

# The Providence Journal

## World could use more boldness at next summit of G8

By: Doug Bandow- June 24, 2013

---

Another G8 meeting has come and gone. The world's most important industrialized states gathered to discuss the most pressing issues.

This meeting, in Northern Ireland's Belfast, was chaired by British Prime Minister David Cameron, since his nation holds the group's presidency this year. London's three main goals are trade, taxation and transparency. Despite the usual flurry of ponderous public statements and breathless press analyses, the meeting was a waste. Consider the official agenda.

- Trade. This is important, given the collapse of the latest round of trade liberalization. However, the G8 was unable to achieve much. One of the main stumbling blocks was agricultural subsidies by the U.S. and European Union. Yet nothing here has changed or will change. To the contrary, Congress is considering an expensive new farm bill and the E.U. maintains the even more expensive Common Agricultural Policy.

Proposals for Asia-Pacific and transatlantic 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. Although the European Union is moving ahead with negotiations over a pact with America, the obstacles to reaching a meaningful accord remain high. Europe is involved in a no-win trade tiff with China.

- Taxation. If there is one issue on which politicians of every nation agree, it is the need to squeeze ever more tightly. Hence the concerted attack on "tax havens" and "aggressive tax planning," especially by multinationals. Before the summit the European Union issued a press release drily 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 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. Alas, the G8 pushed for further violations of their citizens' privacy in order to gain more revenue.

- Transparency. The G8 proposed small steps to promote transparency and combat corruption in global commerce. The latter, especially, is a worthwhile effort, but the biggest offenders, of course, are non-G8 members throughout the Third World. 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 biggest single step in this direction the G8 could take would be to discourage rather than encourage government-to-government transfers, or misnamed “foreign aid.” At least at this meeting the group avoided the standard boilerplate promises to up official financial development assistance. It would be better to cut the financial windpipe of the most corrupt and wasteful regimes.

The assembled states also discussed 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, undercutting the promised international conference.

The G8 process incorporates a curious anomaly for America not relevant for most other members. That is, while the U.S. 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 G8 members of NATO face few obvious and serious security threats. The most obvious adversary, Russia (also a G8 member), isn’t likely to attack even the easternmost (non-G8) members of the “transatlantic” alliance.

Most of the rest of U.S. “defense” outlays are for G8 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 — such as to deter any unlikely attacks on the Japanese home islands and defend Tokyo’s contested claims to various rock piles in the Pacific. 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 subsidize its allies. Washington should add some substance to the next G8 summit and start moving in a new direction.

Doug Bandow is a senior fellow at the Cato Institute. A former special assistant to President Ronald Reagan, he is the author of “Foreign Follies: America’s New Global Empire.”