

Final distribution

REPORT OF THE COMMITTEE ON CONTRIBUTIONS

I. MEMBERSHIP AND MEETINGS

1. The Committee met at Lake Success from 16 to 26 August 1948. The following members were present:

Mr. Rafik Asha

Mr. H. Cumpion

Mr. Seymour Jacklin

Mr. Gustavo Martinez-Cabanas

Mr. Jan Papanek

Mr. James E. Webb

Miss M. E. N. Witteveen

2. Mr. J. S. Briden, Mr. K. F. Daung and Mr. N. V. Orlov, who are members of the Committee, were unable to attend. They designated Mr. Roland Wilson, Mr. Cheng Paoan and Mr. P. M. Chernyshev respectively to represent them. The Committee accepted these designations and the three substitute members participated in the work of the Committee throughout the session.

3. The Committee re-elected Mr. G. Martinez-Cabanas as Chairman.

II. TERMS OF REFERENCE

4. The original terms of reference proposed for the Committee on Contributions are set out in Chapter IX of the Report of the Preparatory Commission of the United Nations (document EC/20, page 106).

5. Proposals for amendments were made by the Fifth Committee of the General Assembly and the terms of reference as adopted by the General Assembly during the first part of the first session provide (Resolution I<sup>A</sup> (I), A, 3):

"The expenses of the United Nations should be apportioned broadly according to capacity to pay. It is, however, difficult to measure such capacity merely by statistical means, and impossible to arrive at any definite formula. Comparative estimates of

national income would appear *prima facie* to be the fairest guide. 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) Current and future per cent of population;
- (b) Temporary dislocation of national economies arising out of the second world war;
- (c) The ability of Members to secure foreign currency.

Two opposite tendencies should also be guarded against; some Members may desire unduly to minimize their contributions, whereas others may desire to increase them unduly for reasons of prestige. If a ceiling is imposed on contributions the ceiling should not be such as seriously to obscure the relation between a nation's contributions and its capacity to pay. The Committee should be given discretion to consider all data relevant to capacity to pay and all other pertinent factors in arriving at its recommendations. Once a scale has been fixed by the General Assembly it should not be subjected to a general revision for at least three years or unless it is clear that there have been substantial changes in relative capacities to pay.

6. Acting on these instructions the first scale of contributions submitted by the Committee in 1946 to the General Assembly was based on the Committee's estimate of each Member State's capacity to pay.
7. During the second part of its first session, the General Assembly decided, however, to modify the scale recommended by the Committee. It reduced the contribution of the United States of America. It also decided on a minimum assessment that any Member should pay. The scale approved by the General Assembly in 1946 thus took into account factors other than the principle of capacity to pay.
8. While doing this the General Assembly left unchanged the terms of reference of the Committee, and the Committee remained without guidance as to whether in the future it was empowered to propose a change in the minimum assessment of Member States or in the assessment of the largest contributor.
9. In its last report to the General Assembly (A/377) made in August 1947, the Committee drew attention to the uncertainty in which it found itself. It was asked to review a scale of contributions previously fixed by the Assembly partly on considerations other than capacity to pay but the Committee itself was not clearly authorized to make changes on any criterion other than capacity to pay.

10. The discussion during the General Assembly of 1947 did not result in any decisions which would assist the Committee in interpreting its terms of reference. While a strict application of the principle of capacity to pay would result in the assessment of one Member with more than half the expenses of the United Nations, the action taken by the General Assembly implied that no one country should have been assessed at such a level. The Committee, therefore, desires appropriate instructions.

### III. STATISTICAL INFORMATION

11. In assessing contributions, the Committee was asked in its terms of reference to take into account the comparative estimates of national income of different countries as a guide to capacity to pay. For this purpose the Committee needs reliable and up-to-date estimates of national income for Member States.
12. The estimates of national income presented by the Secretariat to the Committee this year were more comprehensive than those available to the Committee in previous years. The Committee is appreciative of the progress made in the preparation of national income statistics but notes that many countries are still not compiling up-to-date figures of national income.
13. At the time of the meeting of the Committee, twelve Member States, accounting for 70 per cent of the total contributions, had published national income figures for 1947. Twelve other Members, accounting for 13-1/2 per cent of the contributions, had published official estimates for 1946 or 1945. No post-war estimates of national income were available for the remaining Members. The Committee wishes to stress the fact that its future work would be assisted if recent estimates of national income of more Member States were available.
14. The Committee has again encountered difficulties in converting estimates of national income compiled in different national currency units into uniform terms. Further study of this problem is also needed before a more permanent scale of contributions can be established.

IV. SCALE OF CONTRIBUTIONS

15. At its 115th plenary meeting held on 15 November 1947, the General Assembly adopted the Scale of Assessments for 1948 and decided (resolution 131 (II)):

"That, notwithstanding the provisions of rule 13\* of the provisional rules of procedure, the scale of assessments for the apportionment of expenses of the United Nations shall be reviewed by the Committee on Contributions in 1948 and a report submitted for the consideration of the General Assembly at its next regular session."

16. On these instructions the Committee has again reviewed the Scale of Assessments of Member States.

17. The information available to the Committee this year shows that many countries are still experiencing considerable economic difficulty, especially in securing foreign exchange and in restoring war damage. The figures examined have reflected a measure of economic recovery in a number of countries, although some countries are encountering special problems which have arisen since the end of the war. The uneven rate of recovery experienced by different countries as well as the inconclusive evidence as to how far this recovery will be maintained did not justify the Committee in suggesting changes in the scale of contributions. In the opinion of the Committee, world economic and financial conditions are still not stable enough to warrant the establishment of a permanent comparative relationship between Member States for purposes of assessment. It considers, therefore, that the time has not arrived to introduce a three-year scale as provided in rule 149 of the rules of procedure and recommends that the proposed scale of assessments should be applied for only one year.

18. The Committee recommends that the 1948 scale should continue for 1949 except for such minor adjustments as would have to be made owing to the admission of Burma to membership in the United Nations.

19. The Committee considered that ultimately, when a more permanent scale of rates of contributions could be established, all Member States should

\* Now rule 149 of the Rules of Procedure.

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/benefit from

from the payment of contributions by States newly admitted to membership. It was agreed, however, that at this time, when only one new State had been admitted to membership, the benefit accruing from this contribution should be allocated to the more acute cases requiring re-adjustment.

20. The Committee recommends that the contribution from Burma should be assessed at 0.15 per cent.

21. The Committee recommends that the following reductions should be made in the rates of contribution of the following states:

Sweden	0.04%
United Kingdom	0.11%

This decision was made to allow some relief to countries which accepted a comparatively large increase in their contribution because of the action taken by the General Assembly when the 1946-1947 scales were adopted.

India and Pakistan

22. For the year 1948 India undertook to pay initially the total assessment of India and Pakistan amounting to 3.95 per cent, subject to an intergovernmental adjustment between the two States. In the scale now recommended for 1949, the aggregate contribution by the two States is the same as last year, namely 3.95 per cent, while they have been separately assessed at 3.25 per cent for India and 0.70 per cent for Pakistan.

23. The scale recommended for adoption by the General Assembly is as follows:

Scale of Assessments for the Year 1949

	%
Afghanistan	0.05
Argentina	1.85
Australia	1.97
Belgium	1.35
Bolivia	0.08
Brazil	1.85
Burma	0.15
Byelorussian Soviet Socialist Republic	0.22
Canada	3.20
Chile	0.45
China	5.00
Colombia	0.37
Costa Rica	0.04
Cuba	0.29

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/Czechoslovakia

Czechoslovakia	0.50
Denmark	0.79
Dominican Republic	0.05
Ecuador	0.05
Egypt	0.79
El Salvador	0.05
Ethiopia	0.08
France	6.00
Greece	0.17
Guatemala	0.55
Haiti	0.04
Honduras	0.04
Iceland	0.04
India	3.25
Iran	0.45
Iraq	0.17
Lebanon	0.05
Liberia	0.04
Luxembourg	0.05
Mexico	0.63
Netherlands	1.40
New Zealand	0.90
Nicaragua	0.04
Norway	0.50
Pakistan	0.70
Peru	0.05
Philippines	0.04
Poland	0.29
Saudi Arabia	0.95
Siam	0.08
Sweden	3.27
Syria	2.00
Turkey	0.12
Ukrainian Soviet Socialist Republic	0.91
Union of South Africa	0.84
Union of Soviet Socialist Republics	1.12
United Kingdom	6.54
United States of America	11.37
Uruguay	39.88
Yugoslavia	0.18
Yemen	0.27
Yugoslavia	0.04
Yugoslavia	0.23
TOTAL	100.00

#### V. OTHER MATTERS CONSIDERED BY THE COMMITTEE

24. Burma was admitted to membership in the United Nations on 19 April 1948, and participated in the second special session of the General Assembly. The Committee recommends that for the year 1948 Burma shall contribute two-thirds of the percentage of its assessment for 1949.

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Contribution of

#### Contribution of Switzerland towards the expenses of the International Court of Justice

25. On 28 July 1948, Switzerland became a party to the Statute of the International Court of Justice on presentation to the Secretary-General of the United Nations of its instrument of acceptance of the conditions laid down by the General Assembly (resolution 91 (I)). One of the conditions laid down by the General Assembly was:

"(c) An undertaking to contribute to the expenses of the Court such equitable amount as the General Assembly might assess from time to time after consultation with the Swiss Government."

The Committee recommends that the assessment of Switzerland shall be 1.65 per cent of the expenses of the Court for the year 1949.

26. For the year 1948, it is recommended that Switzerland shall contribute 50 per cent of the assessment of 1.65 per cent of the expenses of the Court for 1948.

27. In accordance with the terms of the General Assembly resolution, the assessment is subject to consultation with the Swiss Government.

#### Percentage or unit system of assessment

28. In its last report (A/377) the Committee recommended that the percentage basis of assessment should be continued until a more permanent scale is established. Since the Committee now recommends that the proposed scale for 1949 be adopted for only one year, it suggests that consideration of the relative merits of the unit and the percentage system should be deferred for the present.

#### Collection of contributions

29. The Committee examined the position of payments of contributions as at 31 July 1948 and noted that 99.96 per cent and 99.95 per cent had been collected for the financial years 1946 and 1947 respectively, 99.73 per cent for the Working Capital fund and 71.33 per cent for the current year.

30. As no Member State is in arrears in the payment of contribution for two full years, no action was required by the Committee in respect of the application of Article 19 of the Charter.

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Collection of

Collection of a portion of the 1948 contributions in currencies other than United States dollars

31. The General Assembly resolved on 20 November 1947 (resolution 162 (II)) that "the Secretary-General be empowered to accept at his discretion and after consultation with the Chairman of the Committee on Contributions, a portion of the contributions of Member States for the financial year 1948 in currencies other than United States dollars." The Committee has noted that seventeen Member States availed themselves of this opportunity, that the total amount to be paid in currencies other than United States dollars is the equivalent of \$3,517,595.00 and that the Secretariat has experienced no difficulties in carrying out the decision of the General Assembly.