



The Steroid-Pumped Version of “Taxes Are for the Little People”

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I'm not a big fan of international bureaucracies, mostly because they always seem to promote bad policy such as higher tax rates.

- The International Monetary Fund is [urging higher tax rates](#) and pushing for nations to [replace flat tax systems with so-called progressive taxation](#).
- The Organization for Economic Cooperation and Development has embraced [Obama's class-warfare agenda](#) and is [pushing for higher tax rates in America](#).
- The [United Nations is working with statist](#)s such as George Soros and urging global taxes.
- Even the World Health Organization has adopted some of this activist left-wing mentality, and is [pushing global tobacco taxes](#).

To add insult to injury, the bureaucrats who work at these organizations have created very comfortable lives for themselves while the rest of us pick up the tab, as documented [here](#) and [here](#).

But the ultimate insult is that the overpaid and pampered bureaucrats receive tax-free salaries while they jet-set around the world pushing for higher taxes.

Yes, you read correctly. They demand higher taxes for everyone else, but their bloated salaries are exempt!

Here's some of what the [UK-based Guardian just reported](#) about the head of the IMF.

Christine Lagarde, the IMF boss who caused international outrage after she suggested in an interview with the Guardian on Friday that beleaguered Greeks might do well to pay their taxes, pays no taxes, it has emerged. As an official of an international institution, her salary of \$467,940 (£298,675) a year plus \$83,760 additional allowance a year is not subject to any taxes. ...Lagarde, 56, receives a pay and benefits package worth more than American president Barack Obama earns from the United States government, and he pays taxes on it. The same applies to nearly all United Nations employees.

To make matters worse, these globe-trotting bureaucrats have figured out all sorts of ways of padding their pay.

Base salaries range from \$46,000 to \$80,521. Senior salaries range between \$95,394 and \$123,033 but these are topped up with adjustments for the cost of living in different countries. A UN worker based in Geneva, for example, will see their base salary increased by 106%, in Bonn by 50.6%, Paris 62% and Peshawar 38.6%. Even in Juba, the capital of South Sudan, one of the poorest areas of the world, a UN employee's salary will be increased by 53.2%. Other benefits include rent subsidies, dependency allowances for spouses and children, education grants for school-age children and travel and shipping expenses, as well as subsidised medical insurance. For many years critics have complained that IMF, World Bank, and United Nations employees are able to live large at international taxpayers' expense.

So how do these bureaucrats justify their lavish salaries and gold-plated benefits?

Officials from the various organisations have long maintained that the high salaries are a way of attracting talent from the private sector. In fact, most senior employees are recruited from government posts.

Kudos to the Guardian for exposing this nonsense, particularly the fraudulent claim that lavish compensation packages are need to attract and retain these incompetent bureaucrats.

But let me add to the Guardian's analysis. In a recent email exchange with several people, I addressed this issue, specifically commenting on whether the head of the IMF, Ms. Lagarde, should get a giant salary because she could earn more money in the private sector. I wrote that there were two responses to this assertion.

1. She has genuine skills as a wealth creator. In which case, we should force her out of the IMF as soon as possible so her talents can be used productively rather than destructively.
2. She can get big bucks by trading on her connections and entering the world of corporatism. Work for KPMG, or the Carlyle Group, or some other entity that specializes in getting favorable deals for the elite. That's not the private sector.

In either case, her salary in her current position should be zero. Unless we think she should be paid the value of her marginal product, in which case she probably owes the world's taxpayers several hundred billion dollars.

In other words, it doesn't matter whether Ms. Lagarde's ability to earn lots of money is the result of genuine ability or cronyism. Since the IMF is pursuing bad policy, her value in that position is below zero.

My Cato colleague [Richard Rahn was correct when he wrote](#) that it is the ultimate hypocrisy for tax-free bureaucrats to lobby for higher taxes on the rest of us.

And that's why [defunding these parasitic international bureaucracies](#) is not just good fiscal policy and good economic policy, it's also the morally just policy.

