



General Assembly

PROVISIONAL

A/40/PV.124
28 April 1986

ENGLISH

Fortieth session

GENERAL ASSEMBLY

PROVISIONAL VERBATIM RECORD OF THE ONE HUNDRED AND TWENTY-FOURTH MEETING

Heid at Headquarters, New York,
on Monday, 28 April 1986, at 3 p.m.

President:

Mr. DE PINIÉS

(Spain)

- ADOPTION OF THE AGENDA OF THE FORTIETH SESSION OF THE GENERAL ASSEMBLY,
ALLOCATION OF ITEMS AND ORGANIZATION OF WORK [8] (continued)

FIFTH REPORT OF THE GENERAL COMMITTEE

- CURRENT FINANCIAL CRISIS OF THE UNITED NATIONS [150]

(a) REPORT OF THE SECRETARY-GENERAL

(b) REPORT OF THE ADVISORY COMMITTEE ON ADMINISTRATIVE AND BUDGETARY
QUESTIONS

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The meeting was called to order at 3.45 p.m.

AGENDA ITEM 8 (continued)

ADOPTION OF THE AGENDA OF THE FORTIETH SESSION OF THE GENERAL ASSEMBLY, ALLOCATION OF ITEMS AND ORGANIZATION OF WORK

FIFTH REPORT OF THE GENERAL COMMITTEE (A/40/250/Add.4)

The PRESIDENT (interpretation from Spanish): This afternoon the Assembly will first consider the Fifth Report of the General Committee, which is to be found in document A/40/250 (Add.4).

In paragraph 2(a) of the report the General Committee recommends the inclusion in the agenda of the current session of an additional item, entitled "Current financial crisis of the United Nations".

May I take it that the General Assembly decides to include in its agenda the additional item, entitled "Current financial crisis of the United Nations?"

It was so decided.

The PRESIDENT (interpretation from Spanish): In paragraph 2(b) of the report the General Committee recommends that the item be considered directly in plenary meeting. This recommendation was made in recognition of the fact that the General Assembly is master of its own procedure and may, if it so wishes, call on the Fifth Committee or any other Committee at any time.

May I take it that the General Assembly adopts that recommendation of the General Committee?

It was so decided.

AGENDA ITEM 150

CURRENT FINANCIAL CRISIS OF THE UNITED NATIONS

- (a) REPORT OF THE SECRETARY-GENERAL (A/40/1102 and Corr.1 and 2 and A/40/1102 and Add.1 and 2)
- (b) REPORT OF THE ADVISORY COMMITTEE ON ADMINISTRATIVE AND BUDGETARY QUESTIONS (A/40/1106)

The PRESIDENT (interpretation from Spanish): We turn now to item 150 of the agenda, entitled "Current financial crisis of the United Nations".

As members are aware, upon a request of the Secretary-General, the General Assembly session has been resumed on an urgent basis to deal with this question.

I call on the Secretary-General.

The SECRETARY-GENERAL: The United Nations Charter, in Article 99, provides that the Secretary-General may bring to the attention of the Security Council any matter which in his opinion may threaten the maintenance of international peace and security. In the event of a threat to the viability and the very integrity of the Organization itself a comparable need arises - a need to bring the situation urgently to the attention of the General Assembly, as the main organ competent to take action. Such a threat to the Organization now exists. On 18 December last year, as the budget for the biennium was being adopted, I asked to speak to the Assembly on this grave problem. Now I have requested that the Assembly reconvene to consider measures to be taken to address the present emergency - to preserve the operational effectiveness of the United Nations during a time of severe financial strain.

Representatives have before them the report that I submitted to the Assembly on 12 April 1986 on the current financial crisis. I will not on this occasion repeat the extensive details which it provides on the situation. I would, however,

(The Secretary-General)

like again to emphasize that, while the present crisis is indeed one of insufficient funds, it is also - and above all- a political crisis. It arises principally, though not exclusively, from disregard for obligations flowing from the Charter and from lack of agreement among Member States on the purposes for which the United Nations should be used, and on the support to be rendered by each Member State to ensure its effectiveness.

(The Secretary-General)

The United Nations was established not simply to symbolize the universal aspiration for peace and the improved conditions of human existence on which lasting peace heavily depends. The United Nations was formed as a working organization capable of serving directly to bring resolution to disputes, to point the way to, and provide a structure for, international co-operation on the major human problems and to pursue disarmament. For more than 40 years now the United Nations has functioned to these ends.

On the occasion of the fortieth anniversary there was ample testimony to its vital importance and achievements as well as to the difficulties it has encountered. There was not then, nor ought there to be, any serious suggestion that the goals of the Charter should be disregarded simply because they are difficult to attain.

As one surveys the world today, torn still by conflict and violence, and burdened with want, injustice and the threat of nuclear destruction, these goals must surely be reaffirmed. Surely too there is evidence enough by now that they cannot be achieved by unilateral action. As we move towards a new millenium, the greatest challenge for nations will be to work together towards those objectives which serve the common, transcendent interests of all. For this, the United Nations, is more than a useful tool; it is an essential and central instrumentality.

If I speak in these broad terms, it is with practical intent. For the practical reality is that this much needed instrumentality cannot function with adequate effect unless it is financially viable. And financial viability depends on the willingness of Member States to agree on how the purposes of the Organization should be pursued, on the amount of resources required, and, very particularly, on their readiness to contribute their apportioned share of these resources as foreseen in the Charter.

(The Secretary-General)

These are pragmatic requirements for the sustained viability of the United Nations and as such are crucial elements in the political cohesion and substantive strength of the Organization. This session of the Assembly has evidenced its recognition of this vital relationship in the establishment of the Group of High-level Intergovernmental Experts to identify measures for further improving the efficiency of the Organization's administrative and financial functioning which would contribute to its effectiveness in dealing with political, economic and social issues.

At its forty-first session, this autumn, the Assembly will need to act on the conclusions and recommendations of the Group and agree on steps through which the disagreement and discontent that have seriously encumbered the budgetary process and the financing of the programmes of the Organization can be diminished. For this an opportunity is at hand, made all the more promising by the evident dangers of failure to utilize it. It would be a tragic repudiation of all the efforts and hopes invested these 40 years in the United Nations if, meanwhile, the Organization were allowed to founder for lack of funds.

The United Nations must, despite its unprecedented financial difficulties, continue to function effectively and to carry out to the maximum extent possible the programmes and activities mandated by this Assembly under the Charter. The Secretary-General, with the help of the Secretariat, will contribute to the fullest extent possible to the long-term solution of the budgetary problem, just as we seek now to take those steps necessary to deal with the immediate emergency.

At the end of 1985, total arrears, encompassing both withholdings and late payments, amounted to \$242 million. All reserves had been committed to cover that deficit. At the turn of the year indications were received from the largest contributor that it would pay substantially less than its assessed contribution for 1985 and 1986. Under these circumstances a total shortfall for 1986 alone of

(The Secretary-General)

\$106 million had prudently to be projected. As members know, in December 1985 and in January 1986 I appealed to all Member States in arrears to make early payment. I subsequently called on Member States to make voluntary contributions to the Special Account to help avoid a drastic disruption of our work programme and of the Organization itself.

Since the beginning of the year economy measures have been instituted which should produce savings of approximately \$30 million. The immediate effect of these measures is largely on the Secretariat, entailing as they do the postponement of the promotion process, the deferral of certain scheduled salary increases and a freeze on recruitment. In my report a package of additional measures is now put forward for the information and concurrence of the Assembly which is calculated to produce a further savings of approximately \$30 million this year.

Every effort has been made to follow criteria established by the General Assembly in identifying the additional economy measures now proposed. Of necessity they are concentrated mainly in the areas of construction, documentation and meetings since that is where substantial savings can be made within a brief time frame. The measures, along with those already taken, will inevitably affect the implementation of programmes, the services available to Member States, and the employment conditions and welfare of Secretariat staff. I am convinced, however, that, if taken as a whole, the measures will result in a reasonable apportionment among programmes and activities of the retrenchments which in the present emergency are not avoidable.

I note with satisfaction that the Advisory Committee on Administrative and Budgetary Questions, following its review of my report, stated that it shares my conclusions on the severity of the financial crisis and recommends approval as a package of the measures I have proposed to effect savings in expenditures in 1986.

(The Secretary-General)

In the current circumstances, special recognition and appreciation is due to the 25 Member States that have paid their assessed contributions for 1986 and prior years, promptly and in full. Those States are the following: Australia, Austria, Bahrain, Belgium, Brunei Darussalam, Burma, Canada, Chile, Cyprus, Denmark, Djibouti, Finland, the Federal Republic of Germany, Iceland, Ireland, Japan, Luxembourg, Malta, New Zealand, Norway, Seychelles, Singapore, Sri Lanka, Sweden and the United Kingdom.

I am encouraged too by the actions taken by a number of Member States to effect payments in 1986 earlier than they have in the past and by the recent responses of some Member States to my appeal for the payment of arrears and voluntary contributions. Some of these payments have resulted in the elimination of past arrears. Other Member States have expressed their intention to make payments in 1986 to eliminate their arrears. The Soviet Union has pledged a voluntary contribution of \$10 million to the Special Account.

In the midst of crisis, these responses all warrant recognition and appreciation. It would be my earnest hope that additional payments will be made in the next weeks so that by the time the forty-first session of the General Assembly convenes the problem of insufficient funds will, at least for 1986, have been contained. I must caution, however, that even such a positive development would not by any means signal a resolution of the financial crisis. I should like to place particular emphasis on the following considerations in this connection.

(The Secretary-General)

First, the economy measures already taken or now proposed, which should bring \$60 million in savings, constitute the main element in reducing the cash deficit this year and are absolutely essential to maintaining solvency of the Organization in 1986. They are, however, emergency measures which cannot be continued indefinitely without damage to the capacity of the Organization to carry out its mandated programmes.

For example, a prolonged recruitment freeze would impact unevenly on the various entities within the Secretariat and would adversely affect my efforts to achieve a better balance in the composition of the staff in accordance with the objectives expressed by the General Assembly over the years. The emergency economy measures will alleviate the immediate and critical cash situation and thereby provide time for Member States to address the fundamental problems. But they are not intended to, and cannot, solve these problems.

Secondly, even if sufficient payments are received to cover this year's cash shortfall, there will be little, if any, cash on hand at the beginning of 1987. We must be clear that the cash shortfall problem will not disappear at the end of 1986. This point cannot be over-emphasized. It will persist until payments of assessed contributions are made in full.

Finally, it must be stressed that the cash shortfall in 1986 could well become larger than projected in my report if the assumptions regarding payments of assessed contributions are not realized or if the United States dollar should continue to depreciate.

Unless funds are obtained to cover the shortfall, further cost reduction steps will have to be taken with adverse consequences for programmes, staff, and for the rational, systematic consideration of measures which, I believe, must be part of a lasting resolution of the budgetary problem. This situation will need to be closely monitored, in continuing contact with Member States.

(The Secretary-General)

It is my hope that the Assembly will keep these various considerations in mind as it studies the actions I have taken and the set of proposals contained in the report I have submitted. These measures, like this resumed session, are intended to deal with the present, with an emergency that requires an immediate response, yet our purposes pertain to the future, the future of a United Nations, sound in structure and enjoying the wide confidence and support which it must have to accomplish the great tasks set out in the Charter.

A lasting resolution of the budgetary problem will require that Member States find a basis of broad agreement on how the Organization should operate. Political attitudes must be brought into sufficient consonance to permit constructive co-operation in deciding the programme agenda. All Member States must comply with the financial obligations defined in the Charter.

Most importantly, Member States - large, medium, and small - must recognize their commonly shared interest in the existence of a sound, universal Organization, capable of strengthening the prospect of peace and global security. This can be demonstrated now. Member States, through constructive agreement at this session on the necessary emergency actions and through continuing support during these next difficult months, can enhance the opportunity which lies ahead to assure the lasting viability and integrity of the United Nations.

The PRESIDENT (interpretation from Spanish): We have heard a very important statement by the Secretary-General in conjunction with his report on the current financial crisis. I understand that Members have already had the opportunity to study the report of the Secretary-General contained in document A/40/1102 and Corr.1 and 2 and A/40/1102/Add.1 and 2 and the report of the Advisory Committee on Administrative and Budgetary Questions contained in document A/40/1106, which recommends the endorsement of the measures proposed by the Secretary-General.

(The President)

Such measures would allow the Organization to meet the immediate difficulties and give the Assembly time to look carefully at possible ways to solve the long-term financial problems of the Organization.

What is needed now is the understanding and full co-operation of all Member States to enable the Organization to overcome the current crisis. This is a moment in time when, on the basis of our commitment to the principles contained in the Charter, we should all join our efforts. I should like to appeal to each Member State to make every effort so that, as a result of this resumed session, we can provide the Organization with the means to bridge its immediate crisis and the possibility to examine carefully the long-term measures to ensure a sound financial foundation.

Therefore, I strongly recommend that the General Assembly endorse the measures contained in the report of the Secretary-General by consensus.

Mr. VAN DER STOEL (Netherlands): I have the honour to speak on behalf of the 12 member States of the European Community.

The United Nations plays a unique and crucial role in world affairs. The 12 member States of the European Community are staunch supporters of the Organization, in both political and financial terms. Ever since its founding the United Nations has been a cornerstone of the foreign policy of our respective Governments. The 12 are accordingly deeply concerned about the crisis in which the Organization now finds itself, a crisis caused by the blatant disregard by certain Member States for their financial obligations under the Charter.

That the Organization has none the less been able to carry on until now is to a large extent due to the fact that other Member States have had to bear the consequences of the actions of those who have not complied fully with the financial

(Mr. van der Stoel, Netherlands)

obligations of their membership. This is the case for both the regular programme budget and peace-keeping operations financed through assessed contributions. The Twelve deplore the practice of "financing a la carte" which renders these budgets vulnerable. The Twelve are of the view that the current financial crisis caused by such behaviour on the part of a minority of Member States cannot and should not be solved by compensatory payments from those Member States which do fulfil their obligations.

(Mr. van der Stoep, Netherlands)

While the crisis has arisen in the realm of the programme budget, the problems of financing peace-keeping are no less serious. In fact, in terms of magnitude, they are greater. With peace-keeping, the financial obligations of the Organization are its liabilities to troop-contributing States. To a large extent those States carry the burden of withholdings in this field. In this respect, the Twelve welcome the improvement in the position of certain Member States, an example we hope will be followed by others. In the meantime, troop-contributor States have not received the full reimbursement to which they are entitled. This should be kept in mind when discussing the current crisis. A shortfall with respect to the programme budget, by contrast, creates immediate cash-flow problems for the Organization, since it must meet the expenses incurred in the implementation of mandated programmes and, more generally, in the day-to-day running of its operations.

The Secretary-General has pointed out in his report that the crisis could have profound implications for the viability of the Organization and its work. It will be crucial for the membership to reach agreement if we are to proceed constructively. The Secretary-General has requested that the current debate focus only on his own evaluation of the immediate financial shortfall. However, the scope of the current crisis is greater than its immediate financial manifestations. We are concerned that, in the near future, the Organization will be faced once again with serious cash-flow problems. The Twelve believe that it is important that any decisions taken during this resumed session should complement, and not conflict with, long-term solutions, which should be consistent with the need to ensure that the United Nations continue to play its role under the Charter. In this respect, the report of the High-Level Group to the forty-first

(Mr. van der Stoel, Netherlands)

session of the General Assembly will be of considerable interest, although it does not relieve Member States or the Secretary-General of their own responsibility to explore possible long-term solutions.

In the view of the Twelve, the responsibility for the crisis lies with all those Member States that do not fulfil their financial obligations under the Charter. It is they, first and foremost, who should now act by promptly paying arrears and by meeting current assessments. We have stressed this point in consultations directly and indirectly with other States Members and with the Secretary-General. We note that several Member States are making an effort in this respect. If all the Member States concerned complied with their obligations, there would be no financial crisis. It goes without saying that we endorse the appeals of the Secretary-General in this regard.

The Secretary-General has stated in report that the present shortfall is in the range of \$63.8 million to \$75.8 million. Those projections are based mainly on the assumption that virtually all assessments for 1986 will be paid in full. Unfortunately, experience suggests that that assumption is unlikely to be borne out by facts. The Twelve welcome the Secretary-General's initiative of having introduced a number of economy measures that partly address the immediate shortfall. I refer to paragraphs 16 and 17 of the Secretary-General's report. The Twelve, however, are of the view that there is further scope for the Secretary-General to make savings in this area to the extent that this proves necessary.

With little prospect for a dramatic improvement in the income situation of the Organization, the Secretary-General initiated a thorough review of the 1986 portion of the biennial budget to identify activities which could be deferred in order to generate additional immediate savings. In recognizing the difficult and sensitive nature of the review, the Twelve have to say that, in their view, the reductions

(Mr. van der Stoep, Netherlands)

must be sufficient to meet the entire shortfall. However, given the current situation, the Twelve, in a spirit of co-operation, hope that the Assembly will be able to concur in the results of that exercise, as detailed in paragraphs 21 to 25 of the Secretary-General's report. Difficult times require assertive and dynamic leadership. The Secretary-General is in the best position to determine the measures necessary to alleviate the immediate crisis, and we expect that he will continue to use his authority to carry them out. In the view of the Twelve, the outcome of this resumed session should determine to what extent the Secretary-General need pursue the exercise of identifying further cost savings in the months ahead. To this end, the Twelve believe that this resumed session of the General Assembly should request the Secretary-General to make proposals through the Advisory Committee on Administrative and Budgetary Questions (ACABQ) for further economies to meet the shortfall, should it prove higher than envisaged in document A/40/1106. It must be pointed out that the responsibility for any possible detrimental effects of such measures must lie with those Member States whose actions have created the crisis. They should ultimately be held accountable.

The Secretary-General in his report also anticipates costs for the Organization caused by the depreciation of the United States dollar. The effects of such currency fluctuations are dealt with at the end of the budget year in the context of the performance report. The projections in the Secretary-General's report, made so early in the budget year, cannot provide an accurate picture of the losses likely to be incurred by the end of the budget period. The Twelve therefore consider it premature to take action on this issue at the present time.

In conclusion, the 12 States Members of the European Community wish to reiterate their commitment to sound financial management and fiscal restraint. They will continue to co-operate constructively with the Secretary-General and with Member States to safeguard the future of the United Nations.

Mr. FISCHER (Austria): Let me quote from an editorial entitled "The United Nations Chronic Money Troubles":

"Perhaps the best way of describing the financial situation here is to liken the United Nations to a poverty-stricken family, but a family with any number of wealthy uncles, any one of whom could easily provide the family with not only the necessities, but all the luxuries of life. Yet the uncles - not because they are parsimonious, but rather because it suits their purpose - prefer to keep the family poor and weak and beholden to the rich uncles. So the United Nations financial crisis is perpetually bordering on the desperate. The chronic state of fiscal despair is not due to economic factors but rather to political factors. Thus, it poses a problem particularly difficult to solve."

(Mr. Fischer, Austria)

That editorial was published in The New York Times 14 years ago, on 25 April 1972. Although the comparison may be somewhat exaggerated, the conclusion drawn is certainly correct. The Special Committee on Peace-Keeping Operations, the Ad Hoc Committee of Experts to Examine the Finances of the United Nations and the Specialized Agencies, the Special Committee on the Financial Situation of the United Nations and the Negotiating Committee on the Financial Emergency of the United Nations have reviewed the financial situation of the United Nations. An item on the financial emergency has been on the agenda of the General Assembly for almost 10 years.

But to date efforts to solve the fiscal problems of the United Nations have been unavailing. As a result, economic difficulties have sapped the Organization's strength and injured its dignity. Up to now the United Nations has managed to find sufficient funds to make ends meet. There have been times, however, when the till was so empty because of the failure of Member States to pay their assessments that the Secretary-General has had to meet the daily obligations of the Organization with emergency borrowing from funds in his custody - funds, I hasten to add, which are earmarked for other purposes.

If financial collapse has been avoided so far it is because certain Governments - troop-contributing States, to be specific - have provided the United Nations with goods and services without being fully compensated or paid for them. The increased use of peace-keeping funds to meet the United Nations payroll has put an additional burden on troop-contributing States, which have borne the brunt of the United Nations deficit since the 1960s. Owing to reliance on the generosity of a few, rather than on the collective responsibility of all, the crisis has built up over the years. With the financial framework already severely weakened, the decision of the major contributor to withhold part of its assessed contribution for 1985-1986 has plunged the United Nations into an acute emergency.

(Mr. Fischer, Austria)

In the report before us, the Secretary-General describes the financial situation of the Organization as he perceives it. He qualifies his analysis, however, by stating that he has not received definite notification from the major contributor of the exact amount of its withholdings. I do not think, therefore, that we should be overly concerned or mesmerized by the figures provided in the report before us. They are rough estimates, which have already been changed and will probably continue changing.

The essential fact to be retained from the report, however, is the following: With its reserves depleted and its deficit growing rapidly, the United Nations cannot continue to carry on with business as usual. To put it differently, the policy of improvisation, ad hoc solutions and reliance on the generosity of a few rather than on our collective responsibility cannot endure if the United Nations is to function as an effective instrument of international co-operation.

While the current financial crisis can be viewed from many different perspectives, the task assigned to the resumed fortieth session of the General Assembly is clearly defined: to deal with the present cash shortfall and to tide the United Nations over until a lasting solution to its monetary problems can be found.

To that end the Secretary-General has already taken steps within his jurisdiction and has submitted for our approval a savings package composed of three parts: first, postponement of major construction projects; secondly, changes in the calendar of conferences; and, thirdly, suspension of programmes.

We have examined those cutbacks very carefully and have come to the conclusion that the proposed package is on the whole a balanced one. While we do not agree with every action proposed therein, we nevertheless consider it a fair compromise among competing demands, and we therefore favour the adoption of the package as it stands. In the event of the package being opened, however, I have to reserve

(Mr. Fischer, Austria)

my delegation's right to submit alternative savings measures which better reflect our views and priorities. In this context I am thinking particularly of the proposed cutbacks in the field of human rights.

We fully share the view of the Secretary-General that unilateral withholding of assessed contributions by any Member State is contrary to the obligations flowing from the Charter. We therefore endorse his urgent appeal to the Member States concerned, as well as to those which are late in meeting their assessments, to make early payments. Coming myself from a small country that has provided the United Nations with an International Centre, peace-keeping troops and the full payment of its 1986 assessed contribution, I doubt that any Member State would find it difficult to comply with that appeal of the Secretary-General.

My delegation hopes that by adopting the savings proposed and by the payment of outstanding contributions we will have bought enough time to prepare a definite plan of financial recovery without having to worry excessively about the cash flow and end-of-the-month balances. We are confident that the High-level Group of Intergovernmental Experts established to review the functioning of the United Nations will in the meantime agree on solutions and concrete recommendations to the General Assembly at its forty-first session which will ensure the long-term financial viability and effectiveness of our Organization.

As a host country, a troop contributor and a United Nations Member State, Austria has contributed and will continue to contribute its share to making the United Nations a viable and independent instrument of international co-operation.

Mr. MACIEL (Brazil): The item before the General Assembly at this reconvened session is properly entitled "Current financial crisis of the United Nations". The description is apt, because this is not a crisis that was created suddenly in 1985 or 1986. Nor is it a new crisis: It is not there, glaring at us, just because either last year or this year one or another Member State failed to pay its assessed contribution or because one State or another decided for some reason or other to withhold payments that are legally due.

The United Nations has been in financial straits since at least 1963, and in the course of these 20-odd years several crises have arisen as a result. Today, according to the information provided by the Secretary-General, we are faced not with a minor crisis but with a major one, a crisis that could have "profound implications for the viability of the Organization" itself, to use the words of the Secretary-General. (A/40/1102, para. 1)

(Mr. Maciel, Brazil)

In the calculations used to explain the current crisis, arrears in payments of assessed contributions appear as one of the elements to be taken into consideration. Actually, the real cause of the crisis is to be found not there, but rather in the enormous withholdings of assessed contributions legally determined by the competent organs of the United Nations. The withholding of these assessed contributions, which are compulsory obligations, is tantamount to violation of the United Nations Charter. It is a sad fact that among the withholding countries even permanent members of the Security Council are to be found.

Arrears are ascribable to many developing countries whose financial difficulties have been fundamentally generated by dismally unfavourable economic conditions on the international scene. These arrears are caused by a liquidity crisis in the developing countries as is the case with my own country, whose arrears accumulated basically between 1980 and 1985. In sum, it appears that the major source of the current financial crisis is to be found in the withholding of assessed contributions. If this is so it may be concluded that the main origin of the problem is one of a political nature, not of financial administration or of the structure of the United Nations budget itself.

The General Assembly, of course, has to take action to correct this financial situation in the short run. But it cannot, it must not, camouflage or shun the very real problem of a lack of basic political agreement, a lack of a general consensus among Member States, that is behind all this and which is a central issue placing in jeopardy the continued useful existence of the United Nations. The short-term action that Member States should take is to pay up, to pay the largest portion possible of their arrears and, above all, their withholdings. The United Nations is not in a situation where loans could be considered a way out; and the cuts and deferrals proposed are small indeed, but they deserve to be favourably considered.

(Mr. Maciel, Brazil)

The Brazilian Government is over \$15.9 million in arrears. If its assessed contribution to the regular budget for 1986 is included, my country owes the United Nations budget over \$25 million. In line with what I said a minute ago, the Brazilian Government is depositing \$17.7 million, in round figures, to the credit of the United Nations, bringing our arrears in round figures to \$8 million, which is less than our assessed contribution for the current year. It is my pleasure to be able to announce this payment, which will take place shortly. This decision by the Brazilian Government represents a great financial effort for a country whose economy is just beginning to recover from enormous difficulties, but above all this decision represents a meaningful and serious gesture in support of the United Nations at a time when some tend to lose faith in it.

The exact outline and components of the financial crisis do not come out as clearly as would have been desirable from the report presented by the Secretary-General. It would also have been preferable for the proposals for cuts and deferrals to have been made in a more systematic way. None the less, we understand that the urgency of proposing short-term cuts at this reconvened session left the Secretary-General little choice. The Brazilian delegation is therefore in a position to support the Secretary-General's proposals even though we believe that a few changes here and there might improve them.

Having said that, I should like to make it clear that the support we are now giving the proposals in general is without prejudice to other measures, especially medium- and long-term measures that the General Assembly is expected to take after considering the report of the group of high-level intergovernmental experts. It is part of our understanding that when the General Assembly takes these long-term measures it must do so against the background of the political sources of the financial problems that have for the last 20 years been chiefly responsible for

(Mr. Maciel, Brazil)

this cash crisis. The Brazilian Government will not hesitate to make every effort in both the financial and political fields to strengthen and improve the United Nations, because Brazil feels that Member States can and should use this Organization as an instrument effectively to maintain international peace and security and achieve international co-operation in economic and social issues. We hope that the great Powers share our perceptions.

Mr. MUÑIZ (Argentina) (interpretation from Spanish): We have listened very carefully and with deep concern to the Secretary-General's introduction of the agenda item on the financial situation faced by our Organization and we wish to thank him for the information he has furnished.

While this is the first time that this body has been seized of the details of this problem, we cannot say that it has come as a surprise. This question has drawn the attention of missions accredited to the United Nations ever since the suspension of the fortieth session of the General Assembly at the end of last year.

During the time that has elapsed there has been much speculation about the exact size of the problem that we are to resolve as well as the formulas that would be most advisable to put into effect. One thing about which we have not had doubts is that there is a problem and that we must act.

That is why we will be most attentive to any additional information that we may be given in the course of the present meetings and we hope that, with some reasonable suggestions, this document may form the basis of an understanding by the General Assembly to remedy the lack of resources that we will need in 1986.

However, we see clearly that the set of measures adopted by the Secretary-General and proposed for the future are limited to seeking a solution for this year without speculating about their consequences for next year or their impact in the medium- and long-term. We think that this is intentional and we share

(Mr. Muñiz, Argentina)

the idea of dealing with this crisis only as a problem affecting the current year in the hope that its causes will disappear for the coming year.

This leads me to an analysis of the causes. They can be attributed to various factors: insufficiency of resources to carry out programmed activities; the questionable way in which resources have been allotted; pressures exerted by some Member countries to obtain the adoption of measures they consider just.

(Mr. Muñiz, Argentina)

Nevertheless, we believe that there is but one solution: all countries must comply with the obligations stemming from the Charter, not the least of which is the obligation provided for in Article 17. That Article does not set any condition or provide any exception, and only the General Assembly can determine whether any State's arrears have occurred for reasons beyond that State's control and, hence, whether that State can be excepted from the sanction provided for in Article 19.

We understand that all States are bound by those obligations. Owing to the especially difficult economic circumstances Argentina has been experiencing and continues to experience, one of whose main characteristics - as all representatives know - is the onerous external debt that still requires an appropriate response by the international community, my country had fallen behind in its payments to the Organization. In the face of the situation described by the Secretary-General, it has, however, considered it its duty to make every possible effort. While developing countries cannot be expected to make up for any non-compliance by Members in much better economic situations, we believe that it is necessary for us to make every possible effort to correct the anomaly to which I have just referred. Hence my country has during the first quarter paid approximately \$15 million, an amount to be considered in the light of our annual contribution which barely exceeds \$4 million, thereby bringing Argentina virtually up to date with regard to its contribution and leaving it with an outstanding balance of only part of its quota for the current year.

We have done this to meet our obligations entered into when ratifying the United Nations Charter and to illustrate our desire to contribute to overcoming the serious crisis faced by the world Organization.

Mr. HUCKE (German Democratic Republic): The German Democratic Republic regrets that serious problems with regard to the financing of the Organization's activities foreseen in the approved biennium programme budget have forced the General Assembly to resume its fortieth session. However, my delegation acknowledges the need to deal with these urgent questions since their settlement is an indispensable political prerequisite for the effective work of the Organization.

My delegation wishes to thank the Secretary-General for his introductory statement and also to commend his initiative to discuss measures for enhancing the efficiency and effectiveness of the United Nations. It is prepared to support steps to that end to the best of its ability.

Since the beginning of its membership of the United Nations the German Democratic Republic has contributed its share to help overcome the problems built up in the policy of expenditures and the financing of the Organization through jointly adopted decisions. The German Democratic Republic is also concerned over the question that has been legitimately raised time and again by a large number of Member States: How the growing requirements the Organization is faced with can be met without additional expenditures. It has for many years expressly pointed to the need for a restrained expenditure policy.

My delegation has consistently advocated the prevention of an endless growth of expenditures by focusing on the major programmes, by rationalizing our work and by eliminating all obsolete programmes and programme elements and by excluding all expenditures from the regular budget that are in contradiction to fundamental decisions. These questions have not always been given the required attention, and this neglect has in part contributed to the present difficulties.

The efforts of the United Nations to overcome problems in the fulfilment of its tasks by joint, constructive co-operation are now being impaired by decisions taken unilaterally by one Member States which, in so doing, seeks to bring its economic weight to bear. The German Democratic Republic shares the view of the

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majority of States Members of the United Nations that such conditions for the payment of contributions that are directed against fundamental principles of the activities of the world Organization cannot be accepted. The German Democratic Republic holds that all States - large and small - are equally called upon to discuss in a constructive manner how the problems the Organization is faced with can best be solved. Unilateral measures taken by one State, such as those that have led to this session, are by no means helpful. The policy of financial diktat and blackmail is directed against all the activities of the Organization, undermining its proper functioning and its authority.

It must be added that, through the establishment of a ceiling for assessed contributions, the United States pays less than if its ability to pay were applied strictly on the basis of its national income. The internal decisions taken for the further reduction of its contributions reveal that economic reasons have obviously not been decisive at all for that step.

If as a result of the new attempts of blackmail there arise liquidity questions for the Organization, they must necessarily affect the implementation of approved programmes. In my delegation's view, it is therefore necessary in the first place to secure, through adequate administrative measures, that those programmes that, in conformity with the United Nations Charter, are of the greatest importance for the fulfilment of the Organization's main tasks be continued without any substantive reductions. Then further studies have to be made by competent bodies of the Organization with regard to the scope of the consequences those steps unilaterally taken by one Member State would have on the implementation of the entire work programme of the Organization. Also, the established High-level Group of Intergovernmental Experts will certainly be able to give the General Assembly relevant advice in its decisions.

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A sharper focusing on the Organization's programme objectives, a more rational utilization of staff resources and a streamlining of its structure and of its operations require a responsible, circumspect review of all circumstances and the constructive co-operation of all Member States as well as of the United Nations Secretariat under the Secretary-General.

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Within the framework of such fundamental reviews it would, however, also be advisable to exclude all expenditures contained in the regular budget for those activities that do not conform with the basic provisions of the United Nations or are not to be financed from that budget. Similarly, the financing of formerly extra-budgetary posts, which, contrary to regulations, were later taken into the budget, should be eliminated.

Through the influence exerted by the Secretary-General, as well as the responsible heads of various units of the Secretariat and staff members, progress has been reached in the effective utilization of all material and personnel resources. Nevertheless, much remains to be done. There remains the job of freeing capacities for the carrying out of the major tasks through a co-ordinated approach in the process of budgetary planning, more rational work, the full use of working time and good organization.

In that connection, the German Democratic Republic thanks the Secretary-General for the elaboration and submission of document A/40/1102 and Add.1 and 2. Although there will certainly be different views on a number of proposals made in the document, they are as a whole useful and constructive.

The serious effort to show ways to overcome the difficult situation must be highly appreciated. However, my delegation has doubts and reservations about a number of proposed changes in the conference calendar for 1986, which seriously endanger the substantive work of some General Assembly bodies and the fulfilment of the mandates adopted by the Member States.

Should reductions become necessary, they should be made, above all, for outlived, artificially inflated programmes whose right to exist and conformity with the Charter have long been questioned.

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If decisions adopted earlier on the scope and substance of documents and on the holding of sessions and conferences were implemented more consistently, further savings would be possible. No less important is the further utilization of all conference capacities by a still more balanced distribution of sessions to all possible seats of the Organization, and over the whole year, as well as the full use of all scheduled meeting time.

In addition, early and comprehensive preparation of the documents is of high importance. That question, together with all proposals made in document A/40/1102 and Add.1 and 2 on savings in the field of conference organization and the production of documents, should be discussed in the relevant organs of the United Nations.

The short-term measures to overcome the present financial situation which the Secretary-General announced with effect on 23 March, and which, in general, are appreciated and supported by the German Democratic Republic, include again a freeze on recruitment and replacements. That step, so it was maintained with a shrug of regret, would affect in the same way nationals of States which are over-represented in the Secretariat and nationals of those States which, like the German Democratic Republic, are highly under-represented. But that is just not true, because that step considerably favours the over-represented countries, since their nationals mainly have permanent contracts and therefore need not be replaced.

The delegation of the German Democratic Republic must express its concern over the renewed freeze, since it is clearly directed against the declared aim to overcome the under-representation of States and constitutes discrimination against staff members with fixed-term contracts. A similar measure taken by the Secretary-General in the fall of 1984 was met with criticism and was rejected by Member States because it did not result in any savings and further worsened the situation of the under-represented and unrepresented States, and was not in

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conformity with relevant resolutions of the General Assembly. A freeze, which is bound to deprive the Secretariat of new staff members with fresh ideas that would also contribute to enhancing the effectiveness of the United Nations, means making savings in the wrong place. The German Democratic Republic demands the cancellation of the recruitment freeze for applicants from under-represented and unrepresented countries.

The German Democratic Republic, which, like other States, is interested in a sound financial basis and in effective work by the Organization, welcomes every step to that end. It regards the establishment of the Group of High-level Intergovernmental Experts by the fortieth session of the General Assembly as an opportunity to search for new ways to enhance the effectiveness of the management, budgetary and financial policies of the United Nations. The Group can be very useful in supporting the efforts of the Secretary-General. The German Democratic Republic expects from it recommendations and ideas acceptable to all Member States for the long-term, for improved budgetary and financial policies and for questions of the administration of the material and personnel resources of the Secretariat.

Now, more than ever before, it is the task of every United Nations Member State to support and strengthen the Organization to enable it to play its role in the maintenance of peace and the struggle for disarmament, in promoting a fruitful international co-operation and serving as a forum for dialogue and understanding.

The German Democratic Republic has always actively supported United Nations activities that are guided by the purposes and principles of its Charter, and has met its obligations to pay its contributions in conformity with the Charter, and it will continue to do so.

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Republic)

To help overcome the Organization's liquidity problems the German Democratic Republic has paid its assessed contributions to the regular budget of 1986 at an earlier date than in previous years. Furthermore, it will take into consideration other steps which may be conducive to supporting the United Nations.

The meeting rose at 5 p.m.