

# WebMemo



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## U.N. Dues: Obama Lets American Taxpayers Down

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The debate over whether the United Nations will continue to overcharge American taxpayers is over—and the U.S. wound up on the losing end. In a dramatic turnaround from steady declines since 2001, the percentage that the U.S. will be charged for U.N. peacekeeping has been sharply increased for the next three years, and U.S. taxpayers will end up paying roughly \$100 million more each year than they would have if the 2009 assessment rate had been maintained.

Even more troubling than the outcome, though, is the seeming disinterest of the Obama Administration in opposing this increase. Indeed, the Administration did not even bother to demand a vote on the resolution. To avoid similar setbacks, the U.S. must see the U.N. for the tough political environment that it is and be prepared to defend its interests more aggressively.

**Hitting the U.S. Taxpayer.** Every three years, the U.N. considers proposals to modify its formula for charging member states for the expenses of the organization—its “scale of assessments” for the U.N. regular budget and the U.N. peacekeeping budget.<sup>1</sup> The discussions are contentious, as small changes in the formula can result in some states being charged millions of dollars more or less than in previous years.

The U.S. has fought for years to lower its U.N. assessment—it even wrung a promise out of the U.N. to lower the U.S. regular budget assessment to 22 percent and its peacekeeping assessment to 25 percent in return for paying nearly \$1 billion in U.S. arrears to the U.N. as part of the 1999 Helms–Biden legislation.<sup>2</sup>

The good news is that the formula for calculating assessments remains unchanged.<sup>3</sup> However, it is hard to give the U.S. credit for bowing to a continuation of the status quo desired by influential developing countries (particularly rapidly developing countries like China and India) under which they are substantially undercharged.<sup>4</sup>

In addition, the U.S. allowed the U.N. General Assembly to pass a substantial increase in the U.N. regular budget that will cost American taxpayers millions of dollars over the next two years without demanding that the U.N. implement overdue reform or offset new spending by eliminating outdated or ineffective mandates.<sup>5</sup>

**Keeping the Peace.** Although the U.S. assessment for the regular budget remained the same, the U.S. was not so lucky in terms of its assessment for U.S. peacekeeping. Under the assessment formula, permanent members of the U.N. Security Council (like the U.S.) are charged a “premium” above their normal U.N. assessment in order to subsidize lower peacekeeping assessments for other countries—giving them a “discount” of up to 90 percent.

Prior to Helms–Biden, the U.S. assessment for the peacekeeping budget was more than 30 percent. The U.N. reduced the U.S. assessment to 22 percent of the regular budget in January 2001. However, it

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agreed to lower the U.S. peacekeeping assessment to 25 percent only over the course of several years. The U.S. assessment gradually fell to 25.9624 percent in 2009.

This downward trajectory was dramatically reversed in the 2010–2012 scale of assessments, which charges the U.S. 27.1743 percent in 2010 and 27.1415 percent in 2011 and 2012.<sup>6</sup> Compared to the 2009 assessment rate, the U.S. will be charged an additional 1.2119 percent in 2010 and 1.1791 percent in 2011 and 2012. It may not sound like much, but based on the current \$7.8 billion U.N. peacekeeping budget,<sup>7</sup> this means that U.S. taxpayers will be charged approximately \$100 million more for U.N. peacekeeping annually over the next three years than would otherwise be the case.

All the permanent members of the U.N. Security Council face increases, but theirs are not as high as the U.S. increase.<sup>8</sup> The increases are being applied in order to lower the assessment for two dozen

countries. Japan is the main beneficiary, which is appropriate since it volunteered to increase its assessment in order to help the U.N. reduce the U.S. assessment in the first place. But it is a travesty that the U.S. assessment for peacekeeping is increased while the gross under-assessment of the wealthier developing countries like Brazil, China, India, Indonesia, Iran, and Turkey remains unaddressed.<sup>9</sup>

**A Predictable Outcome.** The decision of U.N. member states to increase the U.S. peacekeeping assessment was eminently predictable.<sup>10</sup> Indeed, the U.S. practically invited this outcome when it increased the cap on U.S. payments for U.N. peacekeeping from 25 percent to 27.1 percent in the Fiscal Year 2008 Consolidated Appropriations Bill (H.R. 2764).<sup>11</sup>

The decision was bad policy. It rewarded the U.N. by permitting payment of arrears even though it has failed to adopt critical reforms to prevent sexual abuse and other misconduct by U.N. peace-

1. See Brett D. Schaefer, "The U.S. Should Push for Adjustment in U.N. Dues," Heritage Foundation *WebMemo* No. 2735, December 15, 2009, at <http://www.heritage.org/Research/InternationalOrganizations/wm2735.cfm>.
2. See Brett D. Schaefer, "Keep the Cap on U.S. Contributions to U.N. Peacekeeping," Heritage Foundation *Backgrounder* No. 2067, September 6, 2007, at <http://www.heritage.org/Research/InternationalOrganizations/bg2067.cfm>.
3. United Nations, "General Assembly Adopts \$5.16 Billion Budget for 2010-2011, Maintains Current Scale of Assessments for Regular Budget, Peacekeeping, Concluding Main Part of Session," December 23, 2009, at <http://www.un.org/News/Press/docs/2009/ga10909.doc.htm> (January 6, 2010).
4. *Ibid.*
5. For more information, see Brett D. Schaefer, "The U.S. Should Oppose Any Increase in the U.N.'s Regular Budget," Heritage Foundation *WebMemo* No. 2732, December 14, 2009, at <http://www.heritage.org/Research/InternationalOrganizations/wm2732.cfm>; United Nations, "General Assembly Adopts \$5.16 Billion Budget for 2010-2011."
6. The U.S. assessment numbers are based on information provided by the United Nations Information Center in Washington, D.C., as the official scale of assessment (General Assembly Document A/64/220/Add.1) is not yet available on the U.N. Official Document System. It is worth noting that the final assessment rate for the U.S. is higher than the level of 27.172 for 2010 and 27.1391 for 2011 and 2012 proposed by U.N. Secretary-General Ban Ki-moon in September 2009. Thus, the U.S. acceded to further demands to increase the U.S. assessment during December negotiations. See Report of the Secretary-General, "Scale of Assessments for the Apportionment of the Expenses of United Nations Peacekeeping Operations: Implementation of General Assembly Resolutions 55/235 and 55/236," General Assembly document A/64/220\*, September 23, 2009.
7. United Nations, "General Assembly Adopts Peacekeeping Budget of Nearly \$7.8 Billion for Period 1 July 2009 to 20 June 2010," June 30, 2009, at <http://www.un.org/News/Press/docs/2009/ga10841.doc.htm> (January 6, 2010).
8. In the proposed peacekeeping scale of assessment in September, China would see its rate go from 3.1474 percent to 3.9387 percent, Russia from 1.4161 percent to 1.9786 percent, France from 7.4359 percent to 7.5625 percent, and the U.K. from 7.8383 percent to 8.1565 percent. See Report of the Secretary-General, "Scale of Assessments for the Apportionment of the Expenses of United Nations Peacekeeping Operations."
9. For more information and a discussion of why this situation undermines U.N. accountability and reform, see Schaefer, "The U.S. Should Push for Adjustment in U.N. Dues."
10. Schaefer, "Keep the Cap on U.S. Contributions to U.N. Peacekeeping."

keepers or enhance transparency, accountability, and oversight. It ignored an opportunity for the U.S. to use its financial leverage to pressure the U.N. to adopt rules, procedures, and practices to address those issues. It also removed the key incentive for the U.N. to follow through on its promise and lower the U.S. peacekeeping assessment and demonstrated that the U.S. is no longer intent on lowering its peacekeeping assessment to 25 percent.

Indeed, by increasing the cap, the U.S. practically invited the other U.N. member states to *increase* the U.S. assessment. It is no coincidence that the U.S. peacekeeping assessment was increased to roughly 27.1 percent to match the new U.S. cap. Ironically, because the new U.S. assessment (27.1743 percent in 2010 and 27.1415 percent in 2011 and 2012) is above the cap established by Congress, each year the U.S. will likely accumulate millions in new arrears. Preventing U.S. arrears to the U.N. was precisely the outcome that advocates of increasing the cap were hoping to forestall.<sup>12</sup>

Despite the cavalier backtracking by the U.N. on its promise to reduce the U.S. peacekeeping assessment to 25 percent, the Obama Administration will undoubtedly argue that the new assessment must be paid as part of America's legal obligation under the U.N. charter. Congress should give this argument little weight. In the past, the most effective means for spurring U.N. reform has been to use

America's financial leverage. Congress should demand that the U.N. abide by the agreement to lower the U.S. peacekeeping assessment to 25 percent and reduce the legislative cap to that level to encourage compliance.

**An Abdication of Responsibility.** The U.S. should have fought the increase in its peacekeeping assessment by calling for a vote and demanded that the U.N. member states honor the promise to reduce the U.S. assessment to 25 percent. Instead, in an abdication of its responsibility as steward of U.S. taxpayer dollars at the U.N., the Obama Administration let the General Assembly increase the burden on American taxpayers without even demanding a vote.

This will only further embolden the other U.N. member states to demand that the U.S. pay even more money to a mismanaged organization that is lacking in transparency and accountability, prone to record-breaking budget increases in recent years, and resistant to reform.

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11. Marjorie Ann Browne and Kennon H. Nakamura, "United Nations System Funding: Congressional Issues," Congressional Research Service *Report for Congress*, updated December 4, 2009, p. 15, at [http://assets.opencrs.com/rpts/RL33611\\_20091204.pdf](http://assets.opencrs.com/rpts/RL33611_20091204.pdf) (January 6, 2010).
  12. When offering legislation to increase the cap on U.S. contributions to U.N. peacekeeping, then-Senator Joseph Biden (D-DE) stated, "At a time when our government continues to seek important reforms at the United Nations, it is a mistake for us to continue to fall short on our dues. Rather than encourage reform, it may give other countries an excuse to avoid it. How can we, in good faith, fail to pay our bills while at the same time push the U.N. to get its financial house in order?" Statement by Senator Joseph Biden, 110th Cong., 2nd Sess., *Congressional Record*, January 25, 2007, p. S1192, at [http://frwebgate.access.gpo.gov/cgi-bin/getpage.cgi?dbname=2007\\_record&page=S1192&position=all](http://frwebgate.access.gpo.gov/cgi-bin/getpage.cgi?dbname=2007_record&page=S1192&position=all) (January 6, 2010).