

order to meet the expenses on ONUC. This Fund was set up to provide cash for the small-scale unforeseen expenses of the years before the creation of UNEF and to provide a buffer against the effects of the perennial problem of late payment of assessments for the regular budget. The Secretary-General has also used his powers to borrow from the reserves of the extra-budgetary funds and agencies intimately linked with the economic and social programme of the United Nations.

"It seems to my Delegation, therefore, that to dodge the central issue of the interdependence of all UN activities by setting up special accounts is a process of self-delusion. We have seen, quite clearly, that to regard the outlays of funds for peace-keeping operations as anything but parts of the regular expense of the organization merely hampers the activities paid for under the regular budget and the extension of these activities in the economic and social field financed by voluntary funds....

"My Delegation would hope that, whatever method of apportioning the ONUC costs is agreed upon now, delegations and the governments they represent will reflect on the wider implications which the current financial crisis in the United Nations has raised. It is my hope that this Committee will be prepared to examine these wider implications early in the sixteenth session of the Assembly. The administration and budgetary questions which must be resolved are fundamental to a growing and vital organization and to ignore them could have the most dangerous consequences for the whole United Nations structure.

**EXTRAORDINARY EXPENSES**

"We believe for example, that one of the questions which might usefully be discussed is that outlined in the Advisory Committee report on the resolution on unforeseen and extraordinary expenses. The approach proposed by the Advisory Committee would ensure that the Assembly was not suddenly presented with large bills after the event. If a proposal along these lines were adopted, it would serve to relieve the many understandable apprehensions about the future financial implications of peace and security costs, particularly on the part of those countries which are struggling to develop economically.

"Other matters which might profitably be examined are a peace-and-security fund and a peace-and-security scale of assessments. All these might be linked in a redefinition, in the light of experience, of the less precise sections of the Charter on the relationship between the decisions of the Security Council and of the Assembly's power to apportion expenses....

"My Delegation would like to examine the more specific measures which could be taken by the Assembly at this time. First of all, it seems to me important that we dismiss as final solutions resource to more widespread borrow-

ing. To begin with, it is an admission of our indifference to the organization to allow it to fall into such predicament. Furthermore, in practical terms: (1) We cannot be at all sure that parliaments, legislatures or banks will agree to make sufficient advances. As a result, this organization will either become bankrupt or its activities will have to be reduced to a fraction of their current level. (2) In the unlikely event that sufficient advances are forthcoming, it is, of course, most undesirable in principle that the UN should have to rely on advances from governments or banks. The Indian Delegation and others pointed out to us last December that it would be beneath the dignity of the United Nations to borrow from commercial sources; and moreover it cannot be denied that advances from any source seriously weaken or make mockery of those provisions of the Charter which state that the expenses of the organization shall be apportioned by the General Assembly and financed collectively by member states.

**DEEP ROOTS OF CRISIS**

"...I think we should recognize that this current financial crisis has not come upon us suddenly. It has been building up for many years now.

"In the years 1945 to 1956, the United Nations was plagued first by the failure of many member states to pay their assessment early in the year and, secondly, the tendency of many member states to be up to two years in arrears. It was therefore necessary to have substantial recourse to the working capital fund to cover the resulting "shortfalls". With the establishment of UNEF in 1956, the situation grew worse - and this worsening situation was explained to a very great extent by the fact that, although the treasuries and finance departments of member states had become accustomed to paying their assessments to the regular budget promptly, they tended to assign a lower priority to their payments to the UNEF Special Account. We have noted, for example, that there are 40 member states which are in arrears in respect of the UNEF Special Account for 1959, compared to only ten states which are in arrears in respect of the regular budget for 1959.

"My Delegation believes it is important to recall the action which the Assembly took in response to the worsening cash position in the years after 1956. Instead of taking steps to reverse the situation, the Assembly tended to take temporizing actions which served only to postpone the day of reckoning. For example, the Working Capital Fund was increased, and the Secretary-General was authorized to borrow from special accounts in his custody and to receive short-term loans from governments. It was even suggested at the fourteenth session that the Secretary-General be permitted to borrow from commercial sources.

"The organization was already therefore in a most unsatisfactory state of financial

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