

FIFTH COMMITTEE: SUB-COMMITTEE 1

SUB-COMMITTEE ON CONTRIBUTIONS

SUMMARY RECORD OF THE FOURTH MEETING

Held at Lake Success, New York, on Monday, 9 December 1946,
at 11:00 a.m.

Present:

Chairman:	Mr. Martinez-Cabanas	(Mexico)
Rapporteur:	Mr. Ganem	(France)
	Mr. McIlraith	(Canada)
	Mr. Dzun;	(China)
	El-Rifai Bey	(Egypt)
	Mr. Burger	(Netherlands)
	Mr. Katz-Suchy	(Poland)
	Mr. Younger	(United Kingdom)
	Mr. Vandenberg	(United States)
	Mr. Fontaina	(Uruguay)
	Mr. Geraschonko	(USSR)

Secretariat: Mr. Elvins

The CHAIRMAN opened the meeting, summarizing the three questions under discussion: (1) acceptance by the United States of the 39 per cent contribution for 1947; (2) duration of the proposed scale of contribution; and (3) the scale for 1946. There were two proposals on the last question, one favoured the assumption by the United States of the 2.59 per cent contribution for 1946 of the new Members; the other advocated payment of the 1946 contribution by the new Members.

Mr. VANDENBERG (UNITED STATES) stated that his Government had considered the three questions submitted to it and agreed to the following amendments:

The Delegation of the United States would accept, in view of the present emergency, a contribution of 39.89 per cent to the 1946 and 1947

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Administrative Budget and Working Capital Fund, with the reservation that under normal conditions, no single nation should contribute more than 33-1/3 per cent, that no figures should be set at present for 1948; and that these reservations be included in the record of the General Assembly.

Mr. YOUNGER (UNITED KINGDOM) fully appreciated the legislative difficulties of the Delegation of the United States. The tables were proof of the Committee's readiness to meet those difficulties; it should be kept in mind, however, that other delegations shared the predicament with regard to their own Governments and would now have to explain the departure from the original criterion of the Committee's work.

The high figure set for the United States was justifiable on grounds of Economic dislocation in many countries during the post-war period. While diminishing, economic dislocation would not be adjusted by the end of 1947. In view of the reduction of the original United States contribution of 49 per cent, review of "capacity to pay" seemed unnecessary.

Referring to Mr. Vandenberg's statement that he could justify the percentage of his country's contribution only on the basis of its temporariness, Mr. Younger proposed that, as a compromise, the United States should accept for 1946 the contribution which in 1947 would fall to the new Members. That contribution could be added as a supplement to the scales and justified in the light of the present economic dislocation, and with the understanding that in 1947 that figure would be eliminated.

Mr. Younger reiterated the hope that the Delegation of the United States would accept the three-year schedule.

Mr. GANEM (FRANCE) agreed with the United Kingdom representative. He pointed out that the reduction of 10 per cent for the United States amounted in fact to a 20 per cent reduction. That consideration might facilitate the task of the Delegation of the United States in obtaining approval from its

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Government and might make possible the retention of the scale for 1947 and 1948.

Mr. VANDENBERG (UNITED STATES) with reference to the remark of the United Kingdom representative, emphasized that his difficulties were not only of a legislative, but also of a psychological nature, in view of the fact that the United States public was not yet convinced intellectually of the need for international co-operation and resented paying more than what it thought was its proper share. Acceptance of a 50 per cent contribution might jeopardize United States participation. Relative capacity to pay could not be the only criterion for contribution in an organization of sovereign equals.

Mr. DZUNG (CHINA) expressed his country's desire for peace and international co-operation. He had not yet received instructions from his Government concerning his country's contribution, but agreed with the United States representative that the present scale should be tentative, applying to 1946 and 1947 only. The present scale, while based on a thorough study of the question, was not entirely satisfactory.

Mr. Dzung agreed with Mr. Vandenberg that capacity to pay - an important consideration - was not the only criterion. There were certain political considerations which also had to be taken into account.

It was premature to put a system of international taxation into operation during the first years of the organization's existence. The representative of China thought that a ceiling might reasonably be put to contributions to prevent any Member or group of Members from paying too large a proportion of the budget.

A distinction should be made between large operational budgets, where capacity to pay was an important consideration, and the smaller administrative budget, based on the principle of sovereign equality of all Members.

Mr. McILRAITH (CANADA), complimented the Chairman on his work, and Mr. Vandenberg on the clarity of his expose. He fully appreciated

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Mr. Vandenberg's apprehensions regarding United States public opinion.

He thought that the working sheet was adequate and should be accepted with the amendment of the Delegation of the United States. Upon assurance by Mr. Vandenberg that annual review of contributions would cease at the end of the readjustment period, Mr. McIlraith expressed agreement.

Mr. GANEM (FRANCE) reluctantly agreed to the United States proposal to limit the present scale to 1946 and 1947. He doubted whether the Committee on Contributions would be able to ascertain new facts for the 1948 budget in the Spring of the following year. He thought that the Committee should not only investigate capacity to pay, but also study the international tax system and the possibility of substituting the League of Nations unit system for the present percentage system. He appreciated the United States Delegation's willingness to accept, without change, the present scale for 1946 and 1947. He thought that Mr. Vandenberg's task might be facilitated by pointing out to the United States public that the establishment of the United Nations' headquarters in the United States would result in certain savings and indirect income for that country. Moreover, great as its contribution had been during the two world wars, the United States had not experienced the destructive effect of war on its economy.

As regards the increase of contributions for 1946, Mr. Ganem pointed out that it would be relatively more difficult for his own country to increase its contribution by 12 to 15 per cent. Mr. Ganem therefore urged the Delegation of the United States to accept either the three-year basis for apportionment of contribution or to assume the 2.59 per cent contribution of the new Members in 1946.

Mr. FONTAINA (URUGUAY) agreed with Mr. Vandenberg on the matter of public opinion in the United States, and the fact that the psychological aspect should not be overlooked when considering relative capacity to pay. He proposed minor changes with regard to paragraph 2 of the United States declaration.

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He pointed out that the three new Members enjoying at present certain facilities of the United Nations, should be induced to pay for 1946 one-half of their yearly quota. He suggested that the Committee should accept the new scale for 1946 and 1947 of the Working Capital Fund, and postpone discussion of other questions.

Mr. VANDERBERG (UNITED STATES) agreed to the drafting changes suggested by Mr. Fontaina and further clarified the text by an additional drafting amendment.

The CHAIRMAN wished to clarify that the United States statement was a declaration of position and not a draft resolution.

Mr. GERASCHENKO (USSR) considered that the proposal for a three-year period had found few objections since it was not likely that the 1948 apportionment would be different from that of 1947.

In reply to Mr. Vandenberg's remarks, Mr. Geraschenko pointed out that it might be more convenient for the Union of Soviet Socialist Republics to approve contributions on a Five-year Plan. Furthermore, in comparing economies, the historical aspect should not be overlooked.

He could not agree with the representative of China regarding proportions of contributions, and did not think that the principle of equal rights for all Members would be threatened by the financial power and large contribution of the United States. He expressed deep concern over the attitude of United States public opinion towards the United Nations which, if known during the London conference, might have led to a different choice of headquarters for the United Nations. He thought that Mr. Vandenberg should explain to the United States public the reasons for the present scale of contributions and attempt to develop other considerations than that of money among his people. He agreed with Mr. Ganem regarding the financial advantages arising from the presence of the United Nations in the United States. Other delegations also had to consider the opinion of their people, if, because of a lower United States contribution, other countries would be unable to meet
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their consequently higher apportionment, an even greater threat might arise to the United Nations. The Sub-Committee should keep in mind its future difficulties in convincing the Members of the Fifth Committee of the soundness of the scale.

Mr. GERASCHENKO (USSR) therefore proposed that the Sub-Committee should accept with respect to the budget and the Working Capital Fund the proposed scale for 1947 and 1948, and that the United States should assume for 1946 the contributions of the new Members.

Mr. BURGER (NETHERLANDS) accepted in general the principles set forth by Mr. Vandenberg and the Committee's principles and method of calculation. In view, however, of the war damage his country had suffered, Mr. Burger made reservations regarding the results of those calculations. The financial difficulties of his country had been greatly aggravated by the occupation, during the war, of Indonesia which had constituted a loss of 14 per cent of the national income; that fact should be taken into account. It would be difficult to present to his Parliament an increase in contribution when a decrease seemed more justified.

The CHAIRMAN summarized the preceding discussion: (1) the United States was ready to accept the contribution of 39.89 per cent for 1946 and the 1947 budget and Working Capital Fund apportionment; (2) the United Kingdom felt that 39.89 per cent should be accepted by the United States for 1947 and 1948, since the year 1946 was almost over; (3) France agreed to the two-year scale endorsed by the United States, provided that country agreed to assure for 1946 the contribution of new Members. (4) Uruguay proposed that the new Members should share 50 per cent of their contribution for 1946; and (5) the Union of Soviet Socialist Republics advocated the retention of the scale for a three-year period.

The difference between the United States and the French proposals amounted to 47,000 dollars. Extension of the 1947 scale to 1948 was a question of policy. The Chairman doubted whether new facts could be ascertained for 1948;

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it might also be more convenient to collect contributions if a more stable scale were established.

Mr. GERASCHENKO (USSR) reiterated his previously stated proposal and added that his country could not accept an increase of contribution for 1946.

The CHAIRMAN requested the Sub-Committee to postpone decision until the next meeting, when he would present a calculation, in terms of expenses, of the difference of the 1946 and the 1947 scale.

Mr. VANDENBERG (UNITED STATES) stressed that it was not a question of difference in dollars, but of not exceeding 40 per cent in contributions; nevertheless, he would consider the question of contributions of new Members. He agreed with the representative of Uruguay that new members should be called on to contribute part of their 1946 contribution. He could not accept the present scale for 1948 because a review should be made at the proper time.

The CHAIRMAN, in reply to Mr. Vandenberg, quoted document A/30, paragraph 23 concerning contributions of new Members.

Mr. GERASCHENKO (USSR) agreeing with the suggestion that new members should pay part of their contribution for 1946, proposed that the United States should assume about one-half, or 1.27 per cent, of their contribution. In view of the Committee's desire to adjourn, Mr. Geraschenko agreed to postpone decision on his proposal until the next meeting.

The meeting rose at 2:40 p.m.
