



Institutions Gone Rogue

by Richard W. Rahn

MANY GOVERNMENT ORGANIZATIONS HIDE SCANDALOUS BEHAVIOR BEHIND NOBLE CAUSES

Are government-created institutions out of control? Domestic and international government institutions and agencies are created on the premise that they will make things better for the people. But all too often, those who lead these institutions and agencies drift away from the core mission or become corrupted. When they do so, they undermine faith in civil society.

Government institutions become particularly dangerous when they have police powers or sufficient funds that they can spend to threaten or intimidate critics. They often create walls to protect their own, including members of the media who receive favors in one form or another by looking the other way or attacking those who have the audacity to raise legitimate concerns. These corrupt members of the governing class not only reside in Washington, but in Paris, Brussels, Moscow, Beijing and numerous other places, from where they collude globally.

Citizens rely on law enforcement agencies to be competent, honest and impartial. Yet, Americans are faced with a situation where the previous two U.S. attorneys general — Eric Holder and Loretta Lynch — as well as former FBI Director James Comey and current Internal Revenue Service Director John Koskinen, all apparently were not truthful while under oath. Deputy FBI Director Andrew McCabe was in charge of the Hillary Clinton email investigation while his wife took a reported donation of

more than \$600,000 from close Hillary ally, Virginia Gov. Terry McAuliffe and his cronies, in her failed bid for election (where she is legally allowed to keep the unspent funds). Mr. McCabe was shown in a video campaigning and soliciting funds for his wife, a clear violation of the Hatch Act. He is also the subject of a sex discrimination suit by a former high-ranking FBI official — and yet he still has his job. Many are asking why he has not been fired. Some are speculating that he may be up to the old J. Edgar Hoover trick of implicitly blackmailing his superiors and others by letting it be known that he has compromising information on them.

It was also revealed this past week that the FBI apparently knew about the bribes and money laundering, including kickbacks, to the Clinton Foundation and Bill Clinton that took place in conjunction with government officials, including Mr. Holder and Mrs. Clinton, approving a major sale of U.S. uranium assets to Russia. This happened when current special prosecutor Robert Mueller, in charge of the Russian influence on the elections inquiry, was head of the FBI. The swamp investigating itself — hmmm.

A number of international institutions have also gone rogue with dangerous implications for both economic growth and civil liberties around the world. Among them are the World Bank (WB), the International Monetary Fund (IMF), and the Organization for Economic Cooperation and Development (OECD).

The motto of the World Bank is “working for a world free of poverty.” It has a long history of scandals, most often revolving around loans and grants to countries where government officials, or the well-connected, walked off with the funds, in effect, further enriching the powerful at the expense of the people.

It is hard for a country to develop without relatively inexpensive electric power. As the distinguished economist Deepak Lal has recently written, current World Bank President Jim Yong Kim, “has overruled the cost-benefit estimates of the superiority of coal-based over solar- and wind-based power generation produced by his own economic staff, justifying this by reference to a wish to cut global emissions of greenhouse gases. [T]he bank adopted anti-coal funding policies, which prioritizes the green

environmental agenda over its core developmental mission of poverty reduction.”

The IMF, not to be outdone by the World Bank, has just revealed its effort to quantify its program for bigger and more intrusive governments under the rubric of “Sustainable Development Goals.” A frequent and learned critic of the IMF, economist Dan Mitchell produces a daily blog called “International Liberty” (<https://danieljmitchell.wordpress.com>), where he exposes the IMF folly of pushing for higher tax rates, less tax competition between nations, and “asserting that lower living standards are desirable if everyone is more equal.” These policies diminish growth and poverty reduction. The IMF has increased global financial systemic risk, and many of its programs have not only failed but disregarded the liberties and the wishes of the people subject to them.

The OECD started out with the laudable goal of increasing world trade and economic progress, but over the last two decades, it has morphed into an organization that pushes for higher tax rates and fights desirable international tax competition. It has put the interests of high-tax countries over those of low-tax countries, and particularly those without an income tax. No country became rich by having high tax rates. It was only after some countries became rich that they pushed up tax rates. What the high-tax countries have managed to do is reduce growth — a policy they now want to inflict on poor countries.

The World Bank and International Monetary Fund require sovereign immunity from countries they deal with. This enables them to escape all legal liability and accountability for their actions. Their employees, and those of the OECD, also enjoy tax-free salaries.

Part of the solution is to shrink the size of the rogue institutions while requiring greater transparency and accountability.

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