

UNITED NATIONS

SECURITY COUNCIL



Distr.
GENERAL

S/4482
7 September 1960

ORIGINAL: ENGLISH

FOURTH REPORT BY THE SECRETARY-GENERAL ON THE IMPLEMENTATION OF
SECURITY COUNCIL RESOLUTIONS S/4387 OF 14 JULY 1960, S/4405 OF
22 JULY 1960 AND S/4426 OF 9 AUGUST 1960

International financial aid to the Republic of the Congo is a matter of such urgency that I have decided that it is necessary to place it before the Security Council now, however rough and uncertain may be the estimates that I can make at this time. It was inevitable that, in the conditions which prevailed during the first weeks of independence, efforts undertaken in the Congo by the United Nations under the Security Council's decisions should have mainly concentrated on the military aspect of assistance. The results of action previously initiated, however, may very soon be put in jeopardy, or even nullified, unless certain steps are now taken to stabilize the financial position of the Congolese Government and to lay the foundation for the future growth of the Congo economy. The immediate provision of financial assistance on a large scale is required if a stable public administration is to be reconstructed, if business activity is to be revitalized, and if employment is to be found for a substantial part of the scores of thousands of Congolese who have lost their jobs as a direct consequence of events since independence. The attainment of these objectives has a direct and important bearing on the restoration of peace and security and the responsibilities of the Security Council are thereby invoked.

Although, even on the very tentative estimate now possible, the sums required may appear large, it must be emphasized that they are no more than sufficient to assure the limited objectives just stated. This financial assistance is not designed to set up a permanent regime of external subsidy to the Congo; it is put forward with the expectation and intention that the Republic should be able to pay its own way both currently and for development purposes in the near future. If the economic and administrative fabric can be kept intact, the country will be enabled to move forward again.

With a rapid decrease in the treasury balance of the Congo Government and tax collections brought to a very low level by the collapse of the administrative services and by civil strife, with foreign exchange proceeds from exports being immobilized, with monetary reserves reduced from the equivalent of \$75 million on 30 June to \$35 million on 15 August - part of which is the property of Ruanda-Urundi - the Government will very soon be unable to meet its monthly bills, except through dangerous inflationary devices, and economic activity would have to come to a virtual standstill.

Estimates of the needs of the Congo economy, with respect to the probable level of cash transactions on government and balance of payments accounts must, by necessity, be extremely hazardous. They have to be based on calculations with respect to factors involving the rate of revival in governmental and business activities which, in turn, depend very largely upon the restoration of public security and confidence. In addition, there is no clear basis for making assumptions regarding borrowing opportunities and possible arrangements on the debt service. The basic assumptions are that the Republic will remain a single economic unit and that its tax structure will, within a reasonable period, regain the level of potential yields written into the 1960 budget. The economic infrastructure, fortunately, is relatively intact.

In regard to 1960, an estimate made in June, before independence, forecast a deficit of \$100 million for the second half of the year (over and above a realized deficit of \$34 million in the first six months). A later estimate made in mid-August at the instance of the United Nations, which took account of the deterioration in the economic situation but assumed that the Government of the Congo would re-establish public services and undertake public works designed to absorb unemployment at a reasonable pace, raised the estimated deficit for the current six months to about \$125 million. The volume of international transactions consistent with this level of government activity and with the assumed pace of recovery in the private sector of the economy is expected to produce an unfavourable balance of payments of the order of \$100 million. If certain arrangements can be made regarding the consolidated public debt, these estimated deficits might be reduced by about \$20 million each.

Even in the three weeks which have passed since the mid-August estimate was framed, the continuance of unsettled conditions in the Congo and the consequent low level of economic activity will have affected the estimate. As soon as more stable conditions prevail, I propose to present a revised estimate to the Security Council. By that time there may also be better information about the shape of the financial settlement likely to be reached between the Congo and Belgium, on which negotiations have already started under the aegis and with the good offices of the United Nations. In the meantime, it would be realistic to anticipate that assistance in the same amount as mentioned above will be needed for the calendar year 1961 and that this temporary assistance can be phased out at a substantially lower level in 1962, by which time it is expected that this international finance will have enabled the great economic potential of the Congo to get to work. Thus, as stated above, this programme of assistance is not intended to initiate a permanent régime of external subsidy, but is rather a relatively short-term effort designed to set the Congo on the road to becoming a source of economic strength once more. Despite the uncertainties, I have thought it appropriate to attempt some estimate of the ultimate order of magnitude of the international financial assistance required. Another compelling reason for doing so now is the time required by the parliamentary processes of some Member States in sanctioning appropriations for this purpose. At this time, therefore, I propose that the Security Council appeal to Member Governments for urgent voluntary contributions to a United Nations Fund for the Congo to be used under United Nations control for the purposes indicated in this report. Immediate financial support from Member States is needed in the sum of \$100 million, in convertible currencies. Without such assistance and support, the Government of the Congo cannot develop a programme to cover the internal expenditures (including such public works as are required to reduce unemployment), to restore essential imports and to allow such remittances as will encourage foreign technicians to work in the country.^{1/}

^{1/} The estimates are concerned with budgetary and balance of payments transactions of the Government of the Congo; they do not include items such as the cost of the United Nations Force or of direct technical assistance. Operational assistance from international sources, being a budgetary charge, is included.

I therefore seek the establishment, within the United Nations, of an international account, into which would be directed the contributions of all countries willing to help in the restoration of economic life in the Congo, and to carry on its public services, including education, health and internal security, at such levels as are possible and reasonable. In view of the Security Council's recognition of the responsibility of the international community for the restoration of peace and order in the Congo, it would appear logical that this financial assistance be channelled through the United Nations.

The formulation of a minimum set of rules and regulations will no doubt be required, if funds are to reach the level mentioned, but it is hoped that the Security Council will authorize the establishment of the account and invite contributions to it without waiting for the completion of legal and administrative steps which require the intervention of the General Assembly. Pending the establishment of such a minimum set of rules, the forms in which control over the use of the fund should be exercised may be determined by the Secretary-General.

In deciding, in fulfilment of its primary duty to maintain peace and security, to dispatch to the Republic of the Congo the United Nations Force, the Security Council made only the first move necessary in order to stabilize the country and to protect peace in Africa. The very major efforts of a great number of Member countries, assisted by the Organization, in order to forestall a further disintegration of the country with all the serious consequences such a development would entail, would be of no avail unless parallel and consecutive steps were to be taken in order to rebuild the national life. Members of the Security Council have already taken note of the contributions of the United Nations in the field of Technical Assistance and of the general framework established, in consultation with the Government, for United Nations civilian activities in its assistance. Above, I have raised the question how to meet, on a preliminary basis, the imperative financial needs of the country which have to be covered if the Organization is to succeed in this major peace effort.

However, neither the military and civilian operations, nor the financial assistance for which I now suggest that the Council make an urgent appeal, would serve their purpose, if Member nations and the United Nations cannot count on full co-operation from all responsible quarters within the Republic of the Congo itself. As is well known, the people and the country have been torn by internal strife,

/...

centring around constitutional problems but reaching further, and deeper, and being linked also to tribal differences and claims. These conflicts, which so far have completely stymied all efforts to re-establish normal life, must speedily be brought to an end if disintegration is not to continue in spite of all efforts made from the outside to achieve a stabilization. And they must be brought to an end by peaceful means. I therefore consider it necessary that, to the same ultimate end as the one that would be served by the financial fund, the Council now urge the parties concerned, within the Congo, to seek by peaceful means a solution to their internal problems, keeping in mind that such solutions should aim at the conservation and consolidation of the unity and integrity of the country.

The internal conflicts, which have become increasingly grave in the last few weeks and even days, have taken on a particularly serious aspect due to the fact that parties have relied on and obtained certain assistance from the outside, contrary to the spirit of the Security Council resolutions and tending to re-introduce elements of the very kind which the Security Council wished to eliminate when it requested the immediate withdrawal of Belgian troops. The conflicts have further led to considerable losses of human lives and to continued danger for human lives in forms which sometimes have been of great brutality, contrary to the principles established and maintained by the United Nations.

In view of this dual aggravating aspect of the internal conflicts, I consider it essential, as part of the widened and intensified effort for which I appeal in this report, that the Security Council reaffirm its request to all States to refrain from any action which might tend to impede the restoration of law and order or to aggravate differences, and that it clarify, in appropriate terms, the mandate of the United Nations Force. In the first respect, special emphasis should be placed on the interest of all to assist towards a peaceful solution of the conflicts, aiming at overcoming present threats to the unity and integrity of the country without further disruption and threats to civilian life. In the second respect, emphasis now should be put on the protection of the lives of the civilian population in the spirit of the Declaration of Human Rights and the Genocide Convention. This may necessitate a temporary disarming of military units which, in view of present circumstances, are an obstacle to the re-establishment of law and order in the interest of the people and the stability of the nation.

In ending, I wish to stress the consistency of my proposals with the spirit and letter of the Security Council's previous actions in the case of the Congo. My suggestions are parts of one carefully developed and balanced operation, reflecting its adjustment to current developments and experiences. The operation, naturally, remains entirely non-partisan, guided only by the interests of the people of the Congo in peace and stability within a united nation, the integrity of which is protected against all and safeguarded also by the elimination of the war threat which a continued disintegration would sharpen.
