

# Center for Freedom and Prosperity Foundation

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## **OECD Veers Further to the Left: Paris-Based Bureaucracy Expresses Support for U.N. Global Tax Scheme and Seeks 450 Percent Increase in U.S. Foreign Aid Spending** *CF&P Says U.S. Should Stop Subsidizing OECD*

Washington, DC (Monday, May 9, 2005) – Today, the **Center for Freedom and Prosperity Foundation** and several members of the **Coalition for Tax Competition** condemned the Organization for Economic Cooperation and Development (OECD) for its recent ministerial statement that indicated sympathy for global taxation and called for massive increases in foreign aid spending.

“The OECD has been pushing anti-American economic policies for years. The international bureaucracy’s anti-tax competition/pro-tax harmonization project is a direct attack on America’s free-market, pro-growth tax policies. Now the OECD is expressing sympathy for “innovative sources of financing” – which is a clear reference to schemes for global taxes levied by the United Nations. It is time for the U.S. taxpayers, Congress and the Bush Administration to end financial support for the OECD,” said **Andrew Quinlan, president of the Center for Freedom and Prosperity Foundation**.

In the statement released by the OECD at the conclusion of its Annual Ministerial meeting in Paris, the OECD endorsed a United Nations plan for “achieving the internationally agreed development goals” requiring each developed country to transfer 0.7 percent of economic output to third-world countries. This would require an increase in U.S. foreign aid spending from about \$15 billion to more than \$80 billion per year, an increase of 450 percent. The OECD also expressed support for “innovative financing measures” being pushed by the United Nations. While the statement carefully avoided specifics, these measures have included the creation of an International Tax Organization and new global taxes such as a carbon tax, the Tobin Tax (a levy on international currency transactions) and an emigrant tax.

**Daniel Mitchell, senior fellow at the Heritage Foundation**, commented, “Foreign aid spending has a terrible track record. It generally lines the pockets of the political elite in developing nations and often is a substitute for the pro-market reforms that nations need to boost growth. It is disturbing – but not surprising – that the OECD has endorsed this misguided initiative. What is surprising, by contrast, is the OECD’s expression of support for U.N. global tax schemes, particularly since the U.S. Treasury Secretary recently announced opposition to ‘innovative financing measures.’ Apparently, the bureaucrats in Paris feel that they can push anti-American policies without any consequences.”

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**Veronique de Rugy, research fellow at the American Enterprise Institute**, noted, “Tax competition is a liberalizing force in the global economy. It has helped pushed down tax rates and it has encouraged fundamental tax reform. This is the pro-growth agenda the OECD should be promoting. Instead, the bureaucracy is peddling the failed policies of the 1960s and 1970s. More foreign aid spending and global taxes are the wrong approach.”

**Grover Norquist, president of Americans for Tax Reform**, added, “The U.S. spends more than \$60 million each year to subsidize the OECD’s budget. This is inexplicable given the bureaucracy’s anti-market agenda. Congress should seize this opportunity to save taxpayers money and send a signal that America has no desire to finance a leftist European agenda.”

**Excerpts from OECD’s Council at Ministerial Level, 3-4 May 2005 Statement:**

“We, Ministers of OECD countries, gathered at the OECD Ministerial Council Meeting on 3-4 May 2005 in Paris, reaffirm our strong commitment to the implementation of the Millennium Declaration and the Monterrey Consensus and for achieving the internationally agreed development goals, including those contained in the Millennium Declaration... We are committed to significantly increase the volume of our collective aid as agreed in the Monterrey Consensus. ...Five DAC countries currently meet the target of 0.7 per cent of GNI as ODA and a further seven countries have committed to reaching the target by a specific date. Fulfillments of these commitments would further increase aid volumes from \$78.6 billion in 2004 to \$115 billion by 2010. We urge all donors, including emerging donors, to make their best efforts. ...We also recognise that even greater resources, including aid, are needed to reach the MDGs by 2015 and for supporting regional and global collective action. This is a challenge in the preparations for the UN High Level Meeting in New York in September 2005. In this context a number of innovative financing measures have been proposed for development.”

Source: May 3-4, 2005, OECD’s Statement of the Council at Ministerial Level, OECD Statement to the Follow-Up of the UN Millennium Declaration and Monterrey Consensus

[http://www.oilis.oecd.org/olis/2005doc.nsf/43bb6130e5e86e5fc12569fa005d004c/ad127d5da27d6890c1256ff2005fb897/\\$FILE/JT00183455.PDF](http://www.oilis.oecd.org/olis/2005doc.nsf/43bb6130e5e86e5fc12569fa005d004c/ad127d5da27d6890c1256ff2005fb897/$FILE/JT00183455.PDF)

**For additional comments:**

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