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FIFTH COMMITTEE  
11th meeting  
held on  
Tuesday, 13 October 1981  
at 10.30 a.m.  
New York

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SUMMARY RECORD OF THE 11th MEETING

Chairman: Mr. ABDALLA (Sudan)

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

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AGENDA ITEM 106: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE  
UNITED NATIONS: REPORT OF THE COMMITTEE ON CONTRIBUTIONS (continued)

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**Distr. GENERAL**  
A/C.5/36/SR.11  
26 October 1981

ORIGINAL: ENGLISH

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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. BUSHEV (Bulgaria) said that the inclusion of the terms of reference of the Committee on Contributions in annex I to its report (A/36/11) was helpful to the reader in grasping the problems involved in setting the scale of assessments. Some of the problems were so weighty as to be almost insoluble, requiring a thorough study of social and economic conditions in virtually every country. But the proper formulation of a problem was half its solution. What was needed was a set of principles acceptable to all Member States. Once such principles had been developed, it would be possible to work out rules, which were required not only for the performance of calculations but also in order to promote mutual understanding among Member States. Without clear-cut and explicit rules, there would be no firm ground for constructive discussions.
2. He noted with regret that not one of the eight suggestions set out in resolution 34/6 B, paragraph 2, had been given a constructive formulation. The report of the Committee on Contributions provided a kaleidoscopic record of different views, but little dry substance and no sound argumentation. There were a few exercises in the application of the low per capita income allowance formula, but such cabalistic playing with numbers merely created the false impression that there was a certain objectivity to the calculations.
3. In 1982, the Committee would be recommending a new scale of assessments. However, Member States had not been told what input data would be used or what indicators and formulae would be applied. In short, they would have no means of knowing how the assessments had been calculated. Some delegations might have the impression that the machine scale used by the Committee was necessarily objective and unbiased. Nothing could be more untrue; the computer performed in accordance with the programme and data it was given. Since such data were fundamental to the calculations, they should be included in the Committee's report, so that all delegations would be aware of them.
4. The method of assessment used should be based on rules which were common to and valid for all Member States. The statistical data used to determine capacity to pay should not affect the actual calculation of the assessment: the two problems were distinct, and should be considered separately. All statistical data should be reduced to one composite indicator which expressed the Member State's share in the total capacity to pay of all States Members of the United Nations. There should be a single formula encompassing the corrections required by the concepts of ceiling and floor contributions, avoidance of excessive variations between successive scales, and low per capita income. The successive introduction of such corrections was artificial, mechanistic and cumbersome. His delegation was not, in any case, convinced that there should be any ceiling or floor, as they violated the principle of fairness and equity. The same was true of excessive

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(Mr. Bushev, Bulgaria)

variations: such variations emerged predominantly from the deficiencies inherent in the current method of assessing contributions. The aim should be to abolish such deficiencies, not to reinforce them by introducing artificial limitations. Additionally, the method selected should be simple and some flexibility was desirable.

5. Mr. EL-HOUDERI (Libyan Arab Jamahiriya) said that his delegation had pinned great hopes on the recommendations of the Committee on Contributions since, like other delegations, it was dissatisfied with the principles upon which the Committee based its assessments of Member States contributions. Over the past decade, certain States had suffered unreasonable increases in their rates of assessment owing to the Committee's dependence on one variable - per capita income - in establishing the scale of assessments. Yet, per capita income could not serve as the only basis for defining a country's capacity to pay.

6. His country had repeatedly called for improved methods to avoid excessive variations in individual rates of assessment, particularly in the case of countries of the third world, believing that increases in national income could not be equated with real increases in wealth. In the case of the developed and industrialized countries, the Committee had recognized, in preparing previous scales of assessment, that fluctuations in national income were a constant feature. Certain developing countries had experienced increases in national income based on a single product, which could not truly reflect their capacity to pay; nevertheless, their assessed contributions had increased.

7. As a developing country, his nation's economic standing was affected by: the hegemony of the industrialized nations in the import markets; the fact that its import and export trade had to be conducted in currencies over which it had no control; the fact that the profits from the oil it produced were invested in developed countries; and the fact that the technology and know-how it needed for its development were unavailable to it. Such considerations accounted for the prevailing lack of faith in the principles used to establish the scale of assessments, which in turn had led to the adoption of General Assembly resolution 34/6 B.

8. While he commended the efforts of the Committee on Contributions to comply with that resolution, he deplored the fact that it had been unable to reach any satisfactory conclusions. The Committee indicated in its report that it wished to study further a number of points; since, however, it was due to draw up the next scale of assessments at its forthcoming session, delegations would not know on what criteria the new scale was based. That being so, his delegation found it necessary to raise a number of points.

9. The Committee on Contributions had rejected the setting of percentage or percentage-point limits on variations between successive scales of assessment as "mechanistic and arbitrary". Yet did not the ceiling and floor distort the principle of capacity to pay? And if "the time was not ripe to introduce arbitrary limitations on variations" (A/36/11, para. 9), when should such limits be introduced?

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(Mr. El-Houderi, Libyan Arab Jamahiriya)

10. Although the economic and social indicators considered by the Committee could not yet be said to be uniformly applicable, that should be no impediment to their use in determining countries' capacity to pay. His delegation would support any move to alleviate the burden falling on low-income countries.

11. Because of the failure to reach agreement on the points raised by the General Assembly in resolution 34/6 B, the new scale of assessments was likely to be unjust, especially to the developing countries. Over the past 10 years his own country's assessed contribution to the Organization had nearly tripled, since the irrational processes by which it had been established ignored many factors bearing on its national income. To begin with, his country was dependent on a single commodity - oil - and over the past 20 years its reserves had fallen, despite new discoveries during that period. Income from the sale of a non-renewable resource could not be compared with the export earnings of the industrialized countries. Secondly, his country had embarked upon its development efforts from zero. Thirdly, the country had been the site of fierce fighting during the Second World War, the consequences of which were still in evidence. More than 27,000 square kilometres of arable land had been mined, and clearing that land had so far cost the Government some \$450 million. In addition, a large number of people had been totally incapacitated for work, and the Government spent substantial sums on providing for them. Unless it took such factors into account, the Committee on Contributions could not possibly assess his country's capacity to pay accurately. It must come up with proposals which would allow it to do so.

12. Mr. MORET-ECHEVARRIA (Cuba) said that his delegation favoured a seven-year statistical base period and believed that the most seriously affected countries should continue to receive special consideration in the determination of capacity to pay. The Committee should also take account of availability of convertible currency, differing rates of inflation, and dependence on the export of only one or a few commodities. Many commodities were subject to fluctuations in the regional and world markets, and such fluctuations could, in turn, affect rates of exchange. For Cuba, such problems had been aggravated by the economic blockade imposed upon it by the United States for over 20 years.

13. The report of the Committee on Contributions failed to reflect a note from Cuba earlier in the year giving formal notice that it intended to call for a review of its current rate of assessment.

14. Mr. HICKEY (Australia) said that the report of the Committee on Contributions did show some concern with the complexities inherent in the search for a framework that would ensure the fairest apportionment of the expenses of the United Nations. It would be easier if the exercise of determining contributions were a quantifiable one, but in fact qualitative and even subjective judgements were involved. It was essential, in such a context, not to lose sight of the key principles which had evolved in assessment procedures or of the significant progress achieved in putting such principles into practical affect. The consensus approach was the only way through the maze of technical, political and other considerations. His delegation was firmly convinced that determining the scale of assessments remained the responsibility of the Committee on Contributions. If that Committee could not come to an agreement, he could see little hope of agreeing on the method of assessment in

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(Mr. Hickey, Australia)

open debate. No resolution on the issue adopted within the Fifth Committee had provided express political guidance, and for good reason. The further the Committee on Contributions departed from objective and quantifiable criteria, the greater would be difficulties it faced.

15. The contributions mechanism in itself was not designed as a means of redistributing wealth, but was a procedural means of determining Member States' financial obligations to help meet the operating costs of the Organization. It was in the programme area - substantially funded by voluntary contributions, which had increased significantly in recent years - that assistance to the developing world became paramount.

16. There was little scope for transferring more of the budgetary burden of the Organization to the developed countries, which were already shouldering some 90 per cent of it. The real issue was whether parts of the burden could be shifted amongst developing countries. The more advanced of the developing countries could and should do their bit but it was doubtful whether more could be asked of the less well-off countries. In any case, as the Indian representative had said, the amounts of adjustment being argued over were, in relative terms, modest. True, a number of important issues of principle were involved, but it was important to maintain a sense of proportion and a spirit of compromise. It would also be wise to consider whether the search for statistical refinement in defining "capacity to pay" was justified: the considerable resources currently absorbed by the task might be more effectively applied to other ends. The Committee's finding, in paragraph 20 of its report (A/36/11) that there was "a remarkable consistency" between the rankings of countries obtained on the basis of comparative national income and the broader social and economic indicators it had investigated, was revealing.

17. Although many of the Committee's findings were inconclusive, some real progress had been made towards finding more accurate means of determining national income. One useful development had been the adoption of the seven-year statistical base period. A period of that length ensured that the impact of dramatic fluctuations in capacity to pay would be moderated. His delegation did not favour a rigid formula to limit variations in assessment from year to year, since such a formula had the potential to undermine the fundamental criterion of capacity to pay. The seven-year time-frame provided the best compromise between fairness and flexibility.

18. By and large, the current arrangements to alleviate the burden on the least developed and other very low-income countries also satisfied the criteria of equity and practicality. Raising the floor under which assessed contributions were reduced would do nothing for the least developed and other poor countries, and might even affect them adversely. The focus of any adjustment mechanism should be those least able to bear the financial burden.

19. It was legitimate for the Committee on Contributions to explore alternative social and economic indicators and concepts, but no solid foundation for comparing the data had been established, and the data were far from comprehensive. At the current stage, the Committee's task was challenging enough without introducing supplementary criteria which would themselves be open to challenge.

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(Mr. Hickey, Australia)

20. Two matters were of particular concern to his country: compensatory adjustments for erroneous assessments, and the need to make available to contributors full information on their assessments. As the Fifth Committee must be aware, his country had been seriously over-assessed in 1979 as a result of statistical error. The examination his Government had conducted into its over-assessment had brought into sharp focus the need for Members to be fully informed as to the methods by which their assessments were determined, and the statistical basis upon which calculations were made. His delegation believed that the Committee on Contributions should agree without equivocation to make information on the assessment procedures freely available, both to ensure against errors and as a basis for improving its procedures further.

21. The current framework was reasonably adequate for assessing contributions. To undermine the work of the Committee on Contributions by proposing fundamental changes would be self-defeating and would result in unproductive controversy. The Committee should be encouraged to continue its work on the evolution of a more just and equitable assessment mechanism, without the distortions which might be introduced by narrow national concerns or uncertain and untried criteria for measuring capacity to pay.

22. Mr. AL ZAID (Kuwait) said that, while his delegation had doubts regarding the validity of per capita income as the primary criterion for the calculation of the scale of assessments, it fully agreed with the principle that assessments should be based on the real capacity to pay of Member States. Accordingly, it rejected the attempts of some to depart from that principle, to the benefit of certain affluent countries. The equitable apportionment of the expenses of the United Nations required that the rights and corresponding duties of States should be taken into account. His country, which had seen its rate of assessment increase substantially in recent years, was opposed to the cuts in the assessments of industrialized countries, especially the permanent members of the Security Council, at the expense of his country and developing countries generally. Any increase in Kuwait's assessment to the regular budget should be used to decrease the assessments of fraternal developing countries.

23. National income statistics alone were not an accurate measure of capacity to pay; other factors, such as accumulated wealth and the growing disparity between the economies of developed and developing countries, had to be taken into account. Among the circumstances and conditions which had a direct bearing on a country's capacity to pay were its rate of growth and its dependence on one or a few commodities or sources of income. The General Assembly's instructions embodied in a series of resolutions, that such factors should be taken into account had not been acted upon, and it was therefore necessary for the Fifth Committee to issue clear-cut directives for the preparation of the next scale of assessments on a fair and equitable basis. In that connexion, his delegation endorsed the suggestions made by the representatives of Iraq and the Libyan Arab Jamahiriya regarding the principles and criteria which should govern the calculation of the next scale.

24. Specifically, the statistical base period should be increased to 12 or 15 years, the low per capita income allowance formula should be applied to all

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(Mr. Al Zaid, Kuwait)

developing countries, there should be no extreme variations in the rates of assessment of developing countries between two successive scales, and no reduction should be allowed in the rates of assessment of the permanent members of the Security Council.

25. The Countries that were members of the Organization of Petroleum-Exporting Countries provided development assistance well in excess of the target set in the new International Development Strategy. Assistance provided by his country, for example, exceeded 10 per cent of its national income, and such facts should be taken into account in calculating its contribution to the regular budget of the United Nations.

26. Mr. GODFREY (New Zealand) said that the report of the Committee on Contributions reinforced his delegation's belief that the current system for determining the scale of assessments was the only practicable one, at least for the time being, and that it was a fair one, based as it was on capacity to pay. He nevertheless understood the disappointment of some delegations over the lack of progress in developing some of the additional concepts enumerated in paragraph 2 of resolution 34/6 B. In that connexion, he noted that the Committee's report did not deal with the problem of countries with fiscal years other than the calendar year. He nevertheless trusted that the necessary adjustments would be made in relevant cases when the new scale was drawn up.

27. The primary criterion in calculating assessments should be current capacity to pay. His delegation therefore did not favour any extension of the seven-year base period, which gave adequate protection to Member States whose national income rose sharply. If anything, his delegation preferred a shorter period, and saw no need for a formal limit to the increase or decrease allowable between successive scales.

28. The low per capita income formula should benefit low-income rather than middle-income countries. While some modifications might be desirable, the existing formula clearly provided substantial relief to a number of countries. Table 4 of the Committee's report showed the effect of a number of changes in the case of five quite large developing countries and one other country. His delegation would welcome fuller information in the Committee's next report showing exactly how the current formula operated with regard to small, as well as large, developing countries, and what the effects of changing it would be.

29. He noted with satisfaction that the Committee had concluded that its examination of a broad range of economic and social indicators had been valuable and that those indicators would be useful in the review of individual cases. With regard to the problem of changing exchange rates and fluctuating national income, he also noted with satisfaction that the data provided by the Secretariat could serve as a basis for modification in individual cases where inordinately large price movements occurred. His delegation agreed that all those matters should be kept under review and that the Committee should use its discretion to make appropriate adjustments in deserving cases.

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30. Mrs. DORSET (Trinidad and Tobago) said that the task of the Committee on Contributions was not easy owing to the conflicting interests of Member States and the increasingly difficult climate in which international affairs were conducted. While recognizing that the cardinal principle in calculating the scale of assessments must be capacity to pay, the General Assembly had understood the difficulties involved in measuring capacity to pay purely on the basis of statistics and had suggested that comparative estimates of national income might be prima facie the best measure of capacity to pay. However, there was no denying that other factors must be taken into account.

31. Once again the General Assembly had been informed by the Committee on Contributions that it had been unable to develop objective criteria for accurately determining capacity to pay. One barrier had been the inadequate statistics available for various Member States. Many developing countries did not have the resources or the capacity to develop statistical data owing to other more pressing priorities. That was, however, no justification for deferring indefinitely the use of such indicators.

32. The Committee had also concluded that it was not possible at the current time to measure accumulated wealth. Perhaps it should consider the suggestion made by the Indian delegation to measure accumulated poverty. In so doing, however, it should not overlook the middle-income countries, which faced difficulties of their own. Her country might seem comparatively well-off, but it was uncertain whether its temporary economic boom could be sustained and there were many demands to be met. The upper limit of the low per capita income allowance formula should be increased to compensate for inflation since 1976, which had done serious damage to many developing countries. At the same time, consideration should also be given to providing additional relief to countries with a per capita income below \$900.

33. The Committee on Contributions had considered the possibility of using a number of other criteria, including external public debt, foreign currency reserves and export earnings, as yardsticks for measuring capacity to pay. In her delegation's view, the latter two criteria should not be viewed in isolation but rather in the light of a country's infrastructural endowment.

34. Her delegation would welcome in the Committee's next report an analysis of the effect on the scale of assessments of using base periods of 3, 5, 7, 9, and 12 years.

35. If her delegation appeared defensive of the position of middle-income countries, it was because it sensed a growing tendency - on the part of those who could do more and who obviously lacked the will to establish a new international economic order - to impose on such countries additional responsibilities without any real understanding of their situation. She appealed to all members to enter into a constructive dialogue aimed at resolving the important issues relating to the calculation of the scale of assessments.

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36. Mr. BRACHO (Venezuela) said it was clear from the statements of a majority of delegations that there was a need for the General Assembly to issue further instructions to the Committee on Contributions to enable it to overcome the current deadlock on a number of basic issues and submit a satisfactory new scale at the next session of the General Assembly. The Committee on Contributions had obviously failed to respond satisfactorily to the guideline laid down by the General Assembly in resolution 34/6 B, which had stressed, inter alia, the need to give due attention to the special situation of developing countries and the continuing disparity between the economies of developed and developing countries.

37. The preceding two scales recommended by the Committee had marked a regression in the process of seeking to promote greater equity in the apportionment of expenses. The rates of major industrialized countries had been reduced or frozen, while the rates of many developing countries had been excessively and disproportionately increased. That was tantamount to imposing a penalty on countries which relied on their own efforts in facing the international economic crisis. He wondered what kind of democracy it was that, in the apportionment of the Organization's expenses, required more of those who had less and less of those who had more, while the latter, moreover, enjoyed special privileges under the Charter. If Member States were ranked according to the absolute amount of their contributions, their per capita contributions and their contributions as a percentage of gross national product, it would be seen that only five countries were among the top 20 in all three categories, and they were oil-exporting developing countries and small developed countries. That showed that the countries which contributed large absolute amounts to the budget often did not contribute as much as others in relation to their national wealth or population. Such a state of affairs was clearly at variance with the principle of capacity to pay as generally understood. It should also be borne in mind that the majority of the so-called major contributors got back a large part of their contributions since the United Nations incurred most of its expenditure for goods and services in the developed countries, especially the United States, Switzerland and Austria. The same applied to voluntary contributions. What was more, most United Nations resources were deposited in banks in developed countries.

38. At the same time that States haggled over responsibility for financing the United Nations, spending on armaments was rampant. As the representative of India had observed, the budget of the United Nations was not even 5 per cent of the value of arms exports.

39. His country had assumed its financial obligations towards the United Nations and made sizable voluntary contributions to various programmes of the system because it believed firmly in its lofty purposes. However, it was not prepared to accept a system for sharing financial responsibility that was unjust, inequitable and damaging to its interests and those of other developing countries. It would be irresponsible for the General Assembly not to take timely action to guide the future work of the Committee on Contributions by reaffirming more explicitly the guidelines set out in resolution 34/6 B.

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40. Mr. SOKOLOVSKY (Byelorussian Soviet Socialist Republic) said that the Committee on Contributions had performed its work competently and conscientiously in accordance with its terms of reference and had reached a number of important conclusions in its study of ways and means of increasing the fairness and equity of the scale of assessments. The Committee had stated, inter alia, that, given the state of the art in statistics, national income calculated in current prices was still the only reliable measure of capacity to pay and should continue to be used in calculating the scale of assessments. On the whole, his delegation endorsed the conclusions of the Committee.

41. He noted that the Secretariat continued arbitrarily to apply Article 19 of the Charter to the arrears of Member States in respect of contributions to peace-keeping operations and said that such an interpretation was inadmissible and contrary to the decision taken by the General Assembly at its twentieth session confirming that arrears in respect of such contributions were not covered by Article 19.

42. It was appropriate in a budget year to emphasize the close link between the apportionment of the expenses of the Organization and the uncontrolled growth in its expenditure. The financial obligations of Member States were becoming increasingly onerous, not only because their rates of assessment were rising, but also because their contributions were increasing in absolute real terms. For example, 0.01 per cent of the first budget of the Organization had corresponded to less than \$2,000, whereas a State assessed at that rate under the current budget would be expected to pay more than \$60,000.

43. Efforts to lower the rates of assessment of certain groups of countries would solve only one part of the problem - and that at the expense of other States - unless steps were taken effectively to control spending.

44. Mr. SHAHEED (Syrian Arab Republic) reaffirmed the importance his delegation attached to measures to give due consideration, in apportioning the expenses of the United Nations, to the economic and financial problems of the developing countries and to the principle of capacity to pay, calculated on the basis of national income, national wealth and social wellbeing, as the only fair and equitable method of determining the scale of assessments.

45. His country's capacity to pay was still affected by the occupation of part of its arable land by forces of colonialism, racism and zionism, aided and abetted by United States imperialism. It was forced to devote a high proportion of its national income to armaments and defence in order to confront the aggressor. The fact that its assessed contribution to the United Nations budget had dropped from 1 per cent in the early days to a current figure of 0.01 per cent was evidence of its economic difficulties.

46. There was absolutely no justification for refusing to reduce assessments to take account of economic and financial conditions in developing countries such as his own. To do that, the contributions of the industrialized developed countries

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(Mr. Shaheed, Syrian Arab Republic)

should be increased, especially those that were reaping huge profits from investments in the developing countries. Furthermore, it would help some countries, especially the least developed, if they could pay their contributions in currencies other than United States dollars. Without the need to obtain foreign currency, there was every reason to believe that Member States would be able to make payment earlier and thus help solve the cash crisis which faced the Organization because of late payment. The Committee on Contributions should likewise continue to seek ways of avoiding excessive variations of individual rates of assessment between two successive scales. Other factors should be taken into consideration, in addition to the steps that had already been taken to extend the statistical base period from three to seven years and to reduce the minimum contribution from 0.02 per cent to 0.01 per cent.

47. Mr. BANGURA (Sierra Leone) noted the interesting recommendations made by the Committee on Contributions and its intention to proceed with further detailed examination of ways and means of improving the fairness and equity of the scale of assessments. Obviously, it would be easier to find appropriate solutions if all countries could provide the necessary statistical data. However, for countries such as his own, that was unlikely to be the case in the foreseeable future. It must therefore agree with the Committee's conclusion that at the current stage it would not be possible to use the seven economic and social indicators studied to measure capacity to pay, although they might be useful in the review of individual cases. In any event, his delegation was somewhat apprehensive about the use of the indicators selected as they did not seem to be universally applicable. Moreover, it had some doubts about the accuracy of the figures contained in document A/CN.2/R.441 prepared for the Committee on Contributions by the Statistical Office. For instance, the figure of 44.3 per cent shown for Sierra Leone as the share of manufactured exports in total export referred to unworked minerals, which had a minimal added value and could not really be described as manufactures. Likewise, it believed that the figure for the economically active population outside agriculture was closer to 17 per cent than to the 34 per cent shown in the tables. Criteria such as the number of telephones in use in relation to the population might be used to determine the state of social advancement but not capacity to pay.

48. Therefore, despite its shortcomings, the per capita national income criterion should continue to be used as the measurement of capacity to pay, provided that a correction was made to take account of inflation. He proposed that the Fifth Committee should recommend consideration by the Committee on Contributions of a three-year average of national income expressed in constant prices which, to a very large degree, would counter the adverse effects of inflation.

49. Miss ZONICLE (Bahamas) said that previous speakers had already referred to some serious contradictions in the approach adopted by the Committee on Contributions and the Fifth Committee in determining the scale of assessments. First, as the gap between developing and industrialized countries increased, the assessments of the former rose; secondly, the burden of assessments could only

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(Miss Zonicle, Bahamas)

truly be estimated by comparison with the amounts spent on armaments and national development; thirdly, there might be a need to consider some principle other than capacity to pay; and, finally, any departure from the obligation of collective financial responsibility might lead to fiscal irresponsibility and undermine the financial sovereignty of the Organization.

50. Because neither the conceptual nor the political implications of the differences between economic growth and economic development had been addressed squarely in the past, the Committee on Contributions had been unable to comply with its terms of reference, especially when it came to quantifying, on an equal basis, inputs affecting comparative estimates of national income and economic and social considerations affecting the level of development. The conceptual confusion was graphically illustrated by the contrasting views expressed at the end of paragraph 21 and in paragraph 22 of the report. The inability of the Committee on Contributions to make decisive recommendations and concession based on development constraints bore testimony to the fact that economic growth had implicitly been given priority. Yet, it might well be asked whether the concept of economic development had any relevance for the scale of assessments especially in view of the fact that, as the World Bank had stated in its annual report for 1981, growth in the developing countries had again been substantially higher than in the industrialized countries and, as the Director-General for Development and International Economic Co-operation had stated at a recent meeting of the Second Committee (A/C.2/36/SR.3), the many structural problems of international economic relations would not be dispelled by more rapid growth alone. Moreover, even with the acceleration of economic growth, the number of people living in absolute poverty was likely to increase over the next decade because the benefits of growth were not equitably distributed, as a 1978 World Bank study entitled Growth and poverty in developing countries had pointed out.

51. The relevance of all those issues to the scale of assessments and the principle of capacity to pay depended on the degree of commitment to the goal of promoting social progress and better standards of life in larger freedom proclaimed in the Charter and to the goals of the International Development Strategy for the Third United Nations Development Decade. Those goals were not fully taken into account in the current growth-oriented methodology used in calculating the scale of assessments. National income was a misleading measurement of individual productive capacity because it was heavily weighted by the income share of the rich. It had, therefore, to be adjusted or supplemented to take account of the beneficiaries, as well as the primary generators, of income. That would be done by quantifying output-oriented indicators which, in the short run, would follow the basic needs approach and which, in the long run, would have to be replaced by an over-all development indicator (the composite indices approach) measuring both physical production of goods and services and quality of life or social progress. It was therefore obvious that a re-ordering of priorities with respect to comparative data collection at the national level and by the United Nations Statistical Office was imperative. In the short and medium term, the basic needs approach should replace the low per capita income

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(Miss Zonicle, Bahamas)

allowance formula and should be applied to all Member States using the current statistical base period. In the long term, the composite indices system should use a statistical base period tied to the duration of the International Development Strategy so that the scale of assessments would reflect and monitor development gains and deterrents at both national and international levels. Percentage limits and ceilings would retain their merit as a means by which to ensure equity.

52. Finally, the technical and policy constraints and contradictions highlighted in the recent reports of the Committee on Contributions were substantive in nature and required concerted action, not by that Committee, but by all Member States.

The meeting rose at 12.55 p.m.