

**GENERAL
ASSEMBLY****ASSEMBLEE
GENERALE**A/C.5/Sub.1/W.8
13 December 1946

ORIGINAL: ENGLISH

FIFTH COMMITTEE: SUB-COMMITTEE 1

SUMMARY RECORD OF THE SIXTH MEETING

Held at Lake Success, New York, on Thursday 12 December 1946 at 1:30 p.m.

Present:

Chairman:	Mr. Martinez-Cabanas	(Mexico)
Rapporteur:	Mr. Ganem	(France)
	Mr. McIlraith	(Canada)
	Mr. Dzung	(China)
	El Rifai Bey	(Egypt)
	Mr. Burger	(Netherlands)
	Mr. Katz-Suchy	(Poland)
	Mr. Geraschenko	(Union of Soviet Socialist Republics)
	Mr. Pitblado	(United Kingdom)
	Mr. Vandenberg	(United States of America)
	Mr. Fontaina	(Uruguay)

Secretariat: Mr. Elvins

Continuation of the Discussion of a Scale of Assessments for Part I
of the Operational Budget of the International Refugee Organization.

The CHAIRMAN stated that the Committee should first define the criteria to be considered in the proposed scale of contributions. It must decide whether capacity to pay should be the one basic factor, or whether political considerations should also be taken into account.

Mr. HALL (UNITED STATES OF AMERICA) reviewed the data which could be taken as a basis for discussion:

First, the scale of contributions to the administrative budget of the United Nations prepared by the Permanent Committee on Contributions. That scale could serve as a general guide for the assessment of the various countries' ability to pay, but the United States Delegation could not recognize it as an accurate estimate of capacity to pay. It was therefore opposed

/to its adoption

to its adoption as a basis of discussion.

Secondly, the scale of contributions to the administrative budget of the United Nations, as revised by the Sub-Committee on Contributions.

Thirdly, the provisional scale of contributions to Part I of the Operational Budget of the International Refugee Organization as prepared by the Finance Committee in London.

Mr. Hall urged the adoption of the last-mentioned scale. In preparing that scale, the Finance Committee had taken into account the fact that contributions to the IRO budget might be paid in currency other than the United States currency, since the headquarters of IRO might not be situated in the United States. The United States Delegation would be ready therefore to assume 43 per cent of the budget as established by the IRO Finance Committee in London.

Mr. PIELADO (UNITED KINGDOM) thought that the Finance Committee had worked on the same principles as the Permanent Committee on Contributions; the difference being that the scale of contributions drawn up by the former, had been based on the UNRRA budget. The Finance Committee, however, had not investigated the data on capacity to pay as thoroughly as the Permanent Committee on Contributions had done later.

Mr. BURGER (NETHERLANDS) pointed out that the scale prepared by the Permanent Committee on Contributions best represented capacity to pay. Mr. Vandenberg had admitted that the statistical data on which it had based its report were as accurate as could be obtained. Changes had been made on account of considerations, relating to the sovereign equality of nations, which had no bearing on contributions to the IRO budget. Mr. Burger moved therefore that the scale of the Permanent Committee on Contributions should be taken as a basis of discussion. Such factors as the possibility of paying in goods or services or in francs could be taken into account at a later stage.

/Mr. Vandenberg

Mr. Vandenberg had stated in the plenary committee that the United States, while requesting a reduction of its contribution to the administrative budget, would be prepared to assume a greater share in operational expenditure..

In this instance, capacity to pay should be the fundamental criterion.

Mr. GERASCIENKO (UNION OF SOVIET SOCIALIST REPUBLICS) also thought that the scale prepared by the Permanent Committee on Contributions should be taken as a basis of discussions. The scale prepared by the Permanent Committee might be revised in the sense of a reduction for the countries of origin of the refugees, while the contributions of the other countries would be increased in proportion. He reminded members of the arguments presented at the previous meeting by the Representative of France: that the countries of origin would have to bear the refugees' transport and settlement expenses over a lengthy period, while the main burden of the other States would have been borne after the first year of IRO operations. The fact that the countries of origin might pay their contributions in kind or in francs did not necessarily mean that their financial difficulties would be eased, since they would have to purchase those goods and in the present state of instability of currency they might well have to pay more for these goods than if they had purchased them in dollars at the official rate.

The CHAIRMAN explained that the scale prepared by the Permanent Committee reflected capacity to pay better than any other. If there had been some slight tendency to overestimate or underestimate in some cases, it should be stated in all fairness that in the case of the United States assessment, the scale was actually set somewhat below the real figure representing capacity to pay. Moreover, the scale had not been adjusted to take into account the fact that the United Nations' expenditure would be made in the United States. The fact that the United States was assessed at nearly fifty per cent of the total

/contributions

contributions did not mean that the natural resources and wealth of that country represented 50 per cent of the resources and wealth of the fifty-one Member Nations. It did mean, however, that its income and economic development enabled its "capacity to pay" to be fixed at that figure.

Mr. HALL (UNITED STATES OF AMERICA) stated that, when he declared that the United States would assume a greater share of operational than of administrative expenses, Mr. Vandenberg was thinking of a 25 per cent contribution to the administrative budget as a normal assessment which he was ready to increase to 33 per cent in the present state of emergency. By agreeing to 39.89 per cent, the United States feels that a concession has been made. The United States Delegation could not be expected to assume a priori a larger contribution to any operational expenditure than its contribution to the administrative budget, whatever the purpose of the operational expenditure involved. He did not agree with the representative of the Union of Soviet Socialist Republics that the possibility of paying IRO contributions in services or goods, or in francs, would not ease the financial burdens of the countries who would avail themselves of that opportunity. The possibility of purchasing goods on the home market rather than abroad would have that effect.

With regard to the expenses which the receiving countries would bear, it was hoped that the refugees would help to develop the economy of the receiving countries after a short period of adaptation.

Mr. Mc ILRAITH (CANADA) stated that he would object to the adoption of the scale prepared in London by the IRO Finance Committee.

Mr. HALL (UNITED STATES OF AMERICA) declared that it would be difficult for his delegation to accept a scale which assessed the United States at 49 per cent. He thought that the reduction allowed in view of the destruction of war in devastated countries might no longer tally with partly restored conditions.

/If the prevalent

If the prevalent feeling of the Committee was opposed to the adoption of the scale prepared in London he would withdraw his proposal to that effect.

Mr. PIRELADO (UNITED KINGDOM) stressed the urgency of reaching an agreement. He thought that his government would be prepared to accept a somewhat higher assessment than was defined in the scale of the Permanent Committee. That might allow an agreement to be reached more speedily by way of compromise.

The CHAIRMAN proposed that the Committee appoint three or four of its Members to prepare, after informal consultations between the delegations, a working paper on contributions for the next meeting. The group would take into account both the scale prepared by the Permanent Committee and that prepared by the Sub-Committee on Contributions.

DECISION: Mr. HALL (UNITED STATES OF AMERICA), Mr. PEISSEL (FRANCE) Mr. BURGER (NETHERLANDS) were appointed to prepare in collaboration with the CHAIRMAN, Mr. MARTINEZ-CABANAS (MEXICO) a working scale of contributions which might serve as a basis for further discussions.

The meeting rose at 3:00 p.m.
