

# The Tobin Tax

The NGO Plan to Fleece America

by Cliff Kincaid

A closed-door meeting of nongovernmental organizations (NGO's) was held on January 16, 2003, in Washington, D.C., to consider how to "reform" "the global financial architecture" in order "to stabilize the world economy, reduce poverty and inequality, uphold fundamental rights, and protect the environment." This is socialist double-talk for imposing a global tax on America. The real aim of the NGO's is to raid American pensions, savings accounts, IRA's, and mutual funds.

These NGO's, which call themselves the New Rules for Global Finance Coalition, meet on a regular basis to plan the implementation of the Tobin tax, named after the late Yale University economist James Tobin. They have now released a book, *Debating the Tobin Tax*, based on the conference. Their target is the more than one trillion dollars per day being exchanged as currencies are traded and investments are made here and abroad. Revenues from even a small Tobin tax have been estimated in the trillions of dollars per year.

Ruthanne Cecil of Tobin Tax Initiative-USA warned participants at the Washington conference to avoid using the phrase "global tax" in pushing the proposal. It must have occurred to her that many Americans understand history well enough to know that America was born in a tax revolt and that they might take offense at another King George-style global initiative.

NGO's, who like to think of themselves as "the conscience of the world," should not be underestimated. They have repeatedly demonstrated their power on the global stage. Working with and through sympathetic governments and the United Nations, NGO's helped to create the International Criminal Court, a U.N.-backed body that has the power to imprison Americans in foreign jails without constitutional protections. NGO's were behind a U.N. treaty to outlaw land mines, have worked tirelessly against the death penalty, and claim some success in getting the world to adopt "debt relief" for the Third World by transferring more of our wealth—through foreign aid—to bankrupt regimes.

NGO's tend to be successful because they claim to be acting on behalf of the world's poor, promoting justice and democracy, and saving lives. Their key ally in the global tax battle, however, is billionaire George Soros, who made his fortune by exchanging and speculating on foreign currencies—the very activities that would be covered by the Tobin tax—and is now spending millions of dollars to defeat President Bush and to elect Democrats this fall. Soros has declared that the Tobin tax is a "valid suggestion" for raising international revenue and that opposition to implementing the tax can be overcome.

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Thomas Palley, the director of the Globalization Reform Project at Soros' Open Society Institute, was a featured speaker at the January 2003 event. A former AFL-CIO assistant director of public policy, Palley wrote an article for the May-June 2001 issue of *Challenge* that made "the Case for an International Currency Transactions Tax."

The meeting, which I attended, was underwritten by the Flint, Michigan-based Charles Stewart Mott Foundation and the German-based Boell Foundation. It was held at the Carnegie Conference Center. NGO's also receive substantial funding from such institutions as the Ford Foundation, which now has assets of over \$14 billion, and the Rockefeller Foundation, which has an endowment of \$3.1 billion.

Another key NGO ally is U.N. Secretary General Kofi Annan, who owes his career to the Ford Foundation, having received a Ford Foundation fellowship to come to the United States and study at Macalester College in Minnesota as a young man. He has spent precious little time in his native Ghana and shows no interest in going home.

At a November 2001 event where he was to receive an award from the Institute for International Education, Annan was introduced by Susan Berresford, president of the Ford Foundation, who said that recipients of foundation fellowships are now playing "pivotal roles in major organizations in and outside of government." Ford is grooming the international elite, many of whom come from NGO's, attend U.N. conferences, and influence foreign governments.

The key members of the "New Rules" coalition run the gamut from typical left-liberal groups to religious-oriented organizations. Their names and affiliations are: Ira Arlook (New Economy Communications); Jamie Baker (Oxfam America); Peter Bakvis (International Confederation of Free Trade Unions); Ariel Buirra (G-24 Secretariat); Aldo Caliarì (Center of Concern); Randall Dodd (Financial Policy Forum); Navroz Dubash (World Resources Institute); Seamus Finn (Missionary Oblates of Mary Immaculate); Alex Greenbaum (New America Foundation); Aaron Goldzimer (Environmental Defense); Jo Marie Griesgraber (Oxfam America); Bernhard Gunter (consultant); Kelly Hicks (U.S. Catholic Conference); Didier Jacobs (Oxfam America); John Langmore (International Labor Organization liaison to the United Nations); Tom Palley (Open Society Institute); Liane Schalatek (Heinrich Boell Foundation); Frank Schroeder (Friedrich Ebert Foundation); John Sewell (Woodrow Wilson International Center for Scholars); Paul Tennessee (National Alliance of Postal and Federal Employees); Jim Weaver (American University); Emira Woods (Interaction); and Chuck Woolery (United Nations Council of Organizations, Washington, D.C.).

Driving their agenda is a Marxist notion that the United

States is exploiting the people and natural resources of the world. Special "rights" and even financial compensation must be awarded to these "victims." According to this view, international institutions such as the International Monetary Fund (IMF), the World Bank, and even the United Nations must be restructured and provided with new financial resources to supervise and manage the redistribution of the world's wealth. The United States, as the leading capitalist state, has to pay the largest price.

One powerful NGO, the Association for the Taxation of Financial Transactions for the Aid of Citizens (ATTAC), was created at a meeting in Paris on December 11-12, 1998, and claims 80,000 members worldwide as well as an international network of independent national and local groups in 33 countries. The new Tobin tax book includes a contribution from Bruno Jetin, a representative of the French ATTAC affiliate. Jetin spoke to the gathering in Washington and acknowledged in private conversation that his group works hand-in-glove with the French Communist Party and the "Socialist parties on the Left."

Jetin said ATTAC does not have a formal U.S. affiliate, although his group works with Dean Baker of the Center for Economic Policy Research (CEPR), which reports that it receives 85 percent of its funds from the Ford Foundation, the Charles Stewart Mott Foundation, the Rockefeller Foundation, and the Rockefeller Brothers Fund. Baker stated at the forum that proposals for a global tax might gather support in the United States if politicians said that the proceeds would go for healthcare, education, and similar causes.

A follow-up "Tobin Tax Meeting for Organizers & NGO's" was held at the headquarters of Baker's CEPR. His website features a call by "world economists" for a global Tobin tax, and his presentation at the Washington conference explained how the collection of Tobin taxes could be enforced.

Such meetings and conferences are held around the world. Robin Round of the Canada-based Halifax Initiative told a Montreal NGO conference that "one of the major obstacles" to the adoption of the Tobin tax is "opposition in the U.S.," though the proposal is still "feasible." She emphasized that "It is easy to track these [financial] transactions and it is easy to tax them," because they go through U.S. dollars and U.S. banks.

A variation of the Tobin tax proposal was offered by Democratic Sen. Jeff Bingaman at the request of Democratic Senate Majority Leader Tom Daschle in 1996. Entitled "Scrambling to Pay the Bills: Building Allies for America's Working Families," the Bingaman report called for a securities-transfer excise tax (STET) that would extend to transactions by individuals, corporations, and tax-exempt pension funds and would apply to stocks, bonds, options, futures, swaps of currency, interest rates, and other assets.

By Bingaman's calculations, the tax could generate anywhere from \$27 billion to \$62 billion per year, which the federal government would initially spend on education, workforce training, and other nice-sounding liberal programs. He said that its implementation would have to be coordinated with other countries, meaning that it would be the beginning of the Tobin tax.

A congressional resolution in favor of the Tobin tax entitled "Taxing Cross-border Currency Transactions to Deter Excessive Speculation" (H.Con.Res.301) was introduced on April 11, 2000, by Rep. Peter DeFazio (D-OR) and the late Sen.

Paul Wellstone (D-MN).

At the United Nations, a panel created by Secretary General Kofi Annan—and including Clinton's former treasury secretary Robert Rubin—recommended an international tax to generate more foreign-aid money and specifically mentioned the Tobin tax as a possibility. It preferred a global tax on oil and gas "as a way of combating global warming."

A German U.N. official, Dr. Inge Kaul of the U.N. Development Program (UNDP), has been directing the push for a global tax. An official UNDP report, "Global Public Goods Financing: New Tools for New Challenges," urges an international tax to finance U.N. environmental programs and "peacekeeping" operations and to "provide transfers [of money] to poor countries" from the United States. It also recommends the establishment of an "international authority" to collect the tax.

Joseph E. Stiglitz, a member of the Clinton Cabinet and chairman of Clinton's Council of Economic Advisers, has added his voice to this debate, noting that the "protests at meetings of global financial leaders in Seattle, Prague, Washington, and Genoa" have put pressure on the international community for more global action to solve the world's problems. In his book, *Globalization and Its Discontents*, Stiglitz says that the Tobin tax has attracted "a great deal of attention" in Europe and that "There is now a large body of literature analyzing the tax theoretically and empirically."

NGO's do not want to wait for more studies. In a March 2002 report entitled "Global Taxes for Global Priorities," a powerful U.N.-backed NGO, the Global Policy Forum, declared: "The time for concerted action has come . . . Like-minded governments and citizen groups must advance together towards the goal of global taxes. The U.N. has the authority and capacity to address this agenda, and so to pave the way for a just and sustainable global future."

As Stiglitz suggested, the NGO street protests are bringing about this development. The BBC has reported that "The Tobin tax has become one of the key demands of many anti-globalization protesters."

These protests are designed not to dismantle international institutions but to strengthen and expand them. In the name of assisting the Third World and the "oppressed," the protests provide an excuse for the WTO, World Bank, IMF, and even the United Nations to exercise more control over the global economy and drain even more money from the United States.

Speaking at that NGO conference in Montreal, Robert Jasmine of ATTAC in Canada endorsed the Tobin tax as inevitable, explaining that "We are the rich of the world" and asking, "Do we want to share that wealth or not?" This is the NGO version of "Stick 'em up!" Robin Round, at the same conference, put it somewhat differently, noting that NGO's "are encouraged by the prospect of the revenue generated by the tax."

This is a battle for money and power—our money; their power. Any doubt about this was erased at the Monterrey NGO conference, when Lene Schumager of the World Federation of U.N. Associations took the proposal one step further, arguing that Tobin taxes be used to fund the NGO's themselves. ◊

