

July 9, 1987

THE UNITED NATIONS CONTINUES TO DUCK NEEDED REFORMS

INTRODUCTION

Last year the United States withheld \$130 million of its assessed contribution to the United Nations. The aim of this was to spur long overdue reform of U.N. budget procedures. In response, the U.N. has adopted some preliminary procedural and budget reforms to improve efficiency and give the organization's major contributors a bigger voice in the budget process. In assessing these steps, Assistant Secretary of State for International Organizations Alan Keyes told a House of Representatives subcommittee this February:

Of course, the real proof of [U.N.] reform will be in the implementation. Just as we pledged last year to do our utmost to achieve necessary reform, we pledge now to continue our efforts to assure that they will be carried out...the real proof of reform will be in the implementation. That will require good faith efforts on the part of the Secretariat and other member states.¹

As Spendthrift as Ever. So far, however, there is scant evidence of such "good faith efforts." Though the U.N. may be pinching costs a little here and there, the organization is as spendthrift as ever. It is, for example, according to U.N. documents, spending:²

◆◆ \$123,000 to rent a limousine for the President of the General Assembly over a two-year period.

1. Testimony before the House Foreign Affairs Committee, Subcommittee on Human Rights and International Organizations, February 25, 1987.

2. Proposed Budget for the Biennium 1986-1987.

◆◆ \$200,000 for a shooting range in the U.N. garage.

◆◆ \$83,000 a year for an assistant to the Secretary General whose primary responsibility is to keep track of the General Assembly's speakers list. The Senate Select Committee on Intelligence last year charged that the aide, Vladimir Kolesnikov, is a Soviet KGB agent.

◆◆ \$447,200 for Russian language training in the Soviet Union.

◆◆ \$709,000 for educational materials for the U.N. Council on Namibia, including buttons and posters of the leader of the terrorist South West Africa People's Organization (SWAPO).

◆◆ \$48,000,000 in budget "add-ons" during the closing days of the 1986 General Assembly.

◆◆ A \$91,204,800 slush fund of "Common services not distributed to programs [at] Headquarters."

Until expenditures such as these are eliminated from the U.N. System's bloated \$4 billion-a-year budget, of which U.S. taxpayers supply one-quarter, Congress and the Reagan Administration would be violating their own sensible guidelines were they to restore the full assessed U.S. contribution. The U.N.'s only hope of surviving its crisis of confidence and of budget is to demonstrate that it is capable of reform and of spending restraint. So far, it has not done so.

THE CALL FOR U.N. REFORM

U.S. taxpayers always have borne the lion's share of the U.N.'s assessed and voluntary contributions, pouring more than \$15 billion into the organization since the first General Assembly in 1946. Then, the U.N. staff numbered 1,500; last year it was over 11,000. Meanwhile, the budget of the entire U.N. system has grown five times faster than the inflation rate.

There seems to be a near consensus within the U.N. that management has not kept pace with this dizzying growth. Throughout almost every level of the U.N., financial, administrative, and personnel controls have been either nonexistent or broken. Committees have proliferated, many with overlapping and duplicative responsibilities.

Funding Terrorists. Much of the U.N.'s growth was fueled by the emergence of the so-called "Group of 77" or G-77, composed of over 120 developing countries. G-77 has voted as a bloc to control budget appropriations even though G-77 nations provide less than 9 percent of the total U.N. System budget. In effect, major contributors are powerless to prevent the G-77 from voting budgets that automatically cost the major contributors more money. To make matters worse, the G-77 votes money for such known terrorist organizations as the Palestine Liberation Organization, the Irish Republican Army, and the South West Africa People's Organization.

Against this background, the U.S. began to curtail and even eliminate contributions to voluntary U.N. programs such as the U.N. Educational, Scientific and Cultural Organization (UNESCO). And Senator Nancy Kassebaum, the Kansas Republican, in 1985 introduced an amendment to the State Department Funding Bill, P.L. 99-93, which limited U.S. contributions to international organizations to 20 percent of the organization's budget. This included the U.N. whose budget was funded 25 percent by the U.S. Citing fiscal constraints in the U.S., Kassebaum proclaimed: "The United Nations is no longer a sacred cow."³ The Kassebaum Amendment passed overwhelmingly, 71-13.

This shook the U.N. Secretariat. In late 1985, U.N. Secretary-General Javier Perez de Cuellar appointed an 18-member panel. Officially called the Group of High-Level Intergovernmental Experts to Review the Efficiency of the Administrative and Financial Functioning of the United Nations, the panel was to make recommendations for reform. Known as G-18, the group issued its report last August, indicting the U.N. for being top-heavy, junket addicted, and paper crazy. Financial controls and the personnel qualification process were found to be sorely deficient.⁴

Bitter Pill from a Friend. Meanwhile, revelations by the U.S. General Accounting Office and intelligence agencies prompted additional congressional action.⁵ The House of Representatives passed an amendment in July 1986 offered by Pat Swindall, the Georgia Republican, which subtracted \$17.6 million of the \$423 million earmarked for international organizations; \$7.57 million of this was to be taken from the U.S. contribution to the U.N. Department of Public Information (DPI), which the GAO had found to be a font of anti-U.S. propaganda.⁶

Also during the summer of 1986, the United Nations Association (UNA), a group normally sympathetic to U.N. management, convened an "International Panel on U.N. Management and Decision-Making." The UNA's carefully worded report was a bitter pill.⁷ It found: "Over the years too many of the Secretary-General's top appointments have reflected political considerations as much management ability

3. Congressional Quarterly, January 4, 1986, p. 33.

4. Report of the Group of High-Level Intergovernmental Experts to Review the Efficiency of the Administrative and Financial Functioning of the United Nations, General Assembly, Forty-First Session, Supplement No. 49 (A/41/49).

5. See "United Nations -- Analysis of Selected Media Products Shows Half Oppose Key U.S. Interests," GAO/NSIAD-86-98, April 1986, and "More Can Be Done to Strengthen the U.N. Joint Inspection Unit," GAO/NSIAD-86-141, June 1986.

6. In October 1986, the Senate rejected a proposal, 46-53, by John Heinz, the Pennsylvania Republican, to withhold all U.S. U.N. contributions until the President implemented a program to eliminate Soviet spying and salary kickbacks there.

7. "Leadership at the United Nations: The Roles of the Secretary-General and the Member States," the United Nations Association of the United States of America, December 1986.

or loyalty to the Secretary-General."⁸ Concluded the UNA: "...the U.N.'s credibility is sagging in nearly every region of the world."⁹

Other friends of the U.N. also began suggesting changes at the organization. Mohamed Sahnoun, Algeria's ambassador to the U.N. from 1982 to 1985, and now its envoy to the U.S., unveiled a reform package at a Heritage Foundation conference.¹⁰ His recommendations include:

- 1) **Working harder toward consensus** management and incorporating it into the rules of procedure.
- 2) **Instituting "cooling off periods"** before proposals are voted on.
- 3) **Reviewing negotiating** procedures and devices.
- 4) **Reducing dramatically** the General Assembly's agenda.
- 5) **Reducing drastically** the number of resolutions.
- 6) **Reducing the volume** of conference documents and improving their quality.
- 7) **Banning the creation of new** committees and subcommittees that need services.
- 8) **Limiting the duration** of the General Assembly's regular session.

Speaking at the same conference, Singapore's Ambassador to the U.S., Tommy Koh, who represented his country at the U.N. for 13 years, said the U.N. budget has "a lot of fat in it that can be cut out." Koh suggested that U.N. salaries--20 percent higher than those paid U.S. civil servants--be cut and that the U.N. "stop, or at least reduce substantially, the junkets and needless conferences the U.N. has become addicted to." Koh also said that the U.N. needs to discourage formation of new committees, noting that, "Very often, when a delegation runs out of ideas on an item it has inscribed on the agenda, it resorts to the expedient of proposing a committee to examine the question. The U.N. literally has hundreds of such committees, many of which have overlapping jurisdictions."

THE U.N. RESPONDS

With the calls for U.N. reform mounting, Secretary-General Perez de Cuellar responded last October. He did so through former Undersecretary-General Patricio Ruedas of Spain, who spent two days in October 1986 answering questions about

8. *Ibid.*, p. 7.

9. *Ibid.*, p. 4.

10. Remarks made at The Heritage Foundation, June 1986.

the G-18 report. To many of G-18's substantive recommendations, Ruedas offered merely a flurry of lame denials.¹¹

G-18 had determined, as had other groups and individuals before it, that the U.N.'s lax enforcement of personnel qualification standards had created staff and organizational performance problems. Not true, said Ruedas. This response was a cover up, ignoring the mounds of evidence of the serious problems at the U.N. A U.N. auditor's report in October 1986 points out that:¹²

◆◆ UNICEF acquired several buildings and a computer system, although these acquisitions were never mentioned in the budget.

◆◆ Tours of U.N. Headquarters in New York, originally designed to generate income, lost \$785,000 in 1986.

◆◆ U.N. employees received fraudulent payments, education grants, dependency allowances, and income tax reimbursements

◆◆ U.N. employees repeatedly violated U.N. rules regarding competitive bidding.

◆◆ "Serious lapses in internal [financial] control mechanisms" occurred at the U.N. and U.N. agencies.

◆◆ Evidence existed of "gross mismanagement and/or possible fraud" in headquarters catering and gift shop operations.

A key G-18 recommendation is that the U.N. trim its payroll by cutting regular budget posts by 15 percent and cut slots for under and assistant secretaries-general by 25 percent. Replying to this recommendation, Ruedas told the Fifth Committee, which is responsible for U.N. administrative and budgetary matters:

The Secretary-General, of course, would aim at achieving these reductions to the maximum extent possible through the full utilization of the attrition mechanism.

Protecting the Payroll. By the end of May 1987, the latest period for which figures are available, the numbers confirmed the Secretary-General's reluctance to reduce significantly the size of the U.N. payroll. Overall U.N. employment, excluding the U.N. Development Programme and UNICEF, had been reduced a scant 1.8 percent worldwide. At the Manhattan Headquarters, the workforce had shrunk just 2.4 percent. On the executive level, only the number of assistant secretaries-general showed any significant reduction, down to 22 from 28 in December 1986. The number of undersecretaries-general remained unchanged at 27.

11. Statement by Undersecretary-General Patricio Ruedas to the Fifth Committee, October 24 and 27, 1986.

12. Diplomatic World Bulletin, November 10-17, 1986, p. #2.

The minor attempts by Perez de Cuellar to cut costs often ran aground. Typical was the squall created by the attempt to save \$100,000 per year at Headquarters by removing drinking water pitchers from 13 conference rooms. The entire Fifth Committee last December spent three hours debating this seemingly modest proposal. The New York Times¹³ reported that U.N. controller J. Richard Foran said, "...it is easy to underestimate the amount of work involved in such an enterprise... the jugs not only had to be distributed to each room, but also had to be filled twice a day and removed at night." The task, he said, required the services of five U.N. staffers.

Drinking Water Debate. As the drinking water debate dragged on, Fifth Committee Chairman Even Fontaine-Ortiz felt compelled to remind delegates that the overtime pay for the translators and guards to service this critical debate could cost as much as the discontinued water service. Another delegate reminded the assembly that water fountains were conveniently located in the halls, while still others discussed the symbolic importance of water.

Typical too of the U.N.'s stubborn resistance to reform was the response to the G-18 suggestion that the Secretary-General would get more reliable financial data if the U.N.'s Internal Audit Division, now a part of the Division of Administration and Management, were made an independent unit. To this sensible recommendation, Undersecretary-General Ruedas, speaking for the Secretary-General on October 24, 1986, said, "that it is indeed theoretically possible for the Internal Audit Service to report directly to the Secretary-General. The advisability of this move would have to be seen in relation to other factors, such as whether the already heavy schedule of the Secretary-General should be burdened by further direct supervisory responsibilities."¹⁴

Given the Secretary-General's tepid endorsement of reform, it is not surprising that, during the closing days of the 1986 session, the General Assembly voted to append \$48 million worth of "add-ons" to the budget including increases of:¹⁵

◆◆ \$5,070,900, almost 20 percent of its total budget, for the Committee on Political Affairs, Trusteeship and Decolonization.

◆◆ \$9,142,800, almost 15 percent of its total budget, for the controversial United Nations Conference on Trade and Development (UNCTAD).

◆◆ \$2,722,700, over 25 percent of its budget, for the International Trade Center (ITC).

◆◆ \$16,789,500 for administration and management.

◆◆ \$21,939,900 for conference and library services.

13. The New York Times, December 8, 1986, p. A1.

14. Statement to the Fifth Committee.

15. Revised Budget Appropriations for the Biennium, 1986-1987, pp. 493-495.

While making these add-ons, the General Assembly did cut other program budgets. However, the net result was over \$48 million in new spending, irrefutable proof of the U.N.'s inability to operate within its already ample budget.

THE RECORD OF U.N. MISMANAGEMENT

A number of G-18 recommendations highlight the U.N.'s continuing disregard for cost-effective management. Among them:

Fire Sale Rents

G-18 recommended that "Member States and other users occupying space on United Nations premises should pay [the U.N.] rent based on the current commercial rate." The U.N. Secretariat has been doing a poor job of ensuring that the U.N. gets full value from U.N. tenants. Example: The Food and Agriculture Organization, the International Atomic Energy Agency, the International Monetary Fund, and the World Health Organization pay approximately \$24 per square foot for space in U.N. buildings in Manhattan, about half the going rate. The Group of 77 developing countries, in 1986, paid only \$5.04 per square foot for office space in the Secretariat's Manhattan headquarters, an amount at most one-ninth market value. Security Council members pay nothing for 972 square feet of additional office space, also in the Secretariat building.

Travel

For many years the U.N. has spent millions for reimbursement of delegates' travel expenses to and from the General Assembly. Under recent rules, each delegation was entitled to four coach and one first-class air fare. G-18 recommended that these reimbursements be limited to the 37 poorest countries, producing a budget savings of \$2.95 million. In the face of last year's withheld U.S. contribution, the U.N. finally adopted this long overdue reform. Beyond the matter of limiting travel reimbursements, it is questionable whether the U.N. should pay for any first class air travel, costly limousines, or education grants to the children of U.N. employees.

Paper Flow

The G-18 made several recommendations designed to cut down the enormous volume of documentation. Until the agendas of the committees and the General Assembly are significantly reduced and the number of conferences trimmed, very little can be done in this area. In 1985, the U.N. produced a staggering 825 million page "impressions" (total pages printed), roughly 44 million individual documents.

Appearing before the Fifth Committee last fall, then Undersecretary-General Ruedas claimed that the cost per page was less than one cent. This significantly understates the true costs of the U.N. paper proliferation and pinpoints serious flaws in internal accounting procedures. Ruedas claimed that the cost per page "is determined by dividing the total costs of internal printing by the total number of pages printed. Total costs include all staff costs incurred in the print shop,

maintenance and repairs, and supplies and materials."¹⁶ He also alleged that distribution costs were 8.6 cents per document.

This contrasts sharply with the claim made by former U.S. U.N. Ambassador Joseph Reed, now U.N. Undersecretary-General for Political and General Assembly Affairs. Reed states that the U.N. improperly calculates its cost per page by excluding writing and translation costs and that the real cost of generating certain U.N. documents is much higher. Reed told the Second Committee (Economic and Social Issues) last fall that the cost of writing, translating, and producing a 25,000-page sampling of committee documents was an astronomical \$650 per page or \$16 million.¹⁷

CONCLUSION

Any serious U.N. reforms must give major contributors a larger say in the U.N. budget process. The G-18 report has made a modest start on this. States the report: "[We] remain convinced that [we] have only begun a reform process. This process must now be carried further by the intergovernmental bodies and by the Secretary-General of the organization."¹⁸

It also must be carried further by the U.S. Congress and the Reagan Administration. Congress will soon consider legislation that would withhold a part of the U.S. U.N. contribution, pending certification from the President that U.N. reforms are being executed faithfully. When considering this legislation, lawmakers should evaluate the progress of U.N. reforms to determine if the amount to be withheld provides sufficient incentive for reforms to continue at an expedient pace.

Congress and the Administration should insist that the Secretary-General become more involved in the U.N.'s financial management. His aloofness thus far, compounded by the various U.N. bodies' inability to take reform seriously, casts a pall over the promise of U.N. reform.

Maintaining U.S. Pressure. Until significant reforms are adopted and executed, the U.S. must maintain its pressure on the U.N. The terms of the Kassebaum Amendment, for instance, were never fulfilled by the U.N. This is to say nothing of the alleged fraud and widespread incompetence behind the pages of the U.N. budget. Restoring the full U.S. contribution, therefore, would accomplish little but providing a disincentive for the desired reform.

The United Nations can be saved only if it saves itself. The U.S. has given the U.N. the impetus to do so. Now is no time for Washington to relent.

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16. Statement before the Fifth Committee, October 24, 1986.

17. The Honorable Joseph Reed, General Debate before the Second Committee, October 6, 1986.

18. G-18 Report, *op. cit.*, p. 3.