

proportionate to the member state's contribution") and had also reduced salaries and pensions to the level of the U.S. civil service. Salaries are about 15 per cent higher at the UN, due to an expatriation premium. To change that would be difficult, and to move to a system of weighted voting similar to that in effect on the World Bank board of directors would require an amendment to the UN Charter.

The immediate effect of the Kassebaum Amendment was to cut \$42 million (U.S.) from the amount the United States should have been paying into the regular UN budget for 1986. The effects of the Gramm-Rudman Act, which aims to eliminate the U.S. federal budget deficit within five years by automatic cuts in designated sectors, are less quantifiable but could involve an even more severe reduction in the UN contribution.

As Foran explains, these cuts came without any advance warning: "The United States and the UN have never had the same fiscal year. The United Nations has always been on the calendar year. The United States used to operate a fiscal year from July through June ... [In] the 1970s[, they] moved to October through September. In 1983, the United States started paying after October for the UN contribution of that calendar year. This has made things very difficult. For they pay 25 per cent of the budget and provide it only in the last quarter of the year. The Kassebaum Amendment was to come into effect only in the U.S. fiscal year 1987, but it affect[ed] us in 1986. The same with any reduction because of the Gramm-Rudman Act.

"If we go back to January 1985, the UN regular budget had \$166 million in contributions payable from previous years. Of that amount, the Soviet Union was in arrears for \$42 million and the United States for \$11 million. Most of the Soviet arrears—more than \$40 million—were withholdings accumulated over about 20 years, and so were \$7 million of the U.S. arrears. But by September 1985, it was a different picture. At that point the United States owed \$205 million, more than half of the contributions then outstanding. In the last quarter it paid \$120 million, so at the end of the UN's fiscal year it still owed \$85 million. So what has changed and is critical is the U.S. behaviour. It is certainly not the total problem, but it has made a problem into a crisis.

"The Working Capital Fund was at a level of \$40 million in 1962, and then increased in 1982 to \$100 million by assessing all member states for contributions. But by December 1985, the withholdings of 18 states amounted to \$99.7 million, and that simply wipes out the assets of the working capital fund. Withholdings from peacekeeping operations are listed in a separate account, and the bond issue that was floated to cover the Congo operation is now amortized, except for the last \$20 million, which will be amortized within the next couple of years.

"There are always late payers, which accounted for much of the \$66 million in January 1985 that was not actually being withheld. The Kassebaum cut of \$42 million, together with the cuts dictated by the Gramm-Rudman Act, means that the U.S. contribution for 1986 has amounted to \$100 million instead of the assessed \$210 million. The Secretary-General brought in economy measures amounting to \$60 million. Putting all these figures together, we will just manage to finish 1986 without going broke. I am more optimistic now