



## The Big Picture: UN's Financial Crisis

Recently, the [United Nations'](#) (UN) Secretary-General held that the UN **may run out of money by the end of October**. The UN is running on a **deficit of \$230 million**, and to tackle this shortfall in the budget, the UN secretariat has proposed **cost-cutting measures** like postponing conferences, reducing services and restricting official travel to only essential activities.

The UN's regular budget for the year is \$5.4 billion, but **only 129 of 193 member states in the UN have paid their regular contributions to the budget**. However, one of the main reasons for the UN's financial crisis is the delay in payment by the United States (**largest contributor to UN**), which funds **22% of the UN's regular budget amounting to \$674 million**.

### Nature of UN's financial crisis

- It is a **regular financial crunch** faced by the UN, generally in the month of October.
  - This is because the US's budgetary procedure is such, that it delays payments to UN till the end of October.
  - However, if US defaults (for two consecutive years), it will lose its right to vote in the UN.
- It is not the first time that the US tried to maneuver multilateral forums in accordance to its strategic interest.
  - The US has also **delayed payments to UNESCO** and eventually withdrawn from it, blaming **UNESCO for its anti-Israel bias over Palestine issue**.
- However, this time the other big contributors, like Brazil & South Korea, have also delayed these payments to the UN. **That's why UN budgetary deficit has reached 30%**.
- Though this crisis might get over after the end of October (if US pays it dues), this regular financial crunch in UN budget, **questions the relevance of UN**.

### Relevance of UN

Today, **multilateralism is under attack** and regionalism or bilateral engagements have become more preferred choice in global dealings.

- For example, today the [World Trade Organisation \(WTO\)](#) is in a dormant state and mega regional trade deals like [Regional Comprehensive Economic Partnership](#) are being relied upon more now.
- **Multilateralism**
  - It is the process of organizing relations between groups of three or more states.
  - It is based on principles of **common shared interest, a commitment to diffuse reciprocity, and a system of dispute settlement**.
  - It is principally associated with the era after World War II, primarily led by the **United Nations (biggest multilateral forum)**.
- **Regionalism**

- Regionalism is the expression of a common sense of identity and collective action within a **geographical region**.
- Regionalism against multiculturalism is limited to number of states linked by a geographical relationship and by a degree of mutual interdependence.
- South Asia Association for Regional Cooperation (SAARC), European Union (EU) are examples of regionalism.

#### ▪ **Reasons for the ineffectiveness of UN**

- UN was established in 1945, **primarily envisaged for maintaining peace and order in the world**, but has largely remained defunct on that front.
- The **five permanent members** (P5: the Soviet Union (Russia), the United Kingdom, France, China and the United States) of [United Nations Security Council \(UNSC\)](#), were victorious allies of World War II.
  - These P5 countries were sought to act in collaboration to maintain peace and order in the world.
  - However, due to the **Cold War, the P5 got divided** (US, France and UK vs Russia and China) and **use of veto made UN's say on matters of security less effective**.
  - This ineffectiveness is continuing even after the end of the cold war, as **reflected in continuing instability in West Asia**.
- Moreover, UN holds significance for the majority of small countries, which are not the major financial contributors to the UN.

#### ▪ **Has UN become obsolete?**

- Though the UN's role in security matters has been its weakness, however in **social dimension UN is doing extremely well**.
- **Specialized agencies** of the UN have done remarkably well in social sector, i.e. fields of human rights, climate change, health etc.
  - **United Nations Development Programme (UNDP):** It works internationally to help countries achieve the Sustainable Development Goals (SDGs).
  - **The World Health Organization (WHO):** WHO immensely helped countries like India to eradicate polio and smallpox.
  - **United Nations High Commissioner for Refugees (UNHCR):** It seeks to address large movements of refugees and migrants, with the aim of bringing countries together behind a more humane and coordinated approach.
- Further, the UN is relevant for the majority of countries, as it is necessary to maintain **some form of pressure, against the handful of powerful countries**.

### **How UN must be reformed?**

- On the issue of UN reforms, US always held that UN is **top heavy (heavily bureaucratized)**, therefore US proposes cost cutting reforms.
- Though it is very logical for international forums, like the UN, to **use resources in an optimum way**, however, developing countries like India propose reforms that seeks to **democratize** the UN, such as **UNSC reforms, UN peacekeeping reforms**.
- Also specialized agencies of the UN ( which are successful) **all nations are treated equally, whereas in UNSC, the privileged countries (P5) have made** UN defunct in maintaining peace and order. Therefore, **veto powers of P5 and composition of UNSC must be made more representative of the current world order**.
- Further, multilateralism can only work when member States **seek a joint collaborative interest**.
  - For instance, every country collaborates on matters of **tackling an epidemic or climate mitigation**. However, **peace and security by nature is very different**, because these issues arise because of **conflict between the countries**.

- Though there is some success on security front in coming up to a common ground in **tackling the terrorism, money laundering control, nuclear non-proliferation, chemical weapons convention.**
- Therefore, unless countries find shared common interest, it would be **very difficult for multilateralism to work.**
  - So, for conflict resolution, **a new model of UN must be formulated**, as current world order has changed from bipolar to unipolar to multi polar today.
    - **Bipolar:** From post World War II, during the cold war World order was dominated by two superpowers i.e. US and USSR.
    - **Unipolar:** After disintegration of USSR in 1991, the world was dominated by sole superpower i.e. US.
    - **Multipolar:** International relations today are characterized by the power relationships of the United States, China, Russia, India and Europe.
  - The new conflict resolution of UN **can be decentralized at regional level** like EU.
  - World needs multilateralism, but not in the form as envisaged nearly 75 years ago, as today's world order is based on **complex interdependence.**
    - **Complex Interdependence:** Due to trade, globalization etc, transnational connections and interdependencies between states and societies are increasing, while the use of military force and power balancing are decreasing but remain important.

In spite of all these financial issues, UN is important to sustain the **idea of global rule based system and global governance.** It is in the interest of all the countries to have a space where they can interact on a collegial basis rather than earlier Westphalian model of diplomacy (Bilateral relationships based on notion of power).

### **UN peacekeeping force reforms and India**

- Peacekeeping became the most important tool available to the UN in order to maintain peace and security in conflict areas at a time when cold war rivalries frequently paralyzed the Security Council.
- The first UN peacekeeping mission was authorised in May 1948 and a team was deployed to the West Asia during the 1948 Arab-Israeli War.
- UN Peacekeeping is guided by four basic principles:
  - Consent of the parties
  - Impartiality
  - Non-use of force except in self-defense
  - Defense of the mandate
- UN peacekeeping was conceived with the idea that the neutral and non-aligned countries, will be best and most acceptable forces in restoring peace in conflict ridden countries.
- However, reforms are the need of the hour as UN peacekeeping today faces several new challenges that have surfaced due to changing geopolitical situations:
  - There is a difference of opinion between the countries of the Global North and South with regards to the scope and mandates of peacekeeping operations. The countries of the north are asking for more robust peacekeeping mandates, while the countries of the south fear that this may threaten their sovereignty.
  - Northern countries also hesitate to engage their troops with the UN due to its deficiencies and, also refuse to finance the measures needed to improve the UN.
  - Also, the Security Council is accused of using these operations only in areas, which are geopolitically significant to them, and ignoring the rest.
- In this context, India which is among the biggest contributor to peacekeeping forces, calls for review of its contribution of force in Peacekeeping forces. It has been very vocal regarding reforms for peacekeeping forces and wants a greater say in decisions pertaining to peacekeeping.
- Since, deployment of peacekeeping forces is not a revenue earning exercise for India, it should not be only looked from national point of view but also keeping in mind where peacekeeping forces are being sent.
- India's soft power, foreign policy, cultural background, makes India's peacekeeping forces more acceptable in conflict ridden countries.

- Therefore, it should take advantage of its rising global stature and should take a lead in order to make this arm of the UN more effective.

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