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Chairman: Mr. Najib BOUZIRI (Tunisia).

AGENDA ITEM 80

Scale of assessments for the apportionment of the expenses of the United Nations: reports of the Committee on Contributions (*continued*) (A/5810 and Add.1, A/6010; A/C.5/1032; A/C.5/L.847, L.848)

1. Mr. CHAKRAVARTY (Chairman of the Committee on Contributions) observed that certain delegations seemed to have a mistaken conception of the method used by the Committee on Contributions in determining the assessments. The Committee received its directives from the General Assembly: the assessments had to be determined according to the capacity of Member States to pay. To measure that capacity to pay, the Committee used the national income data of the different States and took into account certain other factors such as per capita income. The assessments of low per capita income countries could not be reduced more than 50 per cent. Thus, countries with a small population but a high per capita income might well be assessed at a lower rate than a country with a low per capita income but with a much higher population. Any further reduction in the assessments of low per capita income countries would increase the burden on the middle income countries, primarily because of the present ceilings fixed by the General Assembly. There were only fourteen countries with a per capita income of more than \$1,000 per annum and twelve countries with a per capita income of between \$500 and \$1,000 per annum. If reductions were made only in the assessments of the countries with a per capita income of less than \$500, it would be the twelve middle income countries that would have to bear the increased burden. The same would happen if the low per capita income countries were given larger deductions, for one of the countries with the highest per capita income was protected by the ceiling principle, and others were protected by the per capita ceiling principle. Further relief to

low per capita income countries could not therefore be granted without reconsidering those two principles.

2. The Committee had found that detailed study was necessary before a progressive scale could be applied to countries with a per capita income of more than \$1,000. The application of such a scale would raise many problems: it would, for example, be necessary to bring many more countries down to the minimum assessment and to take into account the purchasing power of the various currencies. In order to be able to make recommendations, the Committee had requested the Secretary-General to prepare relevant material for a subsequent session so that the question could be thoroughly examined.

3. As to the comments made at the 1094th meeting by the Polish representative, he emphasized that the Committee on Contributions was obliged to follow the directives laid down by the General Assembly. As a result, the assessments of forty-five countries, which were at present at the minimum level of 0.04 per cent, could not be further reduced. The assessments of the other countries could only be modified as a result of changes in their national incomes in relation to the level of per capita income. Consequently, when certain countries showed more than average expansion, their assessments would increase while those of other countries would become lower. It should also be pointed out that, because of the nature of the allowances for low per capita income countries, the scale responded more slowly to changes in the low income countries than to changes in the high income countries. It was because of those facts that the representative of Poland had been able to quote reductions that had been made for a number of medium and high income countries; that simply meant that the expansion of income in those countries had been less than average. It should, however, be emphasized that those reductions were offset by increases in the assessments of other high and medium income countries: among the countries with a per capita income of more than \$500, the assessments of thirteen countries had increased by 1.19 per cent and those of eight countries had been reduced by 0.63 per cent. The special attention given by the Committee on Contributions to countries with a per capita income below \$300 perhaps explained why the Polish representative had questioned the increases in the assessments of Malaysia, Mexico and Chile. In the case of Malaysia, there had been changes in the territory and population; Mexico, for its part, had received in recent years such an expansion in national income that it no longer belonged to the group of countries whose per capita income was below \$300; finally, Chile's assessment had been reduced because of the very severe earthquake which

had affected the country, and it had now been restored to its original level.

4. Mr. YOKOTA (Japan) noted with satisfaction that the Committee on Contributions, when establishing the scale of assessments for the year 1965-1967, had based its calculations, for all Member States, on the net national product at market price for the period 1960-1962 instead of on national income at factor cost. By so doing, it had eliminated one of the most controversial elements in the calculation of the scale of assessments. His delegation shared the view expressed by the Committee on Contributions in paragraph 16 of its report to the General Assembly at its nineteenth session (A/5810), but it felt some concern on reading paragraph 17 of that report. That concern was due to the fact that Japan's rate of assessment for the years 1965-1967 had been fixed at 2.77 per cent, which amounted to an increase of 22 per cent over its previous rate of 2.27 per cent. The Committee on Contributions had recommended upward revisions for only nineteen Member States but had recommended reductions for almost twice that number. The upward revision for Japan was by far the greatest. In fact, an extra heavy burden would be placed on that country and on several other Member States in order to lower the assessments for a number of other countries, some of which were permanent members of the Security Council. The increase in Japan's rate of contribution to the United Nations would have the effect of similarly increasing its contribution to the specialized agencies and therefore of imposing even greater financial burdens upon it. The Japanese Government nevertheless accepted the recommendations of the Committee on Contributions, because it wished to bear a greater responsibility in future United Nations activities. His delegation hoped that all Member States would be able to accept the recommendations of the Committee on Contributions and would honour their obligations when the scale of assessments had been approved by the General Assembly.

5. Mr. VIAUD (France) said that France accepted the recommendation of the Committee on Contributions for raising its rate of assessment from 5.92 per cent to 6.09 per cent; such an increase seemed to correspond to the country's economic expansion and was therefore perfectly justified. His delegation had, moreover, no objection to the amendment (A/C.5/L.847) proposed by Argentina and six other countries and would therefore vote in favour of it.

6. On the other hand, he considered that the draft resolution submitted by the Gambia and Poland (A/C.5/L.848), and in particular the wording of operative paragraph 1, was very obscure and would only complicate the already delicate task of the Committee on Contributions. The draft resolution inadequately reflected the comments which had been made by the Polish representative at the 1094th meeting and to which the Chairman of the Committee on Contributions had made an excellent reply. Quoting as he did a few examples of assessments, the Polish representative had given only a partial view of the question: a few assessments could not be criticized in isolation without taking into consideration the scale as a whole. For each reduction there must be a corresponding

increase, since the total assessments necessarily amounted to 100 per cent. The Polish representative should, moreover, verify his sources for the figures he quoted. The fact that the assessments of a number of industrialized countries, namely, Belgium, Sweden and the United Kingdom, had been reduced simply meant that the economic expansion of those three countries had not been as rapid as that of the other countries.

7. Mr. PHRYDAS (Greece) said that he wished to draw the attention of the Committee on Contributions to certain aspects of the problem to which it seemed to attach less importance than did certain Members of the United Nations. It was clear from that Committee's two reports (A/5810 and Add.1, and A/6010) that the basic criterion in establishing the scale of assessments was per capita income. His delegation was not questioning the validity of that criterion but considered that it could lead to erroneous and unfair results when comparisons were being made between countries at different stages of economic development and stability. The rate of increase in national income was much less stable in the developing than in the developed countries. Consequently, if the main criterion was the per capita income attained during a given period and insufficient account was taken of the other relevant factors, there was a danger of arriving at inequitable and sometimes paradoxical results. That was particularly true in the case of Greece. Up to 1964 its rate of assessment had been 0.23 per cent. Taking as a basis the per capita income of Greece during the years 1960 to 1962, the Committee on Contributions had reached the conclusion that the rate of assessment for that country should be raised to 0.25 per cent. It so happened that, after 1962, the Greek economy had experienced difficulties that had not as yet been overcome. Greece would therefore be obliged, at a time when its economic situation was unfavourable, to make a larger contribution than when it had been going through a period of relative prosperity.

8. His delegation believed that paradoxical situations of that kind could be avoided if all the principles laid down by the General Assembly for determining the assessments of the Member States were taken fully into account. Among those principles, was the one set out in resolution 1927 (XVIII) by which the General Assembly had requested the Committee on Contributions "in calculating rates in assessments, to give due attention to the developing countries in view of their special economic and financial problems". The Assembly had not been expressing a pious hope but had laid down a criterion that was just as important and just as valid as any of the previous criteria in the matter. That, in any case, was how his delegation interpreted the resolution in question. It therefore found it hard to understand why the Committee on Contributions had felt compelled to state in paragraph 24 of its report to the General Assembly at the latter's nineteenth session (A/5810) that, by reason of the other principles which were applicable, "the possibilities open to the Committee to give further relief to the developing countries were . . . restricted". The principles governing the apportionment of expenses among the Member States were admittedly somewhat inflexible, but in his delegation's opinion the precise

reason why the General Assembly had recommended the Committee on Contributions to give special attention to the economic and financial problems of the developing countries had been to counter that inflexibility.

9. Subject to what he had just said, his delegation had no objection to the draft resolution submitted by the Committee on Contributions in its report to the General Assembly at the current session (A/6010, para. 21). It nevertheless hoped that the remarks it had just made would be taken into account by the Committee on Contributions and that, on the occasion of the next review of the scale of assessments, that Committee would reduce his country's rate of assessment to a level which more accurately reflected the economic potentiality of that country as shown in the data relating to its development from the end of the period on which the review in question was based.

10. His delegation welcomed the statement by the Chairman of the Committee on Contributions that that Committee intended to make a thorough examination of the question of establishing a progressive scale. It would also support the amendment contained in document A/C.5/L.847.

AGENDA ITEM 76

Budget estimates for the financial years 1965 and 1966 (continued)* (A/5799 and Corr.1; A/5805, A/5807 and Corr.1; A/5940 and Corr.1; A/5969, A/5995, A/5996, A/6005, A/6007 and Corr.1; A/6050; A/C.5/1009 and Corr.1; A/C.5/1011, 1014, 1025 and Corr.1; A/C.5/1027, 1035-1038, 1040; A/C.5/L.833, L.836, L.843)

Budget estimates for the financial year 1966 (continued)* (A/5799 and Corr.1; A/5805, A/5807 and Corr.1; A/5940 and Corr.1; A/5969, A/6005, A/6007 and Corr.1; A/6050; A/C.5/1009 and Corr.1; A/C.5/1025 and Corr.1; A/C.5/1027, 1035-1038, 1040; A/C.5/L.833, L.836, L.843)

Draft resolution submitted by France (A/C.5/L.843)

11. Mr. POLIT ORTIZ (Ecuador) said that the draft resolution submitted by France (A/C.5/L.843) deserved the support of the entire Committee.

12. His delegation would nevertheless prefer that greater emphasis should be given to the question mentioned in operative paragraph 3 (b) and somewhat less emphasis to the question dealt with in operative paragraph 2 (a). The reason for that preference was its view that it would be inadvisable for the ad hoc committee to re-examine the expenditure committed for the different peace-keeping operations since their inception. Such a course might oblige the ad hoc committee to take up delicate political problems to the detriment of the aims being sought. Those aims were: to improve the financial procedures of United Nations bodies, to achieve the maximum degree of economy, and, in general, to ensure maximum efficiency in the Organization by eliminating duplication and overlapping. The Fifth Committee should shy away from the political aspects of the administrative and financial problems with which it had to deal. His

delegation intended to submit an amendment along those lines.

13. Mrs. SOLOMON (Trinidad and Tobago), referring to the Ecuadorian representative's proposal for giving greater emphasis to operative paragraph 3 (b) of the French draft resolution, pointed out that the problem which would, under that paragraph, be entrusted to the ad hoc committee coincided to some extent with agenda item 100 of the General Assembly (General review of the programmes and activities in the economic, social, technical co-operation and related fields of the United Nations, the specialized agencies, the International Atomic Energy Agency, the United Nations Children's Fund and all other institutions and agencies related to the United Nations system), which had been allocated to the Second Committee. She was not, moreover, convinced that that was a financial question in the strict sense, and she warned the Fifth Committee against the risks of duplication. A draft resolution (A/C.2/L.814) had been submitted to the Second Committee with regard to agenda item 100.

14. The CHAIRMAN said that it often happened that two different Committees of the General Assembly would consider the same question although from different points of view. It might also well happen that, in doing so, neither one would be bound by the deliberations of the other.

15. Mr. S. K. SINGH (India) said that the draft resolution submitted by France deserved the closest attention and marked an important stage in the development of the United Nations.

16. Almost all the agreements concluded between the specialized agencies and the United Nations explicitly recognized the principle enunciated in Article 17, paragraph 3, of the Charter of the United Nations. The Advisory Committee on Administrative and Budgetary Questions, the International Civil Service Advisory Board and other bodies had increasingly endeavoured over the years to establish a "common system", with the result that administrative and budgetary co-ordination had become one of the dominant features of relations between the members of the United Nations family of organizations. Duplication and overlapping nevertheless still represented a problem that must be solved. In the French draft resolution, attention was properly drawn to two aspects of the question: first, the need to improve co-ordination between the United Nations and the specialized agencies; and secondly, the need to express clearly in monetary terms the real extent of the present financial problem of the United Nations. Seen from another angle, the draft resolution could be regarded as an attempt to solve both the short-term and the long-term problems of the United Nations. For the short term, the intention was to set up a group of experts that would speedily examine the financial problem and give a clear idea of its magnitude. It was obvious that in proposing the establishment of the ad hoc committee, the French delegation had taken into account the agreement which had been reached in the Special Committee on Peace-keeping Operations and had been approved by the General Assembly at its 1331st meeting on 1 September 1965. The possibility could not be excluded that when all the Member

*Resumed from the 1089th meeting.

States knew the exact amount of the deficit, some of them might consider it necessary to make certain sacrifices in order to re-establish the finances of the United Nations on a sound basis. The figures regularly published by the United Nations and the studies made by the Advisory Committee on Administrative and Budgetary Questions and other bodies did, of course, already give a fairly clear picture of the situation. The exhaustive study proposed by the French delegation could not, however, fail to be useful, and the ad hoc committee might be able to present some worth-while suggestions for modifying some of the Organization's working methods.

17. In his delegation's opinion, the ad hoc committee should not comprise any more than twelve to sixteen members, who would be selected after consultation between the President of the General Assembly and the Secretary-General and would be drawn from the best financial experts of the Member States. All geographical regions and all trends of opinion should be represented in the committee. It should start to function as soon as possible after the end of the twentieth session of the General Assembly, and should work in close collaboration with the Advisory Committee on Administrative and Budgetary Questions.

18. With regard to the long-term outlook, his delegation believed that the French draft resolution effectively translated the General Assembly's desire for a more forceful application of the principles set out in Article 17, paragraph 3, of the Charter. It took that opportunity to express the hope, on behalf of the developing countries and particularly those in Africa and Asia, that as the activities of the United Nations and the specialized agencies expanded, an increasing proportion of the current bilateral aid would be transformed into multilateral co-operation through the organizations in the United Nations family. He emphasized that the ad hoc committee would have to bear in mind not only the need to maintain the autonomy of the various United Nations bodies but also the opposition of the developing countries of Africa and Asia to any attempt, on the pretext of rationalization, to curb the scope of activities of the specialized agencies.

19. He reserved the right to comment again in detail on the draft resolution after consultation with other delegations.

The meeting rose at 12.10 p.m.