**UN back to its free-spending ways, despite Obama administration claims**

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Barely a year after the Obama administration claimed that it was bringing a new era of fiscal discipline to the bloated bureaucracy of the United Nations, the world organization is back to its free-spending ways -- and laying the groundwork for even bigger cash demands in years ahead.

In the process, U.N. records examined by Fox News show, Secretary General Ban Ki-moon helped to sabotage one of the administration’s most high-profile efforts to demonstrate a new era of U.N. austerity and efficiency, a freeze on U.N. salaries that would match the freeze on U.S. civil service paychecks that has been in effect for the past two years.

In a Christmas Eve budget session that matched the “fiscal cliff” wheeling and dealing over taxes and spending in Congress, the U.N. General Assembly approved a series of add-on missions and cost adjustments that hiked a projected U.N. Secretariat budget of $5.15 billion for 2012-2013 -- a period that is already half-over -- to just under $5.4 billion.

The roughly 3 percent spending increase effectively wiped out U.S. claims made a year ago that it had, for only the second time in 50 years, caused a decline in the U.N.’s so-called “regular” budget -- only a fraction of its true spending -- as a prelude to even more fiscal discipline in future.

In fact, it brought the budget figure back to almost exactly what Secretary General Ban himself had proposed in 2011 for the subsequent two years -- before he proclaimed that he had jumped on the bandwagon for austerity and ordered top managers to cut back on their budget wish lists.

The U.S. share of the latest version of the readjusted “regular” tab is 22 percent, or about $1.19 billion.

The $5.4 billion figure will now be used as the starting point for the U.N.’s next “regular” budget period, for 2014-2015, where the world organization’s longstanding habit of turning the previous cycle’s budget ceiling into the next cycle’s budget floor -- to be further augmented by mission creep and an arcane process known as “recosting” -- may happen again, as it did this time and usually has in the past.

The growing “regular” budget is still only a faction of what Washington spends each year to support the U.N.’s sprawling global array of funds, programs and bureaucracies, as well as its burgeoning peacekeeping obligations, a total that has been growing even more dramatically than the regular budget figures.

In 2010 the U.S. total came to about $7.6 billion, up steeply from $6.35 billion the previous year.

In 2010, the Obama Administration further agreed to hike the U.S. share of U.N. peacekeeping expenses, which had hit some $7.2 billion for the 12 months ending on June 30, 2010, to 27 percent, up from the previous 25 percent. (Raising the U.S. share of peacekeeping has long been a favored goal of Vice President Joe Biden.) In the twelve months ending on June 30, 2011, the peacekeeping tally hopped to more than $8 billion.

The State Department normally publishes an annual update of its overall spending for U.N. support  during the previous year, but in 2012, amid a presidential election campaign where what the Obama Administration has termed its “robust engagement” with the U.N. was potentially a point of vulnerability, the update for 2011 did not make an appearance.

Officially, the U.S. response to the budget setback has been to declare it a victory -- in the sense that it was originally going to be worse.

In a Dec. 28 statement on the budget deal that had been crafted in the U.N.’s 5th,or Finance, Committee, the U.S. mission to the U.N. headed by Ambassador Susan Rice declared that it was “pleased by the significant progress we were able to achieve toward advancing fiscal discipline during a period of significant global financial difficulty and setting the United Nations on the path of increased efficiency and accountability.”

One reason for that pleasure was the fact that the planned initial budget for the 2014-2015 was not $100 million higher, as Secretary General Ban had originally requested. The mission said that it was “gratified” to have “held the line” at $5.4 billion, which it noted was the same level as the U.N.’s final budget for 2010-2011.

In other words, the mission’s new claim for victory amounted to an admission that it had failed to hold onto its previous victory, in the form of a U.N. budget decrease.

The mission used similar Pyrrhic language to describe what it called “the first-ever U.N. pay freeze,” which it said took place between August 2012 and January 2013.

That effort, led by the U.S. Ambassador for management and reform at the U.N., Joseph Torsella, was a bid to bring the U.N.’s notoriously generous salaries and cost of living benefits into greater synch with the salaries of U.S. civil servants, who had their pay frozen in 2010 by the Obama Administration.

In theory, the two salary systems are supposed to be at parity. In fact, due to a complex system of cost-of-living adjustments, U.N. salaries at the Secretariat’s New York headquarters have long been significantly higher than their U.S. equivalents -- and the gap widened after Ban agreed in 2011 to enforce “austerity."

The push for a U.N. freeze fizzled, when a U.N.-sponsored International Civil Service Commission (ICSC) agreed to halt a planned 3 percent U.N. cost of living hike for just six months.

Nonetheless, the U.S. mission hailed the six-month moratorium as “an important signal that business as usual cannot continue and sets the important precedent that U.N. staff salaries are not immune to the financial realities of the outside world.”

In fact, the abortive freeze seems to signal the exact opposite. When it first acceded to a temporary freeze, the ICSC also ruled that when the six months were over, U.N. salaries would be hiked retroactively to compensate for the freeze period.

In other words, so far as U.N. paychecks were concerned, there was no freeze at all. It was  no pain, all gain -- except for some inconvenience.

Moreover, in pushing back against the U.S. pressure for a pay freeze, which was backed by other major donor nations, the ICSC specifically noted in its annual report to the U.N. General Assembly  that its decision was backed -- not surprisingly, perhaps-- by a high-level network of human resources officials across the U.N. system.

These officials, the ICSC said, “strongly believed that the technical soundness and integrity of the methodology developed by the Commission for calculating and adjusting salaries of United Nations system staff must be respected.”

The same U.N. officials added that “the reactive introduction of ad hoc solutions” -- meaning the pay adjustment freeze -- “could result in long-term consequences that would jeopardize the competitiveness of the United Nations and the operational effectiveness of its organizations and their ability to deliver on their mandates.”

The U.N. statement made no effort to define what the “competitiveness” of the United Nations might be.

A possible translation of the remainder of the statement:  any attempt to limit U.N. salaries and perks might make the system more dysfunctional than it already is.

When a U.N. budget oversight committee asked further about the issue, it was told that Secretary General Ban himself “supported the [human resources officials’] statement.”

In other words, Ban is willing to talk austerity, but only until it affects the wallets of his U.N. staff.

The other major reason offered by the U.S. mission to the U.N. as to why its frustrated efforts to impose fiscal discipline were actually a victory of sorts is a further  variation on the “it-could-have-been worse” theme.

In its Dec.28 statement, the mission said that a substantial majority of developing nations, who pay virtually none of the U.N.’s costs, were ready to vote the U.S. share of  the world organization’s tab up from 22 percent to 25 percent in 2013, as part of a realignment  of national contributions to the U.N. budget, known as the “scales of assessment,” which take place every three years.

This, the mission said, “would have resulted in at least an additional $300 million being assessed to U.S. taxpayers annually.” In the end, the scales of assessment remained the same as they were last set, in 2010.

According to a Western diplomat familiar with the issues, protecting the 22 percent cap on U.S. support for the “regular” budget involved so much money that it outweighed a number of other issues, not only of financial discipline but of U.N. transparency and other areas for reforms.

Said the diplomat:  “Having the leverage of an assessment scheme with such vast financial consequences gives the bad actors the ability to take unrelated issues hostage, and something to hide behind.”

That logic reflects one of the fundamental distortions of the U.N., in which four nations -- the U.S., Japan, Germany and Britain -- pay nearly half of the U.N.’s “regular” costs,  while a substantial majority of developing nations --  roughly 130 -- pay virtually nothing. Some of the world’s economic rising powers are among those on the virtual free ride list. China, for example, pays 3.189 percent of the U.N.’s costs, and India pays 0.534 percent., according to the 2010 scale.

But the view that the highest-paying contributor to the U.N. is always at the mercy of a non-paying horde of virtual free-riders rests on a questionable assumption: that the U.S. must always play by those unfairly-tilted rules. In the past, the U.S. has chosen to balk, often with highly favorable results, not only for U.S. taxpayers but for U.N. reform.

In 1994, for example, President Bill Clinton signed legislation that limited the U.S. share of U.N. peacekeeping costs to 25 percent, even while the U.N. declared that the U.S. should pay upwards of 31 percent. The difference accumulated as arrears, which the U.S. used  as inducement for the U.N. to agree to reduce gradually the U.S. share of the “regular” budget to 22 percent (from 33 percent) , and scale down the peacekeeping share over time to 25 percent. Due to U.N. stalling, however, the actual peacekeeping rate never fell much below 26 percent., until it rose again to 27 percent.

Additionally, a Congressional initiative to withhold 10 percent of U.S. assessments from the U.N. “regular” budget led to the establishment a year later of the U.N.’s Office of Internal Oversight Services, or OIOS, its main internal financial watchdog.

Currently, observes Brett Schaefer, an expert on U.N. finances at the conservative Heritage Foundation, “the U.S. is negotiating from a position of weakness. The U.N. knows the Obama administration is reluctant in the extreme to use the withholding of contributions as leverage in financial negotiations. Therefore, it’s unsurprising that they were unable to hold the line.”

The Obama administration’s current view, is unlikely to change with the advent of John Kerry as Secretary of State later in January. As chairman of the Senate Foreign Relations Committee, Kerry has been one of the U.N.’s consistent supporters, especially of its sponsorship of sweeping efforts to control “climate change.”

In fact, Kerry could be said to be linked to the U.N. by blood. His first cousin, Brice Lalonde, a French citizen, was the chief U.N. coordinator of last summer’s Rio + 20 summit meeting on sustainable development and continues to act in that role.