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Chairman: Mr. Hermod LANNUNG (Denmark).

AGENDA ITEM 57

Scale of assessments for the apportionment of the expenses of the United Nations: report of the Committee on Contributions (A/4775 and Corr.1, A/C.5/L.690 and Add.1, A/C.5/L.692) (continued)

1. Mr. ROMANOV (Ukrainian Soviet Socialist Republic) said that the establishment of the scale of assessments was an extremely complex matter and called for highly accurate methods of computation. In particular, the estimates of national income should be verified by specialists and experts selected on the widest possible geographical basis. Commendable though they were, the efforts of the Committee on Contributions were inadequate and the difficulties involved in establishing the scale of assessments for 1962-1964 had not been fully overcome. The Committee itself had recognized that its work was incomplete. In paragraph 8 of its report (A/4775 and Corr.1) it had stated the "problem of the comparability of the two systems is being studied by United Nations and other experts and it may be expected that before the Committee's next review of the scale further progress will have been made in this field". The Committee had therefore been unable to analyse the methods of estimating national income used in the countries with centrally planned economies, or to compare them with the United Nations System of National Accounts. Furthermore, in paragraph 6 of its report, the Committee had admitted that in "many cases, however, the estimates could still only be regarded as approximate", and in paragraph 7 it had recognized that there were "problems of differences in concept of national income and of the conversion of national income expressed in national currencies into a common unit".

2. It appeared, in fact, that the Committee had not had enough time to draw up the scale of assessments. Furthermore, it had inevitably committed errors, as it had only applied the methods used by United States economists. In the socialist countries, estimates of national income were based on a different accounting structure. That resulted in differences of methodology, not only with regard to services and indirect taxes, but also with regard to other matters. For example, United States agricultural production sta-

tistics did not cover increases in the number of livestock. The United States national income figures were therefore lower than those of the socialist countries and there could be no comparability unless such differences were taken into account. His country regarded the matter as important, because it was the eleventh largest contributor and would become the tenth if its assessment was raised by 11.2 per cent through the adoption of the new scale. His country's national income was rising rapidly, as was natural in the case of a socialist country, but that of the capitalist countries had risen also and yet the Committee on Contributions had decided to reduce their assessments. The Committee had not paid due regard to the views of the Preparatory Commission of the United Nations which had stated that "... The main factors which should be taken into account in order to prevent anomalous assessments resulting from the use of comparative estimates of national income include; (a) Comparative income per head of population; (b) Temporary dislocation of national economies arising out of the Second World War; (c) The ability of Members to secure foreign currency" (see A/4775 and Corr.1, annex, section A). The Committee on Contributions had paid insufficient attention to the last two of those factors. Some delegations, preferring to ignore the facts, had stated that the temporary dislocation of national economies arising out of the Second World War was now a thing of the past. His Government, which paid pensions to 1,329,000 of its citizens who had suffered as a result of the war, was in a good position to know that that was not the case. It would be more prosperous if its pensioners formed part of the gainfully employed population and if its Government did not have to bear heavy medical and social costs resulting from the war. His country had paid dearly enough, in his opinion, for the right to request the Committee on Contributions to take that factor into account.

3. With regard to the ability of Members to secure foreign currency, he agreed with the United Kingdom representative that it would be desirable for the socialist countries to increase their foreign trade. However, the fact that those countries, whose industrial production represented one-third of the world's output, did not have normal trade relations with the United States of America and other Western countries was due to the discriminatory policy pursued by the United States of America, a policy which that country also imposed on its allies of the Western bloc. The United Kingdom representative was well aware that, through the Department of Defense, military circles in the United States screened lists of United States exports to the socialist countries. Unless the United States changed its policy, the socialist countries would experience increasing difficulty in securing dollars.

4. Finally, notwithstanding the efforts of the United States and the United Kingdom representatives, he

would not allow himself to be drawn into a debate which would divert the Committee's attention from the substance of the item before it. He feared that the Committee would be acting unwisely if it recommended to the General Assembly the adoption of a new scale of assessments which, as he had shown, needed to be improved and made more accurate.

5. Mr. POLO (Togo) congratulated the Committee on Contributions on the way in which it had carried out an extremely delicate task and thanked the Member States which were making large contributions towards the expenses of the Organization. He would support the view of the majority of members of the Committee on Contributions.

6. Mr. JHA (Chairman of the Committee on Contributions), replying to the question asked by the representative of the Soviet Union at the 885th meeting, said that the Committee on Contributions could not meet again in 1961. It was impossible to bring its members together without giving them considerable advance notice, as they served in the Committee in an individual capacity and were now engaged on their own work.

7. Mr. CUTTS (Australia) asked whether he was correct in assuming that adoption of the draft resolution recommended by the Committee on Contributions (A/4775 and Corr.1, para. 39) would not preclude that Committee from meeting in 1962 to consider the implications of the admission of new States to membership, as well as the problems raised by a number of delegations, in particular, those of the Soviet Union and Hungary.

8. Mr. JHA (Chairman of the Committee on Contributions) pointed out that the Committee on Contributions had established a new three-year scale of assessments in accordance with General Assembly resolution 1308 (XIII). When the Committee met in 1962, it would carry out whatever directives it had received. The scale of assessments could certainly be revised but he doubted that that would result in any major modifications.

9. Mr. ROSHCHIN (Union of Soviet Socialist Republics) requested that, since the Committee on Contributions could not be convened, a sub-committee composed of representatives of neutral and independent countries—Afghanistan, Finland, Mali, Mexico and Guinea, for example—should be set up to consider the validity of the Soviet charges. His country had already quoted facts and figures in support of its view and could not accept an intolerable situation attributable to errors and injustices which had been committed knowingly for purposes of the cold war.

10. Mr. JHA (Chairman of the Committee on Contributions) deeply regretted the statement made by the Soviet Union representative. Errors were always possible, but no injustice had been deliberately committed. Some errors had been made because of the failure of certain countries to transmit to the Committee on Contributions the information that had been requested from them. If one Member State's assessment was decreased, the assessment of some other State necessarily had to be increased, and such adjustments entailed a considerable amount of work. The Committee on Contributions would need more than one or two meetings to revise a scale of assessments which had taken weeks of work to establish; it would, however, comply with any instructions it received from the Fifth Committee.

11. Mr. CUTTS (Australia) thought that, in order to take account of the objections of certain representatives, the Committee might indicate in its report to the General Assembly that it would be desirable for the Committee on Contributions to consider, at its next session, the questions raised by some delegations regarding the accuracy of the methods of calculation used. That would probably enable the Fifth Committee to approve the draft resolution recommended by the Committee on Contributions. The scale would, of course, be applied in 1962, but in the light of the information given by the Chairman of the Committee on Contributions, he felt that the Fifth Committee could hardly go any further in meeting the position of the socialist countries.

12. He had been disturbed by the USSR representative's assertion that political and cold war considerations had marred the work of the Committee on Contributions, and he fully endorsed the statement by the Chairman of the Committee on that point. He was categorically opposed to the suggestion that a sub-committee of five should be set up, since the Committee on Contributions was the only organ officially established by the General Assembly to study the question of the contributions of Member States. The members of the Committee were experts appointed in an individual capacity and their integrity was beyond question. The members of the proposed sub-committee, on the other hand, would probably receive instructions from their Governments. At the present stage, he believed that it would be desirable to adjourn the debate in order to give delegations an opportunity for consultation.

13. Mr. HODGES (United Kingdom) said that the General Assembly had been anxious, from the outset, that all the detailed work relating to the appointment of the Organization's expenses and the establishment of a scale of assessments should be carried out by experts. Any committee of experts, no matter how competent its members, could make mistakes. If the Fifth Committee found that major errors had been committed which were likely to result in serious injustice to certain countries, the United Kingdom delegation would have no hesitation in recommending that the Committee on Contributions should meet again and re-examine the whole situation as soon as possible. However, apart from the fact that it would be difficult for the Committee on Contributions to meet at the present time, as the Chairman of that Committee had pointed out, the delegations of the socialist countries had provided no convincing evidence that any grave errors had been committed such as would call for a revision of the scale of assessments. It was also curious that the two experts in the Committee on Contributions who came from countries with centrally planned economies had made no reference in their reservations to the question of turnover tax which the delegations of the socialist countries had raised in the Fifth Committee.

14. Some factors that had to be taken into account in achieving comparability between the estimates of national income of the socialist and other countries were still somewhat obscure, but that was largely because the countries concerned did not provide sufficient information on the matter, which certainly deserved more detailed study. The Committee might perhaps express the hope in its report that the Chairman of the Committee on Contributions would request Governments which had complaints to provide that Committee with more detailed information so that it

could reconsider, at its next session in the summer of 1962, all the problems connected with the comparability of estimates of national income. The Committee on Contributions could then inform the Fifth Committee at the seventeenth session whether it considered any change was necessary in the assessments of the socialist countries.

15. The United Kingdom delegation could not support the Soviet Union representative's suggestion that a sub-committee of five "neutral" members should be set up to review the recommendations of the Committee on Contributions.

16. Mr. MAURTUA (Peru) pointed out that Member States had to meet not only the regular expenses entailed by the normal activities of the United Nations, but also expenses arising from new and exceptional obligations which the Organization was called upon to assume in various fields. In addition to the United Nations and the specialized agencies, there was a whole series of international organizations to which Governments had to give financial support, sometimes at the cost of heavy sacrifices. In the circumstances, it was understandable that States did not always show the same eagerness to meet their many international financial obligations. Some Governments, for whatever reason, were refusing to participate in the financing of certain programmes and operations such as ONUC, UNEF and the technical assistance programmes. Their refusal only added to the burden on the budgets of the other Governments. Some means must be found of remedying that situation in order to prevent a continuous increase in the extraordinary international expenses of Governments. For that reason, the scale of assessments should not be prepared solely on the basis of the criteria laid down by the Preparatory Commission of the United Nations (see A/4775 and Corr.1, annex, section A). The factor "ability of Members to secure foreign currency" was obviously very important in the case of the under-developed countries whose economies were particularly sensitive to the slightest fluctuations on the world market. However, in order to take full account of the situation of the under-developed countries, the scale of assessments should be established on the basis of each country's level of development, i.e., by considering not only abstract statistical estimates, but also all specific factors affecting the economic situation of the under-developed countries. In the first place, a clear distinction should be drawn between the highly developed countries and the others. The assessments of the under-developed countries should then be determined by reference to their material resources, thus introducing into the assessment system an economic fact which the United Nations constantly kept in mind: the difference between the advanced and the under-developed nations.

17. The capacity to pay of the under-developed countries was purely relative. In order to evaluate that capacity, it was necessary to consider the productivity of investments against the general background of the progress which each under-developed country could make or had already made. The capacity to pay of those countries might vary from one period to another and from one stage of development to another. For that reason, it was preferable not to fix rigid limits for their assessments which would not reflect the true economic situation of each country, or treat all or most of them on a uniform basis.

18. The Committee on Contributions might perhaps consider modifying the scale of assessments in the light of those views.

19. Mr. ROSHCHIN (Union of Soviet Socialist Republics) said that the Australian representative had made an extremely useful suggestion, which he strongly supported.

20. Mr. VENKATARAMAN (India) considered that the socialist countries should be given an opportunity to provide the Committee on Contributions with the data and information which they felt it had not taken into account. The Fifth Committee might request the Committee on Contributions to consider at its next session, in 1962, any additional data submitted to it by the socialist countries and, if necessary, to undertake a revision of the scale of assessments for the years 1962 and 1964. He believed that the Fifth Committee should adopt the report of the Committee on Contributions pending the latter's examination of the additional information to be submitted by the socialist countries.

21. Mr. MACHOWSKI (Poland) said that, like the United Kingdom representative, he had attended the most recent session of the Committee on Contributions. He drew the attention of members of the Fifth Committee to paragraphs 24 and 25 of the report of the Committee on Contributions, in which, contrary to what the United Kingdom representative had said, the members of that Committee from countries with centrally planned economies had clearly indicated their position on the matters that were now being raised in the Fifth Committee.

22. The CHAIRMAN proposed that the meeting should be adjourned so that delegations desiring to do so might hold consultations with a view to facilitating a settlement of the outstanding issues.

It was so decided.

The meeting rose at 12.15 p.m.