

The Politics of Funding: Cash Crisis at the United Nations

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Theme: [United Nations](#)

It remains one of the more unusual arrangements in terms of funding. Like a club filled with members of erratic disposition, the United Nations can never count on all dues to come in on time. Some members drag their feet. The bill is often delayed. In the United States, responsible for some 22 percent for the operating budget of the UN, payment only tends to come in after October, a matter put down to the nature of the fiscal year.

That, however, is only one aspect of the broader problem. Withholding money is as much a political as it is a budgetary act, despite it being notionally a breach of Article 17 of the UN Charter. The article is important for stipulating that the Organisation's expenses "shall be borne by the Members as apportioned by the General Assembly."

Historically, foreign policy and matters of organisation reform have been cited as key matters to reduce or withhold membership dues. The reason is simple: such "assessed dues" go to funding the official regular budget, which defrays administrative costs, peacekeeping operations and various programs.

For the United States, this has been a critical matter, given that some 40 percent of running costs for the organisation were initially borne by Washington. It was therefore unsurprising that some pressure would come to bear upon the organisation. In the mid-1980s, for instance, it became US policy to threaten the reduction of Washington's "annual assessed contribution... by 8.34 percent for each month which United States is suspended" if Israel was "illegally expelled, suspended, denied its credentials or in any manner denied its right to participate."

The funding issue has been a burning one for a US Congress mindful of the money bags. Senate Foreign Relations Committee chairman Jesse Helms, the immovable furniture of that committee for years, could claim to be the one deciding voice on whether the US would pay its UN dues either in full or on time. (It often did neither.) Along with Senator Joe Biden, [a deal was struck](#) in 1997 to pressure the UN to observe various "benchmarks" in order to receive full payments. These included the necessary reduction of UN staff, appropriate reporting procedures between the Inspector General and the Secretary General, and a ban on funds to other organisations.

In January 2000, Senator Helms was given a chance to advise, poke and condescend to the body he had held in such deep suspicion for decades, this so-called shadow government in waiting. The UN was greeted to the unusual spectacle of a Congressman addressing the UN Security Council, an event engineered by then US ambassador to the UN, Richard Holbrooke. Despite professing a degree of strained friendship for the organisation, [his purpose](#) was to rebuke those critics who had considered US contributions to the body those

of a “deadbeat”. As “the representative of the UN’s largest investors – the American people- we have not only a right, but a responsibility, to insist on specific reforms in exchange for their investment.”

President Donald Trump’s arrival was unlikely to start a new chapter of warm accommodation between US money and UN operating costs. In September 2018, the Trump administration announced that it would cease US humanitarian aid contributions to the UN Relief and Works Agency for Palestine Refugees in the Near East (UNRWA). Despite threatening social services, healthcare and education, Jared Kushner [was convinced](#) by the wisdom of the move.

“This agency is corrupt, inefficient, and doesn’t help peace.”

The [2018 budget proposal](#) also included slashing half of US funding to UN programs, with climate change being a particularly inviting target. (Congress [has relented](#) on the issue of enforcing a cap on contributions to the UN Department of Peacekeeping Operations.) Such an example of hectoring, threatening UN agencies with a cessation of funding designed to induce changes of policy, remains a steadfast practice.

Of the current amount of some \$1.3 billion owed to the UN by members, the US boasts the lion’s share of arrears at \$1 billion. This figure of imbalance has not prevented Trump, [from venting](#) about other members. “So make all Member Countries pay, not just the United States!”

In June this year, Secretary-General António Guterres [informed](#) the budget overseers at the Fifth Committee that the UN faced catastrophe in terms of reputation and its ability to operate if payroll and supplies were not covered.

“The solution lies not only in ensuring that all Member States pay in full and on time, but also in putting certain tools in place.”

By the end of May, the organisation was facing a deficit of \$492 million. Guterres could not help but sound apocalyptic.

“We are at a tipping point and what we do next will matter for years to come.”

The situation has duly worsened. On Monday, Guterres suggested the possibility that the UN would run dry of cash reserves by the end of October. In [a letter](#) to the 37,000 employees based at the UN secretariat, the secretary general explained that,

“Member states have paid only 70 percent of the total amount needed for our regular budget operations in 2019. This translates into a cash shortage of \$230 million at the end of September. We run the risk of depleting our backup liquidity reserves by the end of the month.”

Belt tightening measure are being suggested. Conferences and meetings are being postponed. Non-essential travel is being stopped. UN spokesperson Stéphane Dujarric is

pressing member states, of whom 129 have paid their annual dues in full to date “to avoid a default that could risk disrupting operations globally.” As the UN is only as relevant, and as effective, as its member states, failure to fill the coffers may well confirm Trump’s sentiment that the globalist is in retreat. Behold the parochial patriot.

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