

Failures of the UNO and financial remedies

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Abstract: UNO performance in socioeconomic brought more disappointment. This was largely due to the small number of funds. Currently lead the international organization can not prove realistic thinking, if they want to increase the contribution of its members. The solution is rather to resort to international taxation, as now, there are many items available for that purpose.

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1. Shortcomings of the institution

In private conversations, when you speak of the UNO, someone intervenes to ask whether it still exists. In fact nowadays there is not much mention of the institution in the press in contrast with the situation as it obtained some 20 or 30 years ago. Even the UNO Day passes unnoticed, with hardly some talks without conviction in schools and colleges. Why and how did we reach this stage? The simple answer is that the action of the ONU is more and more rare and insignificant.

In the socio-economic front, action has been continuously disappointing. It is true that some countries have registered phenomenal progress, but that happened without the help of the UNO. The downtrodden people of poor countries are soaked in misery and are deprived of drinking water and elementary medical care; they even die of starvation. Inequality between men is growing more and more. It is estimated that 1% of the world population owns 40% of the total wealth and that half of the world population has access only to 1% of the global wealth. The help afforded by UNO is utterly insufficient; even that much is ill conceived and proves often inefficient.

Vital concerns of poor countries, like financial aid, rate of interest, variations of exchange rates, growing State debt are no longer discussed within the precincts of the UNO as it was the practice in the years 1970. Rich countries prefer to negotiate directly with countries in need of help in order to get diplomatic mileage.

In the field of peace and world security, in the course of these 65 years of existence of UNO, there have been approximately 400 wars, small or big. The ill effects of the first war, that of Korea are still manifest. The wounds of the last war, that of Iraq, are still to heal. This war is the one which shook deeply the confidence on UNO. So, the main sequence of facts regarding that war deserves to be recalled. That country was the object of envy for its vast resources in petroleum. It is true that it was governed by a dictator; he was not the only one in the world, but he emboldened to challenge the United States. The latter decided to invade the country. For that purpose it would have liked to get the assent of UNO, however it proclaimed that, assent or not, it would occupy the country. It went a step further and declared that if the UNO did not permit the occupation it would meet the same fate as the League of Nations. The UNO did not yield to such an imprecation. The United States, blinded by its

formidable military power, occupied all alone Iraq in March 2003. The General Secretary of the UNO made a appeal to put an end to the occupation and to restore the sovereignty of that country. Then the idea was mooted to send a UNO contingent to supervise the occupation. The United States accepted on condition that it was done under its control. With the help of intense diplomatic activity it secured on the 16th October of the same year the ex-post facto approval of its occupation by the Security Council and the installation of an international force under its command.

In other words the United States committed a grave act of aggression on IRAQ, much against the opinion of the UNO and by a diplomatic trick-riding, managed to obtain a mission by it. The whole episode shows the extent to which the UNO was flouted with impunity. During this whole sequence of facts, the world press used to speak of “the UNO and USA” as if the USA was not part of the UNO. The press did not care for legal nuances and reported the reality as it appeared viz that the USA considered themselves as an entity separate from the UNO for the purpose.

On the other side, till the collapse of the Soviet regime the Security Council was paralysed by the bipolarity of the world, now it is manipulated by the all mighty USA. At any rate, past experience shows abundantly that leading members of the UNO did not act in accordance with the lofty ideals of the institution; they rather made use of the UNO to promote their own short term interest. That is quite natural on account of the unfettered egoism of nations. When the UNO is not apt to promote their interest they think of some other groups.

The marginalisation of the UNO is evident with the emergence of more and more parallel international bodies like the NATO, the G8, the G20, the BRIC, the Atomic powers association, the Economic community of Western Africa States etc...

A continuous decline of the UNO is thus manifest, at the same time there is a universal desire to procure vigour and efficiency to it. The necessity therefore arises to scan the international institutions to detect what deserves change. This should not lead to a face lifting exercise which would not yield any lasting result but to an in-depth reform of the important organs of the UNO, namely the General Assembly and the Security Council. Possibilities of such reforms are being debated all over the world. Awaiting such reforms improvement of its financial position will improve definitely its performance in the socio-economic field.

2. Improvement of finances

It is evident that any institution, in order to fulfil its mission needs money in sufficient quantity. UNO is no exception. Unfortunately the budget of the UNO remained frozen for about twenty years. If in nominal terms the amounts were stable, in real terms there was an erosion of 3 to 5 % per year on account of inflation. This fall of income can by itself explain in large measure the shortcomings of UNO in the socio-economic field where needs have been on the increase.

The bulk of the income of the UNO consists of the contribution by members. It is not proportionate to their respective GNP. The share of each member is fixed by the General Assembly on the basis of the payment capacity of the member states.(1) This is in conformity with the principle of solidarity espoused by UNO. It allows also the evolution of the respective share in consonance with the development of each nation. However a minimum was fixed, it is equal to 0.001% of the overall contributions. For the less developed countries there is a maximum fixed at 0.01%. When one takes a look at the distribution of contributions as it prevails now, most of the countries pay less than 1%.

This is the case even in respect of countries which can pay more, like India which pays 0.4%, Iran which pays 0.2%, Saudi Arabia which pays 0.7%. Those who pay substantial contributions are: United States 22%, Japan 16.6%, Germany 8.5%, the United Kingdom 6.6%, France 6.3%, Spain 5.9%, Italy 5.9%. Two “permanent members” China and Russia do not make substantial contribution: China pays only 2.4% and Soviet Union 1.2%. A minimum of 5% could be fixed for permanent members in view of the great influence they wield in decision making.

It is to be noted that the United States and Japan cover 38% of expenses, 6 other nations 32%, 8 others 13%. The 176 remaining nations cover only 13%. The most important contribution, that of the United States, amounts to 600 million dollars and the lowest contribution, that of poor States amounts only to 24 thousand dollars each.

This blatantly unequal distribution of contribution is perplexing. With such a state of things the world body cannot function according to the ideals of the Charter since the will of big payers will impose their will in one way or the other. Of course the capacity to pay is a good yardstick to determine the amount of contribution; it is an equitable measure. But to leave 38% of the expenditure at the charge of two States is neither just nor wise. It is pregnant with dangers. Naturally those countries would like the others to vote according to their wish; they can hardly accept their money be employed to finance measures adopted against their wish. In case of dissatisfaction they will be tempted to stop paying their contribution which would paralyse the institution. This happened indeed.

To avoid such a danger it is necessary that a ceiling of contribution is prescribed. Such a ceiling may be now 10%. The balance of 18% which has to be taken off the shoulders of the United States and Japan has to be distributed to some 100 countries other than tiny States and less developed ones. The increase for each of those 100 countries will not be considerable and appears feasible. If they wish the UNO to pay attention to their viewpoints they should pay the price.

Some countries do not pay regularly their due in time, putting the world body in a state of financial embarrassment, especially if the defaulting country happens to be a big contributor. In fact the United States has been found defaulting in a chronic manner, which was criticized within that country itself. Such lack of funds has slowed down the activities of the world body and disarranged its action. One fails to understand how the United States who is a responsible partner can resort to refusal of paying their dues like a simple individual. It is open to it to quit the organisation or to renegotiate the amount of its contribution; it is certainly not acceptable that it continues to influence considerably the decisions of the world body while abstaining to pay its contribution.

In order to enable the UNO to function without fear of bankruptcy and to play its role in the world, it is necessary that it is free from financial uncertainty. There is periodically a resolution of the General Assembly unanimously adopted inviting all member states to pay timely their integral contribution without putting conditions, since the amount is fixed according to accepted criteria. Such resolution is not respected by those who voted it, therefore other coercive measures have to be contemplated. Article 18 of the Charter stipulates that member states who do not pay their contribution for two consecutive years cannot take part in any vote. Two years of default is too much, because the default of a single year by a big contributor would paralyse the institution. It is necessary to modify that article to reduce that period to one year. This will not cause much inconvenience to poor countries since the same article provides for excuse of non payment if the country justifies the delay by circumstances independent beyond its control.

It is also necessary to take a more radical measure to avoid any delay in payment. The General Assembly may decide that the contribution fixed according the accepted norms need not be subjected to the vote of the Parliament of each country, that it should instead appear among the charged expenses in the budget in the country.

On the other hand it appears more and more evident that the UNO requires considerable more money to fulfil its multifarious mission. It would be unrealistic to think in terms of increasing the contribution by members, so it is necessary to find other sources of revenue. Time has come to think of international taxation which offers vast possibility of increase of the revenue of the UNO.

Many items are available for taxation. They are for instance the export of arms or even the production of arms, the stock of atomic arms, the use of air and maritime routes, the international movement of capitals other than for payment of goods or services, the deposit of money in foreign banks, etc...

One can think also of royalty on costly natural resources unequally distributed in the world, like petroleum, gold, silver, uranium, thorium etc... The concerned countries already levy royalty on those products. It would be enough to provide for a percentage therein for the benefit of the UNO.

3. Conclusions

There should not be insurmountable difficulties in ushering in international taxation. The first item chosen for taxation should be such as does not invite much opposition. Once the international taxation has become an established practice there will be always a majority in favour of any new levy.