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CONTENTS

	Page
Scale of assessments for the apportionment of the expenses of the United Nations: report of the Committee on Contributions (A/1859 and Corr.1, A/C.5/458) (continued)	137

Chairman: Mr. T. A. STONE (Canada).

Scale of assessments for the apportionment of the expenses of the United Nations: report of the Committee on Contributions (A/1859 and Corr. 1, A/C.5/458 (continued))

[Item 44]*

1. Lord WAKEHURST (United Kingdom) said that the Committee should be on its guard against losing its habitual objectivity and sense of proportion. General Assembly resolution 238A (III) had reflected the considered judgment of the majority that a balance must be struck between the desire that Members should contribute according to their capacity and the danger that those whose contributions were very large might exert undue influence. The United Kingdom Government agreed that the one-third ceiling should be imposed as soon as practicable and without further pursuit of the will-o'-the-wisp "normal times", but it felt that the Fifth Committee should take into account not only what ought to be done, but what could be done without vitiating the established rules represented by the successive directives given the Committee on Contributions by the General Assembly and without disrupting the workmanlike and remarkably successful machinery by which the annual scales of contributions were at present drawn up. Naturally his Government also recognized the real difficulty which faced Members whose present assessments were less than the strict application of General Assembly resolution 238A (III) would require and who were asked, after six years of gradual change, suddenly to assume the whole burden of the adjustment. So, it appeared, had the Committee on Contributions, which had decided that the final process of adjustment should be spread over not less than three years. His Government supported the Committee's recommendations unreservedly, both on their own merits and with the deep conviction that the authority and impartiality of the Committee

on Contributions should be upheld whatever the difficulties created for particular governments.

2. He therefore asked the Soviet Union representative on the one hand to take into account not only the destruction wrought upon his country during the War but also the progress towards recovery which, on its spokesmen's own showing, it had made, and the United States representative on the other not to overlook the difficulties which would be caused by effecting so abruptly the proposed adjustment, however justified.

3. The Indian representative's suggestion that the time had come to make an entirely new approach to the principles of assessment, taking the limited resources of the under-developed countries more fully into account, would take too much time and raise too many difficulties for it to be practicable at the present juncture. If no new principles were to be established, on the other hand, it would be tantamount to a vote of no confidence in the Committee on Contributions to ask it to review its recommendations with a view to submitting new ones as had been suggested. He was sure that was not the intention of any delegation.

4. He proposed therefore that the Fifth Committee accept the recommendations of the Committee on Contributions for 1952 and ask it, in respect of 1953, to approach the problem in the light of its decision that the desired adjustment should be spaced out over at least three years and of the comments made during the present discussion.

5. Mrs. DE RIEMAECKER (Belgium) said that there was almost unanimous agreement that the Committee on Contributions had faithfully discharged the task explicitly laid down for it by the General Assembly at the fifth session, that of reviewing the scale of assessments in accordance with the directives given at previous sessions. Differences of opinion with regard to its recommendations were inevitable; but from the practical point of view it would be absurd at the present juncture to scrap all the work the Committee had done, as some representatives had suggested,

* Indicates the item number on the General Assembly agenda.

and instruct it to prepare new recommendations on the basis of new directives still to be drafted. Indeed the Indian representative himself proposed a kind of moratorium under which the 1951 scale would be retained until a new "formula" had been agreed; but if injustice existed, why add to it by refusing to eliminate the maladjustments that had become manifest? On the other hand, she agreed with the Committee on Contributions that it would be premature to fix a permanent scale, and supported its proposals for 1952, which brought the United States contribution down to very little above the one-third ceiling and, with regard to those Member States whose contributions were substantially increased, righted an obvious injustice which had been allowed to persist too long. In the latter connexion, even if the Committee on Contributions were requested to review its recommendations, as the USSR representative proposed, without any change in the directives under which it worked, it could not but come to the same conclusions, since the statistical data on which they were based were constant.

6. To guide it in future years, of course, the Committee on Contributions would need directives from the Fifth Committee, either confirming the criteria previously applied or modifying them. For the present she would limit herself to welcoming the greater sense of responsibility as regards the rising United Nations budget which an increased assessment might induce in a number of delegations and of which there were already signs. It was easy to be generous with other people's money; what was needed was that the burden on all should be reduced and that each should carry his fair share.

7. Mr. YNNESSOU (Ethiopia) recalled that Ethiopia had been the first victim of fascist aggression and that the Second World War had brought further destruction upon his country. Recovery was not yet complete, and the greater part of the national budget went to finance reconstruction. Moreover, the need for economic development could only be filled at the expense of civilian consumption standards. Nevertheless, Ethiopia did not neglect its international responsibilities, as was shown by the despatch of a battalion to Korea. And it hoped to increase its contribution to the United Nations as soon as it was able to do so. At the present stage, however, he felt obliged to ask what had been the reasons of the Committee on Contributions for recommending an increase in the assessment for Ethiopia from 0.08 per cent to 0.10 per cent and in particular whether, in the event of its having based its recommendations on a rise in national income, it had taken all relevant factors into account.

8. Mr. BRENNAN (Australia) said that the Contributions Committee had always carried out its difficult task without regard to political considerations. He regretted and dissociated his delegation from the suggestion that the Committee's recommendations were politically inspired or anything but a *bona fide* reappraisal of the burdens Member States should be asked to bear.

9. If the Committee on Contributions were to be asked to review its recommendations, it would be essential for the Fifth Committee to indicate clearly the lines along which it felt revision to be necessary. But so far that had not been done. Points of view expressed showed no common trend.

10. The Australian delegation entirely agreed that no one Member should contribute more than one-third of the budget "in normal times", a phrase which in its view could only mean, in the context in which it was used, once a permanent scale of assessments had been established. The United States representative's argument that the principle of the one-third ceiling should be implemented without further delay would be valid only if implementation of that principle were regarded as having priority over every other consideration, or if the United States were the only country whose assessment needed adjustment. But a number of countries were over-assessed on a basis of capacity to pay which was the basic criterion and the one which should, if anything, be the first applied; the one-third ceiling rule was merely one of a number of wise and necessary qualifications of that basic criterion. If the United States assessment was to be adjusted, so had all other countries, whether over-assessed or under-assessed. If the Committee on Contributions was working to an adjustment over three years, the effect of making the total adjustment at one fell swoop would be really drastic. Furthermore, the United States Government, in common with several others, insisted, reasonably enough, that its own nationals employed by the United Nations on its own territory should not be exempt from national taxation. In order to redeem the promise of tax-free salaries made to the staff, the United Nations had therefore to refund such staff members in respect of their tax payments. Of the total amount of \$1,400,000 thus indirectly contributed by the United Nations to national exchequers, the United States Treasury obtained about \$1,200,000, towards which the United States Government had contributed only a little over one-third and other governments a little less than two-thirds. So the net United States contribution to the United Nations budget was about \$800,000 less than its gross contribution, and, at the present level of the budget, its percentage net assessment would not be 36.90 per cent, but approximately 35.10 per cent. He wondered whether General Assembly resolution 238A (III) was not capable of being interpreted so as to refer to net assessments. At any rate he was convinced that that was an additional reason why the United States was not entitled to absolute priority in the adjustment of its contribution.

11. He could not agree with the Soviet Union representative that the Committee on Contributions had been wrong in departing from the working rule it had made for itself that upward or downward adjustments in any one year should not exceed 10 per cent. Observance of the rule would have made it impossible for any large adjustments that were necessary to be made except over a very long period. Some delegations, including his own, had questioned the soundness of the rule the previous year. Neither did he think that the Committee had underrated the question of war damage; it was surely illogical to argue that because a country had suffered damage during the War, its contribution should indefinitely remain the same. Rule 159 of the rules of procedure could not be invoked in support of the thesis that the scale of assessments for 1952 should be the same as in 1951, for rule 159 was intended to apply once the permanent scale of assessments was established, and the General Assembly had made it perfectly clear at the fifth session that the scale for 1951 was to be for one year only.

12. He could not agree with the Indian representative's suggestion that the Committee on Contributions

had ever taken less than due account of the underdeveloped countries' ability to pay. It had in fact worked out a very carefully planned system for doing so. The Fifth Committee should be chary of any hasty modification of the established criteria, which might even work to the detriment of those it was intended to benefit.

13. In conclusion he asked on what basis the Secretary-General proceeded in accepting a certain proportion of contributions in currencies other than dollars.

14. Mr. KUTEINIKOV (Byelorussian Soviet Socialist Republic) said that his own country, together with the Soviet Union, the Ukrainian Soviet Socialist Republic and Czechoslovakia were among the fifteen States for which the Committee on Contributions had proposed increases. The increase for Byelorussia represented 41.7 per cent, whereas for the United States a reduction of 5.2 per cent was proposed. The Byelorussian contribution had been increased yearly, and in 1951 and 1952 alone the increase had been over 50 per cent. That was clearly unjustified and indicated that the Committee on Contributions had failed to take account of the two criteria of war damage suffered and ability to pay. In the course of the Second World War his country had suffered damage to the value of 75 thousand million roubles and lost 70,000 industrial enterprises and all its electric power stations; many cities, villages, collective farms, schools and hospitals had been razed, and more than half the national wealth destroyed. Much reconstruction had been done, but enormous tasks, requiring vast sums of money, remained ahead.

15. The Committee on Contributions had ignored the inability of the Soviet Republics and the people's democracies to obtain foreign currency, owing to the discriminatory practices of the United States to which the USSR representative had referred. The proposal to reduce the United States contribution was unjustified; the United States had no dollar shortage problem and had not suffered war damage; on the contrary, American monopolists had increased their incomes as a result of the Second World War. If the United States representative's allegations that the Soviet Union was spending excessively on armaments were designed as cover for the United States arms race, they were quite unsuccessful, for it was impossible to mislead public opinion on that score.

16. His delegation shared the views expressed by the Mexican, Cuban and Pakistani representatives and intended to support the USSR proposal for a review by the Committee on Contributions of the scale of assessments, on the basis of the General Assembly decisions.

17. Mr. VOUGT (Sweden) complimented the Chairman and members of the Committee on Contributions on the manner in which they had performed their difficult task.

18. His delegation thought that for the time being the only practical procedure was to accept the scale of assessments recommended by that Committee, and intended to vote in favour of it. It seemed impossible during the present session to reach any other solution that would receive unanimous approval.

19. He wished to point out, however, that since the beginning Sweden had paid a proportionately very

high contribution. Though public opinion in Sweden had understood that the abnormal circumstances after the war had necessitated a high contribution from countries with good capacity to pay, it believed that in principle international co-operation should be on an equitable basis. The burden on the Swedish taxpayer was very heavy and Sweden had therefore raised the question of its high assessment several times in the past and it was his duty now to express his country's gratitude for the reduction recommended for 1952. He noted however that the contributions of Brazil and Argentina, which had formerly been bracketed together with Sweden as the eighth largest contributors, proportionately, to the United Nations budget, were to be reduced by a larger percentage than that of his country. He hoped therefore that the statement concerning the reduction of divergencies in paragraph 13 of the report of the Committee on Contributions meant that Sweden might look forward to a one-third reduction in 1953 and possibly again in 1954.

20. Mr. HSIA (China) expressed appreciation of the excellent report of the Committee on Contributions, which represented a modest but courageous start towards the establishment of a stable scale of assessments.

21. He was concerned as to how the Fifth Committee could best solve the problem before it. The speeches of a number of delegations had suggested that they might vote against the report, which would raise serious difficulties, as it was essential to decide upon a scale for 1952. One group of delegates had criticized the recommendations of the Committee on Contributions on the grounds that the assessments for their countries had been increased unfairly; others had maintained that the Committee had failed to apply the General Assembly criteria correctly; others again considered the criteria unsatisfactory.

22. His delegation was not averse to a discussion for the purpose of formulating new criteria, so long as that would not prevent the establishment of a scale for 1952. If an adverse vote by the three groups of delegations mentioned led to rejection of the report, the only alternative would be to refer the report back to the Committee for reconsideration, or to appoint a sub-committee to formulate a new scale. Neither of those alternatives was satisfactory; even if it were possible to arrive at a new scale in the time available, new guidance for the reconsideration must be provided. But the discussion had shown the difficulty of agreeing even on one principle, and in any case any new principle would probably have to be referred to the General Assembly as it would represent an amendment of criteria previously established by that body. He also understood that only two members of the Committee on Contributions would be available to serve during the present Assembly. In the circumstances it was very uncertain whether a satisfactory new scale of assessments could be established during the present session.

23. He therefore proposed a more practical procedure: any delegation unable to accept the report could move an amendment to it, either in the form of a revised scale, if it were able to formulate one, or by suggesting a moratorium, according to which the 1951 scale would be retained for a further year. Delegates would thus have a clear choice before them in voting and, whatever the outcome of the vote, the Committee

would still have a scale of assessments for 1952 to present to the Assembly.

24. Mr. LIVRAN (Israel) pointed out that in arriving at the assessments the Committee on Contributions had had to follow a number of principles which, if applied separately, led to contradictory results. The Fifth Committee's discussion had revealed divergencies of opinion which were due to lack of clarity as to the order of priority to be given to the various principles. There were in fact three main principles: the 33 ½ per cent ceiling principle, the working rule by which any change of more than 10 per cent was to be avoided and the principle embodied in rule 159 of the rules of procedure. All those principles were to be applied within the general criterion of capacity to pay. It was obvious that different results were obtained according to the degree of emphasis given to one principle or another. If the ceiling principle was applied, it would have an automatic result on countries below the ceiling, irrespective of their paying capacity. Apart from the question of the relative importance given to different criteria, there was also the question of the rate of speed at which they were to be applied, and whether they were designed not merely to achieve mathematical fairness but also to avoid economically unsound and even morally unsatisfactory assessments. The present system failed to provide a solution to all those problems and the question of how long it should be maintained as it stood had still to be decided.

25. The example of his own country's assessment served to illustrate the fact that unsatisfactory results were inevitable unless the question of the guiding principles was solved first. The Committee on Contributions had recommended a 41 per cent increase in Israel's contribution. It was clear that the assessment of any country was affected by the interplay of different principles and by the lack of any clear rules of priority for them. His delegation felt that the increase for Israel was unjustified, for its view was that the principle of capacity to pay should be the main criterion. It could certainly not be said that Israel's economic situation had changed sufficiently to justify the increase, nor that the country had previously been under-assessed.

26. His delegation therefore felt that some method must be found which would take account of all the guiding principles in the order of their importance and that they must be applied with due regard for current realities and for each country's capacity to pay. Its objection was made on grounds of principle and was not intended as a criticism of the work of the Committee on Contributions which, in its view, was hampered by the absence of clear guidance and had no alternative but to make decisions which involved injustice. His delegation was convinced that a wider and more equitable framework of reference for assessment was necessary and it intended to make proposals in that sense after the general discussion.

27. Mr. ABBASI (Pakistan) wished to make it clear that his statement at the 306th meeting had not implied any criticism of the Committee on Contributions on the ground of impartiality, or of the work of its distinguished Chairman. His sole purpose had been to call attention to the fact that certain aspects of his country's position had not received due consideration.

28. As he had then stated, he did not envy the advantages which the United States derived from the location

of the United Nations Headquarters in New York. Those advantages were, however, the direct consequence of the decision taken by the signatories of the United Nations Charter who had unanimously agreed that the headquarters should be in New York. The resultant advantages to the United States were not therefore a matter for consideration at the present stage. He had referred to them merely in order to show that, if they were taken into account, the one-third principle had been nearly, if not fully, carried into effect.

29. Since the scale of contributions recommended by the Committee on Contributions had been proposed for one year only, it was still a provisional scale, a fact which emphasized the importance of rule 159 of the rules of procedure; that rule provided that, even after the adoption of a permanent scale, if changes occurred in the economic situation of Member States which seriously affected their capacity to pay, the scale might be reviewed on that basis.

30. In the circumstances, there was a good case for requesting the Committee on Contributions to review the scale it had recommended in the light of the Fifth Committee's discussion, as both he and the USSR representative had proposed. That discussion had brought out many factors, the importance of which might not have been fully apparent to the Committee on Contributions, since the attendant circumstances had not been explained.

31. In order to avoid procedural difficulties, he was prepared to support the draft resolution circulated by the USSR delegation.

32. Mr. MELAS (Greece) associated himself with the tribute paid by previous speakers to the work of the Committee on Contributions. The Committee's report had been subjected to varied and sometimes contradictory criticism, which was evidence of the objectivity with which it had carried out its work and of its success in avoiding excesses in either direction. The Greek delegation had no cause for particular satisfaction with the Committee's recommendations, for, in view of the discussions at the fifth session, it had hoped for a reduction in its contribution in 1952. It considered, however, that having regard to the extremely complex problems before it, the Committee had done all that was humanly possible. The Greek delegation could not therefore do other than approve its report.

33. Mr. ADARKAR (India) said that many speakers had raised points which affected directly or indirectly the arguments he had put forward in his earlier statement.

34. The suggestion made by several speakers that a more permanent scale of assessments would be considered in due course at once gave rise to the question of the principles on which such a permanent scale would be based. The principles established for 1946 had not been found to be completely in accordance with the requirements of rule 159 of the rules of procedure. That was even more true of the principles established for 1948, in which the fundamental principle of capacity to pay had been largely ignored. No arguments had so far been advanced to justify the second principle adopted in 1948, namely that no Member's *per capita* contribution should exceed the *per capita* contribution of the Member bearing the highest assessment.

35. The reactions of delegations to the new scale proposed by the Committee on Contributions naturally varied according to the nature of the Committee's proposal in each individual case. The question should not however be considered by reference to the increases or decreases proposed for 1952 but from the more general standpoint of justice. He would particularly urge that view on the richer countries of North America and Western Europe, which could unquestionably afford to be more generous than the underdeveloped countries. The Swedish representative had referred to the overburdened taxpayers of his country, but the taxpayers of other countries were even more heavily overburdened. The same representative had also stated that his country's contribution was excessive, but had not indicated the criteria on which that assertion was based. There was clearly need for such criteria to be established.

36. It was not a matter of chance that almost all the countries which enjoyed the highest *per capita* income and which therefore derived the most benefits from the second principle of the 1948 resolution were unwilling to contemplate any revision of that principle, to which the Indian delegation took the strongest exception.

37. He had hoped that the Chinese representative, after pointing to the need for new directives, would have gone on to propose that the Committee should evolve those directives, but he had, instead, gone on to express doubt regarding the possibility of reaching agreement on new directives and to point out that, even if such directives were agreed, they would require acceptance by the General Assembly; and as an alternative, he had suggested that individual amendments should be put forward to the Committee's report. In view of the large number of probable amendments, that procedure was hardly likely to produce satisfactory results.

38. As the representative of Israel had pointed out, the Committee on Contributions was hampered by a complicated procedure. In assessing contributions, it could not follow a purely mechanical rule, but neces-

sarily had to exercise its own judgment in arriving at a final figure. There were therefore good reasons for lightening the Committee's burden by providing it with new and simplified directives, the first principle of which would be the capacity to pay.

39. Mr. BUSTAMANTE (Mexico) recalled that in his previous statement he had maintained that the Committee on Contributions should have interpreted resolution 462 (V) to justify a revision of the directives governing its work, also that the fundamental directive was that of capacity to pay. If the Committee had followed directives other than those laid down by the General Assembly, it should have raised the question of revising those directives, which were at variance with the principle of capacity to pay.

40. Since, however, the Committee on Contributions had thought it necessary to proceed on the basis of the directives assigned to it, the Mexican delegation was prepared to recognize that the Committee had observed those directives faithfully and that its recommendations should therefore be accepted. The joint proposal submitted by the delegations of Cuba, India, Israel, Mexico and Pakistan had therefore no bearing on the discussion of the scale of assessments which the Committee on Contributions had recommended for 1952 and which might be endorsed by the Fifth Committee, perhaps after some modification. Nevertheless the Mexican delegation considered that the directives followed by the Committee on Contributions required revision. In particular, factors that hindered the full application of the principle of equity, which should govern the permanent scale of assessments, must be eliminated. Those factors included the one-third principle, which had been supported on the ground that a State paying a larger proportion of the total costs might be in a position to impose its will on the Organization. The United States, which was a fact the largest contributor, had, however, shown no such tendency. No other sound argument had been advanced in support of that principle.

The meeting rose at 12.50 p.m.