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Monday, 20 November 1972, at 3.15 p.m.

NEW YORK

Chairman: Mr. Motoo OGISO (Japan).

AGENDA ITEM 79

Joint Inspection Unit (*concluded*)*:
(*a*) Reports of the Joint Inspection Unit (*concluded*);**
(*b*) Question of the continuation of the Joint Inspection Unit: report of the Secretary-General (*concluded*)*

Draft report of the Fifth Committee to the General Assembly (A/C.5/XXVII/CRP.11)

1. Mr. PASHKEVICH (Byelorussian Soviet Socialist Republic) (Rapporteur) introduced the draft report of the Committee (A/C.5/XXVII/CRP.11) and suggested that the words "the fifth permanent member", in paragraph 17, should be replaced by "one of the permanent members".

The draft report, as amended, was adopted.

AGENDA ITEM 77

Scale of assessments for the apportionment of the expenses of the United Nations: report of the Committee on Contributions (*continued*) (for the documentation, see 1528th meeting)

2. Mr. HENČIĆ (Yugoslavia) said that the debate was of special importance as it preceded the work which the Committee on Contributions would be doing in 1973 to establish a new scale of assessments for the three-year period 1974-1976. The establishment of the scale was a very important matter for the United Nations, since the prospects of consolidating the efforts of the 132 Member States, in conditions of equality, in order to maintain peace and promote co-operation in the political, economic, social, humanitarian and cultural spheres would depend on an equitable and satisfactory solution to the problem. His delegation attached particular importance to respect for the fundamental principle of the capacity to pay of the States Members of the Organization. For purposes of applying the principle, the General Assembly had laid down a coherent body of rules which had operated successfully for some time. On the other hand, innovations such as the fixing of a maximum contribution, and changes in the world economic situation had produced serious imbalances in the application of the rules, a state of affairs which had led, during the deliberations on the scale of assessments for the years 1968 to 1970, to numerous criticisms and complaints from Member States at the twenty-second and twenty-third sessions.

3. The examination of the scale of assessments for the years 1971, 1972 and 1973 had shown the scale to be more equitable than the previous one, but some anomalies had persisted, inasmuch as the assessment for certain countries had not been in accord with their capacity to pay. Indeed, the Committee on Contributions had had to proceed on the basis of the same criteria as in the past, something which had not allowed it to give the requisite attention to changes in the world economic situation. To ensure a just and equitable apportionment of the expenses of the Organization among Member States, the first requirement was to identify the steps needed to guarantee the simultaneous application of the coherent body of rules established for the purpose by the General Assembly. The Assembly should concern itself on a continuing basis with improving the apportionment of expenses, since the changing world economic situation meant that an established rule could not possibly remain permanently valid and must be adaptable to new conditions and circumstances. It was as a consequence of the changes in the membership of the Organization and in the economic situation of States that a large number of delegations had suggested, during the previous deliberations on the question, that the principles governing the establishment of the scale of assessments should be modified in order that the scale might truly reflect the capacity to pay of Member States. His delegation fully concurred with that point of view and had no hesitation about a review of the present criteria, on the understanding, however, that the change would be in the direction of the full application of the fundamental principle of capacity to pay. The review should therefore focus primarily on the maximum contribution principle, which constituted a major obstacle to the application of the capacity-to-pay principle and indeed represented the very negation of that principle. The maximum contribution principle had been adopted during the first session of the General Assembly by way of a compromise to overcome the opposition of the United States, which had not wished to see its assessment set at 49.89 per cent and had expressed the opinion that the maximum contribution of any Member State should be limited to 25 per cent. In view of the exceptional circumstances created by the wartime destruction, the United States representative had indicated his Government's willingness to make a contribution amounting to 33.33 per cent of the United Nations budget. The United States assessment had at that juncture been reduced from 49.85 to 39.89 per cent, thus increasing the assessments of other States.

4. The idea of setting a percentage figure which no Member State's assessment should exceed had been seriously criticized by a number of countries, including

* Resumed from the 1519th meeting.
** Resumed from the 1506th meeting.

Mexico, Canada and the United Kingdom. Yet, despite all the objections to the maximum contribution principle, the General Assembly had adopted a decision to reduce the largest contributor's assessment first to 33.33 per cent and then to 30 per cent.

5. The Fifth Committee now had before it a new proposal under which the maximum contribution would be brought down to 25 per cent of the total budget of the Organization. His delegation, which was firmly convinced that past objections to the maximum contribution principle were still fully valid in the current circumstances, wished to draw the Committee's attention to the following fact. With the national and *per capita* incomes of the largest contributor rising each year and the contribution of that State to the United Nations declining in percentage terms (eventually reaching 30 per cent), thus producing a progressive diminution in that State's *per capita* contribution and accordingly acting as a brake on the assessments of other developed States, a paradoxical situation was created where the highly developed countries, with their very high *per capita* incomes would benefit from a diminution in their *per capita* contributions and their proportional share in the expenses of the Organization. That situation would be further aggravated if the General Assembly were to agree to reduce the largest contributor's assessment for a third time. His delegation therefore considered that, to keep the situation from deteriorating further, the Fifth Committee should not consider the possibility of further reducing the maximum contribution but rather give attention to changing the formula currently used to calculate the allowance for countries with low *per capita* income. If the United Nations wished to abide by the coherent body of rules governing the establishment of the scale of assessments, it should not lose sight of the fact that a number of factors, including inflationary trends, the enormous gap between the national product growth rates of the developed and the developing countries and the decreasing participation of the latter countries in international trade, had caused an imbalance in the operation of those rules. The imbalance had been accentuated by the fact that the $1,000 upper limit for the low *per capita* income allowance had never been altered. Thus the contribution of Yugoslavia, a developing country, calculated on the basis of 0.38 per cent and having in mind the country's *per capita* share in the Organization's expenses, put that country in twenty-ninth place, whereas the United States contribution calculated on the basis of 31.57 per cent and taking into account the same criterion put that country only in twenty-fifth place.

6. In the light of those considerations his delegation felt that, to ensure the full application of the capacity-to-pay principle and the existing body of rules, it was necessary to take steps to restore the conditions which existed when the General Assembly had fixed the amount of $1,000 as the upper limit for the allowance to developing countries with a *per capita* income lower than that figure. It was only through a revaluation of that amount that the General Assembly could remedy a situation which patently did an injustice to the developing countries. Any other action would be no more than a palliative.

7. It was therefore with gratification that his delegation had noted that the Committee on Contributions had come to the same conclusion. It had indicated in its report (A/8711 and Corr.1) that changing the elements of the present allowance formula would be justified, particularly when account was taken of changes in the *per capita* income of Member States, of changes in the value of the dollar over the past 25 years, and of the General Assembly's request for special attention to be given to developing countries. It was regrettable, however, that the Committee on Contributions had not formulated specific proposals in the matter or even given the requisite data which would enable the Assembly more easily to take such action itself. That should not be an insurmountable obstacle keeping the Assembly from taking a decision aimed at raising the $1,000 upper limit, since many delegations, including delegations of developed countries, had spoken in favour of such a step at previous sessions. It was for that reason that his delegation had co-sponsored draft resolution A/C.5/L.1092. It was firmly convinced that it was only through action of that kind that the situation now facing the developing countries could be remedied and the application of the fundamental principle of capacity to pay fully restored. At the same time, of course, that principle could not be fully applied unless the General Assembly reviewed the ceiling and floor principle with a view to rectifying an abnormal situation characterized by the reduction of the assessments of the developed countries, for otherwise the relief granted to the developing countries by raising the $1,000 limit would be only a temporary relief measure and not a decision of principle.

8. With respect to the matter of recovering the contributions due from China, covered by paragraphs 29 to 32 of the report of the Committee on Contributions, his delegation fully concurred with the view of the Committee on Contributions that for it to give advice on the course of action to be taken regarding the status of the amount of unpaid contributions of China would transcend its terms of reference and that the question should be resolved by the General Assembly.

9. In the opinion of his delegation, the People's Republic of China could only be held responsible for obligations assumed after 25 October 1971, the date on which the General Assembly had adopted resolution 2758 (XXVI) entitled "Restoration of the lawful rights of the People's Republic of China in the United Nations". It would be illogical, on any pretext, to require the People's Republic of China to pay the debt of $30,169,295 incurred during the long period in which it had been deprived of its legitimate right to take its seat at the United Nations. His delegation fully agreed with the People's Republic of China that the question must be settled definitively at the current session in such a way that the amount of assessed contributions which remained unpaid by the so-called Republic of China would be struck from the accounts of the People's Republic of China. In a way, that was an obligation of the Organization to the People's Republic of China, which had clearly demonstrated its attitude towards the Organization by the speed with which it had discharged its obligations. The fact that it had said

that it was prepared, on its own initiative, to increase its contribution to the expenditure of the Organization from 4 to 7 per cent over the next five years was further proof of its willingness to participate in the financing of the Organization's activities in accordance with its economic potential and its capacity to pay. Unless the General Assembly succeeded in resolving the question during its current session, the Organization might, in the very near future, find itself faced with one of the most delicate problems, namely, the application of Article 19 of the Charter. In the opinion of his delegation the Fifth Committee should be realistic about the matter and so avoid long and necessarily polemical debates which would only result in maintaining the Organization's deficit indefinitely.

10. His delegation had already indicated its attitude towards the draft resolution submitted by the United States (A/C.5/L.1091) in its comments on the maximum contribution principle. It only remained for it to say that, although it had always appreciated the great contribution the United States made to United Nations voluntary programmes, it would not be able to support the proposal.

11. Mr. CLELAND (Ghana) noted with satisfaction that the Committee on Contributions had decided to recommend that the rates of assessment for the four new Member States—Bahrain, United Arab Emirates, Oman and Qatar—should be 0.04 per cent.

12. As was indicated in its report, at its spring session the Committee on Contributions had had an exchange of views on the possibility of improving the methods of the establishment of the scale. The exchange of views, which had been based on documents prepared by the Secretariat had related mainly to the implications of changes in price levels and exchange rates on the capacity to pay of Member States. The Committee had also considered the possible effects on the scale of variations in the allowance for low *per capita* income and the relationship between the servicing and amortization of Member States' foreign debts and their capacity to pay. It had emerged from the discussion that over the past 25 years, as a result of currency realignments and the revaluation of certain European currencies, the dollar had depreciated substantially and that it was therefore necessary to raise the low *per capita* income ceiling in relation to the currencies of certain countries in order that their contributions should be more in keeping with the realities of the world economic situation. The Committee had also decided to ensure that countries showing inordinately large upward or downward price movements, which were not proportionately reflected in the exchange rates, should not be over-assessed or under-assessed purely as a result of such relative movements.

13. As to the relative capacity to pay, his delegation hoped that the Committee would continue to grant relief to those countries which had to use a large part of their foreign exchange earnings to service their foreign debt. In that connexion, the Committee should continue to explore the possibility of devising a method whereby an allowance would automatically be granted to such countries. In its resolutions 1927 (XVIII) and 2118 (XX), the General Assembly had requested the Committee on Contributions to grant allowances to countries with low *per capita* income and to pay special attention to developing countries in view of their special economic situation. For some time the Committee had been granting an additional allowance to countries with a *per capita* income of $300 or below, and it had now decided to extend that measure to a greater number of countries. In order to ensure that the relief granted was in proportion to needs, his delegation formally proposed that the Fifth Committee should request the Committee on Contributions, in granting relief to countries with low *per capita* income, to give additional attention to the less developed of the developing countries. His delegation was endeavouring in that way to generalize a principle which had already been acknowledged in the case of countries with *per capita* incomes below $300, a figure no longer in keeping with the realities of the world economic situation.

14. His delegation understood the considerations and the concern which had given rise to the United States draft resolution but doubted that sufficient time had been spent on studying the implications of the draft resolution on the financial situation of the United Nations. In its opinion, the 30 per cent ceiling established in 1957 had not yet been applied because the world economic situation had not yet permitted its application. The Lodge Commission, which had recommended a ceiling of 25 per cent for the United States contribution, had considered that the ceiling should be achieved over a period of years. It had also provided that each reduction in the United States share of the regular budget must be accompanied by at least a corresponding increase in the United States contribution to one or more of the voluntary budgets or funds in the United Nations system. Without a more detailed study of the implications of the United States proposal, his delegation would have difficulty in assessing the extent to which the proposal satisfied the conditions envisaged by the Lodge Commission in its report. Moreover, for the past two or three years, particularly on the occasion of the restoration of the lawful rights of the People's Republic of China in the Organization, the United States had given the impression that it had become disenchanted with the United Nations, and his delegation wondered whether, in the circumstances, the draft resolution might not be interpreted as confirmation of that impression. His delegation appreciated the fact that currently the United States contribution to the regular budget of the United Nations and to the budgets of the specialized agencies was substantial and that prevailing economic and political circumstances called for a general review of the ceiling for contributions. It did not believe, however, that the best way of doing that was to impose an arbitrary ceiling by means of a resolution, without having carefully studied the implications of such a measure. It would be necessary to study the effect the United States proposal might have on the contributions of other Member States, particularly the richer ones, having regard to the *per capita* contribution criterion, and on the budget of the United Nations and the budgets of the specialized agencies. It would also be necessary to examine the

possible effect of the new ceiling on the progressive increases in contributions of Member States resulting from increases in their gross national product, having regard to their population. Lastly, it was necessary to ask how the new ceiling would affect application of the principle that special attention should be granted to developing countries, particularly those with the least capacity to pay whose assessments were sometimes excessive. The question was whether the proposed ceiling might not lead to injustices and whether, in view of the fact that the *per capita* contribution of a Member State must not exceed the *per capita* contribution of the highest contributor, the richest countries would not eventually be paying a contribution lower than their capacity to pay. If the United States proposal was adopted, any increase in the contributions of other Member States that might result from the triennial review of the scale would go to the United States as a matter of priority, a fact which would run counter to the interests of the least developed of the developing countries and to the provisions of General Assembly resolution 2118 (XX). Those questions called for a more detailed examination than the Committee would have time to make at its current session, particularly since the United States proposal concerned not only the regular budget of the United Nations but also those of several United Nations agencies. As the representative of Brazil had pointed out, since the Federal Republic of Germany was already a member of FAO, ICAO, UNESCO and WHO, its admission to the United Nations would not result in an increase in total contributions paid to those specialized agencies. It was obvious, on the other hand, that when the German Democratic Republic became a member of those agencies, its contribution would not compensate for the cutback in the total contributions made for their activities. His delegation proposed therefore that the whole question of the contributions ceiling should be referred to the Committee on Contributions which should consider it and report to the Fifth Committee at the twenty-eighth session of the General Assembly. It hoped that the United States delegation would have no difficulty in accepting that proposal since the United States draft resolution itself did not envisage immediate application of the proposals it contained, at least so long as the two Germanys were not members of the Organization.

15. The Ghanaian delegation could not help noticing, with some concern, certain facts indicating that some major contributor countries were increasingly losing interest in the Organization. Thus the United States had imported chrome from Rhodesia in violation of the embargo voted by the Security Council; it had refused to pay its contribution to the ILO; it had failed to make the promised appropriations for the extension of the New York Headquarters, and it had not provided the promised additional resources for multilateral development banks. Those facts, although recent, were the culmination of a process of erosion in the relations between the United Nations and the Government of the United States. Although the United States had taken a laudable initiative in such areas as disaster relief, population, the environment, narcotics and the sea-bed, it seemed to be losing interest in the United Nations' basic functions of peace-keeping, development, and human rights. Those facts had been deplored, at a meeting of the American Assembly on the United States and the United Nations, which was held in April 1972, at Harriman, New York, by a group of United States citizens whose misgivings reflected those of the developing countries. He concluded by expressing the hope that the United States would not abandon the noble ideals of Woodrow Wilson and Adlai Stevenson in the field of international co-operation.

16. Mr. RODRIGUEZ (Cuba) said that his delegation had studied with interest the report of the Committee on Contributions, and the draft resolutions submitted on the subject, in particular that submitted by the United States (A/C.5/L.1091).

17. Since the founding of the United Nations, it had been decided that the expenses of the Organization would be shared among Member States according to their capacity to pay. The formula chosen to determine capacity to pay, which was that now applied by the Committee on Contributions, was based essentially on the gross national product and *per capita* income of each country. For the United States the figure originally fixed according to the criteria of the Committee on Contributions was 38.4 per cent of the total budget. Then, in 1957, the General Assembly, in resolution 1137 (XII), had fixed a ceiling for the contribution of Member States. Hence for 15 years the contributions of other Member States, including of course the developing countries, had made up the amount of the rebate accorded the United States because of the existence of the ceiling. In other words, as a result of the ceiling, the other States in the international community had between them annually absorbed an additional 7 per cent of the total expenditure, distributed over their contributions. The United States Government thought that the present scale of assessments was fraught with injustices that should be removed. In reality, all the Member States, and above all the developing countries, suffered those injustices, with the sole exception of the United States. Thus the only way to remedy the injustice would be to remove the ceiling. Yet today the country whose real contribution was lower than what it should be paying wanted the under-developed countries to be asked to sacrifice themselves in the interest of the richest country of all.

18. Operative paragraph (*a*) of draft resolution A/C.5/L.1091 stated that "the maximum contribution of any one Member State to the ordinary expenses of the United Nations shall not exceed 25 per cent of the total". The sentence was drafted in general terms to give the impression that the measure proposed would be in the interest of all Member States. It was clear that the only country now in such a situation was the richest and most developed country—the United States—since it would be a long time before any other country had the economic resources that would result in such an assessment. Consequently the words "any one Member State" had no meaning.

19. Turning to operative paragraph (*b*), concerning the application of the provisions of paragraph (*a*), he

said it would mean that the Committee on Contributions would have to change the criteria for establishing the scale of assessments, because if the existing methods of assessment were retained, based on the gross national product, that paragraph could not be applied. Was the intention that all countries should continue to pay a contribution based on their gross national product with the single exception of a country that was also a Member State, with the same duties and responsibilities as other Member States? On the basis of such reasoning, it might be asked whether there would be one formula for establishing the contribution of all Member States except one, and a second formula used for that one State. Cuba considered that proposition impossible from both the legal and economic standpoints.

20. Paragraph (*c*) stated that "the percentage contribution of Member States shall not, in any case, be increased as a consequence of the present resolution". The two ways of reducing the United States contribution to the United Nations budget would be the admission of new Members, and the normal triennial increase in the assessments of other Member States. It was a matter of logic that those two procedures would normally entail a redistribution of percentages on the basis of 100 per cent, and thus a reduction in all the assessments of Member States. In fact every Member State had the right to a reduction of its assessment as a result of any additional inflow of funds, from whatever source. Consequently if only one State, the United States, was to benefit, that would be tantamount to increasing the assessments of all the other States.

21. In 1971 the United States had contributed $56,332,170 to a budget of $213 million. The changes proposed would reduce that contribution to some $50 million for a total budget of a higher amount. The Permanent Representative of the United States to the United Nations had said that the proposal was not intended as a form of financial reprisal against the Organization following United Nations decisions of which the United States Government had not approved. The motives were supposed to be economic. The salient fact was that a Member State was proposing to obtain a reduction of about $12 million in its assessment. And this was the very country which reaped the greatest economic advantage from the Organization owing to the fact that it was the host country. If the annual *per capita* cost of living in New York was assumed to be $5,000, and that figure was multiplied by 25,000, representing the number of people who, according to a United States authority, made up the diplomatic community living in New York, the total came to $125 million. Furthermore, United Nations expenditure at Headquarters in New York amounted in 1972 to about $100 million, out of a budget of $213 million. Taken together, the permanent missions to the United Nations, the non-official bodies, the delegations participating in meetings and the United Nations itself spent about $225 million a year in New York. That expenditure had a multiplier effect on the national income, since in some cases it consisted of investments, while in others it was the equivalent of an export of goods and services. According to calculations by United States economists, the multiplier effect amounted to 4 in the United States over the long term; thus the presence of the United Nations in the United States increased United States national income by some $900 million a year.

22. There were other lesser economic factors that should be considered, such as the investment in United States securities by the United Nations Joint Staff Pension Fund. It should also be noted that the United States was the only country that did not need to maintain a mission abroad. That meant that the $2,033,000 that the United States Government had spent on its mission to the United Nations in 1972, out of a total of $4,718,000 for all international institutions, meant that it had not had to disburse a corresponding amount in foreign exchange earnings. Lastly, another factor to be taken into account was the rise in the value of the property surrounding Headquarters, and the considerable income received by New York City, where United Nations Headquarters was one of the main tourist attractions. Thus it could be concluded that, in all, the economic advantages derived by the United States from those various elements averaged over $1,000 million a year.

23. In 1970 the United States contribution to all the organizations in the United Nations system had been $321 million. Thus it could be said that the net profit to the United States was about $700 million a year; in other words, it was not possible to maintain that the United States was the great financial benefactor of the United Nations. The situation was in fact the reverse.

24. In submitting draft resolution A/C.5/L.1091, the representative of the United States had said that up to 1971 his country had paid $4,000 million into the United Nations system; but it must not be forgotten that that expenditure had been recovered by the United States and incorporated into its national income in only four years.

25. Whatever the reasons underlying the United States proposal, the issue was whether the international community could allow a Member State to decide unilaterally to reduce its contribution to below what it should be, and what would become of the prestige of an organization in which any member State could say that the Executive Branch had decided to reduce its assessment to a level fixed by the Government, without any regard for the rules established by that organization.

26. For all those reasons Cuba would vote against the United States draft resolution (A/C.5/L.1091).

27. Mr. MORRIS (Liberia) said that his delegation accepted the principle underlying the United States draft resolution, as it had accepted it in 1946, when Senator Vandenberg had stated it in the Fifth Committee. Its position in that respect had not changed for 25 years. It had always felt that the financial obligations of Member States should remain consistent with their capacity to pay and that the minimum assessment for the least affluent countries should be fixed at 0.04

per cent of the total regular budget. At a time when the United Nations was on the threshold of becoming a truly universal body, it would be regrettable for the Committee to engage in a lengthy polemic that would call into question the altogether reasonable principle of a gradual scaling-down of the assessment of the State paying the maximum contribution. He was convinced that the draft resolution took account of the less affluent countries and that even though there was no assurance that the floor of 0.04 per cent applied in respect of those countries would be reduced by the admission of new Members, the possibility should not be ruled out, since, as UNCTAD had already recognized, there could be degrees of affluence, even among the least developed countries. The Committee on Contributions could take those economic differences into consideration to assuage the fears of Member States in that category. To reject the principle spelt out in the United States draft resolution would be, in effect, to question the generosity shown by the United States in its support of the Organization and its subsidiary bodies since their inception. Whatever faults the United States might have, no one could doubt its generosity, which had been demonstrated on many occasions in the field of international trade by such initiatives as the Kennedy Round, IBRD, the International Development Association, the regional banks, the Export-Import Bank and IMF. He was convinced that the people of the United States and its Government were fully aware of the cardinal importance of the United Nations and would do nothing to jeopardize its existence. He was equally convinced that the United States Government certainly did not support the United Nations for the economic advantages to be derived therefrom. It was important to avoid questioning the motives of the country that paid the largest contribution to the United Nations, a contribution the financial consequences of which had, after all, to be borne by the American people.

28. Mr. VERRET (Haiti) said that his delegation had always read with interest the reports of the Committee on Contributions, the members of which always tried to solve the Organization's financial problems in a manner that was satisfactory and in accordance with Member States' financial capacity. Nor had his delegation ever found any difficulty in approving the Committee's recommendations. It had taken the floor on the question of the scale of assessments to urge other delegations to show understanding and co-operation towards draft resolution A/C.5/L.1091 submitted by the United States. The draft resolution, which would fix the maximum contribution of any one Member State to the regular budget of the United Nations at 25 per cent, was the logical outcome of decisions taken by the General Assembly in 1946, 1948, 1952 and 1957 on the maximum percentage contribution to the United Nations budget.

29. Although it was true that the assessment of contributions was related to a country's capacity to pay, it was also true that, unless there was to be a departure from an established principle, a certain ceiling should not be exceeded. It must also be remembered that the Organization was made up of sovereign States and that it could not continue to exist without the will of those States to achieve common ideals of peace and justice, ideals which could not be achieved without observing certain rules and principles that the Organization itself had laid down.

30. In the draft resolution, the United States had put forward the ceiling principle already stated by the General Assembly and requested that the ceiling should be adjusted in view of new circumstances, mainly the anticipated admission to membership of some developed countries and the normal triennial increase in the percentage contributions of Member States resulting from increases in their national incomes. It had always been understood that the goal sought by Member States was a ceiling of 25 per cent and that the establishment, at a particular juncture, of a 30 per cent ceiling was only an exceptional step taken in the light of certain factors such as devaluation or the precarious economic situation of some countries. Certain developed countries, including the United States, had undertaken to cover some of the administrative costs of the Organization on behalf of other countries which had not been in a position, at the time, to pay their full contributions. In 1957, in view of the fact that new Members had been admitted to the Organization since 1954, the General Assembly, by its resolution 1137 (XII), had brought the ceiling down from 33.33 per cent to 30 per cent. It seemed, therefore, that the General Assembly had always taken account of new facts when fixing the percentage contributions of Member States. Since 1957, more than 50 new Member States had been admitted to the Organization; in the near future new developed States would swell the amount of contributions normally received. His delegation felt that the United States draft resolution should not give rise to any objection; it would vote in favour of the draft resolution and noted with satisfaction that according to operative paragraph (*b*) its provisions would be implemented as soon as possible without prejudice to other Member States, and that there was no request for any reduction of voluntary contributions in the text.

31. Mr. DE PRAT GAY (Argentina) congratulated the Chairman of the Committee on Contributions for the excellent report before the Committee. The report reflected faithfully the concern felt by members of the Committee in the face of developments in the world economic situation. Indeed, in section IV—Methods for the establishment of the scale—the Committee dealt with questions which caused very real alarm in the context of current circumstances. In paragraphs 14 to 24 under the headings "Price changes and exchange rates", "Comparative income per head of population" and "Ability of Members to secure foreign currency", the Committee had taken a very clear position on the need to bring the system of establishing the scale of assessments up to date. His delegation particularly supported the considerations set out in paragraphs 16, 21 and 24 and hoped that by taking those elements into account, the Committee would be able, at the twenty-eighth session, to submit a scale of assessments that could be approved by the Fifth Committee.

32. With regard to draft resolution A/C.5/L.1091, submitted by the United States of America, his delegation had already had an opportunity, in 1957, to state its position on the establishment of a ceiling. At that time, the representative of Argentina had stated that, in his opinion, account must be taken of the fundamental principle of the capacity to pay of each country in apportioning the expenses of the Organization. Fifteen years later, his delegation felt that the principle was still valid. As it had said at the twenty-sixth session, it still felt that two essential elements must be taken into account to fix the scale of assessments: capacity to pay and ability to secure foreign currency. Consequently, his delegation would vote against the United States draft resolution.

33. Draft resolution A/C.5/L.1092, which had been submitted on behalf of 15 delegations by the representative of Brazil, Mr. Silveira da Mota, who was also Vice-Chairman of the Committee on Contributions, stemmed from the need to change the elements of the relief formula currently applied to countries with low *per capita* income. The world financial and economic situation was not the same in 1972 as it had been in 1946. The currency used in 1946 to measure the income of countries was currently worth less than half of its original value. When establishing a new scale of assessments a more equitable unit of measure must be used in order to avoid placing heavy financial burdens on the great majority of Member States, who were engaged in the difficult task of development. His delegation was sure that if the draft resolution, of which it was a sponsor, was adopted, the Committee on Contributions would be able to make a realistic adjustment in the scale of assessments for the period 1974-1976. It was also convinced that the Committee would take into account the need to review the minimum assessment. It hoped that in 1973 the Fifth Committee would be able to consider a scale of assessments based on the real economic situation in the world in 1969, 1970 and 1971; that situation should preferably be measured with a unit of measure other than one which was no longer any more than a shadow of itself.

34. Mr. YOGASUNDRA (Sri Lanka) said that his delegation supported the recommendations submitted by the Committee on Contributions in its report and would vote in favour of the draft resolution appearing in paragraph 44.

35. His delegation whole-heartedly supported draft resolution A/C.5/L.1092, because it believed that special recognition should be given to low *per capita* income countries and to the developing countries in the calculation of their rates of assessment. Those countries found themselves in economic and financial conditions which were not normal; his delegation would therefore support the recommendation in the draft resolution requesting the Committee on Contributions to change the elements of the low *per capita* income allowance formula so as to adjust it to changing world economic conditions. He suggested the addition, however, at the end of the operative part, immediately after the words "world economic conditions" of the words "in order to provide relief to the low *per capita* income countries".

36. With regard to the United States draft resolution (A/C.5/L.1091), his delegation welcomed the categorical assurance given by the United States representative that the request for a reduction in the level of the United States contribution applied only to the assessed contributions to the regular budget of the Organization and did not in any way relate to the voluntarily financed operational programmes to which the United States was the largest contributor. In that respect, his delegation wished to recall the substantial assistance provided by the United States in the post-war years to peoples all over the world who were living under the direst economic conditions. It must not be forgotten that the United States had made an outstanding contribution to the economic betterment of the world as a whole.

37. The United States had proposed that the maximum contribution of any one Member State to the regular budget of the United Nations should not exceed 25 per cent. During the general debate his own delegation had welcomed with satisfaction the United States assurance that, as a result of that initiative, there would be no consequential upward revision of any Member State's contribution. His delegation had also expressed the hope that downward revisions, where necessary, were not entirely precluded and that Member States would not be called upon to agree to a suspension of the terms of General Assembly resolutions 1927 (XVIII) and 2118 (XX), which requested the Committee on Contributions to give due attention, in its calculations, to the developing countries, in view of their special economic and financial problems. His delegation also wished to stress that the establishment of a new ceiling could not be imposed overnight and that any reduction in the United States contribution, if decided upon, should be progressive.

38. Turning to the text of the United States draft resolution, he pointed out that the fourth preambular paragraph carried little weight if it was considered that together the 50 States in question paid a contribution of 2.14 per cent of the total budget. Almost all of those States paid the minimum assessment of 0.04 per cent, a fact which partly explained why it had taken 15 years or more for the United States contribution to be reduced to its present level of 30 per cent. It was therefore impossible to draw a parallel with the situation existing in 1957 because the total assessed contributions of the 22 States which had been admitted to the United Nations between 1950 and 1957 amounted to 8.13 per cent, as against 2.14 per cent paid by the 50 members mentioned in the fourth preambular paragraph. In other words, that paragraph tended to weaken the position of the United States rather than strengthen it, but his delegation had no objection either to that paragraph or to the rest of the preamble.

39. With regard to operative paragraph (*a*), it might be asked why the maximum contribution was fixed at 25 per cent of the total. So far, the only justification for that percentage was the fact that a request to that effect had been made in 1946. That proposal had not been accepted at the time because of the abnormal circumstances then obtaining in the world. It should not be forgotten that current circumstances were also

abnormal and that economic conditions for the vast majority of the world's population were even worse than they had been in Europe in 1945. Furthermore, the request violated one of the original criteria—the capacity to pay—which had existed since the infancy of the Organization. However, his delegation was prepared to accept in principle a reduction of the ceiling of the maximum contributor to 25 per cent. The principle of the capacity to pay had been considerably altered in the past in the light of circumstances and the situation was not without precedent. His delegation wondered if the words "As a matter of principle" in operative paragraph (*a*) meant the same thing as the formula "in principle" used in the preamble; it presumed that they did.

40. Operative paragraph (*b*) gave rise to certain difficulties. The first was the question of timing. The phrase "as soon as practicable" would have been considered acceptable by the delegation of Sri Lanka had it not been for the interpretations given to that phrase by the representatives of the United States, Mr. McGee and Mr. Bush. He referred in particular to the statement made by Mr. Bush on 4 October 1972 when he had addressed a group of representatives of non-governmental organizations. In the view of his delegation, the only acceptable interpretation of that phrase was that the reduction of the assessment of the maximum contributor should be progressive. The reduction should be made as soon as practicable but in conformity with existing criteria. The interpretation given by the United States, however, seemed to prejudge the question and to take it for granted that a reduction would come into force on 1 January 1974. That interpretation caused some concern to his delegation, which hoped that the interests of the less affluent members would be protected by a broader interpretation of the phrase.

41. The operative part of the draft resolution sought to achieve the reduction by two means: firstly, by utilizing the contributions of newly admitted Members immediately upon their admission and, secondly, by the normal triennial increase in the percentage contributions of Member States resulting from increases in their national income. In actual fact, the use of such methods would mean depriving the less affluent countries of the possibility of having their contributions reduced. In other words, the tacit implication of operative paragraph (*b*) was that the United Nations should voluntarily suspend the operation of the other criteria which had been laid down for the guidance of the Committee on Contributions. They were set forth in General Assembly resolutions 1927 (XVIII) and 2118 (XX) and called for special measures for the less affluent nations. His delegation found it difficult to accept such a request.

42. On the face of it operative paragraph (*c*) seemed innocuous since it gave the assurance that the assessments of Member States would "in no case be increased as a consequence of the draft resolution". Unfortunately, what it failed to do was to assure that it would not preclude any downward revision. In fact, the representative of the United States had practically admitted that such reductions would be impossible. In that case, for all countries which would normally be entitled to a reduction, the situation would virtually amount to an increase in their contributions. Consequently, although the paragraph had already appeared in previous resolutions of a similar kind, his delegation felt that it was quoted out of context in the present draft resolution. The rest of the language or the spirit of resolution 1137 (XII) should be introduced into the present draft; otherwise, an important complement to the paragraph was missing and rendered it meaningless.

43. In conclusion, his delegation supported in principle the proposal that the maximum contribution of any one Member should not exceed 25 per cent. Furthermore, it felt that the necessary reduction should be achieved progressively in order to avoid a situation where less affluent members might be called upon to pay more than they would normally have done. Finally, it considered that the criteria designed to safeguard the less affluent countries should be maintained intact.

44. Consequently, if draft resolution A/C.5/L.1091 were put to the vote in its present form, the delegation of Sri Lanka would be unable to support it in its entirety and would request a separate vote on each of the operative paragraphs. It would vote in favour of paragraph (*a*), against paragraph (*b*) and would abstain on paragraph (*c*). His delegation would be able to take a stand on the draft resolution as a whole only when it knew what the final form would be after a vote had been taken on the individual paragraphs.

45. Mr. ADEFOPE (Nigeria) said that the United States proposal for a reduction in the assessment of the maximum contributor to 25 per cent was based, firstly, on the fact that capacity to pay had been the primary criterion in determining the scale of contributions since 1946 and, secondly, on the fact that one Member State should not assume a financial responsibility which was excessively disproportionate in relationship to other Members. According to the second principle, the United States contribution had been assessed at 39.89 per cent in the first scale of assessments although that percentage was below its capacity to pay. The United States had accepted that assessment as a temporary measure on the understanding that it would be adjusted later. Thus in 1957, when the membership of the United Nations had reached 82, the assessment of the maximum contributor had been reduced to 30 per cent. The United States now contended that, as the membership had increased to 132 and further Members were expected to be admitted, its contribution could now safely be reduced to 25 per cent.

46. According to the original terms of reference of the Committee on Contributions, adopted in 1946, the expenses of the United Nations should be apportioned broadly according to capacity to pay; and comparative estimates of national income were recommended as the fairest guide. In order to prevent anomalous assessments resulting from the use of comparative estimates of national income, account had to be taken of comparative income per head of population, the temporary

dislocation of national economies arising out of the Second World War and the ability of Member States to secure foreign currency. In accordance with further directives given to it by the General Assembly in 1957, the Committee on Contributions had established a ceiling of 30 per cent for the assessment of the highest contributor; had decided that the *per capita* contribution of any one Member State should not exceed the *per capita* contribution of the largest contributor; had established a minimum rate of assessment of 0.04 per cent; and had requested that due attention should be given to the developing countries in view of their special economic and financial problems. He hoped that a way would be found of relieving the financial burden now placed on the developing countries. During the next triennial revision of the scale of assessments, the Committee on Contributions would no doubt take into account the fact that the membership of the United Nations had risen to 132 and he hoped that that increase and the improvement in the economies of many Member States would permit a reduction in the contributions of certain countries. The United States, whose present ceiling was 30 per cent, could also be favourably affected. It would seem, however, that the resentment felt in the United States about its present contribution had sprung up spontaneously after the restoration of the lawful rights of the People's Republic of China by the United Nations in October 1971. That gave the impression, perhaps erroneous, that the desire for the reduction was not entirely motivated by the two reasons given by the United States but also by the dismay it had felt at not carrying the United Nations with it in support of its proposal for admitting both Chinas to the Organization. Such an attitude would be contrary to the principle of the sovereign equality of Member States. His delegation also feared that the timing of the United States proposal was not felicitous because at the moment the United States was manifesting, particularly with respect to African problems, a diminution of interest in the United Nations as an instrument of international peace and security. Viewed in that light, the proposal seemed to have implications that were more political than financial, for the African countries should not forget that it was in respect of an African problem that the United States first used its veto in the Security Council and that it was again in respect of an African problem that it had failed to honour its Charter obligation of implementing sanctions against the illegal racist minority régime of Mr. Ian Smith.

47. As the Committee on Contributions would begin to review the present scale of assessments in 1973, he suggested that the United States delegation should provide that Committee with the relevant facts and figures to enable it to make objective recommendations to the General Assembly.

48. The financial policy of the United Nations must be governed not merely by considerations of economy and efficient management of limited financial resources but also by the need for sustaining and promoting growth of activity in substantive areas. The United Nations hardly cost the world community two cents per head per annum and its budget was growing at a slower rate than the national budget of most Member States and the national economy of many of them. Moreover, in view of the fact that, since 1950, the United Nations had just about been able to maintain a constant low level of activity, any proposal to reduce the contributions of countries which had the capacity to pay would have to be considered very carefully. Again, the current financial difficulties of the United Nations could not be overcome by cuts in the level of contributions of Member States, which would lead to a reduction of essential activities. A lower contribution ceiling for Member States could negate the spirit of the Charter and aggravate the gap between developed and developing countries. Moreover, it would not be realistic to maintain the 5.17 per cent budget increase envisaged for 1973 in view of the additional requirements in such areas as trade, development and the human environment. His delegation would have difficulty in reconciling itself to the current financial situation of the United Nations unless it received an assurance that the proposed cut would in no way limit the development activities of the United Nations. It urged the United States delegation to be patient and to submit all details to the Committee on Contributions to guide it in its triennial review of the scale of assessments.

49. Mr. DIPP GÓMEZ (Dominican Republic) said that the work of the Committee on Contributions was not easy, for it had to analyse the economic and financial situations of the various States in order to determine, in a fair and equitable manner, the assessment of each of them and the mode of payment of contributions. Among the important factors which the Committee on Contributions had to take into account were price changes, exchange rates, the extent of the foreign debt, the ability of countries to secure foreign currency and, in particular, the low income of the developing countries. That last factor was extremely important and had been acknowledged by the General Assembly in a number of resolutions, including its resolution 2118 (XX).

50. As it was the developing countries which had the greatest financing problems and as the United Nations had a duty to assist them in every way possible, his delegation had become a sponsor of draft resolution A/C.5/L.1092, which requested the Committee on Contributions, at its next review of the scale of assessments, to change the elements of the low *per capita* income allowance formula so as to adjust it to the changing world economic conditions. In fact, current economic conditions were very different from those of a few years earlier. They were certainly different from the situation in 1946, when only two countries, compared with 28 at present, had had a *per capita* income of over $1,000. Moreover, the number of Members had more than doubled. His delegation therefore felt that the United Nations had a fresh opportunity to reaffirm its complete and total independence by discontinuing its financial dependence on one or two States only, and, as his delegation represented a small developing country which needed a strong United Nations both from the economic and moral point of view, it would support the United States draft resolu-

tion (A/C.5/L.1091), under which the maximum contribution of any one State to the ordinary expenses of the United Nations would not exceed 25 per cent of the total. His delegation felt that the draft resolution deserved general support, in particular the support of the small developing countries, for the following reasons: far from weakening the Organization, the draft resolution would strengthen it by diminishing its financial dependence on a single State; it reaffirmed the principle of the economic independence of the United Nations; it did not call for any sudden or arbitrary reduction but took account of three factors, namely the contributions of any newly admitted Members, the normal triennial increase in the percentage contributions of Member States resulting from increases in their national incomes, and the fact that the percentage contributions of other Member States could not be increased. No principle would be violated by fixing a ceiling of 25 per cent for the largest contributor, for it was general knowledge that in the case of some countries whose *per capita* income was over $3,000 the percentage contribution had been set at 0.04 per cent, and that for others whose *per capita* income was below $200, it was more than 1 per cent of the United Nations regular budget. He could not accept the idea that the United States had offered to accommodate United Nations Headquarters merely for financial advantage, just as he rejected that idea in the case of other countries which had agreed to accommodate the headquarters of organizations within the United Nations system. Lastly, as the representative of the United States, Mr. Bush, had pointed out, the reduction proposed by the United States did not apply to the latter's voluntary contributions to some extremely important United Nations programmes, such as UNDP. It was on account of all the foregoing considerations that his delegation would vote in favour of the United States draft resolution.

51. Mr. BAROODY (Saudi Arabia) said he feared that, whatever the outcome of the debate in the Committee, the United States Congress would refuse to change its decision to reduce the United States contribution to the United Nations ordinary expenses to 25 per cent. The move was psychologically motivated, in other words the country which paid the lion's share wanted the United Nations to do more. It was natural that the United States should feel frustrated since it felt that it was already paying more than it should. In that connexion, the figures spoke louder than words. The difference between the United States present contribution and the contribution it would pay if the assessment was fixed at 25 per cent was around $13.5 million. That was a very small sum compared to the $59 million which the United States paid in contributions to the 10 specialized agencies. However, taking into account the voluntary contributions paid by the United States to other organizations—such as UNICEF and UNDP—totalling some $317 million, its contribution of $56 million to the United Nations regular budget, its contribution of about $5 million to the maintenance of the United Nations Peace-keeping Force in Cyprus and its miscellaneous contributions, the grand total for the United States was $437 million. If the General Assembly refused to adopt draft resolution A/C.5/L.1091, the United States Congress might well reduce the level of its voluntary contributions, in the same way that it had already reduced its contribution to the ILO, and the losers would be UNDP, UNICEF, WHO and other bodies, and by extension the developing countries. Thus, attempts to save $13.5 million might well result in far greater losses elsewhere. He consequently urged the Fifth Committee not to vote against the United States draft resolution. He wished in particular to assure the delegations of the United States and the Soviet Union that his appeal was quite independent. A number of delegations had approached him to ask him to sponsor draft resolutions but he had refused on the grounds that they would not resolve the problem.

52. The only way to resolve the problem was to stabilize the dollar level of the budget and to make savings so that the scale of assessments need not be modified for a number of years at least. Savings could and should be achieved by subjecting the United Nations to a complete reorganization and, above all, by eliminating the many superfluous bodies that consumed more than they produced. Thus, if the great Powers, especially the United States and the Soviet Union, agreed to halt the proliferation of committees and sub-committees, if the General Assembly agreed to stabilize the dollar level of the budget and if the necessary savings were made, the United Nations would be better able to face the consequences of a reduction in the United States contribution, in the event that the latter insisted on a reduction of its assessment to 25 per cent.

53. With regard to operative paragraph (*b*) (ii) of the United States draft resolution (A/C.5/L.1091), he said that there was a danger that some countries might refuse to accept the triennial increase in their percentage contribution if the reduction in the percentage contribution of the United States was approved. He therefore proposed that the following words should be added to the point in question: "taking into account the fact that if such an increase in the national income falls below a certain level in a number of developing countries, then, in special cases, the basis of capacity to pay should be explored by the Committee on Contributions". In that way, the Committee on Contributions could decide whether a new basis should be established.

54. He concluded by saying that since the United States Congress was unlikely to change its position, he would like to formulate a request to that body, through the representative of the United States in the Fifth Committee, asking whether it could not agree to phase the proposed reduction; for example, the contribution might be reduced from 31 per cent to 28 per cent, then to 26 per cent and finally to 25 per cent.

The meeting rose at 6.45 p.m.