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Time to Fight Statism by Shutting Down the G-20

Daniel J. Mitchell | 6/21/2012

For the most part, international summits like the recently concluded G-20 meeting in Mexico are pointless – but expensive – publicity stunts for incumbent politicians.

They pose for photo-ops, have boring meetings, and draft up empty communiqués, always at some posh location so that everybody – from bureaucrat flunkies to servile reporters – can have a good time.

But these soirees are more than just money-wasting junkets. They also encourage bad policy. With everything that's happening around the world, the evidence is stronger than ever about the adverse economic consequences of [bloated public sectors](#) and [punitive tax regimes](#).

But when politicians get together at gab-fests like the G-20, they inevitably push for more of the same. Here's some of what [David Malpass wrote today for the Wall Street Journal](#).

...the two-day G-20 summit this week—the diplomatic equivalent of speed dating—did little but drain more money from deeply indebted nations. ...the “Los Cabos Growth and Jobs Action Plan” ...mostly commits Europe’s struggling economies to still more government control... The clearest decisions that came out of the summit promoted governments, not private sectors, pointing to even more deficit spending, an IMF expansion led by China and another expensive G-20 meeting next year in Russia. The outcome raises fundamental doubts about the G-20's value in furthering free markets, strong private economies and global living standards.

David goes on to note that economic problems are rooted in the bad policies of individual governments, so it is illogical to expect that they can be solved by an international summit.

The obstacles to global growth in 2012 are clear and need to be addressed in national capitals, not in summits. Europe’s policy initiatives are probably the most urgent. Europe’s growth focus should be maintaining the euro and setting up decisive mechanisms to reduce borrowing costs while governments sell assets,

downsize and remove private-sector obstacles. ...the leaders' time would have been better spent in Europe hammering out the actual mechanisms. ...Fast global growth is achievable, but the G-20 summits aren't helping. Country-specific tasks—not further institutionalization of global financial governance—are the solution.

The final point about “global financial governance” is worth emphasizing. While it is true that nothing good has ever happened because of a G-20 summit, some bad things have occurred – most notably the big push a couple of years ago to attack low-tax jurisdiction as part of a campaign by high-tax governments to [cripple tax competition and facilitate higher tax burdens](#).

International summits also tend to be the types of gatherings where other bad policies occur, such as agreements to subsidize more bailouts by giving more money to the [fiscal pyromaniacs at the International Monetary Fund](#).

The moral of the story is that the G-20 is a great idea...but only if you think the entire world should become more like France, Italy, Spain, and Greece.

P.S. If you're following the mess in Europe and like humor that is a bit twisted (and R-rated), then you'll probably enjoy [this bit of “art” posted at zero hedge](#).

P.P.S. I also dislike international summits since the thugs at the Organization for Economic Cooperation and Development [threatened to throw me in a Mexican jail](#) for the “crime” of standing in the public lobby of a public hotel and advising low-tax jurisdictions during one of the OECD's “global tax forums.”

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