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Cuts in U.S. Contributions Necessitate Budget Austerity at the U.N.

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In growing recognition of the mounting budgetary crisis facing the United States, President Barack Obama and Congress reached agreement on a budget to pay for the remainder of fiscal year 2011 that includes significant cuts. Although contributions to the United Nations are not a large part of the U.S. budget, there is no reason to exclude those contributions from the effort to identify areas where taxpayer dollars could be better spent. Indeed, U.N. budgets have grown even faster than the U.S. budget over the past decade.

The compromise budget agreement for 2011 included \$377 million in reductions of U.S. contributions to the U.N. system compared to 2010. Based on the FY 2012 budget resolution, further cuts in U.S. funding to the U.N. are likely.

The FY 2011 Cuts. The U.S. is the largest contributor to the U.N. The past decade has seen unprecedented growth in U.N. budgets and, as a result, U.S. contributions to the U.N. and its affiliated organizations:¹

- The U.N. regular budget has more than doubled from \$2.49 billion approved for the 2000–2001 biennial budget to \$5.16 billion under the 2010–2011 biennial budget approved by the General Assembly in December 2009.
- The U.N. peacekeeping budget increased more than threefold from \$1.7 billion in 2000–2001 to \$7.2 billion in 2010–2011.
- Excluding contributions to the U.N. regular budget, U.S. funding for U.N.-affiliated organi-

zations through the Contributions to International Organizations account were estimated in 2000 to be \$375 million in FY 2000 and \$645.5 million in FY 2010.

The U.S. also provides billions in voluntary contributions to U.N. programs, funds, and other entities through the State Department and other parts of the U.S. government. It is difficult to obtain a definitive figure on these contributions, but it is clear that U.S. voluntary contributions to U.N. organizations have increased sharply over the past decade.

According to reports from the Office of Management and Budget in 2006 and 2010, total U.S. contributions to the U.N. system were \$6.347 billion in FY 2009—the last year for which such information is available—compared to contributions totaling just \$3.183 billion in FY 2001.

The FY 2011 continuing resolution included \$377 million in reductions in U.S. funding to the U.N. versus FY 2010. According to congressional sources, these reductions were:²

- A \$101 million reduction (6 percent) in Contributions to International Organizations (CIO) to \$1.58 billion, versus \$1.68 billion in FY 2010.

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<http://report.heritage.org/wm3233>

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- A \$39 million reduction (10 percent) in the International Organizations and Programs (IO&P) account to \$355 million, versus \$394 million in FY 2010.
- A \$237 million reduction (11 percent) in Contributions to International Peacekeeping Activities (CIPA) to \$1.89 billion, versus \$2.13 billion in FY 2010.

Financial Shock Coming to Turtle Bay. For FY 2011, the cuts are, for the most part, on paper only because the U.S. has accumulated credits at the U.N. from \$286.7 million in overpayments to U.N. peacekeeping operations and \$79 million owed to the U.S. from the U.N. Tax Equalization Fund.³ Together these credits offset nearly the entire amount being cut under the FY 2011 continuing resolution.

The Administration has announced its intent to utilize these credits in an effort to avoid accruing arrears to the U.N. However, they can be used only once, and the FY 2011 budget establishes a lower budget baseline going forward. Indeed, the FY 2012 budget resolution passed by the House Budget Committee goes even further in spending cuts, providing budgetary authority for the International Affairs budget (where the CIO, IO&P, and CIPA budgets are located) of only \$36.6 billion in FY 2012 compared to \$51.8 billion in FY 2011.⁴ While budget negotiations with the Senate and the Administration will most likely lead to a funding level above that in the House budget resolution, and the specific targets of future cuts are yet to be deter-

mined, funding for the U.N. will most likely decline further in 2012.

It is in the interest of the U.S. and the U.N. to take steps to minimize U.S. arrears to the U.N. and reduce the disruption in U.N. activities that could be caused by these cuts by:

- **Seeking to shift non-core U.N. regular budget activities to voluntary funding.** The U.N.'s regular budget should focus on supporting the direct activities of the main bodies like the Security Council and the General Assembly. The practice of providing assessed funding through the U.N. regular budget for tangential activities, such as the regional economic commissions, and funding for largely autonomous organizations like the U.N. Environment Program and the United Nations Relief and Works Agency for Palestine Refugees (which receive more than 90 percent of their funding independently), should end. Such an effort could reduce the U.N. regular budget by 20 percent to 30 percent.
- **Demanding that the Secretary-General undertake serious cost reduction efforts, including reviving the mandate review and reducing employment.** The Secretary-General has made much of his declared effort to lop 3 percent off the U.N. budget for 2012–2013. However, the proposals for cost savings (such as teleconferencing or e-recruitment) avoid the real budgetary challenges. Specifically, the U.N. has indefinitely suspended reviewing its activities under the mandate review, which is necessary to prioritize

1. For more information and sources see Brett Schaefer, "United Nations: Urgent Problems That Need Congressional Action," Heritage Foundation Lecture No. 1177, February 3, 2011, at <http://www.heritage.org/Research/Lecture/2011/02/United-Nations-Urgent-Problems-That-Need-Congressional-Action>.
2. Reuters, "U.S. spending deal cuts U.N. funding by \$377 million," April 12, 2011, at <http://www.reuters.com/article/2011/04/12/us-usa-un-idUSTRE73B7M220110412> (April 20, 2011).
3. George Russell, "Budget-Cutting Process Reveals U.S. Overpaid U.N. by Millions for Its Share of Peacekeeping Expenses," April 15, 2011, at <http://www.foxnews.com/politics/2011/04/15/budget-cutting-process-reveals-overpaid-millions-share-peacekeeping-expenses/> (April 20, 2011), and Brett Schaefer, "Congress Should Investigate Administration's \$100 Million Gift to U.N. from Tax Equalization Fund," Heritage Foundation WebMemo No. 3155, February 15, 2011, at [http://www.heritage.org/Research/Reports/2011/02/Congress-Should-Investigate-Administrations-\\$100-Million-Gift-to-U.N.-from-Tax-Equalization-Fund](http://www.heritage.org/Research/Reports/2011/02/Congress-Should-Investigate-Administrations-$100-Million-Gift-to-U.N.-from-Tax-Equalization-Fund).
4. Report of the Committee on the Budget, U.S. House of Representatives, "Concurrent Resolution on the Budget – Fiscal Year 2012," at <http://budget.house.gov/UploadedFiles/fy2012FullReportText.pdf> (April 20, 2011). See also the Summary Tables at <http://budget.house.gov/UploadedFiles/SummaryTables.pdf> (April 20, 2011).

funding and eliminate unnecessary tasks that drain and divert resources. Moreover, reports indicate that U.N. employment funded by the regular budget increased more than 20 percent from 2008 to 2009.⁵ Because personnel costs account for about 65 percent of the U.N. regular budget, serious efforts to reduce costs require staff cuts.

- **Reevaluating U.N. peacekeeping operations.** If the primary motivation for a mission is political and is not demonstrably facilitating resolution of the situation, the U.N. should emulate the mission in Cyprus—where Greece and Cyprus pay more than 40 percent of the mission's cost because they have an overt political interest in maintaining it. If applied more widely, this practice could reduce the U.N. peacekeeping budget substantially. For instance, five missions⁶ that have been around for decades currently cost a total of \$243 million per year. The mission in Lebanon ignores its mandate to disarm Hezbollah because of political difficulties, yet it costs \$519 million under this year's peacekeeping budget. If the U.S. could shift these missions increasingly toward voluntary funding, the U.S. could save tens of millions per year and, perhaps, focus the directly affected parties on resolving these outstanding disputes.
- **Assessing whether the cost of membership in U.N. organizations is in U.S. interests.** Earlier this year, the United Kingdom announced that it will stop funding four poorly performing U.N. agencies. The U.S. should similarly evaluate its membership in U.N. organizations. The potential savings could be hundreds of millions. For

instance, few, if any, U.S. interests were harmed by U.S. absence from the U.N. Educational, Scientific and Cultural Organization (UNESCO) for two decades. Few, if any, core U.S. interests have been significantly advanced since the return to UNESCO in 2003, yet membership cost U.S. taxpayers \$81 million in 2010. The International Labor Organization, which the U.K. deemed to be a poor performer unworthy of funding, received \$84 million from the U.S. in 2010. The scandal-plagued U.N. Development Program received \$100 million in 2010.

Time for U.N. Belt Tightening. Congress is correct to include contributions to the U.N. in its efforts to rein in spending. While it represents a small portion of the U.S. budget, the expansion of U.N. budgets over the past decade has been enormous and subject to insufficient oversight and prioritization. When the U.S. is forced to tighten its belt, it is reasonable to expect the U.N. and its affiliated organizations to similarly trim their budgets to emphasize priorities. U.S. budget cuts will shock the U.N. system, which has become accustomed to regular, large increases in funding. To minimize U.S. arrears and the disruption to U.N. activities, U.S. officials should inform the U.N. of anticipated reductions in U.S. contributions and suggest budgetary changes and reforms.

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5. George Russell, "As Ban Ki-moon Calls for Belt-Tightening, Confidential Documents Show He's Been On a Hiring Binge," Fox News, March 21, 2011, at <http://www.foxnews.com/world/2011/03/21/ban-ki-moon-expands-secretariat-despite-belt-tightening-warnings-managers> (April 20, 2011).
6. The United Nations Mission for the Referendum in Western Sahara (MINURSO), the United Nations Peacekeeping Force in Cyprus (UNFICYP), the United Nations Disengagement Observer Force (UNDOF), the United Nations Military Observer Group in India and Pakistan (UNMOGIP), and the United Nations Truce Supervision Organization (UNTSO).