FINANCE COMMITTEE

Forty-third Meeting

Geneva - 8 March, 1962

DRAFT MINUTES
The Finance Committee consisted of the following:

**Chairman:**
Dr. G. FUNKE
Sweden

**Members:**
Mr. H. Vavrik
Austria
Prof. P. Capron
Belgium
Dr. P. Levaux
Mr. O. Obling
Denmark
Dr. W. Schulte-Meermann
Federal Republic of Germany
Mr. J. Courtillet
France
Mr. A. Wlachos
Greece
Mr. A. Petropoulos
Dr. C.C. Bertoni
Italy
Mr. J.H. Bannier
Netherlands
Mr. C.E.I.M. Hoogeweegen
Prof. B. Trumpy
Norway
Mr. O. Lydvo
Mr. P. Temboury
Spain
Prof. I. Waller
Sweden
Mr. S. Campiche
Switzerland
Mr. H. Ducret *
Mr. E. Egger *
Mr. R. St. J. Walker
United Kingdom
Mr. G. Hubbard

**CERN Officials:**
Mr. S.Aff Dakin
Directorate Member for Administration
Mr. C. Tièche
Division Leader, Finance Division
Mr. R.W. Penney
Deputy Division Leader, General Administration Division
Mr. F. Schou Olsen
Deputy Division Leader, General Administration Division
Mr. G. Ullmann
Head of Personnel

* Adviser
1. **APPROVAL OF THE DRAFT MINUTES OF THE FORTY-SECOND MEETING**  
   (Item 1 of the Agenda) (CERN/FC/527/Draft)  
   The Minutes of the Forty-second Meeting (CERN/FC/527) were approved.

2. **ADOPTION OF THE AGENDA**  
   (Item 2 of the Agenda) (CERN/FC/530/Rev.)  
   The Agenda (CERN/FC/530/Rev.) was adopted.

3. **PROGRESS REPORT (ORAL)**  
   (Item 3 of the Agenda)  
   Mr. DAKIN said that the Director-General would be unable to attend the meeting, as he had to take part in a meeting of the Nuclear Physics Research Committee. The Director-General had therefore asked him to make a brief progress report to the Committee in his place.

   With regard to budget matters, it was now quite clear that the budget figure voted by the Council would entail a very strict control of expenditure on the part of the Administration.

   At its Forty-second Meeting, on 18 December, 1961, the Finance Committee had agreed that a contract for quadrupole lenses be placed with Rade Končar Tvornica Elektronicih Strojeva, Zagreb, provided tests on these quadrupoles should prove satisfactory (CERN/FC/524). These tests had now been successfully completed and the contract had been placed with that firm.

   He had hoped to be able to give the Committee a report on a CERN hostel project. However, nothing firm could yet be reported at this stage.

   On the scientific side, the Committee would doubtless be glad to hear that a new particle, the anti-Xi-minus, had been discovered during the course of an experiment carried out jointly by CERN, the Ecole Polytechnique, Paris, and the Saturne Group at Saclay, with the French 81 cm hydrogen bubble chamber. This event had first been detected in the scanning of pictures towards the middle of January and measurements had been completed by the end of that month. The Brookhaven Laboratory had discovered the same type of event a few days later and, after consultations with them, it had been agreed to publish the two letters announcing this discovery simultaneously on 15 March. The CERN staff were understandably pleased about this result.
With regard to development work, the provision of beam transport apparatus and the equipping of the east experimental area were proceeding according to plan. Within the next 3 to 6 months, the Directorate hoped to submit plans concerning the synchro-cyclotron, as a conclusion would probably be reached by then as to the modifications required for this machine to remain a first-class research instrument.

The CHAIRMAN thanked Mr. Dakin and asked Mr. Bannier whether he could tell the Committee about the progress made by the working party under his chairmanship.

Mr. BANNIER said that the working party had so far only held a preliminary meeting; nothing could therefore be reported to the Finance Committee. Members of the Committee might, however, like to know that the working party under his chairmanship was composed of the following members:

- Prof. D.A. Duran, Dean of the Science Faculty of Madrid University,
- Mr. R.G. Elkington, D.S.I.R., London,
- Prof. W. Gentner, Director of the Max-Planck Institute, Heidelberg,
- Prof. F. Ippolito, Secretary-General of the Italian National Institute for Nuclear Research,
- Prof. A. Maréchal, Principal Scientific Adviser to the French Government,
- Mr. O. Obling, Danish representative on the Finance Committee,
- Dr. C. Seippel, a Director of Brown-Boveri in charge of research for that Company.

Dr. Funke attended the meetings of the working party in his capacity as Chairman of the Finance Committee. Dr. Goldschmidt-Clermont was Secretary.

Professor WALLER, replying to a question by the Chairman, said that the discovery of the anti-Xi-minus would be of great importance for nuclear physics.
4. **CERN PAY AND ALLOWANCES** (Item 4 of the Agenda)(CERN/FC/528, CERN/FC/496 and CERN/FC/496/Add.)

The CHAIRMAN said that there had been an ad hoc meeting of the Finance Committee Working Party, on 7 March, to examine the Director-General's proposals on pay and allowances (CERN/FC/528, CERN/FC/496 and CERN/FC/496/Add.). The Working Party had agreed on the whole with the Director-General's proposals except for that made in paragraph 13 of document CERN/FC/528 whereby home leave should be granted twice in three years. The Working Party was afraid of creating a precedent, as there were few other international organizations where such was the practice. On the other hand, the Working Party was of the opinion that the contingency amount of 1.3 million Swiss francs, provided for in the 1962 budget, should be fully allotted to the improvement of pay and allowances, and it had therefore accepted an increase in the education grant from 50% to 60% of the actual amount paid with maximum figures of 1,500 Swiss francs per annum for children educated locally, and 2,600 Swiss francs per annum for children educated in their own country. The Finance Committee would have to consider whether it agreed with the conclusions of the Working Party.

Mr. DAKIN remarked that, although the CERN salary index was not intended to be more than a guide for the adjustment of CERN pay and allowances, the Administration of CERN was bound to be pressed by the staff to take action whenever there was a 3% increase in that index. The 3% mark had been passed a long time ago and there were signs that the three relevant factors in the calculation of the index were all on the increase. Since the index gave far more weight to conditions in Switzerland than in other Member Countries, the index had on the whole not followed the trend apparent in the Member Countries during the last few years. However, within the last few months there had been an appreciable rise in Swiss salaries, which accounted for the fact that the Administration of CERN had been compelled to ask for another salary increase so soon after the last one.

Mr. PENNEY pointed out that, since the latest proposals on pay and allowances (CERN/FC/528) had been drafted, Factor A of the CERN salary index - which was based on federal salaries - had gone up from 4.4% to 5.35% on account of the cost of living increase which had taken effect on 1 December, 1961. Moreover, in regard to Factor B, which was affected by conditions applicable in Geneva, the salaries of cantonal and municipal employees had gone up by 2.9%, the commercial and clerical staff in Geneva private concerns had received a basic increase of 5%, while bank staff salaries had gone...
up by 10%; in addition, one international organization in Geneva had
further raised the salaries of its general service category and there
were discussions in progress for another large increase, while the
professional category of the United Nations and specialized agencies
had been granted salary increases ranging from 9% to 17%. Accord-
ingly, Factor B had now gone up by about 12% and not 6% as indicated in
document CERN/FC/496. Finally, the latest indices available for the
European salaries taken into account in Factor C, which were only
available up to a period varying from August to November 1961, showed
that the index had risen from 103 to 105.9. The final effect of
these increases on the general CERN index was to make it rise by
1.76%. If the Administration had to ask for a provision to meet
this increase, it would require an additional 600 000 Swiss francs.

Professor WALLER said he would welcome further information
concerning paragraph 7 - the staffing position in CERN - (CERN/FC/528).

Mr. DAKIN said that he only wished to make general comments
on this question. First, the difficulty of recruiting varied ac-
cording to countries, as salaries in the various European countries
were not in step. Secondly, recruiting costs had steadily been going
up.

Mr. ULLMANN explained that five years ago a vacancy could
be filled on the average by interviewing three candidates out of
fifteen applicants. Now, about forty applications had to be scruti-
nized and six candidates interviewed before a vacancy was filled.
To illustrate the fact that this situation was not due to an increase
in the number of applications, he would also mention that, whereas
five years ago 1% of successful candidates refused the offer made to
them, 15% now refused this offer after discussing the exact financial
implications; moreover, this figure did not take into account the
number of people who told the Selection Board that the post offered
was not of interest to them.

In the lower grades, CERN had to recruit mostly local people
from Switzerland or the neighbouring French districts, as it had been
unable to induce staff to take the risk of uprooting themselves from
their own country and settling down in Geneva on the conditions
offered to them. One of the drawbacks of local recruitment was
that CERN was competing directly with local industry for its staff,
a situation which had already led to certain clashes with the Geneva
Chamber of Commerce. It would therefore be extremely desirable to
offer conditions that would enable CERN to recruit junior staff and
particularly technicians from all the Member Countries. It was very
difficult to fill technician specialist posts with suitable staff and even more difficult to find good engineering staff. Certain vacancies had remained unfilled after a year of efforts and despite the fact that, apart from notifying delegations of the vacancies available, CERN now also sent notices to 600 addresses in Europe, notably universities, technical schools, technological institutes, etc.

Professor WALLER said he was grateful to Mr. Dakin and Mr. Ullmann for the information they had given. He would also welcome a few details about the position concerning the scientific staff.

Mr. DAKIN observed that the lowest scientific staff at CERN were normally in Grade 8 and, in spite of the rather low salary, CERN had been able to recruit research scientists because the work was attractive. However, once ESRO got under way and the Vienna Agency and Euratom started research projects that could be of real interest to scientists, CERN would find itself in a very awkward position, because ESRO might have the appeal of a new venture and the Vienna Agency and Euratom would pay very much higher salaries.

Mr. ULLMANN said that there were 60 research scientists on the staff of CERN, namely about 5% of the total staff. In addition, there were about 140 applied physicists and engineers who should be regarded as forming quite a different group from the point of view of recruitment. CERN was attractive to research physicists and the turnover policy was less painful in that category because it was not very difficult to recruit replacements. Moreover, Member States had proved very considerate to CERN in allowing some fellows to become staff members.

On the other hand, it was much more difficult to recruit applied physicists and engineers, because there had been a considerable increase in national scientific activities, during the last 5 years, and the salaries paid to engineers by industry had risen a great deal.

Mr. BANNIER stated that the Netherlands Delegation would not oppose the proposals put forward by the Director-General (CERN/FC/528). He wished, however, to give a word of warning about salary reviews. CERN and the Member States were in danger of getting trapped in a salary spiral, as the situation described by Mr. Dakin and Mr. Ullmann was very much the same in the Member Countries. CERN used national indices to justify a salary rise and CERN figures were used in Member Countries to justify salary increases there. It was
desirable, in his opinion, not to confine the comparison to relative increases but also to compare absolute figures. He had just noticed, for instance, that the Geneva cantonal authorities had agreed to introduce a new "hors classe" category for a few high officials, the top salary in that category being 34,000 Swiss francs per annum, corresponding to the salary of CERN Grade 12, step 5, on which the officials moreover had to pay income tax. These were the kind of facts that should also be borne in mind.

Professor TRUMPY said that, at the Forty-second Meeting of the Committee, the Norwegian representative had spoken against the pay increase proposed by the Administration, because there should not be too much of a gap between salaries paid to CERN scientists and corresponding salaries for scientific posts in the Member Countries. However, since the 1962 budget, including a contingency of 1.3 million Swiss francs for pay and allowance adjustments, had been adopted at the Twentieth Session of the Council, on 19 December, 1961, the Norwegian Delegation would not oppose the specific proposals put forward by the Administration in document CERN/FC/528. In principle, it was against too rapid an increase of CERN salaries compared to those paid in the Member States and it considered that the exchange of scientists should be examined very carefully in the near future. Finally, he wished to point out that, owing to the incidence of progressive taxation in Norway, the net salary of a leading scientist there did not exceed that of a Grade 8 scientist at CERN.

The meeting was adjourned at 11.10 a.m. and resumed at 11.20 a.m.

The CHAIRMAN invited the Committee to look at the summary of recommendations and cost estimates (CERN/FC/528, Annex II), leaving out the figures for fellows and research associates which could be considered under the next item of the agenda.

Mr. DAKIN explained that the lower grade salaries had had to be increased by a larger amount than the rest, in order to keep in step with the minimum wage applicable in the Canton of Geneva. The proposals had been worked out in detail with the Staff Association.

The CHAIRMAN remarked that he agreed with the word of warning issued by Mr. Bannier. Bearing in mind that, for various reasons, salaries at CERN should be higher than in the Member States, it would be suitable to compare absolute figures. It would also be desirable, in view of the incidence of progressive taxation on the higher salaries to see what net salary increases had amounted to in the Member Countries after wage adjustments.
Mr. HUBBARD recalled that the Working Party, which had met during the discussion of the last pay claim in the spring of 1961, had come to the conclusion that it would be extremely difficult to collect detailed information of the kind which the Chairman seemed to be contemplating. It had accordingly decided that what really mattered was to fix salary and allowance levels which would enable CERN to recruit competent staff.

The CHAIRMAN said he agreed with Mr. Hubbard. However, it would be desirable to collect information that was readily available on such lines.

Mr. PENNEY pointed out that the figures put forward by the Administration were based on data which had been adjusted both for the incidence of tax and for the hours of work to which they referred. In the case of federal salaries, it should be remembered that income tax in Switzerland did not rise as steeply with the income assessed as it did in other countries. Accordingly, the net salary increase after tax was practically the same as the gross increase.

Mr. OBLING asked for some clarifications concerning the rise in federal salaries.

Mr. DUCRET explained that in Switzerland the cost of living, between December 1960 and December 1961, had increased by 3.5%. The general increase of about 4% in the salaries of Swiss federal employees had not been calculated on the increased cost of living, but was intended to give the employees of the Swiss Confederation a salary increase in real terms to take into account changes in the economic situation and in salaries paid to industrial workers. In addition, a further cost of living allowance of 1% had been granted to federal employees and the Federal Council might readjust salaries to take into account changes in the cost of living when they had enough information available, namely in May or in June.

The CHAIRMAN asked the Committee to consider also the additional paper on CERN Pay and Allowances (CERN/FC/528/Add.), which set out the new amendments to proposals regarding the education grant and cancelled the amendment concerning home leave.

Mr. VLACHOS asked whether there was not a contradiction between the statements made in paragraphs 11 and 12 concerning the education grant (CERN/FC/528).
Mr. PENNEY explained that there was in fact no contradiction between those two statements. In most of the Member Countries, education was free in State supported schools and it was probable that most of the CERN staff would avail themselves of those facilities, if they lived in their home country. On the other hand, if they lived abroad and wanted their children to be educated in their home country, they had to send them to boarding schools, where they had to pay fees for education and board.

Mr. DUCRET pointed out that the figure of 2,600 Swiss francs, shown as the maximum payable for the education allowance, was slightly above the maximum of 600 payable in the United Nations and its specialized agencies. This might be undesirable as a matter of principle.

Mr. DAKIN said that the Administration had no objection to scaling down this figure to the equivalent in Swiss francs of 600, namely 2,580 Swiss francs.

On Mr. Ducret's proposal, the amendment to Rule D 1/8 - Education Grant - Paragraph (b) (CERN/FC/528/Add.) was redrafted to replace the maximum figure of 2,600 Swiss francs by a maximum of 2,580 Swiss francs.

The Finance Committee approved the Administration's proposals on pay and allowances (CERN/FC/528) including the amendments to the Staff Rules set out in Annex III to that document and the amendments to Staff Rules set out in document CERN/FC/528/Add., as modified by the Committee.

Mr. OBLING said that it would be useful in the next pay and allowance review for the Finance Committee to have some information concerning absolute salaries paid in the various Member Countries. It would also be desirable for the Finance Committee to have the kind of information which he understood the Administration of CERN had given certain delegations in order to help set up ESRO, namely tables showing what allowances were on the average actually payable to each grade in the existing CERN structure. It was desirable to have as much information as possible to help determine where adjustments were most needed in the pay and allowance scales, so that CERN should be able to recruit qualified staff.

Mr. BANNIER said that, as a matter of principle, it would be preferable, in any future review, for the Staff Association to be consulted between the time the Finance Committee had examined the Administration's pay and allowance proposals and the time when these proposals were put to the Council.
Mr. DAKIN said that, although he could see Mr. Bannier's point and agreed that the Administration could not enter into any commitments with the Staff Association on matters which might prove to be controversial in the Finance Committee, it was desirable nevertheless to approach the Staff Association at an early stage on a matter that was of such concern to the staff. The Staff Association might have legitimate views on various possible allocations of any sum which might be available, and it would be as well to be aware of them before proposals reached their nearly final form in Finance Committee discussions. An early approach was also valuable to lay firm and agreed foundations of fact.

5. **CERN FELLOWSHIP CONDITIONS** (Item 5 of the Agenda) (CERN/FC/529 & CERN/FC/528)

Professor WALLER remarked that, although it might be desirable in principle to extend the scale of stipends for fellows and research associates, great caution was required in granting the highest figures. In his experience, CERN fellows who had come from Sweden had found the stipends adequate, and even the housing conditions had proved satisfactory enough. The fellowship scheme was very important and very useful, and it was desirable to spend the funds available on increasing the number of fellows rather than their stipends.

Mr. DAKIN said that there were plenty of applicants for fellowships but, once fellows had been at CERN for a few months, particularly married ones, they found that conditions were quite difficult. In fact, during the course of 1961, there had been a threat of a mass resignation of fellows from various Member Countries. It should be remembered that, on the whole, men tended to marry at a much earlier age now than formerly.

Mr. PENNEY, replying to a question by Mr. Vavrik, explained that married fellows with children received the CERN children's allowance and a higher installation grant than married fellows without children.

The Committee approved the Administration's proposals on CERN Fellowship Conditions (CERN/FC/529) and the provisions concerning fellows which were set out in the document on CERN Pay and Allowances (CERN/FC/528).

6. **OTHER BUSINESS** (Item 6 of the Agenda)

a) **Transfers and Expenditure in Excess of Appropriations**

The CHAIRMAN informed the Committee that he had agreed on behalf of the Committee to transfers and expenditure in excess of
appropriations amounting to 567,000 Swiss francs for 1961, in order to enable the Finance Division to close the accounts for 1961. He would like the Committee to endorse this action, and therefore asked Mr. Tièche to explain the situation.

Mr. Tièche explained that the transfers and expenditure in excess of appropriations, which the Chairman had approved on behalf of the Committee, were the items referred to in the last paragraph of the document on Transfers and Expenditure in Excess of Appropriations (CERN/FC/500) approved by the Finance Committee at its Fortieth Meeting, on 19 October, 1961. All the expenditure in excess of appropriations was balanced by savings under other headings. The figure was somewhat higher than usual because of the increased number of divisions in CERN, which multiplied the number of accounts to be kept.

The Committee endorsed the Chairman's approval of the transfers and expenditure in excess of appropriations for the financial year 1961.

b) Greek Library Assistant

Mr. Dakin said that the Greek Government had asked CERN whether it was willing to train and pay part of the salary of a library assistant who would learn the latest library techniques and procedures at CERN, in order to help in the setting-up of the new Greek Nuclear Research Centre. Unfortunately, there was no heading under which CERN would be able to employ this person and he therefore asked the Finance Committee that she be paid from the budget item "visiting scientists".

It was so agreed.

Mr. Dakin said that he hoped to put forward a proposal for next year's budget that would make regular provision for facilities of the kind offered to Greece.

Mr. VLACHOS said he wished to thank Mr. Dakin for putting this proposal to the Finance Committee. He was very grateful to the Committee for accepting it.

The meeting rose at 1.00 p.m.