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

Held at Headquarters, New York,  
on Wednesday, 30 April 1986, at 10.30 a.m.

<u>President:</u>	Mr. DE PINIÉS	(Spain)
later:	Mr. MAKEKA (Vice-President)	(Lesotho)
later:	Mr. DE PINIÉS	(Spain)

- CURRENT FINANCIAL CRISIS OF THE UNITED NATIONS [150] (continued)

(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 11.10 a.m.

AGENDA ITEM 150 (continued)

CURRENT FINANCIAL CRISIS OF THE UNITED NATIONS

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

The PRESIDENT (interpretation from Spanish): I should like to remind representatives that, in accordance with the decision taken by the Assembly yesterday morning, the list of speakers in the debate on this item will be closed today at 12 noon. I therefore request those representatives wishing to participate in the debate to inscribe their names soon as possible.

Mr. LEWIS (Canada): Every day there seems to be some unhappy preface to the proceedings in this Hall. Today I should like to express sadness and concern on behalf of my country to our colleagues from the Soviet Union and the Ukraine on the nuclear-reactor incident. We send our condolences to the families of those who may have died, been injured or subsequently affected, and I think it fair to say that we wait with some expectancy and no little apprehension to see what will happen.

There is, as we all know, a massive irony in this resumed session. Country after country mounts the dais - all of us - and with lyrical protestations of commitment, with soaring rhetorical cadenzas of fidelity, we declare our eternal support for the United Nations and its Charter.

Even those most begrudging amongst us, even those beset by reservations, acknowledge the enormous contribution which the United Nations makes to humankind.

But we cannot - or will not - foot the bill. We have an annual budget so tiny relative to the needs and issues with which it must deal as to invite universal derision, and we cannot - or will not - meet it. If anyone had said in 1945 that

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41 years later we would be in danger of bankruptcy he or she would have been drummed out of the international prophets' union.

But here it is, 1986, and we have a financial crisis of catastrophic proportions.

There have been a large number of impressive and salutary speeches over the course of the last two days. Canada has 10 points to make in this debate, and we shall make them in brisk order.

First, all countries seem to agree with the Secretary-General that withholdings and late payments are the financial nemesis of the Organization. Canada, like others, deplores this pattern and like others we see it as a breach of binding financial obligations under the Charter, whether it be the Soviet Union with its huge accumulated arrears, in particular for peace-keeping operations - Canada, for example, has at this point absorbed over \$11 million of those peace-keeping costs - or the new significant holdings imposed by United States congressional legislation, or the unfortunate financial delinquency of 70 to 80 other Member States.

It is wrong and it is crippling, and everyone knows it. We exhort each other to overcome it, but somehow there is a resistance which, through the years, saps the resources and strength and very life of the Organization and has finally plunged us into crisis.

Canada is by no means angelic, but we pay in full and on time. It is admittedly easier for us than it is for some, but no assessed amount is so onerous that it cannot or should not be paid.

Second, in response to the crisis the Secretary-General has provided an extended analysis, on the one hand, and a series of proposals, on the other. They represent in both particulars a considerable and urgent effort to find a solution. We salute the Secretary-General and his Secretariat colleagues for their frantic

(Mr. Lewis, Canada)

work over the last three months. The labours of Hercules are dwarfed by the exertions of the 37th and 38th floors. In the interests of harmonious compromise, Canada supports the core package of recommendations. But we must be honest: there is much that concerns us.

Third, the analysis is frankly confusing. We can understand why the Group of 77 wants to go to the Fifth Committee to seek technical clarification. The commentary, which is meant to explain the calculations, the arithmetic conclusions, is occasionally perplexing. The figures have changed with mercurial rapidity as though a conjurer had said, "Now you see them, now you don't. Now you see them again, and they're different". Could it perhaps be that the accounting systems that we have in place serve as much to obscure as to illumine?

And more.

Certain of the assumptions on which the analysis is based are pretty fragile. The premise that all Member States will pay their full assessed contributions in 1986, save for \$4.1 million, seems to us a pretty bold leap of faith. Certainly the Secretary-General himself has qualms, pointing out accurately that, if we should fall short of the declared expectations, January 1987 will be a desperate month indeed.

It is the respectful view of Canada that the Organization at such a critical juncture, even with all the changing circumstances, needs and deserves a more consistent flow of estimates to facilitate a more reliable assessment of circumstances.

Fourth, one of the reasons we make this point so strongly is that the prevailing sense of confusion begets uncertainty, and uncertainty begets skepticism. I think it fair to say - I have chatted with a lot of colleagues - that there are countries in this Hall that wonder if the crisis is real any

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longer. They wonder if things have not been exaggerated; they look at the updated figures for the Secretary-General's report and see that as of 25 April 1986 \$409 million had already been collected and they feel, perhaps understandably, an illusory security.

It comes down, if you will, to a matter of presentation. This place requires a cash flow of \$65 million a month. For the first four months of 1986 we have therefore chewed up some \$260 million, leaving only \$150 million on hand. That is just money enough to get us into July. And if by 31 December 1986 we have collected every dollar projected by the Secretary-General and exhausted every penny of our reserves, we will start 1987 with not so much as a pittance in the coffers.

As the Secretary-General said at the outset of this debate, the crisis remains terrifyingly real. It has simply been deferred. But it is obscured by uncertainty.

(Mr. Lewis, Canada)

Fifth, that brings us to the series of proposals. We genuinely applaud the work that has been done. We know it has been painful - especially painful for the Secretary-General, because no chief executive officer enjoys being catapulted into a process of retrenchment, which is inevitably hurtful to his staff and to the programmes which he administers.

Even so, Canada - mirroring the trenchant arguments put forward by our colleague from Australia yesterday - would have supported further cuts. And, like Australia, we, too, were one of the minority of larger donors that voted for the budget last December. Nevertheless, during the deliberations of the Fifth Committee, we voiced a number of criticisms of administrative and budgetary procedures. And when we listened to the cry of alarm from the Secretary-General on 18 December, when we saw what was happening at the turn of the year, when we learned, early on, what was projected for 1986, we could see, for the sake of survival, no way out other than dramatic cuts.

As it turns out, those cuts, those savings, amount to \$60 million. For the sake of consensus, we will support that package. But we are still, as everyone here knows, \$46 million short. Canada does not believe that voluntary contributions are the answer, and, indeed, with one prominent exception, they have not been forthcoming. Nor do we believe that advance payments in 1986 for 1987, to relieve the depreciation of the American dollar, will work. And again, only one such contribution has been promised or significantly alluded to.

To the extent that the Secretary-General has been able to generate payment of arrears, we are pleased, excited and grateful for his persuasive tenacity. But if, given the prospects for 1987, insufficient arrears flow in, the Secretary-General will surely have to consider, with the approval of Member States, further drastic measures later this fall.

(Mr. Lewis, Canada)

Sixth, we are, however, faced with a conundrum. The Secretary-General's recommendations will get us through 1986, and the High-level Group, with skill, wisdom and miraculous collaboration, will fashion a policy for the future. That is to say, we have a short term and a long term, but, as our colleagues from Japan pointed out yesterday, we have no mid term. Yet the financial crisis does not come in compartments; it is a continuum. What happens, pray tell, in 1987? Even if the recommendations of the High-level Group are truly inspired, and are adopted this fall, even if they establish a scheme of evaluation by which programme priorities can be satisfactorily measured, and even if they provide us with a new and dazzling scale of assessments, it still takes time, with the best will in the world, for implementation. How do we handle the transition? Can we perhaps think of some initiatives for the forty-first session of the General Assembly which will forestall crisis lurching into crisis?

Seventh, that is why we hope, at this juncture, that the Secretary-General's package can be supported, so that we are not made yet more vulnerable. But, let us face it, there are problems. The Yugoslav representative, on behalf of the Group of 77, has indicated that the package as proposed is not entirely acceptable. Clearly, there will have to be consultations. My delegation notes, however, that his speech was, as is his custom, a model of balance and moderation. So, too, were many of the sentiments expressed by my colleague from India, speaking for the Non-Aligned Movement. It makes us hopeful that things can be sorted out.

May I say to my Group of 77 colleagues - I hope not presumptuously - that it was difficult for us as well. There were items that Canada and many other nations wanted to have included, and could not. There are, similarly, items that we would desperately like to retrieve, and have not been able to.

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For example, my Government wishes with all its heart and soul - and I think this is true for many other Governments - to restore the 1986 convening of the Human Rights Commission's Sub-Commission on Prevention of Discrimination and Protection of Minorities, and with it, the Working Group on Aboriginal Peoples. Canadians are profoundly concerned that we should sacrifice so important a human rights meeting. We bowed to it only in the interests of preserving the package. If the package is fully reopened, we shall want to negotiate strongly to rescue the Sub-Commission. I say this in no sense as a provocation, but only to share a dilemma. We have all been forced into uncomfortable culs-de-sac. Whatever happens, we must not allow the package to unravel, or the United Nations will appear immobilized - to use the words of the Secretary-General - in the face of "a threat to the viability and the very integrity of the Organization itself".

(A/40/PV.124, p. 3)

Eighth, vital to all our deliberations, then, must be support for the Secretary-General. We have asked him to take the lead. Central to our success is his success. The Secretary-General has a grip on this crisis. He is our historical continuity. To be sure, his mandate derives from the Member States here assembled. But once the broad mandate is conferred, the execution of its provisions is in his hands. No one will follow matters more closely. No one is better placed to take initiatives. No one works harder. Let us render unto the Secretary-General that which is the Secretary-General's.

Ninth, there are many other specific aspects of the current crisis with which we might deal. But this general debate is not the appropriate place. Instead, Canada intends in the near future to circulate in good faith a paper to all Member States setting out a number of potential approaches to financial and administrative matters. They will, of course, be tentative and exploratory. Our own minds are



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still in a state of flux, which, as some representatives have cheerfully pointed out to me, is a perpetual state for Canadians. We would hope to touch on everything, from our concern for stringent administrative procedures to the possibility of States' encouraging their nationals and private corporations to make tax-deductible donations to United Nations activities and bodies and to ideas appropriate for consideration by the High-level Group. We hope our brief will be useful for discussion. We pretend no more than that.

Tenth, I return to the beginning. All of us, to a lesser or greater degree, believe in this Organization. It is indefensible to let it grind down in financial paralysis. While it is true that any such paralysis has political roots, it is equally true that the great issues of peace, disarmament, development and human rights must not be captive to a squabble over balance sheets. What manner of craziness is that? In a world - to quote the Secretary-General again -

"torn still by conflict and violence, and burdened with want, injustice and the threat of nuclear destruction" (A/40/PV.124, p. 6)

are we to allow something called "arrears" to prejudice the capacity of the United Nations to create a saner and more civilized planet?

If that is the question - and we believe it is - then the answer is conclusive and self-evident.

The PRESIDENT (interpretation from Spanish): I now call on the Secretary-General, who wishes to make a statement.

The SECRETARY-GENERAL: In the light of the statements that have been made in the Assembly during the last two days and the intense discussions which I know have been taking place outside this Hall, I wish to try to clarify several important aspects of the financial situation of the United Nations at present and during the remainder of 1986. In particular, I believe it necessary to try to

(The Secretary-General)

answer a question that is being increasingly posed: have the recent payments of arrears, the prompt payment by a number of Member States of their full 1986 assessment and the pledge of a \$10 million voluntary contribution resolved the immediate financial crisis?

In my report I projected that the funding shortfall in 1986 would be \$106 million. Of that amount, \$76 million related mainly to the anticipated shortfall in the payment of assessed contributions, and \$30 million was the estimated additional cost that would arise as a result of the recent depreciation of the United States dollar.

(The Secretary-General)

Although the two amounts can be analysed and addressed separately, this should not be allowed to divert attention from the fact that any accurate assessment of the funding shortfall must include both. This is essential since there are no reserves.

The projected shortfall is premised on the assumption that Member States, other than the major contributor, would pay \$520 million in 1986. This amount is equivalent to their assessment for the current year less some \$4 million expected to be withheld by some of them for reasons they have indicated in the past.

The economy measures I instituted prior to this resumed session have the effect of reducing the shortfall by \$30 million - that is, to \$76 million.

As a result of the encouraging response to my appeals for the payment of arrears and voluntary contributions, this shortfall would be further reduced by some \$24 million - that is, to \$52 million. However such a situation would be reached only if (a) the major contributor paid at least the amount assumed in my report - that is, \$143 million - and (b) the other Member States that have not yet paid the equivalent of their 1986 assessment did so fully in the months ahead. There are areas of uncertainty. Whether these conditions are fulfilled will only be known late in 1986.

In these circumstances the need for the further economy measures I have proposed is all too evident. If approved by this Assembly they could reduce the cash shortfall by another \$30 million, leaving \$22 million still to be covered. Thus, notwithstanding the recent positive developments, further action is required by this Assembly and by Member States in order to ensure that the Organization will be able to meet its obligations in 1986.

I hope it is clear from these remarks that the immediate financial crisis of the United Nations can be managed without bankruptcy this year. But this will be possible only if the Assembly at this session approves economy measures yielding

(The Secretary-General)

some \$30 million in additional savings and if there is a further response to my call for the provision of additional funds either through more arrears payments, voluntary contributions or advance payment by Member States of part of their 1987 assessment.

I do not wish in any way to underestimate the value of the response which has been made so far to the emergency and to my appeals. The prompt payment by 26 Member States of their full assessment has alleviated the cash-flow problem, which is particularly difficult in the absence of reserves. The payment of arrears and the provision of a substantial voluntary contribution directly assist in reducing the cash shortfall which, as I point out in my report, would remain even after the economy measures I have proposed are approved. The simple fact is that more is still needed. The amount could well increase if arrears should again mount before the end of the year. This must be carefully monitored.

I should like to say a final word of caution with regard to the package of economy measures I have put to this Assembly. It constitutes a fragile balance. Certain measures will be found objectionable by one or more Member States, while different measures will be found equally objectionable by others. We have sought to apportion the curtailments as reasonably as possible among programmes and activities. It will be extremely difficult to achieve the requisite savings if the balance is upset. I would urge that, in dealing with all aspects of the immediate financial crisis and, later on, the larger, long-term problem of the budget, all Member States be guided by the overriding importance of preserving and strengthening the capacity of the United Nations.

Mr. SIDDIKY (Bangladesh): We are meeting here today at the request of the Secretary-General to discuss what he has called the most serious financial crisis in the history of the United Nations. We do so with serious concern and genuine frustration. Only a few months ago we commemorated the fortieth anniversary of the United Nations through the expression of strong support for

(Mr. Siddiky, Bangladesh)

this world body personally conveyed at the highest levels. Today we are facing a situation which is threatening the viability and the very integrity of the United Nations itself.

The Secretary-General has very rightly acted under Article 99 of the United Nations Charter. At the conclusion of the main segment of the fortieth session of the United Nations General Assembly he warned us of the gravity of the problem. In such a situation one tends to become philosophical, particularly if one is in my position. Scores of Member States like us who face serious resource constraints have seen it appropriate to live up to their Charter obligation, and you find it inexplicable why a few who are well endowed in all respects fail to keep such an obligation, which they themselves incorporated in the Charter in the first place.

However, we believe that the current financial crisis of the United Nations needs much more than a philosophical approach. We need to have a hard-nosed look at the situation both in its shorter- and longer-term implications. My delegation believes that the statement by the Secretary-General on Monday and his report, along with the report of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) and other supporting documents available before this resumed session, will facilitate our examination of the matter and an agreement regarding possible solutions.

While addressing the question my delegation would like first to convey our full support for the statement made by the Chairman of the Group of 77 yesterday. The United Nations has been facing liquidity crises of one sort or the other since the 1960s, but never on such a scale as to have profound implications for the viability of the Organization. My delegation cannot help regretting that an item of this sort has been on the agenda of the United Nations year after year despite there being repeated appeals by the General Assembly inviting Member States to

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comply with their financial obligations - all the more so because the solution of the problem does indeed remain very much within the reach of the Member States in the sense that faithful adherence to the Charter leaves no room for such a financial emergency as the United Nations faces today.

The present crisis is one of insufficiency of funds arising out of an accumulation of deficit over the years. The deficit is due to the withholding of assessed contributions by some Member States in utter disregard of their Charter obligations to bear financial responsibilities as determined on the basis of the principle of capacity to pay.\*

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\* Mr. Makeka (Lesotho), Vice-President, took the Chair.

(Mr. Siddiky, Bangladesh)

The present deficit of the United Nations has reached such a stage as to make it impossible to overcome by having recourse to various reserves such as the Working Capital Fund and the Special Account. Such a situation cannot continue. While in the short run we are to address the problem of meeting the immediate financial requirements of the world body to run its day-to-day administration, we cannot be oblivious of the broader problem of disagreement among Member States on how to finance and utilize the Organization. To our mind, the crisis that the United Nations faces today is symptomatic of a deeper problem born out of an erosion of faith in the concept of multilateralism. It would, therefore, be pertinent to term the present problem political rather than financial.

As the present crisis is primarily the consequence of default committed by a large number of Member States in payment of their dues to the United Nations, it should be viewed more as a problem emanating from state decisions than a problem of finding resources. My delegation believes that the crux of the problem is the apparent unwillingness of some Member States to comply fully with their financial obligations as determined by the General Assembly, in accordance with Article 17 (2) of the Charter. There is a tendency on the part of some Member States to assign precedence to the exercise of national discretion over the obligation arising out of the Charter in matters of payment of dues to the United Nations. One cannot lose sight of the fact that by virtue of the very exercise of national discretion these States became parties to the Charter in the first place. Once a State is party to the Charter, obligations arising thereunder should, in our view, be the overriding principle guiding State actions vis-à-vis the United Nations. Collective security, the principle for which the United Nations stands, follows from an acceptance by all parties of collective responsibility, including financial responsibility. We believe that there is no room for responding to these

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responsibilities selectively, contrary to what some Member States would have us believe.

As we reiterated in the Fifth Committee last November, Bangladesh has always taken a principled stand in matters of obligations arising out of its being a party to the United Nations Charter and I believe this is the case with most of us present here. In our view, the solution to the problem lies in the perception of Member States as to the kind of priority to be assigned to the matter of dues payable to the United Nations. We view this obligation to be indivisible from any other obligations arising out of the Charter. What is inadmissible is the fact that some Member States are withholding their assessed contributions to the United Nations on the grounds of national positions of principle, or as a result of decisions taken at the national level, which is directly in contravention of the Charter.

My delegation is quite aware of the fact that there is a serious disagreement among Member States with regard to the budgetary process of allocation and utilization of the resources of the United Nations. But this disagreement can only be sorted out through negotiations. It cannot be solved by unilateral action, by withholding dues, thereby disrupting the budgetary process of the Organization. It is, therefore, imperative that a constructive dialogue develop to find a lasting solution to these problems. In this context, my delegation looks forward to the outcome of the work done by the Group of High-level Intergovernmental Experts established by the General Assembly to review the efficiency of the administrative and financial functioning of the United Nations and hopes that some practicable solution will be found. We believe that it would, therefore, be imprudent to pass a verdict on the administrative and budgetary matters of the United Nations without first having seen the results of such a review process come to fruition.



(Mr. Siddiky, Bangladesh)

Let me emphasize at this point that my delegation strongly supports the view that programme budgeting in the United Nations should aim at maximum cost efficiency. In our statement last October in the general debate on the United Nations budget for 1986-87, we stated that the Secretary-General's policy of "maximum budgetary restraint" could be conceded exclusively as a measure to improve resource management and not as a basis for curtailment or deferment of the mandated programme. Furthermore, given the fact that the budget was prepared within the strict parameters of the medium-term plan, there could hardly be any scope for redeployment by definition. Even if there were, it should be limited and not go beyond the point at which one has to seek additional resources. An activity which is duly mandated cannot summarily be deferred or terminated simply because of lack of resources or for any other technical reasons. If we are true to our commitment to the Charter, our concern need not be the size or rate of growth of the budget, but the extent of benefit that is derived from the programmes.

As to the measures which are urgently required to be taken so as to procure the necessary funds to tide over the current liquidity crisis, we endorse the actions suggested by the Secretary-General in paragraph 36 of his report. We would also like to join in the appeal made by the Secretary-General to those Member States that have not yet settled their account to do so expeditiously.

As to the measures proposed by the Secretary-General in paragraphs 20 to 25, we think it would be appropriate to have detailed information so as to facilitate decision-making by the General Assembly. Apparently the report contains, as it were, a package. The Advisory Committee on Administrative and Budgetary Questions (ACABQ) has also recommended that these proposed measures "should be seen as a package". We, however, believe that any judgement on our part should be based on a thorough and well-considered examination of all the measures proposed, particularly

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taking into account other possible options or alternatives. One of these, we believe, would be to apply for loans in the commercial market. Another could be to borrow for a short period from other organizations of the United Nations system which have a better liquidity situation at the moment.

While offering my delegation's full support to the President's efforts and those of the Secretary-General to meet the present financial crisis, my delegation would like to emphasize the point that support for the United Nations or absence of it should not be guided by narrow and perverted considerations. To the contrary, we strongly believe that a broader and overall view of the goals, objectives and usefulness of the United Nations system as a whole should guide our deliberations here. We should be pragmatic in our approach and practical in our recommendations. A spirit of constructive co-operation is what is badly needed by this Organization which we are all committed to support. Our failure today will have far-reaching implications for tomorrow - much beyond our comprehension. So let us act together for the best interests of this Organization.

Mr. MOYA PALENCIA (Mexico) (interpretation from Spanish): Before addressing the substance of my statement, I should like to convey the distress of the Government and people of Mexico on the death of Mr. Raul Prebisch, the eminent Argentine economist and statesman, who contributed so much to the cause of developing peoples, particularly those of Latin America. Through the delegation of Argentina I should like to convey to the Argentine Government and people the condolences of the people and Government of Mexico.

Similarly, I should like to associate myself with the earlier statements of solidarity addressed to the delegation of the Soviet Union with respect to the tragic consequences of the recent regrettable incident involving one of its nuclear reactors.

(Mr. Moya Palencia, Mexico)

It is appalling; at a time when the world is beset by so many grave problems, so many threats to peace and the security of States and individuals, by a severe economic crisis hitting hardest the developing countries, by famine in many countries and an accelerated decline in the quality of life in others, by persistent theatres of conflict and tension in various regions and other emerging hotbeds, by such grave issues as the external debt, finances, apartheid, disarmament and terrorism, that we, the Member States of the United Nations, find ourselves obliged to give priority to the current financial crisis of our Organization.

(Mr. Moya Palencia, Mexico)

My country would like to place on record its agreement with the Secretary-General that this crisis is, in his words,

"above all a political crisis. It arises ... from disregard for obligations flowing from the Charter", (A/40/PV.124, pp. 4-5)

and has its origin in a deliberate turning away from multilateralism on the part of certain States, accompanied by their evident lack of political will to negotiate in this forum and be a part, with all the consequences intrinsic to democracy, of a community of sovereign nations.

We also agree with the opinion of the Western European nations, an opinion shared by the majority of other States, that the financial obligations assumed within the United Nations system cannot and must not be revoked unilaterally by the States that contracted them, and that it cannot be claimed that a responsibility that is international in nature can be annulled by domestic decisions.

It also seems inexplicable that we should be meeting here today to adopt and approve cut-backs in programmes of action in the amount of \$76 million because of a unilateral reduction in contributions, and this in a year in which the industrialized countries, which, as a matter of justice, bear the major burden of financial responsibility towards the Organization, are making savings of from \$50 billion to \$60 billion as a result of the drop in the price of oil.

We share the Secretary-General's serious concern about the current internal financial crisis, its origins and its implications. As the Minister for External Relations of Mexico stated at the fortieth commemorative session of the General Assembly:

"Rather than facing a problem of efficiency, we face that of the efficacy of the United Nations system. Rather than facing questions regarding the organization and management of resources, we face vested interests and new

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problems that undermine the decisions necessary to prepare, resolve and make progress." (A/40/PV.46, p. 58)

We associate ourselves with the members of the Movement of Non-Aligned Countries at the recent ministerial meeting held at New Delhi, who stated their concern

"at the increasingly frequent attempts to weaken and restrict the role of the United Nations and to erode the principles of sovereign equality and democratic procedure upon which it is based" -

in other words, those very principles on the basis of which we established this Organization 40 years ago: to maintain international peace and security, to develop friendly relations among nations, to achieve international co-operation and to be a centre for harmonizing the actions of the world community. Those are daunting tasks, and in seeking to discharge them we draw upon a budget that is far from excessive, particularly when compared to the expenditure on armaments and the growth in national budgets in the past decade, or to the abundant economic benefit generated by the Organization and by the diplomatic community in the Headquarters host city.

We repeat that a thoroughgoing solution to the problem requires political will, respect for obligations and a willingness to negotiate. It is based on those principles that Mexico is participating in the Group of 18 High-level Intergovernmental Experts set up to study the United Nations long-term administrative and financial problems, but the conclusions reached by that Group cannot make up for the evident lack of political will on the part of certain States.

The current situation calls for a pragmatic approach. The delegation of Mexico would like to express its support and gratitude to the Secretary-General, Mr. Javier Perez de Cuellar, for the devotion with which he is tackling the

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situation and, in general, for the steps he has taken in exercise of his competence to solve short-term problems.

However, we should like to express a number of ideas on the content of the measures to be adopted by the Assembly, which should be quantitative as well as qualitative and regarded as temporary or exceptional.

In general, we take the view that such measures should not restrict the Organization's ability to carry out its tasks in accordance with the mandate given it under the San Francisco Charter and that they should have as little effect as possible on the interests of the developing countries, without limiting assistance or co-operation programmes and safeguarding the possibility for those countries to participate effectively in the various organs of the United Nations system.

The reduction or postponement of the activities of certain meetings and working groups should be provisional, and the organs affected should be asked to participate in the rationalization of their activities so that the savings achieved can truly contribute to the solution of the financial crisis and so that postponements and temporary reductions not work to the detriment of the activities of the United Nations. In this connection, we are particularly concerned with the activities of the Working Group on the Drafting of an International Convention on the Protection of the Rights of All Migrant Workers and Their Families, a Group that is unique of its kind in the Third Committee, whose important legislative work is well advanced and whose meetings scheduled for the spring, the cost of which is minimal, should not be cancelled.

We should also like to note that, despite the serious economic situation in our country, we shall soon be paying the remainder of our 1985 assessment so that in future we shall have to amortize only the contributions relating to this year. We note that this type of economic effort on the part of the developing countries, an effort that has a relatively heavy impact on some of them, is in striking

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contrast to the less co-operative attitude of other States with greater economic wherewithal.

Through the will of the majority the United Nations will survive in spite of the financial obstacles it is now encountering. It will thereby once again demonstrate that the true importance of the Organization lies in concerted action and in the opportunity it affords for reconciling positions, and not in the specific weight exerted by any particular Member. It will also become clear that, proportionately, the poor countries contribute a markedly higher amount to the Organization's work than do certain industrialized States and that we have not lost faith in this institution of the international community that has done so much for peace, decolonization, development and co-operation in the world. If the United Nations did not exist, it would have to be invented.

We know that the Organization is not perfect but that it is perfectable, and that its procedures and operation, like those of any human organization, must be subject to constant and careful review in order to increase its productivity and direct its system towards achieving its goals in the best possible way. We are also convinced that this essential task must not weaken the United Nations or allow isolated opinions to prevail over the opinion of the majority.

We believe that from the crisis that is facing the United Nations today the Organization should emerge with new strength. We believe that it is a test of the political will of every one of its Member States and the juridical and ethical substance of their international conduct. We believe that, together with the budgetary cutbacks and emergency measures we are adopting, we must also increase our efforts to achieve more effective and responsible participation, better thought out and more dynamic in nature, in implementing the mandate of all United Nations organs and subsidiary bodies.

(Mr. Moya Palencia, Mexico)

Moreover, we should simultaneously begin a vigorous campaign to publicize what the United Nations is, and what it has meant for world peace and development, for the codification of international law, for establishing dialogue among States, for safeguarding human rights, and for improving mankind's quality of life, all with the aim of averting final catastrophe. The goal of that campaign would be to proclaim that that task is all-essential, that it is of the highest priority and value, that it cannot be renounced, that it must be shared by us all, and that no political or economic effort is either too great or too small to contribute to its material needs so that it can live up to its purposes and principles. Mexico fully endorses those purposes and principles, in exercise of its sovereign will and in a peaceful spirit of understanding and universal co-operation.

Mr. TSVETKOV (Bulgaria) (interpretation from French): The People's Republic of Bulgaria attaches great importance to this resumed session of the General Assembly, convened to consider the financial problems of the Organization, which are, in the words of the report of the Secretary-General, of such magnitude "as to have profound implications for the viability of the Organization and its present and future effectiveness in furthering the vital objectives for which it was established". (A/40/1102, para. 1)

Only a few months ago the international community solemnly commemorated the fortieth anniversary of the foundation of the United Nations. In their statements on that outstanding occasion, the majority of delegations reaffirmed the role and importance of the United Nations as the sole international forum with the principal task of seeing to the strengthening of international peace and security and the development of friendly relations among peoples. It was unanimously recognized that the United Nations enjoys great prestige as the most appropriate organization for the consideration of and the search for solutions to the world-wide political,



(Mr. Tsvetkov, Bulgaria)

economic and other problems confronting mankind, and as an effective instrument for carrying out various programmes of assistance to developing and underdeveloped countries. Having said that, we are all convinced that the United Nations is far from having used its full potential, and that it should play an even more effective role in international life.

The financial difficulties now besetting the Organization make it imperative to examine the question of the effectiveness of the United Nations in playing that role. That question has an even greater political dimension in the light of the importance of the tasks before the United Nations and the recent extremely tense international situation. The spiraling arms race, especially in the nuclear field; the constant attempts to militarize outer space; open interference in the internal affairs of sovereign countries; the whipping up of regional conflicts; the continued carrying out of nuclear tests: all these problems demand effective action and urgent responses from the United Nations. Other, no less important, problems for the United Nations to resolve concern the elimination of the economic problems of developing countries, the establishment among States of equitable, non-discriminatory trade, economic, scientific and technological relations, and guaranteed economic security for States.

In other words, today more than ever before the role of the United Nations must be strengthened in the process of placing international peace and security on a solid foundation. There is no doubt that to carry out all these tasks the United Nations must have a stable financial basis and a solid organizational structure. That is why we believe the question of the financial problems of the United Nations to be an important political question.

It is clear that the main cause of the present deterioration of the financial situation is the unilateral decision by the United States of America substantially

(Mr. Tsvetkov, Bulgaria)

to reduce its contribution to the Organization's regular budget. That arbitrary action by the United States, which ignores the lofty purposes and tasks before the Organization and the programmes it has adopted, can be seen only as a flagrant violation of the obligations of Member States under the Charter of the United Nations.

The delegation of the People's Republic of Bulgaria fully shares the Secretary-General's deep concern about the critical financial situation of the United Nations and believes that appropriate action must be taken to improve it. We support the efforts of the Secretary-General to make effective use of existing resources and to increase the effectiveness of the world Organization's activities within available funds. Moreover, the Bulgarian delegation commends the initiatives taken by Member States in response to the Secretary-General's appeal. In this connection we view as particularly positive the initiative of the USSR to make a voluntary contribution of \$10 million to the United Nations Special Account.

My country too has responded positively to that appeal, and has paid \$1 million into the regular budget, representing more than 95 per cent of our 1986 contribution. My Government is now studying the possibility of Bulgaria's making a voluntary contribution to the United Nations Special Account.

The Bulgarian delegation has taken note of the report of the Secretary-General (A/40/1102), and appreciates the Secretary-General's efforts within the limits of his powers to devise concrete measures and means to ameliorate the present situation. Those efforts make additional resources available to the Organization to cover a large portion of the anticipated United Nations deficit. My delegation believes that the reductions proposed in the report should focus especially on obsolete programmes which are no longer effective and which have thus become

(Mr. Tsvetkov, Bulgaria)

Having said that, the Bulgarian delegation believes that it is inappropriate to reduce or eliminate programmes adopted within the framework of the European Economic Community (EEC). In our view these programmes are particularly important not only from the point of view of developing East-West relations but also because they benefit many developing countries.

As regards staff-related measures, we believe that a recruitment freeze in the United Nations and the specialized agencies of new staff members to replace those whose temporary contracts have expired is a step which would cause a serious imbalance with regard to equitable geographical representation of Member States, something which runs counter to decisions taken in General Assembly resolution 35/120.

In conclusion, I should like to stress that my delegation is convinced that the United Nations will not cease to exercise a positive influence on international life. The People's Republic of Bulgaria is ready to work, as it did in the past, within its means to enhance the prestige and effectiveness of the United Nations in keeping with the Charter. That position was stated at the recently concluded thirteenth Congress of the Bulgarian Communist Party, as follows:

"Bulgaria will constantly support the United Nations, and it will seek to live up to the commitments it has undertaken as a member of the Security Council."

Mr. RANA (Nepal): We are meeting in resumed session to discuss the financial crisis of the United Nations, while the ringing commitments to the purposes and principles of the Charter made at its fortieth anniversary are still echoing in our minds. Strange though this may seem, the fact remains that the United Nations is facing the most serious financial crisis in its four-decade history. It now behoves us all to translate our commitment into a concrete line of action to lead the United Nations out of its current financial impasse.

(Mr. Tsvetkov, Bulgaria)

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(Mr. Rana, Nepal)

Fortunately, this otherwise daunting assignment has been greatly facilitated by the objective overview and incisive analysis provided by the Secretary-General in his report on the current financial crisis of the United Nations, contained in document A/40/1102. That report - together with the Secretary-General's lucid introductory statement on the subject on 28 April - correctly diagnoses the financial malaise afflicting the United Nations. The report also documents a number of economy measures already taken on the Secretary-General's initiative. The savings are estimated at \$30 million and these measures have the unqualified support of my delegation, which well recognizes the urgency for the United Nations to overcome the current crisis.

Similarly, we welcome other schemes to reduce expenses as proposed in the Secretary-General's report. Estimated savings in this category amount to another \$30 million.

However, these are ad hoc emergency measures my delegation supports as a composite package, given the need to tide over the immediate and dire cash-flow problems the United Nations faces. Should this package become untied, my delegation reserves its right to offer other suggestions, particularly with regard to those concerning the least developed countries.

As stated earlier, welcome as such measures are in the context of the current financial crisis facing the Organization, it is quite clear that we must have recourse to other measures. In this category, the most obvious - and most urgent - is to ensure that Member States in arrears pay up their dues while all Members pay their assessed contributions promptly, that is to say, that contributions be paid as early in the year as possible. Indeed, as far as my delegation is concerned, we are prepared to go along even with the suggestion to assess Member States on the basis of the full initial appropriation for the biennium - or a major part thereof - in January of the first year of the biennium.

(Mr. Rana, Nepal)

In this context I feel constrained to say that, if a least developed country like Nepal has no arrears and pays its assessed contributions promptly, there cannot be any excuse for others to drag their feet, especially those generously endowed in terms of resources and in an advanced stage of development.

Let me come back to the familiar malady of long-standing arrears of some Member States - and I of course refer to those States that are not facing any critical economic situation. It is clear that remedies for the failing financial health of the United Nations have to be found and implemented. That is all the more urgent because the situation has now been compounded - in contravention of the Charter obligations, I might add - by resort to sudden and selective withholdings by major contributors.

As we see it, the real problem is not that some countries cannot pay their arrears or that others have to resort to withholdings to make a point or two. What all this underlines is the plain - and unfortunate - fact that there appears to be a dangerous slide in the political commitment of some countries to the United Nations. The lack of adequate political will in meeting internationally recognized obligations has indeed been discernible since the 1960s, when the financial problems of the United Nations surfaced for the first time. It does not require much imagination to note a correlation between a steady erosion in such political will on the part of some Member States and progress in the process of decolonization resulting in the welcome and spectacular increase in the membership of the United Nations after the 1960s.

I now recall the Secretary-General's observation regarding the implications of the financial crisis facing the United Nations and the viability of the United Nations. In particular, I draw attention to its impact on financing United Nations peace-keeping operations. As the representative of a troop-contributing country to United Nations Interim Force in Lebanon (UNIFIL), I would be remiss if I failed to

(Mr. Rana, Nepal)

point out that to a very great extent it is the troop-contributing countries, such as mine, that have to bear the financial burdens of the United Nations as a result of withholdings by some. We welcome the improvement in the position of certain Member States in this regard and we hope others will follow suit. This would enable the United Nations to carry out its essential responsibilities in the area of peace-keeping.

(Mr. Rana, Nepal)

Regarding medium- and longer-term measures that can help in ensuring the financial and administrative health of the United Nations, we believe that the recommendations of the 18-member Group of High-level Intergovernmental Experts examining these issues will be of special relevance. There must also be identified such measures as would help to ensure a greater degree of financial stability and predictability about United Nations programmes and operations, including those of peace-keeping, to which I referred earlier and in which my country continues to be closely associated.

In any case the uncertainty in which the United Nations operates must be ended. Towards that laudable end it has now become imperative to reduce the possibility of one nation, or a small group of nations, holding this Organization hostage. Though understandably sensitive, a new look into revising the current scale of assessments from that point of view may be necessary. We believe that it could be thoroughly examined by the Group of High-level Intergovernmental Experts, if it has not already done so.

To conclude, as a small and peace-loving nation deeply committed to the aims and ideals of the United Nations, it is only natural for us to be greatly concerned about the present critical situation facing the United Nations. We are, however, equally perturbed that, when the need for the United Nations has perhaps never been more urgent than in today's unsettled times, there should be what appears to be a growing tendency at undermining the effectiveness of the United Nations system.

It is our belief that in our collective efforts to overcome the present financial crisis we should not overlook other factors or causes contributing to an erosion of the Organization's effectiveness and image. While fully supporting the Secretary-General's efforts to put the United Nations financial house in order, we assure the Assembly of our fullest co-operation with and support for any measure designed to increase the efficiency and effectiveness of the United Nations.



Mr. DJOUDI (Algeria) (interpretation from French): All those who knew Mr. Raul Prebisch and were familiar with the work he did in the Economic Commission for Latin America (ECLA) and continued with equal success in establishing and strengthening the United Nations Conference on Trade and Development (UNCTAD) remember him as a great champion of humanity and of the ideals of the United Nations.

We therefore very much regret his passing, in particular as it has come precisely at a time when the very fate of the United Nations and the basic principles it embodies are at stake.

I should like, through the delegation of Argentina, to convey to the Government and the people of Argentina and to the bereaved family our most sincere condolences.

The rationalization of the work of the United Nations was the centre-piece of the debates at the fortieth session of the General Assembly. The thoroughgoing discussions we then had clearly attested to the unanimous will of the Member States to continue the process of improving the functioning of the Organization.

The Group of High-level Intergovernmental Experts that was established precisely with that in mind was instructed to define, within the framework of the purposes and principles of the United Nations Charter, long-term solutions to overcome the financial instability of the Organization and improve its functioning.

Similarly, the Secretary-General's statement on 18 December 1985 at the fortieth session of the General Assembly was basically an appeal to Member States to refrain from any unilateral measures to withhold contributions to the regular budget of the Organization so that the Group of High-level Intergovernmental Experts could unperturbed fulfil its mandate without any constraints.

(Mr. Djoudi, Algeria)

It is therefore particularly regrettable that neither the positive spirit that prevailed in the discussions at the fortieth session nor the Secretary-General's appeal have enabled us to prevent the current financial crisis, which has required the urgent reconvening of the fortieth session.

Indeed, the serious discussions that emerged on ways to improve the financial and administrative efficiency of the United Nations, as well as the particularly commendable efforts of the Secretary-General, have not spared the Organization continued financial pressures. This shows clearly that the current financial crisis is political in nature.

There is no need to recall that these financial pressures are accompanied by requirements that are incompatible with the principle of the sovereign equality of States. The idea of weighted voting not only challenges the democratic functioning of the Organization but also runs counter to the spirit and letter of the Charter.

These regrettable developments have inevitably given rise to very serious concerns in the international community. Thus the Movement of Non-Aligned Countries at the recent ministerial meeting held in New Delhi objected strongly to the attempts to weaken and restrict the role of the United Nations system and to undermine the principles of sovereign equality and democratic functioning on which the Organization is based.

The Ministers pointed out that these attacks had recently taken the form of using financial power to jeopardize the very functioning of the United Nations.

This deliberate policy aimed at driving the Organization into a financial impasse is certainly incompatible with the obligations of Member States under the Charter and poses a serious threat not only to the effectiveness but, above all, to the very existence of this irreplaceable instrument for promoting peace and development.

(Mr. Djoudi, Algeria)

These considerations must provide the backdrop to our deliberations on the cash-flow problems brought to our attention by the Secretary-General and to the proposals contained in his report.

We pay a particular tribute to the Secretary-General for his perspicacity and for his numerous efforts and his dedication in contributing to mitigating the effects of a crisis which, there is no need to recall, is not the doing of the Secretariat or of the staff but of certain Member States.

Since they were drafted in difficult circumstances in order to respond to an urgent situation, the Secretary-General's proposals are bound to be stop-gap, interim measures. They certainly cannot constitute a precedent in our efforts to find political solutions for the long term.

Failure by a State to meet its obligations and the worsening of the financial situation that has resulted have compelled the Secretary-General to undertake two series of economy measures principally with regard to staff expenditures. Moreover, he had to contemplate deferral of the implementation of certain programmes and a reduction in the length of the next session of the General Assembly. Unless the practice of withholding assessed contributions is abandoned, the deferrals proposed might have to be repeated in 1987, thus further reducing the Organization's work over the long term.

(Mr. Djoudi, Algeria)

Member States must help the Secretary-General to avoid such a situation, which would inevitably accelerate the erosion of multilateralism.

Pending the conclusion of the work of the High-level Group of Intergovernmental Experts, the validity of mandates for activities whose implementation might have to be deferred until next year should not be called into question.

Like the delegation of Yugoslavia, whose representative spoke on behalf of the Group of 77 - I take this opportunity to state my delegation's support for his statement - we should be grateful to the Secretary-General for additional information about the most recent financial developments in the crisis and the scope of certain proposals relating to programmes, to enable us better to determine our contribution to the short-term consideration of the crisis besetting the Organization.

The first two series of measures within the Secretary-General's direct competence under the Charter, together with a large number of new proposals - such as the general reduction in purchases of furniture and equipment, certain rearrangements of the schedule of meetings of subsidiary bodies and a reduction in the publications programme - should be applied as a priority in order to make possible the maintenance, in the light of financial developments for 1986, of the existing schedule for the main bodies, as well as other activities crucial to the attainment of the Organization's fundamental purposes. To that end, the Fifth Committee might seek, in consultation with the Secretariat, to identify other less essential activities whose postponement could be considered.

We are convinced that, above and beyond the economy measures proposed by the Secretary-General, the short-term financial crisis can be overcome only through an unswerving commitment by Member States to discharge fully and in good time their financial obligations to the Organization.

(Mr. Djoudi, Algeria)

The process of improving the functioning of the United Nations cannot be brought about by a policy of financial pressure. That process, which is now in hand by the High-level Group of Intergovernmental Experts, should in no way be hindered by the perpetuation of such unilateral attitudes.

The present financial crisis was artificially created for distinctly political purposes. The General Assembly's reaction is bound to be political in essence. The need for strict compliance by Member States with their financial obligations under the Charter should be vigorously reaffirmed.

Algeria will continue fully to meet its responsibilities as a Member State. Despite the financial constraints that it suffers, in common with all the other developing countries, Algeria has always tried to pay its contributions to the regular budget on time. As for our contribution for 1986, all the necessary measures have been taken to ensure that it is paid as soon as possible.

The Secretary-General has fully shouldered his responsibilities as chief executive officer of the Organization, and therefore we assure him of Algeria's support and solidarity. It is especially incumbent now on Member States to shoulder their responsibilities and join their efforts with those of the Secretary-General to respond to the challenge facing the Organization.

Mr. BARNETT (Jamaica): I wish to begin by expressing our condolences to the families of those who died in the disastrous accident at the nuclear power plant in the Ukraine. We must also state our deep concern about the possible effects in neighbouring States, which so far have been deprived of adequate data to allow them to take appropriate and timely action to safeguard the health and well-being of their citizens.

For the second time in its short history the United Nations is faced with a crisis which, though denominated in financial terms, stems from unilateral decisions of Member States which question one of the fundamental bases of our

(Mr. Barnett, Jamaica)

Organization - the principle, embodied in Article 17 (2) of the Charter, that all Member States have a collective responsibility to bear the expenses of the Organization, as apportioned by the General Assembly.

The unfortunate precedent was set just over 20 years ago, when some Member States, on the basis of their own interpretation of the Charter, decided to withhold portions of their contributions to the United Nations budget. The fact that that interpretation was rejected by the International Court of Justice and the General Assembly did not alter their decision. Now we find that the practice is engaged in by some 18 Member States. The situation has been compounded by the anticipated withholding flowing from the national legislation of one Member State. That is another dangerous precedent, which, if emulated, would seriously threaten the very existence of the United Nations.

My delegation therefore agrees that the crisis cannot be seen simply in financial terms. We believe that any lasting solutions must be based on the continued commitment of all Member States to

"fulfil in good faith the obligations assumed by them in accordance with the ... Charter."

We believe that the United Nations is an important instrument for helping to manage the international environment, and we all have to ensure that we so conduct ourselves that faith in this body does not dissipate. As we look at the short-term crisis, we should not lose sight of the wider political implications. As the leader of the Jamaican delegation to the recent Non-Aligned Movement ministerial meeting in New Delhi stated:

"The continued viability and vitality of the United Nations in attempting to help in an orderly and effective management of global affairs now stands in jeopardy. The crisis itself is bound to inhibit the execution of the main

(Mr. Barnett, Jamaica)

programmes and activities of the Organization as well as the performance of its functions in responding promptly and effectively to new situations of conflict which threaten international peace and security. It is also symptomatic of the extent to which the principles of the Charter have been seriously eroded as a result of the lack of a firm commitment by Member States."

Hence the continuing forbearance and understanding of the troop-contributing countries are all the more commendable. They have our abiding appreciation.

(Mr. Barnett, Jamaica)

How we handle this crisis will have long-term implications for the future of the Organization. We must commend the Secretary-General for his strenuous efforts to suggest solutions to the problems facing us and for the steps he has already taken within his area of competence.

We must also commend the staff of the Secretariat for their co-operation in ensuring the effectiveness of the measures already implemented by the Secretary-General. We wish to take this opportunity to express appreciation for the dedication of the professional international civil service, to whose continued high competence and integrity we attach great weight.

My delegation finds it less than fair that the burden should be put on the Secretary-General to provide solutions to ameliorate a crisis which the Member States themselves have caused.

The Secretary-General alone cannot be expected to come forward with acceptable proposals for the deferral, postponement or deletion of programmes, when these programmes have emerged from agreement among Member States.

My delegation is willing to support a balanced package of proposals that takes into account the collective interests of Member States and that in no way undermines the purposes and principles of the Charter.

We have studied carefully the report of the Secretary-General (A/40/1102) and the related comments of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) (A/40/1106). We welcome the recent payments by some Member States. Notwithstanding, the crisis appears to us to be somewhat understated in financial terms. This has been reinforced by the Secretary-General's comments this morning. The ACABQ has termed the estimates of payments in 1986 optimistic and noted that, given the alarming severity of the situation, the measures proposed by the Secretary-General appear to be less than comprehensive.



(Mr. Barnett, Jamaica)

As representatives of Member States we have to ensure that any short-term measures we may adopt do not imply a regression of the crisis and postponement of pending chaos. There is no point in buying short-term comfort with long-term disaster. We need to consider carefully the consequences for the work programme of the Organization of deferrals and suspensions which will have to be dealt with in 1987, nor should the present situation become an excuse to redesign the functioning of the Organization.

Against this background we wish to thank the Secretary-General for the proposals in his report. It would, however, be useful for additional information to be provided to a committee of this General Assembly in order to lay the groundwork for a decision by consensus. It is important, for example, that we have further information on the programmatic measures proposed so that Member States may be assured that these will be minimal long-term consequences, especially since we have been told that "systematic and rational analysis has suffered in meeting the precipitate requirements for immediate and extensive savings".

We would prefer to find a way to avoid curtailment of the duration of the forty-first session of the General Assembly, a session which will have before it the report of the Group of High-level Intergovernmental Experts established 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.

We agree that the work of the General Assembly needs to be streamlined and rationalized. But curtailing the duration of the session, if that results in meetings outside of scheduled hours and increases overtime, for example, will not achieve the desired results. We also need to examine ways to reduce documentation and to limit the duration of interventions. We hope that the General Committee of the forty-first session will address these issues.

(Mr. Barnett, Jamaica)

My delegation will support all measures necessary to achieve a lasting solution to the financial and other problems facing the United Nations. All of us will benefit from an efficient and effective Organization that serves the interests of the international community and is able to deal with the challenges which confront us.\*

Mr. ALAOUI (Morocco) (interpretation from French): We have given close attention to the Secretary-General's report on the current financial crisis of the Organization as well as the recommendations of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) in this regard.

The delegation of the Kingdom of Morocco fully endorses the assessment given in those two documents with respect to the seriousness of the present situation.

In addressing the Assembly this morning, the Secretary-General confirmed that, despite recent developments as regards contributions, the crisis remains serious. As a result the international community can only be perturbed when it is told that the financial problems are of such a magnitude as seriously to jeopardize the viability of the Organization and its capacity to carry out its tasks and programmes in accordance with the purposes and principles of the Charter. For this reason we can only be pleased that the Secretary-General has taken the initiative of proposing the resumption of the work of the fortieth session to discuss this question and to take the necessary steps.

We note with interest that in doing so he has invoked the prerogatives stemming from the spirit of Article 99 of the Charter. We might also note that, far from waiting for the situation to become so grave that it is on the point of

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\* The President returned to the Chair.

(Mr. Alaoui, Morocco)

doing irreparable damage, the Secretary-General has already taken a number of economy measures within his competence. Thus it is quite normal for Member States now to be called upon to build upon the action already taken and to decide on measures to safeguard the Organization that fall within their competence.

While admittedly it is the financial aspect of the present crisis that is most evident, it is first and foremost a political crisis. It is also of very long standing, for the financial difficulties first began to emerge at the beginning of the 1960s, when certain Member States began to withhold portions of their contributions to the regular budget. Such unilateral measures, characterized as unlawful by the International Court of Justice, were viewed with disapproval at that time.

For the same reasons as in the past, we can today only express regret that, far from shrinking, the list of States wilfully refusing to meet their financial obligations under the Charter is in fact lengthening. We believe that all States must in good faith accept the financial consequences of their international obligations, which they freely entered into by treaty. The permanent members of the Security Council have a special responsibility in this respect. Yet it remains a fact that, since it is in essence political, the solution to the current financial crisis can only be political, consisting of a broad agreement on the part of all with respect to the use of resources, the budgetary process and the distribution of expenditures in accordance with the provisions of the Charter.

(Mr. Alaoui, Morocco)

For our part, we are open to dialogue and ready to negotiate with a view to finding responsible and lasting solutions which will enable the Organization to operate efficiently and to discharge its mandates deriving from the purposes and principles enshrined in the Charter.

The report of the Secretary-General calls our attention to the gravity of the immediate situation. The assessment and the forecast it contains relate only to 1986. Admittedly, that is where there is the most urgency, and it is quite normal that, faced with an exceptional situation, States Members should be urged to take exceptional measures. Such measures as proposed by the Secretary-General to tackle a special situation should in no way set a precedent; neither should they prejudice the results of the work of the Group of High-level Intergovernmental Experts established to review the administrative and financial viability of the Organization in the long term. We shall not fail, at the forty-first session of the General Assembly, to state our views on the Group's conclusions. In the meantime, we feel that the measures described in the report of the Secretary-General should be regarded as having time limits and as not adversely affecting programmes adopted by the Organization. This is why we have serious reservations with respect to the postponement of the implementation of important priority decisions previously taken by the Assembly, such as that relating to the meeting of the Special Committee to Investigate Israeli Practices Affecting the Human Rights of the Population of the Occupied Territories and the holding of conferences on the questions of Palestine and Namibia.

We also believe that the freeze on recruitment will have a negative effect on the composition of the Secretariat. Such a measure would run counter to the targets which the General Assembly set the Secretariat with respect to the equitable geographic distribution of staff members.

(Mr. Alaoui, Morocco)

We are also opposed to any future staff-reduction attempts, and we note with satisfaction that the Secretary-General has not, in fact, made any such proposals. Nevertheless, we can in no circumstances consent to the suggestions made to this effect by a limited number of delegations.

The measures proposed do call for certain comments. We have deliberately confined our remarks to the most important ones. However, in response to the appeal made to the Assembly both by the President and the Secretary-General, and despite the serious reservations which we have about certain of the proposed measures, we feel that it is important for the international community to accept the recommendations of the Secretary-General and to give him our support so as to bring us through a period which all, quite rightly, have recognized as especially difficult.

A major forum for multilateral co-operation and the reconciliation of differences, this Organization owes it to itself to overcome its current difficulties through the co-operation of all. Adequate political resolve, something we are all called upon to display, will enable us to take the necessary decisions and will also enable us to renew our deep commitment to the purposes and principles of the Charter.

The PRESIDENT (interpretation from Spanish): I should like to inform the Assembly that at the end of the meeting, and before adjourning it, I shall make an important announcement.

Mr. WALTERS (United States of America): Before I make my statement on the matter which we are discussing today, there is another short statement I should like to make. It is not my country's habit to take advantage of a deep human tragedy to try to make some political point or other. The United States Government shares the sorrow of the Soviet Union over the accident at the Chernobyl atomic energy station. We earnestly hope that casualties and material damage will be

(Mr. Walters, United States)

minimal, both in the Soviet Union and elsewhere. The United States is prepared to do whatever it can to be of assistance to the Soviet Union, by making available humanitarian and technical assistance to help in dealing with this accident.

We sincerely hope also that the Soviet Union will provide complete information about the accident in a timely manner and join us and other nations in an effort to prevent such incidents from happening anywhere in the future.

Nuclear power is an important and necessary source of energy for all mankind. Working together we can ensure its benefits for mankind in a safe and secure manner. This accident, affecting many people from different countries, emphasizes the interdependence of all nations and points clearly to the importance of international co-operation through multilateral institutions, such as the International Atomic Energy Agency (IAEA) and the United Nations. As we search for solutions to the United Nations reform crisis, let us not lose sight of this fundamental truth: we are common travellers on a single planet, and co-operation is our only alternative.

In spite of the obvious and profound difficulties which beset the United Nations, our presence here today signals our commitment to address these problems and to revitalize an institution to which we maintain our dedication. There can be no doubt that the United Nations is a troubled Organization. But there can also be no doubt that the lofty goals and purposes for which the United Nations was founded are as relevant today as they were four decades ago. The United States Government recognizes the vital importance of international co-operation and is committed to its improvement.

The Secretary-General has convened this resumed session of the fortieth General Assembly because, in his words, "The United Nations faces the most serious financial crisis in its history". (A/40/1102, para. 40)

(Mr. Walters, United States)

The cumulative effects of late payments by a majority of Member States, withholdings on questions of principle by a substantial number and recent legislation in the United States have combined to put the Organization in a position where it will not be able to carry out all planned activities in the current year. Resolving this crisis has both short-term and longer-term aspects, and while the specific purpose of this session is to deal with the short-term problems of 1986, my Government believes that we must keep in mind the longer-term aspects of the crisis, as well as its underlying causes, as we go about our work.

As important and pressing as the financial issues facing us are, let us not overlook the fact that what we face is, in the words of the Secretary-General, "above all a political crisis" (para. 1). The Secretary-General is correct in describing this political crisis as arising from the lack of agreement among Member States on means and purposes for financing the Organization. The crisis, however, goes much deeper than that. Why are Member States unable to agree on the means and purposes of financing the Organization? The reason is that the United Nations is facing a crisis of confidence.

Member States remain committed to the ideals of the United Nations - we saw this clearly in statement after statement at the fortieth anniversary session of the General Assembly - but Member States no longer have confidence in the United Nations as an institution for effectively serving those ideals. The Secretary-General and Member States share responsibility for rebuilding a sense of confidence in the Organization.

(Mr. Walters, United States)

The resumed session of the General Assembly is an important test to see if such confidence can be restored. A serious effort among Member States, with active guidance and assistance from the Secretary-General, to deal with the short-term financial problems now confronting the Organization will be of great importance in rebuilding that confidence in the United Nations. This, in turn, will lay an encouraging foundation for addressing the long-term fundamental reforms which must be agreed upon at the forty-first session of the General Assembly. Our failure at this resumed session to deal constructively with the short-term financial issues now before us would seriously jeopardize prospects for success over the longer term.

The current cash shortfall has been building up over a long period of time. According to the Secretary-General's report, shortfalls in the payment of assessed contributions began at the end of 1956 and reached serious proportions as early as 1960. The General Assembly has taken a number of steps since then to address the problem and has looked at an agenda item called "The Financial Emergency" every year since 1976. This financial emergency has existed because some Member States have declined to pay part of their assessments owing to disagreements with certain programmes - such as peace-keeping - and because other States Members have failed to stay current with their assessments.

The Secretary-General's report of 12 April on the current financial crisis indicates that, as of 31 March 1986, 80 countries - a majority of United Nations Members - had all or a portion of their 1985 assessments still unpaid. For 1986, only 14 Member States had paid their current assessments in full by the end of March. This situation reflects the pattern of recent years. The Organization has managed to continue operations because of its reserves, made up of the Working Capital Fund and the Special Account, and because the United States, which is assessed 25 per cent of the Organization's expenses, has contributed virtually its full assessment to the Organization each year.



(Mr. Walters, United States)

This year, because of two recently enacted laws, the United States finds itself unable to pay its full assessment. The fact that the arrearages of other Member States have totally depleted the Organization's reserves suggests that the United States shortfall becomes the straw that breaks the back of the camel. The \$76 million shortfall described by the Secretary-General, in fact, is very close to the projected United States arrearage for 1985 and 1986, which we estimate currently at about \$80 million. One could say cynically that the United States is being blamed now because it is late in joining the Member States that have not paid their assessments in the past. I might add that such cynicism may not be misplaced in this Organization, where countries that have for many years deliberately withheld substantial amounts from the United Nations budget refer to the United States withholdings as a policy of "financial diktat and blackmail". More to the point, however, the financial crisis is not the responsibility of any one Member State, but the result of years of withholdings and late payments by a majority of countries.

Let me now turn to the two laws that are causing the United States to fall short in its assessed payments. The first is the Kassebaum Amendment, which limits United States payments to the United Nations and specialized agencies to 20 per cent of their budgets unless the organizations institute a decision-making system for budgetary matters providing voting strength proportional to the size of the contributions. This law reflects dissatisfaction in the United States Congress over the fact that countries that contribute the great majority of the organizations' money have little to say on how it is spent. The Secretary-General has pointed out that Member States that contribute 70 per cent or 80 per cent of the United Nations regular budget have not been able to vote in favour of any of the last three biennial budgets of the United Nations.

(Mr. Walters, United States)

The United States delegation made it clear at the fortieth session of the General Assembly that a Charter amendment to produce so-called weighted voting was not the only way in which the intent of the Kassebaum Amendment could be addressed. We were pleased that the General Assembly approved the establishment of the Group of 18 to examine the administrative and financial functioning of the United Nations, and we note that one element of the Group's agenda is to look at the procedures for reaching a broad agreement on the Organization's budget. We are hopeful that the Group's deliberations will produce recommendations to the forty-first session of the General Assembly which, when acted upon, will strengthen the Organization and will provide a basis for seeking modification of the Kassebaum Amendment.

The other law is the Gramm-Rudman-Hollings Deficit Reduction Act, which requires that the total United States Federal budget deficit be progressively reduced to zero over the next five years. To the extent that targets are not met by directed programme cuts, the Gramm-Rudman-Hollings Act requires a pro rata sequestering or cutting of virtually all Federal programmes. That law has resulted in the sequestering of a portion of of the United States 1985 United Nations assessment and could potentially require an additional sequestering of part of the 1986 payment as well. The Gramm-Rudman-Hollings Act is not specifically directed at the United Nations or at international organizations, but its effects are being felt by them. The future of Gramm-Rudman Hollings is unclear, but the need to reduce the Federal budget is sure to remain a high priority for the United States Government. We hope that the deficit ceilings specified by this law will be met through directed programme reductions so that across-the-board cuts will not be needed in future years.

To turn to the current situation, given the existence of large, cumulative arrears and the inability of the United States to make its full payment this year,

(Mr. Walters, United States)

the United Nations is forced to cut its expenses now. The Secretary-General has already undertaken administrative measures which he believes will save \$30 million, and he is asking this resumed session of the General Assembly to approve an additional \$30 million of programme deferrals and suspensions. The delegation of the United States has carefully reviewed these measures. We regret the curtailment of some of the activities proposed for deferral and, more important, we believe that administrative savings and programme deferrals should be more directly aimed at improvements in the efficiency and effectiveness of Secretariat operations. Nevertheless, we conclude that it is most important to keep the Secretary-General's proposals together as a package. We believe, therefore, that the Secretary-General's proposals represent a constructive first step to address the financial shortfall, and we support their approval as a package.

The United States is concerned that the Secretary-General's savings proposals do not equal the projected shortfall. A gap of some \$46 million is to be filled by voluntary contributions or other measures to be decided upon by Member States, such as commercial borrowing or further increasing the Working Capital Fund. The United States delegation opposes these last two proposals, as we have in past years.

We are also concerned that the Secretary-General's projection of the 1986 shortfall may be somewhat optimistic. For one thing, the projection assumes that, except for the United States, payments to the regular budget will be almost equal to the amount assessed for the current year. Such performance is possible, but would require a substantial departure from past practice. We would hope, therefore, that the Secretary-General will monitor the United Nations financial situation closely throughout the year and be prepared, if necessary, to propose additional savings measures.

A related concern is that the Secretary-General's proposals only cover 1986. We are aware that the Group of 18 is considering a number of proposals for cost

(Mr. Walters, United States)

reduction and increased efficiency whose effects would be felt in 1987. The beginning of each year, however, has been a time when few payments are received. This situation is likely to be more critical next year, because the Secretary-General has proposed that Member States advance a portion of their 1987 payments into 1986 and defer 1986 programmes into 1987.

(Mr. Walters, United States)

The United States has always been the largest financial supporter of the United Nations and fully intends to continue its support. The current financial crisis has resulted in part from substantial arrearages spread among many Member States, and partly from frustration on the part of the United States and, we believe, other Member States that feel that their views on the level and content of the Organization's budget are not taken seriously. As we indicated earlier, the United Nations faces a crisis of confidence. This resumed session is not intended to resolve the basic problems that have brought the Organization to this point. Those problems can be addressed only by candid discussions among Member States over the coming months, assisted by thoughtful and serious recommendations from the Group of 18. The United States delegation stands ready to participate in any and all such discussions.

For now, our goal must be to assure the continued functioning of the Organization until a broad consensus on the future budget and programme of the United Nations is obtained. As I indicated earlier, the United States delegation believes that the Secretary-General's savings proposals should be accepted and that he should be asked to monitor the short-term financial situation carefully.

The decisions we take at this session can have a profound effect, positive or negative, on the future of the United Nations. I urge that the Member States work together to ensure that the effect is a positive one, because the future of the Organization is of great importance to all.

In closing, let me renew the commitment that Secretary of State Shultz made when he spoke on the occasion of the anniversary of the signing of the Charter of the United Nations in San Francisco, on 26 June 1985. He said:

(Mr. Walters, United States)

"I want to leave you with one clear message: The United States is going to stick with it. We will fight for peace and freedom and for our interests - in the United Nations as we do everywhere else.

"And we will do our part to make the United Nations work as a force for security, for human rights and for human betterment."

The PRESIDENT (interpretation from Spanish): I wish to inform the Assembly that, following consultations, it has been proposed that the Fifth Committee be reconvened, with the understanding that it will deal with clarification of technical questions relating to agenda item 150. May I consider that there is no objection to that proposal?

It was so decided.

The meeting rose at 1.15 p.m.