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Paying to be coerced

By Richard W. Rahn
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Would you be outraged if you knew your taxpayer dollars were being used to lobby for more government subsidies and higher taxes? Well you should be, because that is exactly what is happening.

Over the years there have been many cases of government agencies lobbying Congress for more funds and/or higher taxes. As a result of earlier abuses, Congress prohibited this misuse of taxpayer money but, unfortunately, the practice has not gone away. Over the last several weeks, a couple of glaring examples have come to light, one involving Amtrak and the other the Organization for Economic Cooperation and Development (OECD).

As you are probably aware, Amtrak, the U.S. government-owned passenger rail company, has been an ongoing disaster. As Ronald Utt of the Heritage Foundation recently wrote: "Accounting for less than half of 1 percent of intercity passenger traffic, Amtrak is a marginal but costly player in the American transportation system. .. . Amtrak's losses in its most recent fiscal year exceeded $1 billion because ticket revenues cover only about half of its costs. Most of its losses are attributable to its inefficient long-distance routes. Per-passenger subsidies on some of these routes exceed $400." (It would be cheaper for taxpayers to buy them plane tickets.)

Rather than get rid of inefficient routes and shape up its operations, Amtrak's management has been giving grants to the National Association of Railroad Passengers (NARP), which lobbies for more federal spending on Amtrak. Last month, several individuals who helped establish train-advocacy groups, including NARP's former chairman, called on NARP to stop accepting funds from Amtrak, which they called an "ethical breach": "The time is long passed for NARP to remain in league with the government monopoly responsible for one of the world's worst passenger rail systems in terms of costs, performance, and innovation."

An even more disturbing case is that of the OECD, which not only lobbies for more U.S. taxpayer dollars but also for increasing taxes on U.S. citizens. The OECD is the international bureaucracy in Paris representing developed nations. It was set up to foster economic growth and provide statistical information, both of which it did during its early years. However, as I have previously reported, it has been engaged in extensive "mission creep" at the behest of some of its European members. Rather than promoting economic growth, some OECD divisions are fighting pro-growth tax competition and free capital flows among nations.

The U.S. provides about a quarter of the almost $400 million OECD budget. Concerned about the OECD's move away from pro-growth free-market principles and at the urging of the Center for Freedom and Prosperity and other public policy organizations, the Senate decided to include a provision in the Foreign Operations appropriations bill barring the OECD from pursuing antitax competition policies.

Under the provision, funds appropriated for the OECD may not be used for activities designed to hinder the flow of capital and jobs from high-tax jurisdictions to low-tax jurisdictions or to infringe on jurisdictions' rights to determine domestic policies. The senators acted, in part, because the OECD has recommended the U.S. adopt a Value Added Tax (VAT) and increase at least a dozen other taxes.

The head of the OECD's Washington office, Sandra Wilson, then wrote (on Sept. 28) to U.S. Senate and administration officials requesting "that this language be removed from the bill." Here we have a case of a representative of an international organization directly lobbying for both increased U.S. government spending and increased taxes on U.S. citizens, using, in part, U.S. taxpayer dollars to do so.

Ms. Wilson also claims the OECD does not have a Washington lobbyist -- hmmm, perhaps she also does not have a mirror.

Veronique de Rugy of the American Enterprise Institute noted: "It is rather ironic that OECD bureaucrats receive tax-free salaries, yet they consistently endorse higher taxes, both in America and around the world." All citizens should be concerned when both U.S. and non-U.S. citizens use taxpayer dollars to directly lobby for increasing the burden on U.S. taxpayers. Such behavior is clearly inappropriate, unethical and perhaps more.

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