

WebMemo



Published by The Heritage Foundation

No. 1741
December 13, 2007

The U.S. Should Oppose the Largest Budget Increase in U.N. History

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On December 11, Ambassador Mark Wallace of the United States Mission to the United Nations challenged the Fifth Committee (Administrative and Budgetary) of the U.N. General Assembly over the unprecedented growth in the U.N. regular budget. After illustrating how the 2008/2009 biennial budget would result in the largest increase in the history of the organization, Ambassador Wallace firmly stated, “The United States must strongly advocate against such a large wholesale increase in the UN budget without even an effort to find substantive offsets or to set priorities among the programs and activities.”¹

To protect taxpayers and to encourage positive reforms at the United Nations, the United States should firmly declare its opposition to the largest budget increase in U.N. history.

Obstacles to Reform. Ambassador Wallace’s statement is consistent with the U.S. policy of supporting reforms that reduce waste, prevent corruption, and increase efficiency at the U.N. A critical part of the reform process that would directly affect the budget process is the mandate review effort—proposed by Secretary-General Kofi Annan and endorsed by the General Assembly—designed to examine all activities of the organization for relevance, effectiveness, and duplication. Review of U.N. mandates is necessary for ensuring that the organization’s financial resources are allocated in the most effective and efficient manner. Moreover, eliminating low-priority, outdated, and duplicative mandates would free up resources for higher priority

activities. Unfortunately, opposition by a number of member states has stalled the mandate review along with other key reforms aimed at increasing transparency, accountability, and efficiency.

Details of the U.N. Regular Budget. The stalled mandate review effort has not stopped member states from proposing and endorsing an enormous increase in the U.N. regular budget for the upcoming 2008/2009 biennium. The secretary-general has proposed an initial budget of \$4.19 billion for core U.N. operations funded by the regular budget. It does not include the budgets of U.N. funds and programs like UNICEF and the World Health Organization. Nor does it include the cost of U.N. peacekeeping, which is projected to see a sharp increase from \$5 billion in 2007 to \$7 billion in 2008.

At first blush, the \$4.19 billion budget seems to be a modest increase of \$20 million over the final, revised 2006/2007 biennial budget of \$4.17 billion. A more appropriate comparison would be with the \$3.8 billion budget initially approved for the 2006/2007 biennium, which translates to a 10.3 percent increase. In fact, the U.N. regular budget has increased by an average of 17 percent annu-

This paper, in its entirety, can be found at:
www.heritage.org/Research/InternationalOrganizations/wm1741.cfm

Produced by The Margaret Thatcher Center for Freedom

Published by The Heritage Foundation
214 Massachusetts Avenue, NE
Washington, DC 20002-4999
(202) 546-4400 • heritage.org

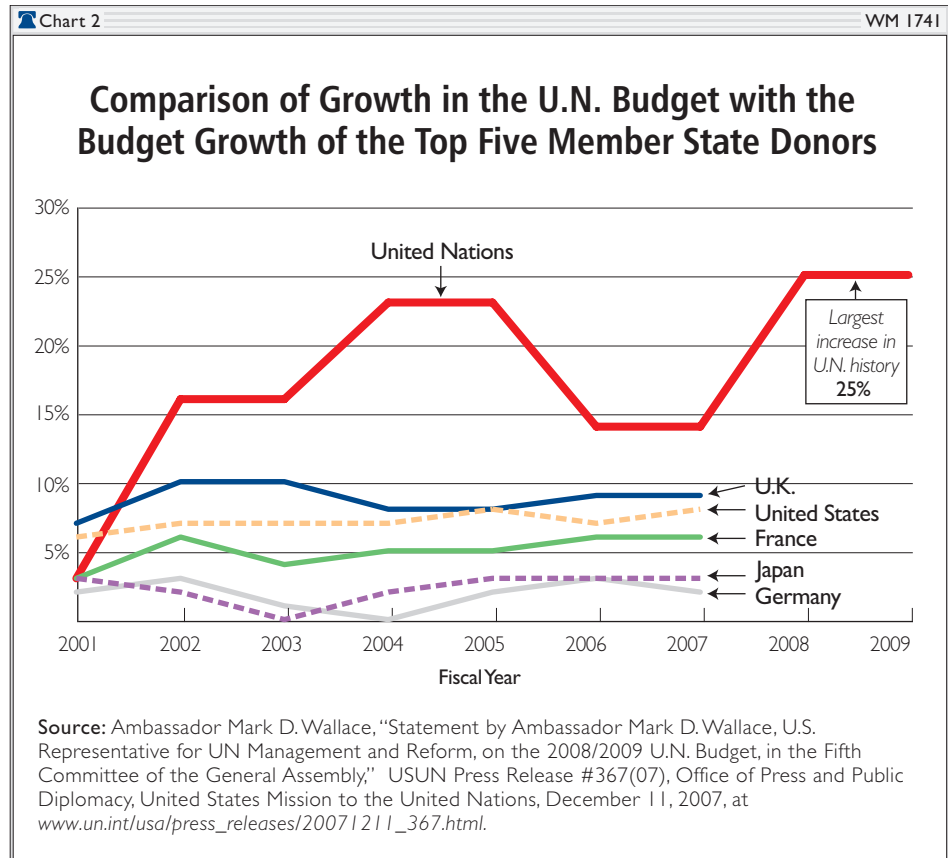
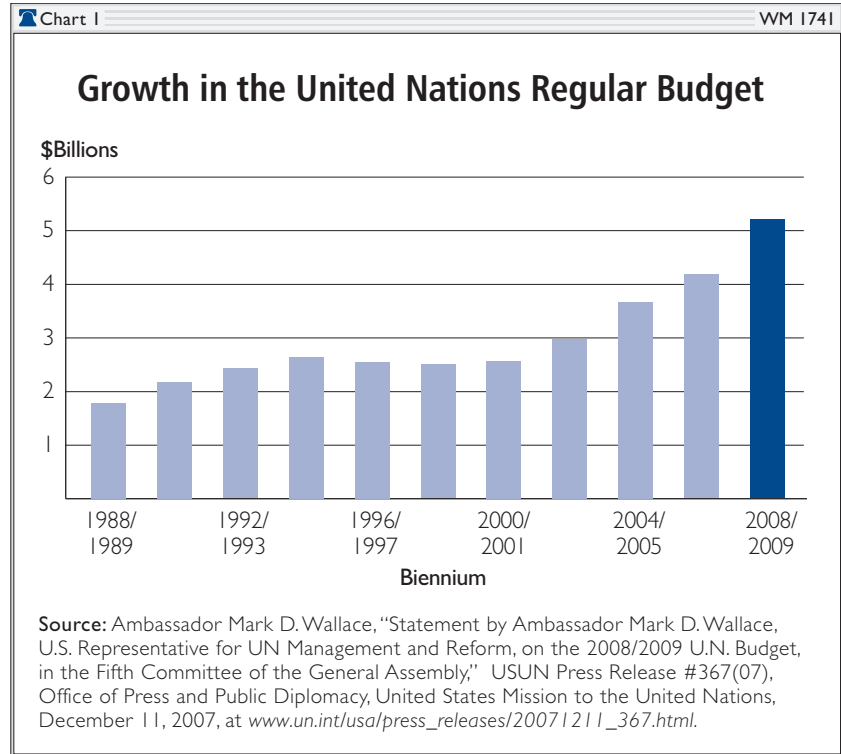
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ally over the past five years and has increased by 193 percent since the 1998/1999 biennial budget, according to data provided by the U.S. Mission to the U.N.² (See Chart 1.)

By comparison, the U.S. budget has grown by an average of only 7 percent annually over that period, despite conducting two major military operations as part of the war on terror. In fact, the growth of the U.N. budget in recent years has greatly outstripped budget increases for all of its major contributors. Therefore, the growth of the U.N. regular budget is clearly not a reflection of budget growth among its member states. (See Chart 2.)

Nor is this expansive increase typical of international organizations in general. On the contrary, growth in the U.N. regular budget has dwarfed the budget increases of other notable international organizations including the World Trade Organization, the Organization of American States, the Asian Development Bank, and even the European Union. (See Chart 3.)

Even though it represents a 10 percent increase in the budget, the initial budget request is deceptively low. As noted in Chart 4, the 2006/2007 biennium increased by \$371 million from the initial budget request to the final budget appropriation. The 2008/2009 budget will no doubt see a similar increase due to new mandates adopted by the General Assembly, adjustments for inflation and currency valuation, or un-budgeted expenditures.



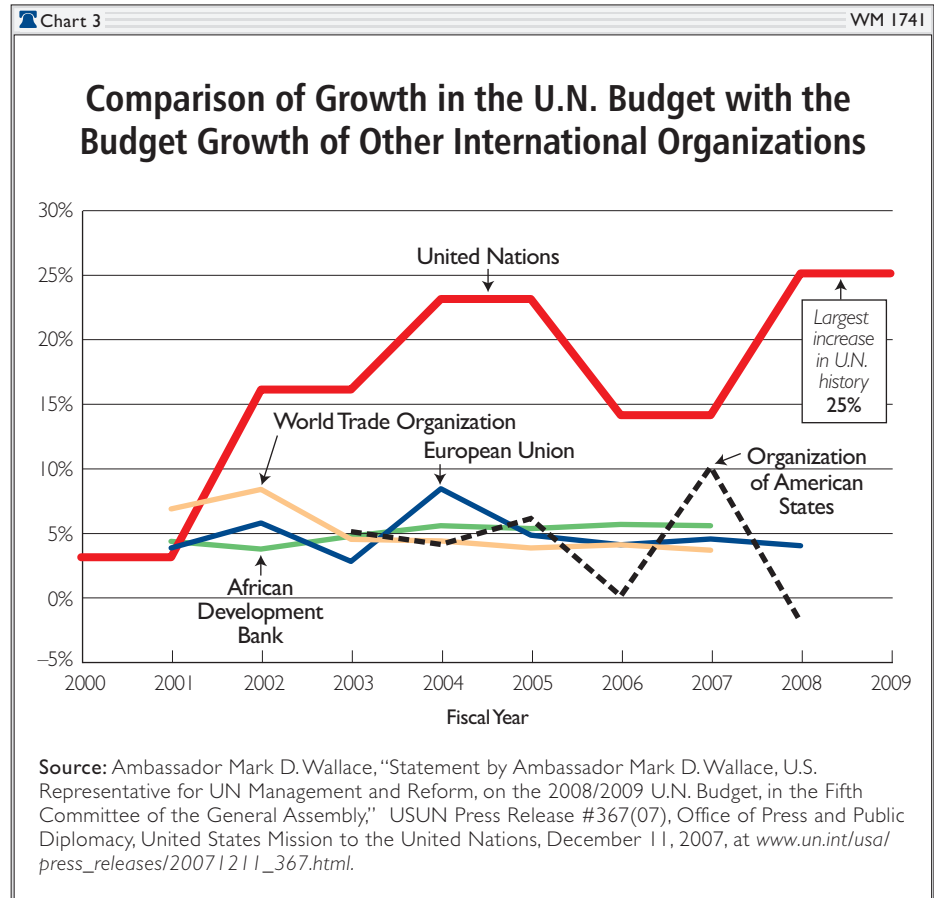
The initial 2008/2009 budget request is doubly deceiving because of the fractured nature of the U.N. budgeting process this year. Even as the Fifth Committee of the General Assembly has been considering the initial \$4.19 billion biennial budget proposed by the secretary-general, the secretary-general has identified a number of additional budget items that would be tacked on to the budget.

The total cost of these additional budget expenditures is projected to increase the 2008/2009 budget to \$4.8 billion—an increase of 14.5 percent over the initial budget level even before that budget is passed. Additional proposals identified by the secretary-general but not yet submitted to the General Assembly are projected by the U.S. Mission to the U.N. to increase the budget to more than \$5.2 billion—representing a 25 percent increase over the final 2006/2007 biennial budget.

In dollar terms, this represents the largest increase in the regular budget in the history of the United Nations. It could also be the largest percentage increase in the history of the U.N.; it is certainly the largest in decades. For U.S. taxpayers, this translates to an increase of more than \$100 million per year for the annual U.N. regular budget (from \$459

million per year under the \$4.17 billion final 2006/2007 biennial budget to \$572 million per year under the projected \$5.2 billion 2008/2009 biennial budget).³

What the U.S. Should Do. The United States has justifiably objected to the rampant growth in the U.N. regular budget. America has long advocated a policy of zero nominal growth in the U.N. budget as a way to encourage fiscal restraint by the U.N. U.S. leaders would be more open to budget increases if



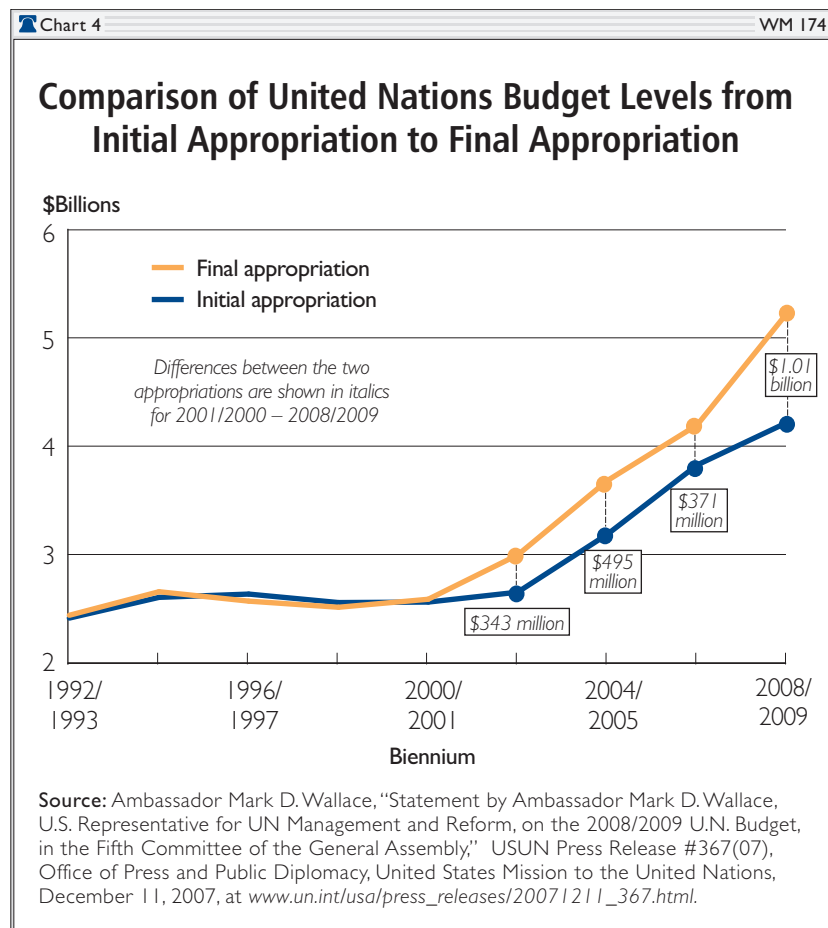
1. Ambassador Mark D. Wallace, "Statement by Ambassador Mark D. Wallace, U.S. Representative for UN Management and Reform, on the 2008/2009 U.N. Budget, in the Fifth Committee of the General Assembly, December 11, 2007," USUN Press Release No. 367(07), Office of Press and Public Diplomacy, United States Mission to the United Nations, December 11, 2007, at www.un.int/usa/press_releases/20071211_367.html.
2. *Ibid.*
3. These annualized figures differ from annual U.S. appropriations because the U.N. regular budget is adjusted during the biennium. This means that the U.S. assessment in the first year of the biennium is generally smaller than that in the second year of the biennium. The figure cited here is the annualized U.S. assessment (22 percent of the budget) based on the finalized 2006/2007 budget and the estimated 2008/2009 budget as projected by the U.S. Mission.

they had confidence that the U.N. has rules, regulations, and procedures in place to ensure that budget resources will be used in a transparent, accountable, and effective manner. However, opposition by the member states—particularly the G-77—to key reforms that would address these weaknesses has justifiably reinforced U.S. concerns that an increased budget will be subject to the problems that have plagued the U.N. in recent years.

Ambassador Wallace should be applauded for questioning a budget that continues to grow despite the absence of reforms and efforts to offset that growth by ending less effective or outdated activities. Although such action does not endear them to the U.N. secretariat or to most member states, the U.S. cannot depend on other nations to stand firm against unwise and unjustified expansion of the U.N. budget.

Although it will almost certainly be outvoted, the U.S. should oppose any budget increase for the U.N. until it implements the reforms necessary to ensure that increased resources would be used to best effect. The U.S. should not be satisfied with disassociating from consensus—a position more akin to abstaining—but should firmly declare its opposition to the budget on the basis of excessive growth and failure to reform.

Conclusion. Opposing the budget increase would help to protect U.S. taxpayers and would be in the best interests of the nation, which is served by a U.N. that is less vulnerable to corruption, prioritizes its resources to meet current organizational priorities rather than those of the past, and can effectively meet the responsibilities placed upon it by the U.S. and other member states.



Moreover, if the other member states approve a budget over the strong opposition of its largest contributor, it will provide a strong signal to Congress and the American public that the U.N. and the member states are not interested in addressing the organization's many problems. This will strengthen the hand of those who already understand that U.N. reform is unlikely without financial withholding or similar incentives.

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