

External Affairs  
Supplementary Paper

No. 63/1 Statement by the Permanent Representative of  
Canada, Mr. Paul Tremblay, on May 29, 1963, to  
the Fourth Special Session of the UN General  
Assembly, on the financing of United Nations  
Operations for the Maintenance of Peace.

Mr. Chairman:

The fourth special session of the United Nations General  
Assembly has, in the words of the Secretary-General, been called  
to deal with what is perhaps the most serious problem facing the  
organization today. It is serious not simply because the continua-  
tion of two very important peace-keeping operations is at stake  
but, above all, because the ability of the United Nations to fulfil  
one of its primary Charter obligations - the maintenance of inter-  
national peace and security - is imperilled.

For reasons which are understandable, if regrettable, the  
United Nations has been very slow in facing up to this issue. The  
past has been characterized by a series of unsatisfactory ad hoc  
measures and palliatives which have served to delay but not to  
avoid the crisis that now confronts us. We believe that there has  
been some progress towards a solution during the past two years.  
The International Court has given and the Assembly has accepted  
the clear advisory opinion that the costs of peace-keeping are  
costs of the organization. Most of the member states now recognize  
that peace-keeping is a collective responsibility of the whole  
membership and, stemming from this, the unsatisfactory situation  
with respect to arrears is beginning to improve. It is particularly  
encouraging to note the increased attention which governments and  
the Secretary-General have given in recent months to the whole  
question of what the Secretary-General termed, perhaps as a diplomatic  
understatement, the organization's "serious financial difficulty".

It had been the Canadian hope that it might be possible to  
find in the Working Group of 21 a solution of these problems which  
would have the prospect of achieving a wide degree of acceptability,  
Unfortunately, this was beyond our reach. However, I think some  
useful progress was accomplished by the Working Group, which we  
would hope to see reflected directly or indirectly in decisions to  
be taken in this Committee in the next few weeks. Certainly, our  
tasks at this session would have been made more difficult if it  
were not for the constructive and forthcoming attitudes displayed  
by most members of the Working Group. In addition, the Assembly  
should be conscious of and grateful for the untiring efforts of  
the Secretariat staff concerned, the members of the Bureau and, in  
particular, its Chairman, Ambassador Adebo, whose labours my Delega-  
tion wishes to commend.

Canada submitted a proposal to the Working Group of 21  
(Document A/AC.113/2) which my Delegation continues to believe con-  
tains elements of a fair and reasonable long-term solution to the  
problem we face. It can be summarized as follows:

The collective responsibility of the membership of the  
organization to finance authorized expenditures incurred by or on  
behalf of the United Nations in respect of duly approved peace-keeping

operations involving armed military forces can be assured most effectively by agreement in advance on what procedures are to be followed and on how expenditures shall be apportioned among members.

Experience has shown that it is desirable at the time of initiating each peace-keeping operation for the Secretary-General to provide estimates of the costs of each operation. These estimates should be produced as a matter of course and as quickly as possible. In this way all members would be given as much information as possible about the financial consequences for the United Nations of embarking on a particular operation.

The financial implications of any future peace-keeping operation which involves expenses in excess of those covered by the current resolution (e.g., Resolution 1862 (XVII) relating to unforeseen and extraordinary expenses) should be brought to the attention of the United Nations General Assembly for action at the earliest possible time. If the Assembly is in regular session at the time of the initiating decision, it should be aware of and deal with the financial implications before the end of that session. When the initiating decisions are taken by the Security Council at a time when the General Assembly is not in session, the Assembly should be convened as soon as possible, either in a special session or in an emergency special session, depending upon the existing circumstances.

In considering the financial implications the Assembly should, as a matter of normal procedure, examine the cost estimates prepared by the Secretary-General and consider their financial implications, give the Secretary-General the necessary authority and decide upon a method whereby expenses are to be met. It would also seem desirable to adopt appropriate accounting procedures for such peace-keeping operations, including the possibility of special accounts which would form an integral part of the United Nations regular budget.

The Canadian Delegation believes that it would be desirable to devise a method to finance peace-keeping operations involving military forces and equipment whereby:

- (a) a certain pre-determined level of the expenses for each peace-keeping operation in any one year in the future would be financed under the scale of assessments used to apportion the costs of the regular budget. An appropriate level would seem to be \$10 million for each duly approved peace-keeping operation;
- (b) expenses in excess of \$10 million for each peace-keeping operation in any future year, but which are less than, for example, \$75 million should be financed according to a special peace-keeping scale of assessments under Article 17 of the Charter (such a scale could be drawn up by the Committee on Contributions);
- (c) commitments for expenses to be incurred in any one year for each peace-keeping operation above \$75 million or higher than \$125 million for total peace-keeping operations would require specific authorization by the Assembly in each instance and adoption of special ad hoc financial arrangements.

The starting point for such a special peace-keeping scale mentioned a moment ago would be the relative capacity of member states to pay, as expressed in terms of their national income. Not only is capacity to pay the most equitable criterion but, unlike many other special factors which have been suggested in the past, it

is capable of being expressed in the quantitative terms necessary for use in a scale of assessments. Attempts to introduce subjective factors, especially those of a political nature, could lead to lengthy and possibly fruitless debate since both their possible use and their relationship, if any, to the financing of peace-keeping in general or to particular peace-keeping operations are matters of individual judgement. In brief, therefore, the Canadian Delegation believes that the Assembly should avoid making proposals for financing peace-keeping which involve factors other than those which normally enter into the calculation of the regular scale of assessment.

It is visualized that many members with developing economies and consequently a low capacity to pay would be assessed under the special peace-keeping scale of assessments depending on the extent of their relative capacity to pay at various rates substantially lower than their customary assessments rates under the regular scale; while others, depending on the extent of their capacity to pay, might be assessed at rates higher than or the same as their customary rates under regular scale. The method would, of course, apply only to future assessments in respect of duly authorized peace-keeping operations of the United Nations, within the meaning of Article 17(2) of the Charter.

At this point I should like to refer to Paragraph 10 of the report of the Working Group, Document A/5407, which describes certain general principles which, in the view of the majority of the members of the Group, could provide a basis for financing peace-keeping operations. These principles, in the view of my Delegation, are of great importance and are worthy of enumeration:

- "(1) The financing of United Nations operations for the maintenance of peace and security is the collective responsibility of all states members of the organization.
- "(2) The expenses of such operations should be apportioned among member states to the extent that they are not covered by voluntary contributions or by some other agreed arrangement (of a kind referred to above).
- "(3) To the extent that expenses were not covered by other means, apportionment among states members of the United Nations should be effected with due regard to their relative capacity to pay.
- "(4) To this effect a certain initial segment of the net costs should be assessed on all member states on the basis of the scale applicable to regular budget.
- "(5) The balance to be apportioned should be shared, within reasonable limits, in accordance with a special scale which would serve to reduce the financial burden on member states less capable of bearing the financial burden when heavy expenditures are involved.
- "(6) In respect of all duly approved peace-keeping operations there should be agreement in advance on procedures along the lines proposed ... in Document A/AC.113/2.

It gives me some satisfaction to point out that these principles express the essence of more detailed proposals advanced in the working paper submitted by Canada which I described a moment ago and which will be found on Pages 6, 7 and 8 of Document A/5407.

Unfortunately the consensus in the Working Group did not extend to certain other principles advanced by some delegations nor to a specific cost-sharing formula. It seems to my Delegation therefore, that this Assembly must now address itself to two propositions:

- (1) Without waiting any longer in the hope of reaching agreement on the basic differences of opinion with respect to general principles, we should seek to reflect the measure of agreement already reached by embodying this area of agreement in a declaratory resolution which can serve as a benchmark upon which decisions by the Assembly with respect to future assessments for peace-keeping operations should be made.
- (2) Our immediate and pressing task is to provide the funds necessary to maintain UNEF and ONUC in the months immediately ahead. We believe it should be possible to reach agreement on the necessary financial modalities consistent with the general principles which I have already mentioned.

This will not be an easy task since a considerable divergence of views continues to exist among members on the technical aspects of any financing method. In addition, some members continue to have political and constitutional doubts about UNEF and ONUC which limit the prospects of a satisfactory solution. How should the Assembly proceed to provide sufficient funds to enable the United Nations to perform its designated tasks under the Charter while, at the same time, recognizing the various views on questions of principles and on details of a workable and acceptable cost-sharing formula? In spite of Canada's preference to see the Assembly adopt suitable long-term arrangements, the Canadian Delegation has come to the conclusion that the time has not yet arrived when the strict application of the principle of capacity to pay, involving acceptance by some member states of obligations exceeding their rate of assessment for regular budget, has achieved sufficient acceptability to be practical of application at this time.

Nevertheless, we believe that it should be possible to devise an ad hoc formula applicable to the financing problem which faces us for the second half of 1963. This ad hoc formula should, of course, be related directly to conditions at the present time and be in general conformity with the principles to which I have referred. Such a formula should be capable of commanding the support of a substantial majority of the members of the Assembly.

In undertaking this task the overall financial situation of the organization also should be considered as a relevant element. The Secretary-General has commented explicitly and in detail on the organization's precarious financial position in his report on the United Nations financial position and prospects (Document A/C.5/974). This report clearly reveals that, unless effective steps are taken quickly to improve the organization's financial position, the cash available to meet normal requirements in the coming months will be insufficient. Not only are UNEF and ONUC affected by the shortage of funds, but the organization itself is subject to stresses and strains as a result of the failure of a large number of members to meet promptly their financial obligations. Therefore, it would seem appropriate for any financing formula to include methods of facilitating the prompt payment of assessments, improvement in the overall cash position and the development of sound financial and budgetary procedures.

The nine previous ad hoc financing methods employed by the Assembly during the period 1957-62 are also of interest in our deliberations. With the exception that each ad hoc formula adopted was based upon the principle of collective financial responsibility, there are significant differences in the various factors applied and in the credits allowed. These differences were due primarily to the fact that circumstances differed considerably at the time of adoption of the various procedures. In particular, I would draw attention to the fact that in each case there is a specific relationship between the size of the peace-keeping budget and the amount of relief afforded to economically less-developed countries. Thus, during the period 1957-59 when the costs of UNEF were only \$15-25 million, all members were assessed at the rate used in conjunction with the regular budget. However, when in 1960 the costs of the operations in the Congo and the Middle East totalled \$68.5 million, credits were applied to reduce by 50 per cent the rate of assessment of certain developing countries. During the 1961-62 assessment periods peace-keeping costs were \$90-119 million and credits of 50 and 80 per cent were applied in the case of selected developing countries. Our examination of the previous ad hoc formulas suggests that any ad hoc method should be based upon the circumstances existing at the time of its adoption and, in particular, on the magnitude of costs of the relevant peace-keeping operation. This latter point has been recognized in part by the large number of members who support the idea of placing an initial amount of the costs of large-scale peace-keeping operations under the regular budget scale and, of taking into account the limited capacity of developing countries to pay when costs exceed a certain level and become a heavy financial burden. Therefore, if an ad hoc method is deemed appropriate by the Assembly for the immediate future, it would seem logical to develop a formula based upon present circumstances and conditions which are quite different from those prevailing at the sixteenth session.

Another important element is the wide range which exists not only among members' relative capacity to pay, but also in the relative priorities which governments set in determining the allocation of national resources. Any cost-sharing arrangement should take into consideration the fact that it would be unrealistic to divide the membership of the United Nations into two or three groups since some members have a relatively low capacity to pay but, due to their strong support for the United Nations, they may wish to relate their financial support to their moral support. On the other hand, some members have a relatively high capacity to pay, but unfortunately seem to lack any real desire to see the United Nations become an effective international instrument in the maintenance of world peace. The obligation on us to find equitable solutions to these two problems - on the one hand, the compelling need to provide sufficient funds in the next six months to continue the worthwhile operations in the Congo and the Middle East and, on the other, the formulation of acceptable principles to be taken into account in apportioning the costs of future peace-keeping operations - is very great. If we, as members of the United Nations, are unable to resolve our basic differences over a financially sound and equitable method of insuring the organization of the necessary funds, including the prompt payment of previous assessments, the United Nations stands in real danger of becoming no more than an expensive shell around a marble podium for the delivery of polite speeches which set out national positions, but make no real contribution to the advancement of the aims of the Charter.

For its part, my Delegation refuses to believe that this is the objective that the majority of the members is seeking to further. I sincerely hope that those members for which the United Nations represents a living and dynamic reality on the modern

