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Agenda item 7:

*Consideration of the financial situation of the Organization in the light of the report of the Working Group on the Examination of the Administrative and Budgetary Procedures of the United Nations (continued)*. . . . . 29

*Chairman:* Mr. Jan Paul BANNIER  
(Netherlands).

AGENDA ITEM 7

Consideration of the financial situation of the Organization in the light of the report of the Working Group on the Examination of the Administrative and Budgetary Procedures of the United Nations (A/5187, A/5274, A/5407 and Corr.1, A/5416, A/5421, A/C.5/974, A/C.5/975, A/AC.113/1-27) (continued)

1. Mr. CSATORDAY (Hungary) expressed his sympathy to the Secretary-General and to the delegation of the United Arab Republic on the death of Mr. Omar Loutfi, Under-Secretary for Special Political Affairs. He congratulated the Chairman, Vice-Chairman and Rapporteur on their re-election and welcomed the delegation of Kuwait.

2. Many representatives had already recognized, directly or indirectly, that the current debate was of a political nature. The Hungarian delegation felt that the problem, which threatened the unity and integrity of the United Nations itself, should be considered from the point of view of strengthening to the utmost the effectiveness and vitality of the Organization.

3. The United Nations could fulfil its main task—the maintenance of international peace and security—only if it strove to reach a solution which respected the opinion of all Member States and took into account the differences between them. Any attempt to transform the United Nations into a club of politically like-minded Members was doomed to failure, as had happened in the case of Korea, where the United Nations had waged a bloody war instead of maintaining peace. Any half measures designed to overcome the Organization's difficulties temporarily would provide no solution to the real problem; if, therefore, a worth-while lesson was to be drawn for the future, it was necessary to analyse the mistakes which had been committed and to demonstrate how certain forces had imposed their own interests on the United Nations, thus fundamentally vitiating the whole Congo operation.

4. As the Hungarian delegation had already stated many times, it did not accept either General Assembly resolution 1854 (XVII) or the advisory opinion of the

International Court of Justice,<sup>1/</sup> which in any event had been opposed by five of the judges themselves. It based its attitude on the following considerations.

5. First, Member States were not bound to cover either the expenses of ONUC or those of UNEF since, as was clear from Articles 11 and 12 of the Charter, such an obligation could arise only from a unanimous decision of the Security Council and not from a General Assembly resolution.

6. Secondly, while it was true that the Security Council had adopted resolutions authorizing the dispatch of armed forces to the Congo, those forces had been employed in a manner contrary to that intended by the Council. It was clear that the provisions of Article 43 of the Charter had been grossly violated in connexion with the Congo operation. The USSR delegation and a number of others had already emphasized that the late Secretary-General had requested instructions from the General Assembly on several matters relating to the employment of the Force and to the whole concept of the Congo operation, which were within the sole jurisdiction of the Security Council.

7. In reply to those arguments, it was sometimes claimed that the Congo operation had been sanctioned by several resolutions of the Security Council and that the expenses incurred were therefore "expenses of the Organization" within the meaning of Article 17, paragraph 2, of the Charter. Article 17, however, was concerned only with expenses included in the regular budget of the Organization and it was clear, as the representative of Mexico and others had explained in 1961<sup>2/</sup> that peace-keeping expenses were fundamentally different from expenses included in the regular budget and could therefore not be covered by Article 17. The Hungarian delegation's position was also confirmed by Articles 43, 48 and 49 of the Charter.

8. Thus peace-keeping expenses could not be considered expenses of the Organization within the meaning of Article 17 without contradicting the Charter and the authority of the Security Council. The point at issue was not a question of detail, but a matter which affected the very basis of the United Nations. Only the principle of unanimity among the great Powers could provide a solution to the problems of maintaining peace and security. Any decision which ignored that principle could be a source of mistakes and crimes, as had happened in the case of Korea and the Congo. The Security Council was a safety valve which helped to maintain international peace and security, taking into account the real balance of power in the world; that was why the Council was the most important guarantee of peaceful coexistence and any attempt to minimize its

<sup>1/</sup> Certain expenses of the United Nations (Article 17, paragraph 2, of the Charter), Advisory Opinion of 20 July 1962; L.C.J. Reports 1962, p. 151, transmitted to the Members of the General Assembly by a note of the Secretary-General (A/5161 and Corr.1).

<sup>2/</sup> See Official Records of the General Assembly, Fifteenth Session, Annexes, agenda items 49/50, document A/C.5/862.

importance was contrary to the Charter and demonstrated an obvious lack of political realism.

9. The present financial crisis was simply the result of that political situation. It was high time, therefore, that the financial affairs of the Organization were managed in conformity with the principles of the Charter. The connexion between the violation of the basic principles and budgetary rules of the United Nations and the emergence of the present financial crisis was only too apparent.

10. The socialist countries had for years been raising objections to the inclusion in the regular budget of such extraordinary items as the United Nations Memorial Cemetery in Korea, the United Nations Truce Supervision Organization in Palestine, the United Nations Commission for the Unification and Rehabilitation of Korea, and the Field Service. Since the Western Powers had continued to use the United Nations for their own ends and were now trying to make all the Member States share the financial and political responsibility for the illegal acts they had instigated, the Hungarian delegation had no choice but to declare that it would in future contribute only to the financing of the legal activities of the Organization carried out in conformity with the provisions of the Charter.

11. He pointed out, in that connexion, that the United States representative had tried to discredit the Soviet Union by giving the impression that the latter was opposed to technical assistance activities. It was actually the United States which viewed technical assistance in the light of its own interests, as was evidenced by its attitude towards the granting of assistance to Cuba. In contrast, the socialist countries had always rendered technical assistance to the underdeveloped countries and would continue to do so, but they refused any longer to contribute in dollars for the dispatch to those countries of experts belonging almost exclusively to the NATO countries.

12. By 30 June 1963 the total expenditure on ONUC and UNEF would be approximately \$425 million, of which 88.5 per cent had already been met, mainly by the United States and other Western Powers. The problem, therefore, could be settled in one way only: the Security Council, as the only competent organ, should charge the remaining 11.5 per cent to those countries whose monopolies were gaining tremendous profits from the natural wealth of the Congo and which—by no mere coincidence—had also had the closest relations with the secessionist movement in Katanga. The Hungarian delegation was glad to see from the records of the debates and the report of the Working Group on the Examination of the Administrative and Budgetary Procedures of the United Nations (A/5407 and Corr.1) that its view was shared by a number of African delegations, including that of Nigeria. The identity of the aggressors in the Congo and of the beneficiaries of the aggression was clear from the statements made by the Soviet Union representative and some others.

13. An article published in *The Economist* on 10 February 1962 showed that, up to 1959, the Union Minière du Haut Katanga paid the Government of the Congo—then Belgian—some £21 million in taxes, and that it had since been paying a similar amount to the Government of Katanga. Those remittances amounted to some 80 per cent of Mr. Tshombé's budget. In its issue of 6-7 August 1960, *La Libre Belgique* had stated that the United States monopolies were seeking to control the Katangese copper and cobalt production. Thus it was

obvious that the United Nations had been obliged to remain in the Congo because of the conflicts between Western economic groupings; the latter should therefore assume the expenses which, moreover, would not be a heavy burden for them. Any attempt on the part of the United States to prolong a cold-war atmosphere could only undermine the authority of the United Nations and was doomed to failure.

14. In conclusion, the Hungarian delegation wished to state the following: first, for the sake of the United Nations itself, it was necessary to put an end once and for all to the abnormalities in its finances. The provisions of the Charter must be applied and a definite distinction must be made between activities covered by the regular budget and others. Secondly, it was impossible to force a considerable number of Member States to contribute to the financing of expenses which had been incurred in violation of the Charter. Any resolution to that effect would be an invasion of the sovereignty of Member States and should therefore be regarded as invalid. Furthermore, the very existence of the United Nations would be imperilled by such attempts; in that connexion the Hungarian delegation agreed with the representative of Mexico (985th meeting) who had stated that the sanctions prescribed in Article 19 could not be applied to peace-keeping operations. Thirdly, the imperialist countries, which were responsible for the hindering of the implementation of the Security Council's resolutions, for the assassination of Prime Minister Lumumba and for the long sufferings of the Congolese people, must take complete political and financial responsibility for the operations. Fourthly, while respecting the efforts of those countries which, because of their concern for the future of the United Nations, were trying to find temporary solutions, the Hungarian delegation was convinced that a proper solution could be based only on respect for the principles of the Charter and the condemnation of the aggressors. To attempt to make the United Nations a mere instrument in the hands of the United States and its allies would threaten the very existence of the Organization, whose role was to enable all States to negotiate together in order to find unanimous solutions to major world problems.

15. Mr. BENITES (Ecuador) congratulated the officers on their re-election and welcomed the delegation of Kuwait. His delegation associated itself with the condolences extended to the delegation of the United Arab Republic upon the death of Mr. Loutfi.

16. The problem under discussion was not a simple question of methods of financing: its political and legal aspects concerned the very existence of the Organization, for the facts were such as to threaten the immediate future of the United Nations. According to the Secretary-General's report (A/C.5/974), the Organization's budgetary deficit had reached \$93.9 million by 31 March 1963. By 30 June it would reach \$101.4 million and by the end of 1963 \$140 million. The Organization would then have no more than \$10 million left, which was not even enough to cover the regular expenses for one month. It was a question of bankruptcy pure and simple.

17. It was surprising to note that the major part of the arrears was owed, not by the poor countries, but by the great Powers to which the Charter had entrusted, together with the right of veto, the primary responsibility for the maintenance of international peace and security. Document A/C.5/974 showed that by 31 March 1963 the five permanent members of the Security Council had owed \$129,935,414 of the total arrears

(\$182,958,796), or about 71 per cent. Moreover, half of the arrears had been owed by one permanent member of the Council alone.

18. With regard to the question of which organ was competent to authorize the expenditures pertaining to peace-keeping operations, he disputed the argument that they should be authorized by the Security Council as the body primarily responsible for the maintenance of peace. Under Article 24, paragraph 1, of the Charter, the Members of the Organization conferred on the Security Council primary—but not exclusive—responsibility for the maintenance of international peace and security, in order to ensure prompt and effective action; they agreed that in so doing the Security Council acted on their behalf. There was thus no question but that the Member States, meeting in the General Assembly, had delegated their powers to the Security Council in the interests of effectiveness—a fact further demonstrated by paragraph 3 of the same Article, which provided that the Security Council was to report to the General Assembly. Furthermore, Article 43 provided that armed forces, assistance and facilities necessary for the purpose of maintaining peace were to be made available to the Security Council, in accordance with a special agreement or agreements; if military questions were to be the object of special agreements, it was unthinkable that the Council alone should be competent to decide the financial questions. The advisory opinion of the International Court of Justice confirmed that view. It was thus clear that it was for the General Assembly to vote on the expenses and apportion them. All Member States must pay their contributions; if they did not, Article 19 of the Charter, which dealt with arrears, should be invoked.

19. The scale of assessments should be made both flexible and fair, and to that end the criteria to be applied should be those of capacity to pay and the degree of responsibility of States. He was sure that, thanks to the efforts of the Working Group, it would be possible to find a formula which would save the Organization from bankruptcy and enable the ONUC and UNEF expenses to be put in order.

20. Mr. OKAZAKI (Japan) congratulated the Chairman, the Vice-Chairman and the Rapporteur on their re-election.

21. In resolution 1854 (XVII) the General Assembly had accepted the advisory opinion of the International Court of Justice that the costs of the United Nations peace-keeping operations in the Middle East and the Congo were "expenses of the Organization" within the meaning of Article 17, paragraph 2, of the Charter. It had instructed the Working Group to study special methods for financing peace-keeping operations of the United Nations involving heavy expenditures, to study the situation arising from the arrears of some Member States in their payment of contributions for financing such operations and to recommend arrangements to bring up to date such payments. Although the Working Group, of which his delegation had been a member, had been unable to formulate unanimous conclusions and recommendations, a certain consensus of opinion seemed to have emerged with respect to the basic principles for the financing of future peace-keeping operations (see A/5407 and Corr.1, para.10). His delegation supported those principles, which appeared to be consistent with the letter and spirit of the Charter and to take into account the actual economic situation of Member States.

22. With regard to the initial segment of the net costs which, in accordance with the fourth of those principles, was to be assessed on all Member States on the basis of the scale applicable to the regular budget, he recalled that some delegations had thought that it should not go above \$5 million, or 5 per cent of the costs of the operations in a given financial year, whereas, other delegations had thought that it might reach \$10 or even \$20 million per operation per year, or 10 per cent of the costs of each operation. His delegation considered that purely symbolic contributions were not acceptable if the concept of the collective responsibility of Member States was to be upheld; it therefore felt that it would be reasonable to fix the initial segment to be apportioned according to the regular scale at \$10 million. As to the special scale, which, in accordance with the fifth principle, was to be established for the apportionment of the balance of the costs, it should be based even more strictly than the regular scale on the capacity to pay of Member States. In the past, an *ad hoc* formula had been adopted which had provided across-the-board reductions for Members assessed at the minimum rate or receiving assistance under the Expanded Programme of Technical Assistance. While that formula had the merit of simplicity, it also contained an element of guesswork and he considered that a special scale based on strict capacity to pay would be far more reasonable and equitable; his delegation supported the formula to that effect which the Australian representative had proposed at the seventh meeting of the Working Group.

23. In his delegation's view, it was imperative that the General Assembly should establish a long-term formula for the financing of future peace-keeping operations so that the United Nations could act promptly and effectively in time of emergency and so that Member States might have a fairly precise picture of their share of the costs. Nevertheless, inasmuch as one of the major contributing States had indicated that it would prefer the Committee to concentrate on the immediate future at the present session, his delegation was prepared, if necessary, to consider an *ad hoc* arrangement for the existing operations. As far as financing of the operations in the Congo and the Middle East was concerned, his delegation considered that, whatever kind of formula was worked out at the present session, it would not be such as to require a radical change in the contributions expected of Member States in comparison with what they had hitherto been paying to the ONUC and UNEF accounts. The Japanese Government, for its part, was prepared to contribute in 1963 an amount based on the regular scale of assessments and representing twice as much as its past contributions, but it would find difficulty in going beyond that amount.

24. As far as the question of arrears was concerned, his delegation had supported the proposals formulated by six Powers in the Working Group (see A/5407 and Corr. 1, para. 26). It was heartening to see from the Secretary-General's report (A/C.5/974) that there were indications of progressive improvement in the collection of arrears in contributions; his delegation hoped that that tendency would be strengthened, for the sake of the prestige both of the Member States concerned and of the United Nations as a whole. He noted that among the thirty-two Member States which had brought all their payments up to date, at least to the end of the past financial year, seven were countries with extremely low incomes; he was tempted to comment that the richer countries should be able to follow their example. He agreed with the Australian representative

that for the great majority of Member States the issue was not economic or financial; it was a question of willingness to accept all the obligations of membership and to give the financial obligations to the United Nations an appropriate priority in relation to other national priorities.

25. In conclusion, his delegation supported the Secretary-General's recommendation (*ibid.*, para. 20) that the subscription period for the purchase of United Nations bonds be extended to 31 December 1963. His delegation reserved the right to speak again when specific proposals had been submitted.

26. Mr. LECHUGA (Cuba) said that he wished to associate himself with the tribute paid to the memory of Mr. Loutfi, the late Under-Secretary for Special Political Affairs. He would also like to congratulate the Chairman and the other officers of the Committee on their re-election.

27. With regard to the question before the Committee, his delegation wished to reaffirm its position, which was one of complete respect for the provisions of the Charter. The Revolutionary Government had always discharged its responsibilities as a Member of the United Nations. That was, indeed, the only possible policy from a legal standpoint and the only one consistent with Cuba's struggle to preserve its independence.

28. It was because of its respect for the fundamental legal instrument of the United Nations that Cuba refused to assume financial responsibilities which were not its own. Its refusal also represented an instinctive reaction to the injustices, the attempts at economic exploitation and the acts of hypocrisy which underlay the problem before the Committee.

29. It was common knowledge, both in the United Nations and elsewhere, that only the Security Council was competent to take action in the event of a threat to international peace or an act of aggression, particularly if such action entailed the use of armed force. Chapter VII of the Charter was unequivocal in vesting in the Security Council the responsibility for setting the machinery of the United Nations in motion and then supervising its operation. Articles 43 and 48, in particular, made it quite clear that any Members of the United Nations desiring to contribute to the maintenance of international peace and security must proceed in accordance with agreements negotiated on the initiative of the Security Council and that the Council was to determine what action was required. Finally, Article 50 declared that any State, whether a Member of the United Nations or not, could consult the Security Council with regard to a solution of any economic problems with which it might be confronted as a result of preventive or enforcement measures taken by the Council against any other State.

30. Although those provisions could not possibly be clearer, the Powers most directly responsible for the acts of aggression committed in recent years were attempting to deny the facts and, through sophistry and hair-splitting, to share their responsibility with all other Member States, thus distorting the meaning of the Charter and creating unlawful situations which were contrary to its provisions.

31. In the case of UNEF, United Nations troops had been sent to the Middle East under a General Assembly resolution, not under a decision of the Security Council. With regard to the Congo operations, although troops had been sent to that country in pursuance of a Security Council resolution, certain Powers had succeeded in

distorting the Council's decisions and preventing their implementation. They had thus created the conditions which had led to the murder of the lawful head of the Congolese Government—the very man who had requested United Nations assistance and, moreover, a man supported by the overwhelming majority of his people, i.e., the one person to whom the United Nations had owed support and protection.

32. The General Assembly was not empowered to impose obligations on Member States, particularly when in so doing it was usurping the authority of the Security Council. Under Article 10 of the Charter, the General Assembly could only make recommendations, while Article 11 left no doubt as to the Assembly's subordinate role in relation to the Security Council with regard to the maintenance of international peace and security. Yet, it was the decision of the General Assembly which was being invoked in an effort to make all Member States bear the financial consequences of unlawful acts, even though the Assembly itself had twice stated that the extraordinary expenses for the operations in the Congo were essentially different in nature from the expenses for the operations in the Congo were essentially different in nature from the expenses of the Organization under the regular budget (resolutions 1619 (XV) and 1732 (XVI)).

33. Similarly, the advisory opinion of the International Court of Justice had no binding effect. The opinion rendered by nine of the Court's judges in an effort to ratify a flagrant violation of the Charter was unacceptable, particularly since the Court had no authority whatever to interpret the Charter in a manner that was binding on Member States. That would make it too easy for those States which had profited the most from the crises they had provoked in the Middle East and the Congo to shift part of their moral, political and financial responsibility to the other Member States. To accept the opinion of the nine judges would mean setting a dangerous precedent whose consequences might be felt at any time in the future by any one of the Organization's Member States.

34. His delegation, which regarded itself as in no way bound by the advisory opinion of the International Court of Justice, was equally unimpressed by the millions of dollars contributed to the operations concerned by the United States, whose representative had recently sought to contrast that country's philanthropic behaviour with the alleged selfishness of other Member States. What moved and impressed his delegation was, rather, the poverty of the countries exploited by the great imperialist Powers and the sufferings of the Congolese people, which had seen its independence trampled underfoot a few short days after attaining it and had escaped one form of exploitation only to fall prey to another.

35. The United States was attempting to impose the Court's advisory opinion in an effort to curtail the powers of the Security Council, so that that country could more easily flout the provisions of the Charter. It was doing its best to reduce the Congo crisis to a simple question of financing, so that all Member States would be required to repair the damage caused by those Powers which were exploiting the wealth of Kasai and Katanga, employing the United Nations as an instrument for making and breaking governments, and directing in their own interests the operations carried out under the United Nations flag. If the United States Government's position was accepted, all that would remain would be to propose that reimbursement should also be made to

that Government for the \$40 million which it had spent on the abortive invasion of Cuba and the tens of millions of dollars which it was still spending to carry on sabotage and subversion against the Cuban people. The huge sums spent by the United States Government in its vain efforts to destroy the Cuban revolution would, incidentally, be ample to cover the cost of the Congo operations.

36. In the final analysis, however, the financial aspect of the problem was what interested the United States least of all. The latter's aim in violating the provisions of the Charter and distorting the decisions of the Security Council was to turn the General Assembly into a voting machine—a body in which that country could make free use of military threats and economic pressure to achieve its ends, regardless of the damage thus caused to the Organization's prestige.

37. It was that sort of legal terrorism, to which those guilty of infamous acts were resorting as a means of easing their consciences, which was creating the indefinable atmosphere of futility against which the majority of Member States—the economically under-developed and militarily weak countries—were vainly struggling, while the imperialist Powers went on with their endless schemes, whose consequences they would later call on those who were being victimized to bear.

38. In short, his delegation was unwilling to pay debts contracted by others, it refused to be a silent witness to repeated violations of the United Nations Charter and to abet the plots of the imperialist Powers, and it condemned the pseudo-legal schemes whose purpose was to transform the United Nations into an instrument of those who were enemies of the independence and sovereignty of peoples.

39. Mr. ONAMA (Uganda), after associating himself with the tribute paid to the memory of Mr. Loutfi, said he wished to congratulate the officers of the Committee on their re-election. He would also like to commend the officers and members of the Working Group for preparing a report which, although it did not contain unanimous recommendations, presented very clearly the positions of the various States and groups of States and would therefore be of great assistance in dealing with the financial crisis confronting the Organization.

40. It was clear from the report that contributions for peace-keeping operations had been withheld, in most instances, for political reasons. That was true in the case of the Soviet Union, France, South Africa and Portugal, and it was also for political reasons that the United States had announced that until the financial position of the United Nations improved that country could not commit itself to make contributions for peace-keeping operations in excess of its normal assessment.

41. It was common knowledge that, after granting political independence to the Congo, Belgium had joined with other imperialist Powers in an effort to promote disorders in that country which would favour the growth of neo-colonialism. Mr. Lumumba, who had requested assistance from the United Nations, had become the target of the imperialist exploiters, who had first incited the Congolese people against him and then murdered him. That crime had caused further trouble throughout the Congo and had helped to plunge the United Nations into the financial crisis in which it still found itself. His delegation was glad to note that the situation had improved since the United Nations forces had taken firm action to unify the Congo, and it had been

pleased to learn from the Secretary-General that the military phase of the Congo operation was over.

42. His delegation hoped that now that favourable developments had occurred in the United Nations operation in the Congo, the countries which had withheld payment of their shares of expenditures of which they disapproved would now pay their contributions in order to enable the United Nations to discharge its commitments. It hoped that the Committee would find a compromise formula that would induce them to do so. Since in its view, the United Nations was the only organization capable of ensuring the maintenance of international peace and security, it accepted the principle of collective responsibility for peace-keeping operations, as long as that principle carried with it the idea that greater responsibility was borne by the permanent members of the Security Council, whose disagreements, incidentally, were partly to blame for the present crisis, and the principle that the situation of the Member States responsible for acts that had led to a peace-keeping operation should be given appropriate consideration (A/5407 and Corr. 1, para. 16 (a), and (c)).

43. While accepting the principle of collective financial responsibility, the Uganda Government, which had incurred expenditure amounting to approximately \$1 million in recent months owing to the influx of refugees into the country would not be in a position to contribute to peace-keeping operations over and above its regular assessment. He recalled that Uganda had recently contributed \$28,000 towards voluntary assistance to the Congo and had agreed to buy \$10,000 worth of United Nations bonds. His delegation would support the proposal that expenditures for peace-keeping operations should be covered in part by voluntary contributions, and the Secretary-General's recommendation that the deadline for the purchase of United Nations' bonds should be extended to 31 December 1963.

44. Mr. TREMBLAY (Canada) congratulated the Chairman and the officers of the Committee on their re-election. He associated himself with the tribute paid to the memory of Mr. Loutfi, Under-Secretary for Special Political Affairs, whose devotion to the ideals of the United Nations would be an example to all.

45. The fourth special session of the General Assembly had, in the words of the Secretary-General, been called to consider what was one of the most serious problems which the United Nations had had to face: the ability of the Organization to fulfil one of its primary obligations under the Charter—the maintenance of international peace and security—was imperilled.

46. The United Nations had been somewhat slow in facing up to that issue. It had confined itself to taking inadequate measures and palliatives which had served to delay but not to avert the crisis. Some progress had, however, been made in the past two years following the advisory opinion of the International Court of Justice which the General Assembly had accepted at its seventeenth session, most Member States had recognized that the costs of peace-keeping operations were a collective responsibility. As a result, the unsatisfactory situation with regard to arrears of contributions was now beginning to improve.

47. Canada noted with regret that the Working Group had been unable to find a solution capable of reconciling the various points of view. Nevertheless, the Working Group had done useful work and the constructive attitude of most of its members and the tireless efforts of

the Secretariat and of the Group's officers, in particular those of Mr. Adebo, its Chairman, would greatly facilitate the work of the Fifth Committee.

48. Canada had submitted various proposals to the Working Group (A/5407 and Corr.1, para.9) containing elements of an equitable long-term solution of the problem. In the first place, in order to ensure that the expenses incurred by the United Nations in respect of duly approved peace-keeping operations became the collective responsibility of Member States, agreements must be reached in advance on what procedures were to be followed in apportioning those expenses among Member States. To ensure that the latter had as much information as possible on the financial consequences of any contemplated operations, it was desirable that estimates of the costs should be provided as early as possible by the Secretary-General in accordance with an agreed procedure. The financial implications of any operation which involved expenses in excess of those covered by resolution 1862 (XVII) concerning unforeseen and extraordinary expenses, should be brought before the General Assembly for appropriate action. If the Assembly was not in session and the decisions were taken by the Security Council, the Assembly should be convened as soon as possible either in special session or in emergency special session depending on the circumstances. In considering those implications, the General Assembly should examine the estimates of expenditures prepared by the Secretary-General and should give him the necessary authority. It might also be desirable to adopt appropriate accounting procedures for peace-keeping operations, and, in particular, to consider opening special accounts to form part of the regular budget.

49. The Canadian delegation thought that for peace-keeping operations involving the use of military forces and equipment it would be desirable to devise a method of financing which would be based on three clearly defined principles. First, a predetermined sum to be apportioned in accordance with the scale of assessments for the regular budget would be devoted each year to meeting the cost of military operations; its amount might be set at \$10 million for each duly approved operation. Secondly, expenses in excess of that sum but below \$75 million would be apportioned under a special scale of assessments to be drawn up by the Committee on Contributions under Article 17 of the Charter. Lastly, commitments relating to expenses for a military operation exceeding \$75 million or to a number of operations costing more than \$125 million would require specific authorization by the General Assembly in each instance and the adoption of special financial arrangements.

50. The scale for assessing Member States would be based on their capacity to pay, as expressed in terms of their national income. Capacity to pay was not only the most equitable criterion but, unlike others suggested in the past, it was also capable of being expressed in quantitative terms. The proposals to introduce subjective criteria, especially those of a political nature, would be bound to lead to protracted debate. The Canadian delegation thought that the General Assembly should avoid making any proposals for the financing of peace-keeping operations which would involve factors other than those which normally entered into the calculation of the regular scale of assessments.

51. Thus, many developing countries would have their assessments reduced in proportion to their capacity to pay, whereas other countries would be assessed at

rates higher than or the same as their customary rates under the regular scale. That method would, of course, apply only to assessments in respect of operations undertaken under Article 17 of the Charter.

52. He wished to refer in particular to the general principles listed in paragraph 10 of the Working Group's report which, in the view of the majority of the members of the Group, might provide a basis for the financing of peace-keeping operations. The Canadian delegation considered them to be of vital importance. Moreover, they expressed the essence of the detailed proposals put forward by Canada in document A/AC.113/2, which were summarized in the Working Group's report.

53. Unfortunately, however, the Working Group had been unable to propose a specific cost-sharing formula. It seemed to the Canadian delegation, therefore, that the Committee might usefully consider two fundamental points. Firstly, without seeking any longer to reconcile the differences of opinion as to general principles, the Committee should embody the points on which a Measure of agreement had already been reached in a declaratory resolution which would serve as a starting point for future decisions by the General Assembly. Secondly, it should be recognized that the most immediate task was to provide the funds necessary to maintain UNEF and ONUC in being during the six months immediately ahead. The Canadian delegation thought that agreement on those two points was possible on the basis of the general principles to which it had already referred. Clearly, the task would not be easy, since a considerable divergence of views persisted among Members both with regard to the technical aspects of any financing method and to the political and constitutional legitimacy of UNEF and ONUC. Despite its desire to see the General Assembly adopt long-term arrangements, the Canadian delegation had come to the conclusion that the time had not yet arrived for the strict application of the principle of capacity to pay, as that would compel certain Members to accept financial obligations in excess of their assessment as calculated in accordance with the scale used for the regular budget. It was hopeful, however, that an *ad hoc* formula could be found for the problem of financing operations during the second half of 1963. It was clear from the Secretary-General's report (A/C.5/974) that unless urgent action was taken to improve the financial position of the United Nations, there would be insufficient funds to meet normal requirements in the coming months. Any financing formula must therefore include provisions which would facilitate the prompt payment of assessments, improve the general cash position and develop sound financial and budgetary procedures.

54. A study of the nine *ad hoc* financing methods which the Assembly had previously employed (during the period 1957-1962) was of interest in that connexion. Though based on the principle of collective financial responsibility, those methods had differed greatly in regard to the criteria applied and the reductions allowed. In particular, there had been a specific relationship in each case between the size of the peace-keeping budget and the amount of relief afforded to the developing countries; the rate of assessment of certain developing countries had declined in ratio to the increase in the cost of the operations. Thus, any *ad hoc* method was largely dependent upon the circumstances existing at the time of its adoption and, in particular, upon the magnitude of the costs of the operation in question. That last point had been recognized in part

by a large number of Member States, which wished to apply the regular budget scale to an initial amount of the costs of large-scale operations, and to take into account the developing countries' limited capacity to pay.

55. Another important element was the considerable disparity existing not only in Members' ability to pay, but also in the priorities which Governments set in determining the allocation of national resources. Any cost-sharing arrangement must recognize that it would not be practical to divide the membership of the United Nations into two or three groups. Some Members, for instance, had a relatively small capacity to pay but, because of the importance they attached to the role of the United Nations, might wish to harmonize their financial with their moral support. On the other hand, some Members with a relatively large capacity to pay had shown little eagerness to give the United Nations the financial means it required to become an effective instrument in the service of peace.

56. To sum up, the Committee must resolve two problems. On the one hand the urgent financial needs

of the United Nations must be met; on the other hand, certain fundamental principles must be formulated to govern the equitable apportionment of the costs of future operations. If Members were unable to resolve their differences regarding the adoption of sound and equitable financing methods, the Organization stood in danger of losing all prestige and effectiveness. The Canadian delegation hoped that the many countries for which the United Nations represented a living and necessary reality of modern international life would consider sympathetically the financial problems which threatened to paralyse the Organization. It hoped that they would also recognize the dangers inherent in certain solutions which though couched in legalistic terms were defeatist in character. The United Nations must at all costs be made a viable and effective Organization, capable of contributing to the maintenance of international peace and security and of overcoming the political, economic and other difficulties which beset the world.

The meeting rose at 1 p.m.