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Chairman: Mr. Milton Fowler GREGG (Canada).

## AGENDA ITEM 58

Budget estimates for the financial year 1964 (A/5440, A/5505, A/5507, A/5529, A/C.5/973, A/C.5/978, A/C.5/982, A/C.5/988, A/C.5/989, A/C.5/990, A/C.5/L.792) (continued)

### General discussion (continued)

1. Mr. ROSHCHIN (Union of Soviet Socialist Republics) observed that there were serious shortcomings in the conduct by the United Nations of its financial affairs. Despite the sale of \$145 million worth of United Nations bonds, the deficit in the Organization's accounts had risen to \$114 million by July 1963, plunging the United Nations into a financial crisis. That was because a procedure contrary to the Charter of the United Nations had been adopted for financing United Nations operations relating to the maintenance of peace and security, particularly those in the Congo and the Middle East, and other operational measures unconnected with the administrative functions of the Secretariat. By 31 August 1963, \$401 million had been spent on the United Nations Operation in the Congo and \$135 million would have been spent on the United Nations Emergency Force by the end of 1963; by that time the total deficit was expected to be \$140 million. An attempt was being made to involve all Member States in meeting that deficit, but in the absence of a decision by the Security Council any such attempt was contrary to the Charter.

2. It had become the practice—an unlawful practice which was undermining the United Nations—for questions of substance relating to the maintenance of peace and security to be decided, not by the Security Council, but by the General Assembly through its Fifth Committee. The Secretariat, ignoring the Security Council and thus violating the Charter, had itself decided which States should be invited to take part in ONUC, whether by providing military contingents or in other ways; had directed the conduct of the operation from the very beginning; and had applied for funds, not to the Security Council, but to the General Assembly, which had exceeded its authority by making appropriations and assessments for that purpose. The systematic violation of the Charter in financial matters had severely damaged the Organization and would harm it even more if allowed to continue.

3. The regular budget also gave grounds for serious concern, firstly because it included needless expenditure and rose from year to year without justification; secondly because it included appropriations for measures carried out in violation of the Charter; and thirdly because it included expenditure on economic, social and other programmes which should be financed on a voluntary basis outside the budget.

4. On the first point, total expenditure under the regular budget had almost doubled, rising from \$50.5 million to \$93 million, between 1956 and 1963 and a further increase of over \$8 million to \$101.5 million was requested for 1964. Staff costs in particular were rising sharply. Though there had been 172 vacant posts in summer 1963, the Secretariat was asking for sixty new "temporary posts" in 1964. In addition, too much was being spent on travel of staff, public information, reproduction and printing and other items. Such expenditure could be substantially reduced by strict economy; but the Secretariat, instead of stabilizing the budget as it had undertaken to do, pursued a policy of annual expansion.

5. On the second point, considerable sums were being spent to maintain various missions which, in violation of the Charter, had been set up ten to fifteen years previously as temporary *ad hoc* bodies but which had turned into permanent organs with ever growing staffs and budgets. Over \$33 million had been spent on such missions in 1956-1963 alone. All questions of substance relating to such missions, or to the United Nations Field Service, should be returned to the Security Council for decision before the financial aspect came before the Fifth Committee. The budget also provided, quite unlawfully, for the payment of interest and principal on the United Nations bonds issued to cover the deficit on the illegal operations in the Congo and the Middle East. The Soviet Union had repeatedly proposed that such items should be excluded from the budget but they were kept there by the Western Powers, which were trying to unload their financial responsibilities on to the entire membership of the United Nations. The Soviet Union would not contribute to the cost of the United Nations Commission for the Unification and Rehabilitation of Korea, the United Nations Memorial Cemetery in Korea, the United Nations Truce Supervision Organization in Palestine, the United Nations Field Service or the bond issue.

6. On the third point, the 1964 estimates, like those for 1963, included \$6.4 million for technical assistance. The Soviet Union was in favour of expanding technical assistance to developing countries, and was helping to do so through the Expanded Programme of Technical Assistance, the United Nations Special Fund and bilateral arrangements. However, the regular programme of technical assistance was so organized as to obstruct the participation of many Member States. It was patently under the control of a few

Western Powers, and the socialist countries, which together paid more than 21 per cent of the regular budget, were in practice excluded from participation. The experts sent to developing countries under the regular programme in 1961-1962 had included 164 from the United States of America, 90 from the United Kingdom, 99 from France and only 6 from the USSR. All technical assistance operations should be excluded from the regular budget and financed through the Expanded Programme and the Special Fund, on a voluntary basis and in national currencies, so that the Western monopoly would be broken and all States might take part. The Soviet Union was prepared to send Soviet experts, equipment and materials to the developing countries, but not to pay for experts and supplies sent from Western countries. It would accordingly pay its share of the 1964 appropriation for technical programmes in Soviet currency.

7. The USSR delegation welcomed the Secretary-General's espousal, for 1964, of a policy of consolidation and containment (see A/5505, foreword, para. 15), which it had been recommending for years and which, if applied earlier, would have precluded many of the Organization's existing difficulties. However, it shared the concern of the Advisory Committee expressed by the Chairman of the Committee in his statement at the 1019th meeting (A/C.5/989, para. 9) that "the apparent lack of discipline in the formulation of the annual programme and budget could well lead to uncontrolled expansion, dispersal of effort and a weakening of effectiveness" and shared its fear "that substantial additions to the initial estimates would render inoperative the Secretary-General's declared policy of consolidation and containment". His delegation supported the appeal made by the Chairman of the Advisory Committee for rationalization of the activities of United Nations organs and for the most effective use of existing resources. The rapid growth in the number of meetings and in the volume of documentation made for inefficiency, and drastic measures should be taken without delay to remedy that situation. The Chairman of the Advisory Committee had stated that a far greater proportion of the Organization's resources than was reasonable was devoted to conferences and meetings (*ibid.*, para. 18); the Advisory Committee felt it essential that the available resources should be directed to a carefully elaborated programme of priorities rather than dispersed over an ever-expanding *ad hoc* schedule of meetings (A/5507, para. 72).

8. By comparison the Secretary-General, in his statement to the Committee at the 1019th meeting (A/C.5/988), had paid less attention to the need for economy and rationalization. Indeed, the Secretary-General had stated that he would not think it wise to go below the level of expenditure which he had proposed; that seemed inauspicious for his policy of consolidation and containment. The Secretary-General had also proposed the establishment of a building fund to provide for the major maintenance and expansion of facilities at Headquarters, at Geneva and at other United Nations offices; in his delegation's opinion, that proposal should have been introduced as a separate item of the Assembly's agenda. Its adoption would be a departure from the normal procedure of requesting appropriations and might operate to deprive the General Assembly of its control over expenditure on construction. There was no justification for such a step.

9. The existing scale of assessments was highly unsatisfactory, for it was not based on the principles approved at the first session of the General Assembly. It departed from the criterion of comparative income per head of population by setting a ceiling of 30 per cent for the contribution of the United States of America. In addition, the existing scale completely ignored such criteria as the ability of Members to secure foreign currency and the temporary dislocation of national economies arising out of the Second World War.

10. The first of those two criteria was of the greatest importance to the USSR and other socialist countries, against which trade barriers were still maintained by the United States and other Western Powers. As to the second, the 1957 census had recorded 20 million more women than men in the Soviet Union; the Second World War still severely affected his country and imposed a heavy financial burden in the form of pensions and medical services. Yet the assessments of the Soviet Union and the other socialist countries were continually rising while those of the United States and the other Western Powers were reduced from year to year. The 1963 assessments of three Western and three socialist countries, expressed as percentages of their respective assessments in 1947, were as follows: the United States, 80.3 per cent; the United Kingdom, 63.2 per cent; France, 99 per cent; the Soviet Union, 236 per cent; Poland, 134.7 per cent; and Czechoslovakia, 130 per cent. In absolute terms, the 1963 assessment of the United States was 32.02 per cent; yet the Permanent Representative of the United States to the United Nations, Mr. Adlai E. Stevenson, had recognized in a statement to the Committee on Foreign Affairs of the House of Representatives on 27 June 1962 that on the criterion of "ability to pay" the United States should bear 44 or 45 per cent of the expenses of the United Nations. It was clearly unjust that a ceiling should be placed on the contribution of the richest country in the world, and one which benefited from the presence of United Nations in New York. In setting that ceiling, the Committee on Contributions had misinterpreted the relevant provisions of General Assembly resolutions 238 (III) and 1137 (XII), which had been intended to apply only "in normal times" and "as world economic conditions improved". Unless those shortcomings in the scale of assessment were removed promptly, confidence in the entire financial system of the United Nations would be undermined.

11. It was vital to the successful operation of the Organization that the Secretariat should have a suitable structure and that its staff should be recruited in accordance with the principle of equitable geographical distribution. The Secretariat, as the executive organ of the United Nations, must be a genuinely international body in whose work all groups of States had an equal opportunity to participate without discrimination. In its present state, the Secretariat did not meet that requirement. The key posts in all branches were occupied by representatives of the Western countries. The idea of a radical reorganization in the structure of the United Nations had been raised at the fifteenth session of the General Assembly by the Chairman of the Council of Ministers of the USSR (869th meeting) and was supported by many representatives. Some steps had been taken to improve matters, but no appreciable progress had been made. Representatives of the socialist and neutralist countries still played no substantial role in the direction of the Secretariat's work. Of some 1,300 professional and higher posts

subject to geographical distribution, nationals of the Western countries and their allies occupied 68 per cent, nationals of neutral countries 20 per cent and nationals of socialist countries 12 per cent. The bias in the staffing of the Secretariat, which was particularly evident at the higher levels, had a bad effect on its work since the majority of Member States were unable to make a full contribution. That situation must be rectified without delay, so that the nationals of States belonging to the various existing groups might take part in the Secretariat's work on equal terms, free from discrimination, and so that the interests of no group of Member States would be passed over.

12. Mr. MAILLIARD (United States of America), referring to the USSR representative's remarks on the "ceiling principle", said that the General Assembly, by endorsing in resolution 14 (I) the principles set out in section 2 of chapter IX of the report of the Preparatory Commission of the United Nations, had established as the principal criterion for formulating the scale of assessments the principle that expenses should be apportioned "broadly according to capacity to pay".<sup>1/</sup> The meaning of the word "broadly" was clarified by the following statement: "If a ceiling is imposed on contributions the ceiling should not be such as seriously to obscure the relation between a nation's contribution and its capacity to pay".<sup>1/</sup> The General Assembly had thus made it clear from the beginning that there was no conflict between the "ceiling principle" and capacity to pay.

13. That view had been reiterated over the years. Every resolution establishing the regular scale of assessment, beginning with resolution 69 (I) of 14 December 1946, had fixed the contribution of the United States according to the "ceiling principle". In 1946, the ceiling had been 39.89 per cent. In 1952, the General Assembly had decided in resolution 665 (VII) that from 1 January 1954 the assessment of the largest contributor should not exceed one-third of the total assessments against Members. At that time, the total membership of the Organization had been sixty: i.e., slightly over half the present membership. In 1957, the General Assembly had stated in resolution 1137 (XII) that "in principle, the maximum contribution of any one Member State to the ordinary expenses of the United Nations shall not exceed 30 per cent of the total"; but the United States assessment for the years 1959-1961 had been fixed at 32.51 by General Assembly resolution 1308 (XIII). The United States assessment was now 32.02 per cent, which was still above the 30 per cent ceiling fixed by the Assembly despite the fact that the membership of the Organization had now risen to 111.

14. It was surprising that the USSR representative should feel that the Committee on Contributions had misinterpreted the General Assembly's decisions regarding the share of the largest contributor, for the USSR delegation had apparently concurred in resolution 1137 (XII). That resolution, besides setting the ceiling for contributions at 30 per cent, specified in operative paragraph 3, sub-paragraphs *b* and *c*, that during the period 1959-1961, further steps to reduce the share of the largest contributor should be recommended by the Committee on Contributions when new Member States were admitted, and that it should thereafter recommend such additional steps as might be necessary to complete the reduction. The USSR,

Czechoslovakia and Poland had abstained on that resolution, but Albania, Bulgaria, the Byelorussian SSR, Hungary, Romania and the Ukrainian SSR had voted in favour of it. The "ceiling principle" had therefore been accepted, not only by the majority of Member States, but also by the Eastern European group of States as well.

15. It was not difficult to see why the "ceiling principle" had never been considered inequitable by the General Assembly. In 1946, when the principle had first been introduced, it had been recognized that in an organization of States asserting their sovereign equality no one State should be permitted to exercise the influence that would inevitably attach to a disproportionately large contribution. The United States representative had pointed out that it was a matter, not of how much the United States or the other Member States could afford to pay, but of what was right, wise and just as between partners in a common enterprise.

16. In 1946, when there had been fifty-one Member States, 39.89 per cent had appeared to be the proper maximum contribution for any one Member State, and that maximum had been progressively reduced to 33.33 and then to 30 per cent. It could not be considered inequitable today, when the largest contributor in an Organization with 111 Members paid more than 750 times as much as those paying the minimum contribution and more than twice as much as the next highest contributor. For all those reasons, the ceiling principle should continue to apply.

17. With regard to the USSR representative's contention that his country was over-assessed, the United States delegation believed that it was inconsistent with often repeated statements by Soviet leaders that the economy of the USSR was expanding rapidly and would soon overtake the West in productivity. In the United States view, the Committee on Contributions had reached a fair and equitable result.

18. Mr. MERON (Israel) said that, in view of the Organization's precarious financial position, the Secretary-General had had no choice but to present strictly conservative budget estimates and to replace his 1963 policy of controlled expansion by a policy of containment and consolidation for 1964. His delegation would accordingly support that policy, especially considering the major construction work to be undertaken at Headquarters in 1964 and the existence in the Secretariat of many vacant established posts. However, that policy would not commend itself in the future to his delegation or to those of other developing countries. Israel wished to see the Organization expand its activities in the economic, social and scientific spheres and in the field of human rights. It could not do so without some measure of growth in the budget.

19. His delegation shared the concern expressed by the Advisory Committee in its report regarding the proliferation of conferences and meetings (A/5507, paras. 52-74). In some cases the time allowed for preparation for conferences was too short, and so much documentation was requested that the Secretariat could produce it only at the expense of its other work. Some 8,000 pages of documents had been prepared for the thirty-sixth session of the Economic and Social Council, but less than half had been distributed within the prescribed time-limit. Furthermore the proliferation of documents overwhelmed Member Governments. Greater restraint should be exercised in ordering the preparation of documents.

<sup>1/</sup> Report of the Preparatory Commission of the United Nations (PC/20), chap. IX, sect. 2, para. 13.

20. His delegation favoured rationalization of the programme of conferences and meetings. The Secretariat should be allowed to do its regular work without too frequent instructions from the policy-making organs and without too many interruptions for the preparation and servicing of meetings. However, he was not in favour of a rigid schedule of meetings including, for instance, biennial sessions for all functional commissions and other subsidiary organs of the Economic and Social Council; to meet the needs of the United Nations Development Decade, more frequent meetings would be needed. The Commission on Human Rights, in particular, should be convened annually, and his delegation viewed with concern the Council's recent decision not to convene that Commission in 1964. The decisions taken by the Council at its thirty-sixth session with respect to the programme of conferences for 1964 had been influenced by the limited conference facilities available and should not constitute a precedent.

21. His delegation shared the Advisory Committee's concern at the annual introduction of substantial sup-

plementary estimates, a procedure which was detrimental to the proper functioning of the Organization. Member Governments should be able to obtain from the main budget estimates a coherent and comprehensive picture of the programme and budget of the Organization and the size of the contribution required of them. The supplementary estimates arose partly out of decisions taken by the General Assembly towards the end of the year and partly out of decisions taken by the Economic and Social Council at its summer session. The General Assembly, in its resolution 1449 (XIV) of 5 December 1959, had expressed the desire to restrict to a minimum additions to the programme of work reflected in the main budget estimates. It would be difficult to eliminate such additions resulting from decisions of the General Assembly, though that organ should exercise due restraint; but his delegation felt that the Council should be able to consider at its spring session all its programmes for the following year, so that they could be included in the main budget estimates.

The meeting rose at 11.50 a.m.