Global Advocacy for Big Government Funded By American Taxpayers

By Andrew F. Quinlan

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At its sixth annual conference, the George Soros-founded Institute for New Economic Thinking will feature prominent left-wing economists Thomas Piketty, Joseph Stiglitz, and self-described Marxist and Greek Finance Minister, Yanis Varoufakis.

By itself that wouldn't be remarkable, but the meeting will come with the implicit endorsement of the U.S. taxpayer thanks to the sponsorship of the Organization for Economic Cooperation and Development (OECD), which gets over 20 percent of its funding from the United States.

Few Americans have likely heard of the OECD, and those that have tend to think of it as a harmless international think-tank that studies economic issues and facilitates their discussion between nations. That's understandable given the organization was established to foster economic cooperation between European nations in the aftermath of World War I. In the years since, however, mission creep has seen the organization transformed into a tool for nations with large, expensive welfare states to bully low-tax nations competing to attract capital and investment.

In 1998 the OECD made its intentions clear with release of a report entitled "Harmful Tax Competition: An Emerging Global Issue," where the organization fretted that tax competition "may hamper the application of progressive tax rates and the achievement of redistributive goals." But where they see a bug, many of us see a feature.

Tax competition occurs when individuals and businesses are able to move, either physically or financially, to jurisdictions with more favorable tax rates. By pressuring home governments to reduce excessive taxation or risk taxpayer flight, competition tempers political greed and rewards policies that foster economic growth.

But like the many corporations that lobby governments for interventions rather than provide a better product or service than their competitors, tax collectors have hijacked the OECD in order to rig the global game instead of adopting more attractive policies. Over the last decade and a half, they have threatened and cajoled low-tax jurisdictions into counter-productive reforms that make their economies less attractive to those suffering under the excessive taxes required to fund European welfare states.

They have essentially turned the OECD into a global tax cartel, or an OPEC for politicians.

The United States is a primary beneficiary of international tax competition, attracting more foreign capital than any other nation. The influx provides much needed investment for the creation or expansion of job-producing businesses, which is especially crucial at a time when domestic tax policy is beholden to Keynesian economics and discourages savings and investment.

To make matters worse, the OECD has increasingly pushed big government policies across the board – even those without any international components. In recent years various OECD reports have endorsed so-called “stimulus” spending, costly cap-and-trade regulations, Obamacare style health systems, and a new value-added tax within the United States. They’ve also argued that the way to boost growth is to fight inequality, pushing “redistribution through taxes and benefits” as the most direct means of doing so.

The inequality narrative is not new, as the OECD a few years ago teamed up with the AFL-CIO to push a class warfare based agenda within the U.S. It also urged governments to review whether their tax systems are demanding from the wealthy their “fair share,” Orwellian code for policies that are anything but fair. Yet the same OECD bureaucrats pushing to raise the taxes of everyone else get their own salaries tax free.

Enough is enough.

On Monday 21 free market and taxpayer advocacy organizations, as part of the Coalition for Tax Competition led by the Center for Freedom and Prosperity, sent a letter to members of Congress calling on them to end U.S. subsidies to the OECD once and for all. Dan Mitchell, chairman of coalition and a Cato Institute Senior Fellow, thinks that when compared dollar-for-dollar, OECD subsidies “may be the federal government’s most economically destructive outlays.” But even if it’s not the worst, American taxpayers shouldn’t be asked to fund advocacy based on an ideology many of them reject, especially when that work will leave them poorer and less free.