



Chairman: Mr. Max H. WERSHOF (Canada).

AGENDA ITEM 73

Budget estimates for the financial year 1971
(continued) (A/7822, A/7937, A/7968, A/7987 and
Add.1, A/8006, A/8008 and Add.1, A/8032,
A/8033, A/8072, A/8122, A/8133, A/C.5/1296,
A/C.5/1298, A/C.5/1302 and Corr.1, A/C.5/
1303, A/C.5/1305, A/C.5/1307, A/C.5/1309,
A/C.5/1310, A/C.5/1315, A/C.5/1317, A/C.5/
1319, A/C.5/L.1041)

General discussion (continued)

1. Mr. SANU (Nigeria) said that those who were alarmed about the continuous growth of the budget and who called for a curtailment of certain activities in order to keep the figure fairly constant had not taken seriously into account the factors that had given rise to the growth, nor did they believe that the United Nations had an active role to play in the promotion of the economic and social development of the developing countries. As the representative of the Philippines had pointed out, it would be unrealistic to judge the level of the budget estimates under consideration by the Committee by the annual increases in the budget, when neither the field of activities of the United Nations nor the number of its Members had achieved a stable equilibrium over the years under consideration. Under the Charter, the United Nations had an obligation to promote social progress and better standards of life and to contribute to the solution of international problems in the economic, social, cultural and humanitarian fields. The budget should be geared to the level of the activities necessary for the effective discharge of the United Nations obligations to the whole world, without prejudice to measures designed to eliminate fiscal irresponsibility and to achieve economies through rationalization of its methods of work.

2. Of the 9.2 per cent increase in the budget estimates, only about 2.3 per cent was for expansion of the Organization's activities, while 6.9 per cent was attributable to the cost of maintaining the present establishment and honouring the commitments entered into before 1971; that increase was due mainly to the inflationary situation, particularly in the United States. A revised estimate was expected to bring the level of the budget to \$199.3 million. The Secretary-General, finding himself in the difficult situation of having to submit a budget with an increase of about 18.5 per cent over the pre-

vious budgetary year, had felt obliged to make some economies, which he would achieve by maintaining the total level of staff resources for 1971 at that approved for 1970 and by taking administrative steps to reduce the actual cash requirements in 1971 for the implementation of the various building plans which the General Assembly had approved. That would reduce the budget estimates by \$7 million. That unilateral decision, about which the Nigerian delegation had strong reservations, raised the question of the role of the Advisory Committee on Administrative and Budgetary Questions in setting the level of the budget and in advising the Fifth Committee on the order of the priorities to be followed. It also called in question the manner in which the result of the Administrative Management Survey was being interpreted and implemented. To indicate, as had the Secretary-General (see A/C.5/1309), that the present establishment would suffice for 1971, no matter what the projected increase in the volume of programmes and activities would be, was to call in question the method of assessing resources which the Advisory Committee had recommended over the years. His delegation had some difficulty in reconciling the Secretary-General's statement that a partial survey of some departments showed that there would not be a great risk in maintaining for all offices and departments the same level of resources for 1971 as that approved for 1970 with that in paragraph 3 of his foreword to the budget estimates for the financial year 1971 (A/8006), that special care had been taken to include only the most pressing requirements which could not be deferred until 1972 without adversely affecting the work programme and other urgent undertakings.

3. In paragraph 66 of its first report (A/8008), the Advisory Committee stated that the fact that the Secretary-General had taken into account the conclusions of the survey made of one particular department in preparing his budget estimates did not absolve the Advisory Committee from carrying out its own careful examination of the related requirements and making its own recommendations to the General Assembly. It was regrettable that the Secretary-General had not given the Advisory Committee an opportunity to study the report of the survey in respect of the departments already studied by the Administrative Management Service. All Member States attached great importance to the findings of the survey, which should be put into effect in accordance with the views expressed by the Advisory Committee in paragraphs 62 and 66 of its report. The Nigerian delegation had stated at the twenty-fourth session that the result of the survey should not be prejudged, for it might in fact indicate that certain departments or regional economic commis-

sions needed to be strengthened, so that it would not necessarily lead to savings.

4. One of the factors responsible for the Secretary-General's recommendation was the proposal by the International Civil Service Advisory Board that the base salary of Professional staff of the Secretariat should be increased by 8 per cent with effect from 1 January 1971. That proposal would mean a budget appropriation of \$8.8 million in the 1971 budget estimates. Member States found themselves in a dilemma: the proposal came at a time when a record budget was proposed, yet its rejection would affect the morale of the staff and would be prejudicial to the common system of the United Nations. Nevertheless, his delegation felt obliged to express its concern regarding the basic principle used in the calculation of the base salary scale of Professional staff within the common system, namely, the Noblemaire principle, which had been devised in the days of the League of Nations and later adopted by the United Nations system, and which now seemed to be unrealistic. It was understandable that in the early days, when the Secretariat had been composed largely of Western Europeans, it had been thought essential to pay salaries in line with the highest equivalent salaries paid by the national administration in order to ensure the recruitment and retention of staff from all parts of the world. Since then, however, a vast number of countries had joined the Organization and the basis of recruitment had thus been considerably broadened. The application of the Noblemaire principle had therefore brought some anomalies, among them the large discrepancy between United Nations salaries and those of member States where there were United Nations offices. The salaries of individuals in their own countries had become distorted and there was a continuous erosion of the Noblemaire principle in its practical application. His delegation was of the opinion that the Noblemaire principle should be replaced. It had been suggested that ICSAB should continue the search for an alternative system which it had started in 1965. Despite its high esteem for ICSAB, a body created by the General Assembly and composed of world-renowned specialists, his delegation was concerned about the continuous increase in salaries and considered that Member States should have a hand in re-examining the problem and devising a formula acceptable to all. The experience of recent years had shown that it was invariably the programme of economic and social activities which suffered when there were budget cuts. Some years earlier, when the fate of the United Nations had hung in the balance, during the debate on Article 19 of the Charter, the Secretary-General had called for salary increases; he was currently calling for a reduction of \$7 million in the budget in order to facilitate the approval of a further major increase. For that reason, his delegation's preference was for the establishment of a salary review committee, composed of experts from the Governments of Member States, to seek a suitable alternative to the Noblemaire principle. The basic problem in connexion with the ICSAB recommendation, the weaknesses of which had been pointed out by the United States representative, was that it had been made in

anticipation of increases in the salaries of United States civil servants and that it used real income as a basis for calculation, which was a departure from the Noblemaire principle. The proposed increase of 8 per cent accordingly seemed to be unjustified. His delegation recognized, however, that the Committee's decision on the subject would be largely of a political nature, as, indeed, the Secretary-General had acknowledged in his statement that the decision could not be based on logic, since there was an element of judgement in the assessment of the facts involved. His delegation would await the report of the Advisory Committee on the subject.

5. In connexion with the structural and procedural improvement of the budget, a subject which the Committee was once again considering, the Bertrand report (see A/7822) had drawn attention to the usefulness of programme budgeting, and the Advisory Committee and the Secretary-General had stressed the importance of establishing priorities as the key to programming. Much remained to be done before an integrated system could be achieved: the problem of long-term planning and the budget cycle had to be solved and the institutional framework for the consideration of the Organization's programme and budget revised. Moreover, a link would have to be forged between the Advisory Committee and the Committee for Programme and Co-ordination, which could not for long continue to work independently of each other. The schedule of conferences would have to be re-examined, so that recommendations concerning programmes of activities could be considered at the appropriate time. All those issues were complex and there had, as yet, been no careful analysis of the implications of a biennial budgeting cycle, a matter on which his delegation, like many others, had expressed reservations. Accordingly, action should be taken with the greatest caution.

6. With regard to ways of improving the utilization of resources, his delegation was gratified by one new development, the possibility of establishing a common computer centre for the United Nations system at Geneva. The Chairman of the Advisory Committee (see A/C.5/1310) had warned that the initial capital outlay for that purpose would probably be high and the initial financial impact on the organizations concerned substantial. His delegation urged, however, that the principal consideration should be the long-term advantages of such an operation for the entire United Nations system, and it hoped that the cost of maintaining a computer at Headquarters to carry out residual work would not be such as to nullify the benefits of the new undertaking.

7. On the issue of conferences and documentation, his delegation would support any recommendation in pursuance of the generally accepted principle of having only one major conference each year. The Committee on Conferences had, unfortunately, failed in its attempt to bring some order into that sphere and the time seemed to have come to ask the Secretary-General himself to indicate an order of priority on the basis of which a decision might be made. It was doubtful whether a Committee of Member States, each of which

believed in the overwhelming importance of the conference it had in mind, could deal with the issue effectively. The volume of documentation was undeniably a function of the number of conferences and meetings called for by Member States and no substantial improvement could be achieved until States themselves realized the futility of some of their exercises.

8. Mr. ARBOLEDA (Colombia) said that the financial situation of the Organization had never before been so serious, as the Secretary-General had made clear (A/8001/Add.1, para. 127) when he had said that it was "worse than ever before and steadily deteriorating". It was much worse than the figures indicated and the Organization had more than once had to borrow to pay its staff. The Secretary-General had added that such a situation scarcely befitted the dignity of the United Nations and did not permit the proper conduct of its activities. Unless a determined effort was made to find a solution to the dangerous financial crisis, the commemorative statements of the current session might well become funeral orations.

9. For some years, the Secretary-General had at every session, including the current session, expressed his concern about the situation and urged Member States to take the necessary steps to restore the United Nations to solvency. Insolvency and the financial crisis were the chief causes of the Organization's problems, which were becoming more and more acute, and were liable to lead to an explosion before long. Beside that basic problem, all others, however serious, were of secondary importance. The problem of the constant rise in the budget would become insignificant once the Organization had again become solvent and had the means to pay for the services States demanded of it. The bulk of the Organization's financial resources came from the contributions of Member States. As of 30 September 1969, however, the unpaid balance of assessments under the regular budget amounted to \$88.4 million—\$24.4 million in contributions due for previous financial years, and \$64 million in assessments due for the financial year 1970. To that figure must be added a total of \$131.7 million owed by some Member States to the *Ad Hoc* Account for the United Nations Operation in the Congo—\$82.1 million—and the Special Account for the United Nations Emergency Force—\$49.6 million. Taken together, all those debts came to a total of \$220.1 million, which the Secretary-General should have received to meet expenses incurred in connexion with activities and services decided upon by the General Assembly. It seemed reasonable to ask how the provisions of the budget could be implemented if such a large part of its main revenues was lacking. No useful purpose was served by seeking to reduce the amount of the budget if nothing was done to solve the serious financial crisis which threatened the very existence of the Organization. It was the duty of Member States in the current anniversary year to find means of restoring the solvency of the United Nations permanently and so maintaining the dignity, prestige and splendid work of an Organization on which the hopes of the world's peoples rested. If they did not do so, the twenty-fifth session would be remembered as that at which Member States had

failed to show themselves worthy of their historic responsibilities. The facts described by the Secretary-General were alarming and his frankness in presenting them would greatly help in making it impossible to ignore his warnings once again.

10. A problem which was exceeded in seriousness only by that of restoring the Organization's solvency was the constant increase in the budget, and particularly that in the 1971 estimates, the magnitude of which had alarmed many delegations, including his own.

11. The causes of the budget increase were clear—general world inflation and the effects of the material needs arising from the growth of the United Nations itself and those resulting from administrative shortcomings. The former created increasing requirements for services in view of the growing number of Members. His delegation appreciated the Secretary-General's efforts to adjust the budget to the realities of expanding requirements, but the fact remained that the cost of services to be provided by the Organization was greater than its total financial resources. The rise of \$15.5 million under the 1971 budget estimates was a direct result of the widened sphere of action of the United Nations and of the requirements which such an expansion entailed. Once new activities and services were launched, it became impossible to check them, let alone discontinue them. The Secretary-General was consequently obliged to make transfers between budget sections and request supplementary appropriations to meet the new requirements. Still, one could not live indefinitely from hand to mouth, and as it were "rob Peter to pay Paul", especially as it was the finances of the United Nations that were at stake. That was why—and it could not be too often repeated—it was essential to restore the solvency of the United Nations in order that it might achieve its purposes. It was also important, as the Secretary-General had implied in his statement before the Fifth Committee (A/C.5/1309), that Member States which envisaged the introduction of new activities, services and the like, should satisfy themselves before reaching a decision that the Organization possessed the necessary resources to meet the costs involved. With such action it might be possible to avoid in 1972 a situation like the one faced today.

12. While the strictly financial causes of the budget increase were beyond the control of the Secretary-General, the Secretariat or other principal organs of the United Nations, the causes of the increase due to defects of an administrative nature could be controlled. There were clearly many such causes, and they could not be precisely defined except through a comprehensive study dealing with the administrative organization of an ever-more complex apparatus and focusing on the avoidance of duplication and overlapping, and on the question whether there were in fact units where not enough work was being done. His delegation had always advocated good working conditions for the staff in order to ensure its efficiency, but it could not take an indifferent attitude if it turned out that owing to organizational deficiencies or bad working methods, some departments were not operating as efficiently as they should.

13. Fortunately, a major step towards remedying the administrative failings had been taken with the manpower utilization survey carried out by the Administrative Management Service. Its purpose was to identify existing problems and recommend to the General Assembly action to enhance the efficiency of Secretariat services. If, as the Secretary-General had stated, the survey might be completed in 1971, he could take its findings into account when drawing up the budget estimates for 1972, something which might result in significant budget reductions, which was one of the survey's main objectives. It was to be hoped that one of the outcomes of the survey would be a better technical organization and more efficient working methods for the United Nations, which, together with better staff deployment, would make for higher productivity. In that way it might be possible to keep the growth of the organization from being paralleled by a growth in the bureaucracy. His delegation would be glad to see the General Assembly and the Secretary-General reach agreement in that regard.

14. As was clear from Article 101 of the Charter, the efficiency of the staff was one of the major concerns of the United Nations and one of the prerequisites of the proper functioning of the Organization. Nothing could be achieved without able assistance from the Secretariat staff. For that reason, before it took any decisions concerning the budget, the Fifth Committee should assess the implications of its administrative and financial decisions for staff efficiency and hence the efficiency of the Organization's services. In accepting a rational and moderate growth in the budget for the reasons which he had indicated, his delegation would require in return for its efforts to maintain the budget at the proposed level the highest degree of efficiency in the services expected of the Organization. The Secretary-General himself had many times stressed the importance of the quality and the level of efficiency of international civil servants. He had pointed out that in preparing his revised estimates he had considered the conclusions of the manpower utilization survey after consulting the heads of the departments concerned, who had entered reservations on various parts of the recommendations. While it was understandable that the Secretary-General should consult his principal assistants, it was the opinion of his delegation and many others that the survey should be carried out by experts from outside the Secretariat. A phenomenon inherent in all bureaucracies—and from the administrative standpoint the United Nations was the reflection of 127 national bureaucracies—was that chiefs and particularly deputy chiefs of departments tenaciously fought for their particular domain and were thus unable to appreciate the need for a change in the system to improve the operation of the structure as a whole. That was why, as the Canadian representative had said, it was essential to safeguard the independence of the survey teams.

15. The need for an administrative reform of the vast United Nations structure had been brought to light by the Capacity Study made by Sir Robert Jackson, who had stated¹ that the real factor preventing the

¹ See *A Study of the Capacity of the United Nations Development System* (United Nations publication, Sales No.: E.70.I.10), p. (ii).

United Nations from conducting decisive action was the inertia of its complex administrative structure, which apparently nothing could change but whose change had become imperative. His delegation would support any administrative action which might be proposed to break the inertia of the complicated apparatus and make the Organization's work more efficient, so that the just claims of Member States for an efficient administration in return for their contribution to the budget might be fulfilled. As the Hungarian representative had said, it was not the quantity of the contribution which counted but the quality of the services which Member States received.

16. In conclusion, he stressed again the critical nature of the unprecedented situation in which the Organization found itself, a situation which called for urgent action. It was impossible to suspend the establishment of new activities demanded by the rise in the number of Member States, and developing countries in particular were greatly in need of the services of the United Nations to achieve their goals of economic and social stability. Priorities must, therefore, be established among the activities of the Organization until its financial situation was normalized, with preference being given to the services that were thought essential for its proper functioning. Steps should be taken to defer the implementation of unessential projects such as new construction, further rental of premises, organization of special conferences, installation of computer facilities. His delegation would support any programme that might help to eliminate the main obstacles confronting developing countries in their efforts towards peace and co-operation. As the President of Colombia, Mr. Misael Pastrana Borrero, had stated in a message addressed to the Secretary-General on the occasion of the twenty-fifth anniversary of the Organization:

“It fortunately appears that the idea is daily taking firmer foot in the collective conscience that it is impossible to establish a lasting peace and authentic co-operation without eliminating poverty, unemployment and ignorance in the developing countries.”

His delegation would also advocate a preferential position for the planning of social policy with the participation of the young, which in its view would be a stimulus to international organizations. It held, with the Secretary-General, that in the years to come the social situation of the young people and the methods to be used to ensure their increasing involvement in the Second United Nations Development Decade were questions of great importance. Finally, he reiterated his appeal to Member States to concentrate their efforts during the current session on resolving the Organization's financial crisis and restoring its solvency.

17. Mr. BELYAEV (Byelorussian Soviet Socialist Republic) said that his delegation, which had always advocated an economical approach, welcomed the Secretary-General's decision to reduce the over-all budget estimates for 1971 by \$7 million. He had the impression, however, that some items of expenditure had merely been deferred, which proved that they

could well be eliminated. The size of the proposed reduction indicated that the budget estimates had been deliberately inflated and, if the figures were studied carefully, a way could surely be found to reduce expenditure further without detriment to the Organization's activities. The reduction that was contemplated should not distract attention from the budget total which, even with that reduction, would show an increase of 14.5 per cent over that of the previous year. His delegation was alarmed at the extent of the increase and at its implications for the contributions of States.

18. It could be seen from the estimates that most of the expenditure was intended for the payment of Secretariat staff. It was gratifying to note the efforts that had been made by the Administrative Management Service to rationalize the structure of the Secretariat and to eliminate duplication with a view to better utilization of resources, but it was evident that those efforts had not yet produced results and that expenditure on staff was still increasing. The increase was largely due to the growing number of temporary staff requested by the Secretary-General, as could be seen in the case of the UNCTAD secretariat, which was requesting an appropriation for temporary staff 50 per cent higher than that for the previous year. He was very concerned over the increase in expenditure on temporary staff, which amounted to \$671,600 (36 per cent) for the Secretariat as a whole and was higher in percentage than the increase in expenditure on permanent posts. Those costs must be cut, as the Advisory Committee recommended, and the Secretary-General should abandon that recruitment policy. He would like detailed information on the measures undertaken by the Secretariat in the light of the initial results of the studies made by the Administrative Management Service, whose final conclusions were still awaited. He wondered if the effectiveness of the survey justified its cost.

19. He saw no reason for raising the salaries of Professional staff, as the Secretary-General proposed to do since their salaries were already higher than those of employees in the host country. The proposal would have wide-ranging financial implications and had not been sufficiently studied.

20. The cost of conferences should also be reduced, and he noted that the efforts made to that end in recent years had not been particularly successful. The cost of the United Nations Conference on the Human Environment which was to be held in 1972 could be reduced, since the related documentation costs alone were estimated at \$689,600.

21. He objected to the inclusion in the United Nations budget of such illegal items of expenditure as those for the United Nations Commission for the Unification and Rehabilitation of Korea, the United Nations Memorial Cemetery in Korea and the redemption of the United Nations bond issue, and said that his Government would not pay any contribution in respect of those items. He similarly objected to the inclusion of the United Nations technical assistance programme in the regular budget, as it should be financed exclusively from voluntary contributions paid in national currency.

22. Lastly, he noted that the budget estimates for 1971 had the same defects as those for previous years, and he was becoming increasingly convinced that the Secretariat took no account of Member States' wishes that unnecessary expenditure should be eliminated and budget increases limited. Expenditure must be planned in order to achieve those results. The \$7 million reduction proposed by the Secretary-General was only temporary and illusory and would not suffice to solve the problem. The Byelorussian delegation would therefore not be able to vote for the budget estimates for 1971.

AGENDA ITEM 77

Scale of assessments for the apportionment of the expenses of the United Nations: report of the Committee on Contributions (*continued*) (A/8011 and Corr.1 and Add.1)

23. Mr. MARRON (Spain) noted with satisfaction that the report of the Committee on Contributions (A/8011) was fuller and clearer than it had been in previous years, and that the Committee had paid special attention to the developing countries and, in certain cases, had not rigidly applied the increases called for on the basis of the figures considered. However, Spain's assessment had so increased, in four years, that its rate of increase was third highest, both in absolute and in relative terms.

24. Spain was the first to acknowledge that, as a result of effort and hard work, it had achieved considerable progress and it hoped to be able to maintain that rate of growth. But it was obliged to note that the assessments of some highly developed countries which, during the period 1960-1968, had had a growth rate three or four times higher than Spain's, in absolute figures, had either remained the same or had actually been reduced.

25. When a country found its assessment increased to the extent Spain's had been, it needed to know all the data that had been used in reaching such a decision so that it could submit them to its Parliament, which would have to approve the necessary appropriations. Besides, as any increase or reduction in a country's contribution had repercussions on the contributions of other countries, it would be useful for Member States to know all the data used in drawing up the scale of assessments. The delegation of Spain would therefore suggest that future reports of the Committee on Contributions should contain an annex indicating the data used by the Committee, such as net national product, market prices, population, exchange rates, etc. The annex would not only be particularly useful to countries that found their assessments increasing on a considerable scale but it would also serve to show that countries which, in the first years of the Organization's existence, had paid a contribution representing 0.04 per cent of a budget of \$40 million, now had to pay 0.04 per cent of a total of almost \$200 million, which could constitute an excessively heavy burden and thus justify revision or reduction of the minimum rate of assessment.

26. The Spanish delegation also considered that the existing system whereby reductions were granted to

developing countries with low *per capita* incomes was inadequate. It was inadequate because the reductions resulting from the application of the 50 per cent rule were only proportional, that is, they increased in proportion to the decline in *per capita* income, whereas the reduction coefficient should be progressive, particularly in the case of countries whose *per capita* income was below 300 dollars; in other words, it should increase more than proportionally as *per capita* income diminished.

27. Furthermore, the existing system had the defect of applying only to countries with a *per capita* income below \$1,000, and it would be equitable to modify it by adopting a sliding scale, so that as the *per capita* income increased beyond the \$1,000 limit, the national income taken into consideration in determining assessments would be the national income multiplied by a coefficient which would increase more rapidly than the *per capita* income. That would make it possible to apply effectively the principle of capacity to pay.

28. Another element which should be stressed was the effects which would soon be produced by the limits established in General Assembly resolution 238 (III). Since the national income and population of the State which made the largest contribution were increasing each year, and its contribution to the United Nations was tending to diminish in relative terms and would one day attain 30 per cent, the *per capita* contribution of each inhabitant of that State would become progressively smaller, owing to the cumulative effect of the three factors he had mentioned. At the same time, since the reduction in the *per capita* contribution of the State with the largest assessment limited the assessments of the other developed States, it would lead to a paradoxical situation in which the *per capita* contributions and proportional participation in United Nations expenses of the highly developed countries, whose *per capita* incomes were the highest in the world, would decrease, although those countries continued to maintain a satisfactory rate of development. That situation seemed inconsistent with the principle of capacity to pay. That observation was not a criticism of the very few countries in that situation, which had been so generous with regard to programmes financed through voluntary contributions. His delegation merely wished to point out an anomaly in the existing system with regard to principles, which should be taken into account in future, since other countries would soon be reaching the established *per capita* ceiling, and it would be illogical for the existing situation to persist and become more serious.

29. Mr. TARDOS (Hungary) congratulated the Committee on Contributions on its excellent report, which took into account the proposals made by the Members of the Fifth Committee at the twenty-fourth session. In establishing the scale of assessments for the years 1971, 1972 and 1973, the Committee on Contributions had exercised the discretionary power granted it under its mandate to take into account such factors as might temporarily influence the capacity to pay of certain countries. It had also paid special attention to the low income countries and had recommended a reduction

in the assessments of more than a quarter of the Member States. His delegation therefore felt that the Committee had succeeded in drawing up a fair scale of assessments and would vote in favour of it.

30. With regard to the statistical information used by the Committee, his delegation fully approved of the use of statistics on net national products at market prices, because that method ensured better comparability between the data from countries using the United Nations System of National Accounts and the data from those using the Material Product System. It was satisfied to note that that method, the introduction of which it had proposed some years previously, had proved useful, but it was aware of the problems which continued to exist with regard to comparability. For example, changes in official exchange rates did not adequately follow the changes in purchasing power and in some cases the Committee on Contributions should use its discretionary power in order to establish exchange rates. His delegation supported the efforts of the Committee and the United Nations Statistical Office to improve the statistical data used in establishing the scale of assessments.

31. With regard to the "subsistence income", he considered that the estimation of that non-monetary output would undoubtedly constitute an important step forward for the statistical services of the countries concerned. However, the general use of such estimates for the establishment of the scale of assessments would, at the present stage, do more harm than good. It was first necessary to prove that the method of estimating non-monetary output was correct and to study the question more closely. When it had the necessary data, the Fifth Committee should analyse the over-all effect of that factor on the scale of assessments and determine whether the criteria used for establishing the floor assessment should not be revised. A sharp increase in the rates of assessment of the majority of developing countries would be inconsistent with the general policy concerning the apportionment of United Nations expenses, for an improvement in statistics did not improve a country's capacity to pay.

32. With regard to the current allowance formula applied to countries with low *per capita* incomes, his delegation agreed with that of Brazil (1370th meeting) that the Committee on Contributions should study the problem further and inform the Fifth Committee of the effects which would be produced by increasing the present \$1,000 limit to \$1,400 or \$1,500. The fact that twenty-four countries now had a *per capita* income above that limit, as compared with only two countries in 1946, showed that the limit was no longer fulfilling its purpose, which was to make allowance for the relative capacity to pay.

33. In 1969, Hungary had suffered from catastrophic floods which had occurred after the session of the Committee on Contributions, so that his Government had been unable to draw the Committee's attention to the resulting material losses. While not wishing to challenge the assessment recommended for Hungary, he hoped that at its next session the Committee on Con-

tributions would take into account the difficulties which had temporarily dislocated the Hungarian economy. In that connexion, his delegation suggested that the Committee on Contributions should study the advisability of building into the scale of assessments a small reserve of about 0.2 per cent, which would permit a temporary reduction in the contributions of Member States which were the victims of natural disasters, without disturbing the balance of the established scale, thus facilitating the subsequent return to the normal scale for both the country concerned and Member States as a whole.

34. Mr. GUPTA (India) noted with satisfaction that in its report the Committee on Contributions had taken into account the views expressed in the Fifth Committee the previous year.

35. With regard to the problems mentioned by the representative of Brazil at the 1370th meeting, he emphasized that the Committee should give greater attention to the various factors involved in changing the allowance formula. When the \$1,000 limit had been adopted, only two Member States out of a total of fifty-seven had had a *per capita* income exceeding that limit, whereas at present there were twenty-four. The case made out by many countries which wished the allowance limit to be increased from \$1,000 to \$1,500 therefore had much merit. At the same time, however, the gap between the developing countries, particularly those with low *per capita* incomes, and the industrialized countries continued to increase. Consequently even more special consideration should be given to the countries with a *per capita* income below \$300. If, therefore, the maximum allowance limit was increased to \$1,500, those countries should be given a maximum discount allowance of 60 per cent, the current limit of 50 per cent—which, it should be remembered, had been established eighteen years previously—being retained for the others. He agreed with the representative of Spain that the ceiling principle should be revised so as to correct the abnormal situation in which the developed countries' assessments were reduced, and to grant the low-income countries progressively larger reductions.

36. His delegation was particularly concerned with the factor relating to the ability of Member States to secure foreign exchange. The Committee on Contributions had often pointed out that it was very difficult to establish a precise formula that would make it possible to apply that factor systematically. He had noted that the Committee had taken into account the data on the servicing and amortization of the external debts of Member States and had, as a result, made small reductions in the assessments of some States. He hoped that the Committee would continue to study the problem and would be able to devise a concrete formula.

37. In its resolution 2291 (XXII), the General Assembly had empowered the Secretary-General to accept a portion of the contributions in currencies other than United States dollars. He supported the recommendation of the Committee on Contributions in paragraph 49 of its report, that the Secretary-General should be

authorized to make similar arrangements for the period 1971-1973 and that the arrangements should be made as comprehensive as possible. That practice was a means of helping, however marginally, countries which had difficulties in securing foreign exchange. He hoped that the Fifth Committee would agree that, when the Secretariat needed amount in currencies other than hard currencies, first preference would be given to those countries whose national currencies those might be and which had difficulties in securing hard currencies. His delegation would like that view to be reflected in the Committee's report. With reference to paragraph 8 of the report of the Committee on Contributions, he felt that the inclusion of "subsistence income" in the national product would be at variance with the letter and spirit of General Assembly resolution 1927 (XVIII). The sector of the population living on a "subsistence income" remained outside the monetary system and that concept could not therefore be included so as to add to the national product figures. In any event, in the present stage of economic science, such a concept could not be meaningfully translated into a specific factor. That viewpoint should also be reflected in the Committee's report. While recognizing that the Committee must use its discretion and that so far it had done so judiciously, he stressed that such discretion must not become arbitrariness.

38. Finally, he thought that the scale of contributions drawn up by the Committee was equitable and he would vote in favour of it.

39. Mr. FIEDLER (Austria) noted with satisfaction that the Committee on Contributions, in establishing the new scale of contributions for 1971-1973, had taken into consideration the sometimes divergent views expressed during the twenty-fourth session of the General Assembly and had also allowed for the changes which had taken place in the economic situation of Member States. In accordance with General Assembly resolution 2118 (XX), the Committee had paid due regard to the situation of the developing countries because of their particular economic and financial problems; it had continued to give special consideration to countries whose *per capita* income was lower than \$300 and had made reductions in the contributions of States belonging to that category. The Committee had also taken into account the ability of Member States to secure foreign currencies and had slightly reduced the contribution of some countries which were having difficulties in the servicing of their external debt.

40. States whose *per capita* income fell below \$1,000 received for the purpose of their assessment a reduction in their national income figure up to a maximum of 50 per cent. However, there existed divergencies of view among the members of the Committee on Contributions on that question. His delegation wished to stress that the limit of \$1,000 no longer corresponded to existing economic and financial realities, and favoured an increase in the limit to at least \$1,500 to take into account the development of the situation since the limit had been fixed.

41. He supported with the greatest sympathy the requests made by the representatives of Romania and

Hungary in view of the natural disasters their countries had suffered and he hoped that it would be possible to take those difficulties into account. He supported unreservedly the recommendations of the Committee on Contributions which had drawn up a well-balanced scale of assessments, taking into account realistically the economic situation of Member States. He hoped that the Fifth Committee could adopt the scale unanimously.

42. Mr. MEYER PICON (Mexico) said that, in considering the new scale proposed by the Committee on Contributions and in comparing it to the previous scale, the Fifth Committee should take into account two basic factors: first, at the previous session, it had not been possible to reach a general agreement on a revision of the criteria and directives applied for the establishment of the scale and secondly, many ideas had been put forward in the Fifth Committee during the last three sessions to improve the method of drawing up the scale without changing the basic criteria. Those delegations which had spoken on the item had pointed out that the scale submitted for 1971, 1972 and 1973 was more equitable than the previous one, but that several anomalies remained to the extent that the contribution of certain countries did not reflect their capacity to pay. That situation resulted from the fact that the Committee had had to work on the basis of the same data as in the past, some of which had been accepted by the General Assembly not for technical reasons but for political reasons. The new scale was nevertheless more equitable than the previous one because the Committee on Contributions had been able to take account of the suggestions made in the Fifth Committee at the twenty-fourth session. At that session, the Mexican delegation, among others, had urged that none of the paragraphs of the Committee's report could be interpreted as limiting the discretion of the Committee on Contributions since only a greater flexibility on the part of that Committee could counterbalance the rigid effects of the criteria applied. Of course, if new criteria were taken into consideration in drawing up the scale, they must be approved by the General Assembly, and on that point he shared the view expressed by the French representative at the previous meeting but wished to stress three points in that connexion. In the first place, the additional criteria which the Committee had used had indeed been approved by the Assembly, since the Fifth Committee, at the twenty-fourth session, had unanimously approved paragraph 15 of its report to the General Assembly² in which it recommended that the summary records of the debates on the question of contributions and the proposals of delegations should be communicated to the Committee on Contributions so that it could take into account the views and proposals of Member States during the revision of the scale. Secondly, in taking into account those additional criteria, put forward during the Fifth Committee's discussions, the Committee on Contributions had been able to recommend a more equitable scale than the previous one, a fact which meant that those criteria had been applied in practice and had been useful in improving the scale. Thirdly, the way

in which those criteria were applied must still be perfected, as the Committee on Contributions proposed to do, in paragraphs 24 and 39 of its report.

43. He wished to explain what were the criteria which, in his delegation's view, had favourably influenced the scale of contributions. As the General Assembly had requested in resolutions 1927 (XVIII) and 2118 (XX), the Committee on Contributions had given special attention to the developing countries, whose contributions had not been increased. The Committee had taken into account available data on the servicing and amortization of the foreign debt of Member States and his delegation hoped that it would continue to take account of the difficulties encountered by certain States in securing foreign currency. It noted also with satisfaction that the Committee had taken into account the changes in the national product of Member States arising from variations in prices and rates of exchange. It recognized the difficulty of establishing a world average but it felt that the Committee should ensure that countries undergoing notable price variations should not be over-assessed or under-assessed purely because of such relative price movements.

44. The Committee on Contributions should also take into account a certain number of other factors. The limits for the reduction granted to countries with low *per capita* income should be increased from \$1,000 to \$1,500 because of the decline in the value of the dollar. At the same time, the Committee should take into account the terms of trade in order to secure more precise statistics on the economic situation of Member States, in the light of the trend in export prices compared with import prices. Finally, it should continue to study ways and means of applying the principles governing its work and try to improve still further its method of drawing up the scale. His delegation recommended that the Committee should carefully study those new factors in particular, so that future scales of contributions could be approved unanimously.

45. Mr. YOGASUNDRAM (Ceylon) congratulated the Chairman and members of the Committee on Contributions for the comprehensive and detailed report they had produced; and he expressed the hope that the Fifth Committee would adopt the new scale of assessments unanimously. The statistical data provided by Member States had improved, and that had greatly facilitated the work of the Committee. However, a purely mechanical application of those data could never produce satisfactory results, and the Committee should always use its power of discretion. At the same time, it should exercise the greatest possible caution when considering elements which could not be clearly defined—such as the effect of the "subsistence income" of the rural population on the national product.

46. In establishing the scale of assessments, the Committee had not only scrupulously adhered to its terms of reference and to the guidelines laid down by the General Assembly, but had also taken into consideration the views expressed in the Fifth Committee at

² *Official Records of the General Assembly, Twenty-fourth Session, Annexes*, agenda item 78, document A/7816.

earlier sessions. Above all, it had taken account of the problems of the developing countries, particularly those which had low *per capita* incomes or experienced difficulties in securing foreign exchange. It had not increased the assessment of any Member State whose *per capita* income was less than \$300; and the same remark applied, with a few exceptions, to countries with a *per capita* income between \$300 and \$1,000. Though there was no systematic formula for making allowance for the difficulties encountered by certain Member States in acquiring foreign currency, his delegation was glad to note that that factor had been taken into account by the Committee on Contributions, together with available data on servicing and amortization of external debts. It agreed with the view that the Secretary-General should be authorized to continue to make arrangements for Member States to pay part of their assessments in currencies other than United States dollars, and that those arrangements should be as comprehensive as possible. It noted with satisfaction that the Committee on Contributions was intending to keep under review its methods of work and to study the possibility of further improvements in its task of establishing the scale of assessments. It believed that the changes recommended in the present scale reflected actual economic changes that had taken place in the past three years; and, accordingly, it supported the recommended scale.

47. Mr. CLELAND (Ghana) said he appreciated the difficulty of the task undertaken by the Committee on Contributions, which was obliged to take into consideration the often conflicting views of Member States; and he congratulated the Committee on establishing a scale which took account of the situation in almost all Member States. He noted with satisfaction that the Committee had not applied too rigidly the criteria laid down to compute the assessment of Member States, but had for example taken into consideration factors such as dislocation of national economies arising from natural disasters and the difficulties experienced by the developing countries in acquiring foreign currency. Ghana, for example, was using 50 per cent of its foreign earnings for the servicing and amortization of its foreign debt. There was also the question of terms of trade, which invariably favoured the developed countries. The economic situation in many developing countries had deteriorated owing to the fluctuations in the prices of agricultural products, which were in turn due to the developed countries' refusal to guarantee a minimum price for those products on which the economies of many developing countries depended. It was against that background that the Secretary-General had been authorized to accept contributions from some Member countries in currencies other than United States dollars. The Committee on Contributions had recommended that that arrangement should be further extended to cover the financial years 1971-1973. Currencies other than United States dollars should not be interpreted to mean solely hard currencies such as the pound sterling, the Swiss franc, the mark or other easily convertible currencies. Developing countries faced with extreme difficulties in obtaining foreign currency should be permitted to pay in their national currencies not only some portion of their contribution

but—in certain situations to be examined on a case-by-case basis—a substantial part of their contribution.

48. With reference to the national product concept, the Committee on Contributions had studied the situation of developing countries whose rural population was living on a "subsistence income". As the Indian representative had pointed out, a large proportion of those rural populations lay outside the money economy. In the present state of economic science, the national products of a number of developing countries could not be accurately measured; and, as the Committee on Contributions always had to use an element of judgement in estimating national product, his delegation urged it to proceed with great caution in order to avoid any arbitrary inflation of the national product figure.

49. His delegation noted with satisfaction the changes made in the assessments of certain Member States in order to take account of their changed economic circumstances. It supported the scale of assessments proposed by the Committee on Contributions; and it recommended that the points raised by various delegations should be taken into consideration when the next scale was established.

AGENDA ITEM 76

Appointments to fill vacancies in the membership of subsidiary bodies of the General Assembly (continued): *

(e) United Nations Administrative Tribunal (A/7935, A/C.5/1318)

50. The CHAIRMAN, referring to the note by the Secretary-General (A/7935), invited the Committee to proceed with the election of three members to fill the vacancies that would occur in the United Nations Administrative Tribunal on 31 December 1970, when the terms of Mrs. Paul Bastid, Mr. Vincent Mutuale and Mr. R. Venkataraman would expire. As the Secretary-General had stated (A/C.5/1318), all three outgoing members had been proposed by their respective Governments for further terms of three years. Subject to the provisions of article 3, paragraphs 1 and 2, of the Statute of the United Nations Administrative Tribunal, members of the Committee could vote for anyone, whether or not his candidature had been officially proposed. As the members of the Administrative Tribunal were appointed in their personal capacity, the Chairman requested members of the Fifth Committee to write merely the names of three persons on their ballot papers.

At the invitation of the Chairman, Mr. Benkirane (Morocco) and Mr. Garrido (Philippines) acted as tellers.

A vote was taken by secret ballot.

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| <i>Number of ballot papers:</i> | 77 |
| <i>Invalid ballots:</i> | 0 |
| <i>Number of valid ballots:</i> | 77 |

* Resumed from the 1370th meeting.

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| <i>Abstentions:</i> | 0 |
| <i>Number of members voting:</i> | 77 |
| <i>Required majority:</i> | 39 |
| <i>Number of votes obtained:</i> | |
| Mr. Mutuale | 76 |
| Mrs. Bastid | 75 |
| Mr. Venkataraman | 73 |
| Three other persons | 3 |

Having obtained the required majority, Mrs. Paul Bastid (France), Mr. Vincent Mutuale (Democratic Republic of the Congo) and Mr. R. Venkataraman (India) were recommended by the Committee for appointment as members of the United Nations Administrative Tribunal for a three-year term beginning 1 January 1971.

The meeting rose at 6 p.m.