



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

It was so decided.

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 to 4, 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 and Add.1, A/C.5/1303 and Add.1, A/C.5/1305, A/C.5/1307, A/C.5/1309, A/C.5/1310, A/C.5/1315 and Corr.1, A/C.5/1317, A/C.5/1319, A/C.5/1320 and Corr.1, A/C.5/1322 and Corr.1, A/C.5/1329, A/C.5/1331, A/C.5/1332, A/C.5/1333, A/C.5/L.1041, A/C.5/L.1049/Rev.1, A/C.5/L.1053/Rev.1, A/C.5/L.1055, A/C.5/XXV/CRP.7, A/C.5/XXV/CRP.9, A/C.5/XXV/CRP.11, A/C.5/XXV/CRP.12, A/C.5/XXV/CRP.14, A/C.5/XXV/CRP.16 and Add.1, A/C.5/XXV/CRP.17 to 23)

First reading (concluded) (A/C.5/L.1041)

Revised estimates (concluded) (A/8008/Add.4, A/C.5/1322 and Corr.1)

SECTION 3. SALARIES AND WAGES (concluded) (A/8006, A/8008 AND ADD.1 AND 4, A/C.5/1302 AND ADD.1, A/C.5/1322 AND CORR.1, A/C.5/XXV/CRP.12, A/C.5/XXV/CRP.23)

1. The CHAIRMAN invited the Committee to vote on the recommendation of the Advisory Committee on Administrative and Budgetary Questions (see A/8008/Add.4) that a total of \$82,166,500 should be appropriated under section 3.

The Advisory Committee's recommendation for an appropriation in the amount of \$82,166,500 under section 3 was approved in first reading by 58 votes to 10, with 4 abstentions.

2. The CHAIRMAN recalled that the Committee had before it two texts (A/C.5/XXV/CRP.12 and A/C.5/XXV/CRP.23) which were proposed for inclusion in the report of the Fifth Committee.

3. If he heard no objection, he would take it that the Committee agreed to include in its report the text proposed by France and Mali in document A/C.5/XXV/CRP.12.

In the absence of the Chairman, Mr. Tardos (Hungary), Vice-Chairman, took the Chair.

4. The CHAIRMAN invited the Committee, in accordance with the request made by the representative of the Union of Soviet Socialist Republics, to vote on the proposal to include in the report of the Fifth Committee the text contained in document A/C.5/XXV/CRP.23.

The proposal contained in A/C.5/XXV/CRP.23 was adopted by 47 votes to 10, with 11 abstentions.

5. Mr. GUPTA (India) said that his delegation had abstained in the vote on section 3 for reasons which it had stated in the discussion on sections 3 and 15.

6. Mr. KITI (Kenya) said that his delegation was one of those which at the twenty-fourth session had expressed dissatisfaction at the manner in which the question of personnel for ECA had been treated. It was alarmed to see that despite the recommendation of the manpower utilization survey to increase the staff of ECA the Secretary-General had decided to retain the same number of permanent and provisional posts for 1970. Nevertheless, his delegation had voted for the appropriation recommended under section 3 on the understanding that the Secretary-General would take into account the views expressed by the Advisory Committee in paragraph 13 of its report (A/8008/Add.4).

7. Mr. KEENLEYSIDE (Canada) said that his delegation had voted in favour of the proposal contained in document A/C.5/XXV/CRP.23 in view of the assurances given at the preceding meeting by the Director of the Budget Division that it was highly improbable that the Secretary-General would need to take the extraordinary measures proposed, and by the Chairman of the Advisory Committee that the recommendation would be implemented in accordance with the rules and regulations governing the activities of the Advisory Committee.

8. Mr. CHRISTIANS (Venezuela) said that the abstention of his delegation had been a mistake. It had intended to vote in favour of the proposal contained in document A/C.5/XXV/CRP.23.

9. Mr. REFSHAL (Norway) said that his delegation had voted for the proposal contained in document A/C.5/XXV/CRP.23 on the understanding that the statements made by the Director of the Budget Division and the Chairman of the Advisory Committee would be reflected in the report of the Fifth Committee.

10. Mr. LAWRENCE (United States of America) said that his delegation had abstained on the proposal contained in document A/C.5/XXV/CRP.23 because it had noted the statements by the Director of the Budget Division and the Chairman of the Advisory Committee and considered that provision already existed for the eventuality foreseen in the proposal.

11. Mr. RHODES (United Kingdom), Mr. NAITO (Japan), Miss FORCIGNANO (Italy) and Mr. CONNOLLY (Ireland) endorsed the views expressed by the representative of the United States of America.

SECTION 4. COMMON STAFF COSTS (A/8006, A/8008 AND ADD.1 AND 4, A/C.5/1302 AND ADD.1, A/C.5/1322 AND CORR.1)

12. Mr. BANNIER (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that common staff costs included dependency and education allowances, travel on appointment, transfer and separation and contributions to the United Nations Joint Staff Pension Fund and medical insurance. The reduction in the revised estimate was largely due to the reduction in section 3, which had already been approved in first reading. The revised estimate for 1971 was approximately \$1.3 million above the appropriation for 1970. That was due to the increase in the contribution to the Staff Pension Fund, the increased cost of medical insurance, particularly in New York, and the proposed increases in staff training facilities.

The Advisory Committee's recommendation for an appropriation in the amount of \$18,843,000 under section 4 was approved in first reading by 59 votes to 9, with 3 abstentions.

13. Mr. GUPTA (India) said that as sections 3 and 4 were closely related, he had abstained in the vote on section 4 for the same reasons as he had abstained in the vote on section 3.

SECTION 7. BUILDINGS AND IMPROVEMENTS TO PREMISES (A/8006, A/8008)

14. The CHAIRMAN suggested that the Committee should approve the Advisory Committee's recommendation contained in paragraph 211 of its report (A/8008) for an appropriation in the amount of \$5,040,900 in first reading on the clear understanding that the Committee would discuss separately individual items on construction projects as the reports containing the Secretary-General's proposals were available.

On that understanding, the Advisory Committee's recommendation for an appropriation in the amount of \$5,040,900 was approved in first reading by 64 votes to none, with 1 abstention.

INCOME SECTION 1. INCOME FROM STAFF ASSESSMENT (A/8006, A/8008 AND ADD.1 AND 4, A/C.5/1302 AND ADD.1, A/C.5/1322 AND CORR.1)

15. Mr. BANNIER (Chairman of the Advisory Committee on Administrative and Budgetary Questions) said that the Advisory Committee approved the revised estimate for income from staff assessment in accordance with regulation 3.3 of the Staff Regulations governing salaries and emoluments paid to staff. The figure did not take account of the financial implications of a decision by the General Assembly regarding Professional salaries.

The Advisory Committee's recommendation for an amount of \$19,730,000 under income section 1 was approved in first reading.

SECTION 5. TRAVEL OF STAFF* (A/8008/ADD.4, A/C.5/1322 AND CORR.1)

SECTION 9. MAINTENANCE, OPERATION AND RENTAL OF PREMISES (A/8008/ADD.4, A/C.5/1322 AND CORR.1)**

SECTION 10. GENERAL EXPENSES* (A/8008/ADD.4, A/C.5/1322 AND CORR.1)**

INCOME SECTION 4. REVENUE-PRODUCING ACTIVITIES* (A/8008/ADD.4, A/C.5/1322 AND CORR.1)

16. The CHAIRMAN said that, if there was no objection, he would assume that the Committee approved the revised estimates under expenditure sections 5, 9 and 10 and under income section 4 as proposed by the Secretary-General (see A/8008/Add.4, para. 5).

17. The Committee had thus concluded the first reading of the budget estimates for 1971.

Study of the nature of the increases in the level of expenditure in the United Nations regular budget (continued) * (A/C.5/1307, A/C.5/L.1055)***

18. Mr. ASHWIN (Australia) said that the initiative of the sponsors of draft resolution A/C.5/L.1055 and the work of the Secretariat in compiling the study of the nature of the increases in the level of expenditure in the United Nations regular budget had been well worth while. The Australian Government had noted that throughout the Secretary-General's report (A/C.5/1307) current dollars had been deflated to constant 1963 dollars by the use of various consumer price indices. That could be misleading if the relevant price indices were not directly comparable. Also, the procedure of averaging increases over the period 1950-1969 tended to conceal the magnitude of increases in recent years. His Government had been curious about the considerable percentage growth rate increases for ECA as a whole and for UNCTAD in the item classified as "Other expenditure" as shown in table II of the Secretary-General's report. Obviously, the assumption that the United Nations budget should increase at roughly the same rate as national budgets must be very closely examined.

* See 1365th meeting.

** See 1366th meeting.

*** See 1364th meeting.

**** Resumed from the 1395th meeting.

19. The Australian Government felt that the kind of situation depicted in the Secretariat study tended to reinforce the sort of views Sir Robert Jackson had advanced in his study of UNDP.¹ The general conclusion was that the whole United Nations system could well do with further examination and consolidation, not for the purpose of restricting expenditure *per se* but for the purpose of getting the best results.

20. Consequently, the Australian delegation was a little taken aback by the assaults which had been launched on the Secretariat paper in recent days. Of course, there were gaps in it. But they were not gaping holes. In the comparative section of the paper there were omissions in the data given for national budgets. As the United States representative had pointed out (1395th meeting), bilateral aid programmes and other related expenditure were equally relevant if the paper was really intended by its sponsors to direct an accusing finger at anyone. If comparisons were in order, then it was also in order to underline what emerged from Figure VIII (b) of the report, namely, that the average annual rate of growth at constant prices of total United Nations expenditure was higher than that of the national budgets of all States examined except India, Japan and Italy, and higher than that of the gross national products of all States except Japan and the Union of Soviet Socialist Republics.

21. However, there was no real desire or need to engage in such comparisons. What was wanted, as had been agreed upon in 1969, was a collection of factual information. His delegation would have been pleased if the Indian delegation and the other sponsors of the original General Assembly resolution 2617 (XXIV) had welcomed the paper which had been submitted and had stressed the need to bring about the most economic and efficient utilization of United Nations resources. The draft resolution now before the Committee was somewhat different and there were several points about which the Australian delegation was uneasy.

22. For example, it would be better to delete the words "particularly in terms of increasing financial support" at the end of the third preambular paragraph and perhaps to insert the word "financial" before the word "commitment" in the same paragraph. The use of the term "modest growth" in operative paragraph 2 (a) was questionable. The over-all growth of expenditure for the United Nations system as a whole, in a comparative sense, had really been something more than modest. The statement in operative paragraph 2 (b) was open to question too. The Secretariat paper after all had been based only on a study of thirteen Member States, not 127. There was a discriminatory element in operative paragraph 4 which his delegation was not happy about. It did not follow that by spending more money the United Nations would enable the organizations of the system to continue their present activities in a more effective way. His delegation had no particular difficulty with operative paragraph 5 and was wholly in favour of operative paragraph 6. It hoped that the Committee could reach a broad consensus on

the question of budgetary growth and he appealed to the sponsors to regard such a consensus as an important part of their objective.

23. Mr. FAROOQ (Pakistan) welcomed the report in document A/C.5/1307 as a first step. While appreciating the efforts made by the Secretariat in producing the study, his delegation would suggest that an addendum should be issued stating the factual position in a readable manner which would enable delegations to draw their own conclusions. It would perhaps be advisable in the future to lay down the form in which a study should be prepared so that the Secretariat could move in the direction the Committee wished.

24. The real objective of the study before the Committee had been to present a clear picture of the rise in the level of the United Nations budget as compared with the rise in national budgets. Although there could not be and should not be a parallel between the growth of national and international budgets, yet, if a comparison was to be made, then such a study was the only way to proceed with it. The comparison had become necessary because in certain quarters an impression existed that the rise in the level of the United Nations budget had reached astronomical proportions. The study had been useful in showing that such apprehensions had not been well founded.

25. The budgetary policies of the Organization had to be two-dimensional: they should aim at making the United Nations solvent and at the same time ensure continuing financial support for future activities, especially those of the International Development Strategy. The total quantum of resources necessary during the next ten years could be determined in monetary and human terms through evaluation and reappraisal processes based on the experience of the First United Nations Development Decade. In that way priorities could be determined for activities of vital interest and long-term planning could be conducted in the context of contemporary situations.

26. There could be a direct method of increasing contributions to the United Nations budget by earmarking a particular percentage of national budgets as well as indirect methods such as independent income-producing activities. To increase the capacity of the developing countries to pay more, they should be helped by necessary changes in the national trade and aid policies of developed countries, as well as by the transfer of science and technology.

27. The earnings from revenue-producing activities were currently used to reduce the budget. That amount, although not substantial, could be built up as a sort of reserve fund. The vast resources that could be released to disarmament might be taken into consideration. However, for that purpose, the active participation of the super Powers and the developed countries was necessary.

28. The success of the United Nations depended on its financial viability. It was generally recognized that the developed countries had made supreme sacrifices

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

to reach their present degree of prosperity. What they were now asked to do was to become more deeply involved in the efforts to improve conditions in the developing countries. The aim was not to help the developing countries to become as affluent as the rich countries but merely to attain the minimum required standards. All countries would benefit from that process. The success or failure of the United Nations was the success or failure of all countries singly as well as collectively. Therefore the budgetary policies of the United Nations should not be looked upon in isolation. All avenues should be explored not only to increase revenue on an annual basis but also to approach the whole problem in a more forward-looking spirit.

29. In the light of those conclusions, his delegation would support draft resolution A/C.5/L.1055.

30. Mr. WEI (China) felt that the report of the Secretary-General did not give all the facts. It gave figures for the Professional category but not for General Service staff. The figures for the latter category too might shed light on the causes of increases in the level of expenditure in the regular budget.

31. At the twenty-fourth session his delegation had questioned the value of linking the growth of national budgets with that of the United Nations regular budget. A fair comparison could not be made between them since the former included such expenditures as defence and education while the latter covered mainly staff costs and expenditures for meetings and documents.

32. An increase in the level of expenditure in the regular budget would undoubtedly lead to further growth of the Organization. It was not certain, however, that, by spending more, creating more bodies and making more statements, the Organization would accomplish more or would promote the cause of peace and development and develop along more clearly defined lines.

33. Since the Committee was responsible to the world community for seeing that its contributions were used wisely and effectively and that the administrative organs were efficiently managed, his delegation felt that the Committee should ensure that the Organization developed in a systematic, co-ordinated and efficient way before it voted on any increase in expenditure. The report of the Secretary-General (A/C.5/1333) concerning progress made by the Administrative Management Service in conducting a survey of manpower utilization in the Secretariat stated that the Service had observed several instances of apparent undesirable overlapping and duplication and that the actual work programmes being implemented, in a number of instances, did not appear to be fully consistent with the programmes of work approved by the governing bodies.

34. In the light of those findings, his delegation felt that any increase in the level of expenditure should perhaps be delayed until the manpower survey had been completed and the planning estimate

implemented. At that stage his delegation would not, therefore, be able to support any proposal for an increase in the level of expenditure in the regular budget.

35. Mr. VAN VLOTEN (Netherlands) felt that the statement in operative paragraph 2 (a) of draft resolution A/C.5/L.1055 that there had been "only a modest growth in real terms in the budgets of the United Nations and the specialized agencies" was not entirely borne out by the facts. His delegation continued to believe that there had been remarkable growth in the preceding two decades, although it might perhaps not have been as large as some may have wished.

36. With regard to operative paragraph 2 (b), it was not realistic to compare growth figures for international budgets with those for national budgets or gross national products. Moreover, in a draft resolution concerning the United Nations system as a whole his delegation did not consider it appropriate to single out only one partner of the system and refer to the United Nations alone.

37. His delegation found it even more difficult to accept operative paragraph 4, which contradicted operative paragraph 6. It seemed illogical for the text to advocate a budgetary policy unrelated to carefully considered programmes, while at the same time attaching importance to better harmonization of programming and budgetary policies.

38. His delegation fully agreed with operative paragraph 6 and considered that the idea contained in it would enhance the prospect of sustained growth of the United Nations system.

39. He appealed to the sponsors of the draft resolution not to press for overly hasty and possibly self-defeating action on their proposal. One of the reasons for which the issue raised by them deserved serious consideration and discussion, *inter alia*, because the United Nations system would have to play an essential role in the implementation of the International Development Strategy. His delegation wished to reassert the view it had already expressed that the *Ad Hoc* Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies should give the matter preliminary consideration, since a reactivated *Ad Hoc* Committee would as a matter of course have to consider the question of the harmonization of programmes and budgets.

40. Mr. GUPTA (India) announced that Pakistan had become a sponsor of draft resolution A/C.5/L.1055.

41. In reply to the representative of Australia, he stressed that the sponsors of the draft resolution had absolutely no intention of pointing an accusing finger at anybody. The representative of Australia had also pointed out that the average annual rate of growth at constant prices of total United Nations expenditure was higher than that of the national budgets of all States examined except India, Japan and Italy. However, most of the developing countries were now at a stage

which might be compared with the time of the industrial revolution in Europe 200 years previously. Italy and Japan had been left prostrate after the Second World War and by tremendous efforts had achieved their present rate of growth. The developing countries were making similar efforts and many had achieved respectable growth rates but they related to a base that already was abysmally low.

42. He agreed that it was unrealistic to compare the growth rate of the United Nations budget with those of national budgets. Indeed, no absolute comparison was possible. While not maintaining that there was a direct linkage, the sponsors wished the growth of the United Nations to be viewed against the background of national budgets. The base level taken for the growth rate of the developed countries was so high that India would not reach it in a hundred years. On a *per capita* basis India would reach the same standard as the United Arab Republic in thirty years. India and the other sponsors were merely appealing to the sense of equity of the richer countries.

43. It had been suggested again in the present debate that the developing countries were asking for increases in the United Nations budget merely for the sake of increases. That was not so. India was committed as much as any developed country to the execution of United Nations programmes in the most economical way possible. At the same time, India was opposed to the establishment of arbitrary ceilings on the budget; it was in that sense that the third preambular paragraph of the draft resolution should be understood.

44. The draft resolution was not directed at a small group of countries but was intended to lay down broad guidelines for budgetary policies from the legislative and executive points of view. There was no contradiction between operative paragraphs 4 and 6 because they were both addressed to all Member Governments. The larger contributors had been mentioned in operative paragraph 4 because they were very affluent and because there could be no future for countries like the Union of Soviet Socialist Republics, the United States of America and Sweden if there was no future for countries like India, Pakistan and the Upper Volta.

45. Some objections had been raised to operative paragraph 2 but it was based on an objective appraisal of the Secretary-General's report (A/C.5/1307). The sponsors could have drawn even more drastic conclusions from that study but they had refrained from doing so in order to achieve a consensus. They were perfectly willing to discuss any changes that might be proposed in the text.

46. Mr. HULTGREN (Sweden), speaking in exercise of the right of reply, pointed out that Sweden did not advocate a fixed rate of growth in the budget. Draft resolution A/C.5/L.1055 was, to a large extent, in conformity with the Swedish point of view. Sweden considered that, if the United Nations was to play a central part in world affairs, the budget should be increased and his Government would continue to accept its responsibilities in that respect.

47. It did however have certain difficulties regarding operative paragraph 4. Sweden, which contributed more than 1 per cent of its gross national product, might be considered a larger contributor. Approval of operative paragraph 4 might compel Member Governments to assume undefined obligations. Furthermore, it was essential that, in relative terms, the developing countries should take part in the development effort so that all Members could work hand in hand towards the attainment of the objectives of the United Nations. In view of the terms of operative paragraph 4, his delegation was hesitant to approve the draft resolution and might be compelled to abstain.

48. Mr. GUPTA (India) said that Members should not misinterpret his motives in using individual countries as examples. He had selected those countries at random.

49. He agreed that the developed and developing countries should join in a common endeavour. However, in terms of the availability of foreign currency and gross national product, among other factors, the contributions of many developing countries were probably higher than those of the developed countries. It was particularly onerous for the developing countries to have to pay their contributions in hard-earned foreign exchange.

50. Mr. LAWRENCE (United States of America) said that his delegation believed that the rate of growth should be related to co-ordinated planning and programming as indicated in operative paragraph 6, and should not be fixed as might be implied from other operative paragraphs of draft resolution A/C.5/L.1055.

51. Miss FORCIGNANO (Italy) thanked the representative of India for stressing the particular circumstances her country and Japan had found themselves in after the Second World War since figures meant nothing in isolation and had to be seen in context.

52. With regard to operative paragraph 2 (a) of draft resolution A/C.5/L.1055, she did not feel that the growth had been modest and felt that another word should be used.

53. With regard to operative paragraph 2 (b), she felt that it was misleading to compare the United Nations regular budget with gross national products; as could be seen from Figure VIII (a) in document A/C.5/1307, the growth rate of Italy's gross national product was lower than the growth rate of all parts of the United Nations gross budget expenditure except the regular budget. She also felt that the growth rate of national budgets could not be compared with those of the United Nations and the specialized agencies.

54. Her delegation was not happy with operative paragraph 4 of the draft resolution: an increase in the level of expenditure in the regular budget would not necessarily make the Organization more effective.

55. Mr. SANU (Nigeria) said that, since his country had co-sponsored General Assembly resolution 2617

(XXIV), it was concerned that some of the statements made in the Committee ignored budget increases that were due mainly to the rising cost of maintaining the establishment. Draft resolution A/C.5/L.1055 indicated that the rate of growth was not as enormous as some delegations believed. The Indian representative had gone a long way towards explaining the sponsors' purpose which was not to force commitments from the rich countries but to promote the economic advancement of all Member States in accordance with the Charter and to indicate what the developing countries expected from the United Nations. For example, operative paragraph 4 referred to all Member Governments and not just the larger contributors, although it was clear that the larger contributors were in a position to respond more actively.

56. He did not see any contradiction between operative paragraphs 4 and 6. By joining with the developed countries in establishing the *Ad Hoc* Committee of Experts to Examine the Finances of the United Nations

and the Specialized Agencies, the developing countries had shown that they too felt that rationalization of activities was needed.

57. His delegation would have liked to see the draft resolution make a distinction between increases due to expanded activities and increases due to inflation. It should have said that Member States were committed to annual increases in programme activities since it was unfair to limit them because of inflation. That statement was not in the resolution, however, and his delegation considered that omission a weakness.

58. Mr. GUPTA (India) said that he had been informed that Zambia too had decided to sponsor the draft resolution.

59. He agreed with the statements the representative of Nigeria had made in response to many of the points that had been raised.

The meeting rose at 10.20 p.m.