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Chairman: Sir Claude COREA (Ceylon).
AGENDA ITEM 44
**Budget estimates for the financial year 1959 (A/3825
and Corr.1, A/3860, A/C.5/748, A/C.5/749) (con-
tinued)***
General discussion (continued)

1. Mr. AITKEN (United Kingdom) expressed his appreciation of the obvious care and trouble which had been taken over the presentation of the budget estimates for 1959 (A/3825 and Corr.1). The total initial provision that the Committee was being asked to approve for 1959 was approximately equal to the amount of the revised and supplementary estimates approved for 1958. But that was not the whole story: further supplementary estimates were to be presented in respect of the cost in 1958 of the United Nations Observation Group in Lebanon (UNOGIL), of the United Nations "presence" in the Middle East and of the Geneva conference on the suspension of nuclear tests; there were also the Secretary-General's proposals (A/C.5/746) for the reclassification of New York in class 6 for post adjustment purposes, which, if accepted, would cost \$98,000 in 1958 and about \$307,000 in 1959. In addition UNOGIL and the implementation of General Assembly resolution 1237 (ES-III) would have financial consequences in 1959 that had yet to be worked out in detail. Accordingly, the cost of the United Nations in 1959 would inevitably reach a new high level.

2. The United Nations was a young Organization and his delegation could only welcome the growth reflected in the figures, even if there were some growing pains. No one could quarrel with higher expenditure caused by an increase in the number of Member States. The points to which the closest scrutiny should be directed were those where increases in estimates were the result of rising costs rather than increased activity. Every item included in the estimates was the consequence of some decision taken by Member States themselves. It was useless for delegations to deplore the size of the budget if they called on the Secretary-General to undertake activities without paying sufficient attention to the cost. A sound financial system meant the establishment of a considered order of priorities and the exercise of close and continuous financial control over expenditure. The latter duty was

that of the Controller, while the former was inescapably that of delegations. A critical examination of the budget estimates was no reflection on the Controller and his staff, who, in fact, controlled the expenditure of the funds provided by the Assembly. It was for the Fifth Committee to give them its full support and to see to it that they had the authority of the General Assembly behind them in their efforts to achieve economy.

3. The need for such economy was particularly evident when the expenditure of the whole United Nations family was taken into account. The report of the Advisory Committee on Administrative and Budgetary Questions on the budget estimates for 1959 (A/3860) showed that the budgets of the United Nations and the specialized agencies for 1959 totalled approximately \$111 million as against \$83 million five years ago. In addition, voluntary contributions to many extra-budgetary programmes would raise the total expenditure in 1959 to something like \$200 million. Much of that expenditure was for activities in which the Organization could take a perfectly legitimate pride. Nevertheless, Member States could not disregard the constant increase in costs. All activities which were not essential must be eliminated and every effort made to reduce the cost of those which were essential without reducing their effectiveness.

4. His delegation was very much in agreement with the Advisory Committee's general approach to the problem and with the specific recommendations in its report. There could be no doubt of the Committee's wisdom in stressing the importance of a continuing review of programmes and of past decisions and directives.

5. His delegation had considered how financial control in the United Nations could be strengthened without altering the existing administrative system or encroaching in any way on the prerogatives of the Secretary-General. It sought the co-operation of the Secretary-General and Member States in three specific fields mentioned by the Secretary-General in his foreword to the 1958 budget estimates:^{1/} the more flexible use of staff, the determination of priorities within the over-all budget, and improvements in the procedures for administrative and financial control.

6. An increase in the total number of staff could undoubtedly be prevented by using every possible opportunity of moving staff members from one office to another. The rhythm and pressure of work varied considerably from department to department and a more frequent redeployment to meet varying needs and pressures could bring benefit and stimulus to the Organization and staff alike. On the question of priorities, there was only so much to spend and it

*/ Resumed from the 656th meeting.

^{1/} Official Records of the General Assembly, Twelfth Session, Supplement No. 5.

could not be said too often that activities must be classified according to their degree of importance. The decision taken the previous year to enlarge the staff in the Controller's Office so as to handle more effectively internal management problems at home and overseas had been a very sound one.

7. He hoped that the report of the Committee of Experts on United Nations Public Information would be circulated as soon as possible. It was quite apparent from what was already known of the criticisms and recommendations made in that report that they were of the highest importance. It should be kept in mind that, however rigorous such an investigation might be, it in no way reflected on the many individual staff members concerned. The General Assembly was responsible for the policy followed by the public information services and if that policy was bad or out of date, it was the Fifth Committee's task to recast it in the light of the best advice and of its own good judgement. The report of the Committee of Experts was an example of a comprehensive survey of a particular field of activity by experts which could almost certainly lead to improvements in efficiency as well as a reduction in costs.

8. Where the assessment of contributions was concerned, the Committee on Contributions had carried out an invidious task remarkably well. The United Kingdom was one of those countries whose assessment had increased in line with its national income. That was not unexpected. There was, however, one country whose assessment had remained unaltered, although he would have expected it to be increased. The revised scale of assessments did not reflect the phenomenal industrial development reportedly taking place in the Soviet Union; Soviet authorities had repeatedly claimed that that development corresponded to an annual percentage increase five or six times greater than that in certain capitalist countries. Some further discussion on the point would be a useful and perhaps profitable exercise for the Fifth Committee.

9. Mr. TREMBLAY (Canada) said that the Secretary-General's budget estimates for 1959 must be considered in the context of the total expenditure by Member States on international programmes, whether within the United Nations or elsewhere, and their heavy domestic commitments. Taking into account the budget for the International Atomic Energy Agency and contributions to the extra-budgetary programmes, the total budgets of the United Nations and its specialized agencies would probably amount to \$200 million in 1959. Additional expenditure would be involved in maintaining the United Nations Emergency Force for a further year and Member States would be required to contribute to the Special Fund if and when it was established. The Fifth Committee must therefore examine the Secretary-General's budget estimates with particular care in order to ensure that the most economical and effective use was made of available resources. As far as possible and within the limits of its terms of reference, the Committee should eliminate all expenditure that was not absolutely essential and of real benefit to the Organization. He wholeheartedly endorsed the Advisory Committee's view that every effort should be made to avoid non-essential expenditures and to ensure the strictest possible control over such expenditures as were unavoidable. The total estimate of approximately \$65 million for the United

Nations in 1959 strikingly illustrated the need for such strict control. That figure represented an increase of 26 per cent over the final assessment figure of \$51.5 million for 1958.

10. He understood that much of the increase related to measures taken for the maintenance of peace and security, cost factors such as the level of the salaries and wages and the rates for certain services, rather than to any major changes in the nature and extent of existing programmes. That made it all the more imperative to scrutinize expenditures closely so as to make any reasonable reductions which would not jeopardize essential activities.

11. The fact that the Advisory Committee had recommended a reduction of \$521,670 (A/3860, para. 64), or less than 1 per cent, in the Secretary-General's initial estimates indicated that the estimates had been prepared on a "tight" basis. While his delegation felt that the Advisory Committee might have gone rather further, it was not its intention to reduce the Secretary-General's estimates so drastically that a request for supplementary appropriations became inevitable or that essential programmes were seriously endangered. He had the greatest respect for the competence and integrity of the Controller and his staff, but it was only natural that they should desire a more generous budget, allowing a margin for a rainy day. He was sure, however, that the Controller would be the first to agree that a tight budget imposed a healthy discipline that was in the interests of the Secretariat as much as of Member States.

12. His delegation shared the Advisory Committee's view that the continued upward trend in expenditure emphasized the importance of strengthening administrative controls wherever possible and of ensuring that all programmes were of the utmost importance and necessity. On the first point, the Advisory Committee had made some very useful suggestions in connexion with the special study of the Offices of the Controller and of Personnel (A/3860, chapter III). While it had been reassuring to learn from the Secretary-General that he saw no justification for proposing any changes in the existing arrangements (A/C.5/118, para. 31), the Advisory Committee's suggestions would seem to have some merit and it would be interesting to hear the views of other delegations.

13. His Government had always been strongly in favour of establishing priorities as the best means of ensuring effective distribution of the necessarily limited funds. Clearly, however, the Fifth Committee had neither the competence nor the authority to evaluate the various programmes. That was a task for the other Committees of the General Assembly, the Economic and Social Council and the subsidiary organs of the Council. It was to be hoped that the States represented on those various bodies would continue to press for the abandonment of projects which were no longer of value. The Advisory Committee had suggested that the General Assembly itself might review its older decisions and directives and he would like to know what other representatives thought the Committee could do to initiate such a review.

14. The increase of \$8 million in the Working Capital Fund proposed by the Secretary-General for a two-year period (A/C.5/743) or even the smaller amount of \$3 million recommended by the Advisory Committee

(A/3939) would be a considerable burden on Member States. He questioned whether the remedy suggested by the Secretary-General would not merely defer the problem for two or three years. There was no doubt that the Working Capital Fund was depleted largely because the situation with regard to the payment of contributions by Member States had deteriorated still further since the last increase in the Fund had been approved. Far from improving the position, a further addition to the Working Capital Fund would merely be a direct invitation to perpetuate an undesirable situation. The Committee would only be deferring the day when it would have to recognize the need for radical measures to put the Organization back on a healthy financial footing. He therefore viewed the proposals of the Secretary-General and even those of the Advisory Committee with considerable misgivings.

15. Mr. URABE (Japan) observed that the total reduction recommended by the Advisory Committee in the budget estimates for 1959 represented less than 0.9 per cent of the estimates. Close study revealed, however, that the estimates had been prepared on a very "tight" basis; moreover, most of the increases over the 1958 figures were due either to a rise in costs or to the assignment of new tasks to the Secretary-General. That left the Advisory Committee little scope for recommending substantial reductions.

16. His delegation was nevertheless concerned at the rapid increase in the level of recent United Nations budgets. The expenditure of the United Nations, which had remained around the level of \$50 million for many years, had exceeded \$55 million, including supplementary estimates, in 1957, would reach \$60 million in 1958, and would increase by approximately \$6 million in 1959. As the Advisory Committee pointed out in its report, Member States would also be invited to make voluntary contributions to extra-budgetary programmes and to share the expenses of the United Nations Emergency Force; total assessments and voluntary contributions would together exceed \$200 million. It was to be feared that the sharp rise in the regular budget would cause a decrease in the size of such voluntary contributions. The time had come to institute a study of far-reaching measures of economy.

17. The first step should be to re-examine the resolutions governing the different activities of the United Nations. For example, the abolition of some of the special missions and related activities covered by section 4 of the budget should have a favourable effect on section 5 and possibly section 6. Countries should renew their efforts to solve their differences through peaceful negotiation or by referring them to the International Court of Justice; in some cases that should obviate the need to establish new special missions, and in others permit existing missions to be reduced in size and scope. When all other means of saving were exhausted, and a reduction in staff salaries and wages was out of the question, the only effective way to economize was by reducing the activities of the United Nations. Japan did not advocate any mechanical cut in those activities; the problem should be approached in the same way as that of the control and limitation of documentation. Only indispensable activities should be continued, but if they were found to be handicapped by lack of funds, the relevant appropriations should be increased. Activities which were not indispensable should be discontinued at once, no matter how well-

established they might be. The relevant General Assembly resolutions should be reviewed at regular intervals of, say, five years; such a review was beyond the competence of either the Secretary-General or the Advisory Committee, and Member States should begin by appointing a small committee for the purpose.

18. There was a tendency among Member States, in their zeal to improve world conditions, to initiate too many conferences and programmes without paying sufficient attention to the statements of financial implications laid before them. The problem presented some difficulty, but only the Fifth Committee was in a position to appraise the whole range of United Nations activities, and should advise other Committees on priorities. Conferences and programmes not concerned with the maintenance of peace and security should be carefully staggered. The proliferation of conferences and programmes did little to speed the solution of the world's problems, and the United Nations could act more effectively by concentrating on one programme at a time.

19. It did not, however, seem quite true to say that all other means of saving had been exhausted. For example, if it was considered administratively sound and economical to incorporate the staff of the Office of the United Nations High Commissioner for Refugees in the Secretariat, General Assembly resolution 319 (IV) should be revised. Again, the Secretary-General might study the possibility of incorporating the United Nations Field Service in the Secretariat and hence of amalgamating sections 5 and 6. His delegation was inclined to favour the Advisory Committee's view that a single top-level official should be placed in charge of the Offices of the Controller and of Personnel. The Secretary-General took a different view, but it was to be hoped that he would review the whole situation; if efficiency and economy could be achieved without making such an appointment, the Advisory Committee and all Member States would be satisfied.

20. At the twelfth session the Committee had, at the Secretary-General's request, restored some of the cuts in the budget estimates for 1958 recommended by the Advisory Committee, and altogether had approved an appropriation which was \$280,350 higher than the original estimates; section 8—travel of staff—was a case in point. It had been surprising, therefore, to find that an appropriation for that section had been requested in the 1958 supplementary estimates, and it was to be hoped that that situation would not recur. Estimates could never be completely accurate and there would always be unforeseeable expenses, but the inevitable supplementary estimates should not be so extensive as to include the majority of budget items, as had the supplementary estimates for 1958. He hopes the Controller would give an assurance to that effect, and suggested that a paragraph warning against the recent tendency to submit huge supplementary estimates in respect of regular budget items should be inserted in the draft resolution relating to unforeseen and extraordinary expenses (A/3860, chapter I, appendix II).

21. Mr. KWEEDJIEHOO (Indonesia) said that the budget estimates for 1959 amounted to over \$59 million. The additional estimates referred to in the Secretary-General's statement at the 656th meeting (A/C.5/748, para. 3), would bring the total up to approximately \$65 million, or nearly \$8 million more than

actual expenditure in 1958. In addition there would be supplementary estimates for 1959; it was to be hoped that the latter would be kept as low as possible, but if any new international emergency requiring United Nations action arose during 1959, they might exceed the worst expectations.

22. The Advisory Committee had stated that the largest increases in the budget were related to cost factors that were only to a limited degree subject to the control of the Organization (A/3860, para. 13). That confirmed his delegation's view that it was not only the difference between the budgets for 1958 and 1959 that was alarming, but the steady rise in expenditure over the previous five years. Actual expenditure in 1958 would be \$10 million higher than in 1954, an increase of approximately 21 per cent, and it seemed probable that in 1959 it would be \$17 million higher than in 1954, an increase of approximately 35 per cent. If that trend continued, in another five years the Organization's expenditure might be expected to be almost double what it had been in 1954. That was an alarming prospect. Every man had to live within his income, however low it was, and the same principle applied to the United Nations.

23. He was not proposing that Member States should allocate a fixed sum and request the Secretary-General not to exceed it, but it was equally unrealistic to assume that all Member States could make unlimited contributions in dollars to meet the expenses of the United Nations. Levels of prosperity varied greatly between Member States; some States had per caput incomes of as low as \$100 or far less and their present contributions towards the costs of the Organization were approaching the limit of their capacity to pay.

24. It should be remembered that in the case of many States in that position the national income was not only low but subject to violent fluctuations. Although the United States and Europe were recovering from the recent recession, one of the effects of that recession had been to lower the prices of the primary commodities, on which the under-developed countries depended for their income, and it might be another few years before those prices had risen sufficiently to restore the national income and the dollar earnings of those countries to their previous level. If the rising trend in United Nations expenditure were allowed to continue unchecked, within a few years the burden on some Member States might well become so heavy that the amount of contributions in arrears might become dangerously high.

25. Neither the Secretary-General nor the Advisory Committee could do much to reduce or stabilize the budget unless all concerned in the work of the United Nations appreciated the urgency of the problem. He agreed with the representative of Japan that the time had come for the Organization to undertake a thorough reappraisal of its existing activities and commitments.

26. In his examination of the budget he had found the report of the Advisory Committee most helpful, although he had been disappointed in the smallness of the reductions recommended. Nevertheless, his delegation fully appreciated the difficulties with which that Committee had been confronted and, though reluctantly and with some reservations, would support its recommendations.

The meeting rose at 12.10 p.m.