



Chairman: Mr. E. Olu SANU (Nigeria).

**AGENDA ITEM 76**

**Budget estimates for the financial year 1972 (continued)**  
(for the documentation, see the 1438th meeting)

*General discussion (continued)*

1. Mr. HULTGREN (Sweden) said that, although the financial situation of the United Nations had long been unsatisfactory, the continuing erosion of its solvency in the past year had brought the problem into focus as never before. In the consensus adopted on 1 September 1965,<sup>1</sup> the General Assembly had suggested a remedy in the form of voluntary contributions which, in the case of highly developed countries, were to be substantial. His delegation regretted that the appeal for voluntary contributions still went unheeded by so many but welcomed the efforts of the Secretary-General and the President of the twenty-fifth session of the General Assembly, Mr. Hambro, to find a solution. His Government pledged its support of those efforts and was also heartened that France had joined (see A/C.5/1384) the earlier contributors.

2. The solution of the whole question of the Organization's solvency involved political considerations and positions of principle but one issue, namely, that of the date for payment of assessed contributions to the regular budget could be dealt with separately. General Assembly resolution 456 (V), of 16 November 1950, had laid down the relevant rules under which such payment was due, usually, not later than February of the current budget year. It was difficult to understand why all Member States did not comply with that firm and accepted obligation. A marked improvement in that respect would alleviate the unacceptable cash situation, which compelled the Organization to live from hand to mouth. As a small step towards an improvement, the Secretary-General might circulate, at the beginning of each quarter, a statement of the contributions due from all Member States, excluding contributions withheld on principle, and the amount paid by each State by that date.

3. His Government was concerned at the steady increase in the budget every year but believed that there were causes for that trend—one being that substantive programmes had grown considerably in number and size as the Organization's membership had increased. The Organization's work had consequently been directed to vital economic and social problems, notwithstanding its primary task of main-

taining peace and security in accordance with the Charter. He noted in that connexion that the proportion of economically and socially oriented expenditure under the 1971 budget was estimated at 66 per cent of the regular budget—indirect costs included. In recent years, the United Nations had also assumed responsibility for urgent issues in fields such as outer space and the environment. That development, unaccompanied by any reduction in existing economic and social responsibilities, was a sign of the health, vigour and importance of the Organization; acceptance of those new tasks implied acceptance of the allocation of increased resources for new functions. The provision of such resources, in money terms, did not seem to be an insurmountable obstacle; contributions to the regular budget were, by most standards, rather small compared with other expenditures which could be afforded under national budgets.

4. The Organization would face new tasks in implementing the International Development Strategy for the Second United Nations Development Decade. The Secretary-General would play an important role in the activities of various United Nations bodies relating to that Strategy and in the implementation of the unified approach to development. Much preparatory review work would be necessary to enable the Secretary-General to propose remedial action, identify shortfalls in the goals of the Strategy and suggest positive measures, including new goals and policies. The resources presently available to the Secretary-General did not seem to be commensurate with needs in the light of those new tasks. In that context, his delegation agreed with the views expressed by the Secretary-General at the 1427th meeting (A/C.5/1376) that there was a need to strengthen the higher echelons of the Secretariat in the direct interest of more effective management and in order to respond to the demands of the Second Development Decade. While awaiting the findings of the manpower utilization survey, his delegation was ready to pledge its support in principle to the strengthening of areas of the Secretariat dealing with economic and social affairs.

5. In that larger perspective, the proposed budgetary expenditure did not in itself seem alarming. Yet, the more the budget grew the greater the need for continuous control in the allocation of scarce resources and for rational savings. His delegation did not advocate an arbitrary ceiling on the budget or individual sections of it; the various recommendations should be considered strictly on their own merits. Control should be exercised over such basic activities as decision-making, co-ordination, priorities, programme budgeting and sound management.

6. Mr. Bertrand of the Joint Inspection Unit<sup>2</sup> had found that the current budgeting system emphasized expenditure

<sup>1</sup> See *Official Records of the General Assembly, Nineteenth Session, Plenary Meetings*, 1331st meeting, paras. 3-4.

<sup>2</sup> See A/7822 (mimeographed), of 3 December 1969.

on salaries, travel, staff costs and supplies but not the costs of programmes, so that it was difficult to establish clear links between specific programmes and the resources required to implement them. The steps recommended by the Secretary-General to overcome those drawbacks included measures related to the presentation of the budget on a programme basis, the adoption of medium-term planning and the establishment of a programming service within the Secretariat. The Secretary-General had commented on those proposals in his statement at the 1427th meeting. Those of the specialized agencies that had introduced PPBS procedures, however, specialized in areas in which a certain ordering of priorities could be agreed upon. United Nations activities, on the other hand, involved more policy considerations and any attempt to impose priorities might lead to controversy. In many quarters it was contended that the Secretary-General should serve as a focal point in the allocation of priorities. That contention had been challenged, however, on the ground that the decisions involved were the prerogative of Member States and fears had been expressed that a programming mechanism within the Secretariat would play too dominant a role. His delegation favoured a strengthening of the Secretary-General's position in such matters and hoped, like the Chairman of the Advisory Committee on Administrative and Budgetary Questions, at the 1427th meeting (A/C.5/1377), that it would be possible to create the "climate and conditions in which programme planning and programme budgeting could succeed".

7. His delegation also agreed with most, if not all, of the comments and recommendations in the statement made by the Netherlands representative at the 1434th meeting. He drew specific attention to his proposal concerning the establishment of a closer link among the main Committees concerned with the programming aspects of the Organization's work and the establishment of the budget. The establishment of a joint working group might be one way to meet the need for such co-ordination.

8. All delegations would wish the Organization to keep abreast of effective managerial methods leading to high productivity—in which high staff morale was not the least important factor. The Advisory Committee had made remarks critical of the Secretariat's budgetary management in paragraphs 56, 116, 122, 128 and 156 of its first report (A/8408 and Corr.1 and 2), although the possible savings involved represented only a fraction of the total budget. Some of those remarks, however, might have an indirect bearing on aspects of the work of the staff and the Organization's financial situation made it imperative that no possible measures should be overlooked in the search for savings.

9. Mr. MOJA (Albania) said that, as in past years, the budgetary expenditure of the Organization continued to grow and the budget estimates for 1972 in the colossal amount of \$207 million represented an increase of \$15 million by comparison with the financial year 1971. An increase of that magnitude was totally unjustified and constituted a burden for the small Member States. His delegation was critical, in particular, of the expenditure allocated for administrative purposes, which accounted for an important part of the budget estimates for 1972 because it reflected in particular the continued increase in the

bureaucratic staff of the Secretariat and in the expenditure allocated for international meetings. The budget also continued to provide for considerable expenditure related to the so-called special missions, special expenses and the United Nations bond issue, which constituted a violation of the principles of the Charter. His Government did not recognize such expenditure as legitimate and would vote against it. It was imperative that the budget for 1972 should be reduced. All expenses which not only increased the contributions of Member States but, more important, charged them with responsibilities contrary to the interests, independence and freedom of the peoples of the world must be excluded from that budget. He reaffirmed his delegation's position concerning technical assistance, which should be financed on the basis of voluntary contributions and, if a State so requested, in national currency.

10. The existing budgetary situation meant that the time had come to put an end to the Organization's policy of financing a number of operations which served only the interests of the two big Powers and were contrary to the interest of the majority of Member States, and to re-establish respect for the principles of the Charter. If his delegation's observations were not taken into consideration, it would be impossible for it to approve the 1972 budget estimates.

11. Mr. AL-MASRI (Syrian Arab Republic) said that a rational approach to the long-standing financial crisis of the United Nations could not fail to focus attention on a number of issues and their implications. In the first place, the finances of the Organization could not be compared to those of an ordinary business enterprise because the Organization had no control over the tasks imposed upon it by international developments; the lack of stability in its income was sometimes a reflection of the political reactions of Member States to its resolutions and decisions, and political and other considerations caused temporary administrative expenditure to become permanent. The real problem was that the Organization's success in controlling costs depended on its ability to control the duration of the temporary tasks, to evaluate the role of the new bodies set up to help discharge its responsibilities to prevent the proliferation of bodies which had a way of outliving their initial purposes and to establish clearly defined criteria for measuring, on a comprehensive basis the efficiency of its expenditure. All those problems were the responsibility of Member States.

12. Several factors accounted for the growth of the Organization's budget, not the least being the growth of its responsibilities in implementing the objectives of the Charter. The United Nations had rendered increasing service to the cause of international peace and prosperity and, to that extent, increased expenditure was warranted. The question was, however, whether the contributions of Member States had kept pace with those increasing duties. It was surely not beyond the Organization's capacity to devise criteria for correlating the growth of contributions with the growth of responsibilities. The question whether the Organization's achievements had been commensurate with the increasing expenditure was crucial because incomplete work meant increased expenditure. Some kind of control should be exercised over activities which did not yield the results anticipated. While there was inevitably a

political element involved in assessing the value of those activities, the extent to which they contributed to rising expenditure and over-expenditure should be made clear to all.

13. Like any other bureaucracy, the United Nations had a tendency to over-staff and proliferate administrative bodies. It was important to establish the cost efficiency per employee, with performance ratios and time-limits established and reviewed periodically in respect of each task undertaken by the United Nations. It was also vital to obtain data concerning the precise effect of the increased membership of the Organization and inflation, which was particularly marked in New York City, on the existing financial problem. It should further be determined, by cost control, to what extent the growth of the staff had been necessitated by actual need as opposed to bureaucratic expansion. He asked whether efficiency studies had been carried out by experts on the performance and cost of the staff and what kind of initial and in-service training figured in Secretariat policies for cost control. The suggested establishment of a staff college was a good beginning and recruitment policies should be reviewed periodically so as to attract the best qualified personnel.

14. He asked whether, in view of the high costs in New York City, there was any reason why the Secretariat should not have a policy for its new construction which would allow the transfer of some of its activities away from that unsafe environment. He also asked what reason underlay the selection of New York City as a prospective site for construction as opposed to other locations.

15. The value of certain appropriations was very much in question. The United Nations Memorial Cemetery in Korea and the United Nations Commission for the Unification and Rehabilitation of Korea were examples of undertakings that had outlived their relevance.

16. The greater universality of the United Nations would ensure that it was more representative of the world community and would promote its harmonious functioning. Many thorny problems could have been solved more swiftly, sooner and with less expenditure if the Organization had been more universally representative in the past.

17. Concluding, he expressed appreciation of the French Government's decision to make a voluntary contribution to ease the current financial difficulties.

18. Miss WHALLEY (United Kingdom) said that the Organization's critical financial situation, which had been described by the Secretary-General and by the Chairman of the Advisory Committee at the 1427th meeting, was not new—on 1 September 1965 the General Assembly had adopted a consensus calling for voluntary contributions to deal with it, but its urgency and the general realization that the crisis had escalated was a new development. The various expedients adopted in the past could no longer conceal the Organization's inability to meet its bills. Her Government had responded generously to the Secretary-General's appeal in 1965 with a gift of \$9.5 million, following a substantial acquisition of bonds, and had continued to contribute in full to all other United Nations activities, regular and

voluntary. It would therefore remind the Committee that, if the United Nations was to survive as an effective international organization, it needed cash—not rhetoric. Her delegation had therefore been gratified by the willingness of other States, including major contributors, to participate in the discussions initiated by the President of the twenty-fifth session of the General Assembly, Mr. Hambro, in the search for a solution, and also the French announcement of a voluntary contribution. The successful outcome of the discussions would inevitably impose an additional burden on Member States, which they could not be expected to accept unless, at the same time, the United Nations was clearly doing everything possible to keep its expenditure under control.

19. General agreement on the importance of saving the Organization from bankruptcy had been accompanied by regret that the Secretary-General's budget estimates for 1972 provided for little growth in real terms. The fact that the budget level had a direct impact on the situation could not be ignored; the immediate problem was one of liquidity. As the level of the budget rose and items were included which would not be matched by contributions, the pressure on cash resources inevitably became more acute. Nor was it simply a matter of contributions failing to meet disbursements. Some delegations had explained their position with regard to the technical assistance element of the regular budget. It could well be asked whether the United Nations could continue to ignore the realities of the situation and contemplate not only the continuance but an increase in technical assistance which must further increase the Organization's insolvency. The deficit could not be regarded merely as a sombre background to the increases in the 1972 budget estimates and the supplementary estimates for 1971. There was agreement on the need for strict economy—yet, all too often, delegations were concerned only with economy in general; specific cutbacks had fewer friends. In her delegation's view, all items of expenditure must be scrutinized but, more important, the policies of the Organization must be closely related to available resources. Unless such an approach was adopted no one could be expected to take seriously the immediate financial crisis.

20. Programme budgeting offered an opportunity for a new approach involving highly sophisticated techniques with wide-ranging implications for the Organization as a whole. To be effective, it should provide a fully integrated system, encompassing the identification of objectives, the ordering of priorities, the relation of those priorities to the resources available and, above all, the evaluation of performance. Nevertheless, programme budgeting and forward planning would not provide a solution to budgetary control. The hard decision on priorities and the level of resources would remain to be taken by the Fifth and other Committees. Indeed, an efficient programme budgeting and planning system would make the decisions harder and add to the responsibilities of Member States. By identification and elucidation of the cost of specific initiatives, programme budgeting and planning should give all Member States a better opportunity to assess the implications of the direction they decided to take and the extent to which they were prepared to provide resources. It was to be hoped that that would result in a greater sense of self-discipline and greater cohesion when considering priorities. The various committees often seemed to take policy decisions without

due regard to their financial consequences and, as a result, the Fifth Committee was faced at a late stage with a mass of proposals which had to be related to likely resources. Such an approach was bound to lead to acrimony and frustration, for the Fifth Committee alone could not effectively determine priorities. The institution of a system of programme budgeting and planning should help all Member States to realize that the level of the budget was the concern not merely of the Fifth Committee but of the United Nations in all its committees. Her delegation feared that disregard of that essential truth would drive the Organization over the edge before a system relating priorities to available resources gained general acceptance. It was vital, therefore, that all members of the Committee should not only exercise restraint in respect of the budget estimates for 1972 but should influence their colleagues in other Committees to take account of the practical possibilities as well as the desirability of their policies.

21. With regard to the reports of the Joint Inspection Unit before the Committee, she thought that while few delegations would agree with everything that the Inspectors had said, all delegations would support many of their recommendations. Her delegation was convinced that the Inspectors were right in taking the position that unless action was taken during the current year to check the avalanche of paper and the profusion of meetings, there could be no real prospect that United Nations operations would continue to be even moderately efficient. Yet, there had already been indications that some Committees were disregarding the Joint Inspection Unit recommendations and continued to produce documents duplicating existing papers.

22. It was right that the Committee should seek to improve the productivity of the staff and to co-operate in the rationalization of procedures. The demands of Member States, however, largely determined the operations of the Secretariat and her delegation shared the view of a number of delegations that if the Secretariat was allowed to get on with its work without constant calls for examination, review, study or reappraisal, the United Nations and all Member States would benefit.

23. Her delegation's general approach to the budget would be that the Organization's coat must be cut according to its cloth. The United Nations had drawn paper patterns too large for the material which Member States had been prepared to provide for too long.

24. Mr. BENNET (New Zealand) said that his country had already presented its more general views on budgetary questions at the two preceding sessions of the General Assembly. He would therefore concentrate on the financial crisis. He emphasized the imprudence of a "business as usual" approach in an organization on the verge of bankruptcy, an approach that had characterized the Fifth Committee's attitude to the financial problem and, even more, that of the other main Committees, despite increasingly grave warnings from the Secretary-General in recent years.

25. The underlying cause of the crisis was political, but had resulted in cash problems of an administrative nature. Thus the Organization was trapped in a vicious circle. It was comforting that at last a serious effort was being made,

under the guidance of Mr. Hambro, to deal with the crisis. And it was encouraging that those chiefly responsible for perpetuating an embarrassing situation had adopted a constructive approach to the deficit problem. The recent announcement by the French Government of a substantial voluntary contribution was a happy omen, and it was to be hoped that that act of faith would be followed by a further response, and would be emulated by other States that had been motivated to incur an even larger debt to the Organization. Substantial contributions by major Powers would have a "bandwagon" effect that would encourage co-operation by smaller countries and Mr. Hambro's proposals would be more likely to bear fruit. New Zealand had publicly indicated its willingness to co-operate, during the general discussion in the General Assembly at the 1955th plenary meeting, when its representative had said that his country would consider reduction in the face value of its United Nations bonds and waiving of its credits under the peace-keeping accounts, as part of a negotiated package.

26. The argument had been advanced that only when spiralling budget costs had been arrested would there be the right climate for voluntary contributions. That was putting the cart before the horse, since the positions of principle that had led to the deficit had preceded the rising budget costs that were causing concern. It must also be remembered that some element in the expansion of the budget was due to inflation. Nevertheless, concern at the alarming budget expansion was real and justified, and was not felt by the great Powers alone. Controlled budget growth had now become essential. Nor was it only a matter of efficient management in the Secretariat itself, necessary as that was. The Secretariat had to administer the activities and programmes imposed upon it by Member States, and consequently it was vital for the latter to show restraint and adhere to the financial disciplines that rules 154 and 155 of the rules of procedure of the General Assembly had had all too little effect in enforcing. There must be a balance between substance and cost within the limits of total resources. As things stood, substantive organs could reach final recommendations involving expenditure without knowing its relation to total resources and to the Organization's priorities, an anomalous situation with both technical and political overtones. At the current session, no proposals should be pushed that would have substantial financial implications, adversely affect the deficit and aggravate the cash problem. In the Second Committee, for example, New Zealand and some other delegations had pointed out that the proposal about rearrangements in the regular programme of technical assistance, however meritorious, must be regarded as ill-timed at the present juncture.

27. In other areas, restraint in pursuing factional interests could help to improve the financial situation and establish the right atmosphere for joint action on the basic problem. To that extent, the budget expansion and the long-term deficit were related. New Zealand would like the Fifth Committee to look carefully at the Joint Inspection Unit's recommendation on reducing documentation with a view to immediate savings. Consequently, his delegation's attitude to section 11 of the estimates was without prejudice to the potential savings under that section indicated in the two Joint Inspection Unit reports on documentation (see A/8319 and Corr.1) and recurrent publications (see A/8362).

28. Mr. ROPOTEAN (Romania) said that, like other speakers, he was deeply disturbed at the Secretary-General's description of the financial crisis. It was to be hoped that Mr. Hambro's efforts to find a solution would succeed, and that Member States would realize that it was in their common interest to safeguard the continuing operation of the Organization.

29. Referring to paragraph 41 of the Secretary-General's foreword to the budget estimates for the financial year 1972 (A/8406), he said that the importance of the Administrative Management Service's work was sufficient to justify a separate report to the General Assembly.

30. Turning to the question of budget expansion, he said that Romania had always supported a rational development of the Organization's work, but an analysis of the estimates showed that administrative costs accounted for too large a share. Admittedly inflation had played a part, but a stricter control over the estimates put forward by departments would have permitted some limitation of the budget expansion, on the basis of efficient organization and rational use of resources. Romania would accordingly accept the reduction of some \$2.5 million proposed by the Advisory Committee. Further savings could be made by deleting from the budget the costs of such illegal activities as those relating to the United Nations Commission for Unification and Rehabilitation of Korea, under section 17, chapter III, and the Memorial Cemetery in Korea under section 12, chapter I. Their inclusion was both a burden on the budget and a source of continuing friction.

31. Mr. REDDY (India) said his country had long pressed for a reappraisal of the Organization's budgetary policy. Now the United Nations was facing a grave financial crisis. Some believed that the answer lay in budgetary cuts, but they could only be arbitrary, and might destroy the fabric of some of the Organization's activities. The other solution was to adopt a statesman-like approach and join forces to safeguard the future of the world's main hope for peace and international co-operation. Member States must now look beyond the fossilized attitudes of the dead past, since the survival of the Organization was in the interest of all.

32. In addition to the various elements that Mr. Hambro thought might make up a package solution (see A/C.5/XXVI/CRP.8), the Indian delegation wished to put forward some further suggestions, mainly concerning the building up of the Working Capital Fund. That might be done by the following means: allocating to the Fund income from revenue-producing activities, instead of using it to reduce the gross level of the budget; allocating unspent amounts from the annual appropriations, instead of using them to reduce Member States' assessments in following years; allocating to the Fund interest accruing through prompt payment by January 31 of Member States' contributions. States which failed to pay by then could have their total contribution for the year increased by an amount based on the interest at prevailing New York rates, accrued for the period between that date and the date of the final payment, and that amount might also be credited to the Working Capital Fund. Lastly, interest should be levied on outstanding arrears and added to them. Those additional amounts would be included in the calculation of the ceiling

which, if attained, would cause Member States to forfeit the right to vote.

33. In dealing with the financial crisis, positions of principle, which had been fully recognized in the records, could be set aside. But in future budgets the elements giving rise to stands of principle must be removed. At all costs the Organization's continued existence must be ensured.

34. He could not agree that there was a link between the financial crisis and the need for stable growth of the Organization's activities. Such a view conflicted with the terms of General Assembly resolution 2748 (XXV) on the harmonization and growth of programmes and budgets of the United Nations system. Since most of the increase in the estimates over the 1971 appropriation was accounted for by inflation, it was hard to understand the outcry about rising budget levels. The Organization was being penalized as the consequence of the policies of some Member States, while the majority of Member States were being accused of irresponsibility.

35. With respect to programme budgeting, he looked forward to receiving the proposed mock-up, but he regretted that the document was being issued so late, since it would need careful study in view of the important decision involved. Some specialized agencies had been pleased with their own experience of programme budgeting, but that technique might not be applicable to all United Nations activities. As the changeover might involve some confusion, the presentation of the budget in two forms might be useful during the interim period.

36. At the previous session, extraordinary importance had been attached to the question of increasing the accommodation at Headquarters by some delegations. Now the scheme had collapsed, and apparently there were no alternative proposals, despite the clear provisions of General Assembly resolution 2618 (XXIV). Meanwhile expenditure on rented accommodation would rise. Every effort should be made to find alternative solutions. If the original project did go through, who would meet the extra cost caused by the delay? In his view, there was only one answer to that question.

37. He said that the two main points to consider in connexion with the appraisal of the Office of Public Information would be avoidance of the existing dispersal of activities and duplication, and the need for greater emphasis on the promotional aspect.

38. He shared the concern some speakers had expressed concerning the need to make full use of the International Computing Centre at Geneva, but pointed out that some agencies would be unable to use it because they had their own very specialized requirements.

39. Mr. RODRÍGUEZ (Cuba) said he wished to preface his remarks by expressing Cuba's satisfaction at the action taken by the General Assembly the day before to restore its lawful rights to the People's Republic of China in the United Nations.

40. Cuba considered that the financial crisis facing the United Nations was due to the proliferation of purely

administrative activities, together with continual increases in staff, justified on the grounds that new activities must necessarily imply new posts. As a result 75 per cent of the budget was now consumed by staff costs.

41. It appeared that the total budget for 1972 would amount to some \$216 million, 12 per cent more than for 1971. The increase for 1971 and 1972, together, was about \$48 million; if the budget continued to expand at that rate, it would double within seven or eight years, and so would the contributions of Member States. Obviously, a policy of strict economy was needed, but the Organization had not even embarked on such a policy; there must be a radical change in the Secretariat's approach to financial issues.

42. The developing countries were alarmed by their steadily increasing financial obligations to the United Nations which represented a heavy burden for them, whereas the programmes adopted were not always directed to the better use of resources to promote development, and were far from fulfilling their aspirations. When the budget expanded, the developing countries felt the consequences most because of their limited resources. Nor was there any corresponding rise in the aid they received. The Organization was not pursuing a sound financial policy, since the ever-increasing expenditure estimates were in conflict with the views of most Member States. It was to be hoped that the improved methods contemplated by the Secretary-General would lead to a more rational approach and put a stop to the steady deterioration of the Organization's finances. Cuba considered that the submission of supplementary estimates every year was due to lack of foresight and technical shortcomings in budgetary planning, and reflected substantial inaccuracies in the regular estimates submitted.

43. He could not agree that the sum of \$2 million originally appropriated for new construction should be set off against the supplementary estimates for 1971. If it appeared the project would fall through (see A/C.6/1381), the Committee must so inform the General Assembly so that it could take a further decision.

44. Turning to staff questions, he said that the constant increase in new posts was attributable to bad recruitment policy according to which new functions called for new posts even when new functions could be performed by existing staff. Furthermore, a more equitable geographical distribution of posts would enable more developing and socialist countries to take part in the Secretariat's work. His delegation shared the view of those who contended that Secretariat vacancies, particularly those for senior posts, should be filled by candidates from under-represented countries. The question of staff salaries should be settled once and for all by the adoption of measures which would stabilize the budgets of staff members and their families.

45. The question arose as to how far Member States were responsible for defraying the high cost of living in New York just because, despite the opposition of several delegations, the United Nations Headquarters happened to be located in the United States. Again, the most developed country in the capitalist world refused to sign the Convention on privileges and immunities; it was inadmissible that that country should refuse to exempt those of its citizens

who were staff members of the Organization from payment of taxes, especially since great economic benefits accrued to the United States Government and the City of New York from the presence of United Nations Headquarters in New York.

46. Cuba objected on principle to the inclusion in the estimates of expenses for the United Nations Memorial Cemetery in Korea, the United Nations bond issue and the United Nations Commission for the Unification and Rehabilitation of Korea and would vote against the relevant budget chapters and sections.

47. In so far as the Headquarters extension project was concerned, his delegation was opposed to a greater concentration of the Organization's activities in the United States. To judge by the complaints of several delegations, New York was no longer a suitable location for the Headquarters of the United Nations. The prevailing atmosphere of discrimination and terrorism, typified by the recent attack on the Permanent Mission of the Union of Soviet Socialist Republics to the United Nations, made it impossible for delegations to pursue their activities in the peace and security essential to diplomacy.

48. Mr. YOGASUNDRAM (Ceylon) said that the Organization's financial situation had deteriorated to the point where not even the most optimistic could deny the existence of a grave crisis which, if not solved without delay would ultimately destroy the United Nations. As it was, the precarious state of its finances hampered various of the Organization's activities and prevented it from discharging its responsibilities for the maintenance of international peace and security. It would be strange if mankind, although ready to invest its hopes in the Organization, was nevertheless reluctant to provide the financial investment so necessary to the realization of those hopes. The success of the Second United Nations Development Decade, for example, depended on the Organization's financial and political stability. It was essential, therefore, that, as a matter of urgency, the Organization should be placed on a sound financial footing.

49. The financial crisis was directly attributable to the refusal of certain Member States to bear their share of the cost of operations to which they objected on principle. Ceylon associated itself with the repeated appeals made to those States to join in endeavours to restore the solvency of the Organization. They had made their point and if they were now to co-operate in saving the United Nations, they would not be regarded as in any way compromising their principles. If the welcome example set by the French delegation was followed by others, the financial crisis would soon be part of history. Appreciation was due to Mr. Hambro, who was making strenuous efforts to resolve the crisis. Ceylon would examine all his suggestions very carefully, including that for the establishment of a United Nations refinancing account, and wished him every success in his endeavours.

50. He deplored the tendency of some Member States to link the present financial crisis and deficit to suggestions that appropriations for new programmes should be curtailed. Such thinking was based on the fallacy that a reduction in future appropriations would result in a

corresponding reduction in past deficits. Unfortunately, the deficit could not be reduced by making cuts in the regular budget, and to link the two was unsound economically. The fact that it opposed curtailment of programmes did not mean that Ceylon automatically advocated the indiscriminate adoption of every suggestion made in the Organization. Despite differences of opinion concerning the allocation of priorities, some order of priorities must be established. Perhaps for the time being, and in a spirit of democracy, priority should be attached to projects which the greatest number of Member States felt would do the most good. In view of the trend of the debates in the Third Committee during the twenty-fifth session of the General Assembly, for example, it would seem that the proposal to create a post of United Nations High Commissioner for Human Rights should be numbered among low priority projects which, if cuts in appropriations had to be made, should be the first to be scrapped.

51. The 1972 estimates showed an increase of 10 to 12 per cent over 1971 appropriations. While his delegation was in favour of keeping appropriations down through budgetary discipline, the elimination of waste and proper co-ordination and planning, it could not agree that an artificial ceiling should be placed on the budget; such a procedure would be totally unrealistic and would defeat the stated aims of the Organization. The greater part of the 1972 increase was attributable to factors beyond the Organization's control, such as inflation and currency fluctuations. The net figure to be appropriated for new activities was alarmingly low for the commencement of the Second Development Decade. If the political will which had enabled the General Assembly to adopt the International Development Strategy was to retain its vigour, the Fifth Committee should be prepared to face the fact that there would be a steady growth in the budget. It was impossible for the dynamism of the Organization not to be reflected in its budget and, conversely, a lack of appreciable growth due to new programmes would surely mean that the United Nations was ailing and needed a quick transfusion of new ideas and attitudes.

52. In conclusion, he said that it was a matter for regret that, owing to the unavailability of documents, the Committee was behind schedule in its work. Efforts must be made to avoid a repetition of that situation because the additional meetings that would be needed would entail extra and wasteful expenditure.

53. Mr. MARTÍNEZ (Venezuela) said that the Advisory Committee's comments, in its first report (A/8408 and Corr.1 and 2) on the budget estimates for the financial year 1972, on its co-operation with the Committee for Programme and Co-ordination had been a source of satisfaction to his delegation. Such co-operation would help to eliminate the deficiencies of the United Nations system and result in improving its financial administration. The Advisory Committee had also drawn attention to the close relationship between programme-review and budget-review. Programmes which, particularly in the economic, social and human rights fields, were constantly expanding must be brought into line with the relatively limited resources Member States were able to allocate for their implementation.

54. In so far as publications and documentation were concerned, Venezuela endorsed the Advisory Committee's comment that the concerted efforts of the Secretary-General and Member States could achieve a substantial reduction in the volume of documentation without affecting the efficiency of the Organization.

55. In conclusion, he said that his delegation wished Mr. Hambro and the Secretary-General every success in their endeavours to solve the financial difficulties of the United Nations. Member States were grateful to Mr. Hambro for his initiative and warmly welcomed the French Government's announced voluntary contribution. All States must co-operate in Mr. Hambro's negotiations if the Secretary-General was to have the means to carry out the International Development Strategy for the Second United Nations Development Decade.

56. Mr. MURPHY (Ireland) said that the principal reason for the Organization's critical financial situation was the failure to find a means of financing peace-keeping operations. The primary responsibility for putting the financial system right lay with the permanent members of the Security Council, for it was with them that power resided. Currently, the main United Nations peace-keeping work was in Cyprus. Although the force there had been set up by the Security Council, and although the mandate had been unanimously extended by the Council every three or six months over the past seven years, the Council had decided to allow costs to be met by voluntary contributions. So far as Ireland was concerned, the result of that decision was that it was owed over \$1 million for extra costs. From the time the peace-keeping operations had been organized Ireland had given them every support. It was, however, becoming increasingly concerned with the difficulties experienced in funding them, particularly since similar operations would probably have to be organized in the future.

57. Increases in the Organization's budget were inevitable. His delegation was anxious that economies should be practised where possible, but it realized that certain increases were beyond the Organization's control. It was confident that, with the formidable battery of weapons available to supervise each step of the United Nations budgetary system—the Advisory Committee, the Administrative Management Service, the Joint Inspection Unit, the Board of Auditors and the Fifth Committee—any tendency for the Organization to form deadwood was kept in check.

58. In conclusion, he wished Mr. Hambro every success in his endeavours to reduce the Organization's deficit. The French Government was to be congratulated on its unconditional voluntary contribution. His delegation realized that some Member States had taken a very strong stand on principle on certain United Nations activities and had refused to finance them. It wished to suggest, however, that those countries had made their point and should now strive to restore the Organization to solvency.

59. Mr. GONTHA (Indonesia) said that in their statements at the 1427th meeting to the Committee, the Secretary-General and the Chairman of the Advisory Committee had cast serious doubts on the ability of the Organization to continue to work effectively. The Organization's insolvency was attributable to shortfalls in regular budgetary receipts

and to the fact that the Working Capital Fund had been exhausted. In addition, debts for past and present peace-keeping operations remained unpaid. It would be illusory to expect that a debt of the magnitude referred to by the Secretary-General in his statement could be reduced merely by reducing expenditures in the regular budget. It was difficult to see, therefore, how the United Nations would be able to meet the estimates for 1972. In the circumstances, his delegation warmly welcomed Mr. Hambro's efforts to solve the Organization's financial difficulties and was grateful to the French Government for its voluntary contribution. It seemed necessary to mention that another major Power had made a sizeable contribution as long ago as 1965, and the delegations of Canada and New Zealand were to be congratulated on the positive attitude they had adopted to the question. It was significant, too, that some developing countries had made voluntary contributions. His delegation wished Mr. Hambro every success in his endeavours.

60. It seemed necessary to point out that the success of the International Development Strategy for the Second United Nations Development Decade depended on the concerted and determined endeavours of Member States and the Secretariat. His delegation did not question the contention that various departments of the Secretariat were over-staffed, and it realized that two thirds of the Organization's budget was devoted to staff salaries. Nevertheless, there was no gainsaying that Member States derived profit from the United Nations and should therefore be appreciative of the contributions the Secretariat had made to the cause of development. It was with great concern, therefore, that his delegation had read paragraph 121 of the introduction (A/8401/Add.1 and Corr.1) to the report of the Secretary-General on the work of the Organization and it trusted that the staff's salary requirements would be treated as a matter of utmost priority.

61. Referring to the possible creation in 1972 of new posts involving expenditure of approximately \$1.9 million, he said that the Fifth Committee had no control over the action of other Main Committees. However, it did seem

necessary to ensure that any increase in staff should be in proportion to the increased effectiveness of the United Nations in pursuing its various goals. It was therefore imperative for the Main Committees to establish and maintain close links with the Committee for Programme and Co-ordination so that new posts did not duplicate functions already being performed elsewhere in the system. It would be interesting to know whether it was really necessary to recruit staff from outside to fill the new posts. Surely the so-called "over-staffed" Secretariat should be able to fill some of them at least from existing staff resources. In the opinion of his delegation, the Secretariat should not hesitate, when necessary, to inform Committees that certain projected posts were unnecessary. His delegation wondered whether an objective study should not be made in advance, possibly by the Joint Inspection Unit of the practical necessity for creating new posts.

62. Steps must be taken to control the documentation explosion. The Advisory Committee was of the opinion that a substantial reduction in the volume of documentation could be achieved without affecting the efficiency of the Organization. His delegation hoped, therefore, that all bodies would pay due regard to the recommendations of the Joint Inspection Unit in documents A/8319 and Corr.1 and A/8362.

63. It would be interesting to know the reasons for the reluctance of organizations to commit themselves to full participation in the International Computing Centre at Geneva. The fact that, according to the Advisory Committee, the organizations in general, including those in Geneva, had continued to use and in some cases expand their own electronic data processing installations would result in a waste of funds and under-utilization of the Centre. His delegation therefore joined the Advisory Committee in appealing to those organizations which had not yet done so to transfer their data processing activities to the Centre.

*The meeting rose at 1 p.m.*