



Closure on tax havens

Written by Alexander Ulrich

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Mr Brown... no, not Gordon, but Bob Brown, the leader of the green party in Australia, urges the Australian government to take an active part in the struggle against tax havens. Bob Brown has [said](#) to *The Australian* that it's time, "for the Rudd government to follow the lead of the Gordon Brown and Barack Obama administrations in Britain and the US and take action against tax avoidance." Mr Brown goes on to say, "If one, or both, of the major parties vote no, I will call for a division to put it on the record, and then seek an explanation from them for their positions. They will say 'it's a complex issue involving international law', but we all know that tax havens should not be encouraged by any government or potential government."

Jumping on the bandwagon is not always the smartest thing to do, and the UK and USA are not exactly the places to turn for economic advice at the moment. When the two major Australian parties hopefully turn down Mr Brown's motion, they should not, as he suggests they will, defend their action by saying it's a complex issue; instead they should refer to the ideas in [The Economics of Tax Competition, Harmonization vs. Liberalization](#) by Daniel Mitchell of the Cato Institute and views expressed in the videos soon to come up on ASI's website of [this](#) event held earlier this year. Tax havens represent one of the core reasons why governments are unable to increase taxes even more than they do, creating a natural buffer on government spending.

The reason for turning down Mr. Brown's motion of banning tax havens should therefore be to maintain an incentive for national governments to do things better for less, surely needed as much now as ever.

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