

Text of U.S. Statement on Plan to Buy U.N. Bonds

Special to The New York Times.

WASHINGTON, Dec. 28—Following is the text of a statement today by Harlan Cleveland, Assistant Secretary of State for International Organization Affairs, on the projected purchase of United Nations bonds:

The President has decided to put in his forthcoming budget a request to the Congress to authorize the purchase of United Nations bonds. This decision followed action by the General Assembly of the United Nations last week, making it possible for the Acting Secretary General to issue up to \$200,000,000 worth of bonds to finance the United Nations peace-and-security operations in the Congo and the Middle East.

This decision naturally gives rise to two questions: Why does the United Nations have to issue bonds? And why is it in the national interest of the United States to purchase some of them?

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The answer to the first question requires a word of explanation about the way the United Nations and its affiliated agencies are financed.

Essentially, there are four kinds of money spent by the United Nations family of agencies.

1. There is the United Nations regular assessed budget.

2. There are the regular assessed budgets of the specialized agencies, which support the constructive work in such fields as food and agriculture, world health, educational development, civil aviation, telecommunications, meteorology and others.

3. There are voluntary contributions to special programs that are not assessed against all United Nations members.

4. And there are special assessments for peace-and-security operations in the Congo and the Middle East.

Since the Charter was adopted in 1945, the United Nations Secretariat has spent \$784,000,000 on day-to-day operations out of its regular budget—including the administration of the General Assembly, the Security Council and the trusteeship system. The United States has put up \$225,000,000 of this amount; the proportion of our contribution has been going down as new members were admitted. Early in the history of the United Nations, the United States contribution stood at nearly 40 per cent. More recently, it was 32½ per cent. Under a resolution just passed by the General Assembly, the United States contribution will go down to 32 per cent.

The nine specialized agencies of the United Nations have spent \$586,000,000 in their regular assessed budgets since their beginnings during the Nineteen Forties, and we have put up \$168,000,000 of this sum.

Then there are the special operations—the expanded technical assistance program, the Special Fund, the Palestine refugee program, the malaria eradication program, the Children's Fund, and others—which are financed by "voluntary contributions." These programs are financed by those countries interested in financing them; their cost is not assessed against all United Nations member states. The United States has put up a larger proportion of these operations—\$797,000,000 out of a total of \$1,300,000,000.

This year's slice of the same picture looks like this:

Fiscal Year 1961	Expenditures Total	Share U. S. Estimated
U. N. regular budget (assessed)	\$72,700,000	\$22,300,000
U. N. specialized agencies, regular budgets (assessed)	64,900,000	18,000,000
Voluntary contributions	159,000,000	79,800,000

The United Nations and its affiliated organizations have never been, and are not now, a major factor in the United States budget—and the Congress has provided the full amounts required from the United States to support Uni-

nations activities. The 1961 Congress, for example, appropriated all of the funds requested by President Kennedy for contributions to international organizations and programs, both in the State Department appropriation and in the aid appropriation.

Apart from all these regular operations, in which most of the money goes for technical and economic activities, the United Nations has two sizable peace-and-security (which is to say military) operations.

The United Nations Emergency Force has 5,100 troops sitting on the Gaza Strip, along the Israeli-Egyptian border, and near the Gulf of Aqaba, maintaining the precarious peace in the still unliquidated war between Israel and its Arab neighbors. U. N. E. F. costs about \$19,000,000 a year, and we put up \$7,900,000 of that total. No United States forces are engaged.

The other peace-and-security operations, now very well known indeed, is U. N. O. C.; the United Nations Operation in the Congo. It consists of about 17,000 troops provided by twenty-one countries, none of them great powers. During the past year, we have put up about 47½ per cent of its total cost, which runs \$10,000,000 a month or \$120,000,000 a year.

The United Nations is financed from year to year by an "every member canvass." Most members pay their dues regularly and promptly to the regular budget. We do, the British do, the French do, and so do the Soviets. Some countries are slow to pay, but nobody objects on principle to making these payments. The record of prompt payment is not as good in some of the specialized agencies, but again no question of principle arises.

For the operations financed by "voluntary contributions," the main burden is carried by the Western powers. The Soviets frequently do not pay at all, or they pay less than their fair share, often in rubles so thoroughly restricted that they cannot be used.

The costs for peace-and-security operations—U.N.E.F. and the Congo force—are assessed against every member of the United Nations by action of the General Assembly. (The United States also helps, by a voluntary contribution, to reduce the burden on the smaller, less-developed countries.) The Soviets and their satellites take the position that they will pay only when they agree with the operation; they therefore pay nothing to either U.N.E.F. in the Middle East or U.N.O.C. in the Congo. The Arabs also do not pay for the United Nations Emergency Force, and the French and the Belgians have declined to pay their share of the Congo operation.

The United Nations' basic financial problem is a cash deficit resulting from the unwillingness of some members to pay their share. The total unpaid contributions, on all United Nations budgets, was about \$104,000,000 on Nov. 30, 1961. The bulk of this sum represented nonpayment on U. N. E. F. and the Congo accounts.

The resulting cash deficit is actually funded in three main ways:

First, the United Nations has to hold back on paying its bills. If the United Nations were a business, we would say that it is piling up its "accounts payable."

Second, it has drawn down to zero its working capital fund, which previously amounted to about \$25,000,000.

Third, it has engaged in a kind of internal borrowing operation. To meet his needs for cash, the Secretary General borrows from other United Nations agencies moneys which these organizations have collected from their members but have not yet spent. These internal borrowings are repaid when member nations pay their assessments for U. N. E. F. and the Congo. The borrowings have not impaired the operations of the other United Nations agencies involved.

With the operating deficit of more than \$100,000,000, the United Nations' problem is to get the nonpayers to pay up, and meanwhile to collect enough cash to enable the

United Nations to go ahead and do what the General Assembly has told it to do in the Middle East and in the Congo—which are actions the United States Government feels are very much in the United States interest for the United Nations to take.

To solve this problem, Acting Secretary General U Thant has courageously proposed and the General Assembly has just adopted a 3-part financial plan. The plan was adopted over the highly vocal but ineffective opposition of the Soviet Union and its satellites.

1. The General Assembly voted a new appropriation, assessed against all members, to carry the Congo and Middle Eastern operations up to July 1, 1962 at the present level of expenditure. The votes were overwhelming: Sixty-seven nations voted for the Congo appropriation, and only thirteen against, with fifteen abstentions.

2. The General Assembly has formally asked the International Court of Justice at The Hague for an advisory opinion to settle the question whether assessments for peace-and-security operations are just as mandatory an obligation on governments, under the United Nations Charter, as everybody agrees the regular budget contributions have always been. A favorable opinion, which we anticipate, would help governments decide to pay up even when getting so far behind in their total contributions to the United Nations that they would be deprived of their vote under the Charter's two-year rule (Article 19).

3. The General Assembly authorized the Secretary General to issue \$200,000,000 worth of United Nations bonds, repayable at 2 per cent over a twenty-five-year period. Repayments will be an annual charge (of about \$10,000,000) on the regular United Nations budget, which is assessed against all members.

In a nutshell, the case for the United Nations bond issue can be summarized this way:

A. Nonpayers will still owe their dues. The bond issue does not bail them out. It merely bails out the United Nations cash position, while maintaining the obligation of every member to pay up its own accumulated debt to the United Nations.

B. The bond issue would be large enough to solve the United Nations cash problem for this year and next.

C. The bond issue would give the United Nations Secretary General, for the first time, a source of funds which could be drawn on rapidly in the event that a future emergency should require their use.

D. The bond issue will be repaid out of the regular budget. The repayments are thus a binding obligation on all members under the Charter.

E. By having the bond issue repaid out of the regular budget, the United States contribution for peace-keeping operations is reduced from its present share of 41½ per cent to 32 per cent. For a time after July 1, 1962, our purchase of bonds will make it unnecessary to ask Congress for appropriations for U. N. E. F. and the Congo operation.

F. The United Nations bonds can be sold to nonmembers (West Germany and Switzerland, for example) and to nonprofit institutions. They will not, however, be sold to the general public.

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Why is it in the national interest of the United States to purchase our share of these United Nations bonds?

Ever since the beginning of the United Nations, its actions and its future have been a matter for debate among

Americans. Some have overestimated its usefulness, viewing it as a cure-all or a symbol of utopia. Others, congenitally gloomy about the state of the world, see in each new crisis the beginning of the end of the organization.

Of course, no all-purpose formula fits the facts. But the record shows that each new crisis has left behind a stronger organization, better able to tackle a larger problem the next time around: A small technical services program led to a sizable special fund for pre-investment aid. A tentative peace-and-security operation at the time of Suez led to a larger capacity to act in the Congo.

There are, of course, strict limits to United Nations action, limits set by the willingness of its members to support extensions of the United Nations' executive role. These limits are gradually widening. With the United Nations' peace-keeping functions, particularly its Congo operation, the United Nations' executive role has for the first time caught the widespread attention of Americans.

That United Nations actions, and the United States relationship to the United Nations, are now an American national issue, worthy of front-page controversy and public statements by practicing political leaders, simply means that United Nations is doing things that are important enough for us to argue about among ourselves. Far from dying, the United Nations is increasingly being recognized as a significant mechanism of international politics—which is to say one of the most important arenas for the exercise of national power.

The fact of the matter is that for sixteen years the United Nations has usefully served the national interest of the United States as well as the interests of most of its other members.

U. N. Met Korean Crisis

In Korea it served our interest by enabling the United States and other free nations to deal effectively with Communist aggression in the name of the United Nations Charter and pursuant to United Nations resolutions.

The United Nations peace-keeping machinery, established in the Middle East after the Suez crisis, has been a major factor in keeping that area reasonably quiet for the past five years.

In the Congo, the big United Nations executive operation was literally the only alternative to the direct confrontation, there in Central Africa, of the military strength of great powers.

But the United Nations growing "capacity to act" goes well beyond its much-publicized military operations. It provides various kinds of advice and self-starting aid for all of its less-developed members. It also provides a wide range of peaceful settlement procedures, ranging from single representatives of the Secretary General to peace observation teams, mediators, conciliation commissions, and the general supervision of progress toward self-government. The peacemaking role of the United Nations serves our interest because many of the disputes contain the seeds of war. While some of the crises taken to the United Nations continue to be dangerous, in many instances the trend has been reversed.

Because the United Nations and in particular its peace-and-security operations, have been effective, the Communist bloc has sought to control or destroy it. Trying to paralyze action by misuse of the veto is one way. Trying to substitute the troika for a

single Secretary General is another way. Trying to undermine its financial structure and thereby to deny the United Nations the means to carry on essential peace-keeping operations is yet another way. We cannot afford to permit the Communist bloc to destroy—either by political or financial means—an organization that has served and continues to serve our national interest, and the national interest of most other United Nations members, in the growth of a civilized system of collective security.

For these reasons the President will propose, early in the next session of Congress, legislation to authorize United States purchases of United Nations bonds. Congressional approval of this proposal will frustrate the Soviet attempt to starve the United Nations into submission, and will preserve the United Nations for its vital executive role in international politics.