

February 28, 1986

THE UNITED NATIONS IS NOT EXEMPT FROM BUDGET BELT TIGHTENING

"They're asking the wrong people to tighten their belts. It's time we reduced the federal budget and left the family budget alone."

- President Ronald Reagan, State of the Union
Address, February 4, 1986

INTRODUCTION

Under pressure from the Gramm-Rudman budget legislation and popular pressure to balance the federal budget, U.S. government agencies have been trying to tighten their belts as perhaps never before. Operations are being scaled back or eliminated; staffs are being trimmed. Almost nothing is sacred; just about every program is vulnerable to the budget cutter's scalpel.

This includes the United States's hefty contribution to the United Nations. As the U.N.'s most generous backer, providing more than 25 percent of its outlays, the U.S. this year will be turning over more than \$1.1 billion to that international organization. Nothing the U.N. has done in its 40-year history earns it the right to be exempted from U.S. budget cuts. Yet U.N. officials and bureaucrats already have mounted a campaign to convince the White House and Congress not to cut the U.S. contribution to the U.N. They want U.N. salaries, expense accounts, and programs to be spared the belt tightening that Reagan is asking of food stamp, Medicare, and student loan recipients. Indeed, U.N. Secretary-General Javier Perez de Cuellar is seeking an appointment with Reagan to appeal personally for U.N. exemption from cuts in the U.S. contributions. Such an appeal

would be inappropriate and selfish. After decades of exceptional generosity to the U.N., the U.S. is entitled to impose the same kind of budgetary discipline on its U.N. contributions as it does on funding its domestic programs.

There surely are as many inefficient and useless programs within U.N. agencies as there are in any U.S. government agency. At a time when President Reagan is asking the federal government to tighten its belt rather than asking the U.S. taxpayer to hand over a larger share of his income as tax to feed a bloated bureaucracy, it does not seem unreasonable to ask the U.N. to tighten its belt as well. The U.N. should accept the projected \$79 million to \$100 million cutback in this year's U.S. contribution to the U.N.

U.S. CONTRIBUTIONS TO THE U.N.

The United Nations now spends more than \$4 billion annually on its far-flung agencies and operations. Exactly how much the U.N. spends no one seems to know, for it does not have a consolidated budget. Indeed, the U.N. budget is unlike that of any nation, for there is no link between the burden of payment and influence on policies. Six nations (the U.S., USSR, Japan, Federal Republic of Germany, France, and the United Kingdom) contribute over 65 percent of the budget, while the ruling majority, the more than 100 nations in the so-called Group of 77, contribute less than 9 percent. There is no limit to the spending capability of the U.N. When a majority approves a program, it is incorporated into the budget--and the U.S. must pay at least 25 percent.

In 1984, for example, according to U.S. Department of State figures, the U.S. contributed around \$420 million to the U.N. regular ("assessed") budget and around \$660 million to the voluntary programs (see Tables 1 and 2, below).

The Soviet Union in 1984 contributed only 10.5 percent of the total assessed U.N. budget (\$146.7 million), and the entire Soviet bloc provided only one percent of the voluntary contributions (\$19.3 million) to the U.N. system. Despite its meager contributions to U.N. voluntary programs, the Soviet bloc has drawn heavily on U.N. funds "in direct competition with developing countries."¹ In 1983, for example, the Soviet bloc countries drew \$216.4 million from the U.N. aid system--or 3.6 percent of the total assistance available that year. In the same year, the amount taken out by the Soviet bloc was

1. Address by Ambassador Jose Sorzano to the 1985 summer session of the U.N. Economic and Social Council in Geneva, Switzerland, July 1985, quoted in U.N. Observer, Volume 7, Number 8, p. 2.

Table I
United States Assessed Contributions
to the United Nations, 1984

<u>Agency</u>	<u>Amount in U.S. dollars</u>
United Nations Secretariat and Headquarters operations, and programs carried out by the Secretariat	187,034,000
International Labor Organization	32,393,000
Food and Agriculture Organization	49,973,000
U.N. Educational, Scientific and Cultural Organization	-
World Health Organization	61,146,000
International Civil Aviation Organization	6,773,000
Universal Postal Union	458,000
International Telecommunication Union	2,977,000
World Meteorological Organization	4,596,000
International Maritime Organization	524,000
World Intellectual Property Organization	408,000
International Atomic Energy Agency	18,098,000
United Nations Emergency Force and U.N. Interim Force in Lebanon	55,400,000
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TOTAL ASSESSED CONTRIBUTION	\$ 419,810,000

Source: 33rd Annual Report, U.S. Contributions to International Organizations, December 1985, published by U.S. Department of State.

Table II
United States Voluntary Contributions
to the United Nations, 1984

<u>Agency</u>	<u>Amount in U.S. dollars</u>
United Nations Force in Cyprus	9,000,000
U.N. Children's Fund	52,253,000
United Nations Development Program	155,000,000
U.N. Educational and Training Program for Southern Africa	1,000,000
United Nations Environment Program	9,806,000
United Nations Institute for Namibia	490,000
U.N. Institute for Training and Research	422,000
United Nations Capital Development Fund	2,000,000
World Food Program	112,300,000
U.N. Fund for Drug Abuse Control	2,980,000
U.N. Fund for Population Activities	38,200,000
U.N. High Commissioner for Refugees Program	110,927,000
U.N. Relief and Works Agency	67,000,000
U.N. Trust Fund for South Africa	343,000
United Nations Volunteers Program	150,000
World Health Organization Special Programs	6,000,000
United Nations Trust Fund	17,472,500
International Labor Organization *	46,900
Food and Agriculture Organization *	139,000
U.N. Educational, Scientific and Cultural Organization *	1,384,600
World Health Organization *	2,793,600
World Meteorological Organization *	342,800
International Atomic Energy Agency *	15,689,000
United Nations Industrial Development Organization	372,900
United Nations Development Program Trust Fund	2,600,000
World Intellectual Property Organization *	100,000
International Fund for Agricultural Development	50,000,000
United Nations Decade for Women	500,000
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TOTAL VOLUNTARY CONTRIBUTION	\$ 659,312,300

*voluntary in addition to assessed contribution in Table I

Total Assessed Contribution: \$419,810,000
Total Voluntary Contribution: \$659,312,300

20 times what it voluntarily put into the system. What is worse, the Soviet Union has withheld almost \$250 million from the regular budget of the U.N., most of which represents its assessed contribution to U.N. peacekeeping operations. In fact, if Moscow simply paid the U.N. the amount it owes, it would offset the entire potential U.S. reduction in contributions several times over. Perhaps the Secretary-General should visit Mikhail Gorbachev instead of Ronald Reagan.

Many of the newly industrialized countries ("NICs") also contribute less to the U.N. than they are capable of paying. In 1984, for example, Saudi Arabia, with a per capita income of \$10,800 (the U.S. has \$12,483) contributed only 0.58 percent of the U.N. budget (\$25 million altogether for both the regular and the voluntary budgets). Kuwait, with a per capita income of \$13,000 contributed a mere 0.2 percent of the U.N. budget (\$8.64 million). In comparison, the United Kingdom (1984 per capita income: \$7,158) provided 4.4 percent of the U.N. budget and Spain (\$3,661) 1.7 percent.

A reduction in the U.S. contribution to the U.N. might spur other large contributors, particularly in Western Europe, to review and reduce their contributions. This would force a number of wealthy nations to increase their share or force the U.N. to reduce the budget. In remarks earlier this month to foreign policy experts at the Smithsonian Institution's Wilson Center, former U.N. Under Secretary-General Brian Urquhart admitted: "I have long believed that no member-state of the U.N. should be asked to pay more than ten per cent of the costs of the organization."² Secretary-General Perez de Cuellar also endorsed this opinion in an interview with The Washington Times on February 20, 1986.

REDUCING THE U.S CONTRIBUTION

The present bloated U.N. budget is the result of years of excessive budget growth. The retrenchment necessitated by cuts in U.S. financial support simply will force the U.N. system to take the steps that the U.S. has been advocating for years. U.S. contribution cuts to the U.N. this year range from approximately \$20 million to \$210 million, depending on how the U.N. responds to various new U.S. laws. The aggregate U.S. cuts will be determined by:

- 1) The Gramm-Rudman Balanced Budget Act, which requires that 4.3 percent be cut from U.S. spending in fiscal 1986.

2. Comments at Smithsonian Institution's Wilson Center, February 17, 1986.

2) The Kassebaum Amendment (Section 143, Public Law 99-93), which requires that the U.S. contribution to the U.N. and its specialized agencies be reduced from 25 percent to 20 percent, unless the U.N. adopts basic reforms of its one-nation, one-vote voting system.

3) The Sundquist Amendment (Section 151, Public Law 99-93), which requires that the U.S. withhold its proportionate share of the salaries of those U.N. employees who, in violation of the U.N. Charter, turn over part of their salaries to their national government. (This includes just about all Soviet bloc Secretariat employees.)

4) Legislation (Section 114, Public Law 98-164) forbidding the U.S. to contribute to U.N. support of such terrorist groups as the Palestine Liberation Organization (PLO) and the Southwest Africa People's Organization (SWAPO).

The new Reagan budget proposal for the U.S. contribution to the United Nations operations in New York and six U.N. specialized agencies invokes the Kassebaum Amendment to trim outlays \$79.1 million. An additional \$14 to \$17 million in cuts for the U.N. operations in New York is required by various pieces of congressional legislation and by presidential decree. Total reductions for FY87 are around \$96 million from the U.S. assessed contribution to the U.N. and its specialized agencies.

The United Nations can swallow these cuts with ease by eliminating needless activities and reducing bloated programs and agencies. Just last year, for example, the U.N. voted to spend \$73.5 million to erect a luxurious conference center in famine-plagued Ethiopia. A random sample of U.N. outlays for 1984-1985 reveals candidates for belt tightening. Among them:

<u>Item</u>	<u>Amount</u>
Paper supplies for the Secretary-General including invitations, stationery, menu cards.	\$81,400
Official gifts presented by the Secretary-General.	\$70,100
<u>U.N. Environment Program:</u>	
Procurement of paper and ink	\$57,300
Trust Fund for the Convention on International Trade in	

Endangered Species of Wild
Fauna and Flora \$606,100

U.N. Industrial Development

Organization:

Consultant to prepare monograph,
entitled "So you want to make use of
that waste straw?" \$15,100

U.N. Commission on the Status

of Women:

New York meeting to prepare for
the U.N. Decade for Women, Conference
in Nairobi, Kenya
Travel costs for delegates: \$142,500

Depository functions of the
Secretary-General and registration
and publication of treaties \$3,533,300

Gardeners to be engaged at
Headquarters during the growing season \$81,700

Gardening equipment \$11,000

Rental of limousine and chauffeur
for the President of the General
Assembly and for local transportation
related to obtaining certain visas
for official travel \$115,000

Photocopy paper and supplies \$537,200

Other areas of the U.N. budget that deserve further scrutiny
include:

U.N. Conference on Trade and Development (UNCTAD)

UNCTAD was founded to help developing nations grow through trade
instead of the charity of foreign aid. Yet since its creation in
1964, UNCTAD has done little to spur either trade or development.
Indeed, it has compiled a record for flawed proposals, irresponsible
actions, and abuses of power that is probably unparalleled in the U.N.
system. United States annual financial backing for UNCTAD is around

\$14 million for each two-year budget period; since UNCTAD's founding, U.S. support has totaled almost \$100 million. For the 1984-1985 biennium, UNCTAD's budget within the general U.N. budget was \$54.5 million. The entire UNCTAD budget could be eliminated with little or no damage to the prospects of Third World economic growth.³

U.N. Center on Transnational Corporations (UNCTC)

The UNCTC was created in 1975 by the U.N. Economic and Social Council to "develop a comprehensive information system on the activities of transnational corporations, to organize and co-ordinate technical cooperation programs and to conduct research."⁴ In fact, the UNCTC provides detailed information on Western multinational corporations to Soviet bloc governments and consistently distorts the valuable role played by Western multinational corporations in developing countries. The 1984-1985 UNCTC budget was \$11.4 million, of which the U.S. contributed \$2.8 million.

U.N. Department of Public Information (DPI)

The U.N. Department of Public Information (DPI) has the responsibility "to promote to the greatest possible extent an informed understanding of the work and purposes of the United Nations among the peoples of the world." By frequently distorting and often misrepresenting world events, however, DPI ignores fundamental flaws and problems at the U.N. and misrepresents what occurs there.⁵

The total 1984-1985 DPI budget was \$70 million, of which the U.S. contributed \$17 million. Items in the budget included: "travel on film assignment," \$209,800; "travel of staff to meetings," \$186,300; and editors' round tables, \$77,100. The U.N. could slash the DPI budget dramatically, and the agency still could fulfill its mandate.

Palestine Liberation Organization (PLO)

Almost the entire United Nations system has become a valuable PLO ally. The PLO has official observer status throughout the system,

3. For further information on UNCTAD, see series of studies by Professor Stanley Michalak, published by the Heritage Foundation, including Backgrounder No. 348, "Cheating the Poor," April 30, 1984; Backgrounder, No. 394, "The Truths UNCTAD Will Not Face," November 26, 1984; Backgrounder No. 438, "The Bias Impeding Third World Growth," June 4, 1985; and Backgrounder No. 477, "The U.S. Must Reassess Its Role," December 30, 1985.

4. The United Nations, Department of Public Information, Everyone's United Nations, New York, 1979, p. 155.

5. See: Roger A. Brooks, "The U.N. Department of Public Information, A House of Mirrors," Political Communication and Persuasion, Volume 3, Number 2, 1985, pp. 141-165.

including the specialized agencies. The U.N. Department of Public Information distributes pro-PLO papers and booklets reaching journalists, academics, and nongovernmental organizations (NGOs) throughout the world. Pro-PLO displays and posters grace the lobbies and libraries of U.N. buildings in New York and across the globe. This material is coordinated and sometimes written by the pro-PLO members of the U.N. Secretariat in the Division of Palestinian Rights.

In order to withhold support for PLO and SWAPO activities, the U.S. cuts back about \$1 million of its contribution to the regular U.N. budget, but other departments within the U.N. system support PLO activities both directly and indirectly. The U.S. has failed to scrutinize many of these activities.⁶

U.N. Food and Agriculture Organization (FAO)

The Rome-based Food and Agriculture Organization's five-year (1980-1984) expenditures were \$853.2 million, of which the U.S. share was \$210 million.

Instead of promoting free market agricultural policies in African countries and elsewhere, FAO has supported projects with a "government-centered" bias that exclude private sector and market-oriented policies. The FAO does this, despite the overwhelming evidence produced by economists from the World Bank and other organizations that economic growth is correlated with growth in the private sector.

In one sense, today's food crisis in Africa is the harvest of Soviet and socialist policies embraced by African regimes. But it has been perpetuated by U.N. acquiescence in, or even encouragement of, these policies. Many U.N. development projects, particularly the FAO's, do not encourage private sector initiative or self-sustaining growth in low income countries. Indeed, they subsidize practices that perpetuate or even generate poverty in certain places. As such, the U.S. should consider diverting its annual \$53 million funding from the FAO to other U.N. and non-U.N. programs that promote self-sufficiency and free markets in the production of agricultural commodities.⁸

6. See: Juliana Geran Pilon, "The PLO's Valuable Ally: The United Nations," Heritage Foundation Background No. 473, December 17, 1985, especially pp. 6-10.

7. See Keith Marsden, "Why Asia Boomed and Africa Busted," The Wall Street Journal, June 3, 1985.

8. See: Roger A. Brooks, "Africa Is Starving and the United Nations Shares the Blame," Heritage Foundation Background No. 480, January 14, 1986.

CONCLUSION

Internal U.N. documents indicate that the U.N. already is bracing for significant reductions in the U.S. contribution to the U.N. regular budget for the Secretariat and its Headquarters operations. U.N. estimates of these reductions range from about \$20 million to \$100 million out of an estimated U.S. contribution to the U.N. Headquarters budget of around \$200 million.

These estimates indicate that the U.N. is preparing for long overdue budget austerity. Recently enacted legislation and the current budget-conscious mood of Congress give the Reagan Administration a unique opportunity to force the U.N. system to take steps that the U.S. has been seeking, without success, for years.

With a budget of \$4 billion, the U.N. surely can find \$200 million in cuts. Indeed, the U.N. may find that by trimming its budget it will become a better, leaner, more effective institution.

The manner in which the U.N. spends its money is up to the U.N. But sending Secretary-General Perez de Cuellar to Washington to plead with the President for U.N. exemption from the sort of budget cutting the U.S. is imposing on hundreds of domestic programs is inappropriate and counterproductive. It sends the wrong message to the American people, who over the years have been by far the U.N.'s most generous contributors. It must embarrass the Secretary-General to carry such a selfish message to Washington.

The U.N. has a choice. It can undertake the same kinds of self-motivated initiatives that many U.S. government agencies already have undertaken to bring their budgets into line with the new period of budget austerity. Or it can abrogate the important responsibility for accomplishing genuine cost control to the Department of State and the U.S. Congress and let them impose long-sought and urgently needed changes in the U.N. system through targeted and selective reductions in the U.S. contributions to that system.

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and

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