

THE NATIONAL INTEREST

Wasting time in Belfast

By Doug Bandow – June 17th, 2013

It's time for another G-something meeting. Is it the G-20? The G-2? The G-47? No, it's the G-8. Its members are the world's most important industrialized states. And they gather to discuss the most pressing issues of the day.

This meeting, located in Northern Ireland's Belfast, is being chaired by British prime minister David Cameron, as his nation holds the group's presidency this year. The *Economist* proclaimed that "The British agenda is ambitious." London's three main goals are trade, taxation and transparency.

Despite the usual flurry of ponderous public statements and breathless press analyses, the meeting likely will be a waste. Consider the official agenda.

Trade. This is an important issue, especially given the collapse of the World Trade Organization's Doha round of trade liberalization. However, the G-8 is unlikely to achieve much. One of the main stumbling blocks to Doha was agricultural subsidies by the United States and the European Union. Yet nothing here has changed or will change. To the contrary, Congress is moving forward on an expensive new "Farm Bill," and the EU maintains the even more expensive Common Agricultural Policy.

Proposals for Asia-Pacific and trans-Atlantic trade liberalization remain ever complicated and perhaps impossible. America is pursuing the Trans-Pacific Partnership, but including Japan while excluding China creates significant political complications. France's objections are reducing the likelihood of reaching a meaningful U.S.-EU pact. Europe is involved in a no-win trade tiff with China.

There would be enormous benefit if the G-8 participants could iron out at least some of their many differences on these issues. But the disputes run deep and the time available is limited. The meeting is more likely to generate more lofty rhetoric about the possibilities of increased commerce than meaningful progress overcoming barriers to trade liberalization.

Taxation. If there is one issue on which politicians of every nation agree, it is the need to squeeze their peoples ever more tightly. Hence the concerted attack on "tax havens" and "aggressive tax planning," especially by multinational corporations. The European Union issued a press release dryly opining on how "Tax fraud and tax evasion limit the capacity governments to raise money and implement their economic and social policies."

Of course, the latter usually can be summarized as paying off influential interest groups and turning citizens into dependents. If politicians were not so avaricious and special interests were not so domineering, productive people across the globe could keep more of their hard-earned cash and would have less incentive to evade taxes. Unfortunately, in this area the G-8 has a strong incentive to be more “productive,” uniting to sacrifice what is left of their citizens’ privacy in order to grab the last penny possible. Satisfying the voracious appetite of politicians will make all of us worse off.

Transparency. The G-8 will press to promote transparency and combat corruption in global commerce, especially in terms of “extractive industries and forestry.” It’s a worthwhile effort, but the biggest offenders, of course, are non-G-8 members throughout the Third World. Thus, conferences, codes, legislation, proclamations and the like all will have only limited effects so long as governments of poor countries constitute systems of organized looting.

The most important single step in this direction the G-8 could take would be to discourage rather than encourage government-to-government transfers, or misnamed “foreign aid.” (G-8 gatherings usually include boilerplate promises to up official development assistance.) The wealthy nations should cut the financial windpipe of the most corrupt and wasteful regimes. Private humanitarian and development assistance from NGOs to private people, and private investment and trade to private companies, are far more likely to deliver positive economic and social results with more limited opportunities for graft and abuse.

Other Issues. There is much else to be discussed at the meeting, but few results to be expected. The leaders will chat about boosting the international economy, even though none of them know how to do so. Even Europe’s much-criticized austerity is anything but, with most governments choosing to raise taxes over cutting outlays. G-8 participants will offer more than their usual quotient of high-minded chatter on climate change, but with global temperatures essentially unchanged for more than a decade, no one wants to wreck their economy for a purported crisis that is looking ever less like a serious problem.

The assembled states also will discuss security issues, such as Syria, on which they are badly divided. The Obama administration’s decision to provide arms to the insurgents is more likely to intensify combat than overthrow the Assad government. Other issues, from Iran to Israeli-Palestinian negotiations to Korea, range from improbable to hopeless, and are likely to yield more pious rhetoric than practical solutions.

Most important, of course, will be the manifold photo opportunities for government leaders to “exercise leadership” on behalf of their voters. Remember the important outcomes of last year’s G-8 meeting? Can you cite the location of the 2011 gathering? Are you able to repeat the themes of the 2010 summit? Do you know which country presided over the organization in 2009? Almost certainly the answer to all those questions is no, even for political junkies. In practice, despite all of the public-relations bloviating, the summits rarely generate any lasting results.

Yet, the G-8 process incorporates a curious anomaly for the United States, one not relevant for most other members. That is, while the United States eagerly pursues greater economic integration with the other seven participants in the name of encouraging prosperity and growth, Washington could achieve the same result for America simply by cutting back subsidies to the same members.

After all, most of the federal government’s outsize military bill (roughly 45 percent of the globe’s total) is to protect allied states. The G-8 members of NATO face few obvious and serious security

threats. The most obvious adversary, Russia (also a G-8 member), isn't likely to attack even the easternmost (non-G-8) members of the "trans-Atlantic" alliance. (Of course, what is "trans-Atlantic" about the Baltic States, Slovenia, Romania, Croatia, Slovakia and Albania is not obvious.)

Most of the rest of U.S. "defense" outlays are for G-8 member Japan and its neighbors. Tokyo devotes about one-fourth of America's effort to its military while expecting Washington to do any heavy lifting in Japan's defense. In particular, the United States is tasked to deter any unlikely Chinese attacks on the Japanese home islands and defend Tokyo's contested claims to unimportant rock piles in the Pacific against Beijing's increasingly aggressive counterclaims. If America is attacked, Japan's job is to issue a critical press statement.

U.S. officials may enjoy the illusion of running the world, but the resulting foreign policy, if it deserves to be called that, is no longer affordable. America is broke and cannot be expected to forever subsidize its many prosperous and populous allies. Washington should add some substance to the latest G-8 summit and start moving in a new direction.