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THE OVER-ALL TOTAL OF THE UNITED NATIONS ANNUAL BUDGET EXPENDITURE

Draft Report of the Fifth Committee

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1. The General Assembly, at its 587th plenary meeting on 15 November 1956, decided to refer to the Fifth Committee, for consideration and report, item 65 of the agenda of the eleventh regular session as follows: The over-all total of the United Nations annual budget expenditure. The Fifth Committee considered this question at its 542nd, 543rd, 544th and 546th meetings.
2. This item had been included in the agenda of the eleventh regular session at the request of the United Kingdom of Great Britain and Northern Ireland (A/3202). A memorandum submitted by the United Kingdom delegation (A/C.5/678) which was also before the Fifth Committee, explained the reasons which had motivated the United Kingdom in bringing this question to the General Assembly, and contained the following proposals:
 - (i) that an over-all total of gross appropriations for the regular budget of the United Nations should be decided before the detailed examination and approval of budget sections;
 - (ii) that the over-all gross appropriation for the regular budget for 1957 should not exceed \$50 million;
 - (iii) that after examination of the 1957 regular budget estimates the General Assembly should recommend to the Secretary-General a target figure within which to frame his regular budget estimates for 1958.

3. The representative of the United Kingdom, in introducing the proposals of his delegation, drew attention to the doubt that had been expressed in the General Assembly for some years as to whether the various activities undertaken by the United Nations were all fully worth while and whether the United Nations was giving the degree of attention to the most urgent and important of the tasks it had assumed. In the opinion of his delegation, the collective resources of the organization were not being spent as well as they might be and the resolutions of the General Assembly calling for a concentration of effort on projects and programmes of primary importance, had unfortunately been largely ineffective. The representative of the United Kingdom pointed out that at the tenth session, when appropriations totalling \$48,566,350 were voted for 1956, many delegations had expressed misgivings at that high figure. Now, for 1957, the total of the estimates already submitted and those understood to be forthcoming was some \$50,500,000. Even allowing for the Advisory Committee's recommended reductions and deferments of expenditures, the total was likely to be \$50,000,000 or about \$1,500,000 above the original 1956 appropriations which, when voted, had been considered high.

4. The United Kingdom delegation wondered whether a fresh approach was needed to the system of voting appropriations. Under the present system, the estimates were first discussed and approved - section by section - and not until the conclusion of this process was a decision taken on the over-all total. Thus, there was no special incentive to the Committee to consider the relative importance and urgency of the various items of expenditure proposed. In consequence, it was explained, that what was now proposed was a new procedure for the consideration of the budget estimates by the Fifth Committee. This proposal was not an attempt to achieve a major over-all cut in the budget, but was intended to provide an effective and useful means for achieving concentration of effort and resources. By fixing in advance the total of the expenditure to be approved, the Committee, when examining subsequently the detailed estimates, would need to consider whether the various activities proposed were of the highest importance and urgency. The application of the new procedure might make it possible for the Committee to be provided with a more effective instrument to measure the relative importance of these activities.

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5. The United Kingdom delegation felt that it should be possible to reduce the over-all total of the budget to a figure of \$48,000,000. However, since there was virtue in applying new controls with moderation, a total of \$50,000,000 was proposed in the belief that within that total, it should be possible for the Committee to approve all reasonable requests for appropriations which were of real urgency and importance. This figure was not intended to cover necessary unforeseen and emergency expenditures arising during the course of a year. If, in addition, following its examination of the Budget Estimates, the Fifth Committee would recommend a target figure within which the Secretary-General would frame his next budget estimates, then the whole arrangement would, in the view of the United Kingdom, represent a sound business-like approach to the question of budget appropriations.

6. In the discussion of the United Kingdom proposal in the Fifth Committee, general support was expressed for the purposes which it intended to achieve. It was recognized that the burden on Governments of financing the expenses of international organizations was substantial and in consequence efforts should be directed, in the main, to provide for those programmes where the work of the United Nations could be most effective and yield the most beneficial results. Opinion, however, was divided as to whether the procedure proposed by the United Kingdom was a feasible method of achieving these ends.

7. Those who supported the proposal drew attention to the high level of and the continuing rise in the costs of the United Nations and the specialized agencies. These costs had increased by some \$10 million in the last five years; the figure of \$100 million might soon be reached, particularly if the requirements for the new Atomic Energy Agency were taken into account. In the view of these delegations, the work programmes of the organs of the United Nations included projects of varying degree of importance and urgency, with some tendency for projects, once approved, to remain on the work programme after they had outlived their immediate purpose. They believed, therefore, that adoption of the new procedure proposed would introduce into the budgetary processes of the Organization a much needed stimulus to all organs concerned - including the Fifth Committee - to give full effect to the various resolutions dealing with concentration of effort and resources.

8. It was further emphasized by these delegations that the proposal would not hamper the necessary work of the Organization, particularly since it was not intended to apply to essential supplementary estimates nor to unforeseen and emergency expenditures, but dealt only with those expenses under the regular budget over which the Fifth Committee had a direct and immediate control. They believed that an appropriation of \$50 million for 1957, which would cover practically all the items before the Committee, was an adequate amount; the more so in that that figure was already in excess of the amount which their Governments considered should be the maximum annual expenditure of the United Nations. They therefore welcomed the proposal and felt that in any event, it should be adopted on an experimental basis since this would not prejudice its application in future years.

9. Other delegations, however, while in sympathy with the objectives underlying the United Kingdom proposal, did not believe that the procedure of establishing an over-all ceiling was a practicable method of achieving the objectives sought. They pointed out that the question of establishing a ceiling had been considered at previous sessions, both in respect of an over-all ceiling, and in respect of ceilings on particular areas of activity, but that, after careful consideration the Fifth Committee had not favoured such a procedure. While the proposal now before the Committee differed in many respects from the previous propositions, these delegations still had misgivings about it.

10. They agreed that the expenses of international organizations had to be kept within reasonable bounds, and that the work programmes of the various organs should be kept under constant review to ensure that the projects provided for were of a continuing priority nature. They felt, however, that in a number of directions important progress had been made toward achieving that end: the programming of meetings was much improved, some subsidiary organs had been discontinued, and there was better co-ordination. They welcomed, also, the initiative which the Secretary-General had taken in pressing the Economic and Social Council in the matter of priorities, since the problem was mainly one for Member States and particularly for their representatives in the organs

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which established the work programmes. They believed that what the Fifth Committee could do was to draw the attention of the organs concerned to their responsibility for establishing priorities and to the serious financial consequences that would result from ignoring it.

11. These delegations doubted that the rigid procedure of fixing an over-all total of the regular budget was the way to obtain the desired ends. Rather, they believed, a continuous careful scrutiny of the work programmes by the responsible organs was preferable. Some delegations did not feel that the proposed procedure would assist the Secretary-General in his efforts to direct the attention of organs towards a concentration of efforts and resources since it might place him in the difficult position of adjudicating between the claims of various projects and thus hamper him in his efforts.

12. Furthermore, several delegations emphasized the importance they attached to the work of the Organization which was directed towards the development of under-developed countries. To apply a budget ceiling might, in their view, hamper the work of the Organization in those fields. It was pointed out that in fact, among the regular expenses, those for Headquarters staff had shown a decrease over the past few years while it was the expenses of the regional economic commissions and those for the technical programmes that had increased.

13. Some believed that the principle of a budget ceiling was highly debatable because in some cases it might be more important to carry out a particular programme and give effect to a particular decision than to save money. It was more important to spend wisely than to spend sparingly and it was the Committee's task to see that that principle was observed, since the world was not static. If the United Nations budget remained fixed over a period of years, it might well mean that the Organization was failing in its essential responsibilities.

14. In the course of the discussion, the representative of the Secretary-General informed the Committee that while the Secretary-General appreciated the advantages that might be derived from such a procedure, he had some misgivings as to the effect of establishing a ceiling. In particular, he emphasized the dangers of deficit financing which had been referred to by some delegations, as well as

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the tendency of "ceilings" to become "floors" in budgetary administration. He felt that the record of actual expenses did not reflect an inflationary increase, but, on the contrary, indicated a degree of stability. Gross (and net) expenses from 1952 to 1956, in millions of dollars, had been as follows: 1952, 50.3 (43.8); 1953, 49.3 (42.5); 1954, 48.5 (41.6); 1955, 50.1 (42.9); 1956, 50.7 (42.9). The activities of the Organization, as well as its membership, continued to increase, and yet the increase in estimates for 1957 as compared with 1956 would not be as great as the increased contributions resulting from the admission of new Members. The Secretary-General agreed that continued efforts should be made to give the fullest effect to the resolutions of the General Assembly on this question. He would continue to warn the organs concerned of the financial implications of their decisions, and the discussion that had been held on the United Kingdom proposal in the Fifth Committee should itself serve as an added warning. He felt, however, that the method of constant review and scrutiny of the work programmes by the responsible organs was the most desirable way of achieving the objectives sought. In connexion with the latter observation, several delegations considered that since the proper division of programme and budgetary responsibility between the various organs of the Organization was difficult to define, the Fifth Committee, if it itself were to try to decide on priorities, might be exceeding its proper functions.

15. Some Members believed that rather than adopt a hasty decision on the proposal, it should be referred to the Advisory Committee for study and subsequent report to the twelfth session.

16. The Chairman of the Advisory Committee, referring to this view, pointed out that that body had only limited powers. Since the purpose of the United Kingdom proposal was to secure a degree of budget stabilization and a more rational use of funds through the establishment of priorities, he felt that that was a political question which did not lie within the Advisory Committee's competence. While the Advisory Committee could not deal with the policy aspects, it might perhaps be of some assistance, if so requested, for the Committee to consult on the technical aspects of the matter.

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17. A proposal of the Union of Soviet Socialist Republics that before the Fifth Committee decided on the proposal of the United Kingdom, the Advisory Committee should first be asked to study it and report its conclusions to the Committee as soon as it considered it possible to do so, was rejected by 21 votes to 12, with 26 abstentions.

18. At the 546th meeting of the Committee, the representative of the United Kingdom introduced a draft resolution (A/C.5/L.408) amending the draft resolution annexed to the memorandum of his delegation (A/C.5/678). The operative paragraph of the revised text would read:

- (a) Establish, on an experimental basis, for consideration of the regular budget estimates by the General Assembly at its eleventh session, the procedure specified in the annex to the draft resolution;
- (b) Provide that the over-all gross appropriation for the regular budget for the financial year 1957 should not exceed \$50 million.

The annex to the draft resolution would provide that before examining in detail and approving individual appropriations, requested in the regular budget estimates of the United Nations for the financial year in question, an over-all gross appropriation should be decided for that financial year in relation to which all individual appropriations requested in respect of that financial year, other than appropriations which might subsequently become necessary in respect of unforeseen and emergency expenditure, would subsequently be considered.

19. France submitted an amendment (A/C.5/L.409) to this revised draft resolution which would:

- (a) Add a third operative paragraph, recommending that the Secretary-General administer the future gross appropriation for the regular budget so that total expenditure under that budget and unforeseen and extraordinary expenses, as defined each year by the General Assembly and as defined at the tenth session in particular by resolution 980 (X), would not exceed \$52 million.
- (b) Delete from the annex the last phrase relating to the appropriations which might subsequently become necessary in respect of unforeseen and emergency expenditure.

20. The Committee rejected, by 42 votes to 1, with 19 abstentions, the amendment by France to the text of the annex. In agreement with the sponsor, the French proposal to add a third operative paragraph to the draft resolution was not voted upon.

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21. In a roll-call vote the Committee rejected, by 30 votes to 23, with 11 abstentions, the first operative paragraph of the United Kingdom revised draft resolution. The result of the vote was as follows:-

In favour: Ireland, Italy, Luxembourg, Poland, Portugal, Romania, Ukrainian Soviet Socialist Republic, Union of South Africa, Union of Soviet Socialist Republics, United Kingdom of Great Britain and Northern Ireland, United States of America, Albania, Argentina, Australia, Belgium, Bulgaria, Byelorussian Soviet Socialist Republic, China, Czechoslovakia, Dominican Republic, Finland, France, Hungary.

Against: Iran, Iraq, Israel, Liberia, Mexico, Netherlands, New Zealand, Nicaragua, Panama, Paraguay, Saudi Arabia, Sudan, Sweden, Syria, Venezuela, Yemen, Yugoslavia, Afghanistan, Brazil, Burma, Ceylon, Chile, Cuba, Ecuador, Egypt, Ethiopia, Guatemala, Haiti, India, Indonesia.

Abstaining: Norway, Pakistan, Philippines, Spain, Thailand, Turkey, Uruguay, Austria, Canada, Denmark, Greece.

The first operative paragraph and the annex having been rejected, the representative of the United Kingdom withdrew the remainder of the proposal of his delegation.

22. A suggestion of the representative of France that the Secretary-General and the Advisory Committee should be requested to undertake a study for consideration at the twelfth session, regarding methods for implementing in the budget previous General Assembly resolutions recommending the establishment of a system of priorities, found much support among delegations who had participated in the discussion. The Committee agreed unanimously at its 548th meeting that such a study should be undertaken.
