Globotaxes:
Financing an Unfriendly Supranational Government by International Taxation without Representation

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The early stages of what prove to be epic changes in the international order often become obvious only with hindsight. It may therefore be some time before one of the most far-reaching and problematic trends afoot today—the emergence of the rudiments of supranational government under the banner of the United Nations—is recognized for what it is: a threat to the sovereignty and interests of the United States and other freedom-loving nations made possible by involuntary contributions in the form of global taxes.

Globotaxes Genesis

In the midst of such tectonic shifts, it is often difficult to detect the extent of the change underway. After all, the idea of using such taxes to redistribute wealth from industrialized nations to less developed countries under the UN’s auspices has been around for many years. Indeed, advocates of world government have promoted such schemes for decades, recognizing the opportunity international taxes (“globotaxes” for short) present for underwriting several global agenda items: the “equitable” sharing and development of the world’s ocean resources and other so-called “global commons”; the funding of humanitarian initiatives and peacekeeping operations; and the erosion of the influence of nation-states—particularly the United States—in favor of supranational arrangements. As an undated position paper issued by the World Federalist Association—now known as Citizens for Global Solutions—said, “By means of voluntarily funded [read: globotax-financed] functional agencies, national sovereignty would be gradually eroded until it is no longer an issue. Eventually, a world federation can be formally adopted with little resistance.”

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Global taxes began to morph from a gleam in the eye of one-worlders to an actual threat to national sovereignty in July 2000 when the United Nations General Assembly (UNGA) adopted Resolution S24/2, titled “Further Initiatives for Social Development.” The document called for “conducting a rigorous analysis of advantages, disadvantages and other implications of proposals for developing new and innovative sources of funding, both public and private, for dedication to social development and poverty eradication programs.” This measure seems to have marked the birth of the euphemism that would allow international taxation’s proponents to promote the idea without having to say so explicitly.

Four months later, the UNGA adopted its Millennium Declaration, which called for “more generous development assistance.” UN Secretary-General Kofi Annan then appointed a High-level Panel on Financing Development Assistance, chaired by the former Mexican president Ernesto Zedillo and populated by such prominent international figures as former U.S. secretary of the treasury Robert Rubin. The panel’s charge was to “identify practical means to fulfill international commitments to fight poverty, set out in September 2000 by world leaders at the Millennium Summit in New York; and to build political momentum” for the International Conference on Financing for Development to be held the following year in Monterey, Mexico.

It eventually concluded that “the international community must recognize that it is in the common interest to provide stable and contractual resources for development purposes.” Although it acknowledged that “Politically, taxing for the solution of global problems will be much more difficult than taxing for purely domestic purposes,” it also found that, “new sources of finance must be considered without prejudice by all parties involved.” The Panel also concluded that two “innovative financing” schemes in particular deserved further attention: a global tax on international currency transactions, first proposed in 1978 by Nobel Prize-winning Yale economist James Tobin; and a “carbon tax” on “the consumption of fossil fuels, at rates that reflect the contribution of these fuels to carbon dioxide emissions.”

A Shadowy Mandate
The global taxers’ next step was to create a sense of obligation that would justify the imposition of “new and innovative financing” arrangements. This
goal was accomplished at the UN meeting in March 2002 where participating governments, including the Bush administration, agreed to the so-called “Monterey Consensus,” a bid to cut poverty in half by 2015. The consensus declared, among other things, that the governments urged “developed countries that have not done so to make concrete efforts towards the target of 0.7 percent of gross national product (GNP) as ODA [Official Development Assistance] to developing countries” and stated,

We recognize the value of exploring innovative sources of finance provided that those sources do not unduly burden developing countries. In that regard, we agree to study, in the appropriate forums, the results of the analysis requested from the Secretary-General on possible innovative sources of finance, noting the proposal to use special drawing rights allocations for development purposes.5

Armed with a perceived mandate, in 2002 Secretary-General Annan created the Millennium Project to develop a concrete plan for realizing the Millennium Development Goals. The project has an annual budget of $3 million and is led by Jeffrey Sachs, special advisor to United Nations Secretary-General Annan on the Millennium Development Goals.

Sachs contends that at Monterey, “as a nation, we committed to 0.7 percent—and to do so along a specific timetable.” Since the current U.S. commitment to foreign aid (ODA) stands at just 0.15 percent, Sachs maintains that “we are short by $65 billion each year” between 2002 and 2015—the Monterey conference’s “target year.”6 This sum would amount to $845 billion above and beyond the money the United States will otherwise supply through its official development assistance.

For Sachs, the solution is obvious: impose global taxes to meet the shortfall. In his book The End of Poverty he writes,

We will need, in the end, to put real resources in support of our hopes. A global tax on carbon-emitting fossil fuels might be the way to begin. Even a very small tax, less than that which is needed to correct humanity’s climate-deforming overuse of fossil fuels, would finance a greatly enhanced supply of global public goods.7

Over the past four years various UN bodies have held a numbing array of meetings and issued numerous declarations endorsing the need for global
taxes, including: the August-September 2002 World Summit on Sustainable Development in Johannesburg, South Africa; a UN-initiated and -supported report by Professor Tony Atkinson on “new sources for development finance” published in August 2003; and a September 2003 UN-sponsored international conference on Sharing Global Prosperity in Helsinki, Finland.

Institutionalizing Globotaxes

In December 2003, the UN General Assembly began the process of institutionalizing its program for international taxation with the adoption of Resolution 58/230. It “welcome[d] establishment of the Financing for Development Office in the Department of Economic and Social Affairs in the Secretariat” and “request[ed] the Secretary-General to submit the annual analytical assessment of the state of the implementation of the Monterey Consensus.”

In the intervening years, this process has taken on a life of its own. More conferences, more reports, more declarations come to the conclusion that meeting various urgent development and humanitarian goals requires innovative financing arrangements, and that such measures are obligatory under the Monterey Consensus.

France has been particularly active in promoting this agenda as a means of endearing itself to the developing world and building up multilateral organizations to check what the French call the American “hyperpower.” At the Johannesburg meeting in 2002, President Jacques Chirac inveighed, “Let us find new sources of financing. For example, a necessary levy, in the interest of solidarity, on the considerable wealth that has been generated by globalization.” Then, in December 2004, a French commission chartered by Chirac and led by Jean-Pierre Landau issued a study entitled New International Financial Contributions. The Landau report proposed five types of international taxes including on air and maritime transport, international financial transactions, multinational companies’ profits, and international arms sales.

The French enthusiasm for international taxes has steadily translated into various documents that have further legitimated the idea. For instance, Reuters reported on June 11, 2005 that “The Group of Eight industrialized nations have decided to consider imposing a levy on airline tickets to finance extra aid for Africa.” While “U.S. Treasury Secretary John Snow made clear that Washington’s position had not changed [i.e., it opposed globotaxes],” he allowed that “if other countries wanted to go ahead and look at proposals to fund aid via this mechanism the United States was not going to object.”
This go-along-to-get-along approach was formalized the next month at the Gleneagles G-8 Summit. The joint communiqué issued at the end of the summit had an attachment titled Annex II, which noted that France, Britain, Germany, and Italy firmly believe that innovative financing mechanisms can help deliver and bring forward the financing needed to achieve the Millennium Development Goals. They will continue to consider the International Financing Facility (IFF), a pilot IFF for Immunization and a solidarity contribution on plane tickets to finance development projects, in particular in the health sector, and to finance the IFF.¹³

What amounted to a G-8 endorsement of the IFF and related “innovative financing mechanisms” gave fresh impetus to the UN’s effort to institutionalize such arrangements in the so-called “World Summit Outcome Document,” which President Bush and other leaders subsequently approved at the UN on September 15, 2005. Despite Ambassador John Bolton’s declaration two weeks before that “the U.S. does not accept global aid targets or global taxes,” the Bush administration once again acceded in the negotiations over the draft Outcome Document to the notion that global taxes and associated institutions can be created if other nations want them to be.¹⁴ Thus the final version of the UN document declares:

We recognize the value of developing innovative sources of financing, provided those sources do not unduly burden developing countries. In that regard, we take note with interest of the international efforts, contributions, and discussion, such as the Action Against Hunger and Poverty, aimed at identifying innovative and additional sources of financing for development on a public, private, domestic, or external basis to increase and supplement traditional sources of financing. Some countries will implement the International Finance Facility. Some countries have launched the International Finance Facility for Immunization. Some countries will implement in the near future, utilizing their national authorities, a contribution on airline tickets to enable the financing of development projects.¹⁵
The Campaign Picks Up Steam

That declaration allowed Under Secretary-General for Economic and Social Affairs José Antonio Ocampo to posit at a February-March 2006 meeting in Paris on “Innovative Financing Concepts” that “Last September in New York, this call [for innovative sources of funding] received the full backing of world leaders.” Secretary-General Annan, who also attended the Paris meeting, averred there that “Innovative sources of financing should not be seen as a replacement for traditional forms of aid. Rather, they are meant to generate even more money for development, and to channel resources more effectively. And there are some very promising possibilities on the table.” Not to be outdone, conference host Jacques Chirac told attendees: “The solidarity levies we are discussing today can serve as an example and as experience, but they are only initial projects. We need to advance much more quickly and much further.”

Despite considerable evidence to the contrary, Annan used his appearance at this international fundraiser to dismiss concerns that the global taxation agenda would translate into a power-grab by the UN:

Let us be clear about our ambitions. No one is contemplating global initiatives that would give the United Nations authority over domestic resources or put the organization in charge of administering vast new sums of money. What we want is to mobilize individual nations, on their own or working together, acting on their own power and initiative, to significantly increase development assistance to the world’s poor.

However, a more candid explanation of what the globotaxers intend can be found in an article written by Branko Milanovic and distributed by the Project Syndicate, a distributor of left-wing editorial columns underwritten by George Soros’ Open Society Institute on whose editorial board Jeffrey Sachs sits. Milanovic favors a global “inequality tax” as a means of addressing both global poverty and global inequality. He concludes that the moment has arrived to begin “vesting tax-raising authority in a global agency.” He continues, “Global redistribution through taxes that would be levied by an international body may seem farfetched 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.

Unfortunately, what Milanovic calls “the logic of development that we are witnessing,” namely the steady progress toward global taxes, has received
powerful new support from prominent American statesmen and business leaders. These include former president Bill Clinton and Microsoft founder Bill Gates, who have joined forces to promote global taxes as a means of underwriting AIDS vaccines, medications, and other disease-fighting treatments.

This new, and presumably irresistible, rationale for globotaxes was featured at the International AIDS Conference held in August 2006 in Toronto. Some 24,000 attendees representing over 170 countries were treated to a briefing on “diverse communities advocating together around the proposals for an airline solidarity contribution (ASC) and an international drug-purchase facility (IDPF).” The IDPF is a project of the new IFF for Immunization that plans to have the IFF for Immunization provide the proceeds of the international tax dubbed the “airline solidarity contribution” to the IDPF and to yet another new UN institution, the International Drug Purchase Facility (UNITAID), for the purpose of underwriting AIDS treatment and AIDS drugs. By some estimates this will likely raise as much as $1 billion per year from the 14 countries participating so far, and as much as $10 billion if applied globally.

AIDS funding from global taxes is the proverbial camel’s nose under the tent. With the establishment of the precedent of such innovative funding sources for fighting diseases, it is predictable that champions of other causes will redouble at the very least their efforts to secure similar financing for development assistance, humanitarian relief, peacekeeping, and for the international institutions that will be charged with administering these funds.

The Shape of Things to Come

The result will be a far larger, far less accountable, sovereignty-sapping UN. With access to independent funding streams, the UN will rely less on financial contributions from member states. The actual or threatened withholding of such allocations by the United States has proven the only effective tool for getting the “world body” to address its endemic waste, fraud, abuse, and other misconduct.

Such a UN-on-steroids will also be susceptible to even more serious forms of corruption than the still-unfolding Oil-for-Food scandal. Its permanent bureaucracy, which makes no secret of its hostility to the United States, and
the anti-American bloc of member states who constitute a large majority in the General Assembly will be emboldened to pursue institutional nest-feathering and political agendas inimical to U.S. interests.

The Bush administration’s accommodating response to the accelerating momentum of the globotaxers has given rise to a situation in which, all other things being equal, millions of Americans will be subjected either directly or indirectly to one or more forms of international taxation adopted without their representation or approval. That few people noted, let alone warned of, the emergence or implications of such a development is unlikely to mitigate the public’s unhappiness with those who allowed this to happen.

Fortunately, several congressional leaders have awakened to this danger and introduced legislation in various forms with a common purpose: to prevent the application of global taxes to Americans. Republican Senator Jim Inhofe of Oklahoma and Democratic Senator Ben Nelson of Nebraska have introduced a bipartisan bill, S.3633, while the House of Representatives has already approved anti-globotaxes initiatives offered respectively by Majority Whip Roy Blunt and Republican Representative Ron Paul.

Unless and until such legislation reaches President Bush’s desk and is signed into law, however, there will be no protection whatsoever for Americans against the various income-redistribution and supranational government ambitions of UN officials, foreign powers, and other one-worlders. Even if such protection is afforded in the near future, history will likely record the failure of the Bush administration to work more assiduously and effectively against the UN’s global taxation schemes as an epic mistake—one that will make it more difficult to safeguard U.S. interests in the future and security in an evermore dangerous world.  

NOTES

1 This paper benefited greatly from research performed by Cliff Kincaid, president of America’s Survival, Inc.


19 “Political Courage Needed to Finance Development,” United Nations Department of Public Information.
