

39. UNITED NATIONS WORKING CAPITAL FUND

The purpose of this revolving fund is to finance the United Nations pending the receipt of annual contributions and to enable the Secretary-General to make advances to certain specialized agencies for financing their initial operations and to meet emergency, unforeseen and extraordinary expenditures, deemed necessary by the Councils of the United Nations for which no provision had been made in the budget of the then current year.

The fund was set up at the first meeting of the General Assembly in February, 1946, and fixed at \$25,000,000, but in December of that year it was reduced to \$20,000,000. During the 1947 session the U.S.S.R. delegation proposed reducing it still further, first to \$10,000,000, then to \$15,000,000. The majority of the Members, however, agreed that it should be retained at \$20,000,000 since experience had shown that it would be unsafe to reduce it below that figure.

Provision was made at the 1947 session for the advance of sums, not to exceed \$5,000,000, for emergency assistance in 1948 to the Free Territory of Trieste as the Security Council may approve. Replenishment of the fund for any such advances is to be according to a special operational scale, to be established at the next regular session of the General Assembly.

During the discussion of this item the Canadian delegation was concerned with the dangerous precedent which might be set if the United Nations assumed financial responsibility for the prospective balance of payments' deficit in the Free Territory. The Canadian representative suggested that the \$5,000,000 should not be authorized for purely economic reasons. However, he said, "if the Security Council, on the request of the Governor (of Trieste), deems it necessary to advance sums of money for the discharge of its duties and functions it would be quite proper to follow such a course". In part, as a result of the Canadian intervention in the debate on this