



## Facts about a World Bank Study on Tax Havens

*Under pressure from the socialist government of Norway and the radically statist Tax Justice Network (TJN), the World Bank has agreed to conduct a study on the "offshore phenomenon."*

**FACT:** The World Bank has been widely criticized for failing in its core mission of promoting economic development, so it is unclear why resources should be misallocated to appease Norway's leftist government.

**FACT:** The Tax Justice Network will play an integral role in the study. TJN is openly hostile to tax competition and unambiguously favors higher tax rates and bigger government.

**FACT:** There's a clear risk that the study will be used as a launching pad for the tax harmonization schemes long sought by the Organization for Economic Co-operation and Development (OECD), United Nations (UN), European Commission (EC) and other international bureaucracies hostile to fiscal sovereignty and economic freedom.

**FACT:** Mary Skare, a senior advisor to Norway's Ministry of Foreign Affairs, announced that the so-called Leading Group of countries on Solidarity Levies to Fund Development will lead a task force addressing the role of tax havens and capital flight. The task force ostensibly will complement the World Bank study, but actually will bias the results against pro-market policy.

**FACT:** There is considerable academic evidence that tax competition - by encouraging lower tax rates and fundamental tax reform - has been good for the global economy.

**FACT:** Thanks in part to tax competition, top personal income tax rates in developed nations have dropped by 26 percentage points since 1980 and corporate rates have dropped by more than 20 percentage points during the same period. It is not a coincidence that the global economy is much stronger and more vibrant today than in the 1970s.

**FACT:** Efforts to stymie tax competition are contrary to sound economic policy. The major opponents of tax competition-such as the Tax Justice Network and the OECD-espouse a harsh ideological approach, under which high-tax nations dictate global tax policy. Their central objective is increased statism at the expense of fiscal sovereignty.

### For More Information:

May 2007, CF&P Foundation Prosperitas, "Tax Havens: Myth Versus Reality," by Dan Mitchell  
<http://www.freedomandprosperity.org/Papers/th-myths/th-myths.shtml>

The Heritage Foundation's 2004 Index of Economic Freedom, by Daniel J. Mitchell, Chapter 2:  
The Economics of Tax Competition: Harmonization vs. Liberalization  
[http://www.heritage.org/research/features/index/chapters/pdfs/Index2004\\_Chap2.pdf](http://www.heritage.org/research/features/index/chapters/pdfs/Index2004_Chap2.pdf)

July 10, 2007, Bob Bauman's Blog, Norwegians Plan Attack Against Tax Havens  
<http://baumanblog.sovereignsociety.com/2007/07/norwegians-plan.html>

July 2, 2007, Tax Justice Network Blog, Norway promises a new era in tax haven politics  
<http://taxjustice.blogspot.com/2007/07/norway-promises-new-era-in-tax-haven.html>

Fall 2007, Tax Justice Network, World Bank to study offshore: World Bank President Robert  
Zoellick has accepted Norway's plan to fund and lead a World Bank initiative to study the  
offshore phenomenon  
[http://www.taxjustice-usa.org/index.php?option=com\\_content&task=view&id=177](http://www.taxjustice-usa.org/index.php?option=com_content&task=view&id=177)

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