

54. *Reforming the United Nations*

Congress should

- withhold payments to the United Nations until Secretary General Kofi Annan demonstrates clear progress in making reforms, including
 - altering UN policy so that peacemaking missions are eliminated and peacekeeping missions sharply reduced;
 - establishing objectives acceptable to the United States for each UN department and agency and enunciating the criteria by which success is measured in reaching program goals;
 - initiating a comprehensive financial and management audit to certify that the UN and each of its departments and agencies, including the “independent agencies,” are operating in accord with standard audit and management practices;
 - restructuring the office of inspector general so that the IG’s term of service is inconsistent with the secretary general’s term; the IG should be selected by a standing committee on investigations reporting to the Security Council;
 - reducing the U.S. contribution to the UN budget so that the U.S. assessment is no more than 20 percent of the operating budget and no more than 25 percent of the peacekeeping budget; U.S. dollar contributions to UN efforts in the former Yugoslavia must be properly credited to the U.S. account and used to offset any assessment;
- refuse to approve any proposal for a standing or “standby” army for the United Nations;
- refuse to ratify the Law of the Sea Treaty; and
- express opposition to any possibility of future U.S. membership in the Permanent International Criminal Court.

Kofi Annan assumed the post of UN secretary general nearly two years ago with a public commitment to reform the massive global organization. Shortly after replacing Boutros Boutros-Ghali, Annan announced a highly specific reform agenda designed to signal the U.S. Congress and others that he was committed to stabilizing the UN budget, reducing personnel, tightening audit and management practices, and adjusting the organization's mission. To date few, if any, of those promises have been kept. The organization remains opaque, secretive, and without a truly independent inspector general. The UN payroll, after a brief freeze, is again increasing. No progress has been made on modifying mission guidelines for UN peacemaking and peacekeeping operations. And no agreement has been reached on reducing the U.S. assessment for either the operating budget or the peacekeeping budget.

The UN remains an inefficient, surreally distorted bureaucracy with misconceived programs and unacceptable levels of corruption. After nearly two years of discussion with Annan, diplomatic efforts to force reform have produced little. It is apparent that, unless Washington uses its financial leverage to force the UN bureaucracy and the General Assembly to reexamine their practices, no progress will be made. The bottom line is that either the UN develops and promulgates new operating procedures and acceptable criteria against which to measure success, or continued U.S. participation at current levels—perhaps at any level—cannot be justified.

Continuing Mismanagement and Corruption

The past quarter century at the UN has been particularly disappointing for those who, inspired by post–World War II hopes, sought an effective international conflict resolution and humanitarian assistance mechanism. Ideology and demographics have combined in unfortunate ways to produce an opportunistic culture with ethical standards reflecting the lowest common denominator of the UN's 185 members. Waste, fraud, and abuse are all too common and have generated a negative reaction in capitals around the world. Personnel costs, in the form of lucrative salaries and benefits, remain part of the problem. The UN continues to pay midlevel accountants and computer analysts, for example, about twice the salary of their private-sector colleagues, and each of the UN's assistant secretaries general is paid more than the mayor of New York City.

Despite specific and sustained criticism of salary levels by most of the 14 member nations whose assessments provide 84 percent of the general budget, those figures do not reflect the full disparity between UN and

non-UN personnel costs. Salaries of nearly all UN diplomats are tax-free. Salaries of administrative staff members are adjusted to offset tax liability in most cases, so many of the staff salaries are effectively tax-free as well. In addition, UN employees receive monthly rent subsidies that can exceed \$3,500 and annual education grants that can exceed \$12,000 per child. Even so, productivity has not markedly improved since Boutros-Ghali's stunning remark to the *Washington Post* five years ago that "perhaps half the UN work force does nothing useful."

Corruption is also a problem. As reported in the 1997 *Handbook*, nearly \$4 million was stolen from UN offices in Mogadishu, and over \$360,000 was paid for fuel never delivered during UN peacemaking efforts there. On the West Bank, a project director of the UN Relief and Works Agency kept \$100,000 of agency money in his own bank account. And in Nairobi the UN Center for Human Settlements was implicated in nearly \$100,000 of fraudulent loans. Despite repeated requests, the UN has thus far provided no proof that funds owed to the organization have been returned. Indeed, matters appear to have become worse.

For example, a July 29, 1998, *Financial Times* investigative report on the UN High Commission for Refugees—one of the UN's main organizations and largest recipients of funds from the United States—stated, "According to sources close to the organization and internal documents . . . the UNHCR is wasting millions of dollars donated by Western governments because of incompetent management, dubious accounting practices, and alleged fraud." In the accounting area, lack of transparency has concealed "25–30 percent in hidden administrative costs spent on and by workers in the field, with 50–60 percent of its \$1 billion budget actually being spent on refugees compared with the 80 per cent it officially claims." The *Financial Times* goes on to say that "no distinction is made between what is spent on refugees and what is spent on workers."

Referring to the failure of UN management, the *Financial Times* reported that the International Board of Auditors, appointed by the General Assembly in 1992, found that "in the three years 1995–1997 inclusive, the amounts extended to NGO's [nongovernmental organizations] were \$472.7 million, \$491.5 million, and \$370.1 million, respectively, out of which audit certificates were received as of March 31, 1998 only for \$225.1 million in 1995 and 23.1 million in 1996. No audit certificates were received for 1997, so it was impossible to know what money had been spent or how."

Under the heading of "Irregularities and Waste of Funds," the *Financial Times* reported the following:

- A lawsuit brought against the UNHCR by a “whistle blower” alleging two frauds in Africa amounting to \$2.5 million. When asked, the organization had previously stated there were no allegations of fraud.
- A cover-up and obstruction case in which then assistant high commissioner Sergio Viera de Mello was accused of spending \$50,000 to charter an aircraft. The fee had been fraudulently presented as the cost of a security operation in the refugee camps. De Mello has since been promoted and is today undersecretary for humanitarian affairs.
- In Africa the UNHCR has not been repaid \$217,927 in aid money disbursed but unused.
- A lack of transparency, bungling, and perhaps worse in selection of consultants; in 1998, contrary to regulations, 21 of 35 contracts were awarded without a bidding process.
- Other abuses including lack of accountability of contractors, provision of “urgent medicines” over six months late, and systematic overinvoicing.

Those problems are not new. In 1993 former U.S. attorney general Richard Thornburgh, asked by the UN to look into such questions, issued a report charging that UN budgets developed behind closed doors are shrouded in secrecy, that criteria for measuring program performance are inadequate, and that agencies often duplicate the work of one another—for example, at least two dozen are involved in food and agriculture programs. Upon its presentation, then secretary general Boutros-Ghali not only refused to accept the report’s recommendations but literally had it burned. Not until 1994, when the U.S. Congress demanded reform and threatened to withhold \$420 million in assessments, was the inspector general’s office strengthened. But high hopes were dashed when a “service at the pleasure of the secretary general” clause was added to the IG’s contract, rendering him a too little, too late creature of the bureaucracy. Even Madeleine Albright, then U.S. ambassador to the UN—and no UN basher—expressed dismay, calling the IG a “junkyard puppy.”

Annan’s tenure has brought little relief. Despite the secretary general’s reform pledges, Third World majorities in the General Assembly and powerful representation in the bureaucracy have largely succeeded in labeling U.S.-initiated management reform efforts as assaults on programs intended to enhance health, living conditions, education, and training in the developing world. In this context, there is particular sensitivity to personnel reductions. Such a political and diplomatic dynamic points to a deeper problem—the yawning gap between power and the purse.

Power and the Purse—Why the Gap?

Until the mid-1950s the United States enjoyed the support of the majority of the 51-member General Assembly. That margin vanished forever when a momentary thaw in U.S.-Soviet relations after Stalin's death allowed the admission of 20 new members. Five years later the General Assembly had 82 members, nearly all former colonies of the European powers. By 1970 the number had jumped to 108; by 1980 it was 136; and by 1995 the General Assembly had a total of 185 member-states, each with one vote. One result has been that over the past quarter century the Assembly has come to be dominated by non-Western states whose elites seldom share the political culture of the democratic West. The General Assembly has become at once self-legitimizing and increasingly anti-American in tone and substance.

In practice, the General Assembly approves large numbers of programs and projects for which the vast number of members contribute only a minuscule amount of funding. In a recent year, the United States was assessed 25 percent of the UN's general operating budget, while 79 member-states each contributed 0.01 percent of the budget—the minimum allowed. Another 9 each chipped in a mere 0.02 percent. Thus a majority of the voting members of the General Assembly contributed less than 1 percent of the general budget, while 14 members contributed 84 percent. The same pattern is reflected in the peacekeeping budget to which the United States, until recently, contributed 31 percent.

Expanding Mandates: A Standing Army, A New Court

The UN is ill-equipped to conduct military operations. Without a general staff it cannot integrate command-control-communications and intelligence information to develop coherent operations or strategy. Moreover, given the different training standards and military doctrines of the members, it should come as no surprise that the UN's military record is a chronicle of failure. Part of the problem is operational ineptitude. Another factor is that the UN has tended to become a party to conflicts instead of acting as an honest broker to resolve them. Under no circumstances should U.S. troops participate in UN peacemaking operations. In most cases, American participation has not advanced our interests. Conversely, in the event U.S. interests are at stake, only a U.S.-led mission—a “coalition of the willing”—can ensure that key objectives are attained.

In his report to the Security Council, *An Agenda for Peace*, former secretary general Boutros-Ghali called for the creation of a standing army to act in “peace-making” situations and to assist the UN’s “nation-building” initiatives. Lack of support in Washington and other Western capitals has, thus far, shelved this notion. However, Annan’s more subtle approach to expanding the UN’s mandate has posed equally grave challenges to U.S. interests. For example, he has taken the position that the United States is obligated to seek additional specific Security Council approval before using force to carry out the UN missions in Iraq and the Balkans. Leaving aside the question of whether such missions are in America’s best interest, the effort to enhance the UN’s power is transparent and worrisome.

Sovereignty was also jeopardized by the creation of the Permanent International Criminal Court with sweeping powers to prosecute international war crimes and “crimes against humanity.” Strongly supported by the UN, although not directly subject to UN Security Council (or any other) jurisdiction, the PICC prosecutor will be able to bring charges on his own against, for instance, American soldiers serving abroad. The court will have the authority to imprison individuals not only for genocide but also for the “crime of aggression”—left undefined. Another “crime” prosecutable by the court is “widespread, long-term, and severe damage to the natural environment clearly excessive to the military advantage to be gained.” “Clearly excessive” is likewise left undefined. Still another “crime” is “committing outrages upon personal dignity”—whatever that might mean.

The court claims authority over everyone, with power to override national court verdicts as well as judgments arrived at democratically—whether or not a defendant’s country is a treaty signatory. Even worse, even the most basic elements of due process—a fair and public trial, the right to confront one’s accusers, and a protection against double jeopardy—are diluted or absent.

The United Nations can serve a modestly useful purpose. It is a helpful forum for international diplomacy and crisis mediation. The UN also performs useful humanitarian work—although private organizations often do the same work more efficiently, since personnel costs account for some 70 percent of UN operational expenses.

History has demonstrated, however, that the UN has an appetite for expanding its power—with such global economic management schemes as the Law of the Sea Treaty. The UN has also shown that it will not

reform willingly—or at all, if the United States isn't willing to use its financial leverage. Congress must draw a firm line on sovereignty questions and make clear that demonstrable progress on reform is a precondition for future payments. Improved management and fiscal policy, a more focused and restrained mission, and an emphasis on humanitarian issues—where the UN has been helpful—are essential for a return to productive internationalism. Continued U.S. participation cannot be justified otherwise.

Recommended Readings

- Bandow, Doug. “Do Not Endorse the Law of the Sea Treaty.” Cato Institute Foreign Policy Briefing no. 29, January 27, 1994.
- . “Faulty Repairs: The Law of the Sea Treaty Is Still Unacceptable.” Cato Institute Foreign Policy Briefing no. 32, September 13, 1994.
- Carpenter, Ted Galen, ed. *Delusions of Grandeur: The United Nations and Global Intervention*. Washington: Cato Institute, 1997.
- Dempsey, Gary. “Reasonable Doubt: The Case against the Proposed International Criminal Court.” Cato Institute Policy Analysis no. 311, July 16, 1998.
- Halper, Stefan. “A Miasma of Corruption: The United Nations at 50.” Cato Institute Policy Analysis no. 253, April 30, 1996.
- . “UNreformed.” *National Review*, April 20, 1998.

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