

# United Nations GENERAL ASSEMBLY

SIXTEENTH SESSION

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**FIFTH COMMITTEE, 906th  
MEETING**

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at 11 a.m.

**NEW YORK**

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**Chairman:** Mr. Hermod LANNUNG (Denmark).

### FINANCIAL IMPLICATIONS OF DRAFT RESOLUTION VI SUBMITTED BY THE THIRD COMMITTEE IN DOCUMENT A/5032 ON AGENDA ITEM 12\* (A/5027, A/C.5/905, A/C.5/L.713) (concluded)\*\*

#### DRAFT REPORT OF THE FIFTH COMMITTEE TO THE GENERAL ASSEMBLY (A/C.5/L.713)

1. Mr. ARRAIZ (Venezuela), Rapporteur, introduced the Fifth Committee's draft report (A/C.5/L.713) and pointed out that the words "with 10 abstentions" in the second sentence of paragraph 7 should read "with 1 abstention".
2. Mr. HODGES (United Kingdom) felt that the second sentence in paragraph 6 was unnecessary and might be misunderstood; he therefore proposed its deletion. He also proposed that the words "it fell to the Fifth Committee to assist the General Assembly" in the first sentence of that paragraph should be replaced by the words "it would be useful if the Fifth Committee could give some assistance to the General Assembly".
3. Mr. ARRAIZ (Venezuela), Rapporteur, agreed to amend paragraph 6 as proposed by the United Kingdom representative.
4. In reply to a question from Mr. MORRIS (Liberia), Mr. KIRKBRIDE (Secretariat) said that the total financial implications would amount to \$40,000 rather than \$45,000 because some provision for human rights fellowships was already included in the 1962 budget estimates.

*The draft report (A/C.5/L.713), as amended, was adopted.*

\* Report of the Economic and Social Council.

\*\* Resumed from the 901st meeting.

## AGENDA ITEM 54

**Budget estimates for the financial year 1962 (A/4770, A/4813, A/4814, A/4910, A/4918, A/4919, A/4949, A/4965, A/4981, A/4995, A/5014, A/5025, A/C.5/869, A/C.5/870, A/C.5/874, A/C.5/876, A/C.5/877, A/C.5/878, A/C.5/881, A/C.5/882, A/C.5/887, A/C.5/889, A/C.5/894, A/C.5/898, A/C.5/903 and Corr.1, A/C.5/906, A/C.5/907, A/C.5/908, A/C.5/L.674 and Add.1, A/C.5/L.679, A/C.5/L.693, A/C.5/L.694, A/C.5/L.704, A/C.5/L.709, A/C.5/L.710, A/C.5/L.715) (continued)\*\*\***

#### DRAFT BUDGET RESOLUTION FOR THE FINANCIAL YEAR 1962 (A/C.5/L.715)

5. The CHAIRMAN invited the Committee to vote on the budget total for the financial year 1962 of \$81,957,240.

6. Mr. TURNER (Controller) drew attention to the statement in the second introductory paragraph of document A/C.5/L.715 that some figures might need to be increased in accordance with decisions of the General Assembly on agenda items currently under discussion in the Second and Fourth Committees. There were three such items and their financial implications would be of the order of \$86,400.

*The budget total of \$81,957,240 was approved by 48 votes to 9.*

7. The CHAIRMAN invited the Committee to vote on parts A, B and C of the draft budget resolution for the financial year 1962 (A/C.5/L.715), and said that at the request of the Soviet Union representative, a separate vote would be taken on operative paragraph 1 (c) of part C of the draft resolution.

*Part A of the draft resolution was adopted by 54 votes to 9.*

*Part B of the draft resolution was adopted unanimously.*

*Operative paragraph 1 (c) of part C of the draft resolution was adopted by 53 votes to 9.*

*Part C of the draft resolution, as a whole, was approved by 53 votes to 9.*

8. Mr. SOKIRKIN (Union of Soviet Socialist Republics) said that his delegation had voted against the budget total for 1962 of \$81,957,240 for reasons which it had already stated in detail in the Committee and would not repeat. He would therefore merely review briefly his delegation's basic objections to the budget estimates for 1962.

9. His delegation felt that the 1962 budgetary appropriation could and should be significantly decreased,

\*\*\* Resumed from the 904th meeting.

especially in regard to the staff, which could be considerably reduced, *inter alia*, through a more rational and simplified organization of the Secretariat, the abolition of sections which duplicated the work of other sections and the elimination of some high-salaried posts together with the corresponding ancillary personnel. To achieve that goal, strict control must be instituted over the expenditure of funds. The present situation in that respect was clearly unsatisfactory.

10. His delegation also objected to the inclusion in the budget estimates of the provision for special missions and related activities. Some of the special missions had been established in violation of the Charter and had no connexion with the normal activities of the United Nations, while others had long outlived their usefulness.

11. The Soviet Union delegation also objected to the incorrect procedure by which the General Assembly took decisions on the financing of operational activities. The Security Council had been completely excluded from decisions on the financing of peace-keeping operations, even though, under the Charter, such matters were within its exclusive competence. The method of financing the United Nations regular programme of technical assistance was also incorrect, because the expenses in question were being met from the regular budget in clear violation of the Charter instead of from an operational budget or a special fund established by agreement among Member States.

12. His delegation also considered that the present organization of technical assistance activities made it difficult for a number of Member States to participate. Such activities were under the direction and control of a small number of Western States and the socialist countries were being denied an opportunity of contributing their experts and equipment to such programmes. Because of the incorrect system of financing the programmes, a small number of Member States were using the resources of the United Nations to further their own policies and economic goals.

13. His delegation had repeatedly stated that in order to strengthen the United Nations financially and politically, it was necessary to put its financial arrangements on a correct footing in order to ensure that there was no violation of the Charter, that the resources of the Organization were not used to further the political interests of any group of Member States to the detriment of other Member States and that strict economy and control were observed in regard to expenditure.

14. Since the 1962 budget did not serve to strengthen the financial position of the United Nations but instead encouraged an extravagant expenditure of the Organization's funds and impeded the participation of a number of Member States in operational activities, particularly in the political and technical assistance fields, his delegation had voted against the draft resolution.

#### United Nations financial position and prospects

(A/C.5/907, A/C.5/L.709) (continued)<sup>†</sup>

15. Mr. ROSHCHIN (Union of Soviet Socialist Republics), speaking on a point of order, observed that there had been no decision by the General Committee to include the question "United Nations financial position and prospects" in the General Assembly's agenda

as a sub-item of item 54—Budget estimates for the financial year 1962. The statement which the Acting Secretary-General had made at the 899th meeting (A/C.5/907) had not related to the budget estimates for 1962 and could not properly be regarded as falling under that item. The Secretariat had therefore acted incorrectly in treating the question as a sub-item of item 54. While the Acting Secretary-General was, of course, entitled to submit information to the Fifth Committee on any question, a decision of the General Committee was required before the question could be discussed.

16. The CHAIRMAN said that he could not agree with the Soviet Union representative.

17. Mr. TURNER (Controller) said that the question to which the Soviet representative had referred was not a sub-item but an important part of item 54—Budget estimates for the financial year 1962. It had figured prominently in the Secretary-General's foreword to the budget estimates for 1962 (A/4770) and in paragraphs 31 to 42 of the report of the Advisory Committee on Administrative and Budgetary Questions on those estimates (A/4814). In making his statement, the Acting Secretary-General, who was not only entitled but indeed obliged to bring matters to the attention of the Fifth Committee, had merely brought up to date the information contained in the budget document itself. Any representative in the Committee was surely entitled to discuss that statement and make proposals in regard to it.

18. He therefore regretted that he could not agree with the Soviet Union representative that the Secretariat had done anything other than its minimum duty in the matter.

19. Mr. BENDER (United States of America) agreed with the Controller. The Secretary-General had stated in paragraph 22 of his foreword to the budget estimates that the continuance of the UNEF and the Congo operations even on a reduced scale, must be dependent on additional financial support being made available not later than early 1962. The Advisory Committee had also discussed the matter in its report. The question had therefore been before the Fifth Committee since the beginning of the session and had indeed been referred to almost every day. In fact, the Soviet Union representative himself had spoken of the difficult financial position of the United Nations only the day before.

20. Mr. ROSHCHIN (Union of Soviet Socialist Republics) said that, if the matter was indeed included in the documents under discussion, he failed to understand why it appeared on the agenda of the meeting as a separate item. If a special discussion of the matters raised in the statement of the Acting Secretary-General was necessary, the item should be included on the agenda in the regular way and not rushed through the Committee.

21. The CHAIRMAN said that, in his opinion, the agenda was in order. If the question of the Committee's competence was raised, he would apply rule 122 of the rules of procedure.

22. In reply to a question by Mr. ROSHCHIN (Union of Soviet Socialist Republics), the CHAIRMAN said that the discussion of item 54 had not been concluded because the Fifth Committee had yet to decide on several additional resolutions.

*The meeting was suspended at 11.45 a.m. and resumed at 12.25 p.m.*

<sup>†</sup> Resumed from the 899th meeting.

23. The CHAIRMAN invited the Committee to consider draft resolution A/C.5/L.709 on the United Nations financial position and prospects.

24. Mr. CHELLI (Tunisia) said that the delegations of Denmark, Ethiopia, Federation of Malaya, Netherlands, Norway, Pakistan, Tunisia and Yugoslavia had decided to put forward the proposal contained in the draft resolution as a temporary solution for the Organization's present financial difficulties. The proposal was a response to the Acting Secretary-General's appeal for consideration of the problem, contained in paragraph 15 of his statement to the Fifth Committee (A/C.5/907). The sponsors were aware that the solution they proposed was not final, but they hoped that it would enable the Organization to continue to function while leaving time for consideration of more lasting solutions on which all Member States, and particularly the great Powers, could agree.

25. He appealed to delegations to give very serious consideration to the consequences of allowing the Organization to go bankrupt; the Organization would be unable to carry out the important tasks with which it had been entrusted and the small countries, which regarded it as the sole guarantee of their survival as sovereign States, would be the greatest losers. That was why a number of those countries had decided to sponsor the draft resolution, which, they trusted, would command unanimous support.

26. Mr. ROSHCHIN (Union of Soviet Socialist Republics), speaking on a point of order, said that it would be out of order for the Committee to consider the draft resolution, which had no connexion with item 54, now before the Committee. It had just approved a total of roughly \$82 million for 1962 and was now being asked to consider a proposal involving three times that amount. The proposal was being made allegedly to help the Organization to cover a deficit; but part C of the draft resolution the Committee had just approved referred to a balance on surplus account.

27. Not only was the substance of the proposal contained in the draft resolution unconnected with item 54, it went far beyond the competence of the Fifth Committee. Its adoption would involve a change in the nature of the Organization, for the Governments and specialized agencies that purchased bonds would become shareholders in it and would thus be in a position to influence its policy. The action envisaged would be tantamount to mortgaging the United Nations.

28. If any delegations wished to submit an important proposal of that kind, they should place it on the agenda in accordance with rule 15 of the rules of procedure. As it was, delegations were faced with an additional item of which no warning had been given and they had had no time for consultation or to seek instructions from their Governments. In the circumstances, it would be highly irregular for the Committee to consider it.

29. The CHAIRMAN ruled that, as the subject of the draft resolution came under agenda item 54, it could not be considered an additional item; therefore, rule 15 did not apply.

30. Mr. KESZTHELYI (Hungary), Mr. SOLTYSIAK (Poland) and Mr. SERBANESCU (Romania) strongly endorsed the views expressed by the USSR representative.

31. Mr. GORBAL (United Arab Republic) said that it would be undesirable for the Committee to consider such an important proposal as the one contained in the

draft resolution before delegations had had an opportunity to seek instructions from their Governments. The Committee might defer its consideration of the procedural issue to the next meeting.

32. Mr. ROSHCHIN (Union of Soviet Socialist Republics) formally challenged the Chairman's ruling.

33. The CHAIRMAN put his ruling to the vote.

*The Chairman's ruling was upheld by 40 votes to 13, with 15 abstentions.*

34. Mr. GEBRE-EGZY (Ethiopia) associated himself with the statement made by the Tunisian representative when introducing the draft resolution (A/C.5/L.709). His Government had concurred in the General Assembly and Security Council decisions regarding the action to be taken in the Congo, and Ethiopian soldiers were now fighting in the operations in Katanga. It was, therefore, concerned that the means should be provided to carry the operations to a conclusion. That was why the Ethiopian delegation had agreed to become a sponsor of the draft resolution, which he urged all delegations to support. The United Nations had given repeated assurances that the Congo was to be regarded as a single entity, and was now trying to make those assurances good. It could not be allowed to fail in its enterprise for lack of funds.

35. Mr. NOLAN (Ireland) said that he supported the general principle underlying the draft resolution. The aim of the proposal was to provide the Organization with working capital during 1962, a matter which the Committee must consider under agenda item 54. He had no opportunity to study the proposal in detail, but at first sight it seemed a reasonable way of placing the Organization on a sound financial basis. He welcomed the fact that a definite proposal had been made after so much informal discussion.

36. Mr. QUAO (Ghana) said that the present financial crisis of the United Nations was viewed with serious concern by his Government. The latter was always prepared to support any measure designed to achieve a solution of that problem. It recognized that the increased responsibilities assumed by the Organization inevitably imposed a heavier burden on its Members and appreciated the fact that some of the developing States might, for financial reasons, find it difficult to meet their obligations. However, it considered that no Member should withhold its financial support of the Organization for any reason. It was such withholding of support that had led to the present crisis. Polemics and protracted debate were out of place when the United Nations was faced with imminent bankruptcy.

37. For that reason, his delegation believed that the bold initiative taken by the sponsors of draft resolution A/C.5/L.709 deserved support. While the proposal would no doubt have far-reaching consequences, it would have the great merit of providing a solution to the immediate critical problem. The success of the scheme outlined in the annex to the draft resolution would depend on the response of Member States.

38. His delegation hoped that definite action would be taken by the Committee at the present time, when all possible support should be given to the Acting Secretary-General to enable him to perform his difficult task. It would vote in favour of the draft resolution.

39. Mr. KITTANI (Iraq) said that his delegation would comment on the substance of the draft resolution at a later stage. It hoped that all delegations would recognize that the proposal which it contained raised very

serious questions with far-reaching implications. The need to discuss it in a calm and constructive manner was obvious. Only through such an approach could an intelligent solution be found.

40. The proposal was of special significance for various reasons: first, because it would, if adopted, commit the United Nations to pay a total sum amounting to approximately \$250 million over a period of twenty-five years; secondly, because the scheme proposed had far reaching non-budgetary implications and could be construed as a major step towards the establishment of a permanent United Nations peace and security fund; thirdly, because it raised the question of the setting up of a permanent United Nations peace and security force.

41. In view, therefore, of the very serious nature and implications of the proposal put forward in the draft resolution, he appealed to all delegations to consider it most seriously and, in particular, to pay due attention to the various points of view which might be expressed during its discussion.

42. Mr. KLUTZNICK (United States of America) said that his delegation had been impressed by the statements which had been made by several sponsors of the draft resolution. It fully agreed with the suggestion of the Iraqi representative that the proposal raised very serious issues and it welcomed the fact that there appeared to be a desire to treat it accordingly. The submission of the present proposal or one of an equivalent nature could scarcely have come as a surprise to any delegation. He himself was surprised that a scheme put forward with a view to enabling the United Nations to continue to function should have been criticized as it had been by certain delegations.

43. However, adoption of a measure such as that advocated in draft resolution A/C.5/L.709 would constitute only a first step towards a solution of the Organization's present problems. The scheme should certainly be considered with caution and close attention, but failure to consider it or some equivalent measure would constitute grave irresponsibility.

44. While his delegation concurred in the need for financial responsibility in the management of the Organization's financial affairs and endorsed the principle that all Members had an obligation to pay their assessed contributions, it nevertheless had to take into account the need to cover the Organization's present large deficit. The idea put forward by the sponsors of the draft resolution might be regarded as an innovation but, in view of the challenge faced by the Organization, his delegation considered it of sufficient importance to deserve earnest consideration. It would comment later on the substantive aspects of the draft resolution.

45. Mr. PECHOTA (Czechoslovakia) said that, in view of the serious implications of the draft resolution and the heavy burden which its adoption would place upon the Organization, his delegation objected to its being hastily considered in the Fifth Committee and also questioned the propriety of discussing it under agenda item 54. He noted that the draft resolution had not been listed in the Journal of the United Nations as a document to be discussed at the present meeting and he wished to know why it bore a date and symbol indicating that it had been submitted several days earlier.

46. Mr. TURNER (Controller) said that the draft resolution should have borne the date 16 December 1961. The symbol and date which it bore related to an earlier draft of the proposal which had been subject to subsequent revision both in regard to its text and in regard to the list of its sponsors.

47. Mr. HODGES (United Kingdom) said that his delegation could express only a preliminary view on the draft resolution, and approached the proposal it contained with some caution for two reasons. In the first place, it considered that the parliamentary system of budgetary appropriations and assessments which had been applied by the United Nations for a number of years was the proper method of financing and had proved generally satisfactory until quite recently. That method appeared to be the most suitable one in view of the need of Members to seek parliamentary approval for the payment of their contributions. In the second place, his delegation considered it vital that Members should pay their assessed contributions when due and it regarded with dismay the increasing extent to which Members were defaulting in their payments. In that connexion, it agreed with the representative of Ghana that no Member should deliberately withhold its financial support.

48. His delegation agreed with the representative of Iraq that a cautious approach to the draft resolution was needed. It considered that the sum to be raised by the method proposed in the draft resolution should be limited to the sum actually needed to finance budgetary appropriations authorized by existing resolutions of the General Assembly pending the receipt of contributions. His delegation would comment later on the appropriateness of the principal amount of \$200 million proposed by the sponsors, which appeared to be somewhat in excess of the immediate needs. One point which his delegation would like to be clearly brought out was that there could be no question of absolving any Member State from the obligation to pay its assessed contributions.

49. In connexion with paragraph 5 of the annex to the draft resolution, his delegation believed that it would be more prudent and more in keeping with the dignity of the United Nations to repay the principal amount of each of the proposed bonds in instalments of equal amount.

50. Mr. EDWARD (Ceylon) said that his delegation welcomed, in principle, the proposal made in the draft resolution. His Government had taken serious note of the statement by the Acting Secretary-General at the 899th meeting (A/C.5/907). It considered that the United Nations, as an effective instrument of peace, should be insulated against the effects of controversies and conflicts.

51. Mr. MOLEROV (Bulgaria) associated his delegation with the view expressed by the USSR, Romanian, Hungarian and Czechoslovak delegations concerning the manner in which the draft resolution was being considered. It would comment later on the substance of the proposal, which appeared, as the Iraqi representative had indicated, to have very important implications. Ample time should be allowed for consideration of the matter, which should be governed by the provisions of the Charter and the rules of procedure of the General Assembly.

52. U HLA OUNG (Burma) said that, in normal circumstances, his delegation would regard the financial arrangements proposed in the draft resolution as unsound and contrary to the dignity of the United Nations.

However, in the present unusual circumstances, it would not oppose a practical interim arrangement designed to solve the Organization's financial crisis.

53. Mr. BANNIER (Netherlands) said that his delegation would comment later on the substance of the draft resolution. His Government nevertheless took a positive attitude towards a measure which appeared to respond to the recent appeal of the Acting Secretary-General for agreement on ways and means of solving the Organization's financial problems and thus enabling it to continue its activities.

#### ORGANIZATION OF THE COMMITTEE'S WORK

54. The CHAIRMAN announced that, owing to a prior commitment, he would be unable to preside over the remaining meetings of the session. He thanked the members of the Committee, the Vice-Chairman, the Rapporteur, the Chairman of the Advisory Committee

on Administrative and Budgetary Questions and the members of the Secretariat concerned with the work of the Committee for the co-operation and assistance they had given him.

55. Mr. GREZ (Chile), Mr. SANU (Nigeria), Mr. KLUTZNICK (United States of America), Mr. ARNOULD (Canada), Mr. GANEM (France), Mr. EDWARDS (Norway), Mr. MALHOTRA (Nepal), Mr. COULIBALY (Mali), Mr. KITTANI (Iraq), Mr. ILIC (Yugoslavia) and Mr. MARTIN (South Africa), speaking on behalf of their own and other delegations, paid tribute to the manner in which the Chairman had presided over the Committee's deliberations.

56. Mr. EDWARD (Ceylon), Vice-Chairman, Mr. ARRAIZ (Venezuela), Rapporteur, and Mr. AGHNIDES (Chairman of the Advisory Committee on Administrative and Budgetary Questions), responded to the Chairman's thanks.

The meeting rose at 1.55 p.m.