

UPDATE

Growing Pressure For Global Taxes

Richard Haass, President of the Council on Foreign Relations, has authored a piece entitled “Rethinking Sovereignty,” in which he argues that **“states must be prepared to cede some sovereignty to world bodies if the international system is to function.”**¹ Haass, former Director of Policy Planning for the U.S. Department of State, where he was a principal adviser to Secretary of State Colin Powell, says, “The goal should be to redefine sovereignty for the era of globalization, to find a balance between a world of fully sovereign states and an international system of either world government or anarchy.”

While Haass does not specifically endorse a global tax to underwrite the operation of this new international system, he declares that “Some governments are prepared to give up elements of sovereignty to address the threat of global climate change” and that a new global treaty to “cap” emissions is “needed now.”

It is a short step from restrictions on energy use, as suggested by Haass, to a global tax on energy. Indeed, a U.N.-supported book on “New Sources of Development Finance” considers the adoption of the equivalent of a 35 cent a gallon gas tax.²

The Haass piece appeared on the Web site of and was distributed by Project Syndicate, a global media group³ financially supported by the Open Society Institute of billionaire George Soros. It also distributes Soros op-eds to newspapers around the world.⁴ Its member papers include the British Guardian⁵ and its editorial board includes Jeffrey Sachs, a top adviser to U.N. Secretary-General Kofi Annan and noted supporter of global taxes.

Not surprisingly, Project Syndicate also distributed a column by Branko Milanovic, an economist with the World Bank, who advocated a global “inequality tax.” Arguing that “international action to address both global poverty and global inequality is needed,” he considers **“the idea of vesting tax-raising authority in a global agency”** and concludes that the time has come.

He explains, “Global redistribution through taxes that would be levied by an international body may seem far-fetched today, but **the logic of development that we are witnessing – particularly the move away from nation-states as the locus of sovereignty – suggests that it may eventually come to pass.**”⁶

Published and distributed by America’s Survival, Inc.
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Richard Haass: Nations should cede sovereignty.

If this sounds fantastic or unlikely, consider that Peter Wahl of the influential German-based non-governmental organization WEED (World Economy, Ecology & Development) has authored a new paper entitled, “From Concept to Reality,”⁷ on how global taxes are coming into being. He notes that:

- France starts levying its own international tax on airline travel as of July 1, 2006.
- At the February 28-March 1, 2006, Paris conference on “Innovative Development Financing,” nine other countries announced they intend to adopt the airline tax. They are Norway, Luxembourg, Cypress, Ivory Coast, Jordan, Congo, Madagascar, Mauritius, and Nicaragua.
- 38 countries, including Belgium, Germany, the United Kingdom, India, Mexico, Austria, Spain, South Africa, and South Korea, have created a “Pilot Group on Solidarity Contributions for Development” to carry other global tax ideas forward.
- 115 countries in the U.N. General Assembly voted for a U.N. resolution to study the feasibility of international taxes “as an instrument of development financing.”

Wahl’s report is posted at the Web site of the Friedrich-Ebert-Stiftung, described as a German non-profit institution “committed to the principles of social democracy with offices and partners in more than 100 countries.”

Wahl’s paper provides an important insight into the development of the movement for global taxes. While he notes that an international tax on airline travel is being implemented and others are on the way, the main problem is that “it is mainly the U.S. that is adamantly opposed to any international taxes.” He identifies other global tax proposals as:

- International taxation of multinational corporations.

- International currency transaction taxes.
- Global environmental taxes, including taxes on CO₂ and kerosene.
- International taxes on the use of air corridors, maritime shipping, emissions, and “movements of hazardous goods.”
- International taxes on countries “with strict bank secrecy” and other offshore banking centers.
- International taxes on “securities transactions” and “portfolio investments.”
- International taxes on the use of space for satellites.
- International taxes on the use of the electromagnetic spectrum.

Opposition to global taxes in the U.S. is taking a new form, as Senator James Inhofe (R-Okla.) is introducing legislation that will require the U.S. Government to withhold a percentage of regularly assessed yearly U.N. dues until the U.N. and other international organizations stop promoting global taxation schemes. Senator Ben Nelson (D-Nebraska) has agreed to support the legislation and has signed a “Dear Colleague” letter with Senator Inhofe promoting it.



The Project Syndicate, which is supported by the Open Society Institute of George Soros, distributes articles critical of national sovereignty and promoting global taxes and the U.N. Soros writes some of them.

In the other body, Rep. Ron Paul (R-Tx.) reports that the House of Representatives has passed his language to the 2007 Foreign Operations bill “that prohibits the Treasury from paying U.N. dues if the organization attempts to implement or impose any kind of tax on U.S. citizens.”⁸ But “implement or impose” still leaves room for the U.N. to promote or advocate global tax schemes and for other nations to take the lead in imposing or implementing them. That is exactly what is happening now.⁹

While Wahl traces the modern campaign for global taxes to the publication in 1996 of a United Nations-supported book promoting an international currency transactions tax,¹⁰ he notes that the International Monetary Fund and the World

Bank also examined the issue at their annual spring meeting in 2005. Indeed, a detailed April 14, 2005, document, “Moving Forward. Financing Modalities Toward the MDGs [Millennium Development Goals],”¹¹ actually rates the various global tax proposals, giving them scores of high, medium or low. **A proposed “global carbon tax” is rated as “H” for high and has the potential to generate \$60-\$130 billion per year.** Other international tax proposals are identified as:

- A general financial transactions tax.
- International tax on aviation fuel.
- Maritime pollution tax.
- Tax on arms sales.
- Taxes on global commons.
- Surtax on multinational profits.
- Surcharges on VAT [Value Added Tax] or income taxes.

This document was prepared for the Development Committee, a Joint Ministerial Committee of the Boards of Governors of the World Bank and the International Monetary Fund, which was originally dedicated to transferring “real resources to developing countries.” The group has since redefined its purpose as facilitating “intergovernmental consensus-building on development issues.”¹²



Peter Wahl of the German NGO WEED says the U.S. can't resist global taxes forever.

This was followed by an April 15, 2005, document, “Financing the Development Agenda,” which had an entire section on global taxes and disclosed that the staff of the World Bank and IMF had been directed by the ministers of countries on the Development Committee to provide “a more systematic framework for the assessment of these proposals...”¹³

One year later, the IMF and World Bank followed up with an April 23, 2006, communiqué from its Development Committee endorsing the call for nations to commit 0.7 percent of national income to official development assistance and noting “increased support for an airline ticket solidarity levy and

its implementation by several countries...”¹⁴ U.S. officials listed as members of this committee were:

- John W. Snow, Secretary of the Treasury (not attending).
- Clay Lowery, Assistant Secretary of the Treasury (attending)
- Kenneth Peel, Deputy Assistant Secretary of the Treasury (attending).
- Josette S. Shiner, Under Secretary for Economic, Business and Agricultural Affairs, Department of State.

There is no indication at all that any of these U.S. officials, either at the meeting or outside of it, objected to this favorable mention of the international airline tax. The 0.7 percent figure is highly controversial since it commits the U.S. to spending \$845 billion over a 13 year period on increased foreign aid.¹⁵ The difference between what the U.S. is expected to pay and what it is willing to pay explains why global tax proposals have been offered to extract the additional money from U.S. taxpayers.

A World Bank-sponsored May 15-16, 2003, “Conference on Development Economics” was held in Paris and included Tony Atkinson of Nuffield College in England talking about “Global Public Finance.” Atkinson is the editor of the controversial U.N.-sponsored book, **New Sources of Development Finance**, which urges global taxes and other measures to finance more foreign aid spending. His talk, entitled “Innovative Sources for Development Finance,” included a statement he made in his book:

“Proposals for any form of global taxation meet immediate opposition from the U.S. Congress.”¹⁶

Ironically, however, the federally-funded U.S. Agency for International Development (USAID) has been financially underwriting the activities of the



British Professor Tony Atkinson says the U.S. Congress is an obstacle to global taxes.

Global Development Network (GDN),¹⁷ whose central figures have been associated with some of the most notable global taxation schemes. These include GDN chairman Ernesto Zedillo, the former president of Mexico who headed a High-Level Panel on Financing for Development appointed by U.N. Secretary-General Kofi Annan. This panel urged **creation of an International Tax Organization and consideration of an international tax on carbon emissions.**¹⁸ The deputy chair of the GDN is Richard Cooper of Harvard University, whose article in *Foreign Affairs*, “The Case for a Real Global Warming Treaty,” urges **an international tax on carbon emissions.**¹⁹ A former member of the GDN board was Inge Kaul of the U.N. Development Program, one of the editors of the 1996 book on the Tobin Tax cited by Wahl.

In his new report on the subject, which carried the subheadline, “On the present state of the debate on international taxes,” Wahl acknowledged there is a “legitimacy problem” associated with such proposals. Wahl said that the principle of “No Taxation without representation,” a call made during the American Revolution, is an obstacle to a global tax because there is no international or global parliament. Wahl argued, however, that because of the phenomenon of economic globalization, in which goods and services are moved across national borders, it is “logical” to conclude that earnings from these arrangements “be taxed globally, with the revenues being used to fund the environment, development, and other global public goods.”

Wahl’s justification for global taxes sounds consistent with the proposal of Richard Haass “to redefine sovereignty for the era of globalization.”

While Wahl anticipates “political resistance” to global taxes, he predicts that a “**democratically enlightened approach**” can win the day.

¹ <http://www.project-syndicate.org/commentary/haass12> A longer version of this article appeared in Foreign Policy magazine.

² Details are available at www.stopglobaltaxes.org

³ Project Syndicate says it consists of 273 newspapers in 113 countries, with a total circulation of 42,507,253 copies. It says its member newspapers “are among the most prestigious general circulation and business newspapers in each country.”

⁴ The latest Soros op-ed advocates giving the U.N. General Assembly, which is characterized by undemocratic regimes and anti-Americanism, more influence over the pick of a new U.N. Secretary-General. See: <http://www.project-syndicate.org/commentary/soros31>

⁵ Larry Elliott, economics editor of the Guardian, has endorsed a global currency tax. See: <http://politics.guardian.co.uk/economics/story/0,,1718719,00.html?gusrc=rss>

⁶ <http://www.project-syndicate.org/commentary/milanovic2>

⁷ http://www.fes-globalization.org/publications/Briefing%20Paper-%20Wahl_International%20Taxes.pdf

⁸ <http://www.house.gov/paul/tst/tst2006/tst061906.htm>

⁹ The Paul language is: “None of the funds appropriated by this Act may be made available to pay any voluntary contribution of the United States to the United Nations (including the United Nations Development Program) if the United Nations implements or imposes any taxation on any United States persons.”

¹⁰ *The Tobin Tax: Coping with Financial Volatility*. Oxford: Oxford University Press.

¹¹ [http://siteresources.worldbank.org/DEVCOMMINT/Documentation/20449410/DC2005-0008\(E\)-FinMod%20Add1.pdf](http://siteresources.worldbank.org/DEVCOMMINT/Documentation/20449410/DC2005-0008(E)-FinMod%20Add1.pdf)

¹²

<http://web.worldbank.org/WBSITE/EXTERNAL/DEVCOMMEXT/0,,menuPK:64060743~pagePK:6000303~piPK:64000842~theSitePK:277473,00.html>

¹³ [http://siteresources.worldbank.org/DEVCOMMINT/Documentation/20451714/DC2005-0008\(E\)-FinDevAgenda.pdf](http://siteresources.worldbank.org/DEVCOMMINT/Documentation/20451714/DC2005-0008(E)-FinDevAgenda.pdf)

¹⁴

http://siteresources.worldbank.org/DEVCOMMINT/NewsAndEvents/20898432/Apr_2006_DC_Communique_E.pdf

¹⁵ This estimate is based on figures supplied by Jeffrey Sachs, top adviser to U.N. Secretary-General Kofi Annan.

¹⁶ [http://wbln0018.worldbank.org/eurvp/web.nsf/Pages/Paper+by+Atkinson/\\$File/ATKINSON.PDF](http://wbln0018.worldbank.org/eurvp/web.nsf/Pages/Paper+by+Atkinson/$File/ATKINSON.PDF) page 4.

¹⁷ Originally a project of the World Bank, the GDN also boasts of support from the Ford Foundation and various foreign governments. The amount of funding from U.S. AID to the GDN could not be immediately ascertained. See: <http://www.gdnet.org/middle.php?oid=51>

¹⁸ http://www.un.org/reports/financing/press_release.htm

¹⁹ http://www.globalpolicy.org/socecon/globaltax/carbon/ct3_98.htm

In this special report, which updates the growing pressure on the U.S. to go along with international taxation schemes, it is revealed that:

- The World Bank and the International Monetary Fund have joined the campaign for global taxes.
- U.S. Treasury and State Department officials failed to object to the Development Committee of the World Bank and International Monetary Fund favorably mentioning the adoption of an international tax on airline travel.
- U.S. officials failed to object when the World Bank/IMF Development Committee endorsed committing 0.7 percent of national income to “official development assistance,” a figure that entails \$845 billion from the U.S. over a 13-year period.
- The U.S. Agency for International Development has been financially subsidizing the Global Development Network (GDN), a group run by prominent proponents of global tax schemes.