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Chairman: Mr. Hermod LANNUNG (Denmark).

In the absence of the Chairman, Mr. Alfred Edward (Ceylon), Vice-Chairman, took the Chair.

AGENDA ITEM 54

Budget estimates for the financial year 1962 (A/4770, A/4814, A/C.5/907, A/C.5/L.709 and Add.1, A/C.5/L.720, A/C.5/L.722) (continued)

DRAFT REPORT OF THE FIFTH COMMITTEE TO THE GENERAL ASSEMBLY (A/C.5/L.720)

1. Mr. ARRAIZ (Venezuela), Rapporteur, explained that paragraph 1 of the draft report (A/C.5/L.720) would be preceded by an introduction similar to the one included in the corresponding report at the fifteenth session; he would prepare the introduction as soon as the Committee had taken all its decisions. In addition, he suggested that the Committee should accept the following changes requested by the representative of the Soviet Union: in the first line of paragraph 3 the substitution of the words "a number of representatives" for the words "many representatives"; in the first sentence of paragraph 4, the substitution of the words "several delegations" for the words "a fairly broad section of opinion in the Committee"; and lastly, in the final sentence of paragraph 4, the substitution of the following words: "the Organization might face bankruptcy" for the last part of the sentence, after the word "activity".

2. Mr. STOIANA (Romania) recalled that, during the consideration of the income estimates, his delegation had asked the Secretariat to submit a report on the taxes paid by the United Nations in different countries where offices of the Organization were located. His delegation would not press its request, if it were given an assurance that a report on the matter would be submitted at the seventeenth session.

3. The CHAIRMAN assured the Romanian delegation that the Secretariat would submit a report on the subject at the seventeenth session.

The draft report (A/C.5/L.720), as amended, was adopted.

United Nations premises

DRAFT REPORT OF THE FIFTH COMMITTEE TO THE GENERAL ASSEMBLY (A/C.5/L.722)

4. Mr. ARRAIZ (Venezuela), Rapporteur, introduced the draft report (A/C.5/L.722) on meeting room facilities at Headquarters, New York, the modernization of the Palais des Nations, Geneva, and the construction of the United Nations building in Santiago, Chile, which it was proposed should be included as chapter II in the main report of the Fifth Committee to the General Assembly.

The draft report (A/C.5/L.722) was adopted.

United Nations financial position and prospects (A/C.5/907, A/C.5/L.709 and Add.1) (continued)

5. Mr. PRICE (Canada) recalled that the Working Group of Fifteen on the Administrative and Budgetary

Procedures of the United Nations, whose establishment had been actively supported by Canada, had been unable to find a practical formula for solving the present crisis, a crisis of such gravity that the Acting Secretary-General had considered it necessary to come in person to issue a solemn warning to the Fifth Committee (A/C.5/907). Although the problem was difficult to solve, it was easy to analyse: there were differences of opinion about the financing of certain United Nations activities and those differences of opinion had resulted in a large deficit, the effects of which were being felt throughout the structure of the United Nations. The Working Capital Fund had been completely exhausted, and the Secretary-General had been compelled to make substantial drawings on the extrabudgetary funds for economic development.

6. The proposed remedy was of an exceptional nature, but the circumstances themselves were exceptional. Canada, which was a sponsor of the draft resolution (A/C.5/L.709 and Add.1), was not prepared to go beyond the express provisions of that proposal. The sole purpose of the bond issue would be to establish a large liquid reserve, which would serve the same purpose as the Working Capital Fund and would differ from it only with regard to the amount involved. There was no question of an indirect attempt to take permanent measures that would deprive the General Assembly of part of its fundamental responsibilities in financial matters. Furthermore, the total obligations of Member States would not be diminished, but their financial burden, which had increased substantially during the last few years, would be spread over a longer period, thus facilitating its ultimate settlement. Governments prepared to buy bonds would, of course, wish to be sure of repayment. Operative paragraph 3 was thus essential, since the procedure it outlined was the only one which afforded sufficient guarantees. The Canadian Government, for its part, could subscribe to the bonds only if the draft resolution were adopted as it stood, for no Government conscious of its responsibilities could consent to the bonds being repaid from a separate account financed according to some unrealistic formula.

7. The draft resolution might have disturbing implications, as the Soviet representative had said, but its object was to remedy the situation created by certain delegations, which had announced that they would not pay their share of the expenses relating to certain activities of the Organization. The Soviet delegation had constantly impressed on the Fifth Committee that it was for the Security Council to determine the procedure for financing those activities, but that delegation had never made any proposal to that effect during the relevant debates in the Security Council, but had, instead, maintained a silence that suggested that nothing more than a manoeuvre was involved.

8. The Committee had no choice, for the traditional methods of financing had failed and no other proposal had been put forward. The Security Council, by omitting to deal with the financing problem itself, had left the question to the General Assembly. Citing the commentaries of Goodrich and Hambro on Article 17 of the Charter,^{1/} he observed that, since the arrangements for apportioning the expenses of the Organization by the General Assembly had not been defined in detail, the authors of the Charter having realized that

they could not foresee all eventualities, the Assembly was free to choose unusual methods of raising funds, provided it observed the fundamental principle of collective responsibility. That principle was complied with in the draft resolution.

9. He urged the members of the Committee to take the necessary steps to enable the Acting Secretary-General to discharge his duties. He recalled that, in the case of the League of Nations, a financial crisis had been the precursor of its ultimate collapse. The purpose of the radical measures now being contemplated was to ward off a very real danger and enable the Organization to survive.

10. Mr. NGILERUMA (Nigeria) said he had already expressed his belief that it was the duty of all Members to accept the assessments fixed by the Fifth Committee, and he would unreservedly support draft resolution A/C.5/L.709 and Add.1. The legal arguments put forward by certain representatives would not solve the immense problem that was now confronting the United Nations—a problem that the founders of the Organization had been unable to anticipate. The great ideals of the Charter must be upheld. The efforts the United Nations was at present making in Katanga should encourage the members of the Committee to find an acceptable formula for financing the expenses involved in those operations.

11. The sum of \$200 million was, admittedly substantial, but the Acting Secretary-General had shown (A/C.5/907) the full gravity of the financial position of the Organization as well as the need for the co-operation and financial support of all Member States. Such financial support, both for ordinary expenses and for expenses relating to authorized operations, was merely a normal manifestation of the principle of collective responsibility. All Member States, whether or not they approved of the policy of the Organization, had moral and financial obligations towards it.

12. Nigeria regarded the long-term financial commitment implied by the draft resolution as a symbol of its faith in the future of the Organization. Although, like many other countries of Africa, Asia and Latin America, it could not subscribe to those bonds without serious economic difficulty, the least it felt it could do was to assume its share of the collective responsibility for their repayment.

13. In conclusion, he expressed the hope that the draft resolution would receive the support of many delegations.

14. Mr. ILIC (Yugoslavia) pointed out that, as the Acting Secretary-General had recently stated, the United Nations now faced the threat of bankruptcy unless decisive measures were taken. His delegation did not propose to go into the causes of the present situation. The expenses relating to the maintenance of peace and security, especially in the Congo, could be met only with the collaboration of all the Member States. It was also necessary to bear in mind the responsibility borne by certain Powers which, by adopting a negative attitude and sabotaging the operations of the United Nations, had prevented the attainment of the objectives laid down by the Security Council and the General Assembly in 1960.

15. There was thus a choice between the *status quo*, which would inevitably lead to the bankruptcy of the Organization, and energetic measures that could give the Acting Secretary-General the means to ac-

^{1/} Charter of the United Nations, Commentary and Documents: Goodrich and Hambro (World Peace Foundation, Boston, 1949).

comply his difficult task. The Yugoslav Government had always associated itself with efforts to increase the stability of the United Nations, both financially and politically. That was why his delegation had become a sponsor of draft resolution A/C.5/L.709 and Add.1, and it hoped that the great majority of Member States would be mindful of their responsibilities and would vote in favour of it.

16. Mr. RYBAR (Czechoslovakia) was opposed to draft resolution A/C.5/L.709 and Add.1 for procedural as well as for substantive reasons. In the first place, although the proposal had nothing to do with the 1962 budget estimates, it had nevertheless been submitted under agenda item 54 and had, in any event, been submitted much too late to allow Governments to give it the careful study it required. Secondly, the proposal tended to obscure the issue. According to operative paragraph 2, the object was to meet the regular expenses of the Organization, since the Working Capital Fund was intended to meet such expenses pending the receipt of contributions. However, the situation in that regard did not require measures with such far-reaching implications as those proposed. The aim of the sponsors of the draft resolution was, in fact, to meet special expenses which were different in nature from the regular administrative expenses of the Organization and they should have made their intention clear. Furthermore, operative paragraph 3 was unacceptable, as it provided for the inclusion in the regular budget of extraordinary expenses relating to the maintenance of international peace and security, which was contrary to the Charter.

17. In the event of the adoption of the draft resolution, which conflicted not only with the Charter but also with a number of resolutions which had already been approved, his country would not consider itself bound by it and would reserve its position on the entire question of the financing of the Organization.

18. Mr. ARRAIZ (Venezuela) said that, contrary to a very widely held view, the United Nations was, in fact, far more essential to the great Powers than to the smaller States. The advantages which the small countries derived from their membership in the United Nations were purely relative and were frequently offset by the responsibilities and obligations which membership imposed on them. A country such as his own, which had been independent long before the establishment of the United Nations and would continue to be so if the Organization disappeared, generally tried to solve its problems by its own efforts and had received proportionally less from the Organization than it had given to it. On the other hand, if the United Nations did not exist, the great Powers would not be able to meet in what might be described as an international parliament of the small nations, a parliament which served as a bar to their natural but dangerous tendency towards expansion and without which they might already have plunged into the horrors of nuclear warfare. Since it was the great Powers which benefited most from the existence of the United Nations, it was wiser to avoid specious arguments in urging the small States to make exceptional sacrifices in the interests of the United Nations. The small countries accepted such sacrifices, not out of self-interest or because their fate was inevitably linked with that of the United Nations, but solely out of disinterested idealism. They were well aware that the sacrifices asked of

them were proportionately greater than those made by other countries.

19. The purpose of the draft resolution was to make it possible for the United Nations to float a loan in order to extricate itself from the grave financial crisis resulting from the attitude of States which had not paid their contributions towards the costs of peace-keeping operations. As the majority of the States which had not fulfilled their obligations were great Powers and since the loan would be repaid by all Member States on the basis of the regular scale of assessments, the effect of the draft resolution would in fact be that the small nations would temporarily settle the debts of the great Powers.

20. Thus, the Latin American countries would be invited, not only to abandon the principles they had always maintained with regard to financing of peace-keeping operations, but they would also be asked to make an enormous financial sacrifice for the benefit of the great Powers. Nevertheless, his Government, having regard to the gravity of the present financial crisis and desiring to support the Organization, to give every possible assistance to the Acting Secretary-General and to remain faithful to its own ideals, had decided to vote in favour of the draft resolution. His country was prepared to make the sacrifices requested of it because it regarded the United Nations not merely as a more or less passive administrative and parliamentary body, but as a dynamic instrument of the international community, capable of taking militant action to promote peace and security. In voting for the draft resolution, his delegation nevertheless remained faithful to the principles it had always upheld with regard to the financing of peace-keeping operations. Furthermore, it did not consider that adoption of the proposal would imply cancellation of the debts owed to the United Nations by States which had not fulfilled their obligations.

21. Mr. MACHOWSKI (Poland) recalled that his delegation had strongly opposed the idea of examining the draft resolution in connexion with the 1962 budget estimates, and that the proposal that it should be so examined had been approved by less than half the membership of the Committee. Operative paragraph 3 of the draft resolution related to the financial year 1963 and the annex to the financial years 1963 to 1988, and the proposal had in fact no connexion whatsoever with the 1962 budget estimates. It clearly constituted a new item and rule 15 of the rules of procedure of the General Assembly should therefore have been observed.

22. For the last three months the Committee had been subjecting the 1962 budget, which amounted to approximately \$80 million, to most careful scrutiny, and it was only at the last minute that it had been asked to take a hasty decision on a proposal involving the expenditure of more than \$200 million, or more than three times the amount of an annual budget, to be spread over twenty-five financial years. There was no precedent for such action in the history of the United Nations and his delegation protested vigorously against the procedure which had been followed. It doubted whether those representing their countries at the sixteenth session of the General Assembly were in a position, without exceeding the powers and instructions they had received, to assume on behalf of their Governments financial commitments which would bind those Governments until the forty-first session of the General Assembly. Since many Governments would not,

in any event, be able to subscribe to the United Nations bonds without parliamentary approval, which would necessarily take some time, it was obvious that such a draft resolution should not be put to the vote at the present session.

23. Moreover, the draft resolution was an attempt to get around the objections to the procedure for financing ONUC which many countries had expressed during the Committee's discussion of that question. His delegation considered that no decision could be taken on the method of financing peace-keeping operations until a decision had been taken on the basic principles to be applied. Principles which were inequitable in 1962 would not change in character during the next twenty-five years. Consequently, his delegation could not approve the idea of authorizing the Secretary-General to issue United Nations bonds, at least until certain fundamental questions had been settled.

24. The draft resolution, and particularly operative paragraph 3 conflicted with the provisions of the draft resolution on the financing of ONUC (A/C.5/L.706/Rev.1), just adopted by the Committee under agenda item 55; the third preambular paragraph of that resolution drew a distinction between the extraordinary expenses and the regular expenses of the Organization and stated that the same procedure should not be applied in both cases. Draft resolution A/C.5/L.709 and Add.1 also conflicted with draft resolution A/C.5/L.702 and Add.1 and 2, adopted by the Committee under agenda item 62, in which the Assembly had decided to request an advisory opinion from the International Court of Justice regarding the nature of expenses for peace-keeping operations. In fact, draft resolution A/C.5/L.709 and Add.1 prejudged the Court's answer. It also conflicted with the provisions of the Charter. Some maintained that it was an exceptional proposal designed to meet an exceptional situation. However, situations of that kind were provided for in the Charter, Article 43 of which specified the procedure to be followed. If the provisions of the Charter had been observed, the United Nations would not now be faced with its present financial crisis. The question of the financing of ONUC should, therefore, be settled in accordance with the Charter and in co-operation with the competent organ, i.e., the Security Council. His delegation recognized the principle of the collective responsibility of Member States, but the countries which had warned the Organization in good time not to commit certain errors which it had nevertheless committed, should not now be expected to pay for those errors.

25. Mr. KLAT (Lebanon) said that he had been very much impressed at the 908th meeting by the logic of the arguments advanced by the representative of the Soviet Union. However, although some States were more responsible than others for the present financial crisis—whether they were countries which had not paid their contributions or countries whose actions had led the Organization to undertake peace-keeping operations—that did not justify Member States in failing to do their duty, which was to save the Organization from bankruptcy. In spite of all the faults for which it had been criticized, the draft resolution at least had the merit of being constructive. His Government was, accordingly, prepared to support it, although it was not in a position to subscribe to the loan which was to be floated. It would agree to increase its contribution towards the expenses of the United Nations, in order to contribute to the amortization of the loan. It was prepared to make that additional sacrifice, which would

have an unfavourable effect on its economic development, so that the United Nations might continue its work of justice and peace for the benefit of all Powers, great and small.

26. Mr. ANDONI (Albania) said that he could not endorse the contents of the draft resolution and protested against the procedure followed in placing it on the Committee's agenda. There was clearly no connexion between that proposal and the consideration of the 1962 budget estimates.

27. The present financial crisis was not attributable to the fact that some States had not paid their contributions towards the regular expenses of the Organization. It resulted from the fact that the United Nations had adopted an illegal procedure for financing peace-keeping operations that was contrary to the provisions of the Charter. The latter provided that the method of financing operations of that nature should be decided by the Security Council. The situation could not be remedied except by the strict application of the provisions of the Charter. The adoption of such a draft resolution would be a grave mistake and would constitute a violation of the Charter. It would have the effect of making the Organization dependent on the bodies and institutions which might purchase the bonds issued by the Secretary-General. His delegation would vote against the draft resolution and would not consider itself bound by it if it was adopted.

28. Mr. HASRAT (Afghanistan) said that the financial position and prospects of the United Nations were extremely important matters which the Governments of Member States should consider most carefully and on which they could not take a decision hastily at the end of the session. A considerable number of delegations would be faced with a delicate situation if the draft resolution was put to the vote. His delegation could not at present assume any commitment in that connexion and could only reserve its opinion on all aspects of the matter. It urged that sponsors of the proposal not to put it to the vote for the time being. If there was a vote, his delegation would be obliged to abstain.

29. Mr. NOLAN (Ireland) said it was generally agreed that the Organization was in a very grave financial position. From that common starting point, two trends of opinion were emerging: some were seeking to establish the cause of the crisis, while others were trying to do something to remedy it. It had even been stated that the financial crisis was due to the fact that some Members had approved certain methods of financing the UNEF and ONUC operations. What that argument suggested was that there would have been no financial crisis if there had been no expenses in connexion with UNEF and ONUC or if those operations had not been undertaken. That, of course, was true and if all United Nations activities were terminated there would be no financial problem and no United Nations. His delegation, for its part, preferred to try and find a solution. At the fifteenth session it had emphasized the need to find one if the United Nations was not to be plunged into chaos and bankruptcy. It has appealed to Member States to recognize their responsibilities and, in particular, to pay their contributions in accordance with the resolutions of the Assembly and the Financial Regulations of the United Nations. His country had taken special measures in order to pay its contributions early in the year 1961. Unfortunately, the majority of Member States had not taken similar measures, either because they had not understood the

gravity of the financial position or through indifference. In any event, the situation had deteriorated and the very existence of the Organization was now threatened.

30. The solution put forward in draft resolution A/C.5/L.709 and Add.1 was the only one open to the Committee and, in its present form, might prove satisfactory if it resulted in making cash available to the Organization. The representatives who had proposed changes in the text of the draft resolution should indicate their intention with regard to the purchase of bonds in the event of the proposal being accepted. An amendment would be useful only if it made it possible to obtain more funds. In that connexion, operative paragraph 3 of the draft resolution probably represented the minimum guarantee required. His delegation was glad to see that no direct link had been established between the issue of the bonds and the question of financing the expenses of UNEF and ONUC. The two questions should be kept separate and, while the Organization sought to solve the problem of financing peace-keeping operations, it should have at its disposal sufficient working capital to enable it to continue its normal activities.

31. Finally, he wished to emphasize that the proposed solution was of no particular benefit to his own Government or to other Member States which had always made a point of paying their contributions regularly. His delegation would vote in favour of the draft resolution and would accept the additional sacrifice it entailed. However, such acceptance did not in any way prejudice the position it would take on the question of methods of financing peace-keeping operations of the Organization and he reserved his Government's position on the question of the purchase of bonds.

32. The CHAIRMAN proposed that the vote should be postponed until the next meeting in view of the absence of several representatives.

It was so decided.

AGENDA ITEM 59

Administrative and budgetary co-ordination of the United Nations with the specialized agencies and with the International Atomic Energy Agency: report of the Advisory Committee on Administrative and Budgetary Questions (concluded)*

DRAFT REPORT OF THE FIFTH COMMITTEE TO THE GENERAL ASSEMBLY (A/C.5/L.717)

The draft report (A/C.5/L.717) was adopted.

AGENDA ITEM 26

United Nations Emergency Force:

(a) Cost estimates for the maintenance of the Force (concluded)**

DRAFT REPORT OF THE FIFTH COMMITTEE TO THE GENERAL ASSEMBLY (A/C.5/L.718)

33. Mr. ROSHCHIN (Union of Soviet Socialist Republics) said that he wished to make a comment on the draft report concerning UNEF (A/C.5/L.718) which also applied to the draft report (A/C.5/L.719) on agenda item 55 (United Nations operations in the Congo: cost estimates and financing). Neither of the two documents

accurately reflected the discussion, during which differing views had been expressed. While the majority view was reproduced in the draft resolution, that of the minority had been ignored. As the Russian text of the draft report had only just been circulated, his delegation had not had time to prepare a text for incorporation in the draft report. At present, the latter did not give any idea of the various points of view which had been expressed, except in the result of the votes. Because of that important omission, his delegation would abstain instead of approving the draft report.

34. Mr. ARRAIZ (Venezuela), Rapporteur, said that he had endeavoured to make the reports as brief as possible and had therefore given only a brief summary of the discussion, as the Rapporteurs of the First and Special Political Committees had also done. He would have needed much more time to give a detailed presentation of the various opinions expressed during the discussion.

35. Mr. ROSHCHIN (Union of Soviet Socialist Republics) said he appreciated that the Rapporteur had not had the time required. Although he believed that it would have been possible to indicate, in two or three sentences, that certain delegations had expressed views differing from those of the majority, if the summary record included the comments he had made, he would not ask that the draft report should be put to the vote.

36. Mr. HODGES (United Kingdom) requested the Rapporteur to modify paragraph 7 of the draft report (A/C.5/L.718) by adding, after the word "likewise", the words "subject to parliamentary approval".

37. Mr. ARRAIZ (Venezuela), Rapporteur, accepted that suggestion.

38. The CHAIRMAN proposed that the Committee should approve the draft report and should note the comments made by the USSR representative.

The draft report (A/C.5/L.718), as amended, was adopted.

AGENDA ITEM 55

United Nations operations in the Congo: cost estimates and financing (continued)***

DRAFT REPORT OF THE FIFTH COMMITTEE TO THE GENERAL ASSEMBLY (A/C.5/L.719)

39. Mr. TAZI (Morocco) suggested that the Committee should defer consideration of the draft report (A/C.5/L.719) until the following meeting, since the French text had not yet been circulated.

It was so decided.

AGENDA ITEM 61

Review of the activities and organization of the Secretariat: report of the Committee of Experts appointed under General Assembly resolution 1446 (XIV) and recommendations thereon of the Secretary-General (concluded)†

DRAFT REPORT OF THE FIFTH COMMITTEE TO THE GENERAL ASSEMBLY (A/C.5/L.721)

40. Mr. ROSHCHIN (Union of Soviet Socialist Republics) pointed out that the draft report (A/C.5/

* Resumed from the 901st meeting.

** Resumed from the 905th meeting.

*** Resumed from the 905th meeting.

† Resumed from the 896th meeting.

L.721) did not include a reference to the opinion expressed by some delegations that decentralization should not give rise to increased expenditure but that at the present time it had already led to some duplications which had been reflected in a wasteful rise in expenditure.

41. Mr. ARRAIZ (Venezuela), Rapporteur, said he would amend the draft report to take account of the observations made by the representative of the USSR.

The draft report (A/C.5/L.721), as amended, was adopted.

AGENDA ITEM 67

United Nations International School: report of the Secretary-General (*continued*)††

DRAFT REPORT OF THE FIFTH COMMITTEE TO THE GENERAL ASSEMBLY (A/C.5/L.723)

42. The CHAIRMAN suggested that the Committee should defer consideration of the draft report until the following meeting, since the French text had not yet been circulated.

It was so decided.

The meeting rose at 1.10 p.m.

†† Resumed from the 895th meeting.