

Spending without controls*

Imperium Anglorum†

15 August 2020

It is no great secret that I opposed GA 495 “Supporting and Valuing the Humanities” (2020). But it is difficult to robustly explain why the resolution has fundamental flaws in its conception of public contracting and expenditures without a lot of space.

The World Assembly relies on money that is assessed from member nations by GA 17 “WA General Fund”. It is not a bottomless pit of real resources that can be tapped forever. While the Assembly writ large has a convention that those resources are vast, they are very much not unlimited.

When those resources are expended, they ought to be used under tight constraints on projects which go directly towards actually accomplishing the goals for which funding is requested. And in most cases, those funds are used responsibly: committees undertake actions directly or fund services specifically enumerated. Historically, the more open-ended funding permissions also make sure to require that funds are only disbursed when nations do not themselves have the money to pay for some project themselves. Such restrictions stop members from buck-passing their responsibilities to the World Assembly as a whole.

These sensible controls are mostly lacking in GA 495. They are also compounded by poorly-thought-out restrictions on how the World Assembly can disburse its funds, imposing restrictions which extend far beyond the money sink committee at GA 495’s centre.

GA 495 “Supporting and Valuing the Humanities” (2020) states—

The World Humanities Fund (WHF) is established under the management of the WA General Accounting Office. The *WHF is an opt in service* to which both national governments and non profit organisations which operate within member nations may submit applications. The WHF shall *exist to provide funding to constituent nations and non profit organisations within them* to accomplish *either in part or in full* the following objectives... (emphasis mine)

* My thanks to Maowi, Tlomz, and Tinghampton for their helpful comments.

† Delegate for Europe, cyrilparsons.london@gmail.com.

This seems, on first glance, reasonable. An opt-in programme might not be universal, implicitly controlling costs. But it is important to understand that there are no actual strings attached to this grant. If strings were attached,¹ it might be possible that not all states would join. In reality, when you hang up a sign saying “Free money, no strings attached”, only those acting to their self-detriment would refuse.

Also recognise that there is no clause requiring that states only receive approval for projects which they could not pay for themselves. What this permits is the sort of buck-passing which resolutions like GA 97 “Quality in Health Services” (2010) wisely avoided, as nations can now choose to defund their domestic programmes and replace the money with WA money, pocketing the difference. This is commonly associated with corruption in the developing nation context, as aid programmes “act as substitutes for tax revenues” and release tax receipts that are “then diverted to unproductive and often wasteful programmes rather than productive public expenditure (education, health infrastructure) for which they were ostensibly intended”.²

Corruption is compounded with waste when the kinds of projects which would be approved are not limited in scope only to projects which have their primary effect in achieving the goals listed in the resolution. The inclusion of the words “accomplish either in part or in full” does not put a floor on how little is accomplished. This opens the scope for massive waste:

- Building a lazy river for university students to relax on is included,³ as the project in part helps to “strengthen the academic enrichment of courses and create [humanities] electives”, if you also allow people to paint murals on the walls.
- Organisations sending theology professors to Disney World also would count, as it in part helps to “hold nationwide symposiums to put on ... advancements in the various areas of the humanities”.
- And similarly, a nation defunding its own humanities departments and shuffling the freed-up money to Dearest Leader’s foreign bank accounts would create a need to “support university degree programs that fall within the definition of the humanities”, at which this committee could then throw money.

¹ Eg *South Dakota v Dole*, 483 US 203 (judging the constitutionality of an act which removed federal funds from states if they failed to abide by certain regulations).

² Dambisa Moyo, *Dead Aid* (2009) 52–3.

³ Eg Naomi Schaefer Riley, “LSU’s ‘Lazy River’ and the Student-Fee Sham” *Wall Street Journal* (New York, 15 Dec 2017).

Surely these could have been solved with controls. They are not minor problems nor are they new ones. But the control mechanism in the resolution is fundamentally broken. It reads:

Within the WA General Accounting Office, the Department of External Auditors (DEA) is established with the following tasks: (a) *ensuring that money accepted by nations or organisations from the WHF is used for the above established purpose* and (b) informing the GAO of incorrect use of funding.

If incorrect use of funds is reported, the GAO will cease the allowance of funds to the transgressing nation or organisation. (emphasis mine)

Note that “ensuring that money accepted by nations or organisations from the WHF is used for the above established purpose” does nothing when the money is already authorised for those wasteful purposes in the first place. The clause is intended to stop nations from taking the money they receive and directly diverting it to other purposes. That is sensible. But the clause does *nothing* to prevent indirect diversion or to prevent the WHF from funding inherently wasteful projects with only tangential benefits for the humanities.

Moreover, the control mechanism itself creates massive harms for member nations. The passive construction of the next clause⁴ allows for the interpretation that the mere reporting of incorrect use of funds triggers the severe penalties that follow.⁵ And while the resolution provides due process to *restore* lost funds, it requires the General Accounting Office to shut off funds merely when reported, with no discretion to reject false or malicious reports.

Funds that can be shut off at a whim, before entering an appeals process where a member nation likely must prove their own innocence, creates massive harms to poorer member nations. The funding restrictions are not limited only to funds given by this resolution. It says that the “allowance of funds” shall cease. If the resolution meant only the funds in this resolution, it ought to have made that explicit or used the same verb as in section 3.

The World Assembly provides a mass of money to its member nations for various purposes. This includes money from the GAO in GA 263

⁴ GA 495 s 5.

⁵ The argument that the only relevant reports are those from the Department of External Auditors is undercut by this being in a separate section. Moreover, the hypothetical enemies of, say, Bigtopia would never interpret the resolution this way, arguing instead that the passive construction permits them also to make reports.

“Uranium Mining Standards Act” s 8 (2013) to prevent radiological accidents, GAO funds given in GA 97 “Quality in Health Services” (2010) to ensure universal healthcare in poor countries, and funds disbursed in GA 80 “A Promotion of Basic Education” (2010) to ensure that disadvantaged children are educated.⁶ There are surely more examples. All of those funds are shut off until a member nation can complete its appeal with a favourable verdict.

The extent of that embargo is also not limited only to the specific sub-division or department which is allegedly corrupt. The resolution states that the embargo applies to the “transgressing nation”. This means that an education department with poor spending controls⁷ can defund the health services or undermine safety in uranium mines.

Quite simply, the scope of what is affected by this resolution is too large. Even if due process were upheld in invoking this funding embargo, the resolution would greatly harm countries with poor spending controls and deprive people who had nothing to do with any malfeasance of their health, lives, and livelihoods. But the failure to ensure due process makes this even worse, exposing member nations to the whims of their enemies and creating an unnecessary choice between domestic security and the welfare of their citizens.

Wasteful spending programs not only harm the image of the humanities, already derided as an economic dead-end and superfluous, they also harm all other public programmes. Waste means there is less money left over for food aid, for pandemic relief, and for basic education. As policymakers we ought not only to be concerned with the good, but also be concerned with making that good happen frugally.

Costs alone do not make a repeal. All recognise that costs of programmes created in GA 97 “Quality in Health Services” (2010) are large. We bear them – in character and in real world taxes for healthcare safety nets – because we recognise that healthcare is a right.

But when a resolution fails to impose the basic and well-attested controls needed to prevent a nation from receiving money under false pretences, repeal is justified. When a resolution allows organisations to divert to private

⁶ Whether WHA funds are affected by the embargo is debatable: the context is that the GAO would cease allowance, but what exact funds are embargoed is ambiguous. It is a colourable interpretation that the lack of a qualifier implies “all”, in the same way that a unqualified prohibition signifies “all”. And because there is no explicit independent funding mechanism in GA 31 “World Health Authority” (2009), funds probably originate from the GAO regardless.

⁷ Imagine if a headmaster authorises the use of funds for school supplies when those funds are meant for building repairs.

hands all but a trickle of contributions raised from all member nations for the common good, repeal is justified. When a resolution deprives member nations – without due process – of what they need to educate, to heal, and to protect their citizens, repeal is justified.

Poverty, corruption, and waste may not be horsemen of the apocalypse, but they cannot be abided in silence. Together, they do more than justify repeal. They demand it.