



Tuesday, 16 November 1954,
 at 10.50 a.m.

New York

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Chairman: Mr. Pote SARASIN (Thailand).

AGENDA ITEM 41

Scale of assessments for the apportionment of the expenses of the United Nations: report of the Committee on Contributions (A/2716; A/C.5/588 and Corr.1, A/C.5/588/Add.1; A/C.5/L.295, A/C.5/L.296, A/C.5/L.297, A/C.5/L.298) (*continued*)

1. Mr. EL MESSIRI (Egypt) congratulated the Committee on Contributions on the way in which it had discharged its difficult task and on the excellence of its report (A/2716).
2. The under-developed countries were having great difficulty in obtaining foreign currency, and they would be glad to learn that the Secretary-General had found it possible to accept from Member States 30.70 per cent of their contributions in currencies other than United States dollars. They would also welcome the recommendation of the Committee on Contributions that the Secretary-General should again be authorized to accept as large a proportion of their contributions as possible in currencies other than United States dollars.
3. In accordance with its instructions from the General Assembly, the Committee had continued to take into account the position of the countries with a low *per capita* income, and had granted them the same relief as in the previous year.
4. However, he noted with much concern from paragraph 16 of its report that the Committee on Contributions foresaw a time when the operation of the *per capita* ceiling principle would have the effect of shifting the burden of contributions from countries with high *per capita* income to countries in the middle or low *per capita* income groups, and had accordingly expressed the opinion that the *per capita* ceiling principle should be reconsidered. In that connexion he pointed out that in 1952, the General Assembly by its resolution 665 (VII) had instructed the Committee on Contributions to defer further action on the *per capita* ceiling until new Members were admitted or substantial improvements in the economic capacity of existing Members permitted the adjustments to be gradually absorbed in the scale. He realized that maladjustments had persisted in the case of countries to which the *per capita* ceiling applied, and he hoped that the admission of new Members would make it possible for their assessments

to be reduced. It would, however, be unfair if in the interim the financial burden should be redistributed to the detriment of countries which needed all their resources to finance their economic and social development programmes.

5. In the assessment of contributions, capacity to pay should still be the main criterion. In adopting that rule in 1946 the General Assembly had pointed out by its resolution 14 A 3 (I) that if a ceiling were imposed on contributions it should not be such as seriously to obscure the relation between a nation's contributions and its capacity to pay. That being so, the Egyptian delegation would be unable to agree to any new directive or to any fresh interpretation of an existing provision which would have the effect of reducing the contributions of countries with a high *per capita* income at the expense of countries with medium or low *per capita* incomes. The Egyptian delegation had pointed out at the eighth session (393rd meeting) that if the Committee on Contributions wished to adjust the rate of contribution of countries to which the *per capita* ceiling principle applied, it must do so within the limits of General Assembly resolution 665 (VII). The New Zealand representative himself had recognized in 1953 (394th meeting) that the *per capita* ceiling principle should not be given priority over other criteria, such as the principle that the Committee on Contributions must give special recognition to countries with low *per capita* incomes.

6. In 1952, the New Zealand representative also said that although New Zealand's *per capita* contribution was still higher than that of the United States, the New Zealand delegation nevertheless believed that assessments should correspond to capacity to pay (362nd meeting).

7. The Canadian representative, in his reference to Canada's amendment in 1952 (364th meeting) on the *per capita* ceiling, pointed out in 1953 at the 394th meeting, that his country's attitude "demonstrated Canada's genuine desire to avoid shifting financial burdens to countries less able to pay, while at the same time maintaining intact the *per capita* ceiling principle embodied in the 1948 resolution (238 A (III))". The Egyptian delegation was particularly grateful to Canada and New Zealand for the position they had taken, and hoped it would not change.

8. He noted with satisfaction that according to paragraph 44 of its report (A/2716), the Committee on Contributions had informed the specialized agencies of the formula which it used in calculating the contributions of low *per capita* income countries.

9. Mr. BLANCO (Cuba) observed that thanks to an improvement in the statistical information supplied to it, the Committee on Contributions had been able to correct certain anomalies which had been apparent in the scales for previous years. The scale was now in

process of stabilization, and the number of adjustments decreased year by year.

10. The rule was that the Organization's expenses were apportioned according to the capacity of Members to pay; but in determining each Member's capacity to pay the Committee had to take into account a number of factors, which were very often difficult to reconcile. It had, for instance, to allow for the special situation of countries with a low *per capita* income. In that connexion, the Cuban delegation agreed with the Brazilian representative that greater relief should be granted to such countries. With regard to the application of the *per capita* ceiling principle, the Committee on Contributions had pointed out (A/2716, paragraph 14) that if that principle were applied absolutely, the new assessments for Canada, New Zealand and Sweden would be lower than they were under the present scale, whereas if the sole criterion applied were that of capacity to pay, Canada's contribution would be much higher than it had been in 1954.

11. He felt that the Committee on Contributions had interpreted the provisions of General Assembly resolution 665 (VII) fairly, for the strict application of the *per capita* ceiling principle would entail many anomalies; it would shift the burden of expense to countries with a low *per capita* income, and still more to countries in the middle *per capita* income group, which received no relief. It would be remembered, moreover, that under General Assembly resolution 238 A (III) the *per capita* ceiling principle was to be applied only in "normal times". If the present times were considered to be normal, it followed that no further allowance should be made in calculating contributions for the temporary dislocation of national economies arising out of the Second World War. The Cuban delegation therefore wondered, as had the Committee on Contributions, whether that system of assessment should not be reconsidered. The General Assembly might usefully take that opportunity to try to co-ordinate the various elements used in determining each Member's capacity to pay, in order to facilitate the task of the Committee on Contributions.

12. Mr. CAFIERO (Argentina) thought that the apportionment of the Organization's expenses should be based on the principle of equality of sacrifice. But comparison of the scale of contributions for 1946 with the scale for 1955 showed that in 1946 the twelve economically most advanced Members bore 77 per cent of the Organization's costs, whereas in 1955 they were to bear only 74 per cent; in other words, the burden on the under-developed countries had steadily increased. That increase would have been justified if the rate of economic development had been more rapid in the latter than in the industrial countries; but the information available in various publications such as the *World Economic Report*, the *Economic Survey of Asia and the Far East*, the *Economic Survey of Latin America* and the *Economic Survey of Europe* showed what difficulties the under-developed countries were encountering in their economic development. In reality, production increased at a slower rate in areas where the standard of living was very low than in the industrial countries, so that the gulf between the under-developed countries and the richer countries was continually widening. Unfortunately the scale drawn up by the Committee on Contributions did not reflect that situation. The fault, however, lay, not with the

Committee on Contributions but with its vague terms of reference. It might perhaps be useful if the Committee on Contributions were to take other factors into account; for instance, the replies to the full-employment questionnaire could give it a better picture of the difficulties the under-developed countries were having in obtaining foreign currency owing to the decline in their income from exports and the trend of the terms of trade against them.

13. On the other hand, the Argentine representative was glad to note the Committee's recommendation that the Secretary-General should again be authorized to accept as large a proportion of contributions as possible in currencies other than United States dollars. Such currencies might well be used in the Organization's offices outside the United States. In addition, some publications could be printed in soft-currency countries.

14. He appreciated the motives which had prompted the Canadian draft resolution A/C.5/L.296 but considered that a reduction in the assessment of the countries affected by the *per capita* ceiling principle should not be offset by any increase in the contributions of under-developed countries. Those countries were seeking some alleviation of the burden placed upon them; their economies were highly vulnerable, depending, as they did, on external factors beyond their control. Their hope was that, thanks to international co-operation, they would be able to develop their resources; that done, they would gladly accept any increase in their assessment.

15. Accordingly, his delegation was ready to support the scale for 1955, prepared by the Committee on Contributions, while hoping that some means would be found to eliminate the remaining anomalies and devise a more permanent scale.

16. Mr. SHEPHERD (New Zealand) paid tribute to the Committee on Contributions for the difficult task it had discharged and for the clear and succinct report it had submitted. While the criteria and the instructions it had to take into account were not always entirely compatible, the Committee had interpreted the General Assembly's instructions for the calculation of percentage contributions in such a way that New Zealand's assessment for 1955 had remained at 0.48 per cent. New Zealand would accept that percentage, but he wished to comment on some passages of the report of the Committee on Contributions concerning the *per capita* ceiling principle which was of special concern to New Zealand.

17. His delegation had always considered that the first criterion to be applied in the apportionment of expenses should be capacity to pay, and that a scale valid for several years should be established on the basis of criteria stable enough to permit any long-term change in relative capacity to pay to be reflected in the percentages assessed. Such stability would be impossible unless the criteria applied by the Committee on Contributions adhered very closely to the basic criterion, namely, capacity to pay. It had not yet been possible to achieve that objective, and the New Zealand delegation was prepared to accept the explanation and recommendations in paragraph 17 of the report of the Committee on Contributions.

18. The application of the basic criterion to which he had referred was at present affected by a number of factors introduced by General Assembly resolution:

the 33.33 per cent ceiling for the largest contributor, the relief granted to countries having a low *per capita* income, and the *per capita* ceiling principle. As the Canadian representative had pointed out, the Fifth Committee had discussed at previous sessions the proper interpretation of the General Assembly resolutions relating to the application of the last-named principle. His delegation was somewhat surprised at the way in which it had been interpreted by the Committee on Contributions this year, and felt that clarification was necessary for the future.

19. The Committee on Contributions had expressed the view that that criterion for assessment should be reconsidered (A/2716, paragraph 16); it believed that if the present population trend in the United States of America continued, there would be an automatic shift of the burden from countries with high *per capita* income to countries in the middle or low *per capita* income groups. Since the General Assembly had disregarded the principle of capacity to pay in setting a ceiling of 33.33 per cent for the United States contribution, was it unreasonable that it should maintain a system which tended to balance the apportionment of the additional burden thus created. Moreover, it was not certain that the burden would be automatically shifted, for while the population of the United States was increasing, so was that of most low *per capita* income countries, in some cases at a more rapid rate. The point made by the Committee on Contributions was therefore open to doubt and the *per capita* ceiling principle should not be reconsidered. Furthermore, the General Assembly had already decided, by its resolution 665 (VII), in what circumstances that principle could be gradually abandoned and a scale adopted taking greater account of capacity to pay. His delegation saw no reason why only one of the criteria established by the General Assembly should be recognized especially as the general formula currently used in preparing the scale of contributions was resulting in a reasonably equitable scale being produced.

20. Mr. NASH (United States of America) commended the Committee on Contributions on its conscientious efforts to carry out a difficult and complex task.

21. In its report (A/2716, paragraph 5) the Committee said that in the case of certain countries it had still not had sufficient information to prepare estimates of the national income. He noted with regret that to judge from the publications of the United Nations Statistical Office, the USSR continued to submit incomplete data. In that connexion he drew attention to a statement made in 1950 by Mr. Sparkman, the United States representative in the Fifth Committee at that session at the 272nd meeting.

22. He was pleased to note that the Committee on Contributions had reaffirmed the opinion that current national income estimates had made sufficient allowance for any remaining dislocation of national economies arising out of the Second World War (A/2716, paragraph 11). In that connexion, he had been surprised to hear the USSR representative assert that the United States had made no sacrifices during the Second World War. He wondered if the Soviet representative had forgotten the lend-lease materials which had gone freely from the United States to the Union of Soviet Socialist Republics, or if he was unaware that the United States

had suffered great losses in men and material in that war.

23. His delegation supported the Committee's recommendation that arrangements for payment of contributions in currencies other than United States dollars should be continued and, if possible, extended (A/2716, paragraph 12). However, he rejected the USSR representative's claim that the USSR Government's contribution should be reduced because of the dollar shortage it suffered allegedly as a result of United States trade policy. He denied that allegation. Further, the USSR was one of the largest gold producers in the world and could easily convert its gold into dollars or contribute the gold directly to the United Nations which would make the conversion.

24. It noted with approval that the Committee on Contributions had continued to give special consideration to countries with a low *per capita* income.

25. Turning to the views expressed by the Committee on the *per capita* ceiling principle (A/2716, paragraphs 13 to 16) he observed that his delegation had supported the adoption of the principle in 1948 (113th meeting). It agreed with the Canadian delegation that there were strong reasons for not abandoning that principle, which, of course, should be implemented fully only as new Members were admitted to the United Nations and when economic conditions permitted. Accordingly, the United States delegation thought that it would be inadvisable to reconsider the *per capita* ceiling principle at that time.

26. The assessment set by the Committee on Contributions for Canada was not entirely fair. Canada was already making large contributions to the regular budget and to various programmes. It was not proper to increase Canada's contribution because the Committee had not been justified in changing its interpretation of the *per capita* ceiling principle. He congratulated the Canadian delegation on the co-operative spirit it had shown in accepting the scale of contributions set by the Committee for 1955. In the same spirit he urged the Fifth Committee to accept the Canadian draft resolution (A/C.5/L.296), provided only that the basic level should be that approved 1955 budget. If the Canadian representative accepted that minor change, more delegations would be ready to support his draft resolution.

27. The United States delegation noted with regret that the inequities still remaining were such that the Committee on Contributions felt it would not be advisable to remove them completely in one step (A/2716, paragraph 17). It also regretted that the report did not mention any of those inequities or explain why they could not be removed. There was a factual basis for them assuming that one of these was the continued under-assessment of the USSR. He cited statements made by a number of prominent figures in the USSR concerning the increase in the country's national income and the growth of its economy. If these were true, it was therefore reasonable to suppose that the contribution of the USSR with its great resources and gigantic military machine remained too low. At the 461st meeting, the Soviet representative had pointed out that the USSR had to pay large contributions in foreign currency to UNESCO, the ILO and the Expanded Programme of Technical Assistance. But most of the countries which contributed to the United Nations budget had long been members of all the specialized agencies and

had contributed far more than the USSR to the Expanded Programme of Technical Assistance. He challenged the Soviet representative to present the Committee with facts and figures on income and population instead of with outworn arguments.

28. He therefore urged the Committee on Contributions to remove the existing inequalities in preparing the scale of contributions for 1956, and if that could not be done, to indicate in its next report what inequalities remained and why it had not been possible to remove them. At the next session, the General Assembly would then be able to decide, in the light of all the facts, whether or not to approve the scale of contributions prepared by the Committee. Such action would also make it possible to fix the more permanent scale provided for in rule 161 of the General Assembly's rules of procedure.

29. He had no special comments to make on section V of the report, and would support the recommendation made therein. Subject to the reservations he had made earlier, he would vote for the adoption of the report of the Committee on Contributions.

30. Lord FAIRFAX (United Kingdom) wished to join in the tribute paid to the work of the Committee on Contributions, whose task was difficult and invidious. Members were quite within their rights to question the Committee's recommendations, but such criticism should not be undertaken lightly. It was of the very greatest importance to uphold the authority of the Committee, and, unless they were patently subject to error or bias, to respect its deliberations as providing the only method of dispassionate assessment.

31. Lord Fairfax mentioned that the USSR representative had related the recent increases in assessments of his country and the Ukrainian and Byelorussian Soviet Socialist Republics to reductions in the assessments of the United Kingdom and the United States, and had suggested that the reduction of 0.95 per cent proposed for the United Kingdom for 1955 was at the expense of the three Soviet Socialist Republics and was unjust and unwarranted. This had, so the USSR representative apparently believed, been engineered by an Anglo-American majority in the Committee on Contributions which had been guided by political considerations and had acted in a way incompatible with the letter and spirit of the United Nations Charter. The Committee on Contributions, so it was suggested, had failed adequately to take into account the temporary dislocation of national economies arising out of the Second World War, and the ability of Members to secure foreign currency.

32. Commenting on the supposed Anglo-American dominance of the Committee on Contributions, Lord Fairfax referred to the fact, mentioned by the Norwegian representative (461st meeting), that the Committee was a body of experts who in no sense whatsoever represented Member States. Further comment was scarcely necessary, although he felt it was unfortunate that the Committee's authority had been impugned. As to the equity of the cut in the United Kingdom assessment, this was not really a matter for his delegation to pronounce upon, but he wished nonetheless to recall certain points which were made by the United Kingdom delegate in the Fifth Committee in 1953 at the 394th meeting, when the USSR representative had made similar complaints in connexion with the 1954 scale of assessments.

33. The upward trend in the USSR assessment, in contrast to a downward trend in the assessment of the United Kingdom, resulted simply from the fact that in the early days of the United Nations the United Kingdom and certain other Members, in their determination to give the Organization a good start, assumed an unduly large share of the cost. With the substantial improvements during recent years in the economic position of the Soviet countries it was surely only right that these countries should be assessed for contributions more in keeping with their capacity to pay and, incidentally, their general importance. He would not reiterate the evidence cited by the United Kingdom delegate last year to demonstrate the vast developments in the productive capacity of the Soviet Union, but he wished to mention that since last year Soviet leaders had claimed further substantial increases in industrial production. In its report on the fulfilment of the 1953 Plan, published at the end of January, 1954, the Soviet Central Statistical Administration claimed that: "The gross production of all Soviet industry in 1953 increased by 12 per cent in comparison with 1952 and by 45 per cent in comparison with 1950". This meant that on the basis of a norm of 100 units for 1929, that is on the basis chosen by Mr. Malenkov in his address at the Nineteenth Party Congress, industrial production had risen to 1,566 units in 1953. Thus the Soviet authorities claimed to produce fifteen times as many industrial goods as in 1929 or more than twice as much as in 1948 and approximately three times as much as in 1939. Again, in his address at the Session of the Soviet of Nationalities, held on the 26 April 1954, Mr. Malenkov claimed that: "During the first three years of the fifth Five Year Plan (i.e., 1950 to 1953) industrial output rose by 45 per cent". With regard to 1954, he claimed that: "The production of steel will increase by 51 per cent, that of coal by 33 per cent, and that of electric power by 63 per cent, compared with 1950".

34. Lord Fairfax would not for one moment suggest that the United Kingdom underestimated the terrible war devastation to which the USSR representative had referred, or underrated its effect on the economies of the countries concerned. But he urged that the figures he had quoted indicated beyond any possibility of doubt that the Soviet Socialist Republics had not only fully made good the dislocation of their economy which they suffered as a result of the war, but that they had attained a standard far superior to that which obtained before the war. It was clear from this that the Contributions Committee had not been misguided in its recommendations concerning the Soviet countries' assessments for 1955. It was true, as the USSR representative mentioned, that there had been an improvement in the economic position of the United Kingdom, but it was comparative rates of increase of capacity to pay, and, above all, the need to redistribute the burden of contributions on a fairer basis than that originally assumed, which determined whether the assessment of any Member increased or decreased.

35. The USSR representative had also mentioned that the United Kingdom's assessments in certain specialized agencies such as UNESCO and ILO, though based on the same fundamental capacity to pay principle, were higher than in the United Nations. There were very good reasons for this. Much the same effect for similar reasons was to be noted in the assessments of certain other countries which were members of these

organizations. For example, the Czechoslovakian assessments for 1954 to the United Nations, UNESCO and ILO, were respectively 1.05 per cent, 1.13 per cent and 1.16 per cent; for Canada, 3.30 per cent, 3.54 per cent and 3.98 per cent; for Australia, 1.75 per cent, 1.88 per cent and 2.35 per cent.

36. Referring to the difficulties of securing foreign currency mentioned by the USSR representative, it was to be noted that during the past year the Soviet Union had entered the world markets with fairly sizable quantities of gold and precious metals, and that some £50 million worth of gold had been placed on British and Continental markets. This suggested, that, at any rate, so far as concerned that part of their contribution which was acceptable in currencies other than United States dollars, the USSR should not be embarrassed.

37. The United Kingdom supported the scale of assessments recommended by the Committee on Contributions for 1955, and, because there remained certain inequities in the scale which the Committee deemed it inadvisable to remove in one step, agreed that the scale should apply for one year only. It also agreed with the Committee that it would be unwise to change over from the present percentage system to a unit system of assessment. As to the interesting suggestion by the Chinese representative (461st meeting) that there should be no assessment without prior consultation, such a procedure might clash with the all-important principle of the impartiality of the Committee on Contributions as a group of experts whose independence must be upheld.

38. On the subject of the allowance for countries with low *per capita* national incomes, he could not agree with the Brazilian representative (461st meeting) that the existing rate did not sufficiently take into account circumstances in the under-developed countries. Any increase in the rate would increase the present uneven burden on the middle income group countries, which were important contributors to United Nations voluntary programmes existing mainly for the benefit of the poorer countries. The United Kingdom did not object to the continuance of the present rate of allowance, but felt strongly that it should not be increased.

39. Lord Fairfax cited the opinion of the Committee on Contributions on the question of the *per capita* ceiling (A/2716, paragraph 16). The ceiling principle seemed to be based on the idea that it was unreasonable for the individual in any Member country to pay more in taxes towards the United Nations expenses than the individual in the country having the highest assessment; this idea accorded fully with the concept of the United Nations existing essentially for the benefit of the peoples of the world and was a very strong reason for the retention of the *per capita* ceiling principle for the time being. On the interpretation of the General Assembly's decision at its seventh session, the United Kingdom delegation sympathized with the Canadian delegation's view that it had been the intention to freeze against any increase the actual assessment percentage rather than the *per capita* contribution of a State to which the ceiling applied and agreed that this interpretation should be adopted for the future. The United Kingdom delegation hoped that the Canadian delegation, having accepted the scale of assessments recommended for 1955 would, in its usual spirit

of co-operation, also accept the United States amendment to its draft resolution.

40. Mr. SILVA SUCRE (Venezuela) said that Venezuela had always lent its material and moral support to the work of the United Nations; it had by no means limited its contribution to the sums which it was bound to pay, but had also participated in the financing of extra-budgetary programmes.

41. So far as the scale of assessments for 1955 was concerned, he wished to congratulate the Chairman and members of the Committee on Contributions, for he knew the difficulties which they had to overcome. Drawing attention to the Committee's recommendation concerning the Venezuelan contribution, he pointed out that that contribution had increased by 50 per cent in comparison with 1951, although the country's capacity to pay had not increased in the same proportion. The increase was doubtless due to the anomalies which had existed at the outset; but his delegation considered that, so far as Venezuela was concerned, the 1955 scale had corrected all such anomalies and that Venezuela's assessment should not be increased. Subject to that reservation, the Venezuelan delegation was prepared to accept the scale of assessments for 1955.

42. Finally, the Venezuelan delegation attached great importance to the fact that in 1955 the Committee on Contributions was to present to the General Assembly a scale of a more permanent character, in accordance with the Preparatory Commission's recommendation.¹ If the scale was revised only once every three years, the Committee on Contributions would be in a better position to assess each Member State's capacity to pay, and Governments would find it easier to abide by their constitutional practice in requesting the necessary appropriations for the payment of their contributions.

43. Mr. NATANAGARA (Indonesia) said that he wished to join in the tributes which earlier speakers had paid to the Chairman and members of the Committee on Contributions. He was well aware how difficult it was to establish a scale satisfactory to all States.

44. The Indonesian delegation was pleased to note that the number of changes made in the scale of assessments for the preceding financial year was not so large as in the past. That fact showed that a scale of a permanent nature would soon be achieved.

45. With reference to the decision taken by the General Assembly at its eighth session, which the Committee on Contributions had cited (A/2716, paragraph 6), he felt that the complaints addressed by States to the Fifth Committee should have been communicated to the Committee on Contributions, which would have made every possible allowance for them.

46. Drawing attention to the factors which the Committee was required to take into consideration in determining each State's capacity to pay (A/2716, paragraph 8), he said that it was gratifying to note that Indonesia and other Asian countries with low *per capita* incomes had received reductions computed in the manner described in paragraph 10 of the Committee's report. He did not dispute the opinion of the Committee on Contributions concerning the temporary dislocation of national economies arising out of the Second World War (A/2716, paragraph 11), but hoped that the

¹ See *Report of the Preparatory Commission of the United Nations*, chapter IX, section 2, para. 13.

Committee would still attach due weight to that factor when exceptional circumstances justified such a course. Finally, as Indonesia had difficulty in securing foreign currency, his delegation noted with satisfaction the Committee's assurance on that subject (A/2716, paragraph 12) and its recommendation concerning contributions in currencies other than United States dollars (A/2716, paragraph 42).

47. The scale of assessments for 1955 had been very judiciously prepared, and the Indonesian delegation would support the recommendations of the Committee on Contributions.

The meeting rose at 12.45 p.m.