

The progress made in relation to operating expenses has been much less rapid. Formal steps had already been taken before the Montreal meeting to cover the full contributions from the United Kingdom, the United States, and Canada, and partial payments had been made by Iceland, Liberia, and South Africa. So far Uruguay is the only country which has formally raised the question of the excessive burden of a contribution of 1 per cent. of national income, and has proposed to make a contribution equivalent to \$520,000 to cover both administrative and operating expenses. At the final meeting of the Council the representative of Brazil announced the intention of his Government to contribute the equivalent of \$30 millions.

The Administrative Budget proposed for 1945 was subjected to fairly close scrutiny at the Conference by the Committee on Financial Control. It has now been agreed that all personnel services and related costs incurred in relation to Field Missions shall be charged to operating and not to administrative expenses, as originally intended. This decision is justified on accounting and other grounds, but it renders difficult any intelligent comparison between the provisional Budget submitted at Atlantic City, and the Budget now approved for 1945. An additional authorization of \$7.5 millions for administrative expenses has been voted for next year. This, together with the carry-over of \$4 millions, will cover a total budget of \$11.5 millions, which includes, however, a rather generous allowance for what is in effect unpaid members' contributions, the largest of these at the moment being the Soviet Union's balance of \$1,300,000, discussion on which is reported to be now proceeding.

It was at first intended that the 1945 Administrative budget should be met by an allotment on the same percentage basis as was adopted at Atlantic City (for New Zealand, 0.3 per cent. of the total, or for 1945 \$22,500); the Soviet delegation, however, refused to accept this, and insisted that their 15 per cent. should be reduced to 10 per cent. As this intention was announced only at the last minute, there was no time for any general re-survey of the position, and the resolution relating to the Administrative budget and the allocation of administrative expenses now includes an item, "Unallocated—5 per cent.," about whose constitutional propriety some doubts have been expressed. It must, of course, be understood that the formal uniformity of the allocation of administrative expenses for 1945 conceals a very real difference. The Governments of occupied countries will be required to put up additional real money, while other Governments will still be free to count their contribution for administrative expenses in 1945 as part of their over-all contribution, which presumably they would in most cases make in any event.

The question of the appropriate treatment of the 10 per cent. of the national contributions to operating expenses to be made available in convertible currencies is still only partially answered. For some of the countries which have already made their operating contribution, whether in whole or in part, it presents no difficulty, as adequate supplies of dollars or gold are easily available to them. For Great Britain, however, it presents a very great difficulty, and it seems that it is not contemplated that the full amount due under this heading would necessarily be made available in dollars, expenditure within the sterling area in countries other than the United Kingdom and the British colonies being regarded by Great Britain as an adequate partial discharge of this part of her responsibilities. New Zealand is obviously directly concerned with the solution of this question, which however, will probably be gradually resolved as the full picture is filled in of the areas from which supplies can most conveniently be drawn by UNRRA. The possibility remains, however, that it may later be found that some of the supplies most conveniently situated to meet UNRRA's requirements cannot easily be made available by supplying countries on account of the difficulties which payment for them would create in their balance of payments.

The Atlantic City resolutions had left in some obscurity the extent to which operations in ex-enemy territories were contingent upon the assumption by ex-enemy countries of a liability to pay. The resolution dealing with these operations laid it down that "all expenses connected with such possible operations . . . should be carried by the enemy or ex-enemy country concerned," the optional "should" contrasting rather sharply with the more peremptory "shall" which appeared in other resolutions, and, indeed, being interpreted in the course of discussion as indicating no more than an expression of hope. The whole matter was carried a little further at Montreal. In relation both to epidemic control and the care of displaced persons in ex-enemy territories, to the additional activities contemplated in Italy, and to the care of persons of other than United Nations nationality, a distinction was drawn between expenditure in local currency and expenditure chargeable against the general resources of UNRRA. Arrangements are to be made with the military command or other appropriate authority for the provision of any local currency, a reasonable provision if it can be assumed that the local currency situation is kept under proper control, while in relation to other charges the Director-General is directed to consult from time to time with the sub-committee already provided for to consider whether member Governments are in a position to pay for UNRRA supplies and services. The enemy countries are thus placed substantially in the same position in relation to payment as the beneficiary members of UNRRA. On the other hand, it is formally affirmed that all expenses connected with the removal or repatriation of "intruded persons" "shall be paid by or ultimately recovered from the enemy or ex-enemy country concerned."