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How would you spend \$3 trillion?

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The world's bureaucratic elites, including the United Nations, are demanding that the rich nations spend 0.7 percent of their gross domestic product on development aid. This is more than \$300 billion a year, or well over \$3 trillion over the next decade. The demand for such huge funds is given as the main rationale for global taxes to be levied on the world's taxpayers, outside the control of and accountability to national governments.

The demand for such huge sums raises a number of questions. Why is 0.7 percent of GDP the right number? If such money were raised, what indications are there that it would be well spent, given the massive failures of most development aid programs in the past? If international taxes were imposed to go directly to such organizations as the U.N., the World Bank, the IMF, the OECD and others, to whom would they be accountable? What would be the economic impact of this increased taxation? How would the taxpayers of the world have their liberties protected from ever increasing global tax tyranny?

Over the last decade, I and many others have written extensively about the dangers both to economic growth and liberty concerning the attempts by some in the U.N., the E.U., the OECD and elsewhere to establish a world tax collection and tax police system outside the control of national governments. This struggle continues, but at least in the U.S., resistance is growing. On July 19, the House of Representatives approved an amendment to prevent the enactment of any international tax by restricting funds appropriated to the U.N. Sen. James Inhofe, Oklahoma Republican, has introduced legislation to withhold funds from the U.N., the OECD or other multinational organizations that endorse or promulgate policies that result in global taxes or hinder tax competition. Mr. Inhofe already has 31 co-sponsors to this bi-partisan legislation.

The fact is, not one of the questions I raised above can be satisfactorily answered. The "0.7 percent of GDP" number was "calculated" by economist Jeffrey Sachs, who for many years has had his hand in the pockets of government development aid officials. Yet, it was this number that the U.N. Millennium Summit adopted. I expect it was the biggest number they thought they could present without becoming total subjects for ridicule. But in reality, anyone can make any assumptions one wants to, and thereby could come up with almost any "necessary" development aid amount.

It is now recognized by almost all serious economists and others who have paid attention to the issue that development assistance almost everywhere has been largely a failure (humanitarian aid for natural disasters, wars, etc., is another issue). Hundreds of billions

of dollars of development aid have been poured into Africa over the last half century, and in many cases only made matters worse. (This is well documented in an excellent new book by former World Bank official, Robert Calderisi, entitled "The Trouble with Africa.") The late great and dean of the world's development economists, Lord P. T. Bauer, said in 1981: "The argument that aid is indispensable for development runs into an inescapable dilemma. If the conditions for development other than capital are present, the capital required will either be generated locally or be available commercially from abroad to governments or to businesses. If the required conditions are not present, then aid will be ineffective and wasted."

However, even if such funding were available, who would administer it? Kofi Annan and other U.N. officials claim they should do it, but the U.N. is incapable of presenting a set of books for its own operation that can be audited and was responsible for the largest financial scandal in the world's history -- the Iraq oil-for-food program. The World Bank can make the argument that they are the most experienced global aid institution -- but their "experience" is one of many more failures than successes. The fact is that no international body with unaccountable bureaucrats spending other people's money on projects is likely to succeed, particularly when the conditions are not ripe for success.

The taxes, whether they are imposed, as the French already have, on international airline fares, or international financial transactions, or on energy, are not costless. The argument is made that these taxes will be paid by the rich but will, in fact, be paid by workers (in terms of higher unemployment) who supply the goods and services being taxed. The rich will merely choose to consume less of what is heavily taxed.

If the world's unelected bureaucrats get the power to tax, with little check on their power, they will find no limit to the number of "good causes" for which they should spend other people's money -- and everyone else will be without economic opportunity or liberty.

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