much greater emphasis on activities for the poorest sections of the world's population, particularly the rural poor, to give effect to the conclusions of the World Employment Conference.

(3) An acceleration of the pace of decentralisation in Africa, Asia, Latin America and the Middle East.

(4) A substantial increase in technical co-operation funds - a feature of my proposals that will, I am sure, cause some doubts among members of the Committee and prompt some questions concerning the issue of centralisation of technical co-operation funds as against a form of decentralisation under which credits for technical co-operation work would be available to the Organisation within its Regular Budget. That is the solution which I am
advocating in my Programme and Budget proposals, and I am doing so for very specific reasons having to do with the nature of the ILO, its structure and its vocation, which set it quite apart — and I say this without any disparaging intent towards the others — from the other international organisations.

(5) A greatly increased provision for advisory services both at headquarters and in the regions, in order to enhance the practical usefulness of the programme; the Programme and Budget document gives you details in this regard which I hope you will find both clear and specific and which will show you that we have tried, precisely through an increase in credits for advisory services, to meet what seems to be a growing demand on the part of ILO Members, including not only the developing countries but some of the industrialised ones, for what I call advisory services — a form of ILO aid perhaps more up to date and also more subtle and better adapted than technical co-operation.

(6) In order to offset these increases, which — and I stress this — concern technical programmes, a major effort of cost reduction and the elimination of certain activities. These cuts affect publications and administrative work, particularly in what is perhaps their most disquieting form — I mean inflation in texts and documents, which has led me to decree, in a more or less arbitrary fashion, fairly drastic cuts in the production or reproduction of documents or publications. I shall not hide from you the fact that this is, to some extent, an act of faith. By that I mean that a major effort to rationalise and simplify our administrative procedures and systems will be needed to make those cuts. But it is a risk worth taking.

Another important feature of the Programme and Budget is that it is tilted towards practical action for the developing countries. The following figures will no doubt be of interest to you in this respect.

Work specifically directed at assisting the developing countries in the technical and regional major programmes constitutes 56 per cent of those programmes.

Work specifically concerned with the problems of industrialised countries amounts to 5.5 per cent of those major programmes. This is a modest percentage, but of course it needs to be interpreted in the light of the fact that activities of interest to the industrialised countries are such as do not necessarily require large-scale investments, for example those concerned with social security — a field in which, when all is said and done, we have accomplished a good deal, e.g. for the Common Market countries, with relatively modest investments.

Work of a global nature, i.e. not specifically limited to industrialised or to developing countries, but of interest and benefit to both groups — for instance, standard-setting — amounts to 27.5 per cent.

The administration and management of those major programmes accounts for 11 per cent.

In parenthesis, I would point out that Chart No. 4 on page 18 of the budget text before you does not give a complete picture of total proposed expenditure in the next biennium. It relates solely — I stress this — to the Regular Budget but takes no account of extra-budgetary resources. If extra-budgetary resources were added to the chart, some 73 per cent of total 1978-79 funds would be for work under the technical and regional major programmes and their related publications activities. In Chart No. 4 the corresponding figure amounts under the Regular Budget to only 59 per cent, mainly because of the absence of substantial extra-budgetary resources for technical co-operation activities.

I may add a further qualification about some of our estimates for the World Employment Programme — a great subject, a great undertaking, a great conference last year, a great hope for the future. Some constituents may already have noted
that we may have been a little over-prudent in failing to project arithmetically the resources for extra-budgetary contributions for the World Employment Programme in the 1978-79 Programme and Budget proposals. There is indeed a reduction in the forecast of extra-budgetary resources for this major programme as compared with 1976-77, when resources were relatively abundant. However, if we have tended to be conservative in forecasting income from such sources, the reason is simply that at the time these proposals were prepared we lacked sufficiently precise and firm indications regarding the contributions which we might look forward to in 1978-79.

I accordingly decided, together with my colleagues, to take a cautious approach; perhaps I have been over-cautious: indeed I very much hope that in the period we are discussing, 1978-79, the major bilateral programmes such as those of the Federal Republic of Germany and other countries - I shall not try to mention them all, since I might forget some - I hope that, even though the World Employment Conference now belongs to the past, these great countries and these great bilateral programmes will continue to back up what I am sure you will all agree has been one of the great undertakings of our Organisation and should remain one of its major ambitions in the future.

I thought I should give you these indications about the chart and about the World Employment Programme because they are important if the charts and the percentages given in the Programme and Budget are to be properly understood.

I come now to the volume of the budget I am proposing. It represents $9.1 million, or 5.69 per cent more than the budget for the present biennium. On an annual basis this is less than 2.8 per cent. This is the lowest percentage increase in an ILO budget for any biennium during the last 20 years.

Admittedly, we have been helped in keeping this increase to such a low level by a number of favourable financial factors - the rate of inflation in Switzerland has been relatively low, and it appears reasonable at present to assume that no additional provision will have to be made for fluctuations in the dollar-Swiss franc exchange rate.

In the form in which they are presented to you, these proposals lay but a small extra burden on member States. Though comparisons may be misleading, I venture to point out that if we compare this budget with those of other agencies we find, to give but two examples, that the WHO's most recent budget showed a 12 per cent annual increase and UNESCO's showed a 32 per cent increase - the latter admittedly consisting largely of provision to cover the effects of inflation.

I now come to the further matter for concern which I mentioned a moment ago. This is the level of our Working Capital Fund and our cash flow position at the beginning of the next biennium, i.e. on 1 January 1978.

Our latest cash flow projection suggests unfortunately that the level of the Fund will be very low on 31 December 1977. To be precise, it will amount to 1.9 million dollars, and that on the assumption - which of course all of us hope, and indeed deeply hope, will prove correct - that the largest contributor will remain a Member of the Organisation. This is a serious situation, but one which should not surprise any of those who have followed and indeed often supported the ILO's efforts over the last few years to balance income and expenditure.

I mentioned this morning my doubts about early payment of certain contributions which are due to the ILO at a time when its cash flow position is already precarious. A sum of about 2 million dollars does not cover ILO operations for even two weeks. I have thought carefully about the matter since finalising my proposals and I have come to the conclusion that I have a duty to ask your Committee and the Governing Body to make provision in Part III of the budget for a one-time payment into the Working Capital Fund in 1978 to protect our cash flow position at a critical moment in the difficult but serene and determined progress of our great organisation.
Such a one-time payment, which would be an exceptional step designed to protect our position and would not affect the nominal level of the Working Capital Fund should, in my opinion, total some 10 million dollars. Such an amount would give us enough in 1978-79 to spare us the need for borrowing. I realise that such an exceptional payment would entail an extra burden and I am ready to join you at all stages, and, of course, over the next few days, in seeking any cost and programme savings which seem reasonable.

I need hardly add that, quite apart from the question of the decision I am asking the Committee to take on the matter of the Working Capital Fund, we would have to borrow on a larger scale if the United States were to leave the Organisation. I should remind you also that the United States contribution accounts for 25 per cent of our regular budget income.

In the proposals before you I have tried to set out as clearly as possible but in general terms the consequences of the United States withdrawal.

I could have submitted two budgets, one based on the assumption that the United States will remain a Member, the other on the assumption that it will withdraw. I have not done so because that approach presented serious drawbacks, including practical difficulties.

I have raised the possibility of convening a special session of the Conference to adopt a new scale of contributions. Such a session, however, would call for long and careful preparation by the Office and the Governing Body, for which we would not have time, and I have therefore discarded that approach as well.

There are other courses we might consider, such as adopting the programme for two years, but voting on the budget for 1978 alone. That, however, would face us with very serious difficulties in the first half of 1978, particularly in regard to the staff of the Office. That is why I chose the solution set out in paragraph 75 of my introduction, namely that in 1978 all member States should pay 65 per cent of their total contribution for the biennium. That would help us to solve the cash flow problem which I have mentioned, and to do so in the early months of 1978 - the most critical ones. We - that is to say the Governing Body and I - would thus have the breathing space we would certainly need to adapt our Organisation to the wholly new situation resulting from the withdrawal of the United States. I am aware, of course, that the "65 per cent/35 per cent" formula has not been greeted with much enthusiasm. The United States probably still hopes that the programme for two years is complicated - to say the least - but I hope that your discussion will produce a simple and effective solution, and one which will safeguard the interests - and, I may add, the chances - of our Organisation to the maximum.

Having now raised the possibility of such an unhappy and regrettable event as the departure of the United States, I should add, perhaps, that if I have been comparatively discreet in my Programme and Budget proposals about the problem of continuing membership versus hypothetical withdrawal of the United States - and here I am hoping possibly to meet in advance certain questions or even criticisms - this by no means implies that in reflecting on this matter I have once and for all ruled out the most pessimistic assumption, namely the actual withdrawal of the United States - the withdrawal of that great country; for I have, in fact, faced it squarely. I have faced it in order to prepare the emergency measures which will be needed if the ILO is to survive with as little damage as possible to the programme and the staff - or at least as best it can - the serious, not to say dramatic consequences of the withdrawal of the United States of America.

Such emergency measures would have to include - though I have not begun to work out detailed plans - the cancellation of many meetings; a substantial reduction in technical co-operation with developing countries, if not its elimination; a serious curtailment of the technical advisory services provided by the ILO to its member States, mainly developing countries; and heavy cuts in most programmes, starting of course with programmes relating to the so-called administrative infrastructure, but unfortunately also bound to have serious effects on certain technical programmes. And I am afraid that such cuts would mean getting rid of large numbers of staff.
Of course, should worse come to the worst it would be the duty of the Director-General and the Officers of the Governing Body in the course of this year not only to keep the situation under review but to take full precautionary measures pending the decisions which the Governing Body or the Conference would have to take.

That is what I felt I should say on this problem - this possibility, and indeed this major issue which, once again, none of us can ignore and on which I imagine we have all reflected, including - first and foremost - the individual in charge of the Office. I would not want the discretion with which it has been approached in the Programme and Budget to give you the impression that the consequences of the possible withdrawal of our Organisation's largest contributor have not received my continuing attention. My purpose in making these remarks has been to assure you that I shall of course follow the situation as it develops - day by day, I might say. In doing so I shall keep in close touch with the Officers of the Governing Body, with your Committee and, of course, with the Governing Body, which must make the decisions.

I have used three somewhat contradictory adjectives to describe these Programme and Budget proposals: ambitious, realistic and modest. May I conclude by adding a fourth one - confident. These proposals reflect my confidence in the future of the Organisation and in the useful and practical, if sometimes unspectacular, work that it does in pursuit of its objectives. True, the problems and uncertainties facing us are many: I have just outlined some of them. The fact remains that the workers still have trust in this Organisation; its credit remains high and its vitality is beyond doubt; and whoever surveys the work done by the ILO in 1976 - whatever reservations one may feel about decisions taken at the technical level by a given conference, or meeting, or Industrial Committee, or any other body - will have to admit, I think, that during that year the Organisation showed uncommon vitality and did, on the whole, a thoroughly remarkable job. This, by the way, gives me a good opportunity to congratulate the staff, who last year worked outstandingly hard and well.

This Organisation, then - your organisation - deserves your trust. I feel certain that both your Committee and the Governing Body will wish clearly and decisively to reaffirm their faith in the ILO's future and in its ability to cope with the problems of the world of labour, which, along with the preservation of peace, are among the most crucial of our time.
Appendix II. Reply by the Director-General to the discussion of the Programme and Budget proposals for 1978-79 in the Programme, Financial and Administrative Committee (Wednesday, 23 February 1977)

I need hardly say how pleased I was to note the broad measure of support for my Programme and Budget proposals which - admittedly with some qualifications or reservations - emerged from your debate. It had been some time since the views of your Committee and the proposals made by the Office had agreed so closely. This agreement is due mainly to the clear guidelines which your Committee, the Governing Body and the various organs of the ILO gave the Director-General concerning the programme and to the highly systematic debates which you have held on the subject - for example in last year's discussions on the draft Medium-Term Plan.

This agreement has emerged in a climate of uncertainty which is due to two factors mentioned both in the introduction to the Programme and Budget proposals and in my preliminary remarks at the outset of your debate - and these factors were often mentioned in the debate itself. They are, first, doubts as to the United States' continuing membership of the ILO and, secondly, the cash-flow problems which the Organisation will face next year because of the very low level of the Working Capital Fund.

In indicating your agreement on the general approach and content of the programme, you have shown that you share my own view that we have to be ambitious - ambitious enough to come up with a programme matching the problems and needs of the world of labour. But you have agreed with me that we must be realistic and take account of the financial constraints on States and taxpayers in general and of the particular constraints on the ILO.

My aim has been to make the Committee aware of the nature and gravity of those constraints. The cash-flow problem will be especially acute from 1 January 1978. That is why I am proposing an exceptional "one-time payment" into the Working Capital Fund for 1978-79. I felt that I must make that proposal after looking at our cash-flow provisions for the whole biennium.

Today I am again recommending that you approve under Part III of the budget a payment into the Working Capital Fund of $5 million for 1978 and $5 million for 1979.

The need for a healthy cash flow and a properly replenished Working Capital Fund is all the more imperative because of the danger of losing substantial resources in 1978-79 in the event of the withdrawal of the largest contributor from our organisation.

This one-time payment into the Working Capital Fund which I am recommending is, of course, not an answer to the much larger problems which the withdrawal of the United States would raise. But it would at least afford us some relief and make it easier for me to withdraw the suggestion I made in the Programme and Budget proposals for splitting the payment of contributions for the next biennium into instalments of 65 and 35 per cent. I have come to the conclusion that that approach would on the whole present more drawbacks than advantages, particularly for national treasuries.

In the light of last week's discussion, I should like once again to refer to the problems which the withdrawal of the United States would raise.

I should like to say once again that although I did not base my budget proposals on the assumption of such a withdrawal, neither did I overlook the possibility. I have thought about a series of measures that might, once they had been carefully studied and worked out, make up what some Committee members called an emergency plan, to protect the Organisation and its staff as far as possible against the consequences of the United States' withdrawal.

I intend at all stages to keep in close touch with the Officers of the Governing Body and keep them informed of everything I do - that is an elementary rule for the Director-General to follow in dealing with major problems - and then of course I shall inform the Governing Body.
Speaking of the Governing Body, there is, of course, a problem. If the United States decided to leave the Organisation and if that decision were not made known until after the Conference session in June, what would be the Governing Body's authority to take action?

Here there should be two safeguards, which I should like you to think about. The Governing Body would presumably have to obtain from the Conference in June a delegation of authority so that it could in November 1977 take the initial emergency action which I would then propose, and which of course would have to be reported to the Conference in June 1978. It would also be necessary to extend up to 30 June 1978 the authorisation to abolish posts which the Conference has granted to the Governing Body up to 30 June 1977.

Taken together, these three measures - first, examination of an emergency plan by the Governing Body in November; secondly, delegation to the Governing Body by the Conference of its authority to carry out the action which would have to be taken before the Conference's 1978 session; and, thirdly, extension up to 30 June 1978 of the authorisation to abolish posts - would equip us to meet the consequences of the United States' withdrawal, and it would not be absolutely essential to convene an extraordinary session of the Conference.

Before dealing with the specific programme adjustments I am proposing, I should like to say something in regard to five matters of concern which were raised during the debate.

The first is the level of the credits proposed for technical co-operation under the regular budget. Here views were divided. Some favoured centralised financing of technical co-operation by means of voluntary funds and stressed the consensus governing UNDP operations. Others thought the sums I was proposing were not nearly enough and that the Office cannot rely solely on the UNDP and other sources of voluntary financing for technical co-operation. Caught between these two schools of thought, I can only repeat that in proposing the increase I had no intention whatever of departing from the consensus which has governed multilateral technical co-operation for some years. As Mr. Hess very sensibly said, it would be absurd for the ILO to compete with the UNDP in financing technical co-operation projects. The ILO and the UNDP do not vie with each other; they are partners, and their work is mutually complementary. The credits I included in this budget are meant to supplement projects financed from extra-budgetary sources: we can either finance projects in fields for which there is little or no extra-budgetary provision or make a contribution, however small, to major projects - and here I am thinking particularly of our regional projects such as the regional centres for labour administration or regional employment teams - for which extra-budgetary support is not enough and indeed may sometimes depend on our making a contribution of our own. I can again give you a solemn pledge, however, that those credits will be applied according to very well defined criteria. So I am not proposing any adjustment in the credits for technical co-operation.

The second matter of concern I wanted to touch on is decentralisation. Some of you thought that our decentralisation has not gone far enough. Yet I do feel that the proposals before you represent a great stride forward because each major regional programme, except for the one for Europe, is much more substantial than in 1976-77.

Admittedly, we have not carried decentralisation to the limit: but the measures I am advocating in this budget are meant to strengthen considerably the authority of the people who are more closely in touch with actual conditions in member States and assert the ILO's presence more forcefully in all the main regions.

Mr. Mainwaring and Sir Halford Cook spoke of the problems of staff rotation between the headquarters and the field. Mr. Ali gave you some information on this and he explained the difficulties we face. I firmly believe that each member of the Office staff should expect to be posted outside Geneva at least once in his career. In response to your appeal we shall look into the matter even more closely and decide what steps are needed to insure proper rotation of staff between Geneva and the field. At least for many officials in the Professional category service
outside Geneva might be a condition for promotion beyond a certain grade. We might also identify headquarters posts, the incumbents of which might expect to be posted to the field and to which field staff might be transferred.

Before I leave the subject of decentralisation I must answer Sir Halford's remarks about the branch offices in Europe. I see the force of some of his arguments, but he will be the first to agree that radical reform of those offices would have to be based on a careful review of their activities, which have changed with time and, for some of them, entail new tasks. I do intend to undertake the study which Sir Halford asked for, and I shall in so doing consult the governments, employers and the workers of the countries concerned. So I have decided against any change in the proposals relating to those branch offices.

The third subject I should like to take up is a matter mentioned by Mr. Breckenridge and others - the proportion of the budget intended to meet staff costs. Mr. Breckenridge found the programme lop-sided because he considers that too much is to be spent on the staff, and on research, and not enough on aid to member States. I venture to suggest that this may be what is sometimes referred to as a false problem in so far as staff costs are directly linked with the services given, in many different forms, to member States. Sir Halford Cook said how necessary it was for the Office to have competent officials with a wide range of know-how and experience, able to meet the many requests for help and information which we receive every day, to give advice to member States, to participate in technical co-operation and to do the hundred and one things that direct aid to member States entails.

I now turn to the fourth point, which the Workers raised - the level of resources for the Industrial Committees. Last November I proposed, and you approved, measures to strengthen the preparation and follow-up of Industrial Committee sessions. The additional resources allotted for the industrial programme are also provided for under my Programme and Budget proposals for the next one. As you know, credits are included for preparing for two additional Industrial Committee meetings. I feel that the resources for Industrial Committees are adequate. If during the biennium it turned out that further credits were needed, I should of course have resources for the purpose by making programme changes. I share your belief in the great importance of doing everything to ensure the success of the Programme of Industrial Activities.

Before leaving this major programme I should like to reassure Mr. Sánchez Madariaga and others that, though I cannot now propose activities relating to mass media workers, I shall look into the matter and see whether I cannot later make a programme change to take account of the needs of such workers.

I now come to my fifth point. It is one which was mentioned by several Government members, often with some heat - namely the level of credits for the major programme entitled "Employment and Development". I agree with them on one point: in our programme for 1978-79 it is vital for us to provide for vigorous follow-up on the World Employment Conference. But I should like to make two remarks. First, the follow-up on the World Employment Conference consists of measures which come under almost every single major technical programme, so that the total amount of resources earmarked for these activities is in fact quite large. Secondly, as I said in my introductory statement, we have almost certainly underestimated the volume of the extra-budgetary resources we shall receive for this major programme. I believe that we can expect more, and I hope much more, than the figure of $23 million which I put on extra-budgetary resources in my proposals. So I do believe that the figures proposed meet the needs of this major programme.

I now come to the adjustments I am making in my original proposals to take into account the various points and suggestions you made. May I just say over again that the budget is based on an assumption I felt it only right to make - that contributions will come in from all member States ... except the defaulters!

First of all, I took another look at the total amount of resources proposed to see whether it could be cut without damage to programmes.

Many of you expressed doubts about the rate of inflation in Switzerland in 1978 and 1979. It is always a risky matter to make budgetary provision against inflation. On the one hand, we must not lay too heavy a burden on member States; on the other hand, the Organisation must be protected from cash-flow problems which would hamper the smooth implementation of its programmes or force it to cut back later on. From both points of view the inflation rate which I allowed for in the budget - 5 per cent
a year in the 1978-79 biennium - seemed to re to be the most realistic when the proposals were being drafted. But in view of the vigorous steps the Swiss Government is still taking to check inflation I am willing to take a risk and suggest allowing for an average inflation rate of 3 per cent for each year of the biennium. That would make for a saving of $1,300,000.

Some of you were surprised not to find in the budget an adjustment to cover staff movements. This is indeed the first time in years that no such adjustment has been provided for in the budget proposals. I did not think that it would be wise to include one in my proposals because the level of staff resources would allow only a very limited amount of recruitment and therefore it would be illusory to count on any worthwhile savings from delays in recruitment. I am nevertheless suggesting that you adopt the proposal made by Mr. Hess and provide for a 0.5 per cent adjustment in the staff costs provided for in the budget. That would make for a saving of $537,000.

You have also questioned the wisdom of providing for a real increase of 2.5 per cent a year in General Service category salaries. I should remind you that, in keeping with the agreement between the executive heads and the staff representatives of the organisations in Geneva, I have no choice but to adapt the salaries of General Service category staff to the movements of the OFIAMP index. For many years now the OFIAMP index has shown a real annual increase in wages in Switzerland of 2.5 per cent. The forecasts I made for 1978 and 1979 merely reflected the experience of past years.

The International Civil Service Commission is to carry out this year an inquiry into the remuneration of General Service category staff and it will report to the General Assembly in the autumn. No OFIAMP increase is expected between now and the end of 1977. Pending the Commission's report, and without prejudging either its content or the follow-up, I propose deleting any provision for OFIAMP increases in 1978-79. If the Commission's recommendations entail salary increases in 1978-79 I shall ask for additional resources at the Governing Body's session in February-March 1978. In the meantime my proposal is in line with the position the United Nations itself has taken in regard to its European Office in Geneva, and it means a further saving of $1,650,000.

I am also proposing to delete the sum of $1.2 million provided for under major programme 290 (Other Budgetary Provisions) to cover support costs for the technical co-operation programme. This sum, you will remember, appears in my proposals in the form of a subsidy to the Agency Cost Account. My proposals already provided for a 50 per cent reduction in the amount of the subsidy in the present biennium. My colleagues and I have taken another look at the matter, and I must say some of them warned me against deleting this provision, because the amounts we receive as agency overheads from the UNDP are already meagre. But I hope, that by making an effort to improve and streamline our procedures to give technical co-operation support - for example by delegating more authority to project managers and field offices - we ought to be able to forgo the subsidy in 1978-79 without, I hope, impairing the efficiency and progress of our technical assistance projects.

It gives me real pleasure, on the other hand, to be able to report that a reduction has been made possible because of a drop in interest rates in Switzerland. This reduction, amounting to $134,000, affects the credit provided to cover annual interest payments for the new building. Furthermore, we have now received arrears of contributions which were payable by 31 December 1976, so that the sum provided to offset the budgetary deficit in the Working Capital Fund can be reduced by $94,200.

In the light of your debate on major programme 10 (International Labour Conference) I can also propose a cut of $200,000 in the cost of printing the records. This cut would result from the proposal made to you for extending the time limit for the issue of the Provisional Record from 24 to 48 hours, except during the last week of the Conference, and for discontinuing the final record of proceedings of the Conference. This will call for a slight amendment in the Conference Standing Orders, and such an amendment will be submitted first to the Committee on Standing Orders at the Governing Body's next session.

I shall now take up a suggestion made by Mr. Plant and supported by the Employers' spokesman: I propose making a further saving of $40,000 by taking up the idea that members of the Governing Body and other similar bodies should travel tourist class. Travel would be in first class only when the length of the journey by the shortest route exceeds ten hours. If you agree, amendments to the rules governing travel will be included in the draft of your report to the Governing Body.
The amendments will also simplify the rules now in force, which have proved somewhat difficult to apply in the past, and uniform rules will be applied at all times to members and deputy members of the Governing Body and their substitutes. If you agree, these new rules might come into force on 1 April this year.

The cuts I have just proposed affect only the credit totals or constitute savings, and in no way affect the programme itself. Those cuts amount to about $5,200,000.

I now come to the details, and take them programme by programme. First, the increases.

I took much to heart the concern expressed by the Workers and others at the proposed reduction in resources for the major programme on international labour standards. I firmly intend to make greater use of technical co-operation credits to finance a larger number of seminars and symposia on standards and on freedom of association, and, if need be, to finance direct contacts. I also propose adding a total of nine Professional man-months for the technical support and backstopping of such activities.

I was also impressed by the arguments put forward by Mr. Franić, Mr. Purpura and others in favour of strengthening our activities relating to migrant workers. The proposed level of these activities, which come under several programmes, is already slightly higher than in the present biennium, but I propose adding six further Professional category man-months for co-ordinating activities on migrant workers under major programme 90. These resources will be used largely to prepare the Article 19 survey on the application of standards on migrant workers, which is scheduled for 1979.

I propose increasing the resources earmarked for the occupational safety and health programme by about $100,000. This increase is intended to strengthen the technical advisory services provided under this programme and to make up to some extent for the cut in resources I had proposed for the CIS.

I propose increasing from 3 to 12 the number of members of the tripartite Governing Body delegation to the IMCO conference on standards of training for seafarers. That means an increase of $33,000.

Lastly, we have to provide for two increases under the heading "Other budgetary provisions": one an increase in our contribution to the Joint Inspection Unit, which the United Nations General Assembly has decided to enlarge, and the other an increase in annual payments into the ILO Pension Fund — a matter on which you recently had a paper put before you. These two increases amount to $194,000.

Taking account of your discussion on the International Institute for Labour Studies, I propose deducting from credits under major programme 150 the sum of $175,000, which is provided for subcontracts to the Institute, and adding the same amount to major programmes 80 and 90, to cover the execution of specific projects to be entrusted to the Institute. These projects are:

- preparation of the directory of institutes for labour studies;
- two meetings of presiding judges of labour courts and similar bodies in developing countries;
- studies on strategic factors in industrial relations in the building industry;
- an international research symposium on the development of social indicators at the enterprise level; and
- a research symposium on the social responsibility of engineers.

Details of these five projects are given in the report of the Director of the Institute to the Board, which was submitted to the Governing Body last November.
These increases total $563,000 in constant dollars or $604,000 in recosted dollars.

That brings me finally to reductions — other than the reductions in the main credit totals and the savings which do not affect the programme — and they are as follows.

First, I propose to reduce by six Professional man-months the resources for each of two studies under the major programme for employment and development — the study of wage and income structure in advanced countries, and the study on the promotion of employment through fuller use of industrial capacity.

Under the programme relating to labour law and labour relations I propose deleting the meeting of trade unionists on collective bargaining and inflation.

Under the major programme on personnel I propose holding over until 1979 the introduction of the new career trainee programme. That would make for a saving of five Professional man-years. I also propose a reduction of four man-years in the General Service category under this programme.

Lastly, I propose a reduction of five man-years in the General Service category staff resources under the internal administration programme and a reduction of $200,000 in the provision for office stationery and supplies.

These reductions which I am proposing total 6,047,000 constant dollars, or 6,204,000 recosted dollars.

To sum up, I am proposing increases of $604,000 and reductions of $6,204,000, or a net reduction of $5,600,000 in the total I originally proposed, thus cutting it down from $169,760,000 to $164,160,000.

In working out these upward and downward adjustments, I have taken full account of your debate. The reductions are as far as one can reasonably go if the Organisation is to be properly equipped to carry out its policy. I may add that the proposed payment into the Working Capital Fund will enable our organisation to cope with its ever formidable cash-flow problems in the critical period through which it is passing.

Having given you this information and offered these comments, I confidently submit my revised over-all proposals to you for consideration and approval.
1. The income budget for 1978-79 can be finally determined only when the expenditure budget for the biennium and the scales of assessments of Members for the years 1978 and 1979 have been agreed upon.

2. At its 202nd (February-March 1977) Session, the Governing Body recalled that after a series of adjustments spread over several years the ILO scale of contributions for 1977 was in harmony with the United Nations scale for the three-year period 1974-76. It noted that the United Nations General Assembly at its 31st Session had approved a scale of assessments for the United Nations for 1977 only, rather than for the usual three-year period. In these circumstances the Governing Body decided, on the recommendation of its Allocations Committee, to propose to the Conference the adoption for the year 1978 of the draft scale of assessments set out below, subject to such adjustments as might be necessary following the assessment of new member States; the draft scale was based upon the United Nations scale of contributions for 1977 adjusted arithmetically to take into account the differences in membership between the United Nations and the ILO. The Governing Body proposes to give consideration to the scale of assessments for the year 1979 after the United Nations scale for 1978 has been adopted by the General Assembly at its 32nd Session in 1977. The Governing Body's recommendations thereon will thus be submitted to the Conference at its 64th (June 1978) Session.

3. It will be for the Finance Committee of Government Representatives to consider the recommendation put forward by the Governing Body and to make appropriate proposals to the Conference.
### Draft Scale of Assessments for 1978

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1 Includes Angola, Saudi Arabia, Bahamas, Mozambique, Papua New Guinea and Surinam, new Members assessed after adoption of the budget for 1976-77.

2 Percentages applying to member States of the ILO.

3 This is the United Nations scale for 1977 adjusted to take into account the differences in membership between the United Nations and the ILO.
OTHER FINANCIAL AND ADMINISTRATIVE QUESTIONS

I. CONTRIBUTION OF THE DOMINICAN REPUBLIC

The following is an extract from the report of the Allocations Committee to the 202nd (February-March 1977) Session of the Governing Body:

"8. The Committee recalled that, on its recommendation as endorsed by the Governing Body, the Conference at its 61st Session (June 1976), had adopted a resolution in the following terms accepting a proposal by the Dominican Republic concerning its arrears of contributions:

The General Conference of the International Labour Organisation,

Having regard to paragraph 6 of article 10 of the Financial Regulations;

Accepts the arrangement proposed by the Government of the Dominican Republic for the settlement of the arrears of contributions due for the period 1966 to 1975 to the effect that:

(i) in 1976 the Dominican Republic will pay its contribution for the year 1976 in full;

(ii) in subsequent years the Dominican Republic will continue to pay its current contribution in full in the year for which it is due; and

(iii) the Dominican Republic will settle the arrears that have accumulated up to and including 31 December 1975, amounting in total to $241,974, by the payment of 19 equal annual instalments of $12,099 beginning in 1976 and a final instalment of $12,093.

The text of the resolution had been communicated to the Government in July 1976.

9. The Committee also recalled that the original request from the Government had proposed payment in Dominican pesos, and that in his reply the Director-General had drawn attention to the fact that all member States' contributions to the regular budget of the Organisation were assessed by the International Labour Conference in United States dollars and were therefore due and payable in that currency.

10. On 6 December 1976 the Director-General had received a further letter from the Secretary of State for Labour of the Dominican Republic. The letter stated that the Government was now in a position to make payments in United States dollars against its accumulated arrears, rather than in Dominican pesos. However, since it had not made any payment in 1976, it now proposed a new arrangement in respect of its outstanding arrears, similar in terms to that set out above, but to become effective in 1977.

11. The financial position of the Dominican Republic within the Organisation was as follows:

| Balance of contribution for 1966 | 23,301 |
| Full contribution for:          |       |
| 1967                            | 26,967 |
| 1968                            | 27,520 |
| 1969                            | 26,613 |
| 1970                            | 26,852 |
| 1971                            | 25,012 |
| 1972                            | 24,386 |
| 1973                            | 20,902 |
| 1974                            | 22,567 |
| 1975                            | 18,054 |
| 1976                            | 24,312 |

Total arrears of contributions: 266,286

Contribution due for 1977: 15,915

Total contributions outstanding: $282,201
12. The Committee recommends acceptance of the new proposal by the Dominican Republic, and submits to the Governing Body the following draft resolution for adoption by the Conference at its forthcoming session:

Draft Conference Resolution

The General Conference of the International Labour Organisation,

Having regard to paragraph 6 of article 10 of the Financial Regulations;

Noting that the Government of the Dominican Republic wishes to replace arrangements approved by the Conference in 1976 for the settlement of the arrears of contributions due for the period 1966 to 1975 by a new arrangement;

Accepts the arrangement now proposed by the Government of the Dominican Republic for the settlement of the arrears of contributions due for the period 1966 to 1976 to the effect that:

(i) in 1977 the Dominican Republic will pay its contribution for the year 1977 in full;

(ii) in subsequent years the Dominican Republic will continue to pay its current contribution in full in the year for which it is due; and

(iii) the Dominican Republic will settle the arrears that have accumulated up to and including 31 December 1976, amounting in total to $266,286, by the payment of 19 equal annual instalments of $13,314 beginning in 1977 and a final instalment of $13,320."

This recommendation of the Allocations Committee was adopted by the Governing Body on 1 March 1977. The above resolution is therefore submitted by the Governing Body to the Conference for adoption.
II. COMPOSITION OF THE ADMINISTRATIVE TRIBUNAL OF
THE INTERNATIONAL LABOUR ORGANISATION

The Governing Body at its 202nd (February-March 1977) Session, on the
recommendation of its Programme, Financial and Administrative Committee, decided
to submit to the International Labour Conference at its next session the following
resolution:

Draft Conference Resolution

The General Conference of the International Labour Organisation,

In accordance with article III of the Statute of the Administrative Tribunal,

Extends the term of office of Mr. Maxime Letourneur (France) and
Mr. A.T. Markose (India) respectively as judge and deputy judge of the
Administrative Tribunal of the International Labour Organisation for a
further period of three years.

1. Article 7(b) of the Regulations of the ILO Staff Pensions Fund provides as follows:

The International Labour Organisation shall contribute to the Pensions Fund annually on 1 January the sums necessary to provide for the amortisation of any amount by which the actuarial reserve of the Pensions Fund requires to be increased to meet its obligations under these Regulations, each such amount being amortised over a period not exceeding 15 years in accordance with arrangements to be decided by the International Labour Conference on the proposal of the Governing Body of the International Labour Office.

Article 34(c) of the Regulations gives power to the Governing Body to authorise cost-of-living adjustments of pensions from time to time.

2. In accordance with the established practice of giving pensioners of the ILO Staff Pensions Fund similar treatment to that received by ILO beneficiaries of the United Nations Joint Staff Pension Fund, pensions of the ILO Fund have been adjusted from time to time on account of cost-of-living movements in the same manner as pensions of the UN Fund. The last such measure was put into operation in 1975 and 1976 for the UN Fund by decision of the UN General Assembly in December 1974 and for the ILO Fund by decision of the Governing Body at its 195th (February-March 1975) Session. The Conference at its 60th (June 1975) Session authorised payments into the ILO Fund to meet the additional liabilities which the adjustments in 1975 and 1976 represented.

3. In December 1976 the General Assembly decided to maintain in 1977 and 1978 the system of adjustment which it had approved for 1975 and 1976. That measure, subject to certain restrictions, allowed pensioners of the UN Fund to choose between two options: one providing for the determination of the pension in the currency of the country of residence and its subsequent adjustment at appropriate intervals on the basis of the national consumer price index in such a way as to maintain the same purchasing power in the country of residence, and the second continuing the existing system of adjustments to the pension fixed in US dollars on the basis of the weighted average of post adjustments, regardless of the country of residence. At its 202nd (February-March 1977) Session, the Governing Body similarly decided that the dual system should be maintained for the ILO Fund in 1977 and 1978.

4. At its 202nd Session the Governing Body also considered a proposal, contained in a report of the Administrative Board of the ILO Staff Pensions Fund, that, again as a matter of action parallel to that taken by the General Assembly in December 1976 in respect of the UN Fund, the maximum period of service countable for the purpose of calculating pensions under the ILO Fund should be increased from 30 to 32 years, but that the accumulation of pension for service in excess of 30 years should be limited to 1 per cent of pensionable remuneration instead of 2 per cent per year of service, the maximum pension being thereby increased from 60 to 62 per cent of pensionable remuneration. The Governing Body decided to recommend to the Conference that the Regulations of the ILO Staff Pensions Fund be amended to permit this.

5. The Governing Body noted that the Consulting Actuary of the ILO Fund had estimated that the two proposals, namely, the continuation in 1977 and 1978 of the dual system of adjustment of pensions and the increase to 32 years of the maximum countable period of service would create additional liabilities amounting to US$591,000, calculated at 1 January 1977, which amount could be amortised by an annuity of US$70,170 a year for ten years commencing on 1 January 1978, and decided to recommend to the Conference that it authorise the necessary payments into the Fund.

6. The following resolution is accordingly submitted to the Conference:
Draft Conference Resolution

The General Conference of the International Labour Organisation,
Decides to amend the Regulations of the ILO Staff Pensions Fund with effect from 1 January 1977 by the inclusion of a new article, to read as follows:

Article 36

Notwithstanding the provisions of articles 9, 11, 12 bis, 33 and 35, pensions in payment on 1 January 1977 the amount of which relates to a period of service shorter than that completed by the official concerned shall be increased with effect from 1 January 1977 in the ratio which the actual period of service of the official bears to the period of service previously reflected in the pensions, provided only that -

(a) the actual period of service to be taken into consideration for the pension shall be limited to 32 years; and

(b) the actual period of service in excess of 30 years shall be counted only at the rate of half a year for each year of service.

Decides that the amount required to cover the increased liabilities of the ILO Staff Pensions Fund arising out of the foregoing amendment to the Regulations of the Fund and the continuation in 1977 and 1978 of the cost-of-living adjustment measure approved for 1975 and 1976 shall be amortised by payment by the International Labour Organisation to the Fund of an additional annuity of US$70,170 a year for ten years commencing on 1 January 1978.

7. Adoption of the above resolution would not entail any increase in the draft Programme and Budget for 1978-79 now before the Conference since this already includes an amount of US$140,340 to cover the proposed annuities in 1978 and 1979.