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at 10.30 a.m.
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SUMMARY RECORD OF THE 8th MEETING

Chairman: Mr. ABRASZEWSKI (Poland)

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

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The meeting was called to order at 10.40 a.m.

AGENDA ITEM 110: SCALE OF ASSESSMENTS FOR THE APPORTIONMENT OF THE EXPENSES OF THE UNITED NATIONS: REPORT OF THE COMMITTEE ON CONTRIBUTIONS (continued) (A/37/11)

1. Mr. BURGOS-CABAL (Brazil) said that the scale of assessments recommended by the Committee on Contributions for the 1983-1985 period was not likely to win the approval of the Fifth Committee, for substantive as well as procedural reasons. Substantively, the scale ignored directives of the General Assembly - so that it would be difficult to ask the Assembly to approve it - and had also violated general principles of law; it was therefore illegal and unlawful. One procedural flaw was that the Committee on Contributions, after approving the scale of assessments at its evening meeting on 25 June 1982 in a duly recorded decision, had reverted to the subject at the following meeting, thereby flouting rule 123 of the rules of procedure of the General Assembly. The Chairman had then put a different scale to the vote and declared it approved by a simple majority; that decision was invalid by virtue of rule 123.

2. Only one third of the proposed assessments had been established on the basis of the information provided by the respective Member States. The remaining two thirds had been determined on the basis of an extrapolation made by the United Nations Statistical Office - a fact which had irreparably impaired the equity of the apportionment.

3. So far as the substance of the matter was concerned, the recommended scale was equally unacceptable, since it contravened not only the general principles of law but also express decisions of the General Assembly (resolution 14 (I) of 13 February 1946; 1927 (XVIII) of 11 December 1963; 2118 (XX) of 21 December 1965; 2961 C and D (XXVII) of 13 December 1972; 31/95 A of 14 December 1976; 34/6 of 25 October 1979 and 36/231 A of 18 December 1981) and was full of aberrations and anomalies. For example, there had been increases in the assessments of 42 countries, including least developed countries, in contravention of paragraph 4 (d) of resolution 36/231 A. The points resulting from those increases had been distributed among 29 countries, nine of which had benefited with 95 per cent of the total; of those nine countries, six were developed countries and one was a permanent member of the Security Council whose contribution had decreased by 50 per cent. That was all contrary to the provisions of paragraph 2 of resolution 1927 (XVIII) and of paragraph 2 of resolution 2961 C (XXVII). The assessments of the centrally planned economies had been spectacularly reduced (USSR, 93 points; China, 81 points; Poland, 62 points; Hungary, 13 points; Czechoslovakia, 9 points), because of discrepant methods of calculating the national product and because of retroactive acceptance of claims relating to exchange rates. The results brought about by the discrepancy of methods contravened provisions of resolutions 34/6 B (para. 2 (e)), 36/231 A (para. 2), 31/95 A (para. 4 (b)), 31/95 B (paras. (c) (iii) and (iv)) and 36/231 A (para. 4 (c)).

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(Mr. Burgos-Cabal, Brazil)

4. The dramatic reduction of 30 points obtained by Australia was an example of the retroactive acceptance of claims. The results attributable to that practice were inadmissible, because they infringed the juridical principle of non-retroactivity of the effects of a juridical act whenever they might harm third party interests. After the declaration of their national income statistics and of their exchange rates, Member States were implicitly bound to one another. The information supplied generated rights for third countries and could not be altered unilaterally in a manner which affected the level of assessments of the other countries. The revisions of national income statistics and exchange rates of certain countries for the period 1971-1980 had resulted in a drastic reduction of their apportionments, totalling 113 points, equal to approximately \$8 million which had to be absorbed by medium-income and developing countries. That explained the apparently inexplicable increase in the assessments of Spain (30 points), Brazil (20 points) and Iraq (8 points), among others. To admit those claims was a non-judicial fact, not only because it offended the principle of non-retroactivity of the effects of the unilateral denouncement of an agreement but also because that privilege had not been extended to the countries experiencing the same problems related to fiscal year as opposed to calendar year, such as Saudi Arabia, or related to declarations of rates of exchange which had not reflected the true scope of domestic inflation. Such circumstances had artificially increased their national income and, therefore, caused an unjust increase in their rates of assessment.

5. The Chairman of the Committee on Contributions had tried in his statement to the Fifth Committee to justify some of the anomalies - caused by non-compliance with the directives of the General Assembly - by attributing them partly to the extension of the statistical base period and to the raising of the ceiling of the low per capita income formula. Those arguments were erroneous. The extension of the statistical base period was of the utmost importance, since it made it possible to take into account the reality of the economic cycles inherent in market economies and the fluctuations in commodity prices. But it in no way affected the centrally planned economies, which were immune to cyclical factors; yet the Soviet Union was the country which had most benefited from the decreases in assessments. Nor could the reduction in the USSR contribution be attributed to the raising of the ceiling of the low per capita income formula, since the per capita income declared by the USSR had always been above the ceiling. In fact, the reduction in the USSR assessment was the result of divergencies in the methods of collecting and presenting the statistical data on national income. It was precisely those divergencies which were to have been remedied by the provisions of paragraph 2 of resolution 36/231 A, which the Committee on Contributions had disregarded.

6. On the other hand, the Brazilian delegation agreed that the duration of the session of the Committee on Contributions was too brief to permit the elaboration of formulas which, while obeying the directives of the General Assembly, would be capable of ensuring a really equitable apportionment and of resolving the differences between the Fifth Committee and the Committee on Contributions.

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(Mr. Burgos-Cabal, Brazil)

7. Since the proposed new scale was totally unacceptable, the only possible alternative was to freeze the existing scale. The General Assembly would thus avoid an anomalous apportionment and, at the same time, allow a breathing space for finding a formula of apportionment which would command the maximum degree of consensus. After a decision had been taken to freeze the scale, it would be essential to lengthen the sessions of the Committee on Contributions in order to permit the necessary work to be successfully accomplished. In addition, since the Statistical Office could not devote itself exclusively to finding solutions reflecting the decisions of the General Assembly, it could entrust that task to reputed international institutions which were already consultants to the United Nations. It was also essential to achieve a better balance in the representation of Member States in the Committee on Contributions, where developing countries were under-represented.

8. With regard to the substance of the question, the heart of the matter was real capacity to pay, understood as being the effective capacity of liquidity in convertible currency. That could be assessed only by the variations in the balance of current transactions of each country, which could supply objective criteria to be used in the mitigation round or even in the machine scale. In the past the mitigation round had been an effective instrument for manual correction of the anomalies of the machine scale, but it had lost its efficiency because of the expansion of the United Nations budget and the number of member countries. It had to be borne in mind that the reductions made during the mitigation round and the existing scale represented only 0.827 per cent of total contributions. Following that reasoning, the round of negotiations would become a mechanism to be used, on the basis of an objective criteria extracted from the variations shown in the current transactions balance, to determine not only real capacity to pay but also capacity to obtain convertible currency.

9. From that point of view there were serious doubts as to whether per capita national income could justifiably still be used as a parameter for calculation on the machine scale. Economic logic yielded no understanding of how per capita national income expressed in local currency could define the capacity of a country to pay its assessment in United States dollars or any other hard currency.

10. Mr. BENZEITUN (Libyan Arab Jamahiriya) said that his delegation had studied the report of the Committee on Contributions and commended the efforts made by the Committee in the preparation of the report.

11. The criteria for computing capacity to pay, which provided the basis for determining the scale of assessments, were far from comprehensive. Economic and structural differences between countries were such as to preclude national income being used as the principal factor in determining capacity to pay, which, in existing socio-economic circumstances, should be established by taking into account the individual circumstances of each country at a given time.

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(Mr. Benzeitun, Libyan Arab Jamahiriya)

12. His country's contribution had been increased several times since 1970 despite the practical and real considerations that his delegation had repeatedly put before the Fifth Committee. As matters stood, a further increase of almost 30 per cent over the previous biennium's figure was being proposed, despite adverse circumstances affecting his country. It was clear that, in comparison with the assessed contributions of other developing countries and other oil-producing countries, his country's assessment was at an exceptional level. Such treatment was unjust and contravened all the principles laid down by the General Assembly when it had discussed criteria for determining the capacity to pay of Member States.

13. The proposed scale did not take due account of disparities among developed and developing countries or of the major differences between two successive scales. It likewise failed to consider average individual incomes and the specific characteristics of certain countries whose economies were crisis-prone and which had, in some cases, experienced real disasters. The assessments made by the United Nations should be reasonable and fair: it was inadmissible that certain countries should enjoy unwarranted reductions (for example, reductions in the assessments of some permanent members of the Security Council, except in any cases in which there were statistical grounds for it, as with China). His delegation rejected the tendency to have the entire impact of increased contributions borne by the oil-producing countries. It was unfair that it should be made impossible for a State to hear its assigned share of the financing of the expenses of the United Nations.

14. The Libyan Arab Jamahiriya was a developing country which was experiencing the adverse effects of the international situation and, in particular, of the domination of all export and import activities by the developed countries, which caused considerable losses to countries whose currencies were not convertible. That situation was compounded by the fact that an oil-producing developing country such as his, in addition to experiencing the difficulties caused by the characteristics of the world oil market, found it difficult to secure the necessary technology, the world market prices of which were constantly rising, a process which amounted to blackmail by the industrialized countries in order to maintain their control and domination over the developing countries.

15. The proposed scale obviously did not demonstrate the necessary fairness and equity and was based on erroneous premises, such as national income, which led to contradictions and unsatisfactory results. It was imperative that his country's situation - that of a developing country lacking a level of agricultural and industrial production sufficient to satisfy its needs and also lacking technology - should be fairly appraised. He pointed out that petroleum was a non-renewable resource and that his country's reserves had been considerably depleted; its relative importance as an oil producer had likewise declined since new sources had been discovered in other regions of the world. Moreover, it had invested the resources produced by oil in national economic and social reconstruction and rehabilitating the industries destroyed during the Second World War, which had eaten up billions of dollars; all of that was compounded by the fact that the country was suffering from the effects of world inflation and its income from oil had not increased commensurately.

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(Mr. Benzeitun, Libyan Arab Jamahiriya)

16. In short, it was his delegation's position that it could not accept further increases in its assessment; that the scale of assessments was not based on the criteria set forth in resolution 36/231 A; that the use of national income as a basis for determining the capacity to pay should be accompanied by adjustments for economic and social indicators such as accumulated national wealth and by other special considerations for developing countries which possessed only non-renewable resources.

17. Mr. SHUSTOV (Union of Soviet Socialist Republics) said that his delegation had carefully studied the report of the Committee on Contributions and the scales of assessments recommended for the period 1982-1985 and that it was gratified to note that the Committee had complied scrupulously with the General Assembly's instructions and had taken due account of the needs of the developing countries. Levels of between 0.01 per cent and 0.03 per cent had been assigned to 93 countries; in other words, the majority [60 per cent] of State Members of the United Nations would be paying a sum representing little more than 1 per cent of the Organization's expenses, whereas 15 developed States whose individual assessments exceeded 1 per cent would be paying 83 per cent of the expenses of the United Nations. Moreover, the contribution of the countries with low per capita incomes had been substantially reduced. Paragraph 24 of the report of the Committee on Contributions showed that, because of the changes made in the statistical base period and in the low per capita income allowance formula, those countries were benefiting by an amount of some \$68.5 million annually which was offset by a corresponding increase in the assessments of developed countries. From the table following paragraph 24 of the report it could be seen that considerable reductions had been granted to several countries: Brazil, \$4.2 million; Iran, \$2.4 million; Mexico, \$2.1 million; Yugoslavia, \$1.5 million and Iraq, \$0.7 million.

18. The Committee on Contributions had done its utmost to comply faithfully with the instructions of the General Assembly that account should be taken of the problem of excessive variations between consecutive scales. As was stated in paragraph 23 of the report, the Committee had considered the machine scales for statistical base periods of 1, 2, 5, 7, 9 and 10 years. Those data had been taken into account in determining national income trends of countries and had been used, as the report indicated, in the process of reducing extreme variations between consecutive scales. It would be noted from annex IV that significant reductions had been granted to a group of countries, among them Japan, 18.2 points; Spain, 12 points; Brazil and Yugoslavia, 5 points each; Iraq, 4 points.

19. The above-mentioned facts and others referred to in the report indicated without a doubt that the Committee on Contributions had taken strict account of the guidelines laid down by the General Assembly at its thirty-sixth session and had reflected them in the new scale. Yet, some highly critical comments about the work of the Committee on Contributions had been made in the Fifth Committee; the comments had not been based on specific logical premises, nor did they prove that the Committee on Contributions had in any way departed from its mandate. Those objections had been based on abstract desires that could not be gratified under current objective conditions or on mechanistic economic comparisons devoid of scientific methodology; or they had even stemmed from a desire to politicize the problem.

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(Mr. Shustov, USSR)

20. The Soviet Union was in agreement with the statement in paragraph 39 of the report regarding the difficulties in determining a scale that was satisfactory to all concerned. That statement had unfortunately been borne out by the debate. For example, although a substantial decrease had been made in Brazil's assessment, the statement by the Brazilian delegation had given the impression that it was dissatisfied with the proposed scale. It was difficult to understand that position, especially as the country concerned was a member of the Committee on Contributions. His delegation intended to refer again to the statement by the Brazilian delegation, which contained some erroneous concepts: for example, that the Soviet Union and the socialist countries in general used different methods from the rest of the world in calculating national income. It must be clearly understood that, for the purposes of the United Nations scale of assessments, the methodology utilized followed the same basic lines as that employed for other countries, as was indicated in paragraph 8 of the report of the Committee on Contributions and as had been reaffirmed by that Committee's Chairman. Countries with centrally planned economies, which utilized the material product system, were invited to provide the value of national income at market prices according to the present system of national accounts and such additional information as might be needed to derive that aggregate from the net material product.

21. He agreed with those delegations which had described the criticism of the work of the Committee on Contributions as unjustified and based on mechanistic comparisons. There had been discussion earlier about the fact that the rate of assessment of a given country was 10 times less than in 1946, which was not because its capacity to pay was 10 times less but because the portion of its national income taken into account to establish the assessment had been reduced owing to the increase in the number of Member States, the faster growth rate of other countries and the concessions made to countries with fewest resources.

22. His delegation objected to the questioning of the results of the work performed by the expert members of the Committee on Contributions and the use of unscientific arguments, and it believed that it would be inadvisable to set up a working group to review that Committee's findings. Behind the criticism of some countries lay an unwillingness to accept increased assessments based on their capacity to pay. That spirit rendered invalid the criticism of the increases or reductions, which were the objective result of comparing a given part of national income with the total income of the other Members of the United Nations. Capacity to pay was determined according to the principles established by the General Assembly, notwithstanding the attempts of some countries to block their application. Reduced contributions to the United Nations budget should be achieved, not by shifting financial responsibility to other States, but by reducing the budget's rate of growth, improving efficiency, curtailing United Nations expenditure, eliminating unnecessary programmes and releasing resources to finance new activities.

23. His delegation was opposed to freezing the scale of assessments for a year, because it would mean that changes in capacity to pay would not be reflected, and some Member States would benefit unfairly while others would have to shoulder an additional financial burden. His delegation, together with some members of the Committee on Contributions, held that the setting of a percentage limit was too

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(Mr. Shustov, USSR)

mechanistic and arbitrary and would lead to a distortion of the relative capacity to pay. It believed that such a device would lead to an unacceptable situation in which some countries would pay more than their fair share of the budget and others less.

24. In the Committee's report and in some statements it had been suggested that it might be possible to take into account the impact of domestic inflation on the comparability of the national incomes of Member States. His delegation held the view that artificial adjustment of the national income data expressed in current prices and at current exchange rates would make it necessary to depart from the objective bases of comparison required to determine capacity to pay equitably. It did not share the opinion that inflation distorted the concept of capacity to pay since, as was known, the Government of every country unilaterally determined the level of inflation and the exchange rate and, consequently, the utilization of adjustments in the future to compensate for the effects of inflation would be tantamount to disregarding the economic policy of every Member State and shifting the consequences of the economic policy of some countries to others, which was contrary to the principle of taking into account the capacity to pay of every Member State.

25. With regard to the "arrears" referred to in section VIII of the report of the Committee on Contributions, his delegation maintained that the financing of United Nations peace-keeping operations came under Article 5 of the Charter and that Article 19, which dealt solely with contributions to the United Nations regular budget, was irrelevant.

26. The Soviet delegation supported the proposed scale of assessments and would vote in favour of the draft resolution in the Committee's report.

27. Mr. JOHNSTON (United States of America) regretted the impasse created by the fact that the Committee on Contributions had been unable to recommend by consensus a scale of assessments for 1983-1985. That, in his view, flowed from the fact that the Fifth Committee had failed to adopt by consensus a resolution on that agenda item at the previous session.

28. The increases in United Nations regular budget expenditures must be viewed with alarm and had resulted in excessive increases in assessments for all Member States. In the case of the lowest rate of assessment, 0.01 per cent, the contribution to the regular budget had increased by 66 per cent in five years, from \$36,296 to \$60,449. The most effective way of limiting such increases and ensuring austerity and best value for money was to control the overall growth of the United Nations regular budget.

29. Regarding the scale proposed for 1983-1985, his delegation must regretfully point out that it was based on the artificial and discriminatory guidelines imposed by the resolution adopted at the preceding session, which his delegation had voted against. Its effect was to shift to the more developed nations an increasing share of the Organization's expenses. Under the proposed scale 10 per cent of

(Mr. Johnston, United States)

the Member States would finance 80 per cent of the regular budget, while 147 countries would pay in aggregate less than the United States share. The members of OECD would pay 73.6 per cent of the expenses for the period 1983-1985.

30. The shift of an additional share of the Organization's expenses to a few Member States, although it might appear to some delegations to meet their interests, could only undermine the financial stability and sense of responsibility of the Organization. Under the present scale, 90 per cent of the United Nations regular budget was financed by one fourth of the membership; if such an imbalance was to worsen, it could threaten the very viability of the United Nations. Divorcing the right to vote for programmes from the necessity to pay for their execution simply invited and encouraged waste. In that connection, a previous speaker had already drawn attention to the inescapable relationship between the assessed and the voluntary contributions of donor States. The decisions taken by the General Assembly were closely followed in his country; in both the Senate and the House of Representatives United Nations budgetary expenditures were kept under constant and critical review, and support for them was dwindling steadily.

31. The report of the Committee on Contributions recommended significant decreases for countries with centrally planned economies. It could be seen from paragraph 37 of document A/37/11 that 2.5 percentage points had been shifted to the OECD countries and certain developing countries, while the Soviet bloc countries continued to contribute less. Under the proposed scale, combined assessments of countries with centrally planned economies would decrease from 16.97 per cent to 15.18 per cent. The result of the previous year's resolution, ostensibly aimed at alleviating the burden of the developing countries, awarded the largest share of relief to the countries with centrally planned economies.

32. The United States delegation believed that the results of the proposed scale illustrated dramatically both the hidden nature of centrally planned economies and the problems inherent in the formula used in preparing the scale. The most egregious example was that, in the initial proposal, before the 57-point adjustment, the Soviet Union's assessment would have been less than that of Japan, despite the vast differences in economic and military power, population and land mass between the two countries. If the results of the calculation by the current formula were to be believed, the Soviet economic system had been an enormous failure and one might even say that its future eclipse was indicated. The Soviet delegation would undoubtedly dispute such a prognosis, but it could hardly claim that the economic system had been successful, since the data provided clearly indicated the contrary.

33. Several delegations had already spoken of the impact that the use of artificial exchange rates had on the calculation of the assessments of the centrally planned economies. Even more important, in his view, was the impact of the disproportionate share of the GNPs of those economies devoted to the build-up of arms, which distorted their real ability to pay under the current formula. Another result of the military expenditures by the Soviet Union and the Warsaw Pact countries was that Member States that were most seriously affected by the Organization's financial burden and those that were already paying excessive shares had to defray an increasingly large portion of the regular budget of the United Nations.

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(Mr. Johnston, United States)

34. The Fifth Committee had a number of options before it. One delegation had proposed the establishment of a working group to draw up a new scale of assessments. His delegation felt that the Fifth Committee could not undertake that task and had no time to study the mass of data required for it. If the 16 members of the Committee on Contributions had not been able to reach consensus on the matter, the Fifth Committee, which was much more diverse and heterogeneous, could not hope to achieve a more equitable scale. It had also been suggested that the membership of the Committee on Contributions should be increased to 27, but it was doubtful whether a body of that type could function effectively with such a large membership or whether such an increase would improve geographical representation on the Committee. Another option would be for the Fifth Committee to direct the Committee on Contributions to review the methodology used in determining the scale of assessments. In his delegation's view, the Fifth Committee should not specifically direct the work of a group of experts, which could accomplish its task effectively only if it could develop scales of assessment objectively, sensibly and on the basis of the unquestioned professional skill, integrity and independence of its members.

35. The Committee on Contributions had noted that the share of the countries with centrally planned economies in the global product had declined; however, his delegation held that they should not be allowed to benefit from the current formula, which allowed them to enjoy significant relief for as long as they devoted a disproportionate amount of their gross national product to military spending.

36. Generally speaking, however, the most recent distortions of the proposed scale appeared to derive from the new criteria introduced in resolution 36/231 A; as the Chairman of the Committee on Contributions had pointed out, lengthening the statistical base to 10 years had favoured some countries and worked against others. His delegation proposed that the traditional three-year period should be reverted to so that the scale might reflect as closely as possible the actual economic situation and not the conditions of the early 1970s. It also believed that the Committee on Contributions should be furnished with sound statistical data, which the countries with centrally planned economies were apparently not providing, and he accordingly suggested that the Committee on Contributions should strive to establish a sound verifiable statistical base during the coming year.

37. Accordingly, the United States delegation would not be in a position to endorse the scale proposed in document A/37/11, but it was prepared to collaborate with other delegations in devising interim arrangements until the Committee on Contributions had developed a more reasonable and realistic scale for adoption by the Fifth Committee. In conclusion, he said that if there was to be genuine equality within the Organization, all Member States should contribute their fair share of the funds.

38. Mr. LAHLOU (Morocco) said that, leaving aside statistical and quantitative considerations, what had to be assessed was whether the proposed scale was consistent with the provisions of resolution 36/231 A. It should not be assumed that the position of delegations with respect to the new scale was determined solely on the basis of an increase or decrease in the percentage points attributed

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(Mr. Lahlou, Morocco)

to their own countries. In fact, the amount of contributions did not constitute an onerous burden on States' finances. The issue was the fairness of a scale that would be applied for a decade during which developing countries must try to pursue their economic development and guarantee their peoples' livelihood in the context of a world economic crisis.

39. When determining the capacity to pay, it had to be borne in mind that the developing countries perforce fell into one of the following three categories: countries that had had to slow down their growth because of a decrease in the value of their exports; countries that, because they had taken out loans to maintain a productive level of investment, were completely dependent on the lending institutions; and, finally, countries that were managing with difficulty to sell their limited raw materials on a world market that was less stable than ever. Naturally none of those three cases could be considered to have a significant capacity to pay. For that reason, his delegation disagreed with the increases in developing countries' assessments. It was difficult to understand on what principle the Committee on Contributions had recommended increases ranging from 20 to 100 per cent in the assessments of some developing countries and decreases of hundreds of points in the assessments of the industrialized countries.

40. Statistics based on national income were insufficient to determine assessments, since there were countries that needed all their resources for their own development. On the other hand, the current system was based on data which were not comparable; moreover, the gross national product, while an indispensable criterion, could not be applied too rigidly.

41. In his delegation's view, contributions should be adjusted by reference to the capacity of countries to pay, and adjustments should take full account of how the economic situation affected individual countries. At a time when the developing world was working to establish a more equitable world economic order, nothing should be done to aggravate the situation. The kind of scale proposed had to be rejected at a time of such great difficulties. The relief granted to a few developing countries should be maintained, but the assessments of those developing countries to which increases had been applied would have to be systematically rectified.

42. Mr. OKLESTEK (Czechoslovakia) said that the Committee on Contributions was to be congratulated for having developed a new scale in accordance with the mandate it had received from the General Assembly in resolution 34/6 B. His delegation agreed with the scale recommended for 1983-1985, although it understood the reservations expressed by some developing countries. In that connection he reminded the Committee that the current scale was based on a resolution of the General Assembly (36/231 A) adopted by a majority.

43. In his delegation's opinion, that scale was the best possible one in the circumstances. The financial burden of countries with low per capita incomes had been relieved and, in general, the number of countries whose assessments were equal to or less than 0.03 per cent of the expenses of the United Nations had risen. The assessments of 49 Member States had been kept at the same levels, and it could be said that the Committee on Contributions had taken into account the gap between

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(Mr. Oklestek, Czechoslovakia)

developed and developing countries. Another feature of the new scale was that it was equitable and reflected the prevailing world economic situation. The difficulties which the Committee on Contributions had had to overcome in developing the scale were obvious. The Statistical Office was likewise to be commended for the significant work it had done.

44. The setting of a statistical base period for the calculation of the average index of national income and the low per capita income allowance formula had undoubtedly made the undertaking easier but had also inevitably reduced the scope for considering adjustments for certain countries.

45. Nevertheless, some aspects of the question raised serious doubts. First, it was questionable whether the criteria of relative capacity to pay and real capacity to pay could properly be compared. His delegation held that the only acceptable criterion for determining the capacity of a State to pay was national income at current prices. Moreover, it was likewise doubtful whether the objective function of socio-economic factors in a given economy could be quantitatively evaluated. In some cases, the way in which national income was distributed depended on States' domestic policy, and to express a judgement on that question would be to introduce a political factor outside the terms of reference of the Committee on Contributions and the Fifth Committee.

46. His delegation also questioned the criterion of national wealth. There were not enough statistical data to measure that factor, and the base to which those data would refer had not been agreed upon. The existence of a relationship between so-called national wealth and the capacity to pay was questionable, since within a given period there was no direct link between them. The procedure designed to prevent the alleged excessive variations between two consecutive scales was also questionable, as was the systematic application of the formula for limiting both the rise and fall of percentage points: the lengthening of the statistical base period for the determination of national income was sufficient to prevent excessive variations in the scale.

47. His delegation was opposed to the idea of applying a standard machine procedure to the modifications of the data on national income to account for the effect of inflation, since that procedure might have discriminatory results.

48. It was clear that some Member States found it extremely difficult to obtain the convertible currencies required to pay their contributions. The availability of those currencies depended at times on the fluctuations in the world market for one or more commodities. The same difficulties affected countries which imported raw materials or which depended heavily on imports of commodities, as Czechoslovakia did.

49. His delegation believed that the Committee on Contributions should report on the studies of additional factors and auxiliary criteria for the determination of assessments. The difficulties which some Member States experienced in paying their contributions to the United Nations would also be diminished if the Organization decided to limit its expenditures and contain budget growth through better use of its resources.

(Mr. Oklestek, Czechoslovakia)

50. Finally, in response to the statement by the representative of the United States, he said that his delegation was surprised that United States economists should have reached an unusual agreement with regard to the socialist economies, while at the same time ignoring the enormous military expenditure of their own country. He wished to inform the United States delegation that there was no "Soviet bloc" in the United Nations or anywhere else.

51. Mr. ALPER (Turkey) said that his delegation respected the methods used by the Committee on Contributions in computing the contribution of each Member State, but had to make some comments on them. First, in its calculations the Committee on Contributions had used the average national income expressed in the national currency of each Member State. That procedure should have been adjusted systematically for each country, since there were countries which used multiple exchange rates and in which those rates did not fully reflect actual inflation rates. Only if that were done could the series of statistics for each national economy be compared. Some members of the Committee on Contributions had indeed referred to the problem, but that deficiency in the statistical techniques used should have been taken into account.

52. In its report, the Committee on Contributions itself admitted that it had had to confine itself to working out a revised scale of assessments on the basis of the guidelines contained in General Assembly resolution 36/231 A, paragraph 4. His delegation endorsed the opinion of those speakers who had advocated the establishment of a more dependable formula based on more precise criteria. The essential criterion in determining the scale of assessments should be actual capacity to pay.

53. In recent years Turkey had lived through an extremely adverse economic situation which had been aggravated by the world economic crisis. Some of the features of that situation were a growing balance-of-payments deficit, negative growth rates, a decrease in national income in real terms, inflation in excess of 100 per cent and an extremely low level of international reserves. In those circumstances, it was difficult to understand why the Committee on Contributions had raised Turkey's assessment. In the calculation an exchange rate which did not reflect the impact of inflation had been used, causing distortions in the national income statistics, with predictable consequences for the assessment. His delegation insisted that Turkey's assessment should have been revised downward under applied rules for the "mitigating process".

54. In conclusion, his delegation suggested that the Committee on Contributions should continue working on finding a just and equitable solution for all the countries concerned and that, if the adoption of the new scale were delayed, the existing scale should be maintained.

55. Mr. FONTAINE ORTIZ (Cuba) said that, while the recommendations made by the Committee on Contributions in its report could not satisfy everyone, the Committee had in general carried out satisfactorily the General Assembly's instructions by preparing a scale of assessments for Member States in keeping with the provisions of General Assembly resolution 36/231, which had been initiated and supported by the Group of 77.

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(Mr. Fontaine Ortiz, Cuba)

56. The United Nations budget was increasing every year as a result of the growth of the Organization, the increasing social and economic requirements of the developing countries and the current economic crisis, which had been generated in the market-economy developed countries and had caused a sharp rise in the cost of the goods and services involved in the operation of the Organization. The inflation prevailing in certain countries brought about a rise in costs covered by the budget; those costs had to be absorbed by all Member States, which was patently unfair. The Committee on Contributions and the Fifth Committee had to find a way of lightening the resulting heavy burden on certain countries, especially the developing countries.

57. The problem of the establishment of a scale of assessments had been viewed in different ways by the members of the Committee on Contributions, some of whom had entered reservations concerning the work done by the Committee, the virtues and limitations of which had been described with admirable clarity by its Chairman.

58. The General Assembly and the Committee on Contributions had been trying for years to find more precise methods and criteria for determining the real capacity of Member States to pay while incorporating other social and economic indicators into the assessment scale formula, but per capita national income remained the dominant factor in determining capacity to pay. It was imperative that in future fairer and more precise criteria should be found for determining the scales of assessments. If the the Committee on Contributions needed more time for that purpose, his delegation was prepared to support a decision to that effect. The need of the moment was not to blame the reductions in the assessments of some countries for the increases in others but to find a just solution for the existing situation and for the future.

59. The conclusions reached by the Committee on Contributions were impartial, since they followed the directives laid down for it. For example, the real increase had been only 372 points, in other words 75 points fewer than the 447 which the machine scale would have produced. Furthermore, the total real decline had been 386 points, 64 points fewer than the 450 suggested by the machine scale. That showed that the Committee had not relied solely on the per capita national taxable income in determining the scale of assessments but had employed the General Assembly's other guidelines.

60. The increase in the scale of assessments for the developing countries as a whole had been 78 points, whereas the net increase for the oil-producing developing countries had been 93 points, which meant that the increases in the assessments for the developing countries had arisen chiefly from the economic growth of the oil-producing countries in recent years as a result of the increase in oil prices.

61. In his view, a sessional working group was not equipped to perform the arduous and specialized work of the Committee on Contributions. Furthermore, to revise the Committee's work would be tantamount to revoking its instructions. At its forty-third session the Commission would have to finish carrying out the instructions given to it by the General Assembly in resolution 36/231 A, at which

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time it would have the benefit of the opinions and comments of delegations at the current session. His delegation was open to dialogue and urged that the necessary efforts should be made to reach agreement on those lines.

62. He referred to the statement made by a country which, in his opinion, had attempted to politicize the subject to its own advantage, ignoring the interests of the international community and questioning General Assembly resolution 36/232 A, in favour of which it had voted in 1981: that, in his view, was opportunism, and unacceptable.

AGENDA ITEM 17: APPOINTMENTS TO FILL VACANCIES IN SUBSIDIARY ORGANS AND OTHER APPOINTMENTS (continued) (A/37/183, A/C.5/37/10)

(c) APPOINTMENT OF A MEMBER OF THE BOARD OF AUDITORS

63. The CHAIRMAN, referring to the appointment of a member of the Board of Auditors, suggested that since there was only one candidate for that vacancy, voting should be dispensed with.

64. It was so decided.

65. The CHAIRMAN said that, if he heard no objections, he would take it that the Fifth Committee decided by acclamation to recommend the appointment of Mr. H. Vrevos, Senior President of the Court of Accounts of Belgium and Senior President of the Audit Office of Belgium, to fill a vacancy on the Board of Auditors for a three-year term beginning on 1 July 1983 and ending on 30 June 1986.

66. It was so decided.

OTHER MATTERS

67. Mr. PAPENDORF (United States), referring to the attack which one delegation had made on an unnamed delegation concerning agenda item 110 and speaking in exercise of the right of reply, said that members of the Fifth Committee had received copies of the statement made by the United States delegation. A careful reading of that text would reveal that the attack he had just mentioned was completely unwarranted.

The meeting rose at 1.10 p.m.