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SUMMARY RECORD OF THE 10th MEETING

Chairman: Mr. BROTODININGRAT (Indonesia)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 10.45 a.m.

AGENDA ITEM 106: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS: REPORT OF THE COMMITTEE ON CONTRIBUTIONS (continued) (A/36/11 and Add.1)

1. Mr. NINGATA (Central African Republic) said that, after 14 years in power, the dictator Bokassa had been overthrown and the Government that had replaced him had embarked on a search for solutions to the country's serious economic and budgetary problems. In January 1981, that Government had taken a number of steps relating to the country's contributions to the United Nations which had led the Committee on Contributions to the conclusions set out in chapter V of its report (A/36/11). Subsequently, a new Government had been formed on 1 September 1981 by the Military Committee for National Reconstruction which had recently decided to deal differently with the problem. A portion of the arrears had already been paid, and as a result Article 19 of the Charter was no longer applicable to his country. The Military Committee for National Reconstruction had also undertaken to honour all its commitments and to continue, to the best of its ability, to pay its contributions to the United Nations. He appealed to the Fifth Committee to take those recent developments into account and to regard the problem of his country's arrears as on the way to settlement.

2. Mr. BUNC (Yugoslavia) observed that the task of the Committee on Contributions was not an easy one. Despite the Committee's goodwill and considerable efforts, it had so far not been able to respond satisfactorily to the clear instructions received from the General Assembly in resolution 34/6 B. That resolution required a new methodological framework for calculating the scale of assessments that would give due attention to the continuing disparity between the economies of developing and developed countries and to the latter's specific economic and financial problems.

3. Account had to be taken of conditions and circumstances which adversely affected the capacity to pay of Member States; national income expressed in monetary terms did not reflect economic realities. Many developing countries suffered deteriorating terms of trade, while inflation distorted the statistical measurement of their incomes much more than in the case of developing countries. Moreover, the majority of developing countries had great difficulty in securing convertible currency to service their external debt and to finance their import requirements.

4. The majority of delegations of developing countries had expressed disappointment over the inability of the Committee on Contributions to fulfil its terms of reference. The General Assembly had been presented with a series of scales in which industrialized countries had benefited from significant reductions in their rates of assessment, while developing countries had been penalized with excessive and disproportionate increases. It was imperative for the Committee on Contributions to produce an adequate questionnaire taking into account all the instructions received from the General Assembly, for the purpose of eliciting from all Member States the data and explanations needed to assess their real capacity to pay.

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(Mr. Bunc, Yugoslavia)

5. There was also a need for a meaningful revision of the low per capita income allowance formula so as to prevent anomalies in the next scale. In order to take into account inflation since 1976, the upper limit of the formula should not be less than $2,800. His delegation could not agree to the proposal in paragraph 27 of the Committee's report to introduce the concept of graduation into the assessment of the capacity to pay of developing countries.

6. His country considered that the constant increases in its assessment over the years had not been justified, and in view of the shortcomings of the existing method of measuring capacity to pay, could not accept any further increases until the Committee developed a systematic methodology for that purpose. An examination of the data on which Yugoslavia's capacity to pay had been assessed showed that many errors had already been committed and his delegation intended to communicate to the Committee on Contributions corrections and explanations in due course.

7. Mr. PALAMARCHUK (Union of Soviet Socialist Republics) said that his delegation was pleased to note that the Committee on Contributions had once again demonstrated its conscientiousness and high degree of competence in considering ways and means of ensuring the equitable apportionment of the expenses of the Organization.

8. The Committee had concluded that imposing a system of percentage limits to avoid excessive variations in rates of assessment between two successive scales would be arbitrary and would distort the time-honoured principle of capacity to pay. His delegation agreed that the use of any mechanistic device to limit fluctuations in rates of assessment would undermine the objectivity of the scale by ignoring the dynamic nature of national income, and would lead to the over-assessment of some States while others paid less than their fair share.

9. As the Committee on Contributions had concluded, it was not possible to use supplementary economic and social indicators at the current time owing to the absence of reliable statistical data.

10. The Committee had also confirmed its earlier conclusion concerning the possibility of devising a system for taking into account price changes. His delegation considered that adjusting national income statistics to take into account price movements and changes in exchange rates would be a departure from the established practice of calculating national income in current prices on the basis of operational rates of exchange.

11. As to proposals to increase the value of the low per capita income allowance formula, his delegation considered that low-income countries already received considerable relief at the expense of the higher-income countries. The way to reduce the financial obligations of Member States was not to shift the burden from one group of States to another but to pursue sound budgetary policies, reduce excessive growth rates and improve the efficiency of the Organization.

12. The financing of peace-keeping operations was governed by Chapter VII of the Charter and Article 19 was therefore not applicable to contributions for such activities. The attempts of the Secretariat to present matters differently had no legal basis and were entirely unjustified.

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(Mr. Palamarchuk, USSR)

13. His delegation was prepared to support the draft resolution contained in the report of the Committee. It supported Poland's appeal that a positive approach should be taken by the Committee in calculating assessments under the new scale.

14. Mr. MOHAMMED (Nigeria) commended the Committee on Contributions for its efforts to comply with its terms of reference and said that it would have been astonishing if the Committee had managed to reach consensus on all the issues. Bearing in mind the General Assembly's dissatisfaction with the existing methodology for calculating the scale of assessments, the Committee had attempted to look at the matter with new eyes, and there had been a realization that per capita national income was not very meaningful in the case of developing countries, since it was often committed for the purchase of imports and infrastructure projects. On the whole, the report of the Committee was a very responsible one.

15. In seeking to determine what the General Assembly had meant by excessive variations in individual rates of assessment between two successive scales, the Committee should have proceeded without polemics. The Assembly's concern was that any variation that occurred in a country's rate of assessment should be fair. In drawing up the next scale, the Committee should take into account the growing poverty of the developing countries and the fact that the contributions of the developed countries were smaller in real terms than in previous years. Inability to pay their assessments could become a real problem for developing nations, as evidenced by the situation of the Central African Republic. His delegation had complete sympathy for that country and accepted its decision with regard to the payment of its arrears.

16. The revision of the low per capita income allowance formula deserved serious consideration. While accepting that there was as yet no alternative to the use of per capita income in assessing capacity to pay, his delegation did not agree that there was no place for a limit on the percentage rise in rates of assessment. A rise of 25 per cent in the rate of assessment of a developed country would not be a shock for its economy, but might very well impinge severely on the economy of a developing country. Taking into account the reductions that had been made over the years in the rate of assessment of one Member State, which currently paid 25 per cent of the regular budget, his delegation considered that 13 per cent was a fair percentage limit on variations between successive scales and that no Member State should be called upon to increase its contribution by more than that percentage at any one time. His country had experienced an extremely abrupt increase in its rate of assessment in 1974, and it therefore expected a reduction in the forthcoming scale.

17. With regard to the idea of extending the statistical base period, his delegation, while having no quarrel with a seven-year period, considered that five years was more reasonable since it conformed to the economic planning periods of most countries. He agreed with the view that the base period must not be so short that it created problems for countries with non-renewable resources.

18. Lastly, he endorsed the Committee's recommendation in paragraph 63 of its report regarding payment of contributions in currencies other than the United States dollar. It was to be hoped, however, that with improvemens in the economic and

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(Mr. Mohammed, Nigeria)

social conditions of some of the countries concerned, they themselves would seek to enhance the effectiveness of the United Nations system by contributing in currencies which could be used for projects in the developing nations.

19. Mr. PEDERSEN (Canada) said that it was not surprising that once again the Committee on Contributions, after an extensive examination of other economic and social indicators of capacity to pay, had concluded that it was necessary to continue to rely on national income as the basis for assessing Member States. That did not mean that efforts to develop such indicators should be abandoned, but it did suggest the need for a realistic recognition of the state of the art. If the Committee tried to please everyone, it would end up pleasing no one.

20. His delegation agreed with the majority view in the Committee that the setting of percentage limits on variations in individual rates of assessment between successive scales would be too mechanistic and arbitrary, and would result in serious distortions of the capacity to pay. Such a device would benefit a very few countries, and not necessarily those with the lowest income. The Committee had, in fact, taken into account the special economic circumstances of countries at the low end of the income scale, reducing their rates of assessment when such factors produced what could be considered as an anomalous machine-scale increase. At the same time, what was added on by the machine scale above the $1,800 *per capita* should be considered fair. Canada, as an industrialized country whose rate continued to rise, certainly intended to pay its full share towards the budget. While it had been argued that some industrialized countries had unfairly benefited from significant reductions in their rates of assessment, it should be noted that such reductions as had been made had been based on a strict machine-scale calculation, with no mitigation. It should also be pointed out that some industrialized countries had not received benefits adequately reflecting decreases in their gross national product because of the introduction of a seven-year base period.

21. The low *per capita* income allowance formula had been changed three times in eight years, and any new change must benefit only those countries with truly low incomes. To include those which could afford to pay would distort the very purpose for which the formula had been introduced.

22. His delegation continued to believe that a three-year base period produced a more realistic and equitable reflection of capacity to pay, and that extending the existing seven-year period would benefit only a few countries and further distort the measurement of growth.

23. It was not appropriate for the Fifth Committee to establish specific criteria for a new assessment formula. That was the task of the Committee on Contributions, which had been able to operate because of its limited size, expert nature and the fact that it worked *in camera*. To attempt to do the work of the Committee on Contributions would only serve to politicize a task which, in his delegation's view, must remain the impartial work of experts.

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24. Mr. HAKIM (Afghanistan), referring to the possibility of setting a percentage or percentage point limit as a means of avoiding excessive variations of individual rates of assessment between two successive scales, said that, if the scale of assessments was based on real economic conditions, there would be no need to impose any limits whatsoever on variations. The Committee on Contributions had confirmed that *per capita* national income reflected in general real capacity to pay but had agreed that it might be supplemented by other economic and social indicators. The Committee should continue its efforts to develop such indicators.

25. The low *per capita* income allowance formula had been intended to benefit the least developed countries. His delegation therefore opposed an increase in the income limit since that would only relieve the burden of medium-income and higher-income groups, while bringing about only a very small improvement for the least developed States.

26. His delegation hoped that the Committee would be able to reconsider Poland's rate of assessment at its next session. It shared the Committee's general view that at present the only internationally acceptable, objective and dependable statistical indicator of the relative capacity to pay of Member States was national income expressed in current prices, and was ready to approve its report.

AGENDA ITEM 100: PROPOSED PROGRAMME BUDGET FOR THE BIENNIUM 1982-1983 (*continued*) (A/36/6, A/36/7, A/36/38, chaps. V and VII D)

General debate

27. Mr. PAL (India) said that he hoped that some members of the Fifth Committee would be able to fathom the mysteries of the zero-growth budget and to find a response to the apparent paradox of measuring real growth in a zero-growth budget. The first consideration was to see how far the Secretary-General's principles were in harmony with those of the General Assembly.

28. In order to analyse the budget proposals in a broader perspective, he would take account also of the Secretary-General's report on the work of the Organization (A/36/1), some relevant reports of the Joint Inspection Unit (JIU), reports of the Administrative Committee on Co-ordination (ACC) to the Economic and Social Council, and the budget proposals of some of the specialized agencies.

29. The more he studied the foreword to the proposed programme budget, the less it seemed to say. Analysis was lacking of the balance between substantive activity and administrative costs, of changes in programmes introduced for the next biennium, and of the likely impact on programme delivery. In that connexion, he supported the recommendation contained in paragraph 475 of the report of the Committee for Programme and Co-ordination (A/36/38) for a table which would clearly establish actual expenditure on substantive work. In the absence of such an analysis, he would concentrate on the substantive programmes in the economic and social sectors.

(Mr. Pal, India)

30. In his report on the work of the Organization (A/36/1), the Secretary-General had stated that substantive activities had not been affected. However, his delegation had noticed that ACC in paragraph 57 of its report on international co-operation and co-ordination (E/1981/37) had taken a significantly different view. In paragraph 2 of his foreword to the budget proposals, the Secretary-General had explained that he had adopted a zero-growth policy to maintain and strengthen the financial credibility of the Organization at a time when many Member States faced serious economic and financial difficulties and were making efforts to contain public spending. Since in the current state of the international economy there was no Member State which did not face serious economic and financial difficulties, he could only wonder whether the Secretary-General had had a particular group of countries in mind when he had referred to "many" Member States. If so, it could not have been the developing countries because the Group of 77 had always been prepared to support the United Nations in any activity mandated by the General Assembly; they were not the ones that had urged zero real growth upon the Secretary-General.

31. It was instructive to consider the forewords to the budgets of other bodies belonging to the United Nations system to see if other executive heads had come to the same conclusion as the Secretary-General. The Administrator of the United Nations Development Programme, for instance, had given a commitment that he would try for zero growth. However, his proposals represented an increase in real terms of 2.5 per cent for the biennium 1982-1983, which he had rationalized with the explanation that, while the cost of old programmes would not grow, new functions would require new resources. As for the Executive Director of the United Nations Children's Fund, he had submitted a proposal which, even when corrected for inflation, represented an increase in real terms that ran into double figures, in the belief that resources must expand as the current economic slowdown and accompanying inflation affected services relating to the well-being of children. In other words, he had drawn conclusions that were the very opposite of the Secretary-General's about the effects of efforts by Member States to contain public spending, namely that it was imperative for multilateral institutions to step into the breach. The Director-General of the United Nations Educational, Scientific and Cultural Organization, had explained in his budget proposals that real growth of 6.5 per cent over the next biennium was necessary because no headway had been made in negotiations to change the pattern of international economic relations and to halt the arms race. Lastly, the Director-General of the Food and Agriculture Organization of the United Nations, in presenting budget proposals which, even when discounted for inflation, still represented an increase of over 5 per cent in real terms, had given his view that the economic difficulties of both developed and developing countries were far outweighed by the acute needs of the large hungry and malnourished proportion of the world's population. Furthermore, he had noted that though it was the economies of the developing countries that were most seriously affected by the current world economic and financial situation, they were ready to accept an additional burden. The idea that a policy of zero growth in programmes could take place without any real difference in inputs or outputs had been dismissed as frankly unrealistic.

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(Mr. Pal, India)

32. In other words the dilemma faced by the head of every multilateral organization had been presented to those agencies with intellectual and moral honesty. Senior international civil servants, not less responsible than those of the United Nations Secretariat, when faced with the choice between convenience and conviction, had taken the more difficult option. The Department of Administration, Finance and Management, however, had found it as easy to reconcile its conscience as it did its accounts.

33. It should not be thought that his delegation was pressing for massive growth in the budget. It had urged restraint in administrative expenditure going beyond the foolish and arbitrary concept of zero growth. It had stated that as programme resources fell, administrative costs must fall even faster so that funds could be released for substantive activities. The Secretary-General's assurance that those activities had not been weakened or curtailed was hard to accept, but, if the Secretariat had wrought an administrative miracle, it should be described in detail.

34. In his report on the work of the Organization (A/36/1), however, the Secretary-General had, in section VI, drawn the correct conclusions about the impact which the huge sums earmarked for armaments and the shortfalls in voluntary resource allocation to international organizations would have on the achievement of the objectives of the International Development Strategy. How, he could then propose and claim credit for zero growth in section X of his report was beyond all understanding. Even if the budget had grown by 20 per cent, it would still have been no more than 0.3 per cent of outlays on arms, and yet the Secretary-General believed that any growth in the budget would weaken the Organization's financial credibility. It might well be asked with whom.

35. There was no necessary or organic connexion between reductions in national public expenditure and the level of the budget of a multilateral institution. While it was a Government's sovereign right to decide what financial policies it should adopt domestically, its payments to the United Nations were mandatory under the terms of the Charter. According to the recently published World Economic Outlook of the International Monetary Fund (IMF), public expenditure for the seven largest industrial countries had risen by 1.41 per cent in real terms in 1981. Those countries paid 60.43 per cent of the United Nations budget and were among the most active proponents of the idea of a direct link between their domestic public expenditure and that budget. Yet, on their own argument, and on the basis of IMF calculations, the Secretary-General could have proposed a growth of at least 1.4 per cent in real terms without provoking any outcry.

36. On the problem of lack of resources to carry out the tasks of the International Development Strategy, it was useful to consider the figures in the ACC report (E/1980/81) submitted to the Economic and Social Council at its 1980 resumed second session. In 1980-1981, there had been a decline in expenditures in real terms in 16 major sectors, corresponding roughly to the major programmes in the medium-term plan. Especially when read in connexion with table 2 of annex VII to the Secretary-General's foreword, the figures were depressing because they demonstrated that since 1978-1979 the United Nations investment in 12 of the 15 critical sectors had fallen: voluntary contributions had dropped by almost $100 million in the

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(Mr. Pal, India)

biennium 1980-1981. In certain subsectors where extrabudgetary resources had been provided and there had been growth, two dangers were present: subprogrammes might be designed to meet the wishes of donors and the regular budget programmes might be modified to ensure continuing extrabudgetary support. The direct result of the budgetary policy embraced by the Secretary-General could therefore be a progressive undermining of both the Secretariat and the programmes decided by the General Assembly. Unfortunately, those in charge of budget preparation were so blinkered in their approach that the larger issues did not strike them as being of any importance.

37. In looking at the figures in the budget, he could not but deplore the failure to cut back administrative costs in order to use the funds released for substantive activities. The tables presented by the Advisory Committee in paragraphs 20 and 22 of its report (A/36/7) showed that the percentage share of the economic and social sector had been declining by 0.2 per cent per biennium and currently stood at 33.5 per cent for the biennium 1982-1983. In real terms, there had been a sizable fall in outlays on substantive activities in the economic sector.

38. Not only had the Secretary-General ignored his mandate, but, astonishingly, the priorities for individual sectors set by the Committee for Programme and Co-ordination (CPC) had been cynically disregarded, despite the fact that it had been the Secretariat that had pleaded with that body to set relative growth rates for major programmes. It was stated that the average real growth for the budget was minus 0.2 per cent. CPC had certainly not been aware of that figure when it set its relative growth rates. Some programmes to which CPC had assigned an above-average growth rate had suffered cuts ranging from 0.75 to 6.33 per cent. There was no valid reason why the Secretariat should have set those arbitrary priorities and made the most severe cuts precisely in the sectors where intergovernmental bodies wished to see the most growth. That was proof of either incompetence or arrogance, neither of which could be condoned. Indeed, it might even be said that the Secretariat had been deliberately misleading, because CPC had assumed that the growth rates would be those set out by the Secretary-General in paragraph 3.17 of his medium-term plan for 1980-1983 (A/33/6/Rev.1). Applying those rates of growth to the revalued base of each programme gave an increase of $6.5 million over the base of $316.2 million, whereas the Secretary-General was now proposing a reduction of about $750,000. The explanations given in paragraphs 4 and 5 of annex VII of the foreword to the budget estimates were, at best, disingenuous.

39. While the statement by the Director of the Budget Division that it was up to the General Assembly to take its decisions on the Secretary-General's proposals was technically correct, the necessary information on which a reasoned and reasonable decision could be made had not been provided. The Secretary-General should have told the Fifth Committee what the effect on programmes was likely to be, so that it could decide which particular sectors should be cut back and where the resources released should go, as envisaged by the Joint Inspection Unit in its report on the setting of priorities (A/36/171). The Committee should have been presented with the option of choosing between reductions in the three crucial elements of quantity, quality, and timeliness respectively. Instead, it was being asked to take purely arbitrary financial decisions without any idea of the

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(Mr. Pal, India)

programme implications. That was the most unfortunate part of an unfortunate budget, and also reflected long-recognized flaws and anomalies in the structure and functioning of the Secretariat.

40. It was absolutely indispensable to accept the system of priority-setting recommended by CPC and endorsed by the Economic and Social Council. Since the Department of Administration, Finance and Management had placed unwarranted constraints on substantive activities because it had ignored the mandates in the economic and social sector, the Director-General for International Economic Development and Co-operation should begin to exercise the function envisaged for him in General Assembly resolution 32/197. In that connexion, his role in reviewing draft programme budget submissions on economic and social questions required further clarification, as JIU had stated in document A/36/419. Moreover, the ad hoc group set up under his chairmanship should become a permanent body and should have the additional functions described by JIU.

41. In another report (A/36/182), JIU had deplored the lack of progress in evaluation and had drawn attention to various points which were of particular relevance to the consideration of the budget proposals. His delegation agreed in particular with the conclusion that the emphasis on inputs and quantity at the expense of results and quality must cease. Yet, the Secretary-General, in the foreword to the budget proposals, had spoken merely of ensuring that inputs were not increased.

42. The Fifth Committee's methodology for considering the Secretary-General's programme budget proposals was obsolete, ineffective and of marginal usefulness; it had failed to take account of the quantitative and qualitative improvements in the programme content of those proposals over the last two biennia. Moreover, while the advice of the Chairman of the Advisory Committee and of the Assistant Secretary-General for Financial Services and his staff had been invaluable, they were unable to assist in consideration of the programme content, especially in the economic and social sectors. It was logical therefore that the Chairman of CPC and the Assistant Secretary-General for Programme Planning and Co-ordination should assist the Committee on a continuous basis during the debate on the proposed programme budget in order to apprise it of any change in or curtailment of a programme that might result from a recommendation which it was contemplating. The debate would not, of course, be on substantive issues, merely on the programme narratives contained in the proposed programme budget. Under current practice, decisions on the programme budget were not taken in full possession of the facts.

43. Specifically, he proposed that before the Committee embarked on a detailed analysis of the budget it should hear an oral report from the Chairman of the CPC and that the Assistant Secretary-General for Programme Planning and Co-ordination or one of his senior representatives should assist the Committee, particularly when it debated programmes in the economic and social sector. Such a procedure would flow logically from the Secretary-General's own proposals on the restructuring of the economic and social sectors of the United Nations system contained in document A/35/527. Indeed, if, as his delegation assumed, the procedures set out in paragraph 54 of that document had been followed, the

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(Mr. Pal, India)

Office for Programme Planning and Co-ordination had in fact been an equal partner with the Office of Financial Services in the preparation of the proposed programme budget.

44. Pursuant to paragraph 58 of that document (A/35/527), he assumed that a report would be submitted on the updating of the Financial Regulations and Rules of the Organization, in particular those parts dealing with budget preparation, which should be amended to include a reference to the role conferred on CPC, the Director-General and the Office for Programme Planning and Co-ordination by resolution 32/197. He hoped to receive proposals based on General Assembly resolutions and on the Secretariat's own experience to rationalize the process of programme budgeting and to lessen the chances of further chaos.

45. Mr. THUNBORG (Sweden) said that for the first time the principle of zero real growth was being applied to a United Nations programme budget. Nevertheless, it should be borne in mind that the figure of zero applied only to the estimates as they stood, which could still be influenced by a number of factors. Careful study of the proposed budget revealed a number of instances where expenditure which might have been anticipated had not been included. Such expenditure would no doubt appear as supplementary estimates during the session. In addition, decisions with financial implications would be taken by the General Assembly. Judging by past experience, the real rate of growth would be 3 or 4 per cent higher than the one provided for in the original estimates. It should also be borne in mind that, in accordance with General Assembly resolution 35/209, a special programme review had been initiated to identify obsolete, marginally useful and ineffective activities. The review might lead to requests for increased expenditure as well as the elimination of certain activities, so that its impact on the programme budget could not yet be assessed.

46. In his foreword to the budget, the Secretary-General had stated that the adoption of zero real growth was aimed at maintaining and strengthening the financial credibility of the Organization. Resources had been redeployed to reflect changes in priorities, savings having been made mainly in the area of administrative and conference servicing activities. Since, however, there was a tendency for large bureaucracies to regard expenditure on administration and personnel as fixed costs in times of financial restraint and to reduce expenditure on substantive activities - and the Advisory Committee on Administrative and Budgetary Questions had, in the past, commented on such tendencies at the United Nations - it was important to ensure that no such trend asserted itself in the future.

47. In that context, the Secretary-General had stated that the programme budget had not provided for any growth in real terms for the first time since 1954. At that time a study of the budgetary and financial situation of the Organization had been undertaken to reconcile its needs and the requirement for efficiency with the dictates of economy. The number of established posts had subsequently been reduced by 3 per cent, with a larger percentage reduction in higher-level posts.

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(Mr. Thunborg, Sweden)

48. Such considerations raised the question of whether zero growth in real terms could be applied to a dynamic programme budget without detriment to programme delivery. The Secretary-General's view was that it could. All existing legislative mandates found expression in the programme budget, even if by means of redeployment. In his foreword, the Secretary-General had referred to the strain placed upon the Secretariat through its being assigned an ever-widening range of tasks without adequate means to perform them, necessitating a redeployment of existing resources from lower- to higher-priority items. The Swedish delegation considered that problem to be a major weakness in the process of programming and budgeting. If Member States wanted new programmes, they should decide which programme activities should be eliminated, since financial resources were limited. The Secretary-General, too, might adopt a bolder approach in identifying obsolete, marginal and ineffective activities. In that respect, his comments on priority-setting and related matters in his report on the work of the Organization (A/36/1) were welcome. The fact that the programme review was a separate exercise might complicate the task of delegations, in that it might prove difficult to reconcile the various documents pertaining to the budget.

49. His delegation had reservations, in principle, on the Secretary-General's contention that reasonable programme activity was possible during the coming biennium despite the introduction of zero real growth. The figure of zero was arbitrary, as any other would have been. In activities as wide-ranging and complex as those of the United Nations there was more than one level of activity which permitted the achievement of objectives. A programme budget should suggest alternative ways of achieving the objectives of the Organization. It was difficult to accept the argument that a positive rate of growth was unwarranted, and that anything below zero real growth would have disastrous consequences for programme delivery, which was affected by the efficiency with which activities were carried out as well as their level. It had yet to be demonstrated that there was a positive correlation between efficiency and the application of zero real growth, which was a very blunt instrument in the context of the programme budget of the United Nations.

50. One justification for applying zero real growth to the United Nations programme budget had been the need to maintain the financial credibility of the Organization at a time when many Member States faced serious economic difficulties. Yet, although many countries faced such difficulties, a majority of Member States, including all the developing countries, had been in favour of real budgetary growth.

51. Application of zero real growth to the programme budget might not, in itself, have a marked negative or positive effect on programme delivery. What mattered was the justification given. If the General Assembly failed to uphold the idea that the United Nations was something more than the sum of Member States' financial contributions, and if the economic conditions in Member States alone determined the extent to which programmes based on legislative mandates should be carried out, then the over-all credibility of the United Nations would be in danger. While national financial and budgetary constraints could not be disregarded, they should not be decisive in determining the financial base of the United Nations.

(Mr. Thunborg, Sweden)

Member States should never lose sight of the basic purposes and principles of the United Nations when discussing the Organization's budget, and it was important to retain a sense of perspective when considering the sums involved.

52. It was in the light of those considerations that his delegation accepted the proposed zero rate of real growth in the programme budget for 1982-1983.

53. The regular budget was not the only financial expression of the world community's common endeavour, within the United Nations system, to strengthen peace and security and to achieve economic independence and social justice. Considerable extrabudgetary resources were placed at the Secretary-General's disposal. Still larger voluntary funds were provided by Governments in support of the organs of the United Nations system. Yet all those contributions, assessed and voluntary, represented only a fraction of what nations devoted to other purposes. For example, in 1980, assessed and voluntary contributions to the United Nations system, excluding the World Bank, IMF and affiliated agencies, had amounted to $3.9 billion; that figure was roughly equivalent to the budget of the Swedish Ministry of Education and Cultural Affairs. A comparison with arms expenditure was still more striking. It would take no more than seven new strategic bombers to finance the entire regular budget. As to staff, the number of Federal, state and local employees in the state of Wyoming alone was approximately equal to the number of persons employed by the entire United Nations system.

54. His delegation had compiled statistical data on contributions to the United Nations system for the purpose of showing, not only that a small group of industrialized countries were major financial supporters of the system, but also that a number of developing countries contributed their fair share, given their financial capacity. Total contributions per capita (assessed and voluntary) provided an interesting yardstick. Six small- and medium-sized industrialized countries, including one non-member State, and four oil-producing countries headed the list, with per capita contributions ranging from $40 to $7. Moreover, in terms of GNP per capita, many small and poor developing countries had achieved high rankings in 1980, although their contributions had been modest in absolute terms. Thus, both rich and poor developing countries participated in the common endeavour of the United Nations system.

55. Such examples, and the facts behind them, should be recalled from time to time, particularly by the Committee in discussing the programme budget for the biennium 1982-1983.

56. Mr. IRELAND (United States of America) said that the extensive comments and constructive recommendations made by the Committee for Programme and Co-ordination in its report were of great value.

57. His delegation had noted the Secretary-General's statement that the programme budget had not provided for any growth in real terms, and that his budgetary policy was oriented towards maintaining the financial credibility of the Organization.

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(Mr. Ireland, United States)

Everyone realized the difficulty involved in allocating limited resources. Nevertheless, the long-term benefits of maintaining the financial integrity of and public support for the Organization far outweighed the costs of any reductions.

58. The Secretary-General's budgetary policy reflected a discipline that would benefit all Member States since it reduced the level of assessments. Zero net programme growth did not imply that Member States could not launch new programmes or pursue new initiatives. On the contrary, the elimination of marginal and ineffective programmes would release resources for some new activities.

59. The zero real growth objective should be the initial step in a continuing strategy of financial realism. Over the past decade the regular budget of the United Nations had increased by some 300 per cent. That staggering increase was viewed with alarm by Member States from all regional groups, irrespective of their rate of assessment. They had repeatedly called for budgetary restraint because of their concern for the credibility of the United Nations.

60. His delegation wished to commend the Secretary-General for initiating a high-level review of the activities of the Organization. He looked forward to the report of the Secretary-General identifying low-priority activities, the termination of which would enable the Fifth Committee to approve new initiatives to be introduced during the current session. It was regrettable that some programme managers had failed to comply with the Secretary-General's budget instructions requiring a ranking of high- and low-priority programme components. Those instructions were based on several legislative mandates, in particular General Assembly resolution 32/206, and non-compliance was thus a very serious matter. The Secretary-General should ensure that such non-compliance did not recur.

61. His delegation recognized the difficulty of eliminating marginal activities. Programme managers were reluctant to propose the termination of activities which they believed were promoting the aims of the Organization. Yet almost all nations were faced with similar problems. The United States, for example, had been obliged to cut government spending drastically. No Government or organization could afford to devote resources to marginal activities. Current programmes should be continually reviewed and evaluated so that those activities which were not producing the expected results could be identified.

62. Current economic conditions had led to spending cuts in many countries. By contrast, few cuts had been proposed at the United Nations, for it had been assumed that all budgets were indexed for inflation. Rather, there had been steady, sustained growth. International organizations had held themselves immune from the problems besetting Member States. They had lost touch with economic reality. If the support of all donor countries was to be maintained, the United Nations should adapt to the real world and use the contributions it received effectively. Failure to do so would undermine the public support on which the Organization depended.

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63. In his foreword to the proposed programme budget, the Secretary-General had stated that the estimated expenditure of the Organization for the biennium 1982-1983 would be 14.7 per cent higher than in the previous biennium. However, comparison of the initial estimated expenditures for 1982-1983 with those proposed for 1980-1981, at a similar stage of the thirty-fourth session of the General Assembly, revealed that the actual increase was in the order of 26.5 per cent. A growth rate of that magnitude for the final 1982-1983 budget would be unacceptable. It should be recalled that the United States had abstained on the 1980-1981 budget and had voted against the 1980-1981 supplementary estimates because of increased programme growth and the inclusion of items it had considered unacceptable.

64. Although the Secretary-General had submitted a budget that called for zero real growth, his foreword stated that the programme budget did not include the effects of decisions which might be taken by any of the main organs of the Organization in the course of the current year. If the Secretary-General's basic policy was to be upheld, the Fifth Committee could not approve any proposal which would result in real programme growth. Only those proposals with no financial or administrative implications or which called for a genuine redeployment of resources should be approved.

65. For several years past a significant share of the nominal growth in the United Nations budget had been due to currency fluctuations. The estimates before the Committee were based on the United Nations operational exchange rates for November 1980. Unless there was a drastic change in the international financial markets, there should be a decrease in the budget estimates before the Committee to reflect changes in exchange rates. His delegation could not accept that that potential saving to Member States should instead be spent to finance additional activities.

66. The number of established posts was currently 2.3 per cent higher than that which had been approved in the 1980-1981 programme budget. Such a growth between initial estimates and the subsequent position would be unacceptable for the 1982-1983 budget. Unless there was strict control, the number of established posts would continue to increase at an excessively high rate. The number of reclassifications proposed for 1982-1983 was more than three times as large as that proposed for the 1980-1981 biennium. Reclassifications implied concomitant additional expenditure. The time had come to limit such a non-productive use of resources. Another troubling aspect of reclassification was that of grade creep. The United Nations organizational structure should adhere to the normal pyramidal staffing profile to be found in most efficient organizations. It was clear that the United Nations was becoming increasingly top-heavy with Under-Secretaries-General, Assistant Secretaries-General and Directors. Nor should United Nations employees expect to be sheltered from the effects of inflation. Recent studies had indicated that United Nations salaries exceeded those of the comparator civil service, that of the United States. Since approximately 80 per cent of the United Nations was devoted to salary and related costs, the potential for economies was considerable.

67. The conference servicing activities of the United Nations had become gradually uncontrollable in budgetary terms, owing to the proliferation of conferences and

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meetings. Each year Member States called for more meetings in more locations, many of which served no real purpose. The international community should consider whether its needs were well served by such a proliferation of conferences, with their attendant documentation.

68. Another aspect of conference servicing of concern to his delegation was the practice of holding United Nations meetings which were limited to certain groups of countries or which excluded particular Member States. His delegation was opposed to the provision of any substantive Secretariat support for such meetings. The principle of universality was one of the key principles on which the Organization had been founded. Attempts to undermine that principle merely gave ammunition to those who maintained that the United Nations no longer represented the interests of all its Member States. Such practices could not be allowed to continue.

69. Turning to the public information activities of the United Nations, he said that the United Nations had not been established to be a public affairs agency, propagating its own message to the world, not did it have any mandate to orchestrate public affairs campaigns in any manner. Analysis of the budget of the Department of Public Information emphasized that its costs were out of control. Appropriations for the Department's direct costs for the biennium 1980-1981 were 27 per cent higher than for 1978-1979. For the biennium 1982-1983, the Secretary-General had submitted an estimate of direct costs representing a further increase of over 25 per cent. If apportioned costs were added, the regular budget appropriation for information activities in the coming biennium would total nearly $100 million.

70. The proposed programme budget contained requests for funds to finance certain frivolous activities. Travel expenditure would consume $31 million over the next two years. There was no justification for first-class air travel for certain Secretariat officials. Indeed, there was simply too much non-essential travel to meetings and conferences held away from Headquarters.

71. His delegation wished to draw attention to the practice of lobbying delegations by certain Secretariat units to attain various ends. His delegation would oppose such lobbying, which was strictly forbidden by the Secretary-General.

72. No amount of redeployment of resources and skilful management by the Secretariat could maintain a zero growth rate in the budget of the Organization unless that was the desire of Member States. The Fifth Committee should take a firm stand when considering requests for funds and should consider whether the decisions it took would truly benefit those in need.

The meeting rose at 1.15 p.m.